

COURT FILE NUMBER      2501-19519

COURT                      COURT OF KING’S BENCH OF ALBERTA

JUDICIAL CENTRE        CALGARY

MATTER                    IN THE MATTER OF THE COMPANIES’ CREDITORS  
ARRANGEMENT ACT, RSC 1985, c C-36, AS AMENDED

                                  AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF CABOT ENERGY INC.

APPLICANT                CABOT ENERGY INC.

**AFFIDAVIT OF SHEILA HYATT  
SWORN ON MARCH 30, 2026**

I, Sheila Hyatt, of Calgary, Alberta, SWEAR THAT:

1. I am Manager, Corporate Development at Canadian Natural Resources Limited (“**Canadian Natural**”). As such, I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based upon information and belief, in which case I believe such information to be true.
2. I swear this Affidavit in opposition to an Application by Cabot Energy Inc. (“**Cabot**”) for a reverse vesting order (“**RVO**”) approving the sale of all issued and outstanding shares of Cabot and associated transactions to Tecumseh Energy Management Ltd. (“**Tecumseh**”).
3. I am authorized by Canadian Natural to swear this Affidavit.

**Canadian Natural’s Interest in the Application**

4. Canadian Natural is party to four agreements with Cabot pursuant to which they own various interests in oil and gas well sites and associated lands in Alberta.
5. Tecumseh is an Alberta corporation wholly owned and controlled by Mohammad G. Zafar (“**Zafar**”). Zafar is the sole director of Tecumseh. Attached as **Exhibit “A”** is an Alberta Corporate Search for Tecumseh.

6. Canadian Natural is not prepared to have any further dealings with any companies owned or controlled by Zafar, including Tecumseh. In particular:

- (a) Canadian Natural was/is party to various agreements with three entities wholly owned by Zafar – Tallahassee Exploration Inc. (“**Tallahassee Exploration**”), Tallahassee Resources Inc. (“**Tallahassee Resources**”) and Tallahassee Petroleum Inc. (“**Tallahassee Petroleum**”).
- (b) Other than certain minor cure costs paid by Tallahassee Exploration to Canadian Natural relating to the acquisition of certain assets in the receivership proceedings of Trident Exploration Corp., et al, none of Tallahassee Exploration, Tallahassee Resources or Tallahassee Petroleum ever paid a single joint interest bill to Canadian Natural over the course of the parties’ contractual relationship. Tallahassee Resources has obligations owing to Canadian Natural dating back to 2014. Tallahassee Petroleum and Tallahassee Exploration owe Canadian Natural amounts dating back to 2016 and 2018, respectively.
- (c) Currently, Canadian Natural holds: (i) two judgments against Tallahassee Exploration in the amounts of \$92,364.51 and \$108,696.88, (ii) judgment against Tallahassee Resources in the amount of \$262,685.74; and (iii) judgment against Tallahassee Petroleum in the amount of \$36,933.69. All judgments remain outstanding. Attached as **Exhibit “B”** are copies of relevant excerpts of Alberta Personal Property Registry Search Results showing registration of writs by Canadian Natural with respect to the above noted judgments.
- (d) Tallahassee Exploration is in receivership. I understand from the Affidavit of Lars De Pauw (filed in the receivership on behalf of the Orphan Well Association (“**OWA**”)) and the Affidavit of Michael Janzen (filed in the receivership on behalf of the British Columbia Energy Regulator (“**BCER**”)) that at the time of the receivership:
  - (i) the Alberta Energy Regulator had issued: (A) nine administrative penalties/sanctions against Tallahassee Exploration, (B) two orders for

failure to perform work required to confirm reasonable care and measures were in place and directing work to abandon certain sites, (C) a reasonable care and measures order (“**RCAM Order**”); (D) an order with respect to Tallahassee Exploration’s failure to comply with the RCAM Order, and (E) an abandonment order which, among other things, prohibited Tallahassee Exploration and its contractors from accessing any of its licensed assets without written approval from the OWA; and

- (ii) the BCER had issued: (A) a general order requiring Tallahassee Exploration to abandon certain assets, (B) an administrative finding against Tallahassee Exploration concluding that it failed to comply with the general order and imposing an administrative fine on it, and (C) a general order directing Tallahassee Exploration to perform certain closure and safety work. The BCER found that Tallahassee Exploration has ceased operations of a facility, wells and associated pipelines but that none of the wellheads were suspended or closed, there was no positive isolation on the wells, facility or pipelines, fluids were present in the facility which did not have power or operations safety systems in place and no workers were on site.

Copies of Mr. De Pauw’s and Mr. Janzen’s Affidavits (without exhibits) are attached hereto as **Exhibits “C”** and **“D”**.

- (e) Zafar filed three affidavits within the Tallahassee Exploration receivership disclosing that, without notice, Tallahassee Exploration transferred beneficial title to assets governed by certain agreements to which both it and Canadian Natural are party to other entities wholly owned and/or controlled by Zafar. Accordingly, on March 24, 2026, Canadian Natural filed a Statement of Claim in Alberta Court of King’s Bench Action No. 2601-05367 (the “**2601 Action**”) against Zafar, Tecumseh and other entities wholly-owned and/or controlled by Zafar (together with Tecumseh, the “**Controlled Entities**”) alleging that the Controlled Entities received production, production revenues and other benefits without paying corresponding costs, thereby stranding such costs in Tallahassee Exploration,

Tallahassee Resources and Tallahassee Petroleum and, with respect to Tallahassee Exploration, causing or contributing to its insolvency and the resulting receivership. The 2601 Action also alleges that Zafar structured the relationship between the companies to allow him and the Controlled Entities to take the benefits of oil and gas operations, while avoiding the costs thereof. The 2601 Action alleges oppression, unjust enrichment, fraudulent preference, inducing breach of contract, and unlawful payment of dividends/distributions against Zafar, Tecumseh and the other Controlled Entities. Copies of Mr. Zafar's Affidavits (without exhibits) are attached hereto as **Exhibit "E"**. Attached as **Exhibit "F"** is a copy of Canadian Natural's Statement of Claim.

7. In addition to the 2601 Action, Canadian Natural also has an ongoing claim against Zafar and a co-director of Tallahassee Petroleum in Alberta Court of King's Bench Action No. 2101-12701 (the "**2101 Action**") relating to the long-term failure of Tallahassee Exploration, Tallahassee Resources and Tallahassee Petroleum to pay their obligations to Canadian Natural. Attached as **Exhibit "G"** is a copy of the 2101 Action.

8. In addition to the foregoing, Canadian Natural is aware that on October 18, 2023, the Supreme Court of British Columbia granted a Mareva injunction (as further extended by order granted December 21, 2023) freezing all Tallahassee Exploration's assets in British Columbia and prohibiting Tallahassee Exploration from disposing of, dealing with, or diminishing the value of any of its assets in British Columbia. Copies of the Mareva injunction orders and Justice McDonald's Oral Reasons for Judgment are attached hereto as **Exhibits "H"** and **"I"**.

9. It is Canadian Natural's experience that:

- (a) Zafar acquires distressed assets in insolvency proceedings through wholly-owned entities (like Tallahassee Exploration and Tecumseh);<sup>1</sup>

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<sup>1</sup> Canadian Natural is aware of Tallahassee Exploration acquiring assets in the insolvency proceedings of Trident Exploration Corp., Bow River Energy Ltd., Strategic Oil & Gas Ltd., Direct Oil & Gas Inc., Anterra Energy Inc., and SanLing Energy Ltd.

- (b) Zafar then facilitates a transfer of beneficial ownership in such assets to one or more of the Controlled Entities; and
- (c) when the assets are no longer economic or immediate regulatory action is required, Zafar (through his wholly-owned entities) fails to pay the cost of the end-of-life obligations and, in the case of Tallahassee Exploration, permits in excess of 1,500 well licenses to be turned over to the OWA.<sup>2</sup>

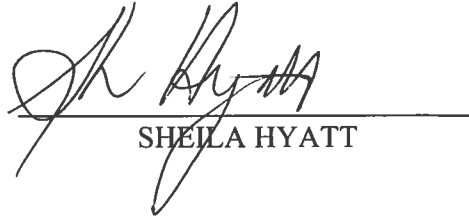
10. Canadian Natural is not prepared to have further dealings with any company owned or controlled by Zafar, including Tecumseh. As a result, Canadian Natural is worse off under the RVO than it would be under an Approval and Vesting Order as it has no ability to refuse assignment of the agreements to Tecumseh.

**SWORN BEFORE ME** at Calgary, Alberta  
this 30<sup>th</sup> day of March 2026.



Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
Barrister and Solicitor



SHEILA HYATT

<sup>2</sup> See: Third Report to the Court submitted by PricewaterhouseCoopers Inc., LIT, in its capacity as Receiver, dated December 19, 2025: <https://www.pwc.com/ca/en/services/insolvency-assignments/tallahassee-exploration.html>

This is **Exhibit "A"** to the Affidavit of Sheila Hyatt  
sworn before me this 30<sup>th</sup> day of March 2026.



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Notary Public/Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
**Barrister and Solicitor**

# Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2026/03/25  
 Time of Search: 07:58 AM  
 Search provided by: OSLER, HOSKIN & HARCOURT LLP  
 Service Request Number: 46809292  
 Customer Reference Number: 0085444/3168

**Corporate Access Number:** 2023451061  
**Business Number:** 761116268  
**Legal Entity Name:** TECUMSEH ENERGY MANAGEMENT LTD.

**Legal Entity Status:** Active  
**Alberta Corporation Type:** Named Alberta Corporation  
**Registration Date:** 2021/05/01 YYYY/MM/DD  
**Date of Last Status Change:** 2025/03/24 YYYY/MM/DD

**Revival/Restoration Date:** 2025/03/24 YYYY/MM/DD

**Registered Office:**

**Street:** 3300, 421 - 7TH AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P4K9

**Records Address:**

**Street:** 3300, 421 - 7TH AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P4K9

**Email Address:** CALGARYCORPORATESERVICES@PARLEE.COM

**Primary Agent for Service:**

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
FRIDHANDLER	DARYL	S.	PARLEE MCLAWS LLP	3300, 421 - 7TH AVENUE S.W.	CALGARY	ALBERTA	T2P4K9	CALGARYCORPORATESERVICES@PARLEE.COM

**Directors:**

**Last Name:** ZAFAR  
**First Name:** MOHAMMAD  
**Middle Name:** G  
**Street/Box Number:** 133 ROYAL RIDGE MT. N.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T3G0A2

**Voting Shareholders:**

**Legal Entity Name:** TECUMSEH ENERGY MANAGEMENT LTD.  
**Corporate Access Number:** 2023451061

**Street:** 133 ROYAL RIDGE MT. N.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T3G0A2  
**Percent Of Voting Shares:** 100

### Details From Current Articles:

**The information in this legal entity table supersedes equivalent electronic attachments**

**Share Structure:** 100 CLASS A VOTING SHARES, 100 CLASS B NON-VOTING SHARES.  
**Share Transfers Restrictions:** NONE  
**Min Number Of Directors:** 1  
**Max Number Of Directors:** 6  
**Business Restricted To:** NONE  
**Business Restricted From:** NONE  
**Other Provisions:** NONE

### Holding Shares In:

Legal Entity Name
NEXT OIL & GAS INC.
T-INTEGRATED ENERGY SERVICES INC.
TECUMSEH ENERGY MANAGEMENT LTD.

### Other Information:

#### Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2024	2025/03/24

#### Outstanding Returns:

Annual returns are outstanding for the 2025 file year(s).

#### Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2021/05/01	Incorporate Alberta Corporation
2021/05/01	Update Business Number Legal Entity
2023/05/11	Change Director / Shareholder
2024/07/02	Status Changed to Start for Failure to File Annual Returns
2024/11/02	Status Changed to Struck for Failure to File Annual Returns
2025/03/24	Initiate Revival of Alberta Corporation
2025/03/24	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2025/03/24	Complete Revival of Alberta Corporation

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is **Exhibit "B"** to the Affidavit of Sheila Hyatt  
sworn before me this 30<sup>th</sup> day of March 2026.



Notary Public/Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
**Barrister and Solicitor**

Search ID #: Z19880372

**Business Debtor Search For:**

TALLAHASSEE EXPLORATION INC.

Search ID #: Z19880372

Date of Search: 2026-Mar-30

Time of Search: 09:11:46

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Registration Number: 24011622144

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2024-Jan-16

Registration Status: Current

Expiry Date: 2028-Jan-07 23:59:59

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Issued in Calgary Judicial Centre

Court File Number is 2301-17057

Judgment Date is 2024-Jan-12

This Writ was issued on 2024-Jan-16

Type of Judgment is Other

Original Judgment Amount: \$90,332.90

Costs Are: \$0.00

Post Judgment Interest: \$3,817.77

Current Amount Owing: \$92,364.51

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Exact Match on:

Debtor

No: 1

---

**Amendments to Registration**

24031234962

Distribution

2024-Mar-12

26010734577

Amendment And Renewal

2026-Jan-07

---

**Solicitor / Agent**

OSLER, HOSKIN & HARCOURT LLP  
BROOKFIELD PLACE, #2700 - 225 6 AVE SW  
CALGARY, AB T2P 1N2

Phone #: 403 260 7071

Fax #: 403 260 7024

Email: [Epaplowski@osler.com](mailto:Epaplowski@osler.com)

**Debtor(s)**

**Block**

**Status**

1 TALLAHASSEE EXPLORATION INC.  
SUITE 1910, 401 9TH AVE SW  
CALGARY, AB T2P 3C5

Current

Search ID #: Z19880372

**Creditor(s)**

**Block**

**Status**

Current

1 CANADIAN NATURAL RESOURCES LIMITED  
SUITE 2100, 855 2 STREET SW  
CALGARY, AB T2P 4J8  
Email: jelena.molnar@cnrl.com



Search ID #: Z19880372

**Business Debtor Search For:**

TALLAHASSEE EXPLORATION INC.

Search ID #: Z19880372

Date of Search: 2026-Mar-30

Time of Search: 09:11:46

---

Registration Number: 24082314008

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2024-Aug-23

Registration Status: Current

Expiry Date: 2026-Aug-23 23:59:59

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Issued in Calgary Judicial Centre

Court File Number is 2101-12701

Judgment Date is 2024-Aug-15

This Writ was issued on 2024-Aug-22

Type of Judgment is Other

Original Judgment Amount: \$92,218.76

Costs Are: \$0.00

Post Judgment Interest: \$16,478.12

Current Amount Owing: \$108,696.88

---

Exact Match on:

Debtor

No: 1

---

**Solicitor / Agent**

OSLER, HOSKIN & HARCOURT LLP  
BROOKFIELD PLACE, 2700-225 6 AVE SW  
CALGARY, AB T2P 1N2

Phone #: 403 260 7034

Fax #: 403 270 7024

Reference #: 1221238

Email: sclark@osler.com

**Debtor(s)**

**Block**

**Status**

Current

1 TALLAHASSEE EXPLORATION INC.  
SUITE 1910, 401 9TH AVE SW  
CALGARY, AB T2P 3C5

**Creditor(s)**

**Block**

**Status**

Current

1 CANADIAN NATURAL RESOURCES LIMITED  
SUITE 2100, 855 2 STREET SW  
CALGARY, AB T2P 4J8

**Search ID #: Z19880372**

Email: [jelena.molnar@cnrl.com](mailto:jelena.molnar@cnrl.com)



Search ID #: Z19880406

**Business Debtor Search For:**

TALLAHASSEE RESOURCES INC.

Search ID #: Z19880406

Date of Search: 2026-Mar-30

Time of Search: 09:14:42

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Registration Number: 22031619562

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2022-Mar-16

Registration Status: Current

Expiry Date: 2028-Jan-07 23:59:59

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Issued in Calgary Judicial Centre

Court File Number is 2101-12701

Judgment Date is 2022-Mar-09

This Writ was issued on 2022-Mar-16

Type of Judgment is Other

Original Judgment Amount: \$231,538.00

Costs Are: \$0.00

Post Judgment Interest: \$31,147.74

Current Amount Owing: \$262,685.74

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Exact Match on:

Debtor

No: 1

---

**Amendments to Registration**

24012416187

Amendment And Renewal

2024-Jan-24

26010734440

Amendment And Renewal

2026-Jan-07

---

**Solicitor / Agent**

OSLER, HOSKIN & HARCOURT LLP - EMILY PAPLAWSKI  
SUITE 2700, BROOKFIELD PLACE - 225 6TH A  
CALGARY, AB T2P 1N2

Phone #: 403 260 7071

Fax #: 403 260 7024

Reference #: 1221238

Email: EPAPLAWSKI@OSLER.COM

---

**Debtor(s)**

**Block**

**Status**

Current

1 TALLAHASSEE RESOURCES INC.  
6108 BOWNESS ROAD N.W.  
CALGARY, AB T3B 0E1

Search ID #: Z19880406

**Creditor(s)**

**Block**

**Status**

Current

1 CANADIAN NATURAL RESOURCES LIMITED  
SUITE 2100, 855 2 STREET S.W.  
CALGARY, AB T2P 4J8  
Email: JELENA.MOLNAR@CNRL.COM

**Block**

**Status**

Current

2 CANADIAN NATURAL RESOURCES, A GENERAL PARTNERSHIP  
SUITE 2100, 855 2 STREET S.W.  
CALGARY, AB T2P 4J8  
Email: JELENA.MOLNAR@CNRL.COM

**Block**

**Status**

Current

3 CNR (ECHO) RESOURCES INC.  
SUITE 2100, 855 2 STREET S.W.  
CALGARY, AB T2P 4J8  
Email: JELENA.MOLNAR@CNRL.COM

**Particulars**

**Block**

**Additional Information**

**Status**

1 THE COMPLETE ADDRESS FOR SOLICITOR/AGENT BLOCK ONE IS: SUITE 2700,  
BROOKFIELD PLACE - 225 6TH AVE S.W. CALGARY, AB T2P 1N2

Current



Search ID #: Z19880421

**Business Debtor Search For:**

TALLAHASSEE PETROLEUM INC.

