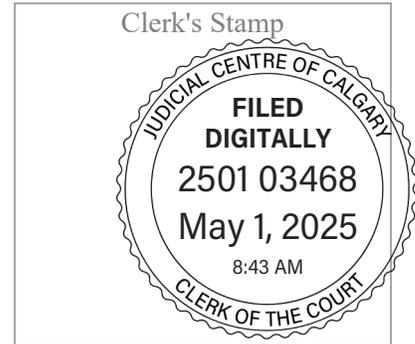


FORM 49
[RULE 13.19]

COURT FILE NO. 2501-03468
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



PROCEEDING 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 ERIKSON NATIONAL ENERGY INC.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
BENNETT JONES LLP
Barristers and Solicitors
4500 Bankers Hall East
855 – 2 Street SW
Calgary, Alberta T2P 4K7

Attention: Keely Cameron/Luc Rollingson
Telephone No.: 403-298-3324/7971
Fax No.: 403-265-7219
Client File No.: 87754.38

AFFIDAVIT OF PETER NEELANDS

Sworn on April 30, 2025

I, **Peter Neelands**, of City of Toronto, Ontario, SWEAR AND SAY THAT:

1. I am the sole director of the applicant, Erikson National Energy Inc. ("**Erikson**" or "**Applicant**") as of November 25, 2024, and also hold the title of Principal for Third Eye Capital Corporation ("**TEC**" or "**Agent**"), the agent for the secured lenders of Erikson. I am not a member of the board of directors of TEC, nor am I a member of any of TEC's governing bodies.

2. I was appointed as director following Erikson's previous sole director, Mark Horrox resigning during the NOI Proceedings (as defined below).

3. I have personal knowledge of the matters deposed to in this affidavit, except when stated to be based upon information and belief, in which case I believe the same to be true.

I. RELIEF SOUGHT

4. This Affidavit is made in support of an application for an order, among other things: (a) abridging time for service; (b) confirming my resignation as director and officer of Erikson and directing the filing of the Notice of Change of Director; (c) terminating the proceedings under the *Companies' Creditors Arrangement Act*; (d) discharging KSV Restructuring Inc. ("**KSV**") as the Court appointed monitor of Erikson (the "**Monitor**"); (e) approving the Monitor's activities and fees; and (e) granting releases for KSV, its counsel and the current director and officer of Erikson.

II. OVERVIEW OF ERIKSON

5. Erikson is a corporation registered pursuant to the laws of Alberta, with a head office located in Calgary, Alberta.

6. Erikson is a junior natural gas company with assets located in the Fort Nelson and Greater Fort St. John areas of British Columbia. Erikson's natural gas assets were previously owned by Ranch Energy Corp. ("**Ranch**").

7. TEC was agent for the secured lenders of Ranch and provided Ranch with a credit facility (the "**Ranch Loan**") to fund Ranch's acquisition of certain natural gas assets from Predator Oil BC Ltd. and Ranch's post-acquisition working capital needs.

8. Ranch subsequently initiated proceedings under the CCAA in an attempt to restructure its operations. However, TEC uncovered material irregularities during the course of the proceedings, including Ranch's failure to provide accurate and reliable financial disclosure, and the advancement of certain transactions designed to impair TEC's ability to recover the amounts owing under the Ranch Loan. As result, TEC sought and obtained the appointment of a receiver over Ranch's assets on July 19, 2018. To mitigate the risk to TEC's investors and to assist the British Columbia Energy Regulator ("**BCER**") to avoid all of Ranch's assets from being

orphaned, TEC ultimately agreed to fund Ranch's receivership and to oversee a sale and investment solicitation process ("**Ranch SISP**").

9. The Ranch SISP did not produce any qualified buyers willing and able to acquire Ranch's assets on a going concern basis or assume the requisite regulatory liabilities to obtain approval from the BCER. In light of this outcome, TEC engaged with the BCER to develop a constructive alternative that would avoid abandonment of the assets and mitigate the risk of orphaned sites.

10. Following those discussions, TEC created a special purpose entity, Erikson National Energy Inc. ("**Erikson**"), to step in as proposed permit holder. Erikson would assume responsibility for the day-to-day operations, care and control of the acquired assets. To ensure continuity and regulatory compliance, Erikson would retain a number of former Ranch employees and engaged qualified consultants with direct experience in managing energy infrastructure. At present, Erikson continues to employ or engage approximately 10 individuals dedicated to maintaining the assets in a safe and compliant shut-in state. TEC's involvement in facilitating the transfer of the Ranch assets to Erikson was undertaken as a last resort seeking to prevent the assets from being orphaned and to mitigate further environmental and financial exposure. TEC acted solely in its capacity as a secured creditor and financial backer. TEC has not had, and does not have, any operational role with respect to the assets or permit obligations administered by Erikson.

Dealings with the BCER during the Ranch Receivership

11. At the time of the Ranch receivership, a significant source of liability associated with Ranch's assets arose out of the frac water storage pond (the "**Ranch Frac Pond**") located near the Wildboy gas plant ("**Wildboy Gas Plant**").

12. During the permit approval negotiations surrounding the transfer of Ranch assets to Erikson, Erikson expressly indicated to BCER that it did not wish to acquire the Ranch Frac Pond due to its environmental risk profile and lack of economic utility. However, the BCER made it a condition of approving the asset transfer that Erikson assume responsibility for the Ranch Frac Pond as part of the overall transaction.

13. The result of those discussions was that Erikson ultimately stepped in to become the permit holder for 414 wells, 20 facilities and 346 pipeline sections, including the Ranch Frac Pond

(the “**Acquired Ranch Assets**”). The Ranch Frac Pond has not been used by Erikson in its operations.

14. To satisfy the BCER’s conditions for approving the transfer of assets to Erikson, TEC loaned Erikson funds so that it could provide cash-backed security of approximately \$5 million. These funds were required in connection with the environmental liabilities associated with the Ranch Frac Pond and other historical issues that originated under Ranch’s ownership or that of its predecessors. While certain environmental obligations had previously been partially mitigated through financial assurance deposits posted by Ranch or its predecessors, the BCER determined that additional security was necessary to support the ongoing maintenance, monitoring, and potential remediation of the site. The security posted by Erikson was partially drawn by the BCER to address remediation of the frac pond in or around February 2024, with the balance taken by the BCER during the CCAA proceedings on March 21, 2025.

15. In addition to the approximately \$5 million in security, TEC provided Erikson with more than \$30 million in additional funding to support operations, environmental compliance, and capital maintenance. This includes financing the turnaround of the Wildboy Gas Plant, critical infrastructure that remains shut-in pending a commercially viable path to restart.

16. With the exception of a brief period following the onset of the Ukraine war in Q1-2022, when natural gas prices temporarily increased and averaged approximately \$5.36/GJ, Erikson’s operations have been consistently unprofitable. The unprofitability has been driven by a number of external and structural factors, including:

- (a) the asset base being heavily-weighted toward natural gas, with natural gas prices remaining largely depressed in the Western Canadian market;
- (b) the impact of multiple wildfires in Northeastern British Columbia where Erikson’s assets are primarily located; and
- (c) increasing regulatory requirements.

17. Prior to my involvement with Erikson as a director, and based on my review of Erikson’s records and discussions with management, I understand that from 2020 through 2024, Erikson

worked extensively with the BCER to address environmental issues with the Ranch assets. In addition to borrowing funds from TEC to arrange for the \$5 million security to BCER, Erikson also:

- (a) developed and implemented a plan of removal of contaminated liquid from the Ranch Frac Pond;
- (b) pumped and removed significant volumes of liquid from the Ranch Frac Pond to ensure adequate freeboard following spring runoff, including approximately 4,668 m³ in 2021, 12,700 m³ in 2022, and 10,000 m³ in 2023, as reported to the BCER;
- (c) shut in its assets to reduce operating costs and minimize environmental risk during periods of economic and operational stress;
- (d) I understand that due to a wildfire evacuation order and damage to road infrastructure in 2023, Erikson was unable to access the Ranch Frac Pond for an extended period. As a result, Erikson was unable to complete certain planned remediation activities at the site during that time. Notwithstanding these access restrictions, on April 21, 2023, the BCER issued an order directing remediation activities at the Ranch Frac Pond. Following a request by Erikson for review, the order was subsequently varied in September 2023. The varied order allowed Erikson to assist the BCER's third-party contractors to remove fluids from the Ranch Frac Pond with respect to the first 10,000 m³, and was completed in October 2023; and
- (e) restricted Erikson from taking any further steps that could assist with the Ranch Frac Pond remediation, despite having developed a plan to conduct such remediation at a materially reduced cost with Erikson's own personnel and resources.

18. Attached hereto and marked as **Exhibit "A"** is a true copy of the July 24, 2024 letter sent by Erikson's legal counsel, Bennett Jones, to the BCER setting out its response in respect of the April 2024 contravention report issued by the BCER which provides further information regarding Erikson's response to various orders issued by the BCER.

Attempts to Sell the Erikson Assets Prior to the Restructuring Proceedings

19. Prior to the commencement of the NOI Proceedings, Erikson was approached by Kingscrest Acquisition Corp. (“**Kingscrest**”), which expressed interest in acquiring all of Erikson’s regulated assets on a white-map basis. Kingscrest submitted an indicative offer that contemplated assuming certain environmental obligations and operating the assets on a going-concern basis. At the time, this appeared to be a credible pathway for both transitioning environmental responsibility and enabling partial recovery for Erikson’s creditors, including TEC.

20. However, following Kingscrest’s engagement with the BCER (without Erikson’s involvement or attendance) as part of its due diligence process, Kingscrest withdrew from discussions without further explanation. Erikson later came to understand that, during its consultation with the BCER, Kingscrest was advised that it could potentially acquire the assets through a direct arrangement with the BCER, effectively circumventing Erikson and avoiding any payment to Erikson or TEC, its senior secured creditor.

Restructuring Proceedings

21. As a result of the deteriorating financial position of Erikson and the loss of a credible buyer, Erikson filed NOI proceedings on October 1, 2024. A court-approved Sale and Investment Solicitation Process (“**SISP**”) was subsequently launched with the assistance of Sayer Energy Advisors and KSV Restructuring Inc., the Proposal Trustee. However, Kingscrest declined to participate in the SISP. At the time, Erikson was unaware of Kingscrest’s separate discussions with the BCER or its belief that it could obtain the assets without participating in the formal process.

22. On October 1, 2024, Erikson filed a Notice of Intention to Make a Proposal, pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, with KSV Restructuring Inc. (“**KSV**”) named as proposal Trustee (the “**NOI Proceedings**”).

23. On October 21, 2024, the Honorable Justice P. Johnston granted Erikson’s initial extension, providing for a 40-day extension (up to and including November 30, 2024), approval

of a SISP, and appointing Sayer Energy Advisors as sales advisor to carry out the SISP in cooperation with the Proposal Trustee.

24. The SISP was developed in consultation with the BCER, Sayer Energy Advisors, and the Proposal Trustee. However, the duration and scope of the SISP were constrained due to skepticism expressed by the BCER regarding the likelihood of a successful transaction. The BCER's skepticism was informed by the failure of Erikson's prior sale efforts in 2023 to generate credible or qualified interest in the assets.

A. SISP UPDATE

25. Prior to the commencement of the NOI Proceedings, Erikson's mineral leases were unilaterally terminated by the British Columbia Tenure and Resource Stewardship Branch ("**BC Tenure**"). These mineral rights were essential to the economic viability of Erikson's asset base, and their termination significantly impaired marketability and investor interest in the regulated oil and gas assets.

26. Despite these challenges in marketing the assets, including the aforementioned termination of key mineral rights by BC Tenure, three bids were received on November 14, 2024 through the SISP. None of the bids satisfied all of the requirements under the SISP and each was contingent on the reinstatement of the terminated mineral rights. The SISP timeline was ultimately extended to allow interested parties additional time to finalize and submit a Sale and Purchase Agreement ("**SPA**").

27. This additional time enabled Erikson to negotiate a transaction with Gryphon Digital Mining Inc. ("**Gryphon**") for the sale of all of Erikson's regulated assets. Under the terms of the proposed transaction, Gryphon would assume cure costs, pay a purchase price of \$2 million, and contribute funding to support the costs of the NOI Proceedings. The transaction was conditional on obtaining necessary approvals from government agencies, including the reinstatement of Erikson's mineral rights and the transfer of its permits on terms acceptable to Gryphon.

28. Despite multiple extensions to the outside date to enable Gryphon's satisfaction of the closing conditions, on or around February 27, 2025, Gryphon notified Erikson that it was terminating the SPA.

29. Following Gryphon's withdrawal, Erikson contacted the other SISIP participants who expressed interest in certain assets, as well as Kingscrest. As a result of these efforts, Erikson believed there were two viable purchasers and contacted BC Tenure, and subsequently, the BCER, to seek information on reinstatement of the mineral leases and to quantify any other regulatory security or compliance costs relevant to closing a transaction. While BCER assisted in engaging with BC Tenure, the requested information was not provided, and both counterparties ultimately withdrew from negotiations for the following reasons:

- (a) One interested party withdrew its offer to acquire non-operating joint working interests and associated assets after determining that Erikson would need to pay all of the offeror's cure costs and pre-filing arrears under NOI. Erikson lacked the financial means to do so. TEC offered to contribute toward these costs as a good faith gesture to facilitate at least a partial sale of Erikson's assets, but a transaction could not be completed;
- (b) The second party, Kingscrest, expressed interest in acquiring a majority of Erikson's assets, including the Wildboy Gas Plant. However, Kingscrest advised that it could not proceed unless its due diligence expenses were funded in advance by Erikson or TEC. Its proposal was also subject to a financing condition, as it intended to raise equity capital through an investment bank after executing definitive transaction documents. Erikson and TEC considered whether these diligence costs could be advanced on a secured basis, but Kingscrest was unable to provide any collateral or third-party guarantees. It became apparent that Kingscrest no longer had sufficient financial capacity to proceed with any transaction, and discussions were ultimately terminated.

30. In parallel, Erikson has also engaged other prospective acquirers, including:

- (a) the business development lead of a U.S.-based manufacturer of data centre and cryptocurrency power management hardware to explore whether their customers would be interested in acquiring Erikson's assets;

- (b) certain U.S. based cryptocurrency focused investment banks to canvass whether any of their clients were seeking natural gas assets to complement their data centre or cryptocurrency operations;
- (c) an Alberta-based public natural gas operator in Alberta who expressed interest in Erikson's natural gas assets; and
- (d) a local First Nation group operating in proximity to Erikson's assets, with whom Erikson explored a potential joint venture for asset acquisition in support of Indigenous energy sovereignty goals.

31. In addition, one of the original SISP participants continues to express an interest in a portion of the assets; however, that offer is contingent not only on funding all regulatory and cure costs associated with the Erikson transaction, but also on securing capital for unrelated acquisitions they are pursuing concurrently. As a result, the viability of their offer remains speculative and dependent on financing events outside Erikson's control.

32. Erikson continues to engage with various parties who may have an interest in acquiring or partnering on the regulated assets. These discussions remain at a preliminary stage, with most counterparties conducting early due diligence. While Erikson remains open to pursuing any viable transaction that would allow for an orderly transition of the assets and regulatory obligations, no offers have been received to date, and no party has demonstrated the financial capability or regulatory readiness necessary to complete a transaction.

B. Operations Update

33. In addition to pursuing a sale of its assets, Erikson has continued to provide significant care and maintenance work to ensure its assets are maintained in safe and working order, for the benefit of its employees, contractors, the public and SISP participants. This has included repair of Erikson's truck fleet used by its employees and contractors, ongoing maintenance and repairs of the Wildboy Gas Plant's programmable logic controllers that are critical to maintaining the Wildboy Gas Plant in safe condition.

34. Given the remote location where certain of the assets are situated, Erikson maintains a work camp for its employees and certain contractors provided through Lynkyn Safety Ltd., a First Nations owned and operated business based out of Fort Nelson, British Columbia. Additionally, Erikson has continued to retain the Response Team Inc. to finalize Erikson's emergency response plans, related safety documentation, and licenses for the Fireweed, Buick Creek, Laprise, Roseland, Stoddart, Wildboy, and July Lake areas in which Erikson operates or holds assets, to ensure the safety of its employees, contractors, business counterparties, and the general public.

35. As part of Erikson's safety efforts, it has had to produce gas from certain of its wells notwithstanding the expiry of the mineral leases in order to maintain the Wildboy Gas Plant and related work camp.

36. Prior to accessing its wells, Erikson sought and obtained an order from the Honourable Justice Romaine which is attached at Exhibit 1 to my Second Affidavit and the BCER issue BCER General Order 2024-0156-01 ("**BCER General Order**"). Attached hereto as **Exhibit "B"** is a copy of the transcripts from the application before Justice Romaine that resulted in Justice Romaine's Order which is attached hereto as **Exhibit "C"**.

37. Counsel for BCER Tenure has sought an appeal of Justice Romaine's Order and disputes Erikson's ability to access its wells for this purpose. Erikson had previously offered to pay BC Tenure for the use of gas and had budgeted \$15,000 for that purpose.

38. Attached hereto and marked as **Exhibit "D"** is an email chain dated between March 12 to 20, 2025, between me, the BCER and BC Tenure requesting a call to identify key issues that required resolution over the CCAA stay period ending May 5, 2025, including:

- (a) Explore commercial resolution with BC Tenure regarding Erikson's taking of gas pursuant to Justice Romaine's order and the BCER General Order;
- (b) Update on Erikson's SISP progress with various commercial parties;
- (c) Develop plans regarding Erikson's assets in the event that a commercial resolution cannot be reached in the CCAA;

(d) Any other items that BC Tenure or the BCER wish to discuss.

39. BC Tenure did not respond to my email, but with assistance from the BCER in arranging the meeting, on March 21, 2025, representatives from the BCER, BC Tenure, Erikson, and TEC attended a call to discuss items on the proposed agenda, along with the BC Tenure's willingness to assist the SISP through mineral reinstatement. At that meeting, BC Tenure's legal counsel indicated that they would follow up with Erikson on the questions of:

- (a) whether BC Tenure was seeking payment at all for the emergency gas draws, and
- (b) if amounts were sought by the BC Tenure, the amounts and basis for those amounts.

40. After the March 21, 2025 meeting, with the assistance of the BCER, Erikson made inquiries of BC Tenure as to their position on the issue of payment, and the basis for any amounts in excess of the \$15,000 previously offered by Erikson.

41. BC Tenure did not accept the payment proposal or respond to further requests to meet until last week, and only after Erikson had advised certain parties that the CCAA was likely to be terminated did BC Tenure contact Erikson's legal counsel and seek payment. Attached as **Exhibit "E"** is a copy of the request. Erikson does not have the funds available to make the payment requested.

42. Erikson has remitted carbon tax payments associated with the production of natural gas from its own wells to maintain the assets, with the most recently assessed payment for March 2025 in the amount of \$53,924 to be paid concurrently with the conclusion of the CCAA Proceedings.

III. TERMINATION OF THE CCAA PROCEEDINGS

43. Notwithstanding that Erikson and its advisors have acted diligently and in good faith throughout the NOI Proceedings and the subsequent CCAA Proceedings, including conducting a comprehensive and court-approved SISP, no sale, investment, or financing transaction has been completed.

44. While Erikson continues to receive interest from various parties regarding certain of its assets, such discussions remain preliminary. Erikson remains open and willing to facilitate any credible transaction opportunity that may arise. However, TEC, as interim lender, is not supportive of continued funding of the CCAA Proceedings, except to finance any accrued field and operating expenses of Erikson. Further interim funding is not justified in light of:

- (a) Erikson's inability to establish that a viable restructuring plan or asset transaction can be consummated in a commercially reasonable timeframe; and
- (b) the lack of support expressed by both BCER and BC Tenure during the initial CCAA application.

45. Following the commencement of the CCAA Proceedings on March 11, 2025, the BCER initiated the process of orphaning certain of Erikson's regulated assets and advised that the remainder of the assets are under consideration for orphaning. Attached hereto as **Exhibits "F"** and **"G"** are true copies of the BCER's March 28, 2025 Orphan Report and the April 22, 2025 Informational Update regarding asset status.

46. Erikson has indicated its willingness to cooperate with the BCER to assist in the orderly transition of its remaining assets, to the extent it is able.

47. To date, Erikson's interim lenders have advanced interim financing in the aggregate principal amount of \$2,043,000 in support of the NOI and CCAA Proceedings. Erikson has not made any repayments on these obligations.

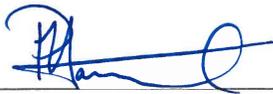
48. Erikson understands that additional expenses will accrue until such time as an orderly handover of its remaining assets to the BCER can be completed. Erikson is prepared to fund these near-term costs to facilitate a responsible and cooperative transition. These expenses, anticipated to be approximately \$230,000, are expected to be financed by TEC, as has been the case throughout the restructuring proceedings. However, given the absence of asset realizations and the BCER's stated intention to orphan the remaining assets, it is unlikely that TEC will be able to recover any portion of these amounts.

49. In light of the circumstances and the anticipated termination and wind-up of the CCAA Proceedings, I have tendered my resignation as director of Erikson, effective May 5, 2025. I understand that a Notice of Change of Director will be required to be filed with Service Alberta, and that such form typically requires identification of a replacement director. A copy of the draft Notice of Change of Director form is attached hereto as **Exhibit "H"**. As Erikson will not have a director following my resignation, Erikson respectfully seeks an order of this Honourable Court relieving it of the requirement to name a replacement director under applicable corporate legislation.

IV. CONCLUSION

50. I swear this Affidavit in support of the within Application for the relief noted in paragraph 4 and for no improper purpose.

SWORN BEFORE ME at Toronto, Ontario
this 30th day of April, 2025



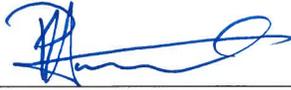
A Commissioner for Oaths
in and for Ontario

Patrick T. Harnett
Barrister and Solicitor



PETER NEELANDS

This is **Exhibit "A"** referred to in the Affidavit of Peter Neelands sworn before me this 30th day of April, 2025

A handwritten signature in blue ink, appearing to be 'Patrick T. Harnett', written over a horizontal line.

A Commissioner for Oaths in and for Ontario

Patrick T. Harnett, Barrister & Solicitor



Bennett Jones

Bennett Jones LLP
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Keely Cameron
Partner
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e-mail: cameronk@bennettjones.com
Our File No.: 877574.38

July 26, 2024

Via E-Mail (Contraventions@bc-er.ca)

BC Energy Regulator
6534 100 Ave
Fort St. John BC V1J 8C5

**Attention: Patrick Smook, Vice President,
Compliance & Operations**

Dear Mr. Smook:

Re: BC Energy Regulator Compliance & Enforcement Case File 2021-0054

INTRODUCTION

By letter dated June 26, 2024 (the "**BCER Letter**"), the British Columbia Energy Regulator ("**BCER**") stated that it is considering making a determination pursuant to section 62 of the *Energy Resources Activities Act*, SBC 2008, c 36 (the "**ERAA**") that Erikson National Energy Inc. ("**Erikson**") contravened section 82 of the ERAA for the reasons set out in the BCER's Contravention Report dated April 2024 for Case File 2021-0054 (the "**Contravention Report**"). In the BCER letter, the BCER provided Erikson with an opportunity to provide its position and present evidence regarding the alleged contravention detailed in the Contravention Report.

The following sets out Erikson's position and evidence with respect to the allegations contained in the Contravention Report. For the reasons discussed herein, Erikson submits that it made significant effort to remedy the issues stated in the Contravention Report, exercised due diligence, and the statutory factors weigh against the imposition of an administrative penalty.

BACKGROUND

Erikson is an Alberta-based, junior oil and natural gas company with assets located in the Fort Nelson and Greater Fort St. John areas of British Columbia. It was established to own and operate assets, including the 2011-vintage Wildboy frac water storage site originally built and operated by Penn West

Petroleum Ltd. (the "**Site**")¹. These assets were assumed by Erikson through the Ranch Energy Corp. ("**Ranch**") receivership.

Third Eye Capital Corporation ("**TEC**") was the secured lender of Ranch and on multiple occasions provided funds to address Ranch's working capital needs. TEC learned through Ranch's receivership that it had failed to provide accurate and reliable financial information and Ranch appears to have advanced certain transactions aimed at impairing TEC's ability to recover its loans. To mitigate the losses to TEC's investors, TEC ultimately agreed to fund Ranch's receivership to ensure there was a responsible party to look after the assets. Despite a thorough sale process administered by the Receiver, no third party was willing to assume Ranch's obligations. Erikson, which is a portfolio company of funds managed by TEC, ended up becoming the owner of the Ranch assets. TEC manages a number of private debt funds on behalf of institutional and accredited investors, and Erikson is held for the benefit of these investors.

A "portfolio company" is a well-known term in the private debt industry, which connotes more than just a simple lender-borrower relationship, including a closer working relationship and regularly involves the lender holding an equity interest and having board representation. The intent of such a relationship is to ensure increased accountability to the lender. This was important to TEC given the challenges it had experienced with Ranch's prior mismanagement of the assets.

The purchase of the assets included the assumption of a significant amount of liabilities mandated by the BCER, such that the liability management rating ("**LMR**") on closing was \$0.87. The BCER refused to allow the transfer of operating permits to Erikson without Erikson posting a \$5 million letter of credit (the "**L/C**"), which Erikson provided on the understanding that such L/C would be cancellable upon the abandonment and reclamation of certain specific well sites identified by BCER. While Erikson's offer to the Ranch estate specifically excluded the Site, the BCER would not agree to the transfers to Erikson from Ranch without the transfer of the Site. The Site was full of water and required immediate action to manage the water level, however, Erikson understood through its negotiation with BCER that the BCER would provide Erikson with the time needed to administer the abandonment of the Site. At closing, Erikson hoped to increase the LMR of the assets to 1.2 through the execution of seven workovers and an inlet repair compressor at the Site, but did not propose an immediate abandonment or reclamation of the Site as market conditions did not allow for such expense.

However, the market remained largely depressed and there was no normalization in Western Canadian natural gas prices to the seasonally driven elevated levels. While prices were depressed and operations largely unprofitable with the exception of a brief period following the Russia Ukraine conflict, Erikson

¹ Further background regarding the Site is contained in the attached Schedule.

was faced with increasing regulatory requirements. These increasing regulatory requirements included demands for additional spending on closure and payment of costs.

In June 2023, the challenging natural gas market and worsening regulatory environment resulted in the resignation of Erikson's CEO and executive director, Dan Jalbert ("**Jalbert**"). Erikson had shut in production in June 2023 due to the ongoing low natural gas pricing at that time and was working through a response to the April 2023 General Order 2021-0054-03 ordering Erikson to abandon and reclaim the Site (an order similar in nature to orders issued to previous owners dating back to at least December 2016 that do not appear to have ever been enforced). These challenges materially impacted efforts to recruit a new CEO before Jalbert left the company at the end of October, 2023, leaving non-executive director, Mark Horrox as Erikson's sole director.

