

Form 13-31
(Rule 13-31)

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 (the "CCA")

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

EIGHTH AFFIDAVIT OF JAMES GETTIS

I, James Gettis, of the City of Calgary, in the Province of Alberta, make oath and say as follows:

1. I am the President and sole director of Abbey Resources Corp. (the "**Company**"), and as such, I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be on information and belief, and whereso stated, I verily believe the same to be true.
2. Herein, I make reference to certain of my Affidavits previously filed in these proceedings - particularly, my Affidavit dated July 13, 2021, (the "**First Gettis Affidavit**") my affidavit dated July 28, 2021, (the "**Third Gettis Affidavit**") my affidavit dated August 19, 2021, (the "**Fifth Gettis Affidavit**"), my Affidavit dated October 1, 2021 (the "**Sixth Gettis Affidavit**"), and my Affidavit dated November 16, 2021 (the "**Seventh Gettis Affidavit**"). Capitalized terms not expressly defined in this Affidavit have the same meanings ascribed to them in the aforementioned Affidavits.
3. I make this Affidavit further to the Seventh Gettis Affidavit and in response to developments or express concerns raised subsequent to the swearing of the Seventh Gettis Affidavit.

Amended Application

4. I am advised by the Company's restructuring counsel, and verily believe it to be true, that subsequent to my execution of the Seventh Gettis Affidavit, the Monitor indicated that it was of the view that it would be appropriate for this Honourable Court to determine whether payment of municipal taxes in the manner set out in paragraph 44 of the Seventh Gettis Affidavit constituted payment of a pre-filing obligation. Accordingly, the Company agreed to put forward an amended Notice of Application and amended Draft Order seeking this Honourable Court's approval of the Company's plan to pay prorated portions of the 2021 municipal taxes.

5. Abbey wishes to pay the pro-rata portion of the 2021 municipal taxes from August 13th. Abbey wishes to do this as a sign of good faith to the municipalities. The use of a prorated payment was chosen on the basis of fairness, as this is similar to how Abbey is calculating the temporary payments to the surface lease holders.
6. Abbey is proposing to spread these payments out on a monthly basis to preserve cash flow during the course of these proceedings and ensure that the larger restructuring efforts of the company are not jeopardized.

Concerns of MOER

7. Following service of the Seventh Gettis Affidavit, the Company's restructuring counsel received an email dated November 19, 2021, from the counsel for the MOER containing a number of follow-up questions to matters raised in the Seventh Gettis Affidavit. I am attaching a copy of the November 19, 2021, and the Company's reply thereto and follow-up communications, collectively, as Exhibit "A" of this Affidavit.
8. I note that the MOER raised a concern regarding notices the Company has received from the MOER in respect of regulatory compliance issues. As was noted at paragraph 8 of the Seventh Gettis Affidavit, the Company has received multiple notices since September of 2021. In particular, since September of 2021, the Company has received 241 deficiency notices through Saskatchewan's Integrated Resource Information System ("IRIS") administered by the MOER. I am attaching a list, generated from the data available to the Company on IRIS, of outstanding deficiencies current to November 11, 2021, as Exhibit "B" of this Affidavit.
9. Upon review of the outstanding deficiencies, I note that 52 items relate to illegible or incorrect well identification signs, despite such well identification signs having remained unchanged for years. A further combined 123 deficiencies relate to weed control or "housekeeping" issues. I am attaching, collectively, representative images of two well sites that the Ministry deemed to be problematic due to weed control issues as Exhibit "C" of this Affidavit.
10. The frequency with which the Company's assets have been inspected has increased dramatically subsequent to the Company's entry into CCAA proceedings.
11. I note that the Honourable Browyne Eyre, the Minister of Energy and Resources for the Province of Saskatchewan has spoken publicly regarding the MOER's efforts to inspect the Company's well sites and other facilities. In an article published by the *Prairie Post* dated November 15, 2021, a copy of which is attached as Exhibit "D" of this Affidavit, Minister Eyre is quoted as follows:

"I do want people to know that our fields services branch through the Ministry of Energy and Resources has increased inspections of Abbey's operations significantly and we've ordered a third-party risk assessment of its pipeline infrastructure," she said. "Over the past few months, we've conducted about 330 inspections of this company's sites. We've ordered that lines be taken out of service when the integrity of the line isn't proven. ... And we've collected \$28 million in security from Abbey in the event that it's facilities would become orphaned."