Search ID #: Z19880421

Date of Search: 2026-Mar-30

Time of Search: 09:16:07

---

Registration Number: 22031618429

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2022-Mar-16

Registration Status: Current

Expiry Date: 2028-Jan-07 23:59:59

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Issued in Calgary Judicial Centre

Court File Number is 2101-12701

Judgment Date is 2022-Mar-09

This Writ was issued on 2022-Mar-16

Type of Judgment is Other

Original Judgment Amount: \$31,126.98

Costs Are: \$1,620.00

Post Judgment Interest: \$4,186.71

Current Amount Owing: \$36,933.69

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Exact Match on:

Debtor

No: 1

---

**Amendments to Registration**

24012416156

Amendment And Renewal

2024-Jan-24

26010734758

Amendment And Renewal

2026-Jan-07

---

**Solicitor / Agent**

OSLER, HOSKIN & HARCOURT LLP - EMILY PAPLAWSKI  
SUITE 2700, BROOKFIELD PLACE - 225 6TH A  
CALGARY, AB T2P 1N2

Phone #: 403 260 7071

Fax #: 403 260 7024

Reference #: 1221238

Email: EPAPLAWSKI@OSLER.COM

---

**Debtor(s)**

**Block**

**Status**

1 TALLAHASSEE PETROLEUM INC.  
SUITE #10, 805 5 AVE S.W.  
CALGARY, AB T2P 0N6

Current

Search ID #: Z19880421

**Creditor(s)**

**Block**

**Status**

Current

1 CANADIAN NATURAL RESOURCES LIMITED  
SUITE 2100, 855 2 STREET S.W.  
CALGARY, AB T2P 4J8  
Email: JELENA.MOLNAR@CNRL.COM

**Block**

**Status**

Current

2 CANADIAN NATURAL RESOURCES, A GENERAL PARTNERSHIP  
SUITE 2100, 855 2 STREET S.W.  
CALGARY, AB T2P 4J8  
Email: JELENA.MOLNAR@CNRL.COM

**Block**

**Status**

Current

3 CNR (ECHO) RESOURCES INC.  
SUITE 2100, 855 2 STREET S.W.  
CALGARY, AB T2P 4J8  
Email: JELENA.MOLNAR@CNRL.COM

**Particulars**

**Block**

**Additional Information**

**Status**

1 THE COMPLETE ADDRESS FOR SOLICITOR/AGENT BLOCK ONE IS: SUITE 2700,  
BROOKFIELD PLACE - 225 6TH AVE S.W. CALGARY, AB T2P 1N2

Current

Result Complete

This is **Exhibit “C”** to the Affidavit of Sheila Hyatt  
sworn before me this 30<sup>th</sup> day of March 2026.



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Notary Public/Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
**Barrister and Solicitor**

COURT FILE NUMBER 2401-14363

COURT COURT OF KING'S BENCH  
OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT ORPHAN WELL ASSOCIATION

RESPONDENT TALLAHASSEE EXPLORATION INC.

**DOCUMENT AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING DOCUMENT

MLT AIKINS LLP  
Barristers and Solicitors  
2100, 222 3<sup>rd</sup> Ave SW  
Calgary, Alberta T2P 0B4  
Phone: 403.693.5420/780.969.3501  
Fax: 403.508.4349  
Attention: Ryan Zahara/Molly McIntosh  
File: 0148745.00005



**AFFIDAVIT OF LARS DE PAUW  
SWORN OCTOBER 15, 2024**

I, **Lars De Pauw**, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY:

- I am the President of the Applicant, the Orphan Well Association ("**OWA**"), and as such, I have personal knowledge of the facts and matters deposed to herein, except where facts and matters are stated to be from other sources, in which case I believe those facts and matters to be true.

**Purpose of this Affidavit**

- I am swearing this Affidavit in support of an Application by the OWA for an Order, among other things, appointing PricewaterhouseCoopers Inc. ("**PwC**") as receiver and manager (the "**Receiver**"), pursuant to section 13(2) of the *Judicature Act*, RSA 2000, c J-2, section 99(a) of the *Business Corporations Act*, RSA 2000, c B-9 and section 106.1 of the *Oil and Gas Conservation Act*, RSA 2000, c O-6 (the "**OGCA**"), without security, of the current

and future assets and undertakings and properties of every nature and kind whatsoever, including all proceeds thereof (collectively, the “**Property**”) of Tallahassee Exploration Inc. (“**TEI**”).

3. The OWA seeks to appoint the Receiver pursuant to its delegated power under the *Orphan Fund Delegated Administration Regulation*, Alta Reg 45/2001 (the “**Regulation**”), which is a regulation enacted under the OGCA. Subsection 3(1) of the Regulation states that the powers, duties and functions of the Alberta Energy Regulator (the “**AER**”) to appoint a receiver under section 106.1 of the OGCA are delegated to the OWA.

## **Background**

4. The OWA is an independent, non-profit organization that operates under the delegated legal authority of the AER. The mandate of the OWA is to safely decommission orphaned oil and gas wells, pipelines and production facilities where the owners of such wells, pipelines and production facilities lack the financial ability to do so (or in other words, are insolvent). The OWA is charged with restoring the land on which these assets are located as close to the original state as possible.
5. The primary purpose of the OWA is to conduct abandonment or site reclamation activities on specific properties designated by the AER as “orphans” pursuant to section 70(2) of the OGCA. These include upstream oil and gas wells, pipelines, facilities and their associated sites where the licensee is insolvent or defunct, or is dissolved or struck as a corporation.
6. The OWA is overseen by a board of directors made up of appointees from members of the OWA, including the Canadian Association of Petroleum Producers, the Explorers and Producers Association of Canada and the AER.
7. In Alberta, there is no industry safeguard beyond the OWA for addressing abandonment and reclamation of sites left behind by insolvent licensees. Without the OWA, responsibility for such abandonment and reclamation activities would fall to the Alberta government and ultimately, to Alberta taxpayers.

8. The OWA's position is that licensees are statutorily required to fulfill all applicable regulatory responsibilities to address abandonment, decommissioning, remediation and reclamation obligations associated with their licensed assets.
9. To the best of the OWA's knowledge, TEI is a corporation incorporated pursuant to the laws of the Province of Alberta, and carries on business therein as an oil and gas company. Attached hereto and marked as **Exhibit "A"** is a copy of the Alberta Corporate Registry Search for Tallahassee.
10. As outlined in the AER Orders (defined below), TEI holds licenses for wells, well sites, facilities, facility sites, and pipelines across Alberta (the "**Licensed Assets**"). The OWA has been advised by the AER that the AER estimates the deemed liability of the Licensed Assets to be \$88,616,121.00 as of October 5, 2024.

#### **TEI's Non-Compliance with AER Orders**

11. TEI has been subject to numerous compliance measures from the AER that date back to August 5, 2016. These are publicly listed on the AER Compliance Dashboard site, available here: <https://www1.aer.ca/compliancedashboard/enforcement.html>.
12. These compliance measures, include but are not limited to, the following:
  - a) Administrative Penalty No. 201608-54, dated August 5, 2016 – commenced, continued or carried out the placing, constructing, installing, maintaining, replacing or removing of a watercourse crossing without providing notice to the AER, in accordance with section 4(1) of the *Water (Ministerial) Regulation*, in contravention of section 4(3) of the *Water (Ministerial) Regulation*;
  - b) Administrative Sanction No. 202011-103, dated November 30, 2020 – failure to pay Orphan Fund Levy;
  - c) Administrative Sanction No. 202011-44, dated November 30, 2020 – failure to pay Orphan Fund Levy;

- d) Administrative Sanction No. 202012-30, dated December 10, 2020 – failure to pay Administration Fees;
- e) Administrative Sanction No. 202012-29, dated December 10, 2020 – failure to pay Administration Fees;
- f) Order No. 202309-12, dated September 15, 2023 – failure to comply with AER requirements, including work required to confirm reasonable care and measures are in place for the site;
- g) Administrative Sanction No. 202311-58, dated November 2, 2023 – relating to noncompliance with 2022 Annual Closure Spend Quota;
- h) RCAM Order (as defined below) No. 202311-213, dated November 27, 2023;
- i) Administrative Penalty No. 202405-002, dated May 3, 2024 – relating to a failure to submit annual methane emissions reports, contrary to section 6(1) of the *Methane Emission Reduction Regulation*, providing false or misleading information pursuant to a requirement of the *Environmental Protection and Enhancement Act*, contrary to section 227(b) of the *Environmental Protection and Enhancement Act*, and failing to conduct fugitive emissions surveys, contrary to section 5 of the *Methane Emission Reduction Regulation*;
- j) Order No. 202406-001, dated June 1, 2024 – directing work required to abandon the sites per section 27 of the *Oil and Gas Conservation Act*, section 23 of the *Pipeline Act* and directing work required to conserve and reclaim the specified land at the sites per sections 140 and 241 of the *Environmental Protection and Enhancement Act*;
- k) Administrative Sanction No. 202407-032, dated July 11, 2024 – noncompliance with 2023 Annual Mandatory Closure Spend Quota; and
- l) Administrative Sanction No. 202409-052, dated September 24, 2024 – related to noncompliance with 2022 and 2023 Annual Mandatory Closure Spend Quota, outstanding Administrative Penalty, Administrative Fee and Orphan Fund Levy.

The RCAM Order

13. On September 15, 2023, the AER issued a Reasonable Care and Measures Order to TEI (the "**RCAM Order**"). Attached hereto and marked as **Exhibit "B"** is a copy of the RCAM Order.
14. Pursuant to the RCAM Order, TEI was required to, among other things
  - a) submit a Reasonable Care and Measures Plan to the satisfaction of the AER which contemplates specific actions and timelines to: (i) improve TEI's compliance rating to at least 75%; (ii) respond to and cure non-compliances; (iii) ensure TEI is able to respond to future incidents or emergencies; and (iv) monitor sites requiring monitoring or remedial work;
  - b) submit an Abandonment Plan for the abandonment of all overdue mineral lease-expired wells within six months from the date of the RCAM Order;
  - c) complete delineation of certain spills and submit a Plan for Reclamation Action in respect of same;
  - d) submit quarterly financial statements;
  - e) submit third-party audited annual financial statements and a financial summary by October 30, 2023, pursuant to Directive 067, Schedule 3; and
  - f) provide ongoing reporting to the AER on the progress of the work required under the RCAM Order and the various plans provided for under the Order.

The November Order

15. On November 27, 2023, the AER issued a further Order to TEI (the "**November Order**"). Attached hereto and marked as **Exhibit "C"** is a copy of the November Order.
16. The preamble to the November Order notes that TEI's responses to the RCAM Order were insufficient. In particular, the November Order notes that, among other things, TEI failed

- to provide audited financial statements and failed to delineate the specified spills within the required deadlines.
17. As a result, the November Order directed and authorized the OWA to exercise the AER's powers, duties and functions including, but not limited to, those listed under section 105 of the OGCA, for the purpose of complying with the RCAM Order and the November Order (collectively, the "**Orders**").
  18. The November Order further directed the OWA to, among other things:
    - a) provide reasonable care and measures, including emergency response, for the Licensed Assets in accordance with the Orders;
    - b) ensure all inactive pipeline systems are depressurized and cathodic protection is restored, if safe to do so;
    - c) ensure all wells and facilities that are not presently active are properly shut-in to ensure a safe condition; and
    - d) examine the spills identified in the RCAM Order and create a plan of action targeting any critical issues that demand urgent attention.
  19. In order to carry out the directions of the November Order, the AER directed that the OWA was entitled to have access to, and enter on, the associated lands and any structures on the lands, as well as take, deal with and dispose of all oil, gas, crude, bitumen, water or other substances.
  20. As a result of the November Order, TEI and any of its contractors were no longer permitted to take any actions with respect to the Licensed Assets without first obtaining the OWA's approval.
  21. The November Order also required TEI to, among other things, submit:
    - a) third party audited financial statements and a financial summary by November 30, 2023, pursuant to Directive 067, Schedule 3;

- b) quarterly financial statements;
  - c) a Custody Transition Plan to the satisfaction of the AER which contemplates specific actions and timelines to improve TEI's compliance rating to at least 75%, ensure TEI is able to respond to future non-compliance, incidents or emergencies, monitor sites requiring monitoring or remedial work, and provides an updated emergency response plan in accordance with Directive 071.
22. Further, the November Order provided that TEI is responsible for all costs and expenses incurred by the OWA in its efforts to complete the steps under the Orders.

The Abandonment Order

23. On June 5, 2024, the AER issued a further Order (the "**Abandonment Order**" and together with the RCAM Order and the November Order, the "**AER Orders**") requiring TEI to abandon the Licensed Assets within 60 days of the Abandonment Order and to submit a Reclamation Plan to the satisfaction of the AER for the conversion and reclamation of the Licensed Assets and associated lands within 30 days.
24. Attached hereto and marked as **Exhibit "D"** is a copy of the Abandonment Order.
25. The preamble to the Abandonment Order notes the following, among other things:
- a) on January 4, 2024, the AER issued a Failure to Comply letter to TEI for its failure to provide audited financial statements and quarterly financial statements in accordance with the November Order, a copy of which is attached hereto and marked as **Exhibit "E"**;
  - b) TEI requested an extension of certain deadlines in the November Order, which the AER rejected on the grounds that the proposed timelines were unreasonable and the cash forecasts could not be analyzed or validated as TEI had failed to provide audited financial statements to the AER;
  - c) the AER granted a series of extensions to TEI to, among other things, attempt to raise sufficient capital to provide reasonable care and measures;

- d) on May 3, 2024, the AER issued a further Failure to Comply letter to TEI for its failure to complete the Abandonment Plan required by the November Order, a copy of which is attached hereto and marked as **Exhibit “F”**; and
- e) the AER rejected the Custody Transition Plan required by the November Order due to concerns regarding TEI’s historical compliance performance and the AER’s lack of confidence in TEI’s operational capabilities.

26. The Abandonment Order also provides, among other things, as follows:

- a) TEI and any contractors must obtain written approval from the OWA before accessing and taking any actions in respect of the Licensed Assets; and
- b) TEI is not permitted to sell or remove any equipment or other infrastructure associated with the Licensed Assets without written approval from the OWA.

27. Following the issuance of the Abandonment Order, TEI filed a request for a Regulatory Appeal of the Abandonment Order pursuant to the *Responsible Energy Development Act*, SA 2012, C R-17.3 (the **“Appeal Request”**) on June 18, 2024. Attached hereto and collectively marked as **Exhibit “G”** is a copy of email correspondence sent by Mr. Ghazanfar Zafar, the President of TEI, dated June 18, 2024, advising of TEI’s Appeal Request and enclosing TEI’s Request for Appeal and Statement of Concern.

28. On July 19, 2024 the Technical Science and External Innovation Branch (**“TSEI Branch”**) provided a comment (the **“TSEI Comment”**) on TEI’s late-filing request for regulatory appeal, including whether the request of TEI should be accepted. Attached hereto and marked as **Exhibit “H”** is a copy of the TSEI Comment.

29. The AER, on July 25, 2024 by way of a request (the **“Additional Information Request”**) provided an additional opportunity for TEI to submit an explanation for why the request was filed late as TEI did not speak to all the factors that the AER typically considers when deciding whether to exercise its discretion to extend a time limit. Attached hereto and marked as **Exhibit “I”** is a copy of the Additional Information Request.

30. TEI provided a response (the “**TEI Response**”) to the Additional Information Request on August 14, 2024. Attached hereto and marked as **Exhibit “J”** is a copy of the TEI Response.
31. The AER dismissed the Appeal Request on September 12, 2024 (the “**Appeal Request Denial**”) as a result of TEI’s failure to file the submit the Appeal Request within the proscribed timelines provided in the *Alberta Energy Regulator Rules of Practice*. The Appeal Request was denied by the AER and the AER declined to exercise its discretion under section 41 of the *Alberta Energy Regulator Rules of Practice* to extend the time within which TEI was permitted to file its request for regulatory appeal of the Abandonment Order. Attached hereto and marked as **Exhibit “K”** is a copy of the Appeal Request Denial.
32. On October 11, 2024, TEI served an unfiled copy of an Application for Leave to Appeal the Appeal Request Denial (the “**Leave Application**”). Attached hereto and marked as **Exhibit “L”** is a copy of the Leave Application.
33. The Leave Application argues that TEI should be given permission to appeal on the following questions of law:
- a) Did the AER err in the interpretation of the discretionary authority set out in section 41 of the Rules; and
  - b) Did the AER err in the application of the discretionary authority to set out in section 41 of the Rules.
34. The OWA does not believe that the outcome of the Leave Application will impact TEI’s ability to address its abandonment and reclamation obligations and that TEI will remain unable to satisfy the terms of the AER Orders.

#### **OWA’s Work on Sites**

35. As directed by the November Order, the AER directed and authorized the OWA to exercise the AER’s powers, duties and functions, including but not limited to those listed under section 105 of the OGCA, for the purpose of complying with the RCAM Order and the November Order on behalf of TEI.

36. Following the issuance of the November Order, the OWA took reasonable care and measures respecting the Licensed Assets. The OWA has attended to and completed the shut-in process for all sites in a safe and efficient manner and continues to monitor these sites for security and safety.
37. In addition to the issues with the Licensed Assets identified in the AER Orders, the OWA became aware of a number of additional issues while conducting its work on the TEI Sites including, but not limited to, the following:
- a) based on the results of an Alberta Personal Property Registry search for TEI (outlined in further detail below), the OWA estimates that TEI owes approximately \$2,300,000 in unpaid municipal taxes to several municipalities;
  - b) as of September 24, 2024, both the AER's Administration Fee and Orphan Fund Levy are outstanding, totalling \$211,999.89 and \$494,348.55 respectively;
  - c) identified numerous sites that were not in compliance with applicable AER regulations, including, but not limited to, signage, weed and staining issues;
  - d) numerous tanks and vessels comprising the Licensed Assets that were not in service still contained fluids. In some areas, the fluid in the tanks was frozen, posing a risk of damage to the vessels and the environment should the vessel rupture;
  - e) several pipelines were not depressurized or purged before being shut-in;
  - f) several pipelines were left in a state of disrepair and were not remediated;
  - g) several Licensed Assets located in the Steen River area were not shut in and depressurized posing a risk to public safety due to high levels of sour gas;
  - h) a fire was identified on one remote well site that was inaccurately reported by TEI as having been previously shut-in, which required a well and fire control specialist team to be deployed to suppress and address repairs to the well;
  - i) a spill occurred at a well site as the well was left with no radigan rubber to control the well and required well control operations;

- j) the OWA's contractor received multiple complaints from the landowners of the Sites regarding noxious weeds;
- k) the OWA's contractor received information that TEI had been selling certain pieces of equipment on its sites, without obtaining the OWA's approval in accordance with the November Order;
- l) the OWA's contractor received information that a large number of service providers were not paid by TEI for goods and services provided on credit to TEI; and
- m) there have been a number of incidents of theft and vandalism at TEI's Sites, despite ongoing security monitoring by the OWA.

(collectively, the "**Site Issues**").

