



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, R.S.C. 1985, c. C-36, AS
AMENDED
AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF CABOT ENERGY INC.
APPLICANT CABOT ENERGY INC.
DOCUMENT **APPLICATION (AMENDED AND RESTATED CCAA INITIAL ORDER)**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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File No.: 145811-1010

NOTICE TO THE RESPONDENT(S)

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

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

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

Date: December 18, 2025
Time: 11:00 am
Where: Calgary Law Courts – By Webex
Before: The Honourable Justice Marion in Commercial Chambers

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

Remedy claimed or sought:

1. The Applicant, Cabot Energy Inc. ("Cabot") brings this application for:

(a) An amended and restated initial order (the “**ARIO**”) pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”), among other things:

- i. abridging the time for serving and deeming service of the Application and supporting materials good and sufficient;
- ii. extending the stay of proceedings to and including March 30, 2026;
- iii. increasing the quantum of the Administration Charge to a maximum amount of \$300,000;
- iv. approving a DIP Term Sheet being negotiated between the Applicant and High Power Petroleum LLC (Delaware) (the “**DIP Lender**”) concurrently with the commencement of these CCAA Proceedings (the “**DIP Term Sheet**”), and authorizing the Applicant to borrow thereunder an amount to be confirmed prior to the hearing of this Application (the “**DIP Facility**”), to be secured by a super-priority charge against the proceeds of the SISP (as defined below), if any, in an initial amount to be confirmed prior to the hearing of this Application (the “**DIP Charge**”), in all cases subject to the ranking set out in paragraphs 3(a)(ix) and 3(a)(x) hereof;
- v. establishing a priority charge in an initial amount of \$10,000 (the “**D&O Charge**”) to secure the Applicant’s indemnification obligations towards its D&Os in connection with potential liabilities that could arise as and from the issuance of the Initial Order (as applicable), to the extent that such potential liabilities are not covered by existing insurance policies, in all cases subject to the ranking set out in paragraphs 3(a)(ix) and 3(a)(x) hereof;
- vi. approving the key employee retention plan (the “**KERP**”) for certain of the Applicant’s employees (the “**Participating Employees**”);
- vii. granting a priority charge in favour of the Participating Employees in the maximum amount of \$43,178 (the “**KERP Charge**”), in all cases subject to the ranking set out in paragraphs 3(a)(ix) and 3(a)(x) hereof;
- viii. sealing certain confidential KERP information, subject to further order of this Court;
- ix. declaring that the KERP Charge shall rank in priority, to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, deemed trusts, encumbrances or other lien of whatever nature or kind against the Property;

- x. declaring that each of the Administration Charge, the DIP Lender's Charge, the D&O Charge, shall rank in priority, and in that order, to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, deemed trusts, encumbrances or other lien of whatever nature or kind against the proceeds of the SISP, if any;

(b) an order (the "**SISP Approval Order**"), among other things:

- i. appointing Sayer Energy Advisors as Sales Agent;
- ii. approving a sale and investment solicitation process (the "**SISP**"), as described below;
- iii. authorizing the Applicant and the Monitor to implement the SISP pursuant to its terms; and
- iv. authorizing and directing the Applicant and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the SISP.

(c) such further and other relief as this Honourable Court deems just.

Grounds for making this application:

BACKGROUND

1. The Applicant, Cabot Energy Inc., is a wholly owned subsidiary of High Power Petroleum (NOP) UK Limited, a corporation which is part of the Blue Spark Energy Services Group. Cabot is a small upstream oil and gas operator and producer, with its sole operations in the Rainbow Lake area of Northern Alberta.
2. On December 9, 2025, Cabot sought and was granted protection from its creditors under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**") by Order of this Court (the "**Initial Order**").
3. The Initial Order, among other things:
 - (a) Declared that Cabot is a party to which the CCAA applies;
 - (b) Appointed KSV Restructuring Inc. as the monitor of Cabot (in such capacity, the "**Monitor**");

- (c) Granted an initial stay of proceedings in favour of Cabot until and including December 19, 2025; and
- (d) Granted the Administration Charge in the initial amount of \$100,000.

EXTENSION OF THE STAY PERIOD

- 4. The Initial Order granted the Applicant an initial stay of proceedings until and including December 19, 2025;
- 5. Since the granting of the Initial Order, the Applicant has acted in good faith and with due diligence to, among other things, stabilize its business and develop the SISP.
- 6. The Applicant has, amongst other things, notified its employees, certain key suppliers, its key customers, and other key stakeholders of these CCAA proceedings;
- 7. The Applicant requires an extension of the stay of proceedings to and until March 30, 2026;
- 8. It is just, convenient, necessary and in the best interests of the Applicant and its stakeholders that the stay of proceedings be extended until March 30, 2026, as it will, amongst other things, allow the Monitor, with the assistance of the Applicant, to complete the SISP (if approved by this Court), which will ultimately preserve and maximize the value of the Applicant's business for its stakeholders;
- 9. The Applicant is expected to have sufficient liquidity to fund its obligations and the costs of the CCAA proceedings through the end of the extended stay of proceedings provided that the relief with respect to the DIP Facility is granted.