[Emphasis added]

12. At no point has the MOER provided the Company with any explanation for the rationale behind its decision to increase "inspections of Abbey's operations significantly" subsequent to its entry into CCAA proceedings.
13. As was stated at paragraph 8 of the Seventh Gettis Affidavit, the Company is addressing the deficiencies as it receives notice of them from the MOER through IRIS. In fact, 118 of the 241 deficiency notices received subsequent to August of 2021 have been addressed by the Company. For greater certainty, the Company intends to address all deficiencies as soon as is reasonably practicable. In furtherance of this aim, the Company has, in recent weeks, paid its staff members to work overtime on scheduled off days to attend to these deficiencies.

Carry the Kettle First Nation

14. On the afternoon of November 22, 2021, the Company's restructuring counsel received a letter from counsel for the CTK First Nation, a copy of which is attached as Exhibit "E" of this Affidavit. The said correspondence indicates that CTK First Nation has rejected the Company's proposal to amend the surface leases sited on lands controlled by CTK First Nation using the same acreage reduction methodology that the Company has used to amend its other surface leases. Additionally, the correspondences advises that CTK First Nation takes the position that its 2021 property taxes are currently due and payable in their entirety.
15. As was stated at paragraph 44 of the Seventh Gettis Affidavit, the Company did not receive a 2021 Tax Notice from CTK First Nation. The Company has re-reviewed its documents and I am able to confirm that the Company does not appear to have any record of having received a Tax Notice from CTK First Nation for the 2021 tax year. The Company's restructuring counsel has requested a copy of the 2021 Tax Notice from counsel for CTK First Nation.
16. The Company was provided with a copy of the *Carry the Kettle First Nation Property Assessment and Taxation Bylaw* on November 23, 2021. The Company's restructuring counsel haven not yet had the opportunity to fully review the said bylaw; as such, the Company is not presently able to take a position on the question of whether municipal taxes owing to the CTK First Nation for the tax year of 2021, or any portion thereof, constitute pre-filing claims.

17. As no anniversary dates for surface leases held by CTK First Nation came due between August 13, 2021, and October of 2021, the Company has not yet made any surface lease rental payments to CTK First Nation since its entry into CCAA proceedings on August 13, 2021. CTK First Nation surface leases generally have anniversary dates falling between the months of November and February. As those anniversary dates come due, the Company will make prorated surface lease rental payments to CTK First Nation in the ordinary course in the manner in which it pays its other surface rights holders.
18. The Company considers the wells sited on the CTK First Nation's lands to be not economically viable if surface rental amounts are not reduced on the acreage reduction basis utilized to amend the Company's remaining surface leases. Consequently, if the Company is unable to reach an agreement with CTK First Nation, it will proceed to terminate or disclaim the CTK First Nation surface leases and abandon production on the CTK First Nation. The Company anticipates that abandoning the CTK First Nation wells will result in decreased production of an average of 1,245 GJ/day. .
19. On November 22, 2021, the Company's restructuring counsel also received an email from counsel for IOGC concerning the status of the Company's royalty payments in respect of its natural gas production on lands controlled by CTK First Nation, a copy of which is attached as Exhibit "F" of this Affidavit. The email indicates that IOGC takes the position that the Company has failed to pay royalties due and owing in respect of natural gas production for August, September, and October of 2021, but has rather only made a pro-rata royalty for natural gas production occurring in August of 2021. I also note that the email alleges that \$81,000 in royalty payments is outstanding and indicates that further particulars of the basis for IOGC's position will be immediately forthcoming.
20. The Company disputes the contention of IOGC and takes the position that it has, in fact, paid all royalties due and owing in respect of natural gas production occurring on lands controlled by CTK First Nation subsequent to August 13 of 2021. The Company has not knowingly withheld royalty payments from IOGC and has intended to pay all royalties on natural gas production. Indeed, the Company's records indicate that royalty payments have, in fact, been made to IOGC. The Company has committed to working amicably with IOGC to resolve the dispute concerning the status of the royalty payments in dispute. If the Company determines that it has erred, and that royalties due to IOGC have not been paid in full, it will immediately make payment of such royalties. The Company does not anticipate that payment of the additional \$81,000 royalty amount IOGC claims to be owed will jeopardize its ability to carry on operations or its ability to restructure in these proceedings.