#### **Financial Circumstances of TEI**

38. To the best of the OWA's knowledge, TEI has failed to pay the following fees and penalties to the AER, which amounts remain outstanding, due and owing:
- a) Administrative Penalty - \$191,855;
  - b) Administrative Fees (2024) - \$211,999.89;
  - c) Mandatory Closure Spend Quote (2022 and 2023) - \$2,555,197; and
  - d) Orphan Fund Levy (2024) - \$494,348.55.
39. Attached hereto and marked as **Exhibit "M"** is a copy of correspondence issued by the AER to TEI in respect of the above-noted fees and penalties.
40. To the best of OWA's knowledge, TEI has a number of creditors that include municipalities, and judgment creditors. Attached hereto and marked as **Exhibit "N"** is a copy of the Alberta Personal Property Registry (the "**PPR**") search results for TEI, dated October 15, 2024. Creditors with registrations against TEI include the following writs of enforcement and statutory charges registered at the PPR in the total amount of \$13,884,881.41:

- a) Omega Transport Services Inc. - \$3,128.04
- b) Kneehill County - \$4,629.72
- c) Integrity Audit and Accounting Ltd. - \$15,074.37
- d) 1223209 Alberta Ltd. o/a TJ Sagoo Transport - \$202,767.52
- e) Lyons Production Services Ltd. - \$4,172.02
- f) 1679853 Alberta Ltd. - \$409,826.43
- g) West Rock Energy Consultants Ltd. - \$62,027.69
- h) Freehold Royalties Partnership - \$84,909.40
- i) Control Tech 2011 Ltd. - \$47,922.42
- j) 24/7 Compression Ltd. - \$21,329.47
- k) County of Stettler No. 6 - \$680,109.28
- l) 4 Elements Environment Control Inc. - \$34,870.27
- m) Invico Energy Ltd. - \$177,336.45
- n) Dark Star Production Testing Ltd. - \$99,619.31
- o) Millenium EMS Solutions Ltd. - \$27,834.93
- p) Millenium EMS Solutions Ltd. - \$22,789.88
- q) Millenium EMS Solutions Ltd. - \$17,640.18
- r) Government of Alberta – Employment Standards - \$3,352.74
- s) Government of Alberta – Employment Standards - \$25,812.82
- t) Government of Alberta – Employment Standards - \$2,374.20

- u) Government of Alberta – Employment Standards - \$984.66
- v) Government of Alberta – Employment Standards - \$23,238.51
- w) Government of Alberta – Employment Standards - \$3,095.31
- x) Government of Alberta – Employment Standards - \$17,426.27
- y) Government of Alberta – Employment Standards - \$2,514.09
- z) Government of Alberta – Employment Standards - \$2,514.24
- aa) Government of Alberta – Employment Standards - \$17,437.82
- bb) Government of Alberta – Employment Standards - \$934.99
- cc) Government of Alberta – Employment Standards - \$1,901.52
- dd) Government of Alberta – Employment Standards - \$1,969.32
- ee) Government of Alberta – Employment Standards - \$11,978.53
- ff) Government of Alberta – Employment Standards - \$38,503.52
- gg) Government of Alberta – Employment Standards - \$4,621.81
- hh) Government of Alberta – Employment Standards - \$17,528.11
- ii) Government of Alberta – Employment Standards - \$2,524.27
- jj) Government of Alberta – Employment Standards - \$419.45
- kk) Government of Alberta – Employment Standards - \$485.94
- ll) Government of Alberta – Employment Standards - \$681.52
- mm) Government of Alberta – Employment Standards - \$9,802.27
- nn) ConocoPhillips Canada Resources Corp. - \$212,610.76

- oo) Canadian Natural Resources Limited - \$88,546.74
- pp) Government of Alberta – Employment Standards - \$16,996.68
- qq) Government of Alberta – Employment Standards - \$2,471.12
- rr) Topaz Energy Corp - \$9,079.83
- ss) Stack Production Testing Inc. - \$90,894.95
- tt) Starland County - \$1,634,757.11
- uu) EPCOR Energy Alberta GP Inc. - \$583,761.33
- vv) Government of Alberta – Employment Standards - \$7,217.66
- ww) Government of Alberta – Employment Standards - \$842.49
- xx) Government of Alberta – Employment Standards - \$19,456.59
- yy) Government of Alberta – Employment Standards - \$2,493.90
- zz) Kneehill County - \$22,850.38
- aaa) Wolseley Industrial Canada Inc. - \$34,822.70
- bbb) Kadiak Energy Services Inc. - \$1,363,708.53
- ccc) Vertex Resource Services Ltd. - \$465,858.57
- ddd) Hurley Well Service Ltd. - \$1,223,268.63
- eee) Baron Oilfield Supply - \$64,042.48
- fff) Antelope Land Services Ltd. - \$14,364.76
- ggg) Obsidian Energy Ltd. - \$406,970.21
- hhh) Alberta Pride Regulatory Services Ltd. - \$7,289.58

- iii) Northwell Oilfield Hauling (09) Inc. - \$143,571.75
- jjj) His Majesty the King in Right of Canada - \$3,951,192.31
- kkk) Elite Waste Disposal Inc. - \$24,025.12
- lll) Ridgeline Canada Inc. - \$177,803.01
- mmm) Burnet, Duckworth & Palmer LLP - \$310,939.56
- nnn) Direct Energy Marketing Limited - \$790,258.49
- ooo) Canadian Natural Resources Limited - \$108,696.88.

41. The OWA understands that there is also a significant number of unpaid surface leases associated with TEI's Licensed Assets. To date, the Minister has paid out 150 claims totaling \$724,196.80 to land owners who have surface leases with TEI. There also remains approximately 96 surface lease applications in progress with the Land and Property Rights Tribunal that may result in additional payments having to be made on TEI's behalf to surface rights holders.

#### **State of TEI's Operations**

- 42. As a result of the RCAM Order and the Abandonment Order, TEI has not had access to any of its Licensed Assets. Those Licensed Assets are no longer producing and have been shut-in by the OWA's third-party contractor. As a result of the AER Orders, TEI no longer has any ability to conduct operations in respect of any of its Licensed Assets and those Licensed Assets will remain shut-in for the foreseeable future.
- 43. On October 11, 2024, the OWA was advised by Hub International Insurance Brokers that TEI no longer has insurance in place due to TEI's failure to pay the applicable monthly premiums.

## **Necessity of Appointing a Receiver**

44. The OWA believes it is just, convenient and in the public's best interest to appoint a receiver over all of TEI's Property for the following reasons, among others:
- a) the AER has ordered TEI to abandon its operations. TEI is unable to comply with the RCAM Order or the Abandonment Order and it is unclear whether or how TEI will be able to address any of its significant outstanding reclamation obligations pursuant to the AER Orders;
  - b) TEI has already been provided with significant time to try and obtain additional financing or raise additional funds to try and address its abandonment and reclamation obligations. TEI has provided no evidence that it has any of financial or operational resources available to comply with the AER Orders;
  - c) the OWA has been working since November 27, 2023 to provide reasonable care and measures to TEI's Sites in response to TEI's failure to comply with the AER Orders;
  - d) although the November Order authorizes the OWA to provide reasonable care and measures respecting the TEI Sites, the OWA does not have the power to sell or dispose of TEI's Property to fund the costs of abandonment, reclamation and remediation of the Licensed Assets;
  - e) the issues identified with the Licensed Assets in the AER Orders, as well as the Site Issues, pose a serious safety hazard to the public and significant environmental risks respecting the Licensed Assets that were not properly shut-in or suspended, or remediated until the OWA took steps to do so; and
  - f) based on the OWA's current understanding of TEI's financial resources, it is unclear to the OWA how TEI will be able to fund its obligations pursuant to the AER Orders while satisfying its substantial known arrears to creditors and complying with its outstanding regulatory obligations.

- 45. I believe it is imperative and in the interests of public safety that a receiver and manager be appointed to ensure that TEI's Licensed Assets are properly abandoned and reclaimed where necessary and if any of the Licensed Assets have any remaining value those assets be monetized to pay for the remaining significant outstanding abandonment and reclamation liability of TEI. A receiver is necessary and best suited to oversee the sale of any assets to fund the necessary abandonment and remediation costs and transfer the Licensed Assets to responsible operators as part of the process of mitigating the impact of the abandonment and reclamation costs associated with the Licensed Assets.
- 46. I believe the appointment of PwC as Receiver and manager of the Property of TEI is just and convenient and in the best interest of TEI's stakeholders and the public generally.
- 47. I make this Affidavit on behalf of the OWA in support of an application for an Order appointing PwC as Receiver over TEI.

SWORN BEFORE ME at the City of )  
 Calgary, in the Province of Alberta, this 15<sup>th</sup> )  
 day of October, 2024. )



\_\_\_\_\_  
 A Commissioner of Oaths in and for the )  
 Province of Alberta )



\_\_\_\_\_  
**LARS DE PAUW**

**RYAN ZAHARA**  
 Barrister & Solicitor

This is **Exhibit “D”** to the Affidavit of Sheila Hyatt  
sworn before me this 30<sup>th</sup> day of March 2026.



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Notary Public/Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
**Barrister and Solicitor**

COURT FILE NUMBER 2401-14363  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANT ORPHAN WELL ASSOCIATION AND BRITISH COLUMBIA ENERGY REGULATOR  
RESPONDENT TALLAHASSEE EXPLORATION INC.  
**DOCUMENT AFFIDAVIT**  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING DOCUMENT  
**DLA PIPER (CANADA) LLP**  
1000, 250 - 2nd Street SW  
Calgary Alberta T2P 0C1  
Attention: Kevin Hoy  
Phone: 403.698.8738  
Fax: 403.776.8861  
Email: kevin.hoy@dlapiper.com  
File No.: 035924-0008



C100979  
COM  
Oct 23, 2024

**AFFIDAVIT OF MICHAEL JANZEN  
AFFIRMED OCTOBER 15, 2024**

I, Michael Janzen of the City of Victoria, in the Province of British Columbia, SOLEMNLY AFFIRM AND DECLARE:

1. I am the Executive Director, Orphans and Liabilities of the Co-Applicant, the British Columbia Energy Regulator, formerly the British Columbia Oil and Gas Commission (the "BCER") and, as such, I have personal knowledge of the facts and matters deposed to herein, except where facts and matters are stated to be from other sources, in which case I believe those facts and matters to be true.

**Purpose of this Affidavit**

2. I am swearing this Affidavit in support of an Application by both the Orphan Well Association (the "OWA") and BCER, for an Order, among other things, appointing PricewaterhouseCoopers Inc. ("PwC") as receiver and manager (the "Receiver"), pursuant to section 13(2) of the *Judicature Act*, RSA 2000, c J-2, section 99(a) of the

*Business Corporations Act*, RSA 2000, c B-9, section 106.1 of the *Oil and Gas Conservation Act*, RSA 2000, c O-6 (the “**OGCA**”), and section 39(1) of the *Law and Equity Act*, RSCBC 1996, c 253, without security, of the current and future assets and undertakings and properties of every nature and kind whatsoever, located in the Provinces of Alberta and British Columbia, including all proceeds thereof (collectively, the “**Property**”) of Tallahassee Exploration Inc. (“**TEI**”).

3. I am authorized to provide evidence in these proceedings on behalf of BCER. In the preparation of this Affidavit, I have reviewed, without limitation, relevant records maintained by BCER and public registry searches.

### **Energy Resource Regulation in British Columbia**

4. The BCER is an agent of the Province of British Columbia responsible under the *Energy Resources Activities Act*, SBC 2008, c 36 (formerly, the *Oil and Gas Activities Act*) (the “**ERAA**”) for regulating energy resource activities in British Columbia. As I understand it, the BCER has a similar, but not identical, role to that of the Alberta Energy Regulator (the “**AER**”) in Alberta.
5. The BCER’s purpose is to regulate energy resource activities in a manner that protects public safety and the environment, while balancing a broad range of environmental, economic and social considerations.
6. Under British Columbia’s regulatory regime, permits may be issued under the ERAA. A person who holds a permit under the ERAA is responsible for, among other things, abandoning, remediating and reclaiming wells and associated sites.
7. The BCER also administers an orphan site reclamation fund (the “**Orphan Fund**”). The BCER collects funds for the Orphan Fund by way of a levy on industry permit holders. In situations where the operator of energy resource sites become insolvent or cannot be located, such sites may be designated as orphan sites by the BCER pursuant to section 45(2) of the ERAA. The Orphan Fund is used to pay abandonment, remediation and reclamation costs of wells, facilities, pipelines, energy resource roads, and areas which the BCER designates as orphan sites.

8. There is no industry safeguard beyond the Orphan Fund for addressing abandonment, remediation, and reclamation of orphan sites. Any shortfall in the cost of reclaiming oil and gas sites is borne by the Orphan Fund.
9. The BCER's position is that permit holders are statutorily required to fulfill all applicable regulatory responsibilities to address abandonment, remediation and reclamation obligations associated with their permitted assets.
10. The BCER has authority to require permit holders to provide financial security, in the form and amount the BCER requires, to ensure the performance of an obligation under ERAA or under a permit or authorization issued under ERAA. The BCER uses the Permittee Capability Assessment ("**PCA**") program to assist it to consider security requirements.

#### **TEI's Assets and Operations in British Columbia**

11. TEI is a corporation incorporated pursuant to the laws of the Province of Alberta, and extra-provincially registered to carry on business in British Columbia. Attached hereto and marked as **Exhibit "A"** is a copy of the British Columbia company summary, dated October 10, 2024, confirming TEI's extra-provincial registration.
12. Attached hereto and marked as **Exhibit "B"** is a copy of a schedule setting out particulars of the permits that TEI holds for infrastructure located in British Columbia (the "**Permitted Assets**").
13. The BCER holds security provided by TEI pursuant to section 30 of the ERAA in the amount of \$4,320,371. TEI appears to have a significant number of creditors and unpaid liabilities that are due and owing. Attached hereto and marked as **Exhibit "C"** is a copy of the British Columbia Personal Property Registry search for TEI, dated October 11, 2024. Attached hereto and marked as **Exhibit "D"** is a copy of an Alberta Personal Property Registry search result for TEA (the "**AB PPR**"), dated October 11, 2024. I note that the AB PPR shows numerous Writs of Enforcement and Writs of Seizure and Sale, which total \$13,200,143.41 in aggregate.

#### **TEI's Failure to Comply with BCER Orders**

14. On April 23, 2020, the British Columbia Oil and Gas Commission (as it then was) issued a General Order to TEI pursuant to section 49 of the *Oil and Gas Activities Act* (as it then was) requiring TEI to suspend or, alternatively, reactivate or abandon certain Permitted Assets (the “**First General Order**”). The First General Order was subsequently amended on two occasions to extend the deadline for TEI to comply with the First General Order to October 31, 2021 (the “**Amendments**” and together with the First General Order, the “**2020 Order**”).
15. Attached hereto and collectively marked as **Exhibit “E”** is a copy of the First General Order and the Amendments.
16. On January 15, 2024, the BCER issued an Administrative Finding (the “**Administrative Finding**”) which concluded that TEI failed to comply with the 2020 Order and failed to exercise due diligence to prevent the contravention. As a result, the BCER imposed an administrative fine of \$40,000. A review of records indicates that as at June 21, 2024, the Province of BC considered that this fine remained unpaid.
17. Attached hereto and marked as **Exhibit “F”** is a copy of the Administrative Finding.
18. On March 4, 2024, the BCER issued a General Order pursuant to section 49 of the *ERAA* (the “**2024 Order**”). Attached hereto and marked as **Exhibit “G”** is a copy of the General Order.
19. The General Order provides as follows:
  - a) In January 2024, the BCER discovered that TEI ceased operations of the facility, wells and associated pipelines in respect of certain Permitted Assets located in the Milo field area; and
  - b) Upon a visual inspection of the assets, BCER observed, among other things, that none of the wellheads were suspended or closed, there was no positive isolation on the wells, facility, or pipelines, fluids were present in the facility which did not have power or operational safety systems in place to operate safely, and there were no workers on site.

20. Pursuant to the General Order, TEI was required to, among other things:
- a) for certain wells listed in Schedule "A" of the General Order: (i) close all wellhead valves and either chain and lock the valves or remove the valve handles; (ii) ensure positive isolation between the well and the flow line; and (iii) address fluid leak in respect of a specific flowline identified in the General Order;
  - b) for the identified facility, isolate the facility and depressure the processing piping, equipment and pressure vessels at the facility; and
  - c) for the pipeline gathering system, isolate the pipeline gathering system and depressure the pipeline gathering system connecting the wells and the facility.
21. As of the date of this Affidavit, TEI has failed to comply with the 2024 Order.
22. On April 22, 2024, the BCER sent TEI an opportunity to be heard pursuant to section 50(1)(b) of ERAA that it was considering taking the action required by the 2024 Order. In response, TEI submitted a plan to the BCER to carry out the actions required by the March 2024 Order. TEI has failed to comply with its plan and the March 2024 Order.
23. All TEI's Permitted Assets are currently shut-in.

#### **TEI's Failure to Pay Levies**

24. Along with TEI's non-compliance with BCER Orders, TEI has failed to pay certain levies required under the ownership and operatorship of its assets.
25. TEI has failed to pay the following levies:
- a) The pipeline levy for fiscal 2023/2024 in the amount of \$6,077.82.
  - b) The orphan site levy for 2023/2024 in the amount of \$47,712.68.
  - c) The pipeline levy for fiscal 2024/2025 in the amount of \$6,077.82
  - d) The orphan site levy for fiscal 2024/2025 in the amount of \$47,490.74.

## **TEI has Significant Liability associated with its Assets in British Columbia**

26. The BCER has implemented the Permittee Capability Assessment (“**PCA**”) program.
27. The PCA program assesses financial risk of each permit holder’s operations in order to mitigate risk while permit holders are financially viable. In practice, this risk is measured as the potential financial impact to the Orphan Site Reclamation Fund in the case of an insolvency of a permit holder.
28. The PCA program’s objectives are to be responsive to changing industry risks, to require permit holders to conduct corrective action when risk is identified, and to encourage permit holders to proactively reduce liability. The PCA program is used by the BCER to assist in determining required security deposits for permit holders under section 30 of the ERAA.
29. The level of financial risk calculated under the PCA is determined from the financial information submitted by permit holders on an annual and quarterly basis. Widely accepted financial ratios are used to assess permit holders that are financially healthy versus those that are in distress. The selected ratios measure a company’s profitability over time, their liquidity and ability to meet obligations as they come due, and the level of debt used to finance the business.
30. The magnitude of liability under the PCA is based on the estimated decommissioning, assessment, remediation and reclamation liability cost associated with each permit holder’s dormant, inactive and marginal sites. Historically, sites that are dormant, inactive, or marginal have accounted for nearly all orphan sites in British Columbia. At present, TEI has received the highest possible risk score under the PCA.
31. TEI’s dormant, inactive and marginal liability is currently \$6,321,500, and the total liability for all TEI wells and facilities is \$10,108,800. BCER has identified TEI at being at a high risk for being unable to meet its decommissioning obligations based on a review of TEI’s financial information obtained under the PCA program. Given this designation, and given the magnitude of its liabilities as are evidenced in the AB PPR, BCER has no confidence in TEI’s ability to meet its decommissioning obligations or to bring current is financial liabilities owing to BCER.

### **Potential Viability of Permitted Assets**

32. Records of the BCER indicate that certain of the Permitted Assets remained productive as recently as May 2024.
33. In the view of the BCER, the Permitted Assets may be viable if operated by a capitalized entity.