Erikson's limited earnings were reinvested to fund its operations and a formal sale process for its assets. No cash from Erikson's operating cash flow has been paid to TEC since the purchase of the assets, rather TEC has provided \$30.75 million of working capital support to Erikson between closing of the 2020 receivership sale and the end of 2023.

In Q4 2022, Erikson hired Sayer Energy Advisors to run a sale and investment solicitation process, which launched in January 2023. Unfortunately, natural gas prices collapsed at the start of 2023, which resulted in Erikson not receiving any acceptable offers to acquire it by the March 2023 bid deadline. A summary of these efforts has previously been provided to the BCER. Despite the 2023 sales process, Erikson continues to actively market its assets and has currently entered into a non-binding letter of intent for the sale of all of Erikson's assets. Efforts to advance the sale have been hindered by current fires which are limiting access to the sites for the purpose of completing due diligence.

As a result of cash flow constraints and to mitigate against further losses, Erikson has shut in all of its assets, which are being maintained through a care and maintenance program.

BCER Issues Various Orders pursuant to the *Energy Resource Activities Act* against Erikson

On August 26, 2021, the BCER states that it issued a section 49 Order to Erikson pursuant to section 49(1)(d) of the ERAA requiring Erikson to, among other things, submit an updated plan for removal of all liquid from the Site within three years of submission of the plan and the posting of security in the amount of \$4,982,669 (the "**August Order**"). Erikson has been unable to confirm that it ever received the August Order and notes that it does not appear to be on the BCER's website nor was it included with the Contravention Report.

On April 29, 2022, the BCER ordered Erikson pursuant to sections 49(1)(d) and 49(1)(e)(ii) requiring Erikson to remove liquid from the Site until the liquid was at least one metre below freeboard by June 30, 2022.

On April 21, 2023, the BCER, issued a further section 49 Order to Erikson pursuant to section 49(1)(e) requiring Erikson to drain the Site, submit an environmental site investigation report to the BCER and remediate any contaminated soils found.

In response to the above Orders and for good operational protocol, Jalbert reported that Erikson pumped 4668m³, 12,700m³, and 10,000m³ of water, during 2021, 2022 and 2023, respectively, to create freeboard at the Site after spring runoff.

Following Erikson's request for review, the BCER established the following timelines:

- July 31, 2023, remove 10,000 cubic metres of water from the Site,
- August 31, 2023, remove an additional 40,000 cubic metres of water from the Site,
- September 30, 2023, remove all remaining liquid, sludge, and waste residue from the Site,
- October 20, 2023, complete and submit an environmental site investigation report to the BCER,
- December 15, 2023, based on the report remove and remediate contaminated soil.

The BCER completed a site inspection of the Site on August 8, 2023, and found that the infrastructure at the Site was inactive. The BCER wrote to Erikson advising that it was considering taking action pursuant to section 50(1)(b) of the ERAA and requested written submissions.

Erikson provided their written submissions on September 7, 2023, advising that due to a wildfire evacuation order and damage to road infrastructure, they were unable to access the Site and complete the Order. Erikson indicated that they intended to install a new pump system and pump approximately 1,000 cubic metres of fluid a day from the Site until the pond was empty, following which they would complete an environmental report. As the work at the pond is not yet complete, the completion of the environmental report is pending.

Despite Erikson's explanation and their inability to attend at the Site to comply with the April 21, 2023 Order, on September 13, 2023, the BCER issued a section 50(1)(a) Order to Erikson due to its failure to empty the frac pond at the Site in accordance with the first two deadlines in the April 21, 2023 Order. Despite the BCER's recognition that the Site was under an evacuation order, its opinion was that this did not render Erikson unable to comply with the April 21, 2023 Order due to access issues. As Erikson had not provided a timeline to comply with the April 21, 2023 Order, the BCER determined that the Site was left in a condition that made it a potential hazard, with no adequate plan to address the hazard, and that they would be carrying out the items listed in the April 21, 2023 Order themselves.

On September 15, 2023, Erikson requested a review of the April 21, 2023 Order in order to attend at the Site and carry out the drainage activities, with the assistance of a third-party contractor, Troyer Ventures Ltd. Erikson's request was granted, with an amendment to the April 21, 2023 Order such that Erikson and the BCER could concurrently remove the first 10,000 cubic metres of fluid from the Site. All other activities were ordered to be ceased, and approval for all activities had to be provided by Troyer Ventures Ltd. Concurrent work to remove the first 10,000 cubic metres of fluid from the Site was undertaken from September 18, 2023 to October 7, 2023.

In October 2023, Mr. Horrox, in his capacity as the sole director of Erikson (as Erikson has been unable to attract new directors or management given financial constraints and ongoing regulatory action), met with the BCER and asked that the BCER work with Erikson, emphasizing that Erikson wants to meet its regulatory requirements but required time and the ability to proceed in a commercial manner. This was critical as the BCER was making multiple asks which require Erikson to spend substantial funds, including \$10 million on closure work, when it did not have the funds given market conditions.

On January 16, 2024, the BCER issued a Costs Order pursuant to section 50(1)(c) of the ERAA to recover costs incurred in the amount of \$905,976.07 (the "**Costs Order**"). It had been Erikson's understanding that the BCER would utilize amounts held as security to address these costs as Erikson had advised the BCER that it did not have other funds available to address these amounts. To pay the amounts requested would have required Erikson to reallocate limited funds necessary for the safe maintenance of the assets.

SUBMISSIONS OF ERIKSON

Section 49(1) of the ERAA provides:

49 (1) An official may issue an order to

- (a) a person carrying out an energy resource activity or a related activity, with respect to those activities or any of the person's obligations under the Act or the regulations,
- (b) a permit holder, former permit holder, authorization holder or former authorization holder, with respect to any of the person's obligations under the Act or the regulations or the person's permit or authorization, if any, or
- (c) a person who may enter on land under section 23, with respect to that entry, if, in the opinion of the official,
- (d) the person fails to comply with the Act, the regulations, a previous order made under the Act, or the person's permit or authorization, or
- (e) the order is necessary
 - (i) to mitigate a risk to public safety,

- (ii) to protect the environment, or
- (iii) to promote the conservation of petroleum and natural gas resources.

Erikson submits that it was unreasonable to exercise the BCER's discretion to issue an order and find that Erikson has contravened section 82 of the ERAA in the circumstances. Compliance with the order would result in a risk to the environment and a potential safety risk by requiring Erikson to reallocate limited funds necessary for the care and maintenance of its assets towards payment of BCER invoices when Erikson previously provided the BCER with adequate cash collateral through its letters of credit.

This is not a situation where Erikson took no steps to remedy its environmental obligations, but has, in priority to other pressing needs, devoted a majority of its resources to maintaining its facilities and keeping the Site safe.

Erikson has already provided approximately \$5 million in security to the BCER. The BCER is aware that Erikson is heavily indebted, holds currently non-economic heavily gas-weighted assets, and has experienced numerous setbacks outside of its control, including natural disasters and depressed gas prices. Now that the BCER has started considering the financial health of its permit holders and is aware of its inability to pay such amounts, the issuance of an administrative monetary penalty would serve no purpose. It is not reasonable to issue an order that the BCER knows cannot be complied with. The impact of financial sanctions against Erikson on its viability as a going concern outweigh any purported benefit.

Further, the issuance of an administrative monetary penalty unfairly dismisses the fact that Erikson has not benefitted from not posting the demanded cash collateral. Rather, Erikson used, and continues to use, its quickly diminishing cash reserves to fund the safe care and maintenance of the Site and other regulated assets. In these circumstances, a regulatory enforcement action would adversely and disproportionately hurt Erikson's pending sale process to a viable long-term owner, and increase the likelihood of the Erikson's assets end up with the BCER's orphan sites program. Such an outcome would not serve the public's interest in mitigating risks to public safety, protecting the environment and promoting the conservation of petroleum and natural gas resources.

It is also noted that the BCER has not previously issued administrative penalties to Erikson. Consistent with its previous decisions, it continues to not be an appropriate circumstance to do so. Rather, the BCER should continue to work with Erikson and provide it with the space necessary to conclude its sale while maintaining the safety of its assets. Given that the BCER provided time to the previous permit holders that actually contributed to the environmental condition, it should similarly be prepared to provide time to Erikson, a party that did not cause the environmental condition and has made significant contributions to remedying the issue despite its financial constraints.

CONCLUSION

When Erikson assumed these assets, the BCER knew of the significant associated challenges to establish a self-funded extraction operation. Erikson was not the polluter that created the pre-existing environmental conditions, and despite the assets not generating positive operating cash flow over Erikson's tenure, Erikson has committed approximately \$5 million through the L/C to support the addressing of issues at the assets, including the Site, as well as more than \$30 million in working capital support to maintain the assets. The L/C funds were available to the BCER and were, in fact, used by the BCER to carry out work at the Site. Considering Erikson's financial situation, and its ongoing sale efforts, the BCER should draw on the cash-backed security which was posted by Erikson for this very purpose. This is exactly what the BCER has been doing to date.

Contrary to the Contravention Report, Erikson has not been non-responsive, but rather has had multiple calls with BCER over the last 12 months, as well as one face-to-face meeting at BCER's head office in Victoria on October 5, 2023, wherein Mr. Horrox, in his capacity as director of Erikson let senior management of BCER know that until economic conditions improve, Erikson would not have additional cash to spend on remediation of the Site. Erikson continues to engage with the BCER through the operational staff located at Wildboy and our office. Further, despite ongoing challenges, Erikson continues to maintain the assets, monitor environmental liabilities, and advance its sale efforts to a long-term owner.

The Order does not achieve its stated objectives and an administrative penalty would serve no purpose other than to impede the ability of Erikson to maintain the assets and conclude the sale of its assets to a party that is better situated to create value from the assets in furtherance of BCER's objectives.

In the circumstances, we respectfully ask that the BCER refrain from issuing an administrative penalty and rescind its Costs Order.

Yours truly,

BENNETT JONES LLP



Keely Cameron
Partner

KC
Enclosure

JUNE, 2023



Erikson National Energy Inc.

BC ER – Wildboy Frac Pond History

BCER: General Order 2021-0054-03, April 21, 20233 Update

1900, 717-7th Avenue SW
Calgary, Alberta, T2P 0Z3

Summary: General Order 2021-0054-03

21 April, 2023

Order:

Pursuant to section 49(1) (e) of the *Oil and Gas Activities Act* (the “Act”), I, Dax Bourke, order that Erikson National Energy Inc. (Erikson) must:

- 1) By June 30, 2023, remove 10,000 m³ of water from the frac water storage site located at [d-024-G/094-P-10](#) (the “Site”) and dispose of this material at approved facilities.
- 2) By July 31, 2023, remove all remaining liquid, sludge and waste residue from the Site and dispose of these materials at approved facilities.
- 3) By August 18, 2023, complete and submit to the BC Energy Regulator (the “BCER”) an environmental site investigation report to determine the presence and delineate the extent of any contamination in the soil and groundwater at the Site. The investigation shall include analysis for hydrocarbons, salts and metals. The site investigation report must be submitted electronically to C&E@bc-er.ca.
- 4) By October 31, 2023, if contaminated soils are present at site, remove or otherwise remediate those soils to meet the applicable numerical standards under the Contaminated Sites Regulation (“CSR”) or to meet risk-based standards acceptable to the BCER.

Continued

Reasons:

I make this order for the following reasons:

- i. Erikson is the holder of an authorization issued under the *Land Act* for the purpose of constructing and operating the Site.
- ii. On October 27, 2022, Erikson submitted its annual summary and laboratory analysis report to the BCER (the “Report”) in relation to the Site. The Report, completed by Matrix Solutions Inc. found:
 - a. Water from the pond, between the liners (“BTL”) and under the liners (“UTL”), contained concentrations of sodium and chloride that exceeded the applicable CSR standards. Water from BTL and UTL contained concentrations of barium, boron, cobalt, iron, lithium, strontium, and/or benzo[b&j] fluoranthene that exceeded the applicable CSR standards. Manganese concentrations from UTL also exceeded the applicable CSR standards.
 - b. Sulphate concentrations exceeded the applicable CSR standards in groundwater from locations 17-9, 17-11, 17-13, and PW1. Lithium concentrations exceeded the applicable CSR standards in groundwater from wells 17-8b and PW5. Cobalt concentrations exceeded the applicable CSR standard. This is consistent with elevated concentrations noted in previous monitoring events.
- iii. The Report also indicates that the pond may be located within a groundwater recharge area.
- iv. The magnitude and extent of contamination cannot be determined until the Site is drained and assessed.
- v. I am of the opinion that this order is necessary to protect the environment.

Sampling Program and History

Water Sampling Summary

- 1) Erikson National is the current owner of the D-024-G/094-P-10 Frack Pond site.
- 2) The levels of sodium, chloride, barium, boron, cobalt, iron, lithium, strontium, and/or benzo[b&j] fluoranthene BTL and UTL have reported data above the applicable CSR standards since 2015. This is due to the constituents in the frack flow back and produced waters. These are contained in the designated frack pond site except where noted in response 3.
- 3) **Seven of the 11 monitoring wells, levels are all below CSR standards.**
 - Sulphate” The monitoring well’s Sulphate average is 492 mg/L and below the CSR standard of 500 mg/L for drinking water. The remaining wells Sulphate concentrations are trending downward. It is not know why the 17-11 well has elevated levels and ENE is investigating data-quality evaluation.
 - There was no known base-line taken but Lithium is a naturally occurring mineral in the area as seen in the produced well water.
 - Cobalt concentrations do not exceed CSR 375/96 – Aquatic Life Standards. Cobalt base-line level taken when drilling the monitoring wells was 8.7 mg/L (CSR 0.04 mg/L).
 - Chloride and Sodium levels are below CSR standards.
- 4) The frack pond site is believed to be in a groundwater recharge area. However, given the site is 227km by driving and 113km flight from the nearest populated center in Fort Nelson. The site is 5 km away from the Petitot River, while the closest tributary is 500 m away, and a wetland is 120m to the North. Using the estimated groundwater velocity of 4m/year, it is estimated that it would take 28,250 years to reach Fort Nelson. At this rate, risks to population due to groundwater contamination is antipated to be extremely low.
- 5) Erikson does not believe the frack pond site is a current environmental threat as the average of the monitoring wells are below CSR standards and trending downwards. In addition, Erikson is aware of the frack pond construction and commencement of operation dates in the Order supersedes both the OGC’s October 2015 guideline for the management of Saline Fluids for Hydraulic document’s release, and is continuing to operate under OGC 09-07, and OGC 2021-0054-02

Discussion

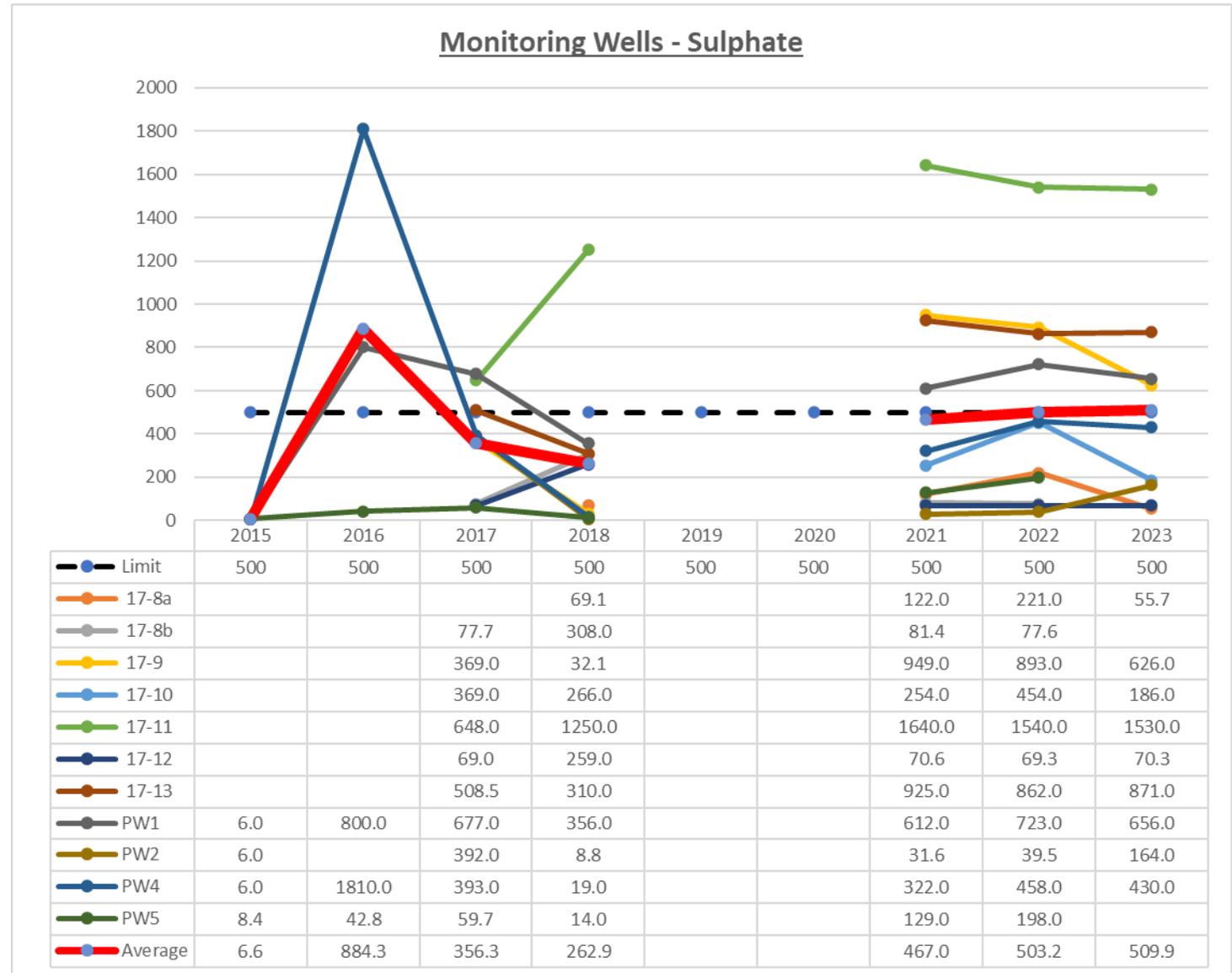
- Elevated concentrations of sulphate, lithium, cobalt, and uranium, in groundwater samples are considered to be naturally occurring.
- Elevated benzo[b&j]fluoranthene concentrations in one sample may be due to sediment.
- Elevated arsenic and selenium concentrations could be considered natural as readings are within regional background soil amounts.
- Barium typically precipitates in shallow aquifers, making it a poor indicator parameter.
- Chloride is less likely to degrade over time, and will migrate via advective transport and dispersion in the groundwater; making chloride a key indicator of produced water impacts to groundwater.
- The Pond is sloped and graded to a drain to the SW. This sampling between the liner and below the liner at this point would concentrate all the pollutants.
- Historical review of the reports showed the large standard deviation in the water analysis year over year.

Action Plan

- Given the high variability of the data and analysis, ENE intends to work with its vendors and potentially bring in an independent party to verify the work to bring consistency to the reporting.
- Consistent ownership and reporting will facilitate a clearer pathway to resolution.

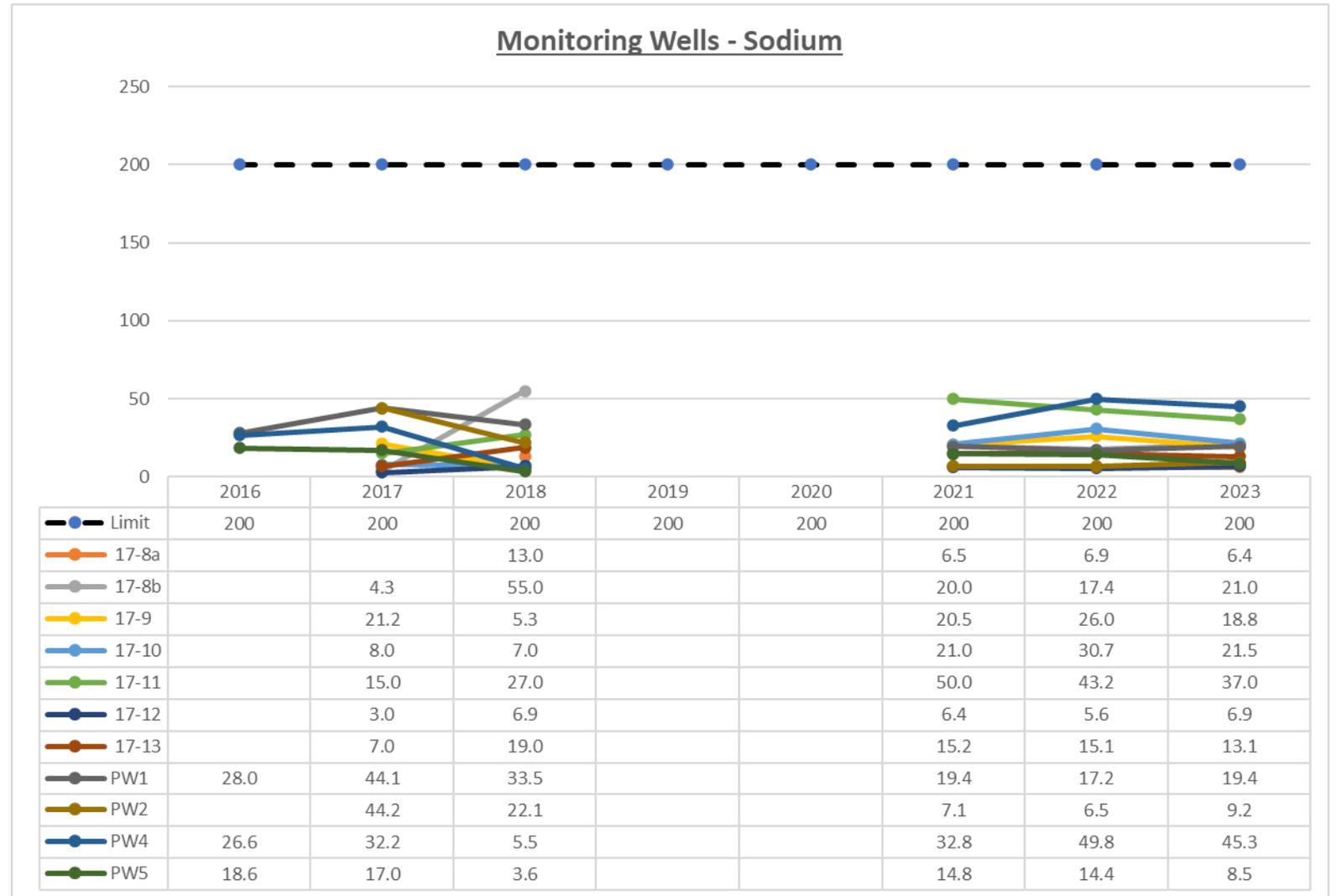
Monitor Wells - Trend Analysis

Historical monitoring well plot of Sulphate Vs CSR standards



Monitor Wells - Trend Analysis

Historical monitoring well plot of Sodium Vs CSR standard.



Water Removal Option Analysis

Option Evaluation Summary

1. Order 1: Erikson restarted fluid pumping operations at spring thaw on May 04.
 - As at May 22, ENE was removing 167m³/d of fluid on average and had recovered 2721m³ of fluid creating an additional 33 inches of Freeboard.
 - The disposal transfer pump failed early June and ENE currently has been unable to obtain replacement parts.
2. Order 2: Option evaluation summary;
 - a) Pump out and dispose at Erikson's WDW's at current rates; most logical and economical alternative. Est 4 year to complete.
 - b) Upsize disposal system to increased pumping rates through existing system and network. Est 5 months and \$1MM to complete.
 - c) Pump out and dispose at C-054 G/094-P-10 WDW – ENE spent >\$3MM constructing a dedicated disposal pipeline in the winter of 2021. After commissioning, the formation pressured up beyond what was anticipated in the injection trials rendering the disposal well and pipeline unfit for the intended purpose. A new pipeline, zonal recompletion, and up-sized disposal equipment will be required to make the system functional. Estimated 3 yrs to complete at incremental \$1.5MM.
 - d) Truck out and dispose water at Erikson Water disposal site. Currently there are not enough trucks available in NE BC to meet BCER timelines. Bringing in additional fluid hauling capacity from Alberta is estimated at ~3-5 months and \$3.8MM.
 - e) Truck out and dispose water at Third Party Water disposal site. Currently there are not enough trucks available in NE BC to meet BCER timelines. Bringing in additional fluid hauling capacity from Alberta is estimated at ~5-7 months and would \$9.8MM.
 - f) Use water for area Re-fracs on wells at well at 64G or 24G PAD. ~1-2 months and \$5MM. Potential negative impact to offsetting reserves and productions estimated at a \$6MM decrease and potentially also cause offsetting wells to be shut in prematurely due to water production.
 - g) Reverse Osmosis water, land spray and truck remaining water to Erikson Water disposal site – 3 months, \$2.8mm.

Option Evaluation Summary

1. Order 3: Complete and submit an environmental study of the soil and groundwater by August 18, 2023.
 - Requires pond to be drained and have safe access to the site. Estimated minimum 2 months after pond is drained AND liner is recovered. Est cost \$1.2MM. Under any scenario evaluated, this would run into frozen ground conditions and potentially impact the sampling and analysis of the subsoil layers. It is estimated that, post remediation, reclamation status will require a minimum of (COR 2 status) 3 years.
2. Order 4: Remove and dispose of any contaminated soils by October 31, 2023
 - Requires pond to be drained and liner recovered. Estimated 2 months and \$1.75MM. Currently anticipated this would be done under dry or frozen ground conditions.

Action Plan

- Pending availability of resources, ENE is planning to rent upsized pumping equipment to utilize the existing pipeline and disposal network to accelerate pumping of the frac pond
- It is anticipated this project could be completed with the pond drained by fall of 2023.

Conclusions

- The historical frack pond and monitoring well analysis, has a high standard deviation due to the variance in the depth, location, sampling company process, weather conditions and sample shipping process as seen in the yearly reports.
- The frack pond monitoring wells analysis largely shows the contaminants are contained in the designated site area.
- Additional time will be required to drain the pond in a cost-effective manner given the challenges of the current commodity environment.