Dissenting Lessors

21. On November 19, 2021, the Company's restructuring counsel received notice from Mr. Wayne Pederson of Leland Kimpinski LLP that his office had been retained by 149 surface rights holders (the "**Dissenting Lessors**") apparently seeking to oppose the continuation of these proceedings. As of the

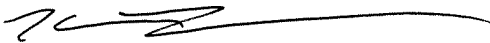
writing of this Affidavit, the Company has not yet been served with any materials from any of the Dissenting Lessors.


22. On the morning of November 23, 2021, counsel for the Dissenting Lessors provided the Company's restructuring counsel with a list of the 149 Dissenting Lessors. A copy of the said list is attached as Exhibit "G" of this Affidavit.
23. Upon comparison of the list of the Dissenting Lessors with the Company's records, it appears that at least eight of the Dissenting Lessors have actually entered into amended surface lease agreements subsequent to the Company's entry into CCAA proceedings. In particular, individual Dissenting Lessors who have entered into amended surface leases are: Evelyn Erickson Estate, Gary Erickson, Gem Acres Inc., Glenn and Helen Miller, Jocelyn and Stanley Miller, Karen Fullerton, Karfrie Acres Ltd., and Morgan and Fay Powell. A further two individual Dissenting Lessors have approved but not yet signed amended leases, namely, James and Nancy Moen, and Moen Farms Ltd.
24. I note that surface rights holders are not uniformly opposed or ambivalent to the Company's continued efforts to restructure in these proceedings. On November 13, 2021, I received from a surface rights holder, namely, Dan Danielson, a copy of a correspondence sent to the Monitor regarding the Company's efforts to restructure. A copy of Mr. Danielson's correspondence is attached as Exhibit "H" of this Affidavit. I note that Mr. Danielson lays out for the Monitor his rationale for supporting the Company's efforts to restructure in these proceedings by way of entry into the amended leasing arrangement.

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25. I make this Affidavit in support of the Company's Application for a Third Extension Order and other relief under the CCAA and for no other or improper purpose.

SWORN before me at the City of)
Calgary, in the Province of)
Alberta, this 23rd day of)
November, 2021.)



James Gettis


A Commissioner for Oaths for
the Province of Alberta
My appointment expires: _____
Or Being a Solicitor

KEVIN NELSON
BARRISTER & SOLICITOR

CONTACT INFORMATION AND ADDRESS FOR SERVICE

Name of Firm:	DLA PIPER (CANADA) LLP
Name of lawyer in charge of file:	Jerritt R. Pawlyk / Kevin Hoy
Address of legal firm:	Suite 2700 10220 - 103rd Ave NW Edmonton, AB T5J 0K4
Telephone number:	780.429.6835
Facsimile:	780.670.4329
Email:	<u>jerritt.pawlyk@dlapiper.com</u> / <u>kevin.hoy@dlapiper.com</u>

THIS IS EXHIBIT "A" referred to in
the Affidavit of **Jim Gettis**
SWORN BEFORE ME this 23rd day
of November, 2021.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

KEVIN NELSON
BARRISTER & SOLICITOR

Archived: Tuesday, November 23, 2021 3:20:33 PM

From: [Hoy, Kevin](#)
To: [M. Kim Anderson](#)
Cc: [Pawlyk, Jerritt](#)
Bcc: [CCAA filing_00001 Email](#)
Subject: RE: Abbey Resources
Importance: Normal
Sensitivity: None
Attachments:
[IRIS Deficient Sites Nov 2021 \(1\).jpg](#) [IRIS Deficient Sites Nov 2021 \(3\).jpg](#)

Thank you, Kim.

For clarification, does the number of environmental incidents to which you are referring include the cumulative 175 weed control, housekeeping, and signage infractions referenced in my email?