### **Necessity of Appointing a Receiver**

34. The BCER believes it is just, convenient and in the public's best interest to appoint a receiver over all of TEI's Property for the following reasons, among others:
  - a) TEI does not appear to be in a position to manage and monitor the Permitted Assets within applicable good oilfield practices;
  - b) TEI appears to be insolvent and incapable of carrying on business as a going concern; and
  - c) Certain of the Permitted Assets may be viable and a Court-supervised a sales process in receivership proceedings may result in a transaction that would otherwise not be possible to conclude given TEI's insolvency.
35. I believe it is imperative and in the interests of public safety that a receiver and manager be appointed to ensure that TEI's Permitted Assets are properly cared for and maintained. A receiver is necessary and best suited to oversee the sale of any assets to fund the necessary abandonment and remediation costs and transfer the Permitted Assets to responsible operators.
36. I believe the appointment of PwC as Receiver and manager of the Property of TEI is just and convenient and in the best interest of TEI's stakeholders and the public generally.



This is **Exhibit “E”** to the Affidavit of Sheila Hyatt  
sworn before me this 30<sup>th</sup> day of March 2026.



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Notary Public/Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
**Barrister and Solicitor**



Clerk's Stamp:

COM  
May 14, 2025

COURT FILE NUMBER 2401 14363  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANT ORPHAN WELL ASSOCIATION AND BRITISH COLUMBIA ENERGY REGULATOR  
RESPONDENT TALLAHASSEE EXPLORATION INC.  
DOCUMENT **AFFIDAVIT OF GHAZANFAR ZAFAR**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
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**AFFIDAVIT OF GHAZANFAR ZAFAR  
(Sworn May 8<sup>th</sup>, 2025)**

I, GHAZANFAR ZAFAR, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am the sole director of both Tallahassee Exploration Inc. ("**Tallahassee**") and TRC Fund II Inc. ("**TRC Fund**") and the designated representative for Paradigm Equity PVT Ltd. ("**Paradigm**") in these legal proceedings, and as such have personal knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, in which case I believe it to be true.

**Background**

2. Tallahassee is a corporation incorporated in the Province of Alberta and extra-provincially registered to carry on business in the Province of British Columbia. Tallahassee is a licensed operator of oil and gas assets located in both of those provinces.

3. TRC Fund is a widely held Alberta corporation owned by over 100 individual shareholders residing in both British Columbia and Alberta. The majority of TRC Funds' shareholders are senior citizens who are holding their TRC Fund shares as part of their registered retirement savings accounts. TRC is a private equity investment firm with a primary focus on the oil and gas sector in North America as well as internationally.
4. Tecumseh LNG Partnership Inc. ("**Tecumseh**") is an Alberta corporation and extra-provincially registered to carry on business in the Province of British Columbia. Tecumseh is a wholly-owned subsidiary of TRC Fund. Tecumseh was incorporated on June 12, 2023 for the express core purpose of acting as an operating company for the Horn River Assets owned by TRC Fund.
5. Paradigm is a corporation incorporated in the Province of Alberta with shareholders and directors residing in North America and internationally.
6. During my time as director of Tallahassee, I facilitated a number of transactions whereby various business partners, financed by third party investors, provided Tallahassee with funds to acquire legal title to various oil and gas assets with a primary focus on assets in the Provinces of British Columbia and Alberta. Concurrently with these transactions, Tallahassee agreed to hold those assets in trust for the benefit of those business partners. Two of those business partners were TRC Fund and Paradigm who acquired the Horn River Assets.

#### ***The Horn River Asset Purchase***

7. By way of a Purchase and Sale Agreement dated June 20, 2022, between Tallahassee as purchaser and Imperial Oil Resources Limited and Exxon Mobil Canada Ltd. as vendors (the "**Horn River PSA**"), Tallahassee purchased certain oil and gas assets located in the Horn River area of British Columbia (the "**Horn River Assets**").
8. The transaction contemplated by the Horn River PSA closed on or about July 25, 2022. The Calgary-based law firm Burnet, Duckworth & Palmer LLP ("**BD&P**") acted on behalf of Tallahassee in respect of the transaction.
9. Prior to closing, British Columbia Energy Regulator ("**BCER**") advised Tallahassee that the security deposit specifically for the Horn River Assets was \$2,928,600 (the "**Security Deposit**"), which was determined to be 100% of the abandonment liability associated with the Horn River Assets. The entire purchase price for the Horn River Assets, the Security Deposit, and all other amounts

required to close the transaction were provided by some combination of TRC Fund and Paradigm. The funds to close were either provided by these parties through Tallahassee, or alternatively, directly to BD&P to hold in escrow pending the closing of the transaction.

10. In July 2023, TRC Fund decided that it wanted to transfer legal ownership of the Horn River Assets from Tallahassee to a wholly-owned subsidiary. TRC Fund then incorporated Tecumseh for that specific purpose, being to act as operator of the Horn River Assets and provided the BCER with a courtesy notice of its intentions around the same time period.
11. In August 2023, after Tecumseh's incorporation, TRC Fund applied for Tecumseh to obtain the necessary permits and approvals from the BCER to be able to operate the Horn River Assets. In response to Tecumseh's initial inquiries and communications, the first stage application to operate in British Columbia province was approved, along with the issuance of the New Business Associate (BA) Code. On August 25, 2025 the BCER sent Tecumseh the "Welcome Letter" attached to this Affidavit as **Exhibit "A"**.
12. The BCER subsequently advised TRC Fund and Tecumseh that in order to receive the permits and approvals, it would also have to agree to accept the transfer certain other legacy assets of Tallahassee (the "**Legacy Assets**") and their associated environmental liabilities. TRC advised BCER that it did not object to the transfer of these additional Legacy Assets. The license permit transfer for the Horn River Assets and the Legacy Assets was then initiated with BCER.
13. TRC Fund and Tecumseh continued its discussions with the BCER regarding Tecumseh's operatorship and the transfer of the Horn River Assets and Legacy Assets throughout 2023 and into the Fall of 2024. These discussions were very positive and the BCER did not advise TRC Fund or Tecumseh of any issues that it anticipated with Tecumseh obtaining the necessary permits and approvals. In connection with the transfer of the Horn River Assets and Legacy Assets to Tecumseh, I forwarded the PowerPoint presentation attached as **Exhibit "B"** to the BCER on October 1, 2024. In the second week of October 2024, these discussions with BCER abruptly stopped.

#### ***Receivership of Tallahassee***

14. On October 23, 2024, the BCER and the Orphan Well Association ("**OWA**") applied for and obtained a Receivership Order in these proceedings (the "**Receivership Order**"), appointing PricewaterhouseCoopers Inc. ("**PwC**" or the "**Receiver**") as receiver and manager over all of

Tallahassee's property, assets and undertakings (with the exception of Tallahassee's oil and gas assets located in the Province of Manitoba).

15. Following the issuance of the Receivership Order, in my capacity as sole director of Tallahassee, I cooperated with the Receiver and its counsel in ensuring the Receiver had access to all of the books and records of Tallahassee, including Tallahassee's financial records and bank account statements to the best of my ability.
16. I also met with the Receiver in my capacity as sole director of TRC Fund and advised the Receiver that TRC Fund and Paradigm were the beneficial owners of the Horn River Assets. The Receiver advised that TRC Fund and Paradigm prepare and submit a formal property claim to the Receiver as soon as possible so that those assets can be excluded from the Receiver's sales process for the assets of Tallahassee.

***Proof of Property Claim for Horn River Assets***

17. TRC Fund and Paradigm subsequently retained Field Law to represent them in respect of their property claim to the Horn River Assets.
18. On December 13, 2024, Field Law sent a letter to counsel for the Receiver (the "**December 13 Letter**") setting out the basis for TRC Fund's and Paradigm's claim to the Horn River Assets and attached various supporting documents, including the Horn River PSA and a Sales Participation and Trust Agreement, dated July 28, 2022 (the "**Trust Agreement**"). The December 13 Letter also expressly requested that the Receiver exclude the Horn River Assets from any sale process that the Receiver may conduct in respect of Tallahassee's property. A copy of the December 13 Letter, and all supporting documents, is attached as **Exhibit "C"**.
19. Counsel to the Receiver then sent a letter to Field Law, dated February 3, 2025, acknowledging receipt of the December 13 Letter and requesting any and all additional documents that TRC Fund may have in respect of TRC Fund's claim to the Horn River Assets or any other claims. That letter is attached as **Exhibit "D"**.
20. In response to the February 3 Letter, Field Law sent a letter to Receiver's counsel dated February 7, 2025 (the "**February 7 Letter**"), enclosing a redacted Term Sheet that TRC Fund had provided to the BCER in early October prior to the issuance of the Receivership Order. The BCER was well

aware of TRC Fund's beneficial ownership of the Horn River Assets prior to its joint application with the OWA for the Receivership Order. The February 7 Letter is attached as **Exhibit "E"**.

21. On February 19, 2025, the Receiver's counsel sent a letter to Field Law (the "**February 19 Letter**") denying TRC Fund's/Paradigm's claim to the Horn River Assets. Receiver's counsel denied the property claim on the basis that there was inadequate evidence to demonstrate that TRC Fund was the source of the funds that were used for the acquisition of the Horn River Assets. That February 19 Letter is attached as **Exhibit "F"**.
22. The February 19 Letter also referenced discussions that the Receiver had with the BCER and advised that the BCER was unaware that TRC Fund was the beneficial owner of the Horn River Assets. The February 19 Letter also states that the BCER will be contacting Field Law directly regarding TRC Fund's claim.
23. Counsel for the BCER then sent a letter to Field Law, dated February 20, 2025 (the "**February 20 Letter**") where counsel for BCER points out that in order for TRC Fund to take possession of the Horn River Assets it would need to obtain approval to (i) be a licensed operator under the legislation in force in British Columbia; and (ii) pay transfer fees of \$50,000 and a security deposit of \$6,000,000. The February 20 Letter is attached as **Exhibit "G"**.
24. Field Law sent a letter dated February 25, 2025 (the "**February 25 Letter**") to counsel for the BCER seeking a breakdown of the \$6,000,000 security deposit. That February 25 Letter is attached as **Exhibit "H"**.
25. In an email dated February 26, 2025, counsel for the BCER responded to the February 25 Letter and advised that the BCER confirmed that the \$6,000,000 deposit is only an "estimate". That email correspondence is attached as **Exhibit "I"**.
26. In March of 2025, following this correspondence between Field Law and counsel for the BCER, I made calls to the BCER representatives that I had been in communication with during the period between July 2023 and October 2024. The purpose of my calls was to gain an understanding of the BCER's security deposit requirements and any other requirements for the potential transfer of the Horn River Assets (and potentially the Legacy Assets) under the operatorship of Tecumseh. The BCER has never returned my calls. This was followed up with a formal request for a meeting

with the BCER representative from Field Law to the BCER's legal counsel on March 6, 2025, to which there was also no response. That email correspondence is attached as **Exhibit "J"**.

27. Additionally, in order to address the concerns raised by counsel for the Receiver in his February 19 Letter, I prepared a spreadsheet that clearly set out the sources and flow of funds in relation to the Horn River PSA Transaction. Field Law then sent a letter dated March 11, 2025 (the "**March 11 Letter**") containing the spreadsheet I prepared plus additional information to address the Receiver's concerns regarding TRC Fund's claim to the Horn River Assets. The March 11 Letter is attached as **Exhibit "K"**.
28. I confirm the truth and accuracy of all of the letters sent by Field Law to counsel for the Receiver and counsel for the BCER, including any and all attachments to those letters.
29. On March 12, counsel for the Receiver sent a letter to Field Law (the "**March 12 Letter**") acknowledging receipt of the March 11 Letter, along with the enclosed information, and advising that: "The Receiver will also discuss this matter with the BCER before making a final determination with respect to how it will proceed regarding the Horn River Assets". The March 12 Letter is attached as **Exhibit "L"**.
30. In a further letter from counsel for the Receiver to Field Law dated March 28, 2025 (the "**March 28 Letter**") counsel for the Receiver advised that it had commenced a sale process for Tallahassee's assets and "in light of the dispute regarding the beneficial ownership claim" over the Horn River Assets, it was requesting TRC Fund's consent to including the Horn River Assets in the Receiver's sales process. The Receiver proposed that their inclusion in the sales process would be without prejudice to TRC Fund's ability to assert a right to any sales proceeds generated from the sale of those assets. The March 28 Letter is attached as **Exhibit "M"**.
31. On March 31, 2025, Field Law spoke with counsel for the Receiver and rejected the Receiver's proposal in the March 28 Letter. Field Law advised that TRC Fund wants to develop the Horn River Assets and does not want them to be included in the Receiver's sales process. Counsel for the Receiver advised Field Law that the Horn River Assets would not be included in the sales process and that he would advise whether the Receiver is willing to accept TRC's trust claim to the Horn River Assets.

32. The very next day, on April 1, 2025, counsel for the BCER served Field Law with notice of an application scheduled for April 11, 2025, along with a covering email. Counsel for the BCER advised Field Law that it was applying to add TRC Fund and Paradigm to the receivership proceedings of Tallahassee and advised as to revised deadlines for filing of materials. Field Law responded in an email as of the same day requesting an adjournment and ultimately I understand that the application was adjourned to May 14, 2025. This email correspondence is attached as **Exhibit "N"**.
33. As of the date of this Affidavit, TRC Fund and Paradigm have not received any correspondence or communications from the Receiver advising that the Receiver has accepted their trust claim in respect of the Horn River Assets. On May 6, 2025, Field Law sent a letter to counsel for the Receiver seeking confirmation of the Receiver's position. That letter is attached as **Exhibit "O"**.

***TRC Fund/Paradigm's Intentions for the Horn River Assets***

34. The Horn River Assets were shut in by their former owners in 2015 and are not operating and present no risk or danger to the public. There are currently only eight natural gas wells and one water injector well, all of which are shut-in and secured further by downhole plugs. The former owners of the Horn River Assets completed the abandonment of all additional wells and pipelines as part of a larger abandonment campaign that was completed in 2022. At this stage, there is an associated tail end ongoing scope of work in the form of the reclamation and restoration of these abandoned sites remaining.
35. As mentioned above, TRC Fund does not want to sell the Horn River Assets and intends to develop them as natural gas producing properties once it becomes economically viable to do so. Since it appears that both the Receiver and the BCER are prepared to concede that TRC Fund/Paradigm are the beneficial owners of the Horn River Assets, the intention is to obtain the necessary transfer of the license approvals from the BCER for Tecumseh to be the operator (permit holder) of the Horn River Assets transferred to Tecumseh.
36. In this regard, TRC Fund has secured a \$10 million financing commitment for the future development of the Horn River Assets, which funding is pending and contingent upon the transfer of the Horn River Assets to Tecumseh as its designated licensed operator (permit holder).
37. I have reviewed the Affidavit of Michael Janzen, affirmed April 2, 2025 (the "**Janzen Affidavit**") and filed in these proceedings in support of BCER's Application. At paragraph 29 of the Janzen

Affidavit, it lists various unpaid levies relating to the Horn River Assets, totaling approximately \$33,000 (the “Unpaid Levies”).

38. Despite the statement at paragraph 35 of the Janzen Affidavit that TRC Fund and Paradigm are “responsible persons” within the meaning of the relevant legislation, and despite the BCER being aware of TRC Fund/Paradigm’s beneficial ownership of the Horn River Assets since at least August of 2024, at no time has the BCER requested or demanded that either of TRC Fund or Paradigm pay the Unpaid Levies or any other amounts owing to the BCER in respect of the Horn River Assets. Both TRC Fund and Paradigm are solvent corporations with no outstanding debts owing to any party.
39. Prior to its receivership, Tallahassee had received sufficient receivables on behalf of TRC Fund/Paradigm to pay the Unpaid Levies. However, if the Horn River Assets are transferred to TRC Fund/Paradigm or their nominee, Tecumseh, TRC Fund is prepared to pay the Unpaid Levies to the BCER as well as the transfer fee of \$13,500 set out in the Janzen Affidavit.
40. Additionally, TRC Fund/Tecumseh remains willing to accept a transfer of the Legacy Assets, along with the Horn River Assets, as was originally discussed with the BCER prior to Tallahassee’s receivership. In fact, TRC Fund/Tecumseh has formally submitted a bid in the Receiver’s sales process exclusively on the anticipated orphan sites of the Legacy Assets in BC. This will address the BCER’s concerns regarding the orphan wells left remaining to be abandoned and its assertion that the original security deposit made specifically for the Horn River Assets. The submitted bid covers the Rigel Oak, Flatrock and Legarde area currently designated by the BCER as dormant sites and totalling ~ \$2.9 million of the assumption of liabilities for long term clean ups by TRC Fund/Tecumseh. A copy of the Letter of Intent submitted by Tecumseh is attached as **Exhibit “P”**.
41. The BCER is currently holding a security deposit in respect of the Horn River Assets in the amount of \$2,928,585. That security deposit was paid by TRC Fund/Paradigm at the same time they acquired their beneficial ownership interest of the Horn River Assets and is inextricably tied to the Horn River Assets.
42. I have reviewed the BCER’s Permit Capability Assessment Program Guidance, version 1.3 (the “PCA Guide”) and there is nothing in the PCA Guide to support the statement at paragraph 36 of the Janzen Affidavit that the current security deposit in the amount of \$2,928,585 “cannot be

transferred to TRC Fund or Paradigm (or a nominee operator)". The PCA Guide is attached as **Exhibit "Q"**.

43. I have also used the PCA Guide to determine that Tecumseh would be eligible for a PCA Score in the 30-40 range, which is considered to be either low risk (that is under 33.3 PCA Score) or low-medium risk (that is between 33.3-66.6 PCA Score). This then results in a Proportional Risk Factor in the range of zero to 0.2, leading to a Corrective Action Requirement of either no additional security deposit required (in a worst-case scenario) or a full refund of the existing deposit (in a best-case scenario). I have prepared a spreadsheet of these calculations and attached them as **Exhibit "R"**.
44. I have not had an opportunity to discuss the final accuracy of my calculations under the PCA Guide with the BCER because, as mentioned above, they will not return my calls or engaged through our respective legal counsel in this regard upon our prior formal request. Prior to the Janzen Affidavit, which was served on April 11, 2025, the BCER had never advised Tecumseh that it was not eligible for the necessary permits or approvals to be the operator of the Horn River Assets. The last direct engagement with BCER representatives was in the month of October 2024 – a few weeks before the Receivership of Tallahassee.

### ***Sealing Order***

45. Exhibits B, C, E, F, K, L, P, and R (the "**Confidential Exhibits**") contain confidential commercial information that if in the public domain could cause irreparable harm to the business operations of TRC Fund and Paradigm. There are no reasonable alternative measures to sealing the Confidential Exhibits. The Confidential Exhibits will be shared with the Court, the BCER and the Receiver.

### ***Conclusion***

46. I make this Affidavit in opposition to the Application by the BCER to appoint a receiver and manager over TRC Fund and Paradigm and for no improper purpose.
47. I make this Affidavit in support of an Order:
- (a) declaring that TRC Fund and Paradigm are the beneficial owners of the Horn River Assets;

- (b) directing that the Horn River Assets, and their associated mineral rights land transfer, be transferred to Tecumseh as a nominated beneficial owner of TRC Fund and Paradigm. For greater clarity, the beneficial owners and/or its nominee does not need the BCER eligibility for this transfer process;
- (c) directing that the Security Deposit held by the BCER, in the approximate amount of \$2.9 million, be transferred to Tecumseh as licensed operator of the Horn River Assets; and
- (d) further directing that the BCER facilitate and act in good faith in respect of this licensing and transfer process.