Appendix – Frac Pond Background Information

Background Pond Design

- The Frack pond was built in 2011 and put in service in 2012
- design site; 100,363m³ (125,502m³ including freeboard, 280m x 180m x ~7m deep
- The primary liner consisted of a 60 mil high density polyethylene. For the secondary liner, 40 mil linear low-density polyethylene was installed.
- Leak detection between the two liners is implemented through grading of the pond towards a single sump location and placement of geonet between the liners to promote flow towards the sump. At the sump, a detection and removal pipe is placed within the sump and up the side slope. To improve stability, the pipe is recessed into the side slope.
- In order to keep birds away, deterrent balls, fake owls, motion sensor bird call speakers and a bird cannon was installed
- There are five monitoring wells on each side of the pond (PW1-PW5). The PW3 well was decommissioned to permit access in drilling 2017. Seven more were drilled and cored in 2017 for the Geonics and groundwater study (17-8a, 17-8b, 17-9, 17-10, 17-11 17-12 & 17-13)
- The groundwater below the pond flows to the south-southwest due to elevational differences.
- The presence of vertically downward hydraulic gradient is indicative of groundwater recharge conditions. The horizontal hydraulic gradient beneath the site was approximately 0.01 m/m to the southeast.
- There was a former spill to the SW where 105m³ soil has been removed forming a trough. This is being monitored with wells: MW12-9, MW12-10, MW12-12, MW12-15, MW12-17, MW12-18, MW12-27, and two unmarked wells.
- Residual impacts from the release may be a potential source of the elevated chlorides

Background Sampling Process

Potential receptors in the area include wildlife, vegetation, soil invertebrates, and humans. Several wetlands surround the site and the nearest streams are approximately 300 m north and 500 m south of the site. The site is underlain by glacial deposits. The Blairmore Formation, a member of the Cretaceous Fort St. John Group, subcrops beneath the site. It is characterized by mudstone, siltstone, shale, and other fine clastic sedimentary rocks. No aquifers have been mapped below or near the site. There are no water wells within 4 km of the site. The Pinot River is approximately 5 km away.

- Water above the liner is sampled using a boat, approximately 10 samples are taken on a spaced out grid over the pond area
- Water between the liners is pumped up into five gallon pails and onsite sampled then sent into FSJ lab for detailed analysis
- Water below the liner are sampled using five ground monitoring wells (Piezometer wells).
- Each sample is measured onsite for salinity, pH, chlorides, hydrocarbon sheen and odor. The samples are sent on ice to a lab in FSJ for detailed analysis.
- All of the water samples collected met the *Environmental Management Act*. Contaminated Sites Regulation (CSR; Province of British Columbia. 2017a) freshwater aquatic life water use (AW) standards for salinity, metals, hydrocarbon, and polycyclic aromatic hydrocarbon parameters

Background Historical Activity Summary

Penn West Petroleum Ltd. constructed the pond in 2011 and began operating it in 2012. The pond was constructed with two liners and a leak detection system capable of collecting water from the interstitial space and the underdrain. Five groundwater monitoring wells were installed around the perimeter of the pond. Penn West removed 4,000m³ in 2014.

In February 2012, produced water released from the flowline was investigated and remediated (HESL 2012). In 2012, the leak detection system samples contained elevated chloride concentrations. From 2015 to 2017, the leak detection system and groundwater monitoring well samples contained elevated chloride concentrations.

In December 2016 and February 2017 the BC Oil and Gas Commission (the Commission) issued ministerial orders to Penn West to remove 50% of the pond water. Another ministerial order was issued in July 2017 to Predator Oil BC Ltd., who purchased the pond from Penn West. On October 18 and 19, 2017, Matrix contracted AKS Geoscience Inc. to complete electromagnetic (EM; using a Geonics EM31 instrument) and electrical resistivity tomography (ERT) surveys. Based on the results of the geophysical surveys, Matrix developed a drilling and groundwater monitoring well installation program. The drilling and monitoring well installation program was completed between October 20 and 22, 2017. On November 10 and 11, 2017, Matrix completed a groundwater monitoring program.

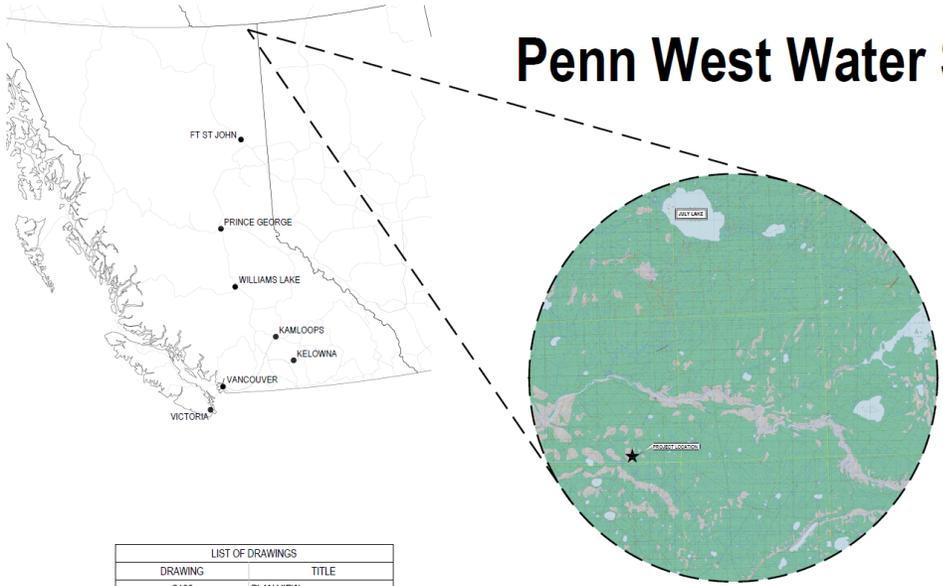
Ranch did a frac pond study in . They removed 10,000m³ in 2017 and again 2019.

Erikson National took over the property in late 2020. Frack pond reports were sent in for 2020, 2021, 2022 and 2023 and pumped 4668m³, 12,700m³, 10,000m³ respectively to create freeboard after spring run off. Erikson is currently waiting on the 2023 report. During 2021, Erikson received permission (Order 21-02-001) to pump fluid during the summer into C-054-G/094-P-10 up to 125,000m³. Upon commencement of operations, it was found that the surface facilities didn't have enough pressure to initiate fluid disposal.

Background

May 2011

Penn West Water Storage Pond



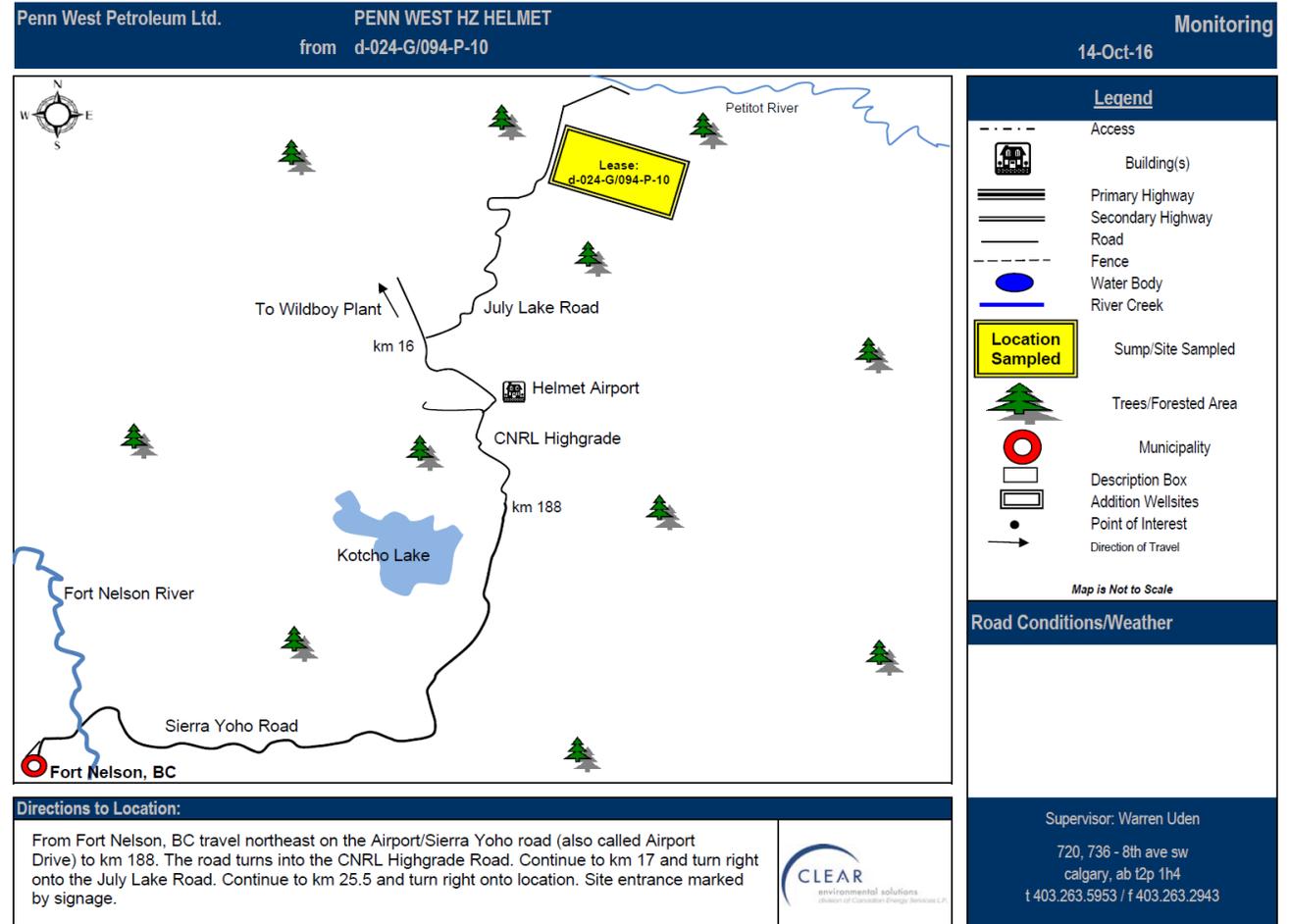
LIST OF DRAWINGS	
DRAWING	TITLE
C100	PLAN VIEW
C101	CROSS SECTIONS
C102	DETAILS
C103	DETAILS
C104	SURVEY PLAN
C105	SPECIFICATIONS
C106	SPECIFICATIONS
C107	SPECIFICATIONS

c&d-24-G, 94-P-10, BRITISH COLUMBIA

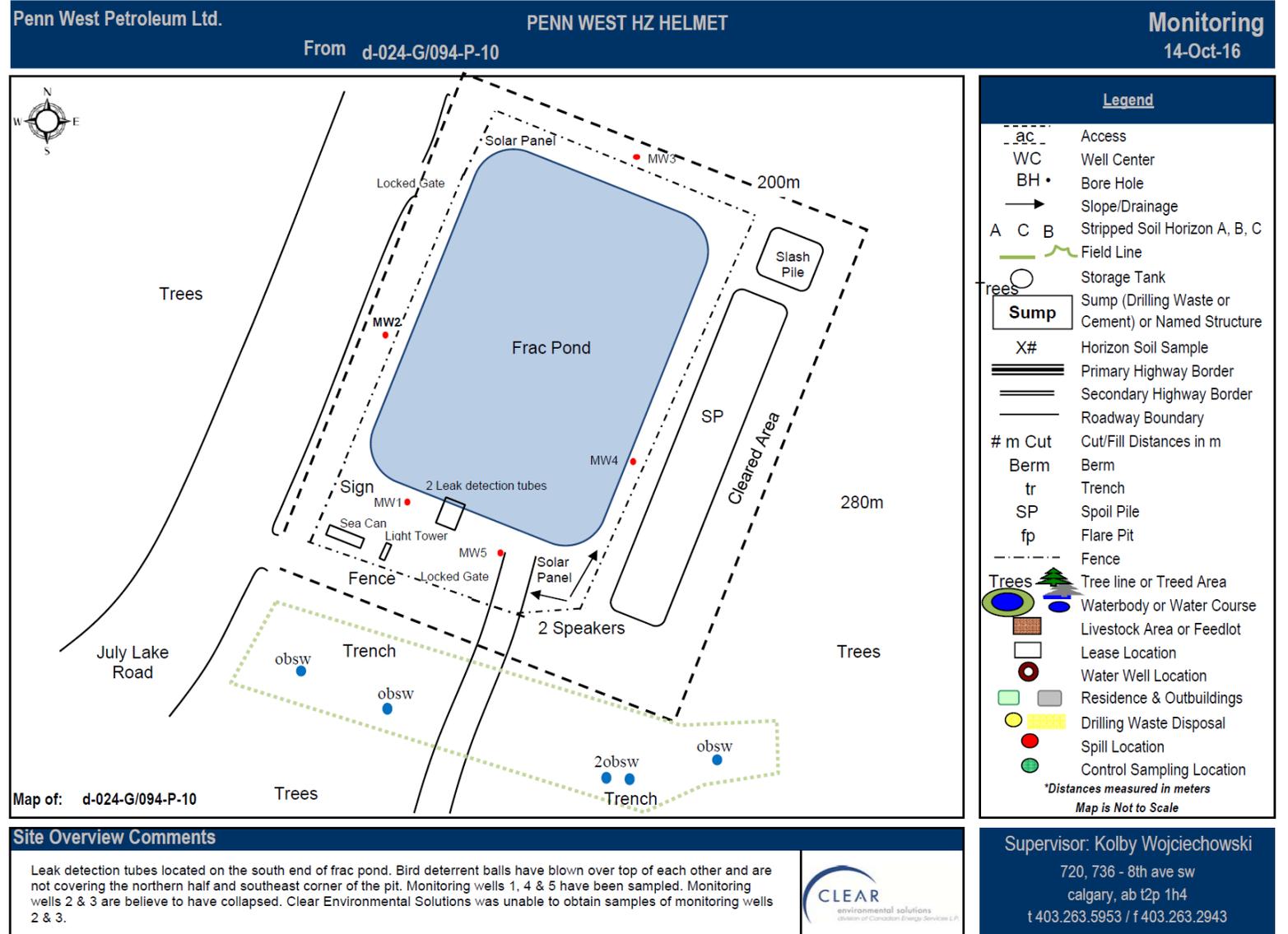
ISSUED FOR CONSTRUCTION



Background



Background



Appendix – Historical Reporting

Historical Report Liner 2015 Penn West

The results between the liner (“BTL”) and under the liner (“UTL”) indicated elevated Chloride values above base (2011) but were below CSR guidelines (500mg/L) in the spring and above in the fall.

Table 1. Primary Leak Detection Field Screen Results for 2015

Field Screen Results From Between The Liners												
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Salinity (E.C) (ds/m)	5.4	5.6	5.6	5.7	5.5	5.8	4.1	5.4	6.5	5.7	No fluid available for discharge.	No fluid available for discharge.
pH	7.58	7.00	7.00	7.50	8.00	7.00	7.00	7.00	7.00	7.51		
Chlorides (mg/L)	2080	1980	1460	1910	1130	1240	1000	1170	1030	1660		
Hydrocarbon Sheen	No											
Hydrocarbon Odour	No											
Volume returned to frac pond (m3)	0.36	0.56	0.32	0.78	0.80	0.56	0.38	0.54	0.85	0.14		

Table 2. Secondary Leak Detection Field Screen Results for 2015

Field Screen Results From Under The Liner												
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Salinity (E.C) (ds/m)	5.6	5.4	5.2	6.8	5.3	5.5	4.9	5.5	5.5	7.3	No fluid available for discharge.	No fluid available for discharge.
pH	7.90	7.00	7.00	7.20	7.50	7.50	7.00	7.50	7.00	7.29		
Chlorides (mg/L)	1860	1760	1440	2080	1220	1120	1100	1020	1048	1840		
Hydrocarbon Sheen	No											
Hydrocarbon Odour	No											
Volume returned to frac pond (m3)	0.14	0.28	0.22	0.51	0.89	0.81	0.52	0.72	0.90	0.39		

Table 3. Ground Water Analysis Comparison Table

Ground Water Comparison Table											
	Units	Groundwater Original Sample	Piezometer Well #1	Piezometer Well #2	Piezometer Well #3	Piezometer Well #4	Piezometer Well #5	Piezometer Well #1	Piezometer Well #2	Piezometer Well #3	Piezometer Well #4
Laboratory			AGAT Laboratories								
Sample ID			L1600157-1	L1600157-2	L1600157-3	L1600157-4	L1600157-5	L1689132-4	L1689132-5	L1689132-6	L1689132-7
Date Sampled		Oct-11	Apr-15	Apr-15	Apr-15	Apr-15	Apr-15	16-Oct-15	16-Oct-15	16-Oct-15	16-Oct-15
pH		7.75-7.85	7.72	7.51	7.69	7.49	7.5	7.65	7.63	7.67	7.58
Conductivity (E.C)	ds/m	0.950-1.420	0.851	1.34	1.06	1.32	1.5	13.9	14.3	13.9	13.5
Hardness (as CaCO3)	mg/L	540-800	426	795	602	734	884	1050	1080	1040	1030
Alkalinity, Total (as CaCO3)	mg/L	480	388	452	504	441	413	60.1	58.9	63.5	79.7

Historical Report Liner 2016 Penn West

The results between the liner (“BTL”) and under the liner (“UTL”) indicated elevated Chloride values above base (2011) and CSR guidelines (500mg/L).

Frac Fluid Pit and Liner Comparison Table			
SUMMARY			
Sample Description		Between the Liners (Primary Leak Detection)	Beneath the Liners (Secondary Leak Detection)
Laboratory		ALS Canada Ltd.	ALS Canada Ltd.
Sample ID		L1843907-4	L1843907-5
Date Sampled		14-Oct-16	14-Oct-16
Parameters	Units		
pH		7.17	7.25
Electrical Conductivity	dS/m	5.53	6.22
Major Anions			
Chloride	mg/L	1440	1700
Nitrate	mg/L	<0.10	0.93
Sulfate	mg/L	527	659
Major Cations			
Calcium - Dissolved	mg/L	378	456
Iron - Dissolved	mg/L	<0.15	<0.15
Magnesium - Dissolved	mg/L	70.5	99.6
Manganese - Dissolved	mg/L	0.565	0.696
Potassium - Dissolved	mg/L	28.3	17.4
Sodium - Dissolved	mg/L	601	709
Orthophosphate - Dissolved (as P)	mg/L	<0.0050	<0.0050
Hydrocarbons			
Benzene	ug/L	<0.5	<0.5
Toluene	ug/L	<0.5	<0.5
Ethylbenzene	ug/L	<0.5	<0.5
Xylene (total)	ug/L	<0.5	<0.5
Styrene	ug/L	<500	<500
VHw6-10	ug/L	<100	<100
VPHw	ug/L	<100	<100
EPH10-19	ug/L	<250	<250
EPH19-32	ug/L	<250	<250
LEPH	ug/L	<250	<250
HEPH	ug/L	<250	<250



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t2p 1h4 t 403.263.5953 f 403.263.2943
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Historical Report Monitoring Wells 2016 Penn West

Monitoring					
Operator: Penn West Petroleum Ltd.			Date: 14-Oct-16		
Location: d-024-G/094-P-10					
Groundwater Comparison Table					
SUMMARY					
Sample Description	Groundwater Original Sample	Monitoring Well #1	Monitoring Well #4	Monitoring Well #5	
Laboratory		ALS Canada Ltd.	ALS Canada Ltd.	ALS Canada Ltd.	
Sample ID		L1843907-1	L1843907-2	L1843907-3	
Date Sampled	October 2011	14-Oct-16	14-Oct-16	14-Oct-16	
Parameters	Units				
pH		7.75-7.85	7.13	7.63	7.49
Electrical Conductivity	dS/m	0.950-1.420	1.81	3.18	0.876
Major Anions					
Chloride	mg/L	<5.0	4.1	24.2	47.9
Nitrate	mg/L	<0.050	<0.10	1.01	0.083
Sulfate	mg/L	77-405	800	1810	42.8
Major Cations					
Calcium - Dissolved	mg/L	160-230	374	398	131
Iron - Dissolved	mg/L	<0.030	<0.030	<0.15	<0.030
Magnesium - Dissolved	mg/L	34-55	57.2	119	32.8
Manganese - Dissolved	mg/L	0.005-0.011	0.152	0.986	<0.0050
Potassium - Dissolved	mg/L	2-3.5	4.43	7.3	1.56
Sodium - Dissolved	mg/L	8-12	28	266	18.6
Orthophosphate - Dissolved (as P)	mg/L		<0.0050	<0.0050	<0.0050
Hydrocarbons					
Benzene	ug/L		<0.5	<0.5	<0.5
Toluene	ug/L		<0.5	<0.5	<0.5
Ethylbenzene	ug/L		<0.5	<0.5	<0.5
Xylene (total)	ug/L		<0.5	<0.5	<0.5
Styrene	ug/L		<500	<500	<500
VHw6-10	ug/L		<100	<100	<100
VPHw	ug/L		<100	<100	<100
EPH10-19	ug/L		<250	<250	<250
EPH19-32	ug/L		<250	<250	<250
LEPH	ug/L		<250	<250	<250
HEPH	ug/L		<250	<250	<250

*MW #2 & #3 have collapsed and could not be sampled



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Historical Report Liner 2017 Ranch Energy

Groundwater flow beneath the site is to the south-southwest at an approximate velocity between 1 and 3 m per year. The vertical gradient of the groundwater is downwards indicating a groundwater recharge area. Based on the results of the geophysical and drilling programs, there are no produced water impacts in the soil. Elevated concentrations of sulphate, lithium, cobalt, and uranium, in groundwater samples are considered to be naturally occurring. Elevated benzo[b&j]fluoranthene concentrations in one sample are likely due to sediment in the sample. Groundwater in wells south of the contained elevated chloride concentrations. The elevated chloride concentrations do not exceed the CSR AW standards. Overall, based on the results of the geophysical, drilling, and groundwater monitoring programs, there are no impacts to current receptors near the site.

Monitoring			
Operator: Penn West Petroleum Ltd.		Date: 27-May-17	
Location: d-024-G/094-P-10			
Frac Fluid Pit and Liner Comparison Table			
SUMMARY			
Sample Description	Frac Fluid Pit	Between the Liners (Primary Leak Detection)	Beneath the Liners (Secondary Leak Detection)
Laboratory	Exova Canada Inc	Exova Canada Inc	Exova Canada Inc
Sample ID	1204612-1	1204612-7	1204612-8
Date Sampled	27-May-17	27-May-17	27-May-17
Parameters	Units		
pH		7.46	7.38
Electrical Conductivity	dS/m	19	14.6
			10.8
Major Anions			
Chloride	mg/L	7170	4630
Nitrate	mg/L	<0.20	<0.50
Sulfate	mg/L	10	230
Major Cations			
Calcium - Dissolved	mg/L	526	617
Iron - Dissolved	mg/L	<0.10	1.1
Magnesium - Dissolved	mg/L	61	80.9
Manganese - Dissolved	mg/L	0.31	0.864
Potassium - Dissolved	mg/L	154	79.7
Sodium - Dissolved	mg/L	3500	2410
Orthophosphate - Dissolved (as P)	mg/L	<0.01	<0.01
			<0.01
Hydrocarbons			
Benzene	ug/L	4	<1
Toluene	ug/L	2	<0.5
Ethylbenzene	ug/L	<1	<1
Xylene (total)	ug/L	13	<1
Styrene	ug/L	<1	<1
VHw6-10	ug/L	<50	<50
VPHw	ug/L	<50	<50
EPH10-19	ug/L	2100	1300
EPH19-32	ug/L	700	67000
LEPH	ug/L	2100	1300
HEPH	ug/L	700	67000

Historical Report Monitoring Wells 2017 Ranch Energy

Monitoring							
Operator: Predator Oil Ltd. Location: d-024-G/094-P-10				Date: 27-May-17			
Groundwater Comparison Table							
SUMMARY							
Sample Description	Groundwater Original Sample	Piezometer Well #1	Piezometer Well #2	Piezometer Well #3	Piezometer Well #4	Piezometer Well #5	
Laboratory		Exova Canada Inc.	Exova Canada Inc.				
Sample ID		1204612-2	1204612-3	1204612-4	1204612-5	1204612-6	
Date Sampled	October 2011	27-May-17	27-May-17	27-May-17	27-May-17	27-May-17	27-May-17
Parameters	Units						
pH		7.75-7.85	7.81	7.70	7.64	7.66	7.74
Electrical Conductivity	dS/m	0.950-1.420	1.72	1.20	1.21	1.27	1.01
Major Anions							
Chloride	mg/L	<5.0	7.4	2.0	0.7	1.2	85.4
Nitrate	mg/L	<0.050	0.11	0.03	0.03	0.04	0.02
Sulfate	mg/L	77-405	677	392	358	393	59.7
Major Cations							
Calcium - Dissolved	mg/L	160-230	305	213	225	217	162
Iron - Dissolved	mg/L	<0.030	<0.01	<0.01	<0.01	<0.01	<0.01
Magnesium - Dissolved	mg/L	34-55	63.2	47.1	56.7	56.8	32.8
Manganese - Dissolved	mg/L	0.005-0.011	0.735	0.427	0.29	0.228	0.015
Potassium - Dissolved	mg/L	2-3.5	4.3	3.2	3.2	3.9	1.7
Sodium - Dissolved	mg/L	8-12	44.1	44.2	16.3	32.2	17
Orthophosphate - Dissolved (as P)	mg/L		<0.01	<0.01	<0.01	<0.01	<0.01
Hydrocarbons							
Benzene	ug/L		<1	<1	<1	<1	<1
Toluene	ug/L		<0.5	<0.5	<0.5	<0.5	<0.5
Ethylbenzene	ug/L		<1	<1	<1	<1	<1
Xylene (total)	ug/L		<1	<1	<1	<1	<1
Styrene	ug/L		<1	<1	<1	<1	<1
VHw6-10	ug/L		<50	<50	<50	<50	<50
VPHw	ug/L		<50	<50	<50	<50	<50
EPH10-19	ug/L		<200	580	<200	<200	<200
EPH19-32	ug/L		660	690	<200	<200	410
LEPH	ug/L		<200	580	<200	<200	<200
HEPH	ug/L		660	690	<200	<200	410

Historical Report 2020 Erikson

We proceeded to collect samples from the Piezometer wells (PW1, PW2, PW3, PW4, PW5) using the dedicated bailers. Keys weren't provided for the monitoring wells, therefore, locks had to be removed using bolt cutters and replaced with new locks. Locks and keys were labelled accordingly and provided to Dave before departing. I launched the boat into the pond after gearing up all appropriate safety gear (i.e. life vest, gas meter, chemical resistant gloves, safety glasses, steel toe rubber boots, and tie line). Adam spotted from the shore. A composite sample of the entire column (0-7.15m) was collected from sample locations X1 through X10 using sludge judge and bailers. Depth of pond was recorded at each sample location using chain tape and sonar. Samples were placed into a clean 5 gallon bucket to form a 0-7.15m composite of the entire pond column. The distance from the top of berm to the water in the pond was measured to be 0.15m.