As we have stated previously, the Company is dealing with these issues as they arise. However, speaking to the numbers of deficiencies without speaking to the nature of deficiencies would, in our view, invite the Court to lose perspective, if that is what is going to be discussed at this week's hearing. For illustrative purposes, I have attached photos of what we understand are sites that have been deemed to have inadequate weed control or housekeeping issues by the Ministry. Perhaps the vegetation in immediate proximity of these facilities does not comport with applicable standard – and, if so, the Company will need to take steps to ensure compliance with such standards – but we trust you will agree that environmental concerns such as these do not constitute a material threat to property, safety, or the overall environmental health of the region.

The difficulty we are having with this is that, frankly, it appears as if the Ministry has isolated the Company for enhanced scrutiny that we doubt is being applied industry-wide. To this point, we would refer you to the Minister's own remarks on the topic. <https://prairiepost.com/saskatchewan/2021/11/15/energy-minister-responds-to-concerns-over-unpaid-lease-and-tax-payments-by-oil-and-gas-companies/>

As is quoted in the article, the Minister states:

"I do want people to know that our fields services branch through the Ministry of Energy and Resources has increased inspections of Abbey's operations significantly and we've ordered a third-party risk assessment of its pipeline infrastructure," she said. "Over the past few months, we've conducted about 330 inspections of this company's sites. We've ordered that lines be taken out of service when the integrity of the line isn't proven. ... And we've collected \$28 million in security from Abbey in the event that it's facilities would become orphaned."

If we are wrong on this point and the Ministry is simply inspecting all licensees with equal frequency, we would appreciate that clarification. If it is, in fact, the case that the Ministry has targeted the Company for scrutiny because of its entry into these proceedings, we would hope to engage in further dialogue on this topic so as that the Ministry can re-assess whether its decision to isolate and target a licensee because it is undergoing a Court supervised restructuring is necessary, productive, or in keeping with the Ministry's obligation to continue to act in good faith in its dealings with the Company.

We are happy to discuss this further if you believe it would be productive to do so in advance of this week's hearing.

Best regards,

Kevin Hoy
Associate

T +1 403.698.8738
F +1 403.776.8861
E kevin.hoy@dlapiper.com

From: M. Kim Anderson <mk.anderson@rslaw.com>
Sent: Monday, November 22, 2021 3:02 PM
To: Hoy, Kevin <kevin.hoy@ca.dlapiper.com>
Subject: [EXTERNAL] Re: Abbey Resources

DLA Piper (Canada) LLP ALERT: This is an external email. Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Thanks for this. I will be sending on to the Ministry.

So you have some insight into the Ministry's environmental concerns about Abbey, it may be of assistance to consider the number of environmental incidents reported. Since the initial order was granted, the reported incidents have more than doubled. In October, this meant that Abbey was responsible for nearly a third of all the environmental incidents in the province, which is well out of proportion to its total share of production.

The appearance of a landowner group creates issues for us in determining the stance we intend to take on Wednesday, and at present, I am not sure what approach we will be taking other than to advise that we will take the position that the matter should return to court no later than January 12 (we may receive instructions to seek an earlier date, or to simply outright oppose the order, but we simply don't have those instructions in hand yet).

We will advise as soon as we have received instructions.

Regards,



M. Kim Anderson, Q.C.

306.933.1344
306.652.2445 mk.anderson@rslaw.com



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rslaw.com

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From: Hoy, Kevin <kevin.hoy@dlapiper.com>
Date: Monday, November 22, 2021 at 3:45 PM
To: M. Kim Anderson <mk.anderson@rslaw.com>
Cc: Travis K. Kusch <t.kusch@rslaw.com>, Pawlyk, Jerritt <jerritt.pawlyk@dlapiper.com>, SUTHERLAND, Ian <isutherland@mcdougallgauley.com>, Frith, Craig <cfrith@mcdougallgauley.com>, Victor Kroeger <Victor.Kroeger@mnp.ca>, Rick Anderson <mnp.ca> <rick.anderson@mnp.ca>
Subject: RE: Abbey Resources

Good afternoon, Kim.

Please see below our remarks on certain of the points raised in your November 19 email, as well as our replies to the inquiries made therein:

In reply to point 3, generally, we stress that it is the position of the Company that the law does not require the Company to make full payment of annual rental amounts to lessors who have yet to agree to amended leases. If we are wrong on this front, we will have to turn to the Court to decide whether it is inappropriate for these CCAA proceedings to continue absent the Company making full annual payments. Additionally, with respect, we remain of the view that the Ministry has no standing to advance any position on behalf of any surface rights holders, or even to speak to matters concerning their interests generally.