48. I also make this Affidavit in support of TRC Fund and Paradigm’s application for a Sealing Order in respect of the Confidential Exhibits contained herein.

SWORN BEFORE ME at the City of Calgary, )  
 in the Province of Alberta, this 8<sup>th</sup> day of )  
 May, 2025. )



\_\_\_\_\_  
 A Commissioner for Oaths in and for Alberta  
**Trevor A. Batty**  
 Barrister and Solicitor

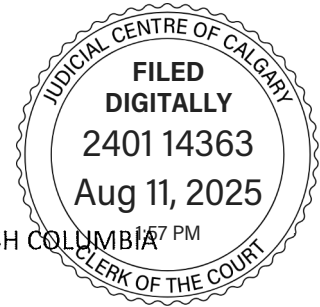


\_\_\_\_\_  
**GHAZANFAR ZAFAR**



Clerk's Stamp:

COURT FILE NUMBER 2401 14363  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANT ORPHAN WELL ASSOCIATION AND BRITISH COLUMBIA  
ENERGY REGULATOR  
RESPONDENT TALLAHASSEE EXPLORATION INC.  
DOCUMENT **AFFIDAVIT OF GHAZANFAR ZAFAR**



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File No. 83107-1

**AFFIDAVIT OF GHAZANFAR ZAFAR  
(Sworn August 11<sup>th</sup>, 2025)**

I, GHAZANFAR ZAFAR, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am the sole director of Tallahassee Exploration Inc. ("**Tallahassee**"), TEM Energy Management Ltd. ("**TEM**") and authorized representative of Ditcan Holdings Corp. ("**Ditcan**"), and as such have personal knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, in which case I believe it to be true.

***Background***

2. Tallahassee is a corporation incorporated in the Province of Alberta and extra-provincially registered to carry on business in the Province of British Columbia. Tallahassee is a licensed operator of oil and gas assets located in both of those provinces.

3. Ditcan is an Alberta corporation. The majority of Ditcans' shareholders are South Africa based private investors who are holding their Ditcan shares as part of their Canadian based investment portfolio.
4. TEM is an Alberta corporation with a primary focus on the oil and gas sector related activities within Canada.
5. During my time as director of Tallahassee, I facilitated a number of transactions whereby various business partners, financed by third party investors, provided Tallahassee with funds to acquire legal title to various oil and gas assets with a primary focus on assets in the Provinces of British Columbia and Alberta. Concurrently with these transactions, Tallahassee agreed to hold those assets in trust for the benefit of those business partners. One of those business partners was TEM/Ditcan on behalf of whom Tallahassee acquired the Loma Assets (as defined herein) from the court-appointed receiver and manager of Point Loma Resources Ltd.

#### ***The Loma Asset Purchase***

6. By way of an Assignment and Assumption of Interest Agreement, dated October 1, 2021, between Tallahassee as grantee and BDO Canada Limited, in its capacity as receiver and manager of Point Loma Resources Ltd., as grantor (the "**Loma Asset Assignment Agreement**"), Tallahassee took and assignment of certain oil and gas assets located in the Province of Alberta (the "**Loma Assets**"). The transaction contemplated by the Loma Asset Assignment Agreement closed on or about Q1 of 2022. A copy of the Loma Asset Assignment Agreement is attached as **Exhibit "A"**.
7. Initially, the consideration paid by TEM to Tallahassee for the Loma assets was made by way of a set-off of approximately \$20,000, which was the purchase price, against amounts owing from Tallahassee to TEM. However, a post-acquisition site assessment determined that there was additional capital work required bringing the new total cost to \$71,659 CDN, consisting of the original purchase price of \$20,000 under the Loma Asset Assignment Agreement, plus \$51,659 in capital costs. The beneficial interest in the Loma Assets was then going to be sold to a third-party investor (the "**Third Party**"), who transferred \$80,000 to Tallahassee in respect of that intended purchase.
8. TEM also made an additional cash payment to Tallahassee in Q4 of 2022. Although TEM made multiple payments to Tallahassee in this same time period, the specific payment made in relation

to the Loma Assignment Agreement was \$200,000 CDN transferred on October 7, 2022. Attached as **Exhibit "B"** is a copy of the bank receipt evidencing the transfer.

9. These funds were intended to be received and/or used by Tallahassee as follows:
  - (a) \$80,000 was intended as a cash payment for the Loma Assets to replace the set off that was initially used as consideration (as set out above);
  - (b) \$20,000 was intended to be used by Tallahassee to pay for capital costs relating to the Loma Assets;
  - (c) \$80,000 was intended to provide Tallahassee with the liquidity to return the \$80,000 paid by the Third Party, who by this time no longer wished to acquire the beneficial interest in the Loma Assets; and
  - (d) The remaining \$20,000 were surplus funds provided for any additional future capital to be spent on the Loma Assets and if not spent then treated as a loan to be refunded.
10. Tallahassee has not repaid the \$80,000 provided by the Third Party, meaning at this point, Tallahassee has received \$280,000 in respect of the purchase of the Loma Assets but has only paid \$71,659 in relation to acquiring and performing capital improvements on the Loma Assets.

#### ***Sales Participation and Trust Agreement***

11. On or about May 30, 2022, Tallahassee (as Trustee) and TEM (as Participant) entered into a Participation and Trust Agreement (Loma Asset) (the "**Trust Agreement**") setting out the terms by which Tallahassee is to hold the Loma Assets in trust for the benefit of TEM. A copy of the Trust Agreement is attached as **Exhibit "C"**.

#### ***Assignment of interest in Loma Assets to Ditcan***

12. Pursuant to an Assignment of Participant's Interest Transfer (Loma Asset), effective March 1, 2023 (the "**Ditcan Assignment Agreement**"), TEM assigned all of its interest in the Loma Assets to Ditcan and received \$100,000 CDN from a series of South African wire transfers allocated toward the assignment of the beneficial interest in the Loma Assets. A copy of the Ditcan Assignment Agreement is attached as **Exhibit "D"**.
13. The Ditcan Assignment Agreement names Dinosaur Oil & Gas Inc. ("**Dinosaur**") as the transferee of the beneficial interest in the Loma Assets, instead of Ditcan. Dinosaur was originally intended to be the name of the entity, however, it was later discovered that this corporation name was unavailable. Accordingly, the name "Ditcan Holdings Corp" was used instead, however, this is the

same entity that was always intended to have beneficial ownership of the Loma Assets and with the same principals that funded the acquisition.

### ***Receivership of Tallahassee***

14. On October 23, 2024, the BCER and the Orphan Well Association (“**OWA**”) applied for and obtained a Receivership Order in these proceedings (the “**Receivership Order**”), appointing PricewaterhouseCoopers Inc. (“**PwC**” or the “**Receiver**”) as receiver and manager over all of Tallahassee’s property, assets and undertakings (with the exception of Tallahassee’s oil and gas assets located in the Province of Manitoba).
15. Following the issuance of the Receivership Order, in my capacity as sole director of Tallahassee, I cooperated with the Receiver and its counsel in ensuring the Receiver had access to all of the books and records of Tallahassee, including Tallahassee’s financial records and bank account statements to the best of my ability.

### ***Proof of Property Claim for Loma Assets***

16. Ditcan has retained Field Law to represent it in respect of its trust property claim to the Loma Assets.
17. On February 7, 2025, Field Law sent a letter to counsel for the Receiver (the “**February 7 Letter**”) setting out the basis for Ditcan’s claim to the Loma Assets and attached various supporting documents, including the Loma Asset Assignment Agreement, the Trust Agreement and the Ditcan Assignment Agreement. The February 7 Letter included financial records evidencing the payments made from TEM to Tallahassee in respect of the Loma Assets as well as additional payments between February 2022 and September 2023 totaling \$3,189,788.43. The February 7 Letter also expressly requested that the Receiver exclude the Loma Assets from any sale process that the Receiver may conduct in respect of Tallahassee’s property. A copy of the February 7 Letter, and the spreadsheet referenced therein, is attached as **Exhibit “E”**.
18. On February 19, 2025, the Receiver’s counsel sent a letter to Field Law (the “**February 19 Letter**”) acknowledging receipt of the February 7 Letter and denying Ditcan’s claim to the Loma Assets. Receiver’s counsel denied the property claim on the basis that: (i) it was Dinosaur and not Ditcan that was the counterparty to the Loma Asset Assignment Agreement; and (ii) that there was inadequate evidence to demonstrate that payments made from TEM/Ditcan were intended to be

- used for the acquisition of the beneficial interest in the Loma Assets. That February 19 Letter is attached as **Exhibit "F"**.
19. In response, Field Law sent a letter dated March 11, 2025 (the "**March 11 Letter**") fully addressing the Receiver's concerns regarding Ditcan's claim to the Loma Assets. The March 11 Letter is attached as **Exhibit "G"**.
20. I confirm the truth and accuracy of all of the letters sent by Field Law to counsel for the Receiver, including any and all attachments to those letters.
21. On March 12, counsel for the Receiver sent a letter to Field Law (the "**March 12 Letter**") acknowledging receipt of the March 11 Letter, and advising that the Receiver was maintaining its rejection of Ditcan's claim to beneficial ownership of the Loma Assets as it was unwilling to accept Ditcan's "bald assertion" that the funds that were transferred to Tallahassee from TEM were intended for that purpose. The Receiver then requested documentary evidence regarding the transfer of the funds and further evidence that the intended use of those funds was the purchase of the Loma Assets. The March 12 Letter is attached as **Exhibit "H"**.
22. Beyond the bank receipt evidencing payment of the \$200,000 from TEM to Tallahassee on October 7, 2022 (mentioned above and attached as Exhibit "\_\_\_") and the information provided to the Receiver in the February 7 Letter and the March 11 Letter, I have no further documentary evidence to support Ditcan's/TEM's claim to the beneficial interest in the Loma Assets. However, as I was the sole director of Tallahassee and TEM during all material times, and as I was intimately involved in the transactions surrounding Tallahassee's acquisition of the Loma Assets, I confirm unequivocally that the \$200,000 transfer of funds on October 7, 2022 was provided by TEM and accepted by Tallahassee as consideration for the transfer of the beneficial interest in the Loma Assets to TEM. Additionally, the principals of Ditcan provided further funds to Tallahassee as consideration for the Loma Assets by way of TEM bank transfers in 2023.
23. I understand that the Receiver is currently conducting a sale process for the sale of Tallahassee's assets and that the Receiver has included the Loma Assets in its sale process. TEM/Ditcan wants to retain the Loma Assets and is not interested in receiving the sale proceeds from their sale and therefore if the Receiver proceeds with a sale of the Loma Assets it will be prejudicial to TEM/Ditcan's interests.

### **Additional / Other Assets (Matziwin Well and Double Ender Unit)**

24. In addition to the Loma Assets, DitCan also purchased certain additional assets, being an oil well identified as 100/15-09-14W4/00 and 100/15-09-14W4/02 in the Matziwin oil and gas field in Alberta (the “**Matziwin Well**”) for the purchase price of \$100,000 and a wellsite double ender unit (the “**Double Ender**”) purchased for the amount of \$50,000 which was then rented back to Tallahassee in British Columbia field site. Further amounts in excess of the purchase amount were transferred by TEM to Tallahassee in relation to these two purchases, which was completed through wire transfers from South Africa from the DitCan principals. Further details regarding these transactions and the flow of funds are contained in the February 7 Letter, attached to this Affidavit as Exhibit “E”.
25. Unfortunately, a formal purchase agreement or assignment of interest document could not be located from the Ditcan or Tallahassee’s records to evidence the Matziwin well purchase. It is safe to assume the lack of formal documentation was an oversight on my part. Attached as **Exhibit “I”** is email confirmation from DitCan’s principals confirming that they also do not have documentation in their possession evidencing the purchase or assignment of the Matziwin Well.
26. I could not locate a formal purchase agreement for the Double Ender either, however, there are rental invoices that were issued by T-Integrated Energy Services (a party related to Ditcan and responsible for collecting monthly rent for the Double Ender) to Tallahassee for its use of the Double Ender. The monthly rental statement was provided to the Receiver and was attached to the February 7 Letter. At the time of Tallahassee’s receivership it was in default of its payments for the rental of the Double Ender.
27. As a result of the lack of documentary evidence relating to the Matziwin Well, Ditcan concedes that there may not be a sufficient evidentiary basis to successfully claim ownership of the Matziwin Well. However, Ditcan believes that the additional rental documentation in relation to the Double Ender proves that Tallahassee is not the owner of the Double Ender and that it is the property of Ditcan.

**Conclusion**

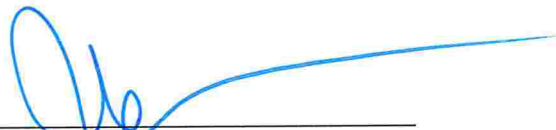
28. I make this Affidavit in support of an Order declaring that TEM/Ditcan is the beneficial owner of the Loma Assets and directing that the Loma Assets, and their associated mineral rights, be transferred to TEM or Ditcan, as the Applicants may direct. I further make this Affidavit in support of an Order declaring that Ditcan is the legal owner of the Double Ender and directing that the Receiver immediately transfer ownership and possession of the Double Ender to Ditcan or its nominee, and for no improper purpose.

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta, this 11<sup>th</sup> day of )  
August, 2025. )



\_\_\_\_\_  
A Commissioner for Oaths in and for Alberta

**Trevor A. Batty**  
Barrister and Solicitor

  
\_\_\_\_\_  
**GHAZANFAR ZAFAR**



Clerk's Stamp:

COURT FILE NUMBER 2401 14363  
 COURT COURT OF KING’S BENCH OF ALBERTA  
 JUDICIAL CENTRE CALGARY  
 APPLICANT ORPHAN WELL ASSOCIATION AND BRITISH COLUMBIA ENERGY REGULATOR  
 RESPONDENT TALLAHASSEE EXPLORATION INC.  
 DOCUMENT **AFFIDAVIT OF GHAZANFAR ZAFAR**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
 Trevor Batty  
 Field LLP  
 400, 444 – 7 Avenue SW  
 Calgary, AB T2P 0X8  
 Telephone: 403-260-8500  
 Facsimile: 403-264-7084  
 Email: tbatty@fieldlaw.com  
 File No. 83107-1

**AFFIDAVIT OF GHAZANFAR ZAFAR**  
**(Sworn January 6<sup>th</sup>, 2026)**

I, GHAZANFAR ZAFAR, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am or hold the following positions with the following corporations:
  - a. the sole director of Tallahassee Exploration Inc. (“**Tallahassee**”);
  - b. the sole director of TRC Fund II Inc. (“**TRC Fund**”);
  - c. the sole director of Tecumseh LNG Partnership Inc. (“**Tecumseh**”);
  - d. the authorized representative for Paradigm Equity PVT Ltd. (“**Paradigm**”);
  - e. the sole director of TEM Energy Management Ltd. (“**TEM**”);
  - f. the authorized representative of Ditcan Holdings Corp. (“**Ditcan**”);

and as such have personal knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, in which case I believe it to be true.

### **Background Facts**

2. I swore an Affidavit in these proceedings, dated May 8, 2025 (the "**May 8 Affidavit**") that was filed for the following purposes:
  - a. in opposition to an Application by the British Columbia Energy Regulator ("**BCER**") for the appointment of a receiver and manager over the property of TRC Fund and Paradigm, returnable May 16, 2025 (the "**BCER Receivership Application**"); and
  - b. in support of an Application by TRC Fund and Paradigm for, among other relief, a declaration that TRC Fund and Paradigm are the beneficial owners of the Horn River Assets (as defined in the May 8 Affidavit) and directing that PricewaterhouseCoopers Inc. (the "**Receiver**") in its capacity as receiver and manager of Tallahassee transfer the Horn River Assets to Tecumseh, as TRC Fund and Paradigm's designated nominee (the "**Horn River Application**").

The body of the May 8 Affidavit (without Exhibits for brevity) is attached as **Exhibit "A"**.

3. I swore a further Affidavit in these proceedings, dated August 11, 2025 (the "**August 11 Affidavit**"), in support of an Application by TEM and Ditcan for an Order declaring that TEM/Ditcan is the beneficial owner of the Loma Assets and the Double Ender (both as defined in the August 11 Affidavit) and directing that the Loma Assets, and their associated mineral rights, and the Double Ender be transferred to TEM or Ditcan (the "**Loma Application**"). The body of the August 11 Affidavit (without Exhibits for brevity) is attached as **Exhibit "B"**.
4. Following the BCER's receipt of the May 8 Affidavit, counsel for the BCER adjourned the BCER Receivership Application under the pretext of arriving at a consensual out of court resolution. BCER's counsel wrote to counsel for TRC Fund/Paradigm on May 12, 2025 as follows: "Your client's affidavit raises some issues that my client would like to clarify internally. It may be that there is a business solution to this. If we adjourn to the first or second week of July, that should give us enough time to explore the possibilities. Does that work for you?" A copy of that email correspondence is attached as **Exhibit "C"**.

5. TRC/Paradigm agreed to the adjournment in good faith and made attempts both directly with the BCER and via their legal team for formal engagement to find business solution as per their proposed request and reason for the adjournment. The email correspondence from May 21, 2025 evidencing these efforts is also attached as Exhibit "C". However, this communication was to no avail, as we have not received any response from the BCER to date.
6. After further consent adjournments, the BCER Receivership Application, the Horn River Application and the Loma Application were all ultimately returnable August 21, 2025 before the Honourable Justice Neilson.
7. I understand that on the eve of the return date of the Applications, the BCER agreed to withdraw the BCER Receivership Application, on the condition that such withdrawal be without prejudice to the BCER's ability to bring the BCER Receivership Application again should it deem it necessary.
8. I further understand that respective counsel for the BCER, the Receiver and TRC Fund/Paradigm had extensive communications regarding a Consent Order in respect of the Horn River Application that would recognize TRC Fund/Paradigm's beneficial ownership claim to the Horn River Assets – both before and during the hearing of the Horn River Application on August 21, 2025. Ultimately, I understand that due to summer vacation scheduling within BCER's decision-making management, counsel for the BCER was unable to obtain instructions from the BCER to approve a form of Consent Order. Accordingly, both the Horn River Application and the Loma Application were adjourned to an unscheduled future date to allow the parties the opportunity to arrive at a consensus.
9. On August 26, 2025, I attended the Receiver's offices, along with counsel for TRC Fund/Paradigm/TEM/Ditcan to meet with the Receiver and Receiver's counsel to discuss both the Horn River Application and the Loma Application. I believed that the meeting was productive and at the conclusion of the meeting it was agreed that:
  - a. Since the Receiver's stated preference is to not transfer title to the Horn River Assets to TRC Fund/Paradigm without also transferring the related licenses and permits, the parties were going to contact the BCER to discuss the potential methods of transferring the licenses and permits to TRC Fund/Paradigm. For greater clarity, the BCER has no jurisdiction regarding the mineral rights and its involvement is only necessary to transfer the regulator licenses and permits; and

b. TEM/Ditcan (through me) was going to provide any additional information it had in relation to the claim to the Loma Assets, including any authorizations for expenditure (AFE's) that may be in my possession.