Certificate of Analysis

AGAT WORK ORDER: 20E635250
PROJECT: d-24-G/94-P-10 Erikson National

6310 ROPER ROAD
EDMONTON, ALBERTA
CANADA T6B 3P9
TEL (780)395-2525
FAX (780)462-2490
http://www.agatlabs.com

CLIENT NAME: CLEAR ENVIRONMENTAL SOLUTIONS INC

ATTENTION TO: Gavin Law

SAMPLING SITE:

SAMPLED BY:

Clear BC - Extended Site Remediation Analysis - Water										
DATE RECEIVED: 2020-08-09						DATE REPORTED: 2020-08-15				
Parameter	Unit	SAMPLE DESCRIPTION: DATE SAMPLED: G / S	Frac Pond Water RDL	Piezometer 1	Piezometer 2	Piezometer 3	Piezometer 4	Piezometer 5	Between the Liners Water	Under the Liners Water
				2020-08-08 1337631	2020-08-08 1337632	2020-08-08 1337633	2020-08-08 1337634	2020-08-08 1337635	2020-08-08 1337636	2020-08-08 1337637
Benzene (Fluid)	mg/L	0.0005	0.0025	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	0.0029	0.0029
Toluene (Fluid)	mg/L	0.0003	0.0005	<0.0003	<0.0003	<0.0003	<0.0003	<0.0003	<0.0003	<0.0003
Ethylbenzene (Fluid)	mg/L	0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005
Xylenes (Fluid)	mg/L	0.0005	0.0006	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005
Styrene (Fluid)	mg/L	0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005
VH (Fluid)	mg/L	0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
VPH (Fluid)	mg/L	0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
EPH (W C10-C19) (Fluid)	mg/L	0.1	0.4	<0.1	<0.1	<0.1	<0.1	<0.1	0.4	0.5
EPH (W C19-C32) (Fluid)	mg/L	0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	0.2	0.1
LEPH (Fluid)	mg/L	0.1	0.4	<0.1	<0.1	<0.1	<0.1	<0.1	0.4	0.5
HEPH (Fluid)	mg/L	0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	0.2	0.1
Acenaphthene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	0.0005	0.0006
Acridine (Fluid)	mg/L	0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005
Anthracene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001
Chrysene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001
Fluorene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	0.0002	<0.0001
Naphthalene (Fluid)	mg/L	0.0001	0.0003	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	0.0004	0.0003
Phenanthrene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	0.0003	0.0003
Benzo[a]anthracene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001
Benzo[a]pyrene (Fluid)	mg/L	0.00007	<0.00007	<0.00007	<0.00007	<0.00007	<0.00007	<0.00007	<0.00007	<0.00007
Fluoranthene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001
Pyrene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	0.0004	0.0004
Quinoline (Fluid)	mg/L	0.0004	<0.0004	<0.0004	<0.0004	<0.0004	<0.0004	<0.0004	<0.0004	<0.0004
Benzo[b]fluoranthene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001
Benzo[k]fluoranthene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001
Dibenzo[a,h]anthracene (Fluid)	mg/L	0.00008	<0.00008	<0.00008	<0.00008	<0.00008	<0.00008	<0.00008	<0.00008	<0.00008
Indeno[1,2,3-cd]pyrene (Fluid)	mg/L	0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001
Sediment			Trace	Trace	Trace	Trace	Trace	Trace	Trace	Trace

Certified By: *Elena Gotobets*

Historical Report 2021 Erikson

Groundwater flow beneath the site is to the south-southwest. The vertical gradient of the groundwater is downward indicating a groundwater recharge area. Water from the pond, BTL and UTL, contained concentrations of sodium, chloride, barium, iron, lithium, strontium, vanadium, benzene, and LEPHs that exceeded the applicable CSR standards. • Sulphate concentrations exceeded the applicable CSR standards in groundwater from locations 17-9, 17-11, 17-13, and PW1. Lithium concentrations exceeded the applicable CSR standards in groundwater from wells 17-8b and PW5. Cobalt concentrations exceeded the applicable CSR standard. This is consistent with elevated concentrations noted in previous monitoring events.

TABLE 3

Groundwater Quality Results - General and Inorganic Parameters

Erikson National Energy Inc.
Erikson d-024-G/094-P-10 Water Storage Pit

Monitoring Well	Sample Date	MSI Sample Number	pH	EC µS/cm	Ca mg/L	Mg mg/L	Na mg/L	K mg/L	Cl mg/L	SO ₄ mg/L	NO ₂ -N mg/L	NO ₃ -N mg/L	NO ₂ +NO ₃ -N mg/L	T-Alkalinity mg/L	HCO ₃ mg/L	Hardness mg/L	TDS mg/L	Salinity NaCl g/L
Groundwater																		
17-8a	25-Sep-21	17043210925007	7.56	1280	235	42.8	6.5	1.6	54.8	122	<0.005	<0.01	<0.01	572	697	764	806	---
17-8b	25-Sep-21	17043210925006	7.38	1320	198	43.1	20	3.2	173	81.4	<0.005	<0.01	<0.01	349	428	671	728	0.051
17-9	25-Sep-21	17043210925012	7.43	2040	404	87.4	20.5	5.3	0.7	949	<0.005	0.01	0.01	440	537	1370	1730	---
17-10	25-Sep-21	17043210925014	7.34	1320	216	54.6	21	3.6	51.1	254	<0.005	<0.01	<0.01	481	586	763	888	---
17-11	25-Sep-21	17043210925013	7.28	2860	548	167	50	7.7	1.7	1640	<0.020	<0.05	<0.07	392	478	2050	2640	---
17-12	25-Sep-21	17043210925008	7.39	1020	166	34.8	6.4	2.7	70	70.6	<0.005	<0.01	<0.01	406	495	557	594	---
17-13	25-Sep-21	17043210925016	7.21	2040	440	66.8	15.2	5.6	0.7	925	<0.005	<0.01	<0.01	461	562	1370	1730	---
PW1	25-Sep-21	17043210925010	7.28	1710	319	64	19.4	4.7	26	612	<0.005	0.07	0.07	436	531	1060	1310	---
PW2	25-Sep-21	17043210925011	7.47	965	163	42.8	7.1	0.9	6.4	31.6	<0.005	0.01	0.01	542	661	583	577	---
PW4	25-Sep-21	17043210925015	7.33	1340	212	57.3	32.8	3.2	25.6	322	<0.005	0.01	0.01	457	557	766	927	---
PW5	25-Sep-21	17043210925009	7.3	1230	213	43.2	14.8	1.8	57.9	129	<0.005	0.13	0.13	519	633	710	771	0.037
Pond Water																		
BTL	25-Sep-21	17043210925002	7.07	13300	394	55.3	2050	91.9	4430	65	<0.050	<0.10	<0.15	176	213	1210	7190	5.17
UTL	25-Sep-21	17043210925001	7.22	10600	337	44	1800	85.2	3590	98	<0.050	<0.10	<0.15	139	169	1020	6050	4.55
Composite Pond	25-Sep-21	17043210925003	6.86	55700	1850	216	11200	460	21900	40	<0.200	<0.50	<0.70	320	391	5500	35500	---
Pond at X1	25-Sep-21	17043210925005	7.1	8680	213	24	1550	77	2900	7	<0.050	1.8	1.8	19	23	630	4780	---
B.C. CSR 375/96 - Freshwater Aquatic Standards*			NS	NS	NS	NS	NS	NS	1500	H	Cl	400 ^{amph}	400 ^{amph}	NS	NS	NS	NS	15
B.C. CSR 375/96 - Drinking Water Standards*			NS	NS	NS	NS	200 ^{HH}	NS	250 ^{TAO}	500 ^{TAO}	1	10	10	NS	NS	NS	NS	NS

Notes:

- - not analyzed
- NS - not specified
- Cl - dependent on chloride value
- H - standard level is dependent on hardness value
- amph - standard may not protect all amphibians
- HH - standard is specific to protection of human health
- TAO - standard to protect against taste and odour concerns
- * - Contaminated Sites Regulation 375/96 (Province of British Columbia February 2021)
- Italics** - indicates value does not meet applicable standards

Historical Report Liner 2022 Erikson

Groundwater flow beneath the site is to the south-southwest with an estimated horizontal groundwater velocity of approximately 4 m/year. The vertical gradient of the groundwater is downward, indicating a groundwater recharge area.

Water from the pond, between the liners (BTL) and under the liners (UTL), contained concentrations of sodium and chloride that exceeded the applicable *Environmental Management Act: Contaminated Sites Regulation* (CSR; Province of British Columbia 2021) standards. Water from BTL and UTL contained concentrations of barium, boron, cobalt, iron, lithium, strontium, and/or benzo[b&j]fluoranthene that exceeded the applicable CSR standards. Manganese concentrations from UTL also exceeded the applicable CSR standards.

Sulphate concentrations exceeded the applicable CSR standards in groundwater from locations 17-9, 17-11, 17-13, and PW1. Lithium concentrations exceeded the applicable CSR standards in groundwater from wells 17-8b and PW5. Cobalt concentrations exceeded the applicable CSR standard at 17-8b. This is consistent with elevated concentrations noted in previous monitoring events.

TABLE 5
Groundwater Quality Results - Hydrocarbons
Erikson National Energy Inc.
Erikson d-024-G/094-P-10 Water Storage Pit

Monitoring Well	Sample Date	MSI Sample Number	Benzene mg/L	Toluene mg/L	Ethylbenzene mg/L	Xylenes mg/L	Styrene mg/L	VPHw mg/L	VHw (C ₁₀ -C ₁₆) mg/L	EPHw (C ₁₀ -C ₁₆) mg/L	LEPHw (C ₁₀ -C ₁₆) [†] mg/L	HEPHw (C ₁₀ -C ₁₆) [†] mg/L
Pond Water												
BTL	12-Jul-22	17043220712015	0.003	<0.0005	<0.0010	<0.0010	<0.0010	<0.05	<0.05	<0.2	<0.2	<0.2
UTL	12-Jul-22	17043220712016	0.002	<0.0005	<0.0010	<0.0010	<0.0010	<0.05	<0.05	<0.2	<0.2	<0.2
Composite Pond	12-Jul-22	17043220712012	<0.0010	<0.0005	<0.0010	<0.0010	<0.0010	<0.05	<0.05	<0.2	<0.2	<0.2
B.C. CSR 375/96 - Freshwater Aquatic Standards**			0.4	0.005	2	0.3	0.72	1.5	15 ^{mm}	5 ^{mm}	0.5	NS
B.C. CSR 375/96 - Drinking Water Standards**			0.005	0.06 ^{††}	0.14 ^{††}	0.09	0.8	NS	15 ^{mm}	5 ^{mm}	NS	NS

Notes:

- NS - not specified
- WU - standard is applicable to all sites, irrespective of water use
- WT - standard may not address aesthetic (organoleptic) concerns related to drinking water quality. Water treatment may be required.
- † - LEPHs and HEPHs do not include CSR-regulated PAHs
- †† - Contaminated Sites Regulation 375/96 (Province of British Columbia February 2021)
- VPHw - does not include BTEX
- VHw (C₁₀-C₁₆) - includes BTEX
- †††† - indicates value does not meet applicable standards

Historical Report Monitoring Wells 2022

TABLE 3

Groundwater Quality Results - General and Inorganic Parameters

Erikson National Energy Inc.
Erikson d-024-G/094-P-10 Water Storage Pit

Monitoring Well	Sample Date	MSI Sample Number	pH	EC μ S/cm	Ca mg/L	Mg mg/L	Na mg/L	K mg/L	Cl mg/L	SO ₄ mg/L	NO ₂ -N mg/L	NO ₃ -N mg/L	NO ₂ +NO ₃ -N mg/L	T-Alkalinity mg/L	HCO ₃ mg/L	Hardness mg/L	TDS mg/L	Salinity NaCl g/L
Groundwater																		
17-8a	12-Jul-22	17043220712005	7.59	1580	275	52.7	6.9	1.3	121	221	<-0.01	0.15	0.15	537	655	903	1000	---
17-8b	12-Jul-22	17043220712011	7.58	1320	190	44.7	17.4	2.6	161	77.6	<-0.01	<-0.07	<-0.02	418	510	658	744	---
17-9	12-Jul-22	17043220712009	7.5	2040	397	78.1	26	4.6	1	893	<-0.01	<-0.07	<-0.02	439	536	1310	1660	---
17-10	12-Jul-22	17043220712006	7.55	1740	258	74.6	30.7	2.9	95.4	454	<-0.01	<-0.07	<-0.02	484	590	951	1210	---
17-11	12-Jul-22	17043220712013	7.5	2860	512	163	43.2	6.5	1.6	1540	<-0.01	<-0.07	<-0.02	404	493	1950	2510	---
17-12	12-Jul-22	17043220712001	7.79	1080	176	38.3	5.6	2.4	85.3	69.3	<-0.01	<-0.07	0.06	436	532	596	638	---
17-13	12-Jul-22	17043220712003	7.43	2030	425	65.9	15.1	4.8	1.5	862	<-0.01	<-0.07	<-0.02	473	577	1330	1660	---
PW1	12-Jul-22	17043220712008	7.49	1790	337	64.2	17.2	4.1	6.1	723	<-0.01	0.14	0.14	427	520	1110	1410	---
PW2	12-Jul-22	17043220712004	7.65	1130	185	50.6	6.5	0.8	10.2	39.5	<-0.01	<-0.07	<-0.02	644	785	671	679	---
PW4	12-Jul-22	17043220712002	7.56	1660	244	69.5	49.8	3.5	71	458	0.020	<-0.07	0.04	434	530	896	1160	---
PW5	12-Jul-22	17043220712010	7.56	1430	237	49.9	14.4	1.5	94.6	198	<-0.01	0.18	0.18	510	621	798	902	---
Pond Water																		
BTL	12-Jul-22	17043220712015	7.34	31500	1210	156	6790	307	11900	20	0.3	<-0.07	0.27	274	334	3660	20600	---
UTL	12-Jul-22	17043220712016	7.25	35000	1520	213	7650	315	13700	100	<-0.01	<-0.07	<-0.02	326	398	4660	23600	---
Composite Pond	12-Jul-22	17043220712012	6.81	6130	132	16	1000	51.1	1960	<-5.0	<-0.02	1.2	1.2	13	16	396	3170	---
Pond at X1	12-Jul-22	17043220712007	6.89	6080	139	17	1050	53	1880	6	0.02	1.54	1.56	13	16	419	3150	---
B.C. CSR 375/96 - Freshwater Aquatic Standards*			NS	NS	NS	NS	NS	NS	1500	H	Cl	400 ^{amph}	400 ^{amph}	NS	NS	NS	NS	15
B.C. CSR 375/96 - Drinking Water Standards*			NS	NS	NS	NS	200 ^{PH}	NS	250 ^{TAD}	500 ^{TAD}	1	10	10	NS	NS	NS	NS	NS

Notes:

- - not analyzed
- NS - not specified
- Cl - dependent on chloride value
- H - standard level is dependent on hardness value
- ^{amph} - standard may not protect all amphibians
- ^{PH} - standard is specific to protection of human health
- ^{TAD} - standard to protect against taste and odour concerns
- * - Contaminated Sites Regulation 375/96 (Province of British Columbia February 2021)
- Italics** - indicates value does not meet applicable standards

Historical Report Liner 2023 Erikson

DRAFT

The 2023 frack pond report is currently being prepared and not yet complete. Though preliminary analysis indicate the pond area contaminants are higher than CSR standards, the monitoring wells largely show containment and that contaminants concentrations are declining. This is largely due to the pond being diluted with yearly spring melt and run off water.

TABLE 4
Groundwater Quality Results - Dissolved Metals
Erikson National Energy Inc.
Erikson d-024-G094-P-10 Water Storage Pit

Monitoring Well	Sample Date	MSI Sample Number	Al mg/L	Sb mg/L	As mg/L	Ba mg/L	Be mg/L	B mg/L	Cd mg/L	Cr mg/L	Co mg/L	Cu mg/L	Fe mg/L	Pb mg/L	Li mg/L	Mn mg/L	Hg mg/L	Mo mg/L	Ni mg/L	Se mg/L	Ag mg/L	Sr mg/L	Tl mg/L	Sn mg/L	Ti mg/L	U mg/L	V mg/L	Zn mg/L	
Groundwater																													
17-8a	21-May-23	17043230521013	---	---	---	---	---	---	---	---	---	---	<0.01	---	---	0.018	---	---	---	---	---	---	---	---	---	---	---	---	---
17-8b	21-May-23	17043230521014	<0.002	<0.0002	0.0041	0.108	<0.0001	0.048	0.00003	<0.0005	0.0013	0.0004	1.02	<0.0001	0.035	0.206	<0.000005	0.002	0.0033	<0.0002	<0.00001	0.365	<0.00005	<0.001	<0.0005	0.011	<0.0001	0.002	
17-9	21-May-23	17043230521020	---	---	---	---	---	---	---	---	---	---	<0.01	---	---	0.728	---	---	---	---	---	---	---	---	---	---	---	---	
17-10	21-May-23	17043230521018	---	---	---	---	---	---	---	---	---	---	<0.01	---	---	0.201	---	---	---	---	---	---	---	---	---	---	---	---	
17-11	21-May-23	17043230521019	---	---	---	---	---	---	---	---	---	---	<0.05	---	---	1.13	---	---	---	---	---	---	---	---	---	---	---	---	
17-12	21-May-23	17043230521012	---	---	---	---	---	---	---	---	---	---	<0.01	---	---	0.181	---	---	---	---	---	---	---	---	---	---	---	---	
17-13	21-May-23	17043230521023	---	---	---	---	---	---	---	---	---	---	0.02	---	---	0.2	---	---	---	---	---	---	---	---	---	---	---	---	
PW1	21-May-23	17043230521021	---	---	---	---	---	---	---	---	---	---	0.02	---	---	0.275	---	---	---	---	---	---	---	---	---	---	---	---	
PW2	21-May-23	17043230521022	---	---	---	---	---	---	---	---	---	---	<0.01	---	---	0.029	---	---	---	---	---	---	---	---	---	---	---	---	
PW4	21-May-23	17043230521017	---	---	---	---	---	---	---	---	---	---	<0.01	---	---	0.394	---	---	---	---	---	---	---	---	---	---	---	---	
PW5	21-May-23	17043230521015	0.014	<0.0010	<0.0010	0.22	<0.0005	0.05	<0.00005	<0.0020	<0.0005	0.003	0.05	<0.0005	0.02	<0.02	<0.000005	<0.005	<0.0020	<0.0010	<0.00005	0.272	<0.00030	<0.005	<0.0020	0.006	<0.0005	<0.005	
Pond Water																													
BTL	20-May-23	17043230520011	0.042	<0.0040	0.005	82.1	<0.0020	7.91	<0.00020	<0.0100	0.003	<0.0040	13	<0.0020	5.73	1.3	<0.000005	<0.020	<0.0100	<0.0040	<0.00020	97.7	<0.00100	<0.020	<0.0100	<0.0100	<0.0020	0.047	
UTL	20-May-23	17043230520010	<0.040	0.01	<0.0040	7.22	<0.0020	7	<0.00020	<0.0100	0.006	<0.0040	11	<0.0020	5.11	1.4	<0.000005	<0.020	0.02	<0.0040	<0.00020	80.3	<0.00100	<0.020	<0.0100	<0.0100	<0.0020	<0.020	
23-SW2	20-May-23	17043230520002	---	---	---	---	---	---	---	---	---	---	<0.10	---	---	0.07	---	---	---	---	---	---	---	---	---	---	---	---	
23-SW3	20-May-23	17043230520003	---	---	---	---	---	---	---	---	---	---	<0.20	---	---	0.95	---	---	---	---	---	---	---	---	---	---	---	---	
23-SW4	20-May-23	17043230520004	---	---	---	---	---	---	---	---	---	---	0.5	---	---	1.2	---	---	---	---	---	---	---	---	---	---	---	---	
23-SW5	20-May-23	17043230520005	---	---	---	---	---	---	---	---	---	---	0.7	---	---	1.2	---	---	---	---	---	---	---	---	---	---	---	---	
23-SW6	20-May-23	17043230520006	---	---	---	---	---	---	---	---	---	---	0.9	---	---	1.2	---	---	---	---	---	---	---	---	---	---	---	---	
23-SW7	20-May-23	17043230520008	---	---	---	---	---	---	---	---	---	---	1	---	---	1.3	---	---	---	---	---	---	---	---	---	---	---	---	
23-SW8	20-May-23	17043230520009	---	---	---	---	---	---	---	---	---	---	0.8	---	---	1.3	---	---	---	---	---	---	---	---	---	---	---	---	
Unknown	21-May-23	17043230521900	---	---	---	---	---	---	---	---	---	---	<0.20	---	---	1.1	---	---	---	---	---	---	---	---	---	---	---	---	
B.C. CSR 375/96 - Aquatic Life Standards (AW) ^{BCW}			NS	0.09	0.05	10	0.0015	12	H	0.01 ^{CR}	0.04	H	NS	H	NS	NS	0.00025	10	H	0.02	H	NS	0.003	NS	1	0.085	NS	H	
B.C. CSR 375/96 - Drinking Water Standards (DW) ^{BCW}			9.5	0.006	0.01	1	0.008	5	0.005	0.05 ^{CR}	0.001	1.5	6.5 ^{CR}	0.01	0.008	1.5 ^{CR}	0.001	0.25	0.08	0.01	0.02	2.5	NS	2.5	NS	0.02	0.02	3	

Notes:
 NS - not specified
 H - standard level is dependent on hardness value
 CR - guideline value for Cr(VI)
 CR - standard applies to a site used for an industrial or commercial purpose or activity set out in Schedule 2
 BCW - Contaminated Sites Regulation 375/96 (Province of British Columbia 2023)
Italics - indicates value does not meet applicable standards

Historical Report Monitoring Wells 2023 Erikson

DRAFT

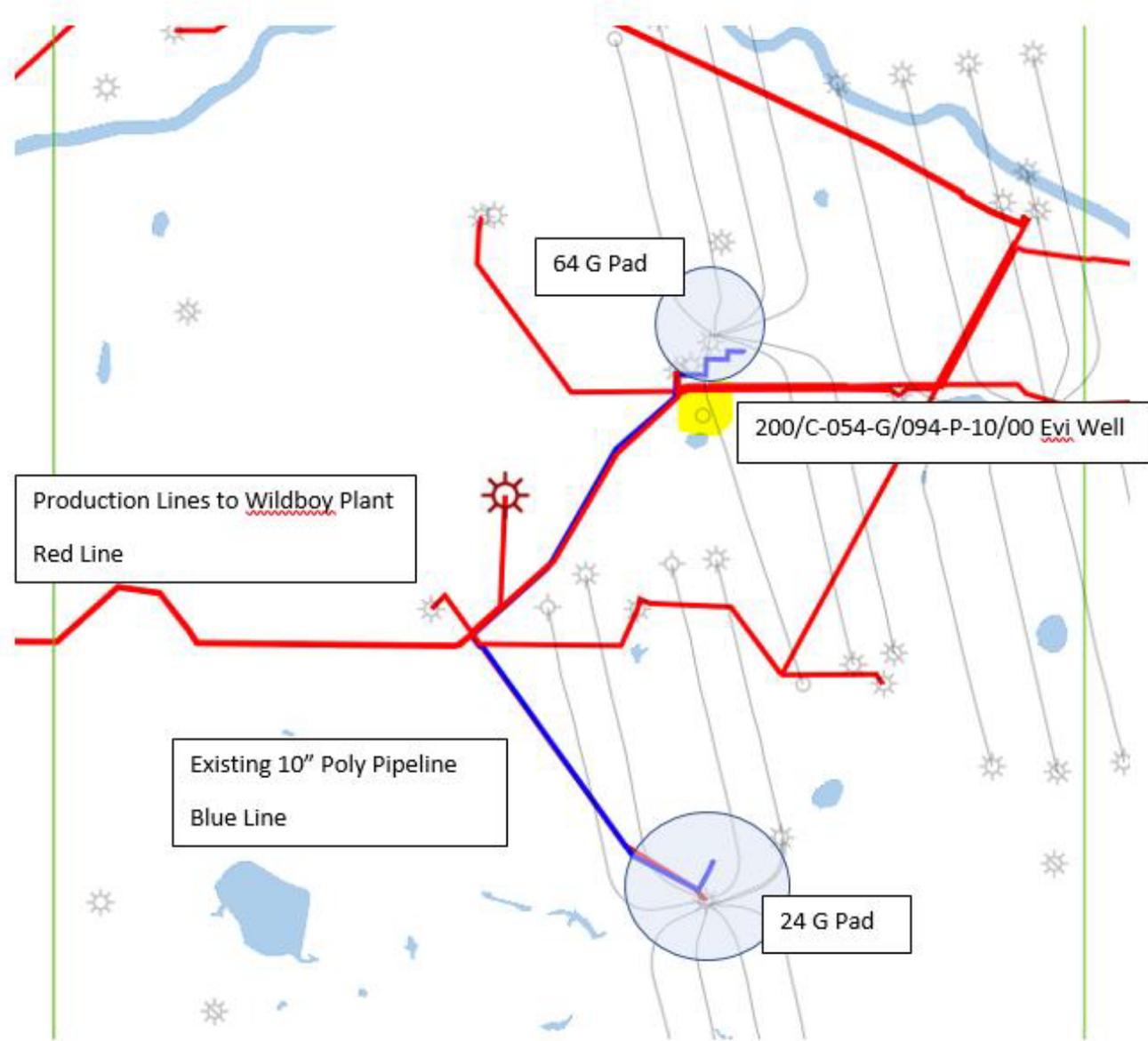
TABLE 3
Groundwater Quality Results - General and Inorganic Parameters
Erikson National Energy Inc.
Erikson d-024-G/094-P-10 Water Storage Pit

Monitoring Well	Sample Date	MSI Sample Number	pH	EC µS/cm	Ca mg/L	Mg mg/L	Na mg/L	K mg/L	Cl mg/L	SO ₄ mg/L	NO ₂ -N mg/L	NO ₃ -N mg/L	NO ₂ +NO ₃ -N mg/L	T-Alkalinity mg/L	HCO ₃ mg/L	Hardness mg/L	TDS mg/L	Salinity NaCl g/L
Groundwater																		
17-8a	21-May-23	17043230521013	7.36	1070	186	37.8	6.4	1.5	46.2	55.7	<0.005	0.37	0.37	514	627	620	642	---
17-8b	21-May-23	17043230521014	7.36	1140	172	40	21	2.6	90.7	---	---	---	---	435	531	593	---	0.053
17-9	21-May-23	17043230521020	7.14	1710	320	71.2	18.8	4.3	0.5	626	<0.005	0.01	0.01	465	567	1090	1320	---
17-10	21-May-23	17043230521018	7.18	1420	224	58.4	21.5	3	87.1	186	<0.005	0.01	0.01	530	646	800	898	---
17-11	21-May-23	17043230521019	7.14	2800	520	168	37	6.8	1.1	1530	<0.020	<0.05	<0.07	402	490	1990	2510	---
17-12	21-May-23	17043230521012	7.32	1010	161	36.2	6.9	2.7	72.9	70.3	<0.005	0.02	0.02	391	477	550	585	---
17-13	21-May-23	17043230521023	7.16	2020	430	66.9	13.1	4.7	0.7	871	<0.005	0.01	0.01	472	576	1350	1670	---
PW1	21-May-23	17043230521021	7.17	1700	329	62.2	19.4	4.4	7.8	656	<0.005	0.1	0.1	419	511	1080	1330	---
PW2	21-May-23	17043230521022	7.38	1100	189	46.6	9.2	1.9	3.5	164	<0.005	0.15	0.15	490	597	665	709	---
PW4	21-May-23	17043230521017	7.23	1430	212	64.4	45.3	4.2	5.2	430	0.0	0.02	0.04	435	530	795	1020	---
PW5	21-May-23	17043230521015	7.5	1110	189	40	8.5	2	55.3	---	---	---	---	498	607	640	---	0.021
Pond Water																		
BTL	20-May-23	17043230520011	6.98	31900	1070	140	5960	258	12300	---	---	---	---	353	431	3260	---	15
UTL	20-May-23	17043230520010	7.02	30900	1060	150	5520	229	12100	---	---	---	---	335	408	3270	---	13.9
23-SW2	20-May-23	17043230520002	6.99	12200	306	37	2340	116	4240	<9.0	---	---	---	23	28	920	---	---
23-SW3	20-May-23	17043230520003	7.2	34800	1120	140	6880	275	13900	<20.0	---	---	---	176	214	3380	---	---
23-SW4	20-May-23	17043230520004	7	52900	1760	218	11100	454	21900	<20.0	---	---	---	281	342	5290	---	---
23-SW5	20-May-23	17043230520005	6.9	56000	1820	225	11300	487	23900	<20.0	---	---	---	311	379	5480	---	---
23-SW6	20-May-23	17043230520006	6.89	57000	1870	230	11400	506	24200	<20.0	---	---	---	336	410	5610	---	---
B.C. CSR 375/96 - Aquatic Life Standards (AW) ^{BCW}			NS	NS	NS	NS	NS	NS	1500	H	Cl	400	400	NS	NS	NS	NS	15
B.C. CSR 375/96 - Drinking Water Standards (DW) ^{BCW}			NS	NS	NS	NS	200	NS	250	500	1	10	10	NS	NS	NS	NS	NS