In reply to point 3(a), the Company does not immediately intend to rely on the clauses in the surface leases that allow for the immediate reduction in acreage. i.e. Article 4(d) in the representative leases appended to the Seventh Affidavit of James Gettis. Of course, the Company takes the position that may rely on such clauses if necessary. However, for the reasons discussed below in our reply, the Company prefers to continue to negotiate with surface rights holders as opposed to putting itself on course for litigation before the Surface Rights Board of Arbitration.

In reply to point 3(b), the Company intends to prioritize decommissioning of wells sited on premises where the Company has elected to exercise its right to surrender and terminate leases. Do we have to abandon wells should take place on most or all of the wells on surrendered leased premises in 2022 as part of the Well Decommissioning Project. Wells sited on surrendered leased premises will be the first wells to be cut and capped in 2023.

In reply to point 4, the Company anticipates that primary data should be available within two months of use of the SWOT data installed in the SWOT Pilot Project. The Company expects it will take approximately 6 months to generate additional data used for determining whether it should pursue mass installation of SWOT technology.

In reply to point 5, we maintain that the Company is acting reasonably as it attends to the deficiency notifications it has received from the Ministry as diligently as is practicable under the circumstances. We note that the frequency with which the Ministry has provided the Company such notices has increased since September of this year. Additionally, the vast majority of such deficiency notices appear to pertain to matters that, while important to resolve, do not appear to pose an immediate threat to property, persons, or the environment.

To illustrate this point, we refer you to a spreadsheet with all open deficiency current to November 11 of this year. We note that the spreadsheet shows 244 deficiencies, all but 14 of which relate to notices received by the Company subsequent to August of 2021. Of these deficiencies, 52 relate to issues well signs (which we understand have not changed materially in recent years). A combined 123 of these deficiencies relate to weed control or "housekeeping" issues.

We kindly ask that you advise as to the Ministry's reason for increasing the frequency of inspection of the Company's facilities into CCAA proceedings? We further ask you to clarify whether the oil and gas producer has initially seen an increase in inspections, or whether the Company has been singled out by the Ministry?

In reply to the question posed in point 5, the Ministry is, in fact, in error. We can confirm that the Company first contacted Mr. Bob Prieston on October 22, 2021. However, we stress that the Company was not sitting idly on this project between September 3, 2021 and Mr. Gettis in his capacity as the Company's in-house engineer, was conducting work in furtherance of the analysis that, in his view, was prudent to complete prior to obtaining an independent specialist engineer. In any event, as evidenced by the fact that the Company anticipates that it will submit the Risk Assessment on time, we trust that you will agree that the Ministry's concerns on this front have been satisfactorily addressed.

In reply to the remarks in point 6 concerning the alleged "discovery" of the reduction in acreage used, we do not expect fully that you may have misinterpreted both the Seventh Affidavit of James Gettis and the terms of the representative surface leases appended thereto. First, Mr. Gettis does not aver that the Company only recently discovered these clauses.

Second, a close reading of the relevant articles of the representative leases show that they do not, on their own, enable the Company to automatically reduce surface rental amounts without either further agreement or litigation. We refer you to the last sentence of article 4(c) of both of the representative leases. As we interpret that provision, the exercise of the reduction in acreage does not operate to automatically reduce rental amounts payable by the company. Rather, the provision merely provides that a rent review occurring under article 4(a) will be done on the basis of reduced acreage. Article 4(a) effectively provides that the Company may negotiate with each surface rights holder or seek to have rents reviewed by the Board of Arbitration constituted under *The Surface Rights Acquisition and Compensation Act*. Referring hundreds of separate disputes to the Board of Arbitration would be prohibitively expensive and time-consuming. Consequently, negotiation with landowners has served as the foundation upon which the Company's rent reduction program is based. The purpose of turning the Court's attention to the clause is simply to illustrate that the company's position vis-à-vis the leaseholders, that the leased area should be reduced to the area which is actually used, is a concept that is baked into the leases.