10. I was unable to find any additional documentary evidence to support TEM/Ditcan's claim to the Loma Assets, beyond what had already been submitted to the Receiver in early 2025. However, I prepared a PowerPoint presentation to compare against the evidence provided separately to assist the Receiver in its analysis in the hopes of simplifying the flow of funds. Counsel for TEM/Ditcan provided that information, along with confirmation that no additional information was available, by way of an email dated November 3, 2025. That email is attached as **Exhibit "D"**.
11. I understand from my counsel's above-noted correspondence with Receiver's counsel, along with my review of the Third Receiver's Report, dated December 19, 2025, at section 3.5, that the Receiver has attempted to contact and communicate with the BCER regarding the transfer of the Horn River Assets but that the BCER had not responded to the Receiver either. This was similar to my experience in May of 2025 when the BCER ignored both my communications and those of my legal counsel. This consistent lack of response and engagement by the BCER is further detailed at paragraphs 26 and 44 of the May 8 Affidavit.
12. Following the August 26, 2025 meeting with the Receiver, and in preparation for the anticipated transfer of the Horn River Assets to TRC Fund/Paradigm (with the BCER's involvement), I also began to arrange for insurance to be put in place for Tecumseh and Tecumseh Energy Management Ltd. in order to allow those entities to hold the well, facilities and associated pipeline licenses related to the Horn River Assets as the nominee of TRC Fund/Paradigm. The Receiver had previously brought this requirement to my attention when it attempted to transfer the related licenses from Tallahassee to Tecumseh using the BCER's administrative online transfer platform.
13. On January 2, 2026, I received confirmation that Chubb Insurance had issued a Commercial Coverage policy effective from December 30, 2025 to December 30, 2026, in respect of the two Tecumseh entities. A copy of confirmation of the offer of the insurance policy from Chubb Insurance to the Tecumseh entities is attached as **Exhibit "E"**.

### ***The Receiver's Application for a Limited Discharge***

14. I was surprised to receive the Receiver's Application, returnable January 8, 2026, seeking among other things, the limited discharge of the Receiver for certain assets under the Receiver's administration that include the Horn River Assets, the Loma Assets and the Double Ender (defined by the Receiver as the "Disputed Assets").
15. My understanding from a recent discussion with the Receiver and its legal counsel is that if the Receiver's Application is successful, the Disputed Assets will no longer be in the possession and control of the Receiver but will remain with Tallahassee. As I remain the sole director of Tallahassee, I will then regain control over the Disputed Assets and will be able to deal with them as I see fit and in accordance with my legal obligations.
16. Neither myself nor my counsel had any advance warning from the Receiver that it would be seeking this relief. Prior to receiving the Receiver's Application materials, I believed that the Receiver was still working toward the transfer of the Horn River Assets and analyzing the ownership claim to the Loma Assets and the Double Ender. At a minimum, I expected that if no consensual resolution could be reached, that TRC Fund/Paradigm and TEM/Ditcan would be provided with an opportunity to assert their respective rights in the Horn River Application and the Loma Application.
17. As a result of the above, once the Receiver is discharged in respect of the Disputed Assets, I intend to transfer the Disputed Assets to their beneficial owners or their nominees. Those parties will then engage with the relevant regulatory authorities (being either the BCER or the Alberta Energy Regulator) to obtain a transfer of the required operating licenses and permits in accordance with their requirements. The Receiver has advised me that it will facilitate this process to the extent its participation is required on a reasonable basis.

### ***Conclusion***

18. I make this Affidavit in reference to the Receiver's Application for an Order granting it a limited discharge in relation to the Horn River Assets and the Loma Assets. TRC Fund/Paradigm and TEM/Ditcan do not oppose this relief as it is their understanding, based on recent discussions with the Receiver, that the relief sought will not deprive them of their proprietary rights in the Horn River Assets, the Loma Assets and the Double Ender, and that once Tallahassee has regained

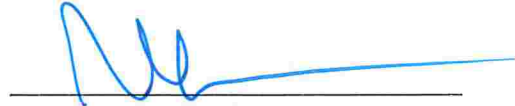
control of those assets it will be able to transfer these assets to their beneficial owners, or their nominees, in the ordinary course.

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta, this 6<sup>th</sup> day of )  
January, 2026. )



\_\_\_\_\_  
A Commissioner for Oaths in and for Alberta

**Trevor A. Batty**  
Barrister and Solicitor



\_\_\_\_\_  
**GHAZANFAR ZAFAR**

This is **Exhibit “F”** to the Affidavit of Sheila Hyatt  
sworn before me this 30<sup>th</sup> day of March 2026.



---

Notary Public/Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
**Barrister and Solicitor**

COURT FILE NUMBER

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

CANADIAN NATURAL RESOURCES LIMITED

DEFENDANTS

MOHAMMAD G. ZAFAR, TRC FUND II INC., PARADIGM EQUITY PVT LTD., TECUMSEH LNG PARTNERSHIP INC., TECUMSEH ENERGY MANAGEMENT LTD. and ABC CORPORATION



DOCUMENT

**STATEMENT OF CLAIM**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**Osler, Hoskin & Harcourt LLP**  
Suite 2700, Brookfield Place  
225 – 6th Avenue S.W.  
Calgary, Alberta T2P 1N2

Attention: Emily Paplawski  
Telephone: (403) 260-7071  
Fax: (403) 260-7024  
Email: [epaplawski@osler.com](mailto:epaplawski@osler.com)  
Matter No.: 1221238

## **NOTICE TO DEFENDANT(S)**

You are being sued. You are a defendant.

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

**Note: State below only facts and not evidence (Rule 13.6)**

**Statement of facts relied on:**

### **The Parties**

1. The Plaintiff, Canadian Natural Resources Limited (“**Canadian Natural**”) is a corporation duly incorporated under the laws of Alberta with offices in Calgary, Alberta.

2. The Defendant, TRC Fund II Inc. (“**TRC Fund**”), is a corporation duly incorporated under the laws of the Province of Alberta with a registered office in Calgary, Alberta.
3. The Defendant, Paradigm Equity PVT Ltd. (“**Paradigm**”), is a corporation duly incorporated under the laws of the Province of Alberta with a registered office in Calgary, Alberta.
4. The Defendant, Tecumseh Energy Management Ltd. (“**TEM**”) is a corporation duly incorporated under the laws of the Province of Alberta with a registered office in Calgary, Alberta.
5. The Defendant, Tecumseh LNG Partnership Inc. (“**Tecumseh**”), is a corporation duly incorporated under the laws of the Province of Alberta with a registered office in Calgary, Alberta.
6. The Defendant, Mohammad Zafar (“**Zafar**”), is an individual who, to the best of Canadian Natural’s knowledge, resides in Calgary, Alberta. Zafar is the sole director of TRC Fund, TEM and Tecumseh and the primary agent for service of Paradigm in Alberta.
7. ABC Corporation is a corporation wholly, partially or beneficially owned by Zafar or another entity owned or controlled by Zafar, in respect of which Zafar may be a director and which is involved in one or more of the allegations made below.

### **The Agreements**

8. Canadian Natural is party or successor in interest to various agreements (the “**Agreements**”) with different entities owned and controlled by Zafar, including: (a) Tallahassee Exploration Inc. (“**Tallahassee Exploration**”); (b) Tallahassee Resources Inc. (“**Tallahassee Resources**”); and (c) Tallahassee Petroleum Inc. (“**Tallahassee Petroleum**” and together with Tallahassee Exploration and Tallahassee Resources, the “**Tallahassee Entities**”).
9. The Agreements, among other things, govern the parties’ joint ownership and operations of well sites, facilities and units in Alberta and British Columbia, and the provision of contract well operating, gas handling, and other services.
10. As at the date of this Statement of Claim, Canadian Natural has: (a) judgment against Tallahassee Exploration in the amount of \$108,696.88; (b) judgment against Tallahassee

Resources in the amount of \$231,538.00; and (c) judgment against Tallahassee Petroleum in the amount \$31,126.98. All judgments remain outstanding.

11. On or about October 23, 2024, Tallahassee Exploration was petitioned into receivership by the Alberta Orphan Well Association and the British Columbia Energy Regulator pursuant to an Order of the Honourable Justice Johnston (the “**Receivership Order**”). PricewaterhouseCoopers Inc. was appointed Receiver, without security, of all of Tallahassee Exploration’s current and future assets, undertakings and properties of every nature and kind whatsoever, including all proceeds thereof, but excluding any licensed oil and gas assets located in Manitoba (the “**Receivership**”). The Receivership Order was registered as an Order of the Supreme Court of British Columbia on October 30, 2024.

### **TRC Fund, TEM and Paradigm**

12. Within the Receivership, TRC Fund, TEM and Paradigm have alleged a beneficial ownership interest in certain of the assets governed by the Agreements. In particular:
  - a. Zafar filed sworn evidence that he facilitated a number of transactions whereby beneficial title to assets (the “**Beneficially Owned Assets**”) jointly owned by Tallahassee Exploration and Canadian Natural (among others) was transferred to TRC Fund, TEM and/or Paradigm, in all cases without notice to contractual counterparties like Canadian Natural and in breach of the governing agreements;
  - b. Zafar further advised in his affidavits filed in the Receivership that Tecumseh is the nominee which is, or is proposed to, hold the Beneficially Owned Assets, for and on behalf of TRC Fund, TEM and/or Paradigm;
  - c. Canadian Natural has no information whether beneficial title to any of the assets jointly owned by Tallahassee Resources and/or Tallahassee Petroleum and Canadian Natural (among others) were transferred to TRC Fund, TEM, Tecumseh and/or Paradigm, in all cases without notice to contractual counterparties like Canadian Natural and in breach of the governing agreements;
  - d. as alleged beneficial owners of the Beneficially Owned Assets, TRC Fund, TEM and/or Paradigm and/or Tecumseh have received production, production revenues and other

benefits of the Beneficially Owned Assets without paying corresponding costs, thereby stranding such costs in Tallahassee Exploration and/or Tallahassee Resources and/or Tallahassee Petroleum, and, with respect to Tallahassee Exploration, causing or contributing to its insolvency and the resulting Receivership;

- e. further, Zafar approved the payment of dividends or distributions to: (i) himself and/or his family and/or other related parties; (ii) TRC Fund, TEM, Paradigm and/or Tecumseh; (c) other shareholders of Tallahassee Exploration, Tallahassee Resources and/or Tallahassee Petroleum; and/or (d) other shareholders of TRC Fund, TEM and/or Tecumseh, in all cases contrary to, and in breach of, section 43 of the *Business Corporations Act*, RSA 2000, c B-9 (the “**ABCA**”);
- f. the relationship between TRC Fund, TEM, Paradigm and/or Tecumseh and Tallahassee Exploration (and potentially Tallahassee Resources and/or Tallahassee Petroleum) has been structured in a manner that is oppressive, unfairly prejudicial and unfairly disregards the interests of creditors and joint interest partners, like Canadian Natural; and
- g. at all relevant and material times during which Tallahassee Exploration (and potentially Tallahassee Resources and/or Tallahassee Petroleum) was unlawfully diverting production, production revenues and/or other benefits arising from the Beneficially Owned Assets to TRC Fund, TEM, Tecumseh and/or Paradigm, Zafar was siphoning large “management fees” to his own benefit.

### **The Defendants are Liable to the Plaintiff**

#### **Unjust Enrichment**

13. As alleged beneficial owners of the Beneficially Owned Assets, TRC Fund, TEM and/or Paradigm and/or Tecumseh have received production, production revenues and all other benefits of the Beneficially Owned Assets, but have failed or refused to pay the costs related thereto, instead stranding such costs in Tallahassee Exploration and potentially Tallahassee Resources and/or Tallahassee Petroleum, and, with respect to Tallahassee Exploration, causing or contributing to its insolvency and the resulting Receivership.

14. TRC Fund, TEM, Paradigm and/or Tecumseh have been unjustly enriched by obtaining the production, production revenues and all other benefits of the Beneficially Owned Assets, while failing or refusing to pay the costs related thereto. There is no juristic reason for this enrichment and it has caused Canadian Natural a corresponding financial deprivation.
15. Further, Tallahassee Exploration wrongfully diverted, converted and stole Canadian Natural's production and production revenues flowed through the Princess North Gas Plant between April 2022 and January 2023. To the extent that any of TRC Fund, TEM, Paradigm and/or Tecumseh received and/or benefitted from Canadian Natural's production and/or production revenues, each is liable for same to Canadian Natural.

### **Fraudulent Preference**

16. Canadian Natural is the judgment creditor of Tallahassee Exploration pursuant to: (a) the Judgment noted above in the amount of \$108,696.88 and registered in the Alberta Personal Property Registry (the "PPR") on August 23, 2024; and (b) a judgment against Tallahassee Exploration in Action 2301-17057 in the amount of \$83,537.86 plus interest of \$6,795.04 for a total amount of \$90,332.90, as registered in the AB PPR on January 16, 2024.
17. Tallahassee Exploration's transfer of a beneficial interest in and to the Beneficially Owned Assets, production, production revenues, and/or Canadian Natural's production and production revenues to TRC Fund, TEM and/or Paradigm and/or Tecumseh was done:
  - a. at a time when Tallahassee Exploration was in insolvent circumstances, or was unable to pay its debts in full, or knew that it was on the eve of insolvency. The transfer was made with the intent to defeat, hinder, delay or prejudice Tallahassee Exploration's creditors; and
  - b. the transfers were made for nominal or no consideration, without any payment by TRC Fund, TEM and/or Paradigm and/or Tecumseh of the corresponding costs of such beneficial interests, production, production revenues or other benefits, and with the intent to defraud, delay or hinder Tallahassee Exploration's creditors. Canadian Natural had a legal or equitable right to claim against Tallahassee Exploration at the time of the transfer, and the transfer had the intended effect.

18. Canadian Natural claims against each of Tallahassee Exploration, TRC Fund, TEM, Paradigm and/or Tecumseh under the *Fraudulent Preferences Act*, RSA 2000, C F-24 (the “**Fraudulent Preferences Act**”) and the *Fraudulent Conveyances Statute*, 13 Eliz. 1, Chapter 5 (U.K.), (the “**Statute of Elizabeth**”).
19. With respect to any production or production revenues realized by, or paid to, TRC Fund, TEM, Paradigm or Tecumseh, arising from or relating to the Beneficially Owned Assets, Canadian Natural pleads and relies on section 11 of the *Fraudulent Preferences Act*.
20. To the extent that any of the Beneficially Owned Assets and associated production and/or production revenues were owned by Tallahassee Resources and/or Tallahassee Petroleum, paragraphs 16 to 19 apply equally to them with necessary modifications.

### **Oppression**

21. At all relevant times:
  - a. Zafar, as the sole director of Tallahassee Exploration, TRC Fund, TEM and Tecumseh, and as the controlling mind and authorized representative of Paradigm, structured the relationship between the corporations in a manner that permitted TRC Fund, Tecumseh, TEM and/or Paradigm to realize the benefits of production, production revenues and other benefits under the Agreements, while stranding the costs of such production, production revenues and benefits in Tallahassee Exploration, thereby causing Tallahassee Exploration to default in its obligations under the Agreements to Canadian Natural and causing or contributing to its insolvency and the granting of the Receivership Order; and
  - b. Zafar, as the sole director of Tallahassee Exploration, seized, converted and stole Canadian Natural’s production and/or production revenues flowed through the Princess North Gas Plant between April 2022 and January 2023 and wrongfully diverted such property of Canadian Natural to TRC Fund, TEM, Paradigm and/or Tecumseh.
22. There is no justification for Zafar’s conduct.

23. Zafar has acted and continues to act, and has directed and continue to direct, Tallahassee Exploration, TRC Fund, TEM, Paradigm and/or Tecumseh to act in a manner that is oppressive, unfairly prejudicial and/or unfairly disregards the interests of Canadian Natural as Operator, joint interest partner, lienholder and creditor under the Agreements. Further, with respect to TRC Fund, TEM, Tecumseh and/or Paradigm, the relationship between the companies with Tallahassee Exploration has been structured in a manner that is oppressive, unfairly prejudicial and unfairly disregards the interests of Canadian Natural.
24. TRC Fund's, TEM's, Tecumseh's, Paradigm's, Tallahassee Exploration's and/or Zafar's oppressive and unlawful actions have caused direct and significant prejudice to Canadian Natural. Canadian Natural expressly pleads and relies upon the *Alberta Business Corporations Act*, RSA 2000, c. B-9, and, in particular, section 242 thereof.
25. To the extent that any of the Beneficially Owned Assets and associated production and/or production revenues were owned by Tallahassee Resources and/or Tallahassee Petroleum, paragraphs 21 to 24 apply equally to them with necessary modifications.
26. Further, with respect to Zafar, at all relevant material times during which Tallahassee Exploration was unlawfully diverting production, production revenues and/or other benefits under the Agreements to TRC Fund, TEM, Tecumseh and/or Paradigm, Zafar was siphoning large "management fees" to his own benefit in an amount to be proved at the trial of this Action.

### **Inducing Breach of Contract**

27. Zafar is personally liable to Canadian Natural for inducing Tallahassee Exploration, Tallahassee Resources and/or Tallahassee Petroleum to breach the Agreements. At all relevant times, Zafar intended to cause, and did direct or cause, Tallahassee Exploration, Tallahassee Resources and/or Tallahassee Petroleum to breach the Agreements by, among other things, directing payments of production and/or production revenues to TRC Fund, TEM, Paradigm and/or Tecumseh while leaving corresponding costs and obligations outstanding in Tallahassee Exploration, Tallahassee Resources and/or Tallahassee Petroleum.

### **Unlawful Payment of Dividends and/or Distributions**

28. At all relevant and material times during which Tallahassee Exploration (and/or Tallahassee Resources and/or Tallahassee Petroleum) was indebted to Canadian Natural, Zafar approved the payment of dividends or distributions to: (a) himself and/or his family and/or other related parties; (b) TRC Fund, TEM, Paradigm and/or Tecumseh; and/or (c) other shareholders of Tallahassee Exploration contrary to, and in breach of, section 43 of the *Business Corporations Act*, RSA 2000, c B-9 (the “ABCA”). Zafar and/or all recipients of such unlawful dividends/distributions are liable to repay such monies in accordance with sections 118(3) and 118(6) of the ABCA.

