

Form 6-5  
(Rule 6-5)

COURT FILE NUMBER            Q.B. No. 733 of 2021  
COURT OF QUEEN'S BENCH FOR SASKATCHEWAN  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE                SASKATOON  
APPLICANT                        ABBEY RESOURCES CORP.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF ABBEY RESOURCES CORP.

**AMENDED NOTICE OF APPLICATION**

(Re: Application for Third Extension Order and Distribution Order)

**NOTICE TO THE RESPONDENT**

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

You have the right to state your side of this matter before the Court. To do so, you must be in Court when the application is heard as shown below:

Where            1800 Central Avenue  
                    Prince Albert, SK S6V 4W7  
  
Date             Wednesday, November 24, 2021  
  
Time             1:30. P.M.

***Proceeding Virtually by WebEx Hearing***

**NOTE: Due to the health risks posed by the COVID-19 pandemic, all chambers applications will be heard by telephone unless the presiding judge has decided otherwise. Dial-in or WebEx login particulars may be obtained upon request by contacting counsel for the Applicant, DLA Piper (Canada) LLP, at the address for service listed below.**

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

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**APPLICATION FOR THIRD EXTENSION ORDER AND OTHER RELIF PURSUANT TO THE  
*COMPANIES' CREDITORS ARRANGEMENT ACT***

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**Remedy claimed or sought:**

1. The Applicant, Abbey Resources Corp., seeks Orders pursuant to sections 11, 11.02 of the *Companies' Creditors Arrangement Act*, RSC 1985 c C-36, (the "**CCAA**"), Rule 13-7(2) of *The Queen's Bench Rules* and the inherent jurisdiction of this Honourable Court, substantially in

the form of the draft Third Extension Order and draft Distribution Order, all filed herewith:

- a. re-affirming the relief granted in the August 13, 2021, Initial Order of the Honourable Mr. Justice G.A. Meschishnick (the “**Initial Order**”) granted in these proceedings;
- b. validating the time for service of this Notice of Application and materials filed therewith;
- c. providing that the stay of proceedings imposed in the Initial Order shall be further extended up to and including 11:59 p.m. on the 22<sup>nd</sup> of February, 2022;
- d. directing the MNP Ltd. (the “**Monitor**”) distribute to the Applicant the net sale proceeds received from the sale of the a Jenbacher J312 natural gas engine bearing Engine no. 4504351 (the “**Jenbacher**”) to Steel Reef Infrastructure Corporation;
- e. authorizing the Applicant to make the payments on account of municipal taxes for 2021 as outlined in the cash flow statement appended to the Seventh Affidavit of James Gettis; and
- f. providing such further and other relief that Court may deem appropriate or necessary.

**Grounds for making this application:**

Third Extension

2. Section 11.02(3) of the CCAA empowers this Honourable Court with the authority to extend the stay of proceedings imposed in the Initial Order provided that it is satisfied that appropriate circumstances exist to extend the stay and that the Applicant has continued to act in good faith and with due diligence.
3. The Applicant continues to act in good faith and with appropriate due diligence in all matters connected to its restructuring in these proceedings and its business and affairs generally.
4. Appropriate circumstances exist for this Honourable Court to extend these proceedings further. The Applicant has taken material steps in furtherance of the objectives of its restructuring. Moreover, the Applicant has formulated a restructuring plan which, due in part to projected increases in natural gas prices, will enable it in 2022 to:
  - a. continue to carry on its natural gas extraction and sales business without the need for interim financing or the liquidation of any of its assets;
  - b. pay 2021 property taxes assessed against it prorated from August 13, 2021, to December 31, 2021;
  - c. pay post-filing surface and mineral lease rental amounts, royalties, levies, and municipal

- taxes;
- d. commence the process of decommissioning 600 unproductive wells using free cash flow;
- e. significantly reduce its fixed costs; and
- f. position itself to present a viable plan of arrangement to its creditors.

#### Distribution of Sale Proceeds

5. *Per* the Sale Approval and Vesting Order granted by this Honorable Court on October 7, 2021, in respect of the transaction for the sale of the Jenbacher, net proceeds paid to the Monitor remain impressed with any encumbrances or charges that were attached to the Jenbacher at the time of its sale.
6. The Applicant submits that the Jenbacher was not impressed with any statutory security interests or charges, or any other encumbrances of any kind, at the time of its sale, save and except for the Administration Charge imposed by the August 13, 2021, Initial Order granted in these proceedings.
7. Though the Applicant did owe municipal taxes to the municipality in which the Jenbacher was sited at the time of sale - i.e., the Rural Municipality of Miry Creek No. 229 (the “**R.M. of Miry Creek**”) - the Applicant denies that a lien for unpaid taxes pursuant to *The Municipalities Act*, SS 2005, c M-36.1 (the “**Municipalities Act**”), attached to the Jenbacher. Rather, the Jenbacher was, at all material times, chattel property which was not “resource production equipment” within the meaning of the *Municipalities Act* due to the fact that it was not equipment by which the Applicant’s natural gas wells were operated.
8. Consequently, the Applicant states that it is entitled to access the net proceeds from the sale of the Jenbacher and to use the same for any lawful purpose for which it would otherwise be entitled to use cash or revenue during the course of its restructuring.

#### **Material or evidence to be relied on:**

9. The Applicant relies on the following materials in support of its Application:
  - a. Notice of Application;
  - b. Affidavits of James Gettis, dated July 13, 2021, July 15, 2021, July 28, 2021, August 3, 2021, and August 10, 2021, September 30, 2021, and November 16, 2021;
  - c. The Third Report of the Monitor, MNP Ltd.;
  - d. (draft) CCAA Third Extension Order;

- e. (draft) Distribution Order (to be filed);
- f. Brief of Law (to be filed);
- g. Service List; and
- h. Such further and other material as counsel may advise and the Court may allow.

**Applicable rules:**

- 10. *The Queen's Bench Rules*, Rule 13-7.

**Applicable Acts and regulations:**

- 11. *Companies Creditors' Arrangement Act*, RSC 1985, c C-36, at s 11, 11.02(2), 11.03(1), and 11.1(3); *The Municipalities Act*, SS 2005, c M-36.1, at s 2(1)(nn), 275, 320; *The Municipalities Regulations*, at s 2(4).

DATED at Edmonton, Alberta, this 16<sup>th</sup> day of September, 2021.

**DLA PIPER (CANADA) LLP**

**Per:**



**Jerritt R. Pawlyk and Kevin N. Hoy,**  
Counsel to Abbey Resources Corp.

**CONTACT INFORMATION AND ADDRESS FOR SERVICE**

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