Appendix – Construction and Sampling

Appendix

Inactive Well Compliance Order:



Appendix

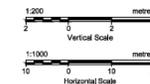
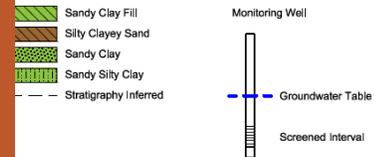
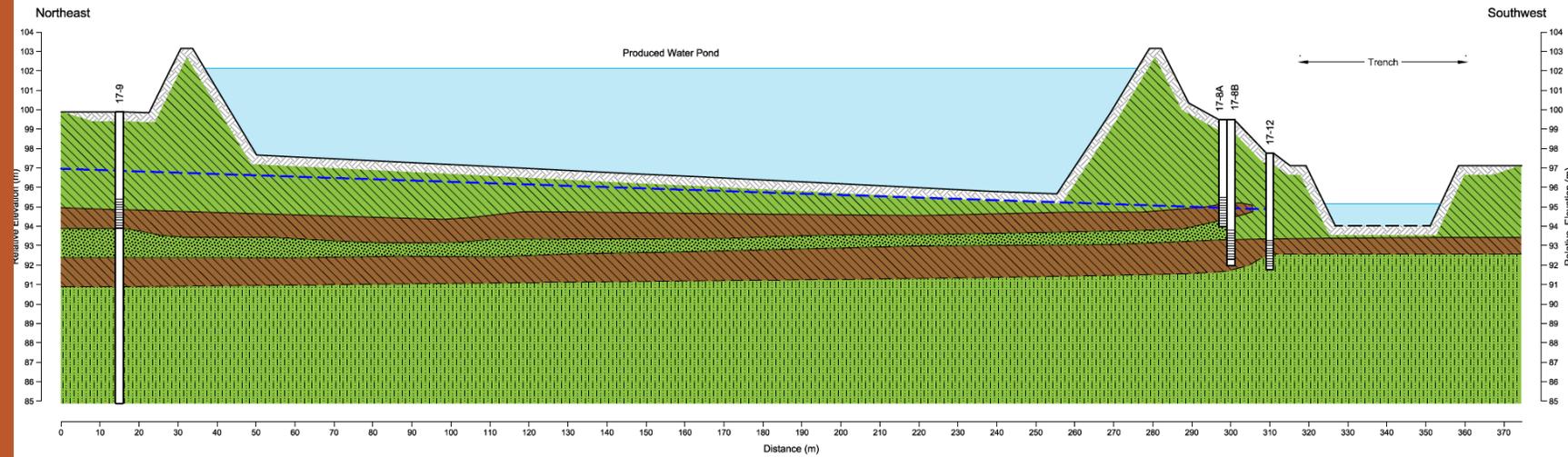


Appendix



Inactive Well Compliance Order:

Appendix



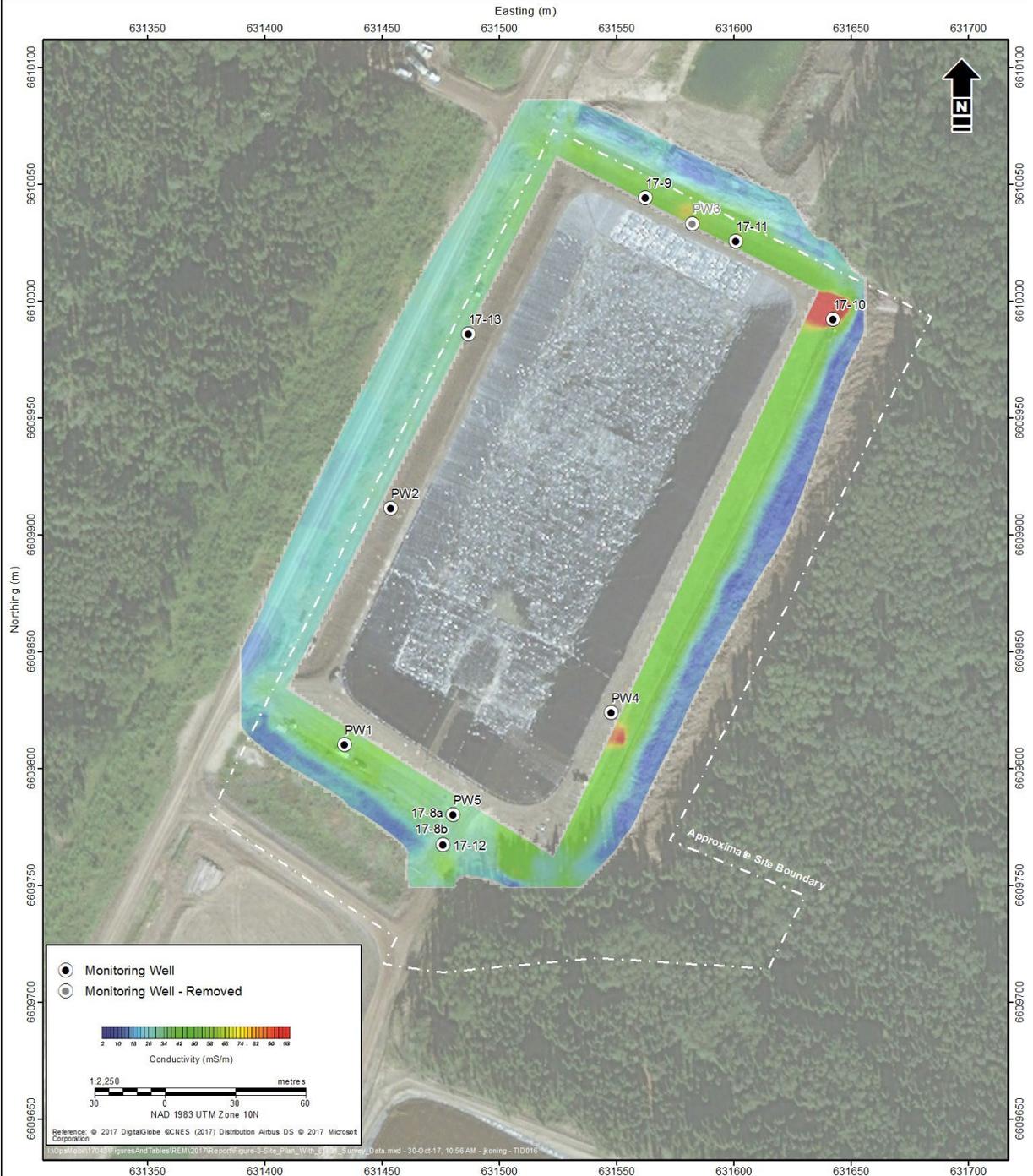
Matrix Solutions Inc.
ENVIRONMENT & ENGINEERING

Ranch Energy Corporation
d-024-G/094-P-10

Cross-section
Northeast - Southwest

Date: September 2017 Project: 17043-XS-17 Author: J. Brown Reviewer: J. Brown
Disclaimer: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made by Matrix Solutions Inc. to ensure the accuracy of the information presented at the time of publication, Matrix Solutions Inc. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

Appendix



Appendix



This is **Exhibit "B"** referred to in the Affidavit of Peter Neelands sworn before me this 30th day of April, 2025

A handwritten signature in blue ink, appearing to be 'P. Harnett', written over a horizontal line.

A Commissioner for Oaths in and for Ontario

Patrick T. Harnett, Barrister & Solicitor

CERTIFIED *E. Wheaton*
by the Court Clerk as a true copy of
the document digitally filed on Dec
6, 2024



~~SCHEDULE "1"~~ *BR*

COURT FILE NUMBER

2401-13792

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

Clerk's Stamp
FILED
DIGITALLY
2401 13792
DEC 6, 2024

IN THE MATTER OF THE *BANKRUPTCY ACT*, R.S.C. 1985, c. B-3, as amended

AND IN THE MATTER OF ERIKSON NATIONAL ENERGY INC.

DOCUMENT

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BENNETT JONES LLP
4500 Bankers Hall East
855-2nd Street SW
Calgary, AB T2P 4K7

Attention: Keely Cameron / Kelsey Meyer / Luc Rollingson
Telephone No.: (403) 298-3323
Fax No.: (403) 265-7219
Client File No.: 87754-38

DATE ON WHICH ORDER WAS PRONOUNCED: Friday, December 6, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice *B.E. Romane*

UPON THE APPLICATION by Erikson National Energy Inc. ("**Erikson**" or the "**Applicant**"); AND UPON HAVING READ the Application of Erikson and the Affidavit No. 2 of Peter Neelands sworn December 6, 2024; AND UPON HEARING the submissions of counsel for Erikson and from other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

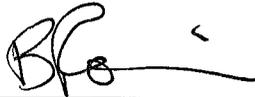
- 1. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this Application, and time for service of this Application is abridged to that actually given.

2. The British Columbia Energy Regulator (the “**BCER**”) is directed to issue an emergency measures order pursuant to section 52 of the *Energy Resource Activities Act*, SBC 2008, c 36 (the “**ERAA**”), directing Erikson to ~~access and use natural gas from its wells for the sole purpose of heating and maintaining its Wildboy Gas Plant (the “**Plant**”) and related work camp (the “**Work Camp**”),~~ ^{maintain its assets in a safe manner, including} notwithstanding that the British Columbia Tenure and Resource Stewardship Branch (“**BC Tenure**”) has cancelled Erikson’s leases to produce natural gas from those wells (the “**Emergency Measures**”).

3. This Honourable Court declares that Erikson carrying out the Emergency Measures shall not constitute an offence pursuant to section 134 of the ERAA.

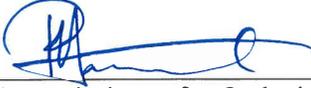
4. ~~BC Tenure is prohibited from issuing a penalty against Erikson, its employees, agents, directors, officers, or shareholders, pursuant to the ERAA or other applicable legislation as a result of it carrying out the Emergency Measures.~~

5. Erikson is granted relief from forfeiture, relieving Erikson, its employees, agents, directors, officers, or shareholders, from any penalty that may be issued against it pursuant to the ERAA or otherwise as a result of it carrying out the Emergency Measures.



Justice of the Court of King’s Bench of Alberta

This is **Exhibit "C"** referred to in the Affidavit of Peter Neelands sworn before me this 30th day of April, 2025

A handwritten signature in blue ink, consisting of a circular initial followed by a long, flowing horizontal stroke.

A Commissioner for Oaths in and for Ontario

Patrick T. Harnett, Barrister & Solicitor

Action No: 2401-013792
E-File Name: CVK24ERIKSON
Appeal No.: 2401-0345AC

IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY



IN THE MATTER OF THE NOTICE OF THE RECEIVERSHIP OF
ERIKSON NATIONAL ENERGY INC.

PROCEEDINGS

Calgary, Alberta
December 6, 2024

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1 Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Calgary, Alberta

2

3 December 6, 2024 Morning Session

4

5 The Honourable Justice B.E. Romaine Court of King's Bench of Alberta

6

7 K.J. Meyer For Erikson National Energy Inc.

8 J. Reid (remote appearance) For BC Energy Regulator

9 J. Cameron For KSV Restructuring Inc.

10 P.D. Ameerali (remote appearance) For Attorney General BC

11 A.K. Glen (remote appearance) For Attorney General BC

12 A. Welch (remote appearance) For Attorney General BC

13 A. Bituin Court Clerk

14 I. McCarthy Court Clerk

15

16

17 MS. MEYER: Is one we were -- we were going to be appearing
18 today for emergency relief before the Court and having heard from Ms. Cameron that the
19 matter before you just now was proceeding by consent, I thought we might try to seek your
20 indulgence to see if you might here this urgent matter.

21

22 THE COURT: Okay.

23

24 MS. MEYER: Which does actually have an insolvency aspect
25 as well.

26

27 THE COURT: I hope that it's unopposed, is it?

28

29 MS. MEYER: It's unopposed, but it's also on such an urgent
30 basis that --

31

32 THE COURT: Right.

33

34 MS. MEYER: -- I'll explain that as I go along --

35

36 THE COURT: Yes, of course.

37

38 MS. MEYER: -- if I might.

39

40 THE COURT: Go ahead.

41

1 MS. MEYER: I recognize that you know nothing about what
2 I'm talking about, Justice.

3
4 THE COURT: No, I don't.

5
6 MS. MEYER: I will do my best to let you know what's going
7 on as quickly as I can.

8
9 THE COURT CLERK: (INDISCERNIBLE) the Webex go?

10
11 THE COURT: Okay. Yes, of course, the Webex, you know, we
12 can --

13
14 THE COURT CLERK: All right, thank you.

15
16 THE COURT: -- we can stop the Webex.

17
18 THE COURT CLERK: Thank you very much.

19
20 THE COURT: Thank you.

21
22 MS. MEYER: And then certainly, Justice Romaine, of course,
23 I'm happy to answer questions as we go along.

24
25 THE COURT: Okay.

26
27 **Submissions by Ms. Meyer**

28
29 MS. MEYER: The situation is that we act for Erikson National
30 Energy Inc. For the record, Kelsey Meyer, from Bennett Jones.

31
32 Erikson National Energy Inc. is currently in proposal proceedings under the *Bankruptcy*
33 *and Insolvency Act* and, in fact, has a court application scheduled for this Monday for
34 approval of a sale transaction, which will see all of its oil and gas assets or substantially all
35 sold to a purchaser.

36
37 I do understand that application is contested, but the context in which we're appearing
38 today is that one of the key assets of this entity, Erikson, is a gas plant in Northeastern
39 British Columbia in a remote location that also has an associated work camp. It is called
40 -- I keep forgetting the name of it, the Wildboy --

41

- 1 THE COURT: The Wildboy, okay.
2
- 3 MS. MEYER: -- Wildboy Gas Plant. In the con -- and I should
4 let you know as well, Justice Romaine, I became involved on this matter about 4 PM
5 yesterday, so I'm also --
6
- 7 THE COURT: Oh, right --
8
- 9 MS. MEYER: -- quite new to this.
10
- 11 THE COURT: -- I -- yes -- no, I am sure.
12
- 13 MS. MEYER: Thanks.
14
- 15 THE COURT: Okay.
16
- 17 MS. MEYER: The situation is that there are freezing
18 temperatures in the Northeastern Alberta right now -- or, sorry, British Columbia right now
19 --
20
- 21 THE COURT: Right.
22
- 23 MS. MEYER: -- and natural gas is needed to heat and maintain
24 the plant, the Wildboy Gas Plant as well as, of course, the work camp in that if the piping
25 and the vessels and the equipment in the plant freeze, then they may burst and there may
26 be, obviously, significant damage to the plant itself --
27
- 28 THE COURT: Right.
29
- 30 MS. MEYER: -- as well as potential leakages, potential risk to
31 safety, potential environmental damage and the affidavit evidence that we have put together
32 details that in some detail, which, I will, of course, go through you -- or go through with
33 you, pardon me. And so in those urgent circumstances, the problem is that while Erikson
34 does have natural gas wells in the area that are tied into the plant, the BC -- British
35 Columbia Tenure and Resource Stewardship Branch cancelled the mineral leases for the
36 natural gas some time ago and as a result even though Erikson can physically access the
37 gas if it were authorized to do so, it cannot do so without mineral leases.
38
- 39 THE COURT: Okay --
40
- 41 MS. MEYER: So --

1
2 THE COURT: -- so, but it is able to physical access the gas?
3
4 MS. MEYER: -- right -- that's right. So, the situation is that
5 we're applying for spending the -- the evening last night seeking to see what exactly we
6 could do to try to resolve this situation. A few different heads of relief that I -- I think the
7 Court has authority to grant and I will pass up some materials in that respect.
8
9 THE COURT: Okay.
10
11 MS. MEYER: By way of introduction, to back up a little bit, My
12 Lady, Ms. Cameron appears for the proposal trustee, KSV Advisory.
13
14 THE COURT: Okay.
15
16 MS. MEYER: James Reid, of Miller Thomson, is counsel for
17 the BC Energy Regulator. We have been in touch with him last night and this morning and
18 had hoped that perhaps the BC Energy Regulator could issue an order to help resolve this
19 situation. Unfortunately --
20
21 MS. CAMERON: If -- if I might just interrupt you, I have an email
22 from Ms. Keely Cameron, who's also counsel --
23
24 MS. MEYER: -- my colleague.
25
26 MS. CAMERON: -- to Erikson saying if we could get the Webex
27 restarted, Mr. Reid is remote and would attend via Webex.
28
29 THE COURT: Okay. Can we do that, madam clerk?
30
31 THE COURT CLERK: I'm just a little bit confused, Justice. I'm so sorry.
32
33 THE COURT: No problem.
34
35 THE COURT CLERK: This is not on the list, I have no materials --
36
37 THE COURT: Yes, I know. Right.
38
39 THE COURT CLERK: -- and --
40
41 THE COURT: It is an emergency application.

1
2 THE COURT CLERK: -- okay.
3
4 THE COURT: Can we --
5
6 THE COURT CLERK: And we're treating it as it's a commercial matter
7 --
8
9 THE COURT: -- yes.
10
11 THE COURT CLERK: -- correct?
12
13 THE COURT: Yes.
14
15 THE COURT CLERK: Okay. I will (INDISCERNIBLE). Is it okay if I
16 keep this one, just so I have it on record.
17
18 THE COURT: Yes.
19
20 THE COURT CLERK: Thank you so much Justice.
21
22 THE COURT: Okay.
23
24 MS. CAMERON: And is it possible to start the Webex?
25
26 THE COURT CLERK: Is it the virtual courtroom 88? Oh
27 (INDISCERNIBLE)
28
29 MS. CAMERON: We can use whatever courtroom you like.
30
31 THE COURT CLERK: Let me just quickly -- let me just message
32 (INDISCERNIBLE).
33
34 MS. MEYER: And so perhaps I'll start over once the Webex
35 begins, Justice Romaine --
36
37 THE COURT: Right.
38
39 MS. MEYER: -- but I suppose the primary question is --
40
41 THE COURT: In the meantime, I will read your materials.

1
2 MS. MEYER: -- is this something that Your Ladyship would be
3 willing to hear on an emergency basis?
4
5 THE COURT: Oh yes. Yes, absolutely.
6
7 MS. MEYER: Thank you, appreciate that. Okay.
8
9 THE COURT CLERK: I believe we can use the same Webex as before,
10 the -- the 88.
11
12 MS. CAMERON: Okay, great. I'll forward that -- actually, Ms.
13 Cameron will have that as well having been on the other matter.
14
15 THE COURT CLERK: Yeah, I will just start it for you now.
16
17 MS. MEYER: And while I'll repeat this when we're back on the
18 record, the other party, I should note, that we have been in touch with is the BC Tenure and
19 Resource Stewardship Branch. We have not told them that we're here right now, but we
20 have told them that we were trying to get into court today.
21
22 THE COURT: And Mr. Reid is on for the BC Energy
23 Regulator?
24
25 MS. MEYER: That's right.
26
27 THE COURT: Okay. Mr. Reid.
28
29 THE COURT CLERK: Good morning, this is the clerk in the courtroom.
30 I see Mr. Reid on Webex. Are you able to hear us?
31
32 MR. REID: (NO AUDIBLE RESPONSE)
33
34 THE COURT: And it looks like there is a Patrick, do we know?
35
36 MS. CAMERON: That might be my client, M'Lady, I believe.
37
38 THE COURT: Okay, sure.
39
40 MS. CAMERON: Patrick -- yes, that is, yeah.
41

1 THE COURT: Okay.
2

3 THE COURT CLERK: Hello, Mr. Reid, are you able to hear us? We
4 cannot hear you.
5

6 THE COURT CLERK: He might be trying to connect again.
7

8 THE COURT: Okay.
9

10 THE COURT CLERK: Hi, Mr. Reid, are you able to hear the courtroom?
11

12 MR. REID: (NO AUDIBLE RESPONSE).
13

14 THE COURT CLERK: He can hear us, but we can't hear him. Sorry,
15 Justice.
16

17 THE COURT: Okay.
18

19 MS. MEYER: If you'd like to stand down for a moment, Justice
20 Romaine, we can --
21

22 THE COURT: Okay.
23

24 MS. MEYER: -- I leave that to you, but --
25

26 THE COURT: If you do not mind, I will just stay here.
27

28 MS. MEYER: -- sure, of course.
29

30 THE COURT: Just I will read this.
31

32 THE COURT CLERK: He's just trying to connect through his phone.
33

34 THE COURT: Okay.
35

36 THE COURT CLERK: So, we'll just give him a couple of more minutes.
37

38 MR. REID: Hello, can the Court hear me?
39

40 THE COURT: Yes, Mr. Reid, we can. Okay.
41

1 MR. REID: All right. So, I -- I used the telephone dial in, but
2 it's -- Webex is saying it's unable to access my camera, so, unfortunately, I will not be on
3 video or maybe that's fortunate for everybody, I don't know.
4

5 THE COURT: Okay, but as long as you can --
6

7 MR. REID: Bad attempt at humour.
8

9 THE COURT: -- as long as you can hear us and we can hear you,
10 then let's proceed.
11

12 THE COURT CLERK: Okay.
13

14 THE COURT: Okay.
15

16 MR. REID: Thank you.
17

18 THE COURT: Ms. Meyer had just started her submissions to
19 me, but I gather you -- you are going to repeat --
20

21 MS. MEYER: I'll do a very --
22

23 THE COURT: -- what you said.
24

25 MS. MEYER: -- brief repeat of that, Justice Romaine, just for
26 Mr. Reid's benefit.
27

28 THE COURT: Okay.
29

30 MS. MEYER: And so to confirm for the record, Kelsey Meyer,
31 from Bennett Jones as counsel for Erikson National Energy Inc., which is a debtor in -- in
32 proceedings pursuant to the *Bankruptcy and Insolvency Act*, specifically proposal
33 proceedings. Erikson has an application scheduled for this Monday for approval of the sale
34 of all or substantially all of its assets, which I understand is contested, but there's an urgent
35 and emergent situation that has arisen prior to Monday's application where we've sought
36 the Court's indulgence to hear this emergency application for relief.
37

38 To my right is Jessica Cameron, of Fasken Martineau DuMoulin, who is counsel for the
39 proposal trustee at KSV Advisory. Andrew Basi, of KSV Advisory is also in the courtroom.
40 James Reid is present as well, he is at Miller Thomson, and is counsel for the BC Energy
41 Regulator, in the circumstances where the emergency situation is in Northeastern BC.

1 Other parties that we have given notice that we would be applying for emergency relief
2 today, but haven't specifically arranged for them to be in attendance at this exact moment,
3 other than Ms. Cameron, who's currently emailing them, are Aaron Welch and Andrea
4 Glen of the British Columbia Tenure and Resource Stewardship Branch and so we have let
5 them know that we intend to apply for relief today, but haven't specifically given them
6 advance notice as to when exactly we would be appearing.

7
8 THE COURT: So, who is opposing the sale on Monday?

9
10 MS. MEYER: I believe that -- and, in fact, Ms. Cameron may
11 be able to better speak to that. I believe it's actually the BCER.

12
13 MS. CAMERON: Certainly. That -- that application may, in fact,
14 not be opposed now I'm --

15
16 THE COURT: Oh.

17
18 MS. CAMERON: -- learning as -- in real time here --

19
20 THE COURT: Okay.

21
22 MS. CAMERON: -- and that the BCER had an application
23 scheduled -- a competing application scheduled for receivership --

24
25 THE COURT: Ah.

26
27 MS. CAMERON: -- and -- but I understand and -- and my friend,
28 Mr. Reid, can help clarify the record on this, that the BCER has adjourned that receivership
29 application.

30
31 THE COURT: Okay. But anyway, just whoever the opposition
32 would -- would be, the BCER and they are now represented by Mr. Reid today, so --

33
34 MS. CAMERON: -- that's correct.

35
36 THE COURT: -- okay, go ahead. Mr. Reid, is that your
37 understanding?

38
39 MR. REID: I don't -- I don't think I have anything to add to
40 what Ms. Cameron said, Justice. I haven't had a chance to connect with Ms. K. Cameron
41 on that point just because we're obviously dealing with something that's a little bit more

1 urgent even for -- even more urgent than a Monday hearing, so --

2

3 THE COURT: Okay.

4

5 MR. REID: -- please go ahead with Ms. Meyer's application.

6 Thank you.

7

8 THE COURT: Okay, thank you. Go ahead, Ms. Meyer.

9

10 MS. MEYER: Thank you, Justice Romaine. I should also
11 mention that my client, Patrick Harnett, is on the video conference as well.

12

13 So, with respect to the need for urgent relief today, the reason for our application is, to
14 repeat quickly, Erikson National Energy Inc. has oil and gas assets including in
15 Northeastern British Columbia, including the Wildboy Gas Plant and work camp in a
16 remote area of Northeast British Columbia. That plant is only accessible by helicopter or
17 snowmobile in the winter months, including right now. And when there are freezing
18 temperatures, as there currently are, natural gas is needed to heat and maintain the plant
19 and also the camp. With respect to the plant, the risk is that if the plant and the piping
20 vessels and other equipment do not have natural gas flowing through them to keep them
21 heated, then there's a risk of them breaking, rupturing, cracking, and, therefore, of
22 potentially a confined release of whatever substance was in those vessels. So, certainly a
23 risk to serious property damage to the Wildboy Gas Plant and then also, of course, a safety
24 risk to employees and contractors of Erikson who are at the Wildboy Gas Plant and also at
25 the associated work camp, which, of course, also relies on natural gas for heating as well
26 and electricity.

27

28 The problem is that Erikson has been storing natural gas in pipelines leading into the plant
29 and that has been the gas it's been using to maintain the plant and to continue heating it,
30 but it learned on Wednesday night that the pressure of the natural gas pipeline suddenly
31 dropped quite drastically and they became aware at that time that they had basically
32 approximately 5 days of natural gas left before they would run out and, therefore, be unable
33 to heat and maintain the Wildboy Gas Plant and then also the work camp. And so the urgent
34 situation is that as of Sunday Erikson may not have natural gas to heat and maintain the
35 plant and the work camp and it is in the remote area of Northeastern BC that can only be
36 accessed by helicopter or snowmobile with a group of workers there as well.