### **Damages**

29. As a result of Zafar’s, TRC Fund’s, TEM’s, Tecumseh’s and/or Paradigm’s failures or refusals to pay all amounts due and owing to Canadian Natural pursuant to the Agreements or otherwise at law and/or the unlawful conduct of TRC Fund, TEM, Tecumseh, Paradigm, and/or Zafar, as particularized above, Canadian Natural has suffered and continue to suffer losses and damages, the particulars of which will be provided at the trial of this action.

### **Place of Trial**

30. Canadian Natural proposes that the trial of this action be held at the Calgary Courts Centre in the City of Calgary, in the Province of Alberta.

31. The trial of this action will take less than 25 days.

### **Remedy Sought**

32. Canadian Natural seeks:

- a. a declaration that TRC Fund, TEM, Paradigm and/or Tecumseh have been unjustly enriched in their receipt of benefits under the Agreements without payment of the corresponding costs thereof, in the amount of \$500,000 or such further or other amount as may be proved at the trial of this Action, and in respect of which TRC Fund, Paradigm, TEM and/or Tecumseh hold such benefits in trust for Canadian Natural;

- b. in the alternative:
- i. a declaration that Tallahassee Exploration's (and potentially Tallahassee Resource's and/or Tallahassee Petroleum's) transfer of interests in the Beneficially Owned Assets, associated production and production revenues to TRC Fund, TEM, Tecumseh and/or Paradigm is fraudulent and void as against its creditors and contrary to the *Fraudulent Preferences Act* and the *Statute of Elizabeth*;
  - ii. an order setting aside Tallahassee Exploration's (and/or Tallahassee Resource's and/or Tallahassee Petroleum's) transfer of the Beneficially Owned Assets, production, production revenues and/or other benefits to TRC Fund, TEM, Tecumseh and/or Paradigm;
  - iii. an order against TRC Fund, TEM, Paradigm and/or Tecumseh (or any subsequent assignee) pursuant to section 11 of the *Fraudulent Preferences Act* with respect to any production or production proceeds realized from the Beneficially Owned Assets; and
  - iv. an order requiring TRC Fund, TEM, Paradigm and Tecumseh to provide a full accounting to Canadian Natural, with all supporting back-up documentation, of all production, production revenues and/or other benefits received from Tallahassee Exploration and/or Tallahassee Resources and/or Tallahassee Petroleum;
- c. in the further alternative, a declaration that Zafar has acted and continues to act, and the business or affairs of Tallahassee Exploration and/or Tallahassee Resources and/or Tallahassee Petroleum, TRC Fund, TEM, Tecumseh, and/or Paradigm have been carried on, or conducted, in a manner which is oppressive or is unfairly prejudicial to, or that unfairly disregards the interests of Canadian Natural, contrary to section 242 of the *Alberta Business Corporations Act*, RSA 2000 c B-9;
- d. in the further alternative, a declaration that Zafar has induced Tallahassee Exploration, Tallahassee Resources and/or Tallahassee Petroleum to breach the Agreements and/or

their other obligations at law and is personally liable to Canadian Natural for all resulting damages suffered by Canadian Natural;

- e. in the further alternative, declarations that Zafar approved dividends from Tallahassee Exploration (and/or Tallahassee Resources and/or Tallahassee Petroleum) in breach of section 43 of the ABCA and that all recipients are liable to repay such damages in accordance with sections 118(3) and 118(6) of the ABCA, and judgment for same;
- f. damages against Zafar in the amount of \$500,000, or such further or other amount as may be proved at the trial of this Action;
- g. pre- and post-judgment interest at the contractual rates;
- h. in the alternative, pre- and post-judgment interest at such rate or rates as may be ordered by the Court or pursuant to the *Judgment interest Act*, RSA 2000, c J-1, as amended, and its regulations;
- i. costs, including disbursements and GST; and
- j. such further and other relief as this Honourable Court deems just.

**NOTICE TO THE DEFENDANT(S)**

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

**WARNING**

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the lawsuit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.

This is **Exhibit “G”** to the Affidavit of Sheila Hyatt  
sworn before me this 30<sup>th</sup> day of March 2026.



Notary Public/Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
Barrister and Solicitor

COURT FILE NUMBER	2101-12701
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFFS	CANADIAN NATURAL RESOURCES LIMITED CANADIAN NATURAL RESOURCES, A GENERAL PARTNERSHIP BY ITS MANAGING PARTNER CANADIAN NATURAL RESOURCES LIMITED CNR (ECHO) RESOURCES INC.
DEFENDANTS	TALLAHASSEE PETROLEUM INC., TALLAHASSEE EXPLORATION INC., TALLAHASSEE RESOURCES INC., MOHAMMAD G. ZAFAR and SULIMAN AMERY
DOCUMENT	<b>STATEMENT OF CLAIM</b>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<b>Osler, Hoskin &amp; Harcourt LLP</b> Suite 2700, Brookfield Place 225 – 6th Avenue S.W. Calgary, Alberta T2P 1N2  Attention: Emily Paplawski / Heather Maxted Telephone: (403) 260-7071 / (403) 260-7087 Fax: (403) 260-7024 Email: <a href="mailto:epaplawski@osler.com">epaplawski@osler.com</a> / <a href="mailto:hmaxted@osler.com">hmaxted@osler.com</a> Matter No.: 1221238



**NOTICE TO DEFENDANT(S)**

You are being sued. You are a defendant.

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

**Note: State below only facts and not evidence (Rule 13.6)**

**Statement of facts relied on:**

**The Parties**

1. The Plaintiff, Canadian Natural Resources Limited (“CNRL”) is a corporation duly incorporated under the laws of Alberta with offices in Calgary, Alberta.

2. The Plaintiff, Canadian Natural Resources (“**CNR**”) is a general partnership formed under the laws of the Province of Alberta. CNRL is the managing partner of CNR.
3. The Plaintiff, CNR (Echo) Resources Inc. (“**CNR Echo**” and together with CNRL and CNR, the “**Plaintiffs**”) is a corporation duly incorporated under the laws of Alberta.
4. The Defendant, Tallahassee Exploration Inc. (“**Tallahassee Exploration**”) is a corporation duly incorporated under the laws of the Province of Alberta with a registered office in Calgary, Alberta.
5. The Defendant, Tallahassee Resources Inc. (“**Tallahassee Resources**”) is a corporation duly incorporated under the laws of the Province of Alberta with a registered office in Calgary, Alberta.
6. The Defendant, Tallahassee Petroleum Inc. (“**Tallahassee Petroleum**” and together with Tallahassee Exploration and Tallahassee Resources, the “**Defendant Corporations**”) was a corporation duly incorporated under the laws of the Province of Alberta with a registered office in Calgary, Alberta. Tallahassee Petroleum was struck from the Alberta Corporate Registry on or about March 2, 2017 for failure to file annual returns.
7. The Defendant, Mohammad Zafar, is an individual who, to the best of the Plaintiffs’ knowledge, resides in Calgary, Alberta. Mr. Zafar is the sole director of Tallahassee Exploration and Tallahassee Resources, and one of two directors of Tallahassee Petroleum.
8. The Defendant, Suliman Amery, is an individual who, to the best of the Plaintiffs’ knowledge, resides in Calgary, Alberta. Mr. Amery is a director of Tallahassee Petroleum.

### **The Agreements**

#### **The Land Agreements**

9. The Plaintiffs, or any one of them, are parties or successors in interest to: (a) five land agreements with Tallahassee Exploration; (b) thirteen land agreements with Tallahassee Resources; and (c) one land agreements with Tallahassee Petroleum, pursuant to which they, among others, own interests in various oil and gas well sites in Alberta and British Columbia.

A list of all land agreements between the Plaintiffs and each of the Defendant Corporations is provided at Schedule “A” to this Statement of Claim (the “**Land Agreements**”).

10. The Land Agreements document the terms of ownership of the joint assets, the allocation of capital, operating, surface rental costs, and mineral land rental costs between the parties thereto, the invoicing and payment requirements of the joint interest owners, the approval process for the incursion of capital expenses by the Operator for the joint operations, and the defined timing for payment by the joint interest owners of all joint interest billings issued by the Operator. The Land Agreements incorporate the 1971, 1974, 1981, or 1990 CAPL Operating Procedures.

### **Service Agreements**

11. The Plaintiffs, or any one of them, are also parties or successors in interest to: (a) one service agreement with Tallahassee Exploration pursuant to which they provide contract well and facility operating services to Tallahassee Exploration; and (b) five service agreements with Tallahassee Resources pursuant to which they provide gas handling services to Tallahassee Resources. A list of all service agreements between the Plaintiffs, Tallahassee Exploration and Tallahassee Resources, including the applicable agreement names, numbers, and effective dates, are provided at Schedule “B” to this Statement of Claim (the “**Service Agreements**”).

### **Unit Agreements**

12. CNR is also party or successor in interest to one unit agreement with each of Tallahassee Exploration and Tallahassee Resources, pursuant to which they own interests in varying percentages in certain unitized zones. A list of the unit agreements between CNR, Tallahassee Exploration and Tallahassee Resources, including the applicable agreement names, numbers, and effective dates, are listed at Schedule “C” to this Statement of Claim (the “**Unit Agreements**”, and together with the Land Agreements and the Service Agreements, the “**Agreements**”).
13. The Unit Agreements provide for the development, production and operation of all interests in the unitized zone, and dictate the participation percentage of each owner in the unit and the allocation of capital and operating costs between the various owners, including the timing for payment of same.

## **The Defendants are Liable to the Plaintiff**

### **The Defendant Corporations' Breaches of the Agreements**

14. It was a term of the Agreements that the Defendant Corporations would pay all amounts due and owing thereunder, as and when such amounts became due.
15. Since February 28, 2014, the Plaintiffs have issued numerous invoices to the Defendant Corporations totaling: (a) \$20,123.69 to the account of Tallahassee Exploration; (b) \$224,560.90 to the account of Tallahassee Resources; and (c) \$30,440.34 to the account of Tallahassee Petroleum, all as of June 16, 2021, and all of which remain outstanding (the "**Outstanding Invoices**"). The Outstanding Invoices relate to costs payable by the Defendant Corporations under the Agreements which include, but are not limited to, joint interest billings, mineral land rental costs, surface land rental costs, and service fees.
16. In breach of all Agreements, and despite repeated demands by the Plaintiffs, the Defendant Corporations have failed or refused to pay the Outstanding Invoices.
17. The Plaintiffs continue to incur costs associated with the Agreements in an amount as yet unknown but to be provided at the Trial of this Action. The Defendant Corporations, as applicable, are responsible for payment of all such future costs pursuant to the terms of the Agreements.

### **Unjust Enrichment**

18. Further, or in the alternative, the Defendant Corporations have been unjustly enriched by obtaining: (a) the benefits of all joint operation production under the Land Agreements, (b) contract well and facility operating services and gas handling services under the Service Agreements, and (c) all benefits under the Unit Agreements, but now refuse to accept the corresponding costs. There is no juristic reason for this enrichment and it has caused the Plaintiffs a corresponding financial deprivation.

### **Breach of the Duty of Good Faith Contractual Performance**

19. Further, or in the alternative, the Corporate Defendants' failure or refusal to pay the Outstanding Invoices to the Plaintiffs over a period of more than 6 years constitutes a breach

of the Corporate Defendants' duty of good faith contractual performance which has substantially nullified the contractual objectives of the Agreements and caused significant harm to the Plaintiffs, contrary to the original purposes and expectations of the parties in entering into the Agreements.

**Mr. Zafar and Mr. Amery are Liable to the Plaintiffs**

20. At all relevant times, Tallahassee Exploration and Tallahassee Resources have been controlled by, subservient to and dependent on Mr. Zafar, and Tallahassee Petroleum has been controlled by, subservient to, and dependent on Mr. Zafar and Mr. Amery, each as the sole directors and officers of the Defendant Corporations. The Defendant Corporations have acted as the agents of Mr. Zafar and, in the case of Tallahassee Petroleum, Mr. Amery.
21. At all relevant times, Mr. Zafar and Mr. Amery, as the only directors of the Defendant Corporations, were aware of all Agreements, including the Defendant Corporations' payment obligations thereunder. Acting in their own interests, rather than in the best interest of the Defendant Corporations, Mr. Zafar and Mr. Amery have intentionally caused the Defendant Corporations to breach the Agreements by directing the Defendant Corporations to default consistently and for an extended period of time in their payment obligations to the Plaintiffs under the Agreements.
22. There is no justification for the Individual Defendants' conduct.
23. Mr. Zafar and, in the case of Tallahassee Petroleum, Mr. Amery, have acted and continue to act, and have directed and continue to direct, the Defendant Corporations to act in a manner that is oppressive, unfairly prejudicial and/or unfairly disregards the interests of the Plaintiffs as Operator, joint interest partner, and creditor under the Land Agreements, Service Agreements and Unit Agreements.
24. The Corporate Defendants', Mr. Zafar's and Mr. Amery's oppressive and unlawful actions have caused direct and significant prejudice to the Plaintiffs. The Plaintiffs expressly plead and rely upon the Alberta *Business Corporations Act*, RSA 2000, c. B-9, and, in particular, section 242 thereof.

25. Further, or in the alternative, at all relevant times, Mr. Zafar and, in the case of Tallahassee Petroleum, Mr. Amery, intended to cause, and did direct or cause, the Corporate Defendants to breach the Agreements by failing or refusing to pay the Plaintiffs any amounts due and owing to them under the Agreement over an approximately 6-year period. Such conduct was intended to retain the benefit of the joint production and services provided by the Plaintiffs, while also retaining the benefit of all amounts properly due and owing to the Plaintiffs, all for the wrongful benefit of the Corporate Defendants, Mr. Zafar and Mr Amery. There is no justification for the conduct of Mr. Zafar and Mr. Amery, and such conduct has caused damages to the Plaintiffs.

### **Damages**

26. As a result of the Corporate Defendants' failure or refusal to pay all amounts due and owing to the Plaintiffs pursuant to the Agreements and/or the unlawful conduct of the Corporate Defendants, Mr. Zafar and Mr. Amery, as particularized above, the Plaintiffs have suffered and continue to suffer losses and damages, the particulars of which will be provided at the trial of this action.

### **Place of Trial**

27. The Plaintiffs propose that the trial of this action be held at the Calgary Courts Centre in the City of Calgary, in the Province of Alberta.

28. The trial of this action will take less than 25 days.

### **Remedy Sought**

29. The Plaintiffs seek:

- a. judgment against:
  - i. Tallahassee Exploration in the amount of \$20,123.69;
  - ii. Tallahassee Resources in the amount of \$224,560.90; and
  - iii. Tallahassee Petroleum in the amount of \$30,440.34;

- b. in the alternative, a declaration that the Corporate Defendants have been unjustly enriched and they hold \$275,124.93, or such other amount as may be proved at the trial of this action, in trust for the Plaintiffs;
- c. a declaration that the Corporate Defendants, Mr. Zafar in the case of all three Corporate Defendants, and Mr. Amery in the case of Tallahassee Petroleum, have acted and continue to act in a manner which is oppressive or is unfairly prejudicial to, or that unfairly disregards the interests of the Plaintiffs, contrary to section 242 of the *Alberta Business Corporations Act*, RSA 2000 c B-9;
- d. further, or in the alternative, a declaration that, Mr. Zafar in the case of all three Corporate Defendants, and Mr. Amery in the case of Tallahassee Petroleum, have induced the Corporate Defendants' breaches of the Agreements and are personally liable to the Plaintiffs for all resulting damages suffered by the Plaintiffs;
- e. damages against Mr. Zafar in the amount of \$244,684.59, and against Mr. Zafar and Mr. Amery jointly and severally in the amount of \$30,440.34;
- f. pre- and post-judgment interest at the contractual rates;
- g. in the alternative, pre- and post-judgment interest at such rate or rates as may be ordered by the Court or pursuant to the *Judgment interest Act*, RSA 2000, c J-1, as amended, and its regulations;
- h. costs, including disbursements and GST; and
- i. such further and other relief as this Honourable Court deems just.

**NOTICE TO THE DEFENDANT(S)**

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the

clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

**WARNING**

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the lawsuit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.

**Schedule "A" – Land Agreements**

**Tallahassee Exploration Inc**

<b>Contract #</b>	<b>Contract Name</b>	<b>Contract Effective Date</b>	<b>Plaintiff Party to the Contract</b>
600208	JOINT OPERATING AND OVERRIDING ROYALTY AGREEMENT	15-Jun-91	CNR
634721	JOINT OPERATING AGREEMENT	10-Dec-97	CNR
627001	PARTICIPATION AND OPERATING AGREEMENT	28-Jul-05	CNR ECHO
610527	POOLING, FARMOUT AND PARTICIPATION AGREEMENT	01-Nov-95	CNR
635972	JOINT OPERATING AGREEMENT	17-Jun-93	CNR

**Tallahassee Resources Inc.**

<b>Contract #</b>	<b>Contract Name</b>	<b>Contract Effective Date</b>	<b>Plaintiff Party to the Contract</b>
609530	JOINT OPERATING AGREEMENT	9-Nov-73	CNRL
609648	PROPOSED POOLING AND FARMOUT	19-Jul-78	CNR
609649	AGREEMENT	25-Apr-79	CNR
609823	OPERATING AGREEMENT	20-Jan-77	CNR
609839	OPERATING AGREEMENT	17-Nov-76	CNR
609847	AGREEMENT	28-Sep-76	CNR
609852	OPERATING AGREEMENT	2-Apr-80	CNRL
609856	FARMOUT, OPTION AND OPERATING AGREEMENT	13-Aug-79	CNR
610948	NET PROFIT INTEREST	27-May-85	CNR
610956	FARMOUT AGREEMENT	16-Dec-78	CNR
610971	AGREEMENT	22-Feb-80	CNRL
635979	FARMOUT AGREEMENT	5-Jan-72	CNR
636283	PARTICIPATION AGREEMENT	1-Nov-91	CNR

**Tallahassee Petroleum Inc.**

<b>Contract #</b>	<b>Contract Name</b>	<b>Contract Effective Date</b>	<b>Plaintiff Party to the Contract</b>
652575	OPERATING AGREEMENT	22-Sep-89	CNR

**Schedule “B” – Service Agreements**

**Tallahassee Exploration Inc.**

<b>Contract #</b>	<b>Contract Name</b>	<b>Contract Effective Date</b>	<b>Plaintiff Party to the Contract</b>
651544	FLATROCK CONTRACT WELLS/FACILITIES OPERATING AGREEMENT	01-Dec-06	CNR

**Tallahassee Resources Inc.**

<b>Contract #</b>	<b>Contract Name</b>	<b>Contract Effective Date</b>	<b>Plaintiff Party to the Contract</b>
656539	STODDART AREA GAS HANDLING AGREEMENT	01-Mar-17	CNR
660535	PEGGO/TOOGA AREA GAS HANDLING AGREEMENT	01-Mar-19	CNR
648244	HOSSITL AREA GAS HANDLING AGREEMENT	01-Apr-12	CNR
658723	PEGGO/TOOGA AREA GAS HANDLING AGREEMENT	01-May-17	CNR
654067	BERRY AREA GAS HANDLING AGREEMENT	01-Jul-15	CNR

**Schedule "C" – Unit Agreements**

**Tallahassee Exploration Inc.**

<b>Contract #</b>	<b>Contract Name</b>	<b>Contract Effective Date</b>	<b>Plaintiff Party to the Contract</b>
648080	OAK CECIL I UNIT #1	01-Jun-98	CNR

**Tallahassee Resources Inc.**

<b>Contract #</b>	<b>Contract Name</b>	<b>Contract Effective Date</b>	<b>Plaintiff Party to the Contract</b>
636444	INGA UNIT #2	01-Sep-70	CNR

This is **Exhibit “H”** to the Affidavit of Sheila Hyatt  
sworn before me this 30<sup>th</sup> day of March 2026.