INCREASE QUANTUM OF ADMINISTRATION CHARGE

- 10. The Administration Charge approved in the Initial Order was limited to what was reasonably necessary during the initial stay of proceedings.
- 11. The Applicant now seeks to increase the quantum of the Administration Charge up to a maximum of \$300,000. The increased quantum of the Administration Charge is based on the needs of the Applicant to obtain the expertise, knowledge, and continued participation of the Monitor, as well as counsel to the Monitor and the Applicant, during these CCAA proceedings, in order to complete the SISP and a successful restructuring.

DIP FACILITY AND DIP LENDER'S CHARGE

12. As shown from the cash flow projections (the "**Cash Flow Projections**") that were attached in the Supplementary Affidavit of Scott Aitken, sworn December 2, 2025, given Cabot's liquidity constraints, the Applicant will require interim financing during these CCAA Proceedings in order to, notably, conduct the contemplated SISP.
13. In this context, prior to the commencement of these CCAA Proceedings, the Applicant has had discussions and negotiations with the DIP Lender, to secure such interim financing.
14. On the basis of these discussions, the DIP Lender has advised the Applicant that they were prepared to provide the above interim financing requested by the Applicant on the terms and conditions set forth in the DIP Term Sheet entered into between such parties concurrently with the commencement of these CCAA Proceedings.
15. The DIP Term Sheet is subject to customary covenants, conditions precedent, and representations and warranties made by the Applicant to the DIP Lender.
16. The amount to be funded under the DIP Facility, if approved, is \$500,000 USD.
17. The DIP Term Sheet is conditional, *inter alia*, upon the granting of a priority charge over the proceeds arising from the SISP, if any, in favour of the DIP Lender to secure the amounts borrowed under the DIP Facility (the "**DIP Lender's Charge**").
18. Given the current financial situation of the Applicant, DIP Financing is the only feasible financing alternative available to the Applicant, and is on terms that are fair, reasonable and adequate.
19. The Applicant understands that the Monitor is supportive of this Court's approval of the DIP Sheet and the establishment of the DIP Lender's Charge.

D&O CHARGE

20. In order to continue to carry on business during the CCAA Proceedings, the Applicant will require the active and committed involvement of its directors, *de facto* directors, as well as certain senior officers (i.e. the D&Os).
21. Although the Applicant intends to comply with all applicable laws and regulations, including the timely remittance of deductions at source and federal and provincial sales taxes, the D&Os are nevertheless concerned about the potential for their personal liability in the context of the present CCAA Proceedings.

22. Given the current financial situation of the Applicant, these D&Os require the assurance that the Applicant will be in a position to indemnify them for all liabilities which they may incur in their capacity as D&Os (if any), after the commencement of these CCAA Proceedings.
23. While the Applicant maintains an insurance policy for the benefit of its D&Os (the "**D&O Insurance**"), the current amount of coverage provided by the D&O Insurance may ultimately not be sufficient to adequately protect the D&Os from potential liability.
24. Accordingly, the Applicant requests the establishment of an D&O Charge in favour of the D&Os in an initial amount of \$10,000, in order to secure the Applicant's indemnification obligations towards them, for claims which could potentially arise during the CCAA Proceedings, to the extent that such claims are not covered by the D&O Insurance.
25. The Applicant submits that the requested D&O Charge is reasonable and adequate given, notably, the complexity of its business, and the corresponding potential exposure of the D&Os to personal liability. In fact, the proposed amounts of the D&O Charge have been discussed and established with KSV, in its capacity as proposed Monitor.
26. Absent the establishment of a D&O Charge, the Applicant is concerned that one or more of its D&Os will resign from their posts, which would, in all likelihood, jeopardize the continuation of the Applicant's business, to the detriment of its creditors and other stakeholders.
27. In addition, the Applicant further submits that the D&O Charge will provide assurances to its employees that their obligations towards them for accrued wages, termination and severance pay shall be satisfied. Indeed, while the insolvency of the Applicant and its non-payment of various employee obligations may trigger the personal liability of the D&Os, any recourse initiated by such employees against the D&Os does not guarantee them any recovery. Therefore, the creation of a super-priority security in favour of the D&Os for sums for which they may be held liable to employees (but for which the Applicant is ultimately liable) enhances such employees' chances of recovery by, in effect, creating a super-priority security for their claims.

KERP, KERP CHARGE, AND SEALING ORDER

28. The Applicant has identified certain key employees (collectively, the "**Key Employees**") who will be critical in the conduct of these CCAA Proceedings and the implementation of the restructuring efforts to be undertaken in the context thereof, including the conduct of the SISP.
29. Retaining these Key Employees during the CCAA Proceedings will provide critical stability in these otherwise uncertain times for the Applicant. It is anticipated that this stability will enable the

Applicant to maintain orderly operations and existing customer relations, as well as maximize enterprise value throughout the course of these CCAA Proceedings.