37

38 So, in that respect, the problem is that Erikson's mineral leases for natural gas have been
39 cancelled by the BC Tenure and Resource Stewardship Branch. The email correspondence
40 advising Erikson of that is at Exhibit 1 to the affidavit of Peter Neelands, which was sworn
41 this morning. And if you turn to Exhibit 1, Justice Romaine, you'll see that it is an email

1 from the Mineral Oil and Gas Revenue Branch of the BC government. In fact, the executive
2 director of the BC Tenure and Resource Stewardship Branch advising in the first paragraph
3 that -- and again this is July 24th, 2024, Erikson had defaulted on several lease rentals as a
4 result, the titles were not -- have been cancelled for non-payment. So, in other words, the
5 mineral lease titles have been cancelled due to non-payment of rentals and that remains the
6 case at this time. So, due to that it isn't possible for Erikson to legally access and use the
7 natural gas that it has in its wells that are tied into the plant.

8
9 If you turn to Exhibit 3 of the affidavit, Justice Romaine, you will see that this is a chain
10 of email correspondence between my colleague, Keely Cameron and me with BC Tenure.
11 In fact, I'll just refer -- refer to them as BC Tenure for purposes of my submissions. And
12 I'd like to turn at first your attention to the end of the email. You'll see on the third last
13 page that -- and I'll give you a moment to get to that -- do you have that Justice Romaine?

14
15 THE COURT: I do, thank you.

16
17 MS. MEYER: Yes.

18
19 THE COURT: Yes.

20
21 MS. MEYER: So that is the email from Ms. Cameron of my
22 office to Andrea Glen and Aaron Welch of BC Tenure basically advising of the situation.
23 That the sales line at Erikson -- tying into Erikson's plants had been packed with natural
24 gas, which the field operators have been drawing down for the Wildboy Glas Plant needs
25 and that included heating the systems to avoid freezing --

26
27 THE COURT: Okay.

28
29 MS. MEYER: -- and --

30
31 THE COURT: I am just going to interrupt you to let you know
32 that it appears that Ms. Glen and Mr. Welch have joined the --

33
34 MS. MEYER: -- great, okay.

35
36 THE COURT: -- Webex. Okay.

37
38 MS. MEYER: Thank you.

39
40 THE COURT: Go ahead.

1 MS. MEYER: And so they do have a copy of this affidavit, I
2 emailed it out shortly before heading over here, Justice Romaine, and just so that they're
3 aware, we're on the third last page of Exhibit 3 of the affidavit number 2 of Mr. Neelands.
4 You'll see that Ms. Cameron in this email raises this emergency issue with BC Tenure on
5 Wednesday evening and notes also that on the second last page of the exhibit, third last
6 paragraph, Erikson had reached out to other oil and gas companies in the area, TC Energy,
7 CNRL, and Tidewater to see if they might be able to get gas from them and that discussions
8 were ongoing with all three, but if that did not pan out, and as a preview it hasn't yet, they
9 were -- Erikson is wondering if it would be possible to permit Erikson to produce gas at
10 two of their wells for 2 to 3 days, giving an option of wells that could be produced from,
11 so as to give another month for Erikson to continue to heat and maintain the plant and
12 ensure that the damage that is imminent does not occur. With various options indicated
13 with respect to potentially finding a different company to hold the temporary mineral lease
14 if necessary and indicating that Erikson would pay arrears for the two wells and prepay
15 royalties for the gas to ensure there's no prejudice to the Crown.

16
17 So, the email chain continues back and forth between counsel. Ms. Glen raises a question
18 as to whether there's a safe way to shut down the plant and winterize it. In fact, the plant
19 already is winterized. This is necessary in the winterized situation and that's addressed as
20 well in Mr. Neelands' affidavit and I'll take you to that. There's been email exchanges with
21 respect to having a phone call, which then occurred yesterday afternoon and you'll see on
22 the second page of the affidavit, that's second from the front -- second page of Exhibit 3
23 of the affidavit, pardon me --

24
25 THE COURT: Okay.

26
27 MS. MEYER: -- that there is an email from Ms. Glen yesterday
28 at 5:37 PM and in short the minister is constrained by the legislation in terms of issuing a
29 lease or revoking the cancellation or otherwise continuing the mineral lease to allow for
30 Erikson to produce the natural gas.

31
32 Specifically it's the *Petroleum and Natural Gas Act*, Section 53, that is the issue. I'll note
33 as well that in the binder I've provided to you excerpts of the legislation that I'm referring
34 to today are included and so I'll point those out to you as we go along. But, in any event,
35 Section 53 is here. It indicates that, "he minister may issue and continue leases only in
36 accordance with this Act and the regulations", and then specifically at subparagraph or
37 subsection (3),

38
39 "The minister must not issue or continue a lease to or for an applicant
40 who, in the belief of the minister, is indebted to the government for
41 royalties, taxes or rental with respect to petroleum or natural gas or to

1 the regulator for any reason under the *Energy Resource Activities Act.*”

2
3 And so the problem is, there is a statutory bar that is mandatory that prohibits the minister
4 from issuing the lease even if only temporarily to allow Erikson to flow the gas from its
5 wells into the plant.

6
7 On the first page of Exhibit 3 is the email correspondence subsequent to that between Ms.
8 Glen and Ms. Cameron of my office with respect to the impacts of the lack of gas both to
9 the facility and to the worker camp and I should note as well that that same information
10 was then conveyed to counsel for the BC Energy Regulator, Mr. Reid, minutes later and
11 that is at Exhibit 4, although I’m not sure why it showed up as so incredibly small in terms
12 of the font, but it is effectively the same information in Exhibit 4 --

13
14 THE COURT: Okay.

15
16 MS. MEYER: -- sent to Mr. Reid as was sent to Ms. Glen and
17 Mr. Welch yesterday evening. This information is in turn summarized in Mr. Neelands’
18 affidavit and so I will take you to that -- to the body of the affidavit, which again is in the
19 binder, it’s the second document, although not tabbed. Mr. Neelands is a sole director of
20 Erikson and is making the affidavit in support of an emergency application. I’ll -- I’ll just
21 deal with the emergency circumstances first and then come back to the relief we’re actually
22 seeking --

23
24 THE COURT: Okay.

25
26 MS. MEYER: -- Justice Romaine, and that in going through it,
27 I will be able to tell you why it is we can’t do certain things and why this seems to be the
28 most reasonable thing that we can do. Mr. Neelands also refers to his own previous affidavit
29 sworn just days ago with respect to Monday’s application. I do have a copy of it for you
30 that I will hand up. I’m not sure you necessarily need to go through it, but just for --

31
32 THE COURT: Okay.

33
34 MS. MEYER: -- the sake of completeness. And that provides
35 some of the background facts with respect to the NLI proceedings, for example.

36
37 Moving onto paragraph 9 of the affidavit, this sets out the evidence of Mr. Neelands that
38 natural gas is required to maintain adequate heat and electricity at Erikson’s facilities and
39 that Erikson has been working with Tidewater and the Canada -- Canadian Energy
40 Regulator to permit bidirectional gas flow in the applicable Erikson and Tidewater pipeline
41 to enable Erikson to purchase natural gas from Tidewater to then heat its facilities through

1 the winter until such time as the wells were operating. And one thing in particular, as
2 addressed at paragraph 10, that was required in order to do that -- I believe it's paragraph
3 10, is there was a need for an engineering report. Canadian Energy Regulator for purposes
4 of assisting with respect to this urgent situation have actually offered to waive the need for
5 the engineering report in order to try to resolve this situation, but, unfortunately, and this
6 ties into the discussion about other options that Erikson has looked into as to how to address
7 the situation, that hasn't worked out. That is addressed in further detail at paragraph 17,
8 which is a few pages further ahead and there it sets out that in an effort to assist in resolving
9 this situation on or about yesterday, the Canada Energy Regulator advised that the
10 previously requested engineering study to prevent bidirectional gas flow in the applicable
11 Erikson Tidewater pipeline could be modified to only a notification of certain operations
12 and maintenance activities and that that would not require an engineering study and
13 subsequent regulator permission, which thus eliminated the 6 week period to obtain the
14 engineering study and process the Canadian -- the Canada Energy Regulator permit. But
15 then continuing down to paragraph 18, in short it's just not physically possible to get
16 someone from Nova Gas Transmission Ltd. out to the site before Tuesday to open the valve
17 that would allow gas to flow. This is in spite of Erikson even offering to emergency -- you
18 know, an emergency helicopter ride to transport the person there to get there. It's just
19 everyone is working to try and make this happen and it's just not possible before Tuesday.
20 So, those are the efforts being undertaken to try to find alternative options for Erikson to
21 purchase gas from another party to use to heat and maintain the plant. It just simply hasn't
22 worked out and we've run out of time with this urgent situation only coming to Erikson's
23 attention on Wednesday evening.

24
25 So, turning back now to paragraph 11 of the affidavit. This is the affidavit evidence that
26 I'd already gone through, generally with respect to the fact that the emergency situation is
27 expected to occur approximately on this Sunday because of the natural gas running out as
28 of that time as the line pressures in the natural gas pipeline dropped to approximately 1000
29 kPa on Wednesday.

30
31 Turning then to paragraph 12, it talks about the fact that the plant is winterized, but doesn't
32 mean that the plant can be left unstaffed or unoperated and then gets into the risks as to
33 what may occur if the natural gas comes to an end and the plant freezes up. So, with respect
34 to the plant, there's a high risk that piping that is not drained will freeze and drain lines and
35 dual lines will crack or rupture upon freezing, (INDISCERNIBLE) and assault vessels at
36 the plant could freeze and explode, water that cannot be drained from pressure vessels will
37 freeze causing a risk of cracking and leaks. Turning to the next page, upon thawing of the
38 pipeline vessels and equipment, cracks or ruptures of the same could result in releases and
39 thus potential environmental damage. Without power the programmable logic controllers
40 will likely brown out and lead to equipment failure, plant safety detection equipment,
41 servers and networking infrastructure will fail or be damaged creating further risk as in that

1 circumstance Erikson will be unable to tell remotely whether an other emergency has
2 occurred. Those risks thus create a significant risk to the health and safety and well-being
3 of Erikson's employees and contractors at the plant. Repair or replacement costs may range
4 from \$1,000,000 to \$10,000,000 or more depending on the nature and degree of the damage
5 and, thus, the value of the plant and of the transaction that Erikson is seeking to have
6 approved with a buyer who's willing to purchase all or substantially all of the assets of
7 Erikson on Monday will be jeopardized.

8
9 Natural gas, as I've mentioned, is also required to heat the work camp. The potential
10 consequences in relation to the natural gas coming to an end there are addressed at
11 paragraph 13 in that the safety and well-being of the employees and contractors will be at
12 risk and they'll have to immediately leave the site, keeping in mind that the only way to do
13 so is by helicopter or snowmobile and it's an urgent situation. Water at the work camp
14 would need to be drained, as would camp supply tanks. They may not necessarily be able
15 to be drained completely and will result in cracked water lines and water pumps both in the
16 camp and in the water treatment buildings. The septic system may not be able to drain and
17 then would likely freeze and break, creating a hazardous environment. Once field
18 operations have left the site and the work camp has been abandoned and it's expected that
19 there will likely be an abundance of rodents, which would also create a hazardous
20 environment. And it would also cause safety equipment and supplies such as eyewash
21 stations, fire suppression, fire detection to be compromised.

22
23 With respect to both the work camp and the plant, that is addressed at paragraph 14 and so
24 in addition to all the other concerns, there's the concern about servers and networking of
25 the control room and the work camp failing due to lack of moderation of heat and moisture.
26 There's a high likelihood of trespassers entering the site and causing property damage,
27 theft, and risk of personal injury and the basis of that is on the basis of personal experience
28 of Mr. Walden (phonetic), who is identified earlier in the email -- or, sorry, in the affidavit
29 at paragraph 11 as Erikson's production supervisor. That could result in considerable
30 damage and thus repair and replacement costs, and, in fact, the work camp has been in
31 place since the mid-1990s and so ultimately it may not be a matter of repairing it, it may
32 be a full replacement of the camp in that it may be irreparable as a result of the damage.
33 There is also a Bell cell phone tower on site which Erikson provides power to and Erikson
34 is unsure of the implications of the lack of power to those operations.

35
36 Turning then to paragraph 15, the other point is that the plant is a key driver of the proposed
37 transaction that Erikson is seeking approval of on Monday where the identified buyer is
38 going to purchase all or substantially all of oil and gas assets of Erikson and so destruction
39 of the plant will jeopardize that transaction.

40
41 So, from there, the affidavit gets into the discussions as we've noted about trying to come

1 up with solutions to address this. I'll take you down to paragraph 22 of the affidavit, Justice
2 Romaine, where Mr. Neelands indicates that he believes based on advice from Ms.
3 Cameron of my office that it would be an offence pursuant to the *Petroleum and Natural*
4 *Gas Act* for Erikson to operate and produce natural gas from its wells to heat and maintain
5 the plant and the work camp in the circumstances where Erikson's mineral leases have
6 been cancelled by BC Tenure and he understands that the penalties for contravening the
7 Act can be significant. Those are in Section 134 of the *Petroleum Natural Gas Act*, an
8 excerpt of which is included at tab 2 of the binder behind the affidavit. And just to start --
9 I'll give you a moment to get to that --

10
11 THE COURT: I see the Section 134 is the penalty --

12
13 MS. MEYER: -- yes.

14
15 THE COURT: -- clause. So, not less than \$5,000 and not more
16 than \$100,000 it appears, so ...

17
18 MS. MEYER: Keeping in mind on subparagraph or subsection
19 (2), if an offence continues for more than 1 day, each day the offence continues is deemed
20 to be --

21
22 THE COURT: Ah --

23
24 MS. MEYER: -- a separate offence.

25
26 THE COURT: -- ah, okay.

27
28 MS. MEYER: There's also with respect to a person who -- oh,
29 sorry --

30
31 (PORTION OF PROCEEDINGS NOT RECORDED)

32
33 THE COURT CLERK: Okay, we're back on. Thank you.

34
35 MS. MEYER: -- okay, thank you.

36
37 THE COURT: Okay, thanks.

38
39 MS. MEYER: I was going to note paragraph -- or subsection
40 (4), but, in fact, that has to do with making false or deceptive statements, which is not --

41

1 THE COURT: Right.

2

3 MS. MEYER: -- an issue here. In any event, the financial
4 penalties can be quite significant.

5

6 So, with respect to discussions the BCER's counsel and counsel for BC Tenure,
7 unfortunately they haven't been able to do something to address the situation and hence we
8 are here before you today.

9

10 And so with respect to the relief that we've sought, you will see that the first document in
11 the binder is our actual application. At paragraph 1 we seek to dispense with service of
12 notice --

13

14 THE COURT: Okay.

15

16 MS. MEYER: -- of this application and permit the -- the --
17 sorry, it says "Receiver", that should say Erikson, pardon me, to proceed with the
18 application on an ex parte basis or alternatively deeming service to be good and sufficient.
19 And secondly, an order in the nature of mandamus or a mandatory injunction directing the
20 British Columbia Energy Regulator --

21

22 THE COURT: I am sorry, somebody online is, I do not know,
23 moving something or causing a bit of a disruption. Could I just ask that you perhaps mute
24 yourself until its time for you to speak. Okay, the sound is finished, whatever.

25

26 MS. MEYER: Thank you. All right. And so at subparagraph
27 1(b), basically a mandatory injunction order, an order in the nature of mandamus directing
28 the British Columbia Energy Regulator to issue an emergency measures order pursuant to
29 Section 52 of the *Energy Resource Conservation Act*. And by that order it's not so much
30 that BCER would be directed to do something itself, but rather that it would issue an order
31 directing Erikson to access and use the natural gas from its wells for the sole purpose of
32 heating and maintaining the plant and the work camp, notwithstanding that BC Tenure has
33 cancelled Erikson's leases to produce natural gas from those wells.

34

35 And so in that respect, I wanted to take you to the legislation that's referenced there, Justice
36 Romaine, and the *Energy Resource Activities Act* is at -- certain sections anyway, is at tab
37 3 of the back of the binder.

38

39 THE COURT: Okay.

40

41 MS. MEYER: And it is Section 52 on page -- the second page

1 of the document, you'll see that Section 52 says that, "An official", and I'll pause there for
2 a moment to tell you that an official is defined on the first page pursuant to Sections 1 and
3 7(4) as a party designated by the commissioner, which is the CEO of the BC Energy
4 Regulator, and so at 52,

5
6 "An official may, in the case of an emergency,

7
8 (a) enter on any land or body of water and do the things the official
9 considers necessary to implement and carry out measures to

10
11 (i) contain and eliminate spillage, or

12
13 (ii) protect public safety, and

14
15 (b) order

16
17 (i) any permit holder or authorization holder, and

18
19 (ii) the use of any person's equipment and the operator of that
20 equipment,

21
22 to assist in the implementation or carrying out of measures referred to
23 in paragraph (a)",

24
25 which, of course, includes protecting public safety and containing and eliminating spillage.
26 And so the first grounds for relief that we seek are for an order directing the British
27 Columbia Energy Regulator to issue an order -- emergency order pursuant to Section 52
28 directing that Erikson flow the wells to protect the plant and/or the camp. And so I'll come
29 back to that in a moment.

30
31 Moving onto the second part of the relief that we seek in that respect in the application, we
32 seek a declaration that Erikson thus carrying out those emergency measures shall not
33 constitute an offence pursuant to Section 134 of the *Energy Resource Activities Act*.

34
35 Thirdly, an injunction prohibiting BC Tenure from issuing a penalty against Erikson, its
36 employees, agents, directors, officers, or shareholders pursuant to that Act or other
37 applicable legislation as a result of carrying out the emergency measures or further or in
38 the alternative, an order granting Erikson relief from forfeiture relieving Erikson, it's
39 employees, agents, directors, officers or shareholders from any penalty that may be issued
40 against it pursuant to the legislation or otherwise as a result of carrying out the emergency
41 measures.

1
2 And so that is the relief we're seeking in the circumstances where I can tell you that I spent
3 a fair bit of time last night trying to find some legislation that gave us a solution to this
4 problem. So, I would say I would be better prepared to speak to the legal tests with respect
5 to this if this was not quite as urgent a situation --

6
7 THE COURT: Yes.

8
9 MS. MEYER: -- but I think certainly the facts make very clear
10 that the situation is urgent and that the potential damage is significant. And so with respect
11 to the test obviously for mandatory injunction, a serious issue to be tried. Certainly there's
12 a serious issue with respect to whether Erikson should be -- should flow gas to protect the
13 plant and the work camp. With respect to irreparable harm, that goes to the submissions
14 I've already addressed with respect to environmental damage, property damage, damage
15 to the transaction, and, thus, the entire insolvency proceeding, and damage to potential --
16 or safety risks as well. And as to the balance of convenience, I am not aware of any reason
17 why this would cause any prejudice to any party, particularly where, as I noted in the email
18 correspondence, Ms. Cameron has indicated that Erikson is willing to pay the arrears and
19 prepay royalties with respect to the two gas wells that it would seek to flow to protect the
20 plant.

21
22 The form of order we've put together is specific to make clear that, and it's attached to the
23 application on -- it's the last two pages that it's to use the natural gas from Erikson's wells
24 for the sole purpose of heating and maintaining the plant and related work camp. And so
25 it's -- it -- there's no danger of gas being produced and then sold or something like that,
26 it's solely for the purpose of heating and maintenance.

27
28 THE COURT: Okay.

29
30 MS. MEYER: I might pause there -- oh, with respect to the
31 relief from forfeiture, the submission would be in that regard that where there is a statutory
32 penalty that -- and my apologies, I forgot to print a copy of it, but there is case law
33 indicating that relief from forfeiture can apply to statutory forfeitures and the case in
34 question is *Poplar Point First Nation Development v. Thunder Bay*, which is a 2016
35 decision of the Ontario Court of Appeal, it's 2016 ONCA 934. There an appellant as a not
36 for -- not for profit corporation failed to pay municipal property taxes on their property and
37 the property was subsequently sold by the municipality. The municipality paid the surplus
38 of the sale into court and pursuant to the *Municipal Act*, Poplar Point had 1 year from that
39 date to bring an application for payment out of court, failing which the monies would be
40 deemed forfeited. Poplar missed that deadline by 3 weeks. There the Court -- the
41 application judge dismissed Poplar Point's application finding that the Court did not have

1 jurisdiction to grant relief from forfeiture pursuant to the *Courts of Justice Act* and the
2 *Municipal Act* in the circumstances. But the Court of Appeal overturned the application
3 judge's decision holding that because the *Municipal Act* did not expressly or by implication
4 exclude the Court's power to grant relief from forfeiture in civil proceedings and because
5 the forfeiture was not imposed as a penalty for breach of any requirement of the statute, it
6 was an available remedy to be sought and granted.

7
8 So, with respect to the statutory authority here in Alberta, the tab numbered 1 at the back
9 of the binder is the *Judicature Act*, Section 10 deals with relief against forfeiture and states
10 that subject to appeal, as in other cases -- I'll give you a moment to get there --

11
12 THE COURT: I have got it, thank you.

13
14 MS. MEYER: -- okay --

15
16 "... the Court has power to relieve against all penalties and forfeitures
17 and, in granting relief, to impose any terms as to costs, expenses,
18 damages, compensation and all other matters that the Court sees fit."

19
20 And there's a similar provision, not that we are under the *Law and Equity Act* in BC, but
21 just for reference being that we are dealing with a BC situation here, at tab 4 of the binder,
22 there are excerpts from the *Law and Equity Act* in British Columbia and specifically there
23 is very similar wording to what I've just cited at paragraph -- or Section 24 of the *Law and*
24 *Equity Act* for relief against penalties and forfeitures and so I submit that the Court would
25 have the authority to grant that relief.

26
27 THE COURT: Okay, thank you.

28
29 MS. MEYER: I -- subject to any questions, I think those are all
30 of my submissions, Justice Romaine.

31
32 THE COURT: Thank you.

33
34 MS. MEYER: Thank you. And again, we very much appreciate
35 you taking the time to hear us.

36
37 THE COURT: In the circumstances, of course.

38
39 MS. MEYER: Thank you.

40
41 THE COURT: Ms. Cameron, did you -- I am assuming that you

1 are supporting this application, did you --

2

3 **Submissions by Ms. Cameron**

4

5 MS. CAMERON: We are. I'll be very brief.

6

7 THE COURT: Okay.

8

9 MS. CAMERON: My Lady, for the record, Jessica Cameron with
10 Fasken, we represent KSV Restructuring Inc., who is the proposal trustee.

11

12 The proposal trustee is, of course, supportive of the companies application this morning
13 for urgent relief. A lot of times in this courtroom, My Lady, people talk about an urgent
14 situation and sometimes it's always not -- it's not always that urgent. This is truly urgent.
15 There could be some very significant consequences if Erikson is not able to produce its
16 own gas. The company with the assistance of the proposal trustee have been working every
17 channel possible since Wednesday when this issue was discovered to try and reach some
18 sort of resolution short of coming to court for relief. Unfortunately, the commercial
19 resolution that was reached at great lengths by the Canada Energy Regulator, and
20 Tidewater, TC, all of those parties, cannot practically solve the solution -- or solve the
21 problem, pardon me, because of the timing. So, this is truly the only option left to Erikson
22 to prevent the consequences here.

23

24 The only other submission I would make is Section 134 of the *Petroleum and Natural Gas*
25 *Act*, which was referenced by friend Ms. Meyer, I believe she was looking for one of the
26 consequences if Erikson produces without this relief and subsection (4) of that and then
27 subsection (e) on the second page talks about if a person wilfully evades or attempts to
28 evade compliance with this Act, or regulations, or the payments of royalties, they could
29 actually be liable for imprisonment. I am not saying this would constitute a wilful invasion,
30 but I can understand, you know, the reluctance of Erikson to proceed without this order in
31 light of that --

32

33 THE COURT: Right.

34

35 MS. CAMERON: -- serious consequence.

36

37 THE COURT: Okay.

38

39 MS. CAMERON: Subject to any questions, those are all of my
40 submissions.

41

1 THE COURT: Okay, thank you. Mr. Reid.

2

3 UNIDENTIFIED SPEAKER: Justin (sic) Reid.

4

5 MR. REID: (INDISCERNIBLE) now?

6

7 THE COURT: Yes, Mr. Reid.

8

9 **Submissions by Mr. Reid**

10

11 MR. REID: Yeah, and so Ms. Cameron and I as well as Ms.
12 Meyer and -- and Ms. K. Cameron, we -- we've been going back and forth on this trying
13 to find a solution 'cause obviously this is an important issue. The BC Energy Regulator as
14 you will actually see from the exhibits was looking into the emergency order and whether
15 or not the emergency order would be the potential solution. We -- we were looking into
16 this this morning and we checked with our compliance group and the -- the issue with the
17 order is it actually -- the Section 52 one is it doesn't actually do much in -- in the sense that
18 right now there's nothing prohibiting Erikson from using its equipment, from accessing
19 equipment, from turning all the taps and really that's the area where the regulator has
20 jurisdiction and authority is to direct somebody to actually go and turn on the taps and do
21 -- and do things like that. I think the actual issue that Erikson has and that it's running into
22 is that it doesn't own the gas and so it is this trespass issue which is sort of outside the
23 purview of the BC Energy Regulator because that -- that's -- that's a Crown issue where
24 we have Ms. Glen and Mr. Welch on -- on -- on for the Crown.

25

26 So, what the Section 52 order when we looked into it does, it -- it tells Erikson to go and
27 use the equipment that it's already able to go and use and that's what's under our
28 jurisdiction, so I don't know if that is -- is the solution here, but it is more has to do with
29 maybe relief from any penalties or things like that which are in the alternative relief sought
30 areas, Justice.

31

32 THE COURT: Okay. But what I am hearing from you, Mr. Reid,
33 is that there -- the British Columbia Energy Regulator has no -- there is no viable alternative
34 to what is being sought here in the short term, is that correct?

35

36 MR. REID: Well, the -- the -- yeah, we -- we -- we've been
37 trying to come up with solutions like CNRL has gas in the area, other -- when this has come
38 up in other situations, it's been -- gas has been trucked in. We've also been looking --
39 looking into the potential for a temporary reinstatement of the licenses; however, that's not
40 under the BCER's jurisdiction, that latter part.