A handwritten signature in black ink, consisting of a large loop followed by several horizontal strokes, is written over a horizontal line.

Notary Public/Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
**Barrister and Solicitor**



NO. VLC-S-S-233559

VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

KLEDO CONSTRUCTION LTD.

PLAINTIFF

AND:

TALLAHASSEE EXPLORATION INC.

DEFENDANT

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE MADAM JUSTICE MCDONALD ) Thursday, the 21st day of December, 2023

ON THE APPLICATION of the plaintiff made without notice, coming before me via MS Teams video conferencing on this day, and on hearing Daniel Hepburn and Ahmed Elashry, counsel for the plaintiff, no other party having been served, and on reading the application materials submitted by the plaintiff:

THIS COURT ORDERS AND DIRECTS THAT:

1. The Mareva Injunction Order granted by this court on October 18, 2023, attached hereto as **Appendix "A"**, shall be extended to remain in force until the earlier of it being varied, vacated or otherwise modified by further order of this court or the expiry of 30 days following the pronouncement of final judgment in this matter by this Court, including any necessary assessment of damages but not the assessment of costs or completion of all execution proceedings; and
2. Paragraph 5 of the Mareva Injunction Order shall be deleted and replaced with the following:

Unless this Order is varied or discharged or extended by order of the Court, this Order shall remain in force until the expiry of 30 days following the pronouncement of final judgment in this matter by this Court, including any

necessary assessment of damages but not the assessment of costs or completion of all execution proceedings.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Ahmed Elashry

Ahmed Elashry, counsel for the plaintiff,  
Kledo Construction Ltd.

BY THE COURT

---

REGISTRAR



**FREEZING ORDER**

1. Except as permitted by this Order, the defendant must not:
  - a) remove from British Columbia or in any way dispose of or deal with or diminish the value of any of its assets that are in British Columbia whether in its own name or not and whether solely or jointly owned unless assets having a fair market value of at least \$523,048.76 net of all secured interests remain in British Columbia and are not dealt with, disposed of, or diminished in value;

**EXCEPTIONS TO THIS ORDER**

2. This Order does not prohibit the defendant from spending reasonable amounts on ordinary and proper business expenses or on legal advice and representation. Before spending any money on living, business or legal expenses, the defendant must advise the plaintiff's solicitors in writing of the intended source of the funds.
3. This Order does not prohibit the defendant from dealing with or disposing of any of its assets in the ordinary and proper course of business.
4. The defendant may agree with the plaintiff that this Order should be relaxed in any other respect but any such agreement will be effective only if confirmed in writing and signed by all parties.

**DURATION OF THIS ORDER**

5. This Order will remain in force up to and including December 18, 2023 at 4:00pm (the "Return Date") unless before then it is varied or discharged by a further Order of this Court. The application in which this Order is made shall come back to the Court for further hearing on the Return Date.
6. This Order will cease to have effect if the defendant provides security by paying the sum of \$523,048.76 into Court or makes provision for security in that sum by some other method agreed in writing with the plaintiff.

**VARIATION OR DISCHARGE OF THIS ORDER**

7. Anyone affected by this Order may apply to the Court at any time to vary or discharge it, or to request that the plaintiff be required to post security for the undertaking, on giving no less than 24 hours' notice to the plaintiff's solicitor of his or her intention to do so, but this Order will remain in force until further Order even if such an application is pending.
8. All applications to vary or discharge this Order, or arising out of the issuance or enforcement of this Order, shall be heard by the Judge who issued this Order with the exception of:

- a) urgent matters for which the Judge is not available; or
- b) as otherwise directed by the Judge.

### **THIRD PARTIES**

9. Except as permitted by this Order, no person or other legal entity with notice of this Order may deal with any bank or other accounts of the defendant (including money market, retirement savings plan accounts, investment certificates, treasury bills, and deposits) or with other assets of the defendant in its possession or control.
10. No person or other legal entity with notice of this Order shall breach or permit a breach of this Order.
11. To the extent that any person or other legal entity holds assets of the defendant in excess of \$523,048.76, that person or other legal entity is not restrained from dealing with that part of the assets held by that person or other legal entity which is in excess of \$523,048.76.
12. The terms of this Order do not affect any person or legal entity outside the jurisdiction of this Court unless and until this Order is declared enforceable or is enforced by a Court in the relevant jurisdiction, except that this Order is enforceable as against a person or other legal entity who or which:
  - a) is the defendant or an officer or an agent of the defendant; or
  - b) is subject to the jurisdiction of this Court and has been given written notice of this Order.
13. This Order does not prevent any bank, financial institution or secured party from exercising any rights to claim interest, to levy service charges, to claim set off, to enforce security, or to enforce any other contractual right, arising from contracts made before being notified of this Order.
14. No bank or financial institution needs to enquire as to the application or proposed application of any money withdrawn by the defendant if the withdrawal appears to be permitted by this Order.

15. This Order binds every defendant and every other person who is subject to this Order and obtains notice of the Order, as of the time such defendant or person first receives notice of the Order, and whether or not such defendant or person has been served with a copy of the Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Ahmed Elashry

Ahmed Elashry, counsel for the plaintiff,  
Kledo Construction Ltd.

BY THE COURT

Digitally signed by  
Naidu, Sanjeev

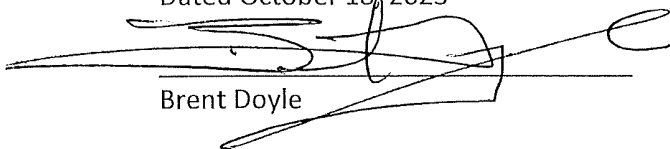
\_\_\_\_\_  
*REGISTRAR*


**SCHEDULE "A"**

I, Brent Doyle, President and Director of the Plaintiff, Kledo Construction Ltd., declare as follows:

1. I have read the attached draft Order (the "Order").
2. I am authorized by the corporate plaintiff to give its undertaking and it does hereby undertake:
  - a. to take reasonable steps to ensure service on the defendant of a copy of the Notice of Civil Claim, the Order and every affidavit referred to in the Order, and a separate copy of the Notice to Defendant which is Schedule "B" to the Order;
  - b. to provide a copy of the Order to any person who the plaintiff intends will be bound to honour the terms of the Order;
  - c. to abide by any Order the British Columbia Supreme Court may make as to damages in the event that this Court is of the opinion that the defendant or any other person served with this Order has sustained damages by reason of this Order which the plaintiff ought to pay;
  - d. to pay the reasonable costs of complying with the Order which are incurred by anyone, other than the defendants, to whom or to which the Plaintiff provides a copy of this Order, including the reasonable costs of ascertaining whether that person or entity holds any of the defendant's assets; and
  - e. to take all reasonable steps to notify, in writing, any person or entity which the plaintiff serves with a copy of the Order of any changes to the Order that might affect that person, including any occurrence which results in the Order ceasing to have effect.
3. I understand that if I breach this undertaking or the Order, I may be imprisoned or fined.

\_\_\_\_\_  
Dated October 18, 2023

  
\_\_\_\_\_  
Brent Doyle

  
\_\_\_\_\_  
Witnessed by:

VICTOR KOMORI  
PO BOX 865  
FORT NELSON, BC.  
VOC1R0

## SCHEDULE "B"

## IMPORTANT

## NOTICE TO THE DEFENDANT

1. The Order of Madam Justice McDonald dated October 18, 2023 ("Order") prohibits you from dealing with your assets [up to the amount stated]. The Order is subject to the exceptions stated in the Order. You should read it all carefully.
2. You are entitled to seek legal advice from your own lawyer regarding this Order and the rights you may have. You are advised to consult a lawyer as soon as possible. You have a right to ask the Court to vary or discharge this Order.
3. If you disobey this Order you may be found guilty of contempt of court and you [any of your directors] may be sent to prison or fined [and you may be fined] or your assets may be seized.
4. This Order will be brought back before the Court on December 18, 2023. You will, at that time, have the opportunity to make submissions as to whether this Order should cease, be continued, or be modified. If you wish to submit evidence for that hearing, you must follow the Rules of Court in doing so. If you wish to be heard at that hearing, you must attend in Court at that time.

Dated: \_\_\_\_\_  
*Month/Day/Year*

I acknowledge receipt of a copy of this notice.

**Acknowledged and delivered in the  
presence of:** )

\_\_\_\_\_  
*Witness Signature*

\_\_\_\_\_  
**Recipient:**

**Name:** )

**Name:**

**Address:** )

**Address:**

)

)

This is **Exhibit "I"** to the Affidavit of Sheila Hyatt  
sworn before me this 30<sup>th</sup> day of March 2026.



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Notary Public/Commissioner for Oaths in and for Alberta

**JULIE JUNE MARILYN INCH**  
**Barrister and Solicitor**

# IN THE SUPREME COURT OF BRITISH COLUMBIA

Date: 20231018  
Docket: S233559  
Registry: Vancouver

Between:

**Kledo Construction Ltd.**

Plaintiff

And:

**Tallahassee Exploration Inc.**

Defendant

Before: The Honourable Justice E. McDonald

## **Oral Reasons for Judgment**

In Chambers

Counsel for the Plaintiff:

D.F. Hepburn  
A. Elashry

Place and Date of Hearing:

Vancouver, B.C.  
October 18, 2023

Place and Date of Judgment:

Vancouver, B.C.  
October 18, 2023

[1] **THE COURT:** This notice of application filed October 18, 2023, is brought by the plaintiff, Kledo Construction Ltd., on a without-notice basis. The application seeks a *Mareva* injunction in the standard form, with certain modifications to the standard form, but in effect, the orders sought are set out in part 1 of the notice of application. The application material supporting the notice of application is set out in a two-volume application record, which I have reviewed and which counsel has taken me through in submissions on this application, as well as a number of authorities setting out the court's ability to grant a *Mareva* injunction.

[2] The background of this matter is that the plaintiff provided certain services related to properties in the oil fields on oil and gas licences owned by Tallahassee Exploration Inc. in British Columbia. As a result of those services, there is an action in debt that is described in a notice of civil claim filed in May of 2023. The notice of civil claim seeks an amount for outstanding invoices issued by the plaintiff to the defendant in 2023 totalling at least \$497,546.88, as of the date of the notice of civil claim.

[3] A response to the notice of civil claim has been filed by the defendant on June 22, 2023. There is also a jurisdictional response filed by the defendant, and as I understand it, the jurisdictional issue concerns whether or not the action ought to proceed in the Alberta courts versus the British Columbia courts. Although a jurisdictional response was provided, I am advised that no steps have been taken with respect to that jurisdictional response to have the issue determined as to whether the action ought to be dealt with by the British Columbia courts or the Alberta courts.

[4] The response to civil claim filed by the defendants indicates that the defendants take the position that there is no debt and no amounts owing to the plaintiff, and therefore the issue of dispute between these parties appears to come down to whether or not there were services provided and whether or not there are amounts owing in relation to the services provided by the plaintiff to the defendant.

[5] Turning to the other evidence before me. There is evidence before me that raises concern from the perspective of the plaintiff related to the possibility that the defendant is in the process of transferring its assets to a new company incorporated in Alberta, and for reference, the name of the new company is Tecumseh LNG Partnership Inc. (“Tecumseh”).

[6] The evidence of the plaintiff indicates that there was a registration in the government of Alberta corporation registration system of that company on June 6, 2023. That company possesses the same registered office address as the defendant company, Tallahassee Exploration Inc., and it appears that the director of Tecumseh, is the same individual as the individual involved as a director of Tallahassee Exploration Inc. There are certain similarities not only in respect of the mailing address but also in respect of the email address for the companies.

[7] The other basis for the plaintiff's concern is that some of the assets of the defendant corporation may be in the process of being moved out of the defendant corporation to Tecumseh come from messages that the plaintiff has received from an official at the British Columbia Oil & Gas Commission, namely Mr. Smith, a compliance and enforcement officer. Mr. Smith advised the president of the plaintiff on October 3, 2023, that the defendant is transferring their BC assets to Tecumseh.

[8] There are other concerning aspects with respect to the assets and situation of the defendant in the evidence that have been brought to my attention by counsel for the plaintiff. Those include a number of civil actions commenced in British Columbia Supreme Court by various entities and contractors working with the defendant who appear to be in similar circumstances to the plaintiff for non-payment of services rendered.

[9] Importantly, one of those actions appears to involve the Northern Rockies Regional Municipality, which commenced an action on June 9, 2022, against the defendant in respect of non-payment of amounts owing to the plaintiff related to outstanding property taxes. The notice of civil claim filed by the plaintiff in that case indicates that amongst the other remedies available to the plaintiff is potentially the

ability of the plaintiff to seize and sell both the output from the assessed property, as well as the goods and chattels on the defendant's premises.

[10] A consent order was entered into on August 24, 2022, between the parties to that action, namely, Northern Rockies Regional Municipality and the defendant, setting out a payment schedule for the amounts outstanding. That consent order appears to preserve the ability of the plaintiff to pursue other remedies upon giving certain notice of default under the payment schedule articulated in the consent order. In other words, this appears to be additional evidence that there is some risk to the defendant's asset in the event the consent is not complied with.

[11] There is also evidence before the court as to actions taken by the Alberta regulator in respect of the defendant as recently as September 15, 2023, concerning oil and gas properties and licences granted to the defendant in Alberta. An order from the Alberta regulator dated September 15, 2023, indicates a number of concerns on the part of the regulator related to the defendant, including non-compliance with the various aspects of the directives and licences resulting in an order. That order provided, amongst other things, that the defendant be required to provide certain information, including financial information, to ensure the safety, orderly, and environmentally responsible development of energy resources in Alberta.

[12] The regulator indicates that there are concerns regarding the defendant's compliance history, as well as indications of financial distress on the part of the defendant, which provided a basis for the order that the regulator issued. The regulator specifically required that the defendant submit third party audited financial statements and a financial summary by October 30, 2023; interim quarterly financial statements for the fiscal year 2023; and, future interim quarterly financial statements within 30 days of the end of the respective annual quarter. All of this appears to indicate that there are concerns regarding the financial distress of the defendant and potential risks to assets being dissipated by virtue of their being transferred to the new company.

[13] The test for a *Mareva* injunction in British Columbia involves the flexible approach, most recently articulated by the BC Court of Appeal in *Kepis & Pobe Financial Group Inc. v. Timis Corporation*, 2018 BCCA 420. That flexible approach includes taking into account a variety of circumstances and factors, including the relative strength of the parties' case, the evidence of irreparable harm one way or another, the potential effects on third parties, and factors affecting the public interest: *Fernandes v. Legacy Financial Systems, Inc.*, 2020 BCSC 885, at paras. 8-9.

[14] Regarding the relative strength and the strong *prima facie* case requirement, I am satisfied that on the evidence before me, there is a good arguable case or a strong *prima facie* case presented on behalf of the plaintiff in respect of the claim for amounts owing. While I appreciate that the response is that there are no amounts owing, it does appear to me based on the material provided, including my review of the invoices as well as emails between the parties, that while there may be some differences as to the amounts, that there is a claim for amounts owing that at least meets the good and arguable case threshold.

[15] Moving on to the balance of justice and convenience, I note that the defendant is a company incorporated in Alberta, that there is evidence of concerns regarding the enforcement or claims by other potential judgment creditors in British Columbia, that the amount of the claim is approximately \$500,000, which is a substantial amount in light of the plaintiff's business. There is also a history of the defendant's conduct presented to the court that appears to indicate a history of non-payment of other contractors, in some cases providing the exact services that the plaintiff was providing, namely, security services.

[16] There are assets both within the Province of British Columbia and in the Province of Alberta, and I am satisfied that there is evidence showing a real risk of dissipation of assets which may render any judgment granted to the plaintiff nugatory. I have already described that evidence, but it includes the evidence of transferring of the oil and gas licences of the plaintiff into the newly incorporated company.

[17] There is also evidence before me presented by the plaintiff of attempts to research other assets that the defendant may hold. The result of that research has indicated no other assets held by the defendant in British Columbia, particularly real estate or other assets registered in the chattel registries.

[18] The strength of the plaintiff's case I have already dealt with, and it does appear that there is a good arguable case. There is no evidence obviously before me of irreparable harm on the part of the defendant, as this is brought in the context of an *ex parte* application, and the irreparable harm alleged by the plaintiff is that if the assets are moved or dissipated that there will be potentially a dry judgment if a judgment is obtained.

[19] Therefore, I am satisfied, taking all of these factors into consideration, that the balance of justice and convenience in this case favours the granting of the injunction sought. I will grant the order in the form presented to the court save for a modification related to the duration of the order as the model order provides for a return date set. That is not presently sought in the form of the order sought by the plaintiff in the notice of application. Therefore there will be a return date set for the duration of this order that will state:

This order will remain in force up to and including 60 days from today's date.

[20] That return date is Monday, December 18th, 2023, at 4:00 p.m., and the term will read:

This order will remain in force up to and including December 18, 2023, the return date, at 4:00 p.m. unless before then it is varied or discharged by a further order of this court. The application in which this order is made shall come back to the court for further hearing on the return date, namely December 18th, 2023.

[21] The order as it is presently drafted provides for the ability of any party affected by the order to seek its variation, discharge or extension, and I will continue to grant the ability of any party to seek the variation discharge or extension of the order upon 24 hours' notice to the other side. That is, I think, reflected in the current proposed term 7 of the order which provides for a variation or discharge of this order

upon 24 hours' notice. So in other words, although I have provided a return date, I am not precluding a party from seeking a review or discharge of this order before that date on 24 hours' notice.

[22] So, counsel, that simply provides the return date in 60 days, assuming that there is no application to vary or discharge this order in the meantime. But I wish to be clear, I am not precluding any party, including the defendant, from seeking a variation or discharge on notice in the meantime.

[23] There has been an undertaking provided to the court. As I understand it, that undertaking is coming on behalf of Mr. Doyle. It was provided to me in a form as a schedule to the order that does appear to contain a typographical error in the sense that it appears the undertaking has come from Brent Kledo, when, in fact, it is apparently coming from Brent Doyle.

[24] I therefore, direct that the undertaking supporting this notice of application be returned in corrected form and be delivered to the court or be provided to the court forthwith with that correction in place to reflect that the undertaking is made by Mr. Doyle in the form attached as Schedule A to the present notice of application.

“E. McDonald J.”