30. Accordingly, in order to facilitate the above, and to maximize Cabot's business value, the Applicant is developing, in consultation with KSV, as Monitor, a KERP in order to ensure that Key Employees are retained throughout the CCAA Proceedings.
31. The KERP will provide a retention payment for Key Employees to continue to remain employed by the Applicant in the unusual circumstances that face these employees. Indeed, these Key Employees will be asked to continue to work with the objective of implementing a restructuring plan for the Applicant, even if their continued employment is uncertain, as such restructuring plan may involve one or more sale transactions of some or all the Applicant's assets.
32. In order to secure the payment which may become owing to the above-mentioned Key Employees in accordance with the KERP, the Applicant is seeking the approval of the KERP and the establishment of a KERP Charge over the Property, in the amount of \$43,178, so as to secure its obligations towards the Key Employees under the KERP. The maximum aggregate amount payable under the KERP is \$43,178 and the proposed KERP Charge will be a priority Charge on the Property.
33. The unredacted Key Employee Retention Plan is appended to the First Report of the Monitor as a confidential exhibit (the "**Confidential Exhibit**"). The Confidential Exhibit includes a list of KERP Employees and their Retention Payment.
34. Disclosure of the information contained in the Confidential Exhibit will be prejudicial to the Applicant, the KERP Employees, and others. Among other issues, disclosure of the Confidential Exhibit could (a) create morale and other issues as between employees or contractors who are either not subject to the KERP or are receiving different entitlements under the KERP; (b) allow the Applicant's business competitors and others to attempt to induce the KERP Employees to depart from their employment for more lucrative opportunities; and (c) make it more difficult for the Applicant to negotiate employment terms for replacement employees if required. In addition, and generally speaking, salary and compensation levels for employees is a particularly personal and private matter to employees.
35. The Applicant is proposing that the Confidential Exhibit appended to the First Report be sealed on the Court File and not form part of the public record. In doing so, the Applicant believes that (a) the Sealing Order is as narrow as possible and only seeks to maintain the confidentiality of the KERP Employees and the KERP; (b) the scope of the proposed Sealing Order is proportionate and restricted to only what is necessary; (c) there are no reasonable alternatives to the Sealing

Order that will prevent the risk of disclosure; and (d) the benefits of the Sealing Order outweigh its risks.

APPROVAL OF SAYER AS SALES AGENT AND SALE AND INVESTMENT SOLICITATION PROCESS

36. The Applicant requests that the engagement of Sayer Energy Advisors as Sales Agent be approved. The Sales Advisor is qualified and capable of performing the required tasks, and the terms of such engagement are fair and reasonable in the circumstances.
37. The Applicant, the Monitor, and the Sales Agent have prepared the SISP whereby interested parties will have the opportunity to submit an offer to: (i) purchase shares or assets of the Applicant, or (ii) make an investment in the Applicant's business by way of a refinancing, reorganization, recapitalization, restructuring or other business transaction involving the Applicant. The goal of the SISP is for the Applicant to complete one or more transactions as soon as practical (subject to Court approval).
38. The SISP contemplates the following key deadlines:

Milestone	Day
Commencement Date (prepare data room and associates documents)	January 9, 2026
Marketing Stage: Publication of Notice and Sending Teaser to Know Potential Buyers	January 9, 2026
Completion of "Phase I" – interested parties to submit a non-binding letter of intent	February 12, 2026 at 12:00 pm MST
Completion of "Phase II" – interested parties to submit a binding offer that meets at least the requirements set forth in the SISP	February 26, 2025 at 12:00 pm MST
Selection of the highest or otherwise best bid(s) (the "Successful Bid(s)")	March 12, 2025
Seek a Court order approving the Successful Bid(s)	As soon as practical
Close the transaction contemplated in the Successful Bid(s)	As soon as practical

39. The Applicant has been working in good faith and with due diligence in these proceedings and have developed the SISP to canvass the market for a value maximizing transaction involving the

assets or shares of the Applicant or a refinancing of the Applicant. In developing the SISP, the Applicant has consulted with the Monitor and circulated the draft SISP to its key stakeholders for review and input.

40. The SISP is fair and reasonable and will be conducted and overseen by the Monitor. The SISP will allow the Applicant and Monitor to broadly canvass the market for an executable and value maximizing transaction for the benefit of all stakeholders.
41. The Monitor supports the Applicant's request for approval of the SISP.

Affidavit or other evidence to be used in support of this application:

42. Affidavit #2 of Scott Aitken, sworn December 12, 2025, filed;
43. First Report of KSV Restructuring Inc. as Monitor;
44. Such further and other material as counsel may advise and this Honourable Court may permit

Applicable Acts and regulations:

45. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
46. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended;
47. *Business Corporations Act*, R.S.A. 2000 c. B-9;
48. Rules 1.2, 1.3, 3.2(2)(d), 3.8, 6.3(1), 6.9, 11.27 and 13.5 of the *Alberta Rules of Court*, Alta Reg 124/2010;
49. The equitable jurisdiction of this Honourable Court;
50. Such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

51. None.

How the application is proposed to be heard or considered:

52. Before the presiding Justice in Commercial Chambers via Webex.

WARNING

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