41

- 1 THE COURT: Right. So, I think you are confirming what I just
2 said is that, you know, it is Friday, this is an urgent application and nothing can really be
3 done before Sunday other than what is being applied for, at least from the Alberta Energy
4 -- I am sorry, the British Columbia Energy Regulator's point of view.
5
- 6 MR. REID: That -- that we need to get this gas on somehow?
7 I -- yeah, we're all --
8
- 9 THE COURT: Right.
10
- 11 MR. REID: -- we're all aligned there, Justice.
12
- 13 THE COURT: Okay. Okay, thank you. Ms. Glen?
14
- 15 MR. WELCH: Sorry -- actually go ahead, Andrea.
16
- 17 MS. GLEN: Justice, it is Andrea Glen, for the record,
18 G-L-E-N, representing His Majesty the King in Right of the Province of British Columbia.
19 We've been cobbling together some comments on our side here and -- and we have a few
20 Province of BC counsel on the phone, so bear with us as we organize ourselves. My
21 colleague, Aaron Welch is here --
22
- 23 THE COURT: Uh hmm.
24
- 25 MS. GLEN: -- last name W-E-L-C-H. And I believe my
26 colleague, Peter Ameerali is also on the phone.
27
- 28 MR. AMEERALI: I am, Justice. I apologize for lack of a tie. I just
29 found out about this hearing 10 minutes ago.
30
- 31 THE COURT: No, that is fine, thanks. Okay.
32
- 33 MR. AMEERALI: And I would be probably counsel for the
34 Attorney General of BC as opposed to the Province --
35
- 36 THE COURT: Okay.
37
- 38 MR. AMEERALI: -- in this circumstance.
39
- 40 THE COURT: Okay. Okay, Ms. Glen.
41

1 MS. GLEN: So -- so, Justice, I -- I believe my colleague, Mr.
2 Ameerali, has some submissions to make and Mr. Welch and I can perhaps fill in any gaps.

3

4 THE COURT: Okay.

5

6 MR. AMEERALI: Sure.

7

8 THE COURT: Mr. Ameerali.

9

10 **Submissions by Mr. Ameerali**

11

12 MR. AMEERALI: Justice, having just found out about this, I -- my
13 role in this in -- is with respect to the Attorney General of British Columbia and I recognize
14 that this is a bankruptcy and insolvency matter primarily, but I do want to raise for the
15 Court concern without having any authorities for you at this moment that there may be a
16 constitutional jurisdiction problem with you making the order as you are being asked to, at
17 least some of them.

18

19 THE COURT: In what sense --

20

21 MR. AMEERALI: To the degree that --

22

23 THE COURT: -- Mr. Ameerali? In what sense?

24

25 MR. AMEERALI: -- in the sense that under the *Crown Proceeding*
26 *Act* in British Columbia, for example, the -- no injunctions can be issued against the
27 government at all and this is purporting to regulate or -- or enjoin the use of laws in British
28 Columbia and so this application probably should've properly been brought in the Supreme
29 Court of British Columbia and not here. I am not taking or making any representations with
30 respect to deal with this emergency or anything else. I just want to make sure that the Court
31 is alive to the concern that while everyone may be working towards a compromised wish
32 and we have to be careful what the nature of the actual order is granted by the Court because
33 it may be beyond your -- the jurisdiction.

34

35 THE COURT: Okay, thank you. Anything else that you wanted
36 to add?

37

38 MR. REID: I think on -- I think on the substance of -- of
39 things, I think I'll pass it to -- to --

40

41 THE COURT: Okay, let me ask you, is the British Columbia

1 Energy Regulator --

2

3 MR. REID: -- Justice --

4

5 THE COURT: -- the Crown --

6

7 MR. REID: -- Justice I -- no, they're two different things,
8 Justice, but I have real time update because we are obviously working in the background
9 to try to find a -- a solution here.

10

11 THE COURT: -- right.

12

13 MR. REID: -- I've -- I've got some information that the BC
14 Regulator can issue an order to maintain the Wildboy facility in a -- in a safe manner. How
15 they would supply gas for maintenance would be left to their operation side. So, I -- if we
16 can make that order to direct the maintenance, then they can maybe use that to turn on the
17 gas. Say, Hey, we have to go and turn on this gas, does that provide the solution for
18 everybody here?

19

20 THE COURT: Ms. Meyer, is this an issue of turning on the
21 valve that you were talking about and getting somebody out there?

22

23 MS. MEYER: I -- perhaps I have misunderstood Mr. Reid's
24 comment, but I think he's saying that the BC Energy Regulator could issue the order that
25 we're seeking an order to direct the BC Energy Regulator to issue, if I got that correct?

26

27 MR. REID: Well, the -- the -- the issue is -- in -- in your
28 application says directing Erikson to access and use natural gas is what I am reading in --
29 in 2(a). We can direct you to use the -- make the facility in a safe manner, but I don't think
30 I -- the BCER, which is not the Crown, to answer your question Justice --

31

32 THE COURT: Right.

33

34 MR. REID: -- can direct Erikson to effectively take gas that
35 doesn't belong to it and doesn't belong to the BC Energy Regulator. That's the gap. And I
36 think --

37

38 MS. MEYER: Ah. Oh, sorry.

39

40 MR. REID: -- we're -- I tried to identify.

41

1 MS. MEYER: Right. Certainly Erikson is willing to pay for the
2 gas and perhaps that's something that needs to be added into the form of order is that
3 Erikson is directed to pay for the same, if that's the issue.
4

5 THE COURT: Okay. Okay, I have heard from Mr. Ameerli.
6 Ms. Glen and Mr. Welch. Who would like to -- would you like to add anything to the
7 discussion so far?
8

9 **Submissions by Mr. Welch**
10

11 MR. WELCH: I -- I -- I think -- it's Aaron Welch speaking. I
12 think what I would add to the discussion is this -- this -- this issue of an injunction against
13 the Crown because that is -- the issue is going to be like the access to that camp, the trespass
14 issue.
15

16 THE COURT: I am sorry, you are breaking up -- you are
17 breaking up, Mr. Welch. I heard that you -- you were concerned about the granting an
18 injunction against the Crown and then after that I did not hear what you had to say.
19

20 MR. WELCH: No problem. Yeah, so Section 11 sub -- find it
21 here -- 11 -- 11(4)(a) of the *Crown -- BC Crown Proceeding Act*, prohibits a Court from
22 granting injunctions against the Crown. Now, declarations are available and so my
23 proposed solution would be that this Court not release an injunction against the Crown, but
24 I do see there are some -- an application for a declaration, which I -- I think would be
25 possible and wouldn't -- wouldn't raise (INDISCERNIBLE) issues if there's concern about
26 liability or penalties for accessing that gas.
27

28 THE COURT: Okay. As Mr. Reid said, I -- you know, it seems
29 to me though that the application is for an injunction against the British Columbia Energy
30 Regulator, which Mr. Reid has confirmed is not the Crown.
31

32 MR. WELCH: No -- well, there's two issues there, but we don't
33 need to deal with one of them. No, no, the injunction is specifically against BC Tenure,
34 which is -- is part of the Ministry of Energy.
35

36 THE COURT: Well, that is not what is in front of me.
37

38 MR. WELCH: Okay, I'm looking at the application that was
39 sent to -- to me this morning, so I'm not sure what you're look -- what --
40

41 THE COURT: I am looking at -- I do not know Ms. -- okay.

1
2 MS. MEYER: I don't mean to interrupt --

3
4 THE COURT: Okay.

5
6 MS. MEYER: -- but perhaps I can be helpful to address the
7 question, if that -- if I might.

8
9 THE COURT: Sure.

10
11 MS. MEYER: Counsel are correct that a Court cannot issue a
12 mandatory injunction against the Crown, but the Court can issue a mandatory injunction
13 against an agent of the Crown and the *Energy Resource Activity Act*, at Section 3 confirms
14 that the BC Energy Regulator is an agent of the government. And so there's no prohibition
15 under the *Crown Proceedings Act* of issuing a mandatory injunction against the BC Energy
16 Regulator.

17
18 What we're seeking at paragraph 1(b) of our application is an order in the nature of
19 mandamus or a mandatory injunction directing the regulator, the BC Energy Regulator, to
20 issue an emergency measures order. So, we are specifically not seeking a mandatory
21 injunction against BC Tenure, which is an entity of the Crown. Down below you'll see in
22 subparagraph -- or subsection (d) that we are seeking an injunction prohibiting BC Tenure
23 from issuing a penalty against Erikson, but that is a -- an injunction of prohibition not a
24 mandatory injunction.

25
26 And so I'm not -- I'm not aware that there's a prohibition against a prohibitive injunction
27 against the Crown nor whether BC Tenure is an agent of the Crown. But, in any event, the
28 situation there is that the *Petroleum Natural Gas Act* includes the provisions with respect
29 to issuing a penalty and there is discretion certainly with respect to the penalty that can be
30 issued in that there is a range of penalties and as Ms. Cameron has pointed out, possibility
31 of even imprisonment and so in terms of what the penalty might be, there is discretion there
32 and so I would submit that it is possible for the Court to grant the prohibition type
33 injunction against BC Tenure preventing it from issuing a penalty.

34
35 That being said, though, the alternative, if the Court is not comfortable doing that is
36 subsection (e), which is the order of relief from forfeiture. In other words, if BC Tenure
37 does, in fact, issue a penalty, that there's an order relieving Erikson --

38
39 THE COURT: Right.

40
41 MS. MEYER: -- from that penalty.

1
2 THE COURT: Okay, thank you, Ms. Meyer.
3
4 MS. MEYER: Thank you.
5
6 THE COURT: Mr. Welch, does that help you?
7
8 MR. WELCH: It would seem to me that -- and a prohibition
9 against an injunction is -- is -- is still an injunction, My Lady. (INDISCERNIBLE) --
10
11 THE COURT: Yes.
12
13 MR. WELCH: -- I mean, I -- I think the solution my friend --
14
15 THE COURT: So, is --
16
17 MR. WELCH: -- raised about sub (e) would -- would be --
18 would be an easier path.
19
20 THE COURT: -- okay, thank you.
21
22 MR. WELCH: Thank you.
23
24 MR. AMEERALI: If -- if I may --
25
26 THE COURT: Yes.
27
28 MR. AMEERALI: -- subsections (b) and (c) speak about having
29 this Court interpret the -- the application of -- and the ability to make -- or to make it an
30 offence under the ERAA, which is a -- which is a British Columbia Act. This Court doesn't
31 have jurisdiction to -- to grant that declaration even avoiding the injunction piece of it, even
32 if that were possible. Also, an injunction prohibiting something is still an injunction as it's
33 defined under the *Crown Proceeding Act*, so the Court doesn't have the jurisdiction to grant
34 that either.
35
36 The -- the same is true of subsection (e) with respect to ordering relief from forfeiture.
37 Again, that's regulated by British Columbia law and that is something that this Court
38 doesn't have the jurisdiction to either interpret, or enjoin, or make declaration.
39
40 THE COURT: This is a court of bankruptcy, of insolvency,
41 which is a federal statute. Does that, in fact, change your opinion, Mr. Ameerali?

1
2 MR. AMEERALI: I don't think it does because the ERAA and --
3 and would -- I am -- I -- I -- I'll let you --
4

5 THE COURT: This is -- let me be frank with you --
6

7 MR. AMEERALI: -- yeah.
8

9 THE COURT: -- because, you know, I understand that you are
10 scrambling here, as we all are. This -- we are talking about an order to prevent what could
11 be an environmental disaster and also cause millions of dollars of damage and we are trying
12 to find a way through here. I understand your objection. I do not know if it is an objection,
13 but your comments.
14

15 MR. AMEERALI: I am not in any way trying to stay -- stand in the
16 way of a -- of any solution that may -- may be needed here, I'm just trying to make sure
17 that the Court doesn't do it in a fashion or -- or provide some information or orders that are
18 -- that it doesn't have jurisdiction to make. The role of the Attorney General simply is
19 here's the information you need and the -- the scope of your power. I don't think you have
20 --
21

22 THE COURT: Okay.
23

24 MR. AMEERALI: -- the authority to grant the orders that are being
25 sought here. There may be another solution as -- as Mr. Welch has spoken to, as Mr. Reid
26 has spoken to, but -- and making orders about the possibility of BC law or the -- an
27 injunction against the BC government is not one of those available solutions.
28

29 THE COURT: Okay. Okay, thank you. Ms. Meyer, do you want
30 to respond to -- to -- I am sorry, Ms. Glen, did you have anything to add?
31

32 MS. GLEN: Justice, I would -- I would simply add that a
33 declaration would be -- I can provide no alternative to granting the injunction. And just to
34 be clear, where it says BC Tenure, I -- I believe that refers to the Tenure and Resource
35 Management Branch, which is part of the Ministry of Energy here in British Columbia. So
36 that is part of the Crown, that's part of His Majesty the King in Right of the Province of
37 British Columbia and that is distinguishable from the BC Energy Regulator, which is
38 separate. Just to clarify that point.
39

40 So, with respect to the injunction that's being sought against what's styled as BC Tenure
41 at paragraph 1(d), I would suggest that a declaration would be an acceptable alternative to

1 the injunction that's being sought there and then we would not be offside of the *Crown*
2 *Proceeding Act*.

3
4 THE COURT: Great, thank you, Ms. Glen. Ms. Meyer.

5
6 **Submissions by Ms. Meyer (Reply)**

7
8 MS. MEYER: Just further to Ms. Glen's point just now, I've
9 looked up the *Crown Proceeding Act* in British Columbia and -- and apologies that I don't
10 have it before you, but I'll read you what I believe to be the relevant section, Justice
11 Romaine. It's Section 11 says,

12
13 "In proceedings against the government and proceedings in which the
14 government is a party, the rights of the parties must, subject to this Act,
15 be as nearly as possible the same as in a proceeding between persons,
16 and the court may

17
18 (a) make an order, including an order as to costs, that it may make in
19 proceedings between persons, and

20
21 (b) otherwise give the appropriate relief that the case may require."

22
23 And at subparagraph (2),

24
25 "If, in proceedings against the government, relief is sought that might,
26 in proceedings between persons, be granted by way of injunction or
27 specific performance, the court

28
29 (a) must not grant an injunction or make an order for specific
30 performance against the government, and

31
32 (b) may make an order declaring the rights of the parties instead of an
33 injunction or an order for specific performance."

34
35 So, that is the provision of Section 11 of the *Crown Proceedings Act* that my friends have
36 referred to.

37
38 With respect to the jurisdiction of the court, I echo the comments that you've already raised
39 the question about, Justice Romaine, in that this is a proceeding under the *Bankruptcy and*
40 *Insolvency Act* and is federal legislation. Also, if the BC Ministry of Energy is going to
41 suggest that the alternative is -- is better --

1
2 THE COURT: Then --
3
4 MS. MEYER: -- well, let me rephrase that, the alternative is not
5 better than preventing this emergency situation from occurring --
6
7 THE COURT: -- okay, thank you.
8
9 MS. MEYER: -- is my submission.

10
11 **Decision**

12
13 THE COURT: Okay. Seems to me I find, first of all, that the
14 application certainly meets the requirements of *RJR-MacDonald* for an injunction.
15
16 Now, taking into account the comments of BC Tenure, I think that a viable alternative
17 might be to add language to paragraph 1(d), so instead of it being an injunction prohibiting
18 BC Tenure from issuing a penalty, it would be a declaration that BC Tenure would not
19 issue a penalty.
20
21 MS. MEYER: Thank you.
22
23 THE COURT: You can just make that amendment, I think.
24
25 MS. MEYER: I think that works, Justice Romaine.
26
27 THE COURT: Okay.
28
29 MS. MEYER: And -- sorry, did you say you were going to use
30 your pen or you would like me to do that?
31
32 THE COURT: Sort of replaces the injunction language in sub
33 (d). I think (b) is still fine because the British Columbia Energy Regulator is not the Crown.
34
35 MS. MEYER: Right. And, in fact, the form of order has it
36 numbered as paragraphs 1, 2, 3, and 4, so I just wanted to --
37
38 THE COURT: Oh, I see. I am looking at your application.
39
40 MS. MEYER: -- take that back.
41

- 1 THE COURT: Sorry.
2
- 3 MS. MEYER: Right, yes. So there is a form of order attached to
4 the application. Sorry, let me come over here.
5
- 6 THE COURT: Okay, can -- yes, do you want to pass it up as
7 amended, as we have just discussed?
8
- 9 MS. MEYER: Sure. And so -- let me just find where we would
10 be putting that. So, in paragraph 4, that's where we would be changing the language.
11 Currently the form of order says, BC Tenure's prohibited from issuing a penalty against
12 Erikson, its employees, agents, directors, et cetera pursuant to the *Energy Resource*
13 *Activities Act* or other applicable legislation as result of it carrying the emergency
14 measures. So, we would change that to --
15
- 16 THE COURT: Is --
17
- 18 MS. MEYER: -- it's --
19
- 20 MS. CAMERON: -- it is hereby declared.
21
- 22 MS. MEYER: It is hereby declared that they will not issue?
23
- 24 THE COURT: -- is that --
25
- 26 MS. GLEN: If I may, Justice --
27
- 28 THE COURT: -- yes.
29
- 30 MS. GLEN: -- what the *Crown Proceeding Act* allows for is a
31 declaration of the rights of the parties. So, if I may suggest that if there is to be a declaration,
32 that it should be in the nature of declaring the rights of the parties not what the Crown will
33 or will not do.
34
- 35 THE COURT: Okay, so that it would be Erikson has the right to
36 proceed with the relief sought notwithstanding, I guess, the -- can you help, Ms. -- you are
37 certainly familiar Ms. --
38
- 39 MS. MEYER: In fact, I think Section 1 -- or Section 3 of the
40 order already includes that declaration with respect to Erikson.
41

- 1 THE COURT: -- true, yes.
2
- 3 MS. MEYER: The *Crown Proceedings Act* does allow for a
4 declaration against the government, which was the Section 11 that I just referenced. So,
5 with respect to a declaration ...
6
- 7 THE COURT: Right.
8
- 9 MR. REID: I've got -- I've got some comments on Section 2
10 of that order too if that's -- one -- once we get there.
11
- 12 THE COURT: Right. And as, I think, somebody pointed out sub
13 (5) of the relief from forfeiture probably --
14
- 15 MS. MEYER: Covers it.
16
- 17 THE COURT: -- resolves the issue as well.
18
- 19 MS. MEYER: Yes.
20
- 21 THE COURT: So perhaps we can just strike Section 4.
22
- 23 MS. MEYER: Okay.
24
- 25 THE COURT: Okay.
26
- 27 MS. MEYER: I think that works.
28
- 29 THE COURT: And given that the situation is so fluid, I
30 appreciate and please, Mr. Ameerali, and I did not mean to attack you with respect to the
31 jurisdiction issue. As the matter is so fluid, Ms. Meyer, what I am going to do is I am going
32 to give you your order and if you find that it is unnecessary to use it or --
33
- 34 MS. MEYER: Certainly.
35
- 36 THE COURT: -- then they can hold it. Okay.
37
- 38 MS. MEYER: Certainly we'll do that.
39
- 40 THE COURT: Okay.
41

- 1 MS. MEYER: And then I understand Mr. Reid has comments
2 on paragraph 2.
3
- 4 THE COURT: I am sorry, Mr. Reid --
- 5
- 6 MR. REID: Yes.
7
- 8 THE COURT: -- did you have further comments?
9
- 10 MR. REID: Sorry -- sorry, Justice, on paragraph 2 where --
11 line 3, I'm -- I'm in the order not the application.
12
- 13 THE COURT: Okay.
- 14
- 15 MR. REID: Are we -- okay. It says -- starts off, Directing
16 Erikson as to access and use natural gas from the well.
17
- 18 THE COURT: Uh hmm.
- 19
- 20 MR. REID: I'd like that say it's to -- to order Erikson to
21 maintain the Wildboy facility in a safe manner including for the purposes of heating and
22 maintaining.
23
- 24 THE COURT: So, can you add, I guess, the phrase in a safe
25 manner, to access and use natural gas from the wells in a safe manner --
26
- 27 MR. REID: No, it's the -- no, we can't have that to access and
28 use natural gas, we're gonna say, Directing Erikson to maintain the facility in a safe
29 manner.
30
- 31 THE COURT: -- but -- okay, but is it not also necessary for there
32 to be an order allowing them to access and use natural gas from its wells, is that not the
33 whole point?
34
- 35 MR. REID: Well, I -- we -- we -- no our whole point is we
36 can't order them to take the Crown's natural gas and I think that where -- but we can order
37 them to maintain it in a safe manner and so that means that they go and use the natural gas
38 of the Crown's and then I think that they're covered off in paragraphs 5, we talked about
39 the relief from forfeiture from using the Crown's gas.
40
- 41 THE COURT: Right. Ms. Meyer?

1
2 MR. REID: So, I think that should -- I think that should
3 bridge the gap.
4
5 THE COURT: That seems to work, it seems to me, Ms. Meyer.
6
7 MS. MEYER: Yes, I --
8
9 THE COURT: Okay.
10
11 MS. MEYER: -- I think -- unfortunately we're somewhat
12 constrained by the legislation we're dealing with and --
13
14 THE COURT: Exactly.
15
16 MS. MEYER: -- the structure we're dealing with.
17
18 MR. REID: We -- we all -- we all are, so we're all trying to
19 -- trying to work this one out.
20
21 MS. MEYER: And so perhaps just to make sure I don't mark
22 this up incorrectly, Mr. Reid, if you wouldn't mind --
23
24 MR. REID: Yeah, I know -- I know, I'm doing it in real time.
25 Okay, so we're -- I'm starting on line 3 --
26
27 MS. MEYER: -- yeah.
28
29 MR. REID: -- Directing Erikson to maintain its properties in
30 a safe manner including heating and maintaining its Wildboy gas plant.
31
32 MS. MEYER: And the camp.
33
34 MR. REID: We -- oh yeah, sorry I just stopped -- I just
35 stopped reading at that point --
36
37 MS. MEYER: Yeah, okay.
38
39 MR. REID: -- the rest of this.
40
41 MS. MEYER: Okay, Directing Erikson to maintain its

1 properties in a safe manner including heating and maintaining its Wildboy gas plants and
2 related work camp.
3
4 MR. REID: Right. And then -- and then that just covers us off
5 for not ordering something that is illegal for us to order and then I think where your client
6 is covered off is in paragraph 5 that we talked about where they've got relief from the
7 penalties.
8
9 MS. MEYER: Right.
10
11 MR. REID: Does that make sense to everybody?
12
13 MS. MEYER: I think that makes good sense --
14
15 THE COURT: Yes.
16
17 MS. MEYER: -- yes. And so Justice Romaine, would you like
18 me to handwrite this in or --
19
20 THE COURT: Yes -- no, please handwrite it in and I will sign it
21 here.
22
23 MS. MEYER: -- okay, thank you.
24
25 THE COURT: Okay.
26
27 MS. MEYER: I'll do that now.
28
29 THE COURT: And you will undertake to file it properly in due
30 course.
31
32 MS. MEYER: Pardon me?
33
34 THE COURT: You will undertake to file it properly in due
35 course?
36
37 MS. MEYER: Of course, yes.
38
39 THE COURT: Okay.
40
41 MS. MEYER: All right. Would it perhaps make sense instead

1 of maintain its properties to say maintain its assets?
2

3 THE COURT: Mr. Reid?
4

5 MR. REID: Thank you. Yeah -- yeah -- yes, that's -- that's
6 fine. You can even say properties and assets, Ms. Meyer, I would be fine with that. I think
7 the concepts -- you get the concept that I'm proposing.
8

9 MS. MEYER: Yes. Okay, so I have made that change and I will
10 hand it up, Justice Romaine. So, that's the application (INDISCERNIBLE).
11

12 THE COURT: Okay. Okay, up at the end, okay. What I am
13 going to do is I will just strike where it says Exhibit --
14

15 MS. MEYER: Yes.
16

17 THE COURT: -- 01?
18

19 MS. MEYER: Right.
20

21 THE COURT: Okay. So, if you feel that (INDISCERNIBLE)
22 suspender relief is necessary, Ms. Meyer, or you want to go the British Columbia Court,
23 Justice Fitzpatrick or someone, feel free to do so. You got it.
24

25 MS. MEYER: Thank you, yes --
26

27 THE COURT: Okay.
28

29 MS. MEYER: -- a fair point. I don't think we'll get heard today
30 --
31

32 THE COURT: Yes, unfortunately --
33

34 MS. MEYER: -- at this point.
35

36 THE COURT: -- but ...
37

38 MS. MEYER: Thank you. Okay.
39

40 THE COURT: Okay.
41

1 MS. MEYER: Thank you, Justice Romaine.

2
3 THE COURT: Okay, thank you everyone and I hope it -- I hope
4 any environmental disaster is averted by what we have done today.
5

6 MS. MEYER: I do as well.

7
8 THE COURT: Thank you.

9
10 MS. MEYER: Thank you again for your time, Justice Romaine.

11
12 MS. MEYER: Thank you.

13
14 _____

15
16 PROCEEDINGS CONCLUDED

17
18 _____

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1 **Certificate of Record**

2
3 I, Arlen Bituin, certify that this recording is the record made of the evidence in the proceedings
4 in Court of King’s Bench held in courtroom 1702, virtual courtroom 88, at Calgary, Alberta,
5 on the 6th day -- on the 6th day of December, 2024, and that myself and Isabella McCarthy
6 were the court officials in charge of the sound-recording machine during the proceedings.

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1 **Certificate of Transcript**

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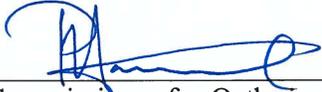
I, Deborah Bell, certify that

(a) I transcribed the record, which was recorded by a sound-recording machine, to the best of my skill and ability and the foregoing pages are a complete and accurate transcript of the contents of the record, and

(b) the Certificate of Record for these proceedings was included orally on the record and is transcribed in this transcript.

Deborah Bell, Transcriber
Order Number: TDS-1074941
Date: December 30, 2024

This is **Exhibit "D"** referred to in the Affidavit of Peter Neelands sworn before me this 30th day of April, 2025

A handwritten signature in blue ink, appearing to be 'Patrick T. Harnett', written over a horizontal line.

A Commissioner for Oaths in and for Ontario

Patrick T. Harnett, Barrister & Solicitor

Patrick Harnett

From: Gregory, Sara <Sara.Gregory@bc-er.ca>
Sent: March 20, 2025 2:19 PM
To: Peter Neelands; Janzen, Mike; McDaid, Dorothy; Chris.Pasztor@gov.bc.ca
Cc: Patrick Harnett
Subject: RE: Erikson-BCER-Tenure Engagement

External (sara.gregory@bc-er.ca)

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Hi Peter – That has been with me! We'll send out a suggested meeting time shortly.



Sara Gregory She/Her
Chief Legal Counsel, Governance & Regulatory Affairs
Sara.Gregory@bc-er.ca

Victoria
[Office Address Directory](#)
[BCER Web Site](#)

T. 250-419-4476
F. 250-419-4403
M. 778-679-3376

We acknowledge and respect the many First Nations, each with unique cultures, languages, legal traditions and relationships to the land and water.

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From: Peter Neelands <peter@thirdeyecapital.com>
Sent: Thursday, March 20, 2025 11:17 AM
To: Gregory, Sara <Sara.Gregory@bc-er.ca>; Janzen, Mike <Mike.Janzen@bc-er.ca>; McDaid, Dorothy <Dorothy.McDaid@bc-er.ca>; Chris.Pasztor@gov.bc.ca
Cc: Patrick Harnett <patrick@thirdeyecapital.com>
Subject: Re: Erikson-BCER-Tenure Engagement

Just want to follow up to see how timing works for the call?

Get [Outlook for iOS](#)

From: Gregory, Sara <Sara.Gregory@bc-er.ca>
Sent: Monday, March 17, 2025 12:10:35 PM
To: Peter Neelands <peter@thirdeyecapital.com>; Janzen, Mike <Mike.Janzen@bc-er.ca>; McDaid, Dorothy <Dorothy.McDaid@bc-er.ca>; Chris.Pasztor@gov.bc.ca <Chris.Pasztor@gov.bc.ca>
Cc: Patrick Harnett <patrick@thirdeyecapital.com>
Subject: RE: Erikson-BCER-Tenure Engagement

Thanks Peter. I'll have my office suggest some times for this meeting.



Sara Gregory She/Her
Chief Legal Counsel, Governance & Regulatory Affairs
Sara.Gregory@bc-er.ca

Victoria
[Office Address Directory](#)
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From: Peter Neelands <peter@thirdeyecapital.com>
Sent: Monday, March 17, 2025 9:09 AM
To: Gregory, Sara <Sara.Gregory@bc-er.ca>; Janzen, Mike <Mike.Janzen@bc-er.ca>; McDaid, Dorothy <Dorothy.McDaid@bc-er.ca>; Chris.Pasztor@gov.bc.ca
Cc: Patrick Harnett <patrick@thirdeyecapital.com>
Subject: Re: Erikson-BCER-Tenure Engagement

Sara,

Thank you for the productive call on Friday. We would like to schedule a meeting with BCER and Tenure this week (I believe you mentioned Wednesday) but we will make ourselves available.

Proposed high-level agenda (would suggest a minimum of 1 hour):

1. Explore commercial resolution with Tenure regarding Erikson's taking of gas pursuant to the emergency order
2. Update on Erikson's progress with various commercial parties including Gryphon, Kings Crest, Bench Creek, others
3. Update on Erikson's progress with CNRL
4. Explore plan regarding Erikson's assets in the event that a commercial resolution cannot be arranged
5. Any other items on Tenure/BCER agenda

Regards,

Peter



Peter Neelands | Principal

2830 - 181 Bay Street | Toronto, ON | M5J 2T3

T: 416-601-9297 | M: 416-566-1582 | F: 416-981-3393

peter@thirdeyecapital.com | www.thirdeyecapital.com

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From: Peter Neelands

Sent: Wednesday, March 12, 2025 10:48 AM

To: Sara.Gregory@bc-er.ca <Sara.Gregory@bc-er.ca>; Janzen, Mike <Mike.Janzen@bc-er.ca>; McDaid, Dorothy <Dorothy.McDaid@bc-er.ca>; Chris.Pasztor@gov.bc.ca <Chris.Pasztor@gov.bc.ca>

Cc: Patrick Harnett <patrick@thirdeyecapital.com>

Subject: Erikson-BCER-Tenure Engagement

Following yesterday's approval of the conversion of the current NOI to a CCAA (with a hearing scheduled for May 5, 2025) and the productive call we had on March 5, we would like to schedule a call with the BCER and Tenure to identify any issues and develop an action plan/timeline for resolution. We can provide an update on our efforts to fully canvass commercial options for the assets and then work collaboratively with you to develop a plan for the remaining assets.

Although the stay extension provides for approximately 6 weeks, we have no desire to extend this process longer than absolutely necessary as TEC is funding the process to provide sufficient runway for all parties to identify the optimal solution.

Erikson and TEC can make themselves available at your convenience and we would suggest a call tomorrow (we can be available other than 12-2 EDT) and Friday (after 1 pm EDT).

Regards,

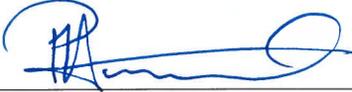
Peter



Peter Neelands | Principal
2830 - 181 Bay Street | Toronto, ON | M5J 2T3
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This is **Exhibit "E"** referred to in the Affidavit of Peter Neelands sworn before me this 30th day of April, 2025

A handwritten signature in blue ink, consisting of a stylized initial 'P' followed by a series of loops and a long horizontal stroke.

A Commissioner for Oaths in and for Ontario

Patrick T. Harnett, Barrister & Solicitor



Bennett Jones

Bennett Jones LLP
4500 Bankers Hall East, 855 - 2nd Street SW
Calgary, Alberta, Canada T2P 4K7
Tel: 403.298.3100 Fax: 403.265.7219

Keely Cameron
Partner
Direct Line: 403.298.3324
e-mail: cameronk@bennettjones.com
Our File No.: 87754.38

February 26, 2025

Via E-Mail

Peter Ameerli
British Columbia - Ministry of Attorney General
Legal Services Branch
Litigation Group
PO BOX 9280 STN PROV GOVT
Victoria, BC V8W 9J7

Dear Mr. Ameerli:

**Re: Erikson National Energy Inc v. The Attorney General of British Columbia
Court of Appeal of Alberta, Calgary Registry, File No. 2401-00345AC**

Please accept this letter in response to your correspondence dated January 30, 2025. Further to my previous request and that of my client we would like to schedule a meeting to discuss the outstanding matters between our clients, specifically:

- Production from Erikson's wells pursuant to the Orders of Justice Romaine and the British Columbia Energy Regulator ("BCER");
- accounting of the produced gas and payment to British Columbia regarding same;
- go forward access to gas for the remainder of these proceedings; and
- the appeal.

As you are aware, Erikson disagrees with your client's position. While the Orders do not explicitly authorize the production of Erikson's wells for the purpose of maintaining the Wildboy facility and associated camp, they direct Erikson to maintain the Wildboy Gas Plant and related work camp in a safe condition. Further, as you are aware from your attendance at the application before Justice Romaine that it was anticipated that Erikson would access the wells for this purpose, in fact that was the intent of the application. I direct you to page 34 of the Court Transcripts from the application which states:

THE COURT: -- but -- okay, but is it not also necessary for there to be an order allowing them to access and use natural gas from its wells, is that not the whole point?

MR. REID: Well, I -- we -- we -- no our whole point is we can't order them to take the Crown's natural gas and I think that where -- but we can order them to maintain it in a safe manner and so that means that they go and use the natural gas of the Crown's and then I think that they're covered off in paragraphs 5, we talked about the relief from forfeiture from using the Crown's gas.

Both the BCER and your client are well aware that maintenance of the Wildboy Gas Plant and work camp require the use of gas and there has been no other readily available options for obtaining gas. This continues to be the case, not only because the Gryphon transaction has not closed, enabling for the reinstatement of the leases but also because while Erikson had thought it had found an alternative through Cryopeak Energy Services to truck in gas, it ends up that option is not viable as there was confusion regarding the amount of gas required due to an error in the unit of measurement provided to Cryopeak Energy Services. Erikson lacks the funds to obtain the actual amount of gas necessary.

While we understand that your client would like Erikson to pursue a commercial solution that does not involve it, the reality is that currently it is not commercial to power the plant other than through the gas from Erikson's wells. However, Erikson is continuing to explore other alternatives.

In the circumstances, the only commercial option available is through your client. Erikson proposes the following:

- payment of \$15,000 for the gas produced to date; and
- a further payment of \$5,000 to be paid in advance for each subsequent draw, or alternatively, we ask that the Minister issue a lease to a nominee corporation for the limited number of required wells, which will then pay royalties in the usual course associated with their production.

We believe the above proposal is in the best interest of all stakeholders, especially your client because:

1. It provides a significant premium beyond what your client would otherwise entitled to and able to claim;
2. It enables the Wildboy plant to continue to be preserved, which processes gas from a subset of Erikson's wells. In the absence of the Wildboy plant, the reserves associated with those wells are likely to be sterilized of value and government will lose out on the ability to recoup arrears that would have been paid as part of a reinstatement of the minerals through Erikson's process.

Erikson is not seeking to access gas for its own benefit or that of its creditors. There is unlikely to be any recovery to creditors through these proceedings. For the duration of Erikson's control of these oil

February 26, 2025

Page 3

and gas assets, the assets have operated at a net loss which has been funded by Erikson's creditors. Erikson's request for your client's cooperation is to advance the public interest in ensuring that environmental obligations are addressed, jobs are retained, and royalties and taxes can be paid on a go forward basis. Those objectives will only be possible if the Wildboy plant is maintained. To avoid further deterioration and environmental harm in circumstances where there are limited funds to address same, gas must be accessed.

We look forward to your assistance in that regard and receiving your and your client's availability for a meeting.

Yours truly,

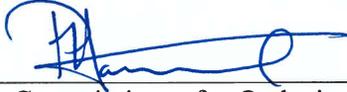
BENNETT JONES LLP



Keely Cameron

cc: Ken Reh
Andrea Glen
Aaron Welch
Andrew Grant

This is **Exhibit "F"** referred to in the Affidavit of Peter Neelands sworn before me this 30th day of April, 2025

A handwritten signature in blue ink, appearing to be 'Patrick T. Harnett', written over a horizontal line.

A Commissioner for Oaths in and for Ontario

Patrick T. Harnett, Barrister & Solicitor

ORPHAN REPORT for Erikson National Energy Inc.

Date: March 28, 2025

Insolvency proceedings for Erikson National Energy Inc. (Erikson) have not resulted in divestment of any permitted oil and gas infrastructure to other parties. While proceedings continue, it is evident that select assets will not be acquired by any interested parties. As such, sites that are not anticipated to be divested and are to remain under permit to Erikson are being considered for orphan designation. This designation will permit the BC Energy Regulator (Regulator) to manage site obligations under the Orphan Site Reclamation Fund (OSRF).

The list of the unrestored Erikson sites to be considered for orphan designation, herein referred to as the sites, can be found in Appendix A. There are 61 wells, 10 facilities, and 81 pipeline segments. The sites are located across Northeast BC, largely in the Peace region, and one site in Helmet northeast of Fort Nelson.

Eligibility for Designation

Section 45(2)(a)(i) of ERAA states “The regulator may designate as an orphan site a well, facility, pipeline or energy resource road if the permit holder or former permit holder with respect to the well, facility, pipeline or energy resource road is insolvent”. Section 45(6) provides that a permit holder must be considered insolvent if it has filed for protection under the *Companies’ Creditors Arrangement Act* (CCAA). On March 11, 2025, Erikson received court approval to convert to a proceeding under the CCAA. Erikson must be considered insolvent due to section 45(6) and therefore all its assets are eligible for designation at the discretion of the Regulator.

Risk Management and Restoration

The Regulator has reviewed the sites to identify near-term work that is to be prioritized to mitigate risk. This review has identified 70 pipeline segments requiring inspection and/or deactivation, as well as 11 wells that are a high priority for decommissioning. A frac water storage site has been largely decommissioned and will require work in spring of 2025, which involves meltwater disposal, soil removal and backfilling. This work will be performed in the first 12 months following designation to protect public safety and the environment. Over the coming years, well decommissioning and remediation is required for multiple sites. The determination for completion of any outstanding surface restoration work can be made at the Regulator’s discretion.

Financial Impact to the Orphan Fund

Public Sector Accounting Standards, which are the standards for both the Regulator and the Provincial Government of British Columbia, are used to identify the financial obligations of the OSRF. Liability associated with protection of public health and safety and the environment is booked as obligatory liability. The obligatory costs in accordance with the standards are related to infrastructure deactivation, high-risk well suspension/decommissioning, and/or assessment and remediation of site contamination.

Utilizing the Regulator's audited process for estimating liability, the obligatory liability for the sites is estimated at \$12,734,658.



Mike Janzen, Executive Director, Orphans & Restoration

March 31, 2025

Date signed

Commissioner sign-off:

I hereby designate the sites listed in Appendix A as orphans



I do not designate the sites listed in Appendix A as orphans



Comments:



Michelle Carr, Commissioner and CEO

March 31, 2025

Date signed

Appendix A: List of Erikson Sites

Well Authorization	Asset Name	Status
76	ERIKSON FT ST JOHN 14-22-083-18	ABNZ
82	ERIKSON FT ST JOHN 13-23-083-18	ABNZ
89	ERIKSON ET AL W BUICK B- 078-C/094-A-14	SUSP
170	ERIKSON FT ST JOHN 08-20-083-18	ABAN
178	ERIKSON FT ST JOHN A14-21-083-18	ABNZ
179	ERIKSON FT ST JOHN B03-29-083-18	SUSP
184	ERIKSON FT ST JOHN SE A04-10-083-17	SUSP
186	ERIKSON FT ST JOHN C03-29-083-18	SUSP
194	ERIKSON FT ST JOHN 13-14-083-18	SUSP
212	ERIKSON FT ST JOHN A06-16-083-18	ABAN
239	ERIKSON ET AL W BUICK C- 002-E/094-A-14	SUSP
255	ERIKSON ET AL W BUICK B- 091-D/094-A-14	SUSP
268	ERIKSON ET AL W BUICK D- 089-C/094-A-14	SUSP
384	ERIKSON ET AL W BUICK D- 017-C/094-A-14	SUSP
455	ERIKSON ET AL FIREWEED C-A001-H/094-A-13	ACT
1370	ERIKSON NFA ET AL RIGEL A- 028-K/094-A-10	SUSP
1753	ERIKSON ET AL N BUICK C- 022-F/094-A-14	SUSP
1799	ERIKSON ET AL N BUICK B- 044-F/094-A-14	SUSP
2026	ERIKSON ET AL N BUICK B- 002-F/094-A-14	SUSP
3152	ERIKSON ET AL FIREWEED A- 007-H/094-A-13	SUSP
3160	ERIKSON RIGEL 10-24-088-19	SUSP
3203	ERIKSON ET AL FIREWEED B- 042-A/094-A-13	ACT
3813	ERIKSON ET AL FIREWEED B- 044-A/094-A-13	ACT
5023	ERIKSON ET AL W BUICK A- 025-E/094-A-14	SUSP
5754	ERIKSON ET AL W BUICK D- 004-E/094-A-14	SUSP
7379	ERIKSON BUICK 11-26-088-19	ACT
7435	ERIKSON BUICK 11-23-088-19	ACT
7507	ERIKSON BUICK A10-22-088-19	ACT
7534	ERIKSON ET AL BUICK A07-24-088-20	ACT
7724	ERIKSON ET AL BUICK 07-25-088-19	SUSP
8166	ERIKSON BUICK 04-28-088-19	ACT
8255	ERIKSON BUICK 16-30-088-19	ACT
8567	ERIKSON HZ FIREWEED C- 024-A/094-A-13	ACT
8889	ERIKSON ET AL HZ W BUICK B-A023-E/094-A-14	SUSP
9263	ERIKSON ET AL FIREWEED A- 033-A/094-A-13	ACT
9499	ERIKSON HZ FT ST JOHN SE 14-04-083-17	SUSP
9560	ERIKSON FT ST JOHN SE A04-09-083-17	SUSP
9655	ERIKSON STODDART 06-12-086-19	SUSP
9710	ERIKSON HZ FT ST JOHN SE 15-32-082-17	SUSP
9930	ERIKSON HZ W BUICK A- 034-E/094-A-14	SUSP
10274	ERIKSON HZ FIREWEED D- 067-A/094-A-13	ACT
10275	ERIKSON BUICK 14-14-088-19	SUSP

10594	ERIKSON FIREWEED C-A024-A/094-A-13	ACT
10597	ERIKSON HZ FT ST JOHN SE A08-05-083-17	ABAN
10718	ERIKSON STODDART 05-13-086-19	SUSP
11134	ERIKSON MONTNEY 11-31-086-18	SUSP
11257	ERIKSON STODDART 11-19-086-18	SUSP
14046	ERIKSON MONTNEY 16-26-086-19	SUSP
14062	ERIKSON ET AL FIREWEED A- 053-A/094-A-13	ACT
14270	ERIKSON MONTNEY 10-30-086-18	SUSP
14371	ERIKSON FT ST JOHN 10-20-083-18	ABNZ
15269	ERIKSON MONTNEY A16-30-086-18	SUSP
16092	ERIKSON FIREWEED A-A057-A/094-A-13	ACT
17911	ERIKSON OAK 13-32-086-18	SUSP
17912	ERIKSON OAK A13-32-086-18	SUSP
18788	ERIKSON ET AL W BUICK B- 088-C/094-A-14	SUSP
19683	ERIKSON FIREWEED C-B001-H/094-A-13	ACT
19756	ERIKSON MONTNEY 14-25-086-19	SUSP
20489	ERIKSON BUICK 05-30-088-19	ACT
21883	ERIKSON BUICK 13-19-088-19	ACT
21930	ERIKSON ET AL RIGEL 04-31-088-18	SUSP

Facility ID	Facility Type	Location	Facility Status
194	Processing Battery	06-11-086-19	Active
254	Compressor Dehydrator	10-23-083-18	Suspended
308	Compressor Station	C-022-F/094-A-14	Active
435	Compressor Dehydrator	D-093-K/094-A-11	Active
754	Compressor Dehydrator	11-23-088-19	Active
2118	Compressor Dehydrator	A-057-A/094-A-13	Active
2277	Compressor Dehydrator	04-09-083-17	Suspended
2336	Battery Site	06-12-086-19	Removed
2880	Battery Site	05-13-086-19	Removed
3171	Battery Site	11-19-086-18	Removed

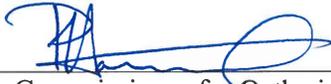
Pipeline Project Number	Segment Number	Status
3605	1	Abandoned
22417	1	Abandoned
6811	1	Active
2756	1	Active
6812	1	Abandoned
6813	8	Active
7789	1	Active
229	1	Active
2499	2	Deactivated
25786	2	Active

7466		1	Active
6546		1	Active
1383		1	Active
25786		5	Deactivated
25595		4	Active
25597		1	Active
25592		12	Abandoned
5878		1	Active
5306		1	Active
7428		5	Abandoned
9819		1	Active
505		2	Active
867		1	Active
25598		4	Active
5621		1	Active
505		1	Active
9032		1	Active
25598		3	Active
25598		2	Active
25593		1	Active
25592		13	Abandoned
233		1	Active
3807		1	Active
6813		15	Active
7166		1	Active
7166		2	Active
4152		1	Abandoned
25592		9	Abandoned
5322		1	Active
505		3	Active
6818		1	Active
6813		12	Active
505		5	Active
505		4	Active
1703		1	Active
5871		1	Active
25596		5	Abandoned
25599		5	Active
3632		2	Active
3632		3	Active
5460		1	Active
7710		2	Active
7096		1	Active
9812		1	Active

25591		7	Active
1622		1	Active
7773		1	Active
6220		1	Active
6316		1	Active
25591		1	Active
25599		1	Active
2349		1	Active
25594		1	Active
25591		8	Active
4854		1	Active
7714		1	Active
7706		1	Active
25591		3	Active
1343		1	Active
6336		1	Active
7710		1	Active
5908		1	Active
6386		1	Active
23695		3	Active
25591		9	Active
1029		1	Active
25594		2	Active
7190		1	Active
7741		1	Active
25591		5	Active
9995		1	Active

Permit	Company Name	Surface Location	Asset
100073200	ERIKSON NATIONAL ENERGY INC	D-024-G/094P10	Frac Water Storage Pond

This is **Exhibit "G"** referred to in the Affidavit of Peter Neelands sworn before me this 30th day of April, 2025

A handwritten signature in blue ink, appearing to be 'Patrick T. Harnett', written over a horizontal line.

A Commissioner for Oaths in and for Ontario

Patrick T. Harnett, Barrister & Solicitor

The BCER will undertake site clean-up and restoration work of the newly-designated orphan sites, paid for through the industry-funded Orphan Site Reclamation Fund.

DATE ISSUED: Apr. 22, 2025

EFFECTIVE DATE: Immediately

The BCER is committed to ensuring responsible energy resource activities in B.C. across their lifecycle, from site planning to restoration. As part of this oversight, we have a robust liability management framework in place to ensure permit holders are responsible for the financial and environmental risks related to their operations and that industry pays for the costs of restoration.

Erikson National Energy Inc. is an oil and natural gas company with assets in northern B.C.

Since 2020, Erikson has been non-compliant with orders and has failed to meet the regulatory and financial obligations incumbent on it as a permit holder. This has included failure to complete decommissioning at a frac water storage facility, issues related to suspending oil and gas sites, deactivating pipelines, and failure to pay security, fees and levies.

The BCER has been closely monitoring this matter, including prioritizing inspections to ensure Erikson's assets are in a safe state and completing work to drain and decommission the frac water storage facility to ensure environmental protection.

In September 2024, Erikson entered insolvency proceedings and has pursued a sales process in efforts to divest its assets. Those efforts continue; however, a portion of Erikson's portfolio – comprising 53 sites and associated infrastructure located in the Peace region of northeast B.C. - has been identified as being of no interest to any potential purchasers. As such, on March 31, 2025, the BCER exercised its authority under section 45 of the Energy Resource Activities Act to designate those sites and associated infrastructure as orphans, transferring them under BCER management.

Under a court appointed monitor, Erikson continues to maintain care and control of its remaining assets, including completion of ongoing maintenance while it pursues opportunities to transfer its remaining assets to a solvent operator.

The BCER continues to monitor the situation and work with affected First Nations and landowners.

Orphan Sites in B.C.

[Orphan sites](#) are wells, facilities, pipelines, roads and associated areas where an oil and gas company is insolvent or cannot be located.

An orphan site designation gives the BCER the option of using the Orphan Site Reclamation Fund (OSRF) to decommission and clean up the site. This provides assurance the site will be restored in accordance with current standards and requirements, and all known contamination risks or hazards have been addressed.

The addition of the 53 Erikson sites means the BCER is now responsible for 872 orphan sites in B.C., of which 249 have been fully reclaimed. Orphan sites comprise less than four per cent of all energy resource sites in the province. The rest are in the care and control of viable companies.

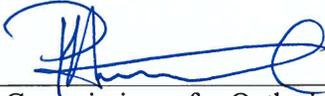
The BCER's orphan program – fully funded by industry – has spent more than \$17.4 million during 2024/25 to conduct restoration work on orphan sites. This work includes the completion of nearly 300 restoration activities on approximately 250 orphan sites.

If you have any questions regarding this Information Update, please contact:

Mike Janzen
Executive Director, Orphans & Restoration
BC Energy Regulator
Mike.Janzen@bc-er.ca
250-419-4464

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This is **Exhibit "H"** referred to in the Affidavit of Peter Neelands sworn before me this 30th day of April, 2025

A handwritten signature in blue ink, appearing to be 'Patrick T. Harnett', written over a horizontal line.

A Commissioner for Oaths in and for Ontario

Patrick T. Harnett, Barrister & Solicitor

Notice of Directors or Notice of Change of Directors

Business Corporations Act
Sections 106, 113 and 289

1. Name of Corporation

**2. Alberta Corporate
Access Number**

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3. The following persons were appointed Director(s) on _____ :
year / month / day

Name of Director <i>(Last, First, Second)</i>	Mailing Address <i>(including postal code)</i>	Are you a resident Canadian?
		Yes No <input type="checkbox"/> <input type="checkbox"/>
		<input type="checkbox"/> <input type="checkbox"/>
		<input type="checkbox"/> <input type="checkbox"/>

4. The following persons ceased to hold office as Director(s) on _____ :
year / month / day

Name of Director <i>(Last, First, Second)</i>	Mailing Address <i>(including postal code)</i>

5. As of this date, the Director(s) of the corporation are:

Name of Director <i>(Last, First, Second)</i>	Mailing Address <i>(including postal code)</i>	Are you a resident Canadian?
		Yes No <input type="checkbox"/> <input type="checkbox"/>
		<input type="checkbox"/> <input type="checkbox"/>
		<input type="checkbox"/> <input type="checkbox"/>

6. To be completed only by Alberta Corporations:

Are at least 1/4 of the members of the Board of Directors resident Canadians? Yes No

 Authorized Signature Name of Person Authorizing *(please print)* Date
(applicable for non-profit companies only)

 Telephone Number *(daytime)* Identification Title *(please print)*
(not applicable for non-profit companies)

This information is being collected for the purposes of corporate registry records in accordance with the Business Corporations Act. Questions about the collection of this information can be directed to the Freedom of Information and Protection of Privacy Coordinator for the Alberta Government, Box 3140, Edmonton, Alberta T5J 2G7, (780) 427-7013.

Notice of Directors or Notice of Change of Director

BUSINESS CORPORATIONS ACT

INSTRUCTIONS

This information is submitted to your authorized service provider for filing with the Registrar pursuant to the Business Corporations Act and must conform to Section 1 of the Regulations made under this Act.

- This form **should not** be used to submit a change of directors address.
- This form **is not** to be used by Alberta Societies.

Alberta Corporations:

Submit this information to your authorized service provider for filing with the Registrar:

- Upon incorporation, continuance, or amalgamation
- within 15 days of any change.

New corporations, continuances, or amalgamations are to complete Items 1, 5 and 6. For changes, complete items 1, 2, 5, and 6, as well as Item 3 or 4, or Items 3 and 4, where applicable.

Extra-Provincial Corporations:

- Submit this information to your authorized service provider for filing with the Registrar within 1 month of any change.
- Complete Items 1, 2, and 5, as well as Item 3 or 4, or Items 3 and 4, where applicable.

Item 1. Enter the corporation's full legal name in Alberta.

Item 2. If this is for a change of directors you must enter the Alberta Corporate Access Number of this corporation. It is printed on the top right-hand corner of the:

- Certificate of Incorporation
- Certificate of Amalgamation
- Certificate of Continuance
- Certificate of Registration.

Item 3. Enter the following information:

- date the director(s) were appointed
- complete name (last, first, second)
- complete mailing address, including the postal code
- if an Alberta corporation, check whether each director is or is not a resident Canadian.

If an Alberta corporation, a director must be an individual.

Item 4. Enter the following information:

- complete name (last, first, second)
- complete mailing address, including the postal code
- date the director(s) ceased to hold office.

Item 5. Enter the following information:

- complete name (last, first, second)
- complete mailing address, including the postal code
- if an Alberta corporation, indicate whether each director is or is not a resident Canadian.

Officer information is not required on this form.

Item 6. Alberta corporations only are to check the appropriate box. The Business Corporations Act requires at least 1/4 of the directors of an Alberta corporation to be resident Canadians.

Alberta and Extra Provincial Corporations:

When the information is submitted to your service provider, the following **must** be included:

- name of person authorizing
- title of person authorizing
- identification of the authorized person
- date
- daytime telephone number

Non-Profit Companies:

When submitting your form, the following **must** be included:

- signature of person authorizing
- name of person authorizing
- title of person authorizing
- date
- daytime telephone number

FOR NON-PROFIT COMPANIES ONLY

Complete this form and return both copies (no fee required) to:

Service Alberta
PO BOX 1007 STN MAIN
EDMONTON AB T5J 4W6

Walk-in Service
Corporate Registry
John E. Brownlee Bldg.
10365 - 97 Street
Edmonton, Alberta

For information call:
Edmonton: (780) 427-2311
Toll-free: 310-0000 and
then dial 427-2311

NOTE: Due to limited space, an appropriate attachment adhering to Section 1 of the Regulations is acceptable. Attachments or schedules should clearly indicate which item they pertain to.