In reply to your concern in point 5 regarding the Enerplus leases, we note that such documents were never digitized and were placed in storage by the Company following the use of the Enerplus transaction. Access to the leases themselves has been unnecessary for the purposes of generating amendments seeing as key particulars of such leases (i.e. locations, identifying info and rental amounts) were recorded digitally. Consequently, Millennium Land has only required access to those particulars to attend to the amendment of the leases assigned to the Company by Enerplus.

In reply to your concerns in points 6 and 7 regarding SCVF issues, we note that the Ministry was aware of this issue at least a month in advance of the October 7 hearing. If SCVF issues represented a problem of sufficient concern for the Ministry to serve as an independent ground to oppose the Company extension in these proceedings, we are at a loss for why the Ministry did not feel that SCVF issues merited discussion previously. As for your suggestion that the Company fail to act with due diligence in its acquisition of its assets, we note that we are unable to speak to the highly technical questions of what review of potential SCVF issues would be part of the due diligence process typically conducted as part of oil and gas asset acquisitions. In our view, this is a technical topic to which only an expert properly qualified to offer opinion evidence regarding standards and practices in oil and gas transactions should speak.

In reply to your inquiry raised in point 8, we are unable to provide a firm timeline for when the Company will be in a position to put forward its plan of arrangement. We believe it would be prudent to put forward a proposal prior to the Company having the opportunity to implement its restructuring plan, which should significantly reduce the Company's fixed costs thereby maximizing its chances for success upon its exit from these proceedings. Unfortunately, we are unable to provide an estimate of amounts that would be initially included in the plan of distribution to the Company's creditors. The value of this will depend on multiple variables, such as the actual costs incurred by the Company in the implementation of its restructuring plan and the price of gas over the coming year.

In reply to point 9, we note that the Company would prefer to reduce the aggregate number of extension applications it is required to bring forward in these proceedings so as to reduce professional costs. Accordingly, a longer extension is preferred. The intervention of the holiday break was also a factor. That said, we remain open to discussing alternatives to the extension proposed by the Company.

We hope the foregoing has answered the Ministry's inquiries. Please do not hesitate to reach out to Jerritt or myself directly should you require any clarification respecting the above.

Best regards,

Kevin Hoy
Associate

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F +1 403.776.8861
E kevin.hoy@cdlapiper.com

From: Pawlyk, Jerritt <jerritt.pawlyk@ca.dlapiper.com>

Sent: Friday, November 19, 2021 10:51 AM

To: M. Kim Anderson <mk.anderson@rslaw.com>; Hoy, Kevin <kevin.hoy@ca.dlapiper.com>

Cc: Travis K. Kusch <t.kusch@rslaw.com>

Subject: RE: Abbey Resources

Kim,

Thanks for the below. We will get back to you as soon as possible.

Kevin has sent the information from your follow-up request via separate email.

Jerritt Pawlyk
Partner

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F +1 780.670.4329
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From: M. Kim Anderson <mk.anderson@rslaw.com>
Sent: Friday, November 19, 2021 10:05 AM
To: Pawlyk, Jerritt <jjerritt.pawlyk@ca.dlapiper.com>; Kevin Mellor <kmellor@nychuklaw.com>
Cc: Travis K. Kusch <t.kusch@rslaw.com>
Subject: [EXTERNAL] Abbey Resources

DLA Piper (Canada) LLP ALERT: This is an external email. Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Further to our discussion earlier this week, we have had our meeting with our client. Please be advised as follows:

1. The Ministry of Agriculture appears, as we were earlier advised by them, to have completed the acreage adjustments under discussion, and will no doubt have been pleased to receive payment following that process. MoE is of course supportive of the position of MoA, and considers it a positive development.
2. MoE was, of course, quite concerned by the initial request to extend the risk assessment process. The concern has been addressed by confirming that the assessment will be in on time.
3. With respect to the payment of surface leaseholders, while they have been given an opportunity to participate in the process since the last appearance, and may choose to participate more fully (we have heard nothing definite in this regard to date), from a functional and financial perspective, the present inability to meet obligations as they fall due does constitute a concern. I will therefore pose some questions, which have occurred at our end:
 - a. To the extent that the company has a contractual ability to impose a reduction in acreage, what is the anticipated timeframe for addressing those leases, and when will the financial impact begin to take effect. Is it the plan of the company to (once those adjustments are complete), make payment as required by the restructured leases, or is there still a cash flow concern?
 - b. To the extent the company may not have an ability to do so or may otherwise choose to abandon wells with landowners who are not prepared to restructure, what is the timeframe for that process, and what is the anticipated impact on cash flow. What also is the plan with respect to decommissioning?
4. MoE would appreciate a better understanding of the SWOT project proposed. What timeframe will be required to determine if the results bear out continued employment of the technology?
5. MoE does not agree with the gist of the assertion set out in paragraph 8 of the Gettis Affidavit. They are preparing information for us with respect to past-due action by the Company which we will share upon receipt. In addition, though the concern respecting timing of the risk assessment appears to have been addressed, the Ministry advises that it appears that the company took no steps to engage a consultant for a considerable time following the Ministry communicating its requirements. If this understanding is in error, please advise and provide details.
6. Moe notes that there are aspects of the affidavit which, upon second review, are troubling: These include the fact that the acreage reduction clauses in the agreements were only recently "discovered". The underlying concern that these clauses was intended to address has been outstanding since at least 2018. For the company to have had the ability to deal with that difficulty and to have in the intervening years, incurred unnecessary unpaid debt burden does not speak well about management. Similarly the lack of lease documents in the possession of the company following the Enerplus transaction raises similar concerns. Those concerns are further compounded by the information in the affidavit respecting the SVCF issues, the fact that there was no apparent due diligence on those issues at the time acquisition and the fact that the information was in the possession of the company's superintendent for many years without being addressed with or by management.
7. MoE notes the impact of the SVCF issues in the Gettis Affidavit and does constitute a significant increase in the decommissioning liability. We are reviewing the extent to which this impacts the picture overall for the Ministry.
8. We note the reference to excess cash being used to fund a plan of arrangement. Is there any timeframe for providing a quantification of the amounts that would be injected into a plan and an anticipated timeframe for that plan to be put to the creditors?
9. In view of the foregoing, the proposed extension to late February seems somewhat long. Depending on the nature of our final instructions on whether to oppose the extension, it may be that we will propose a shorter extension timeframe.

If there are any considerations we ought to make with respect to any of the foregoing, so we might review quickly with the Ministry?

Thanks.



M. KIM ANDERSON, Q.C. | Lawyer | [Bio](#)
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Operating as M. Kim Anderson, Q.C. Legal Prof. Corp.

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Archived: Tuesday, November 23, 2021 3:20:25 PM

From: Hoy, Kevin

To: M. Kim Anderson

Cc: Travis K. Kusch Pawlyk, Jerritt SUTHERLAND, Ian Frith, Craig 'Victor Kroeger' 'Rick.Anderson@mnp.ca'

Bcc: CCAA filing_00001 Email

Subject: RE: Abbey Resources

Importance: Normal

Sensitivity: None

Good afternoon, Kim.

Please see below our remarks on certain of the points raised in your November 19 email, as well as our replies to the inquiries made therein:

In reply to point 3, generally, we stress that it is the position of the Company that the leases do not require the Company to make full payment of annual rental amounts to lessors who have yet to agree to amended leases. If we are wrong on this front, we will have to turn to the Court to decide whether it is inappropriate for these CCAA proceedings to continue absent the Company making full annual payments. Additionally, with respect, we remain of the view that the Ministry has no standing to advance any position on behalf of any surface rights holder, or even to speak to matters concerning their interests generally.

In reply to point 3(a), the Company does not immediately intend to rely on the clauses in the surface leases that allow for the immediate reduction in acreage. The Articles of the representative leases appended to the Seventh Affidavit of James @ttis. Of course, the Company takes the position that it may rely on such clauses if necessary. However, for the reasons discussed below in our reply, the Company prefers to continue to negotiate with surface rights holders as opposed to putting itself on course for litigation before the Surface Rights Board of Arbitration.

In reply to point 3(b), the Company intends to prioritize decommissioning of wells sited on premises where the Company has elected to exercise its right to surrender and terminate leases. Do we have abandonment should take place on most or all of the wells on surrendered leased premises in 2022 as part of the Well Decommissioning Project. Wells sited on surrendered leased premises will be the first wells to be cut and capped in 2023.

In reply to point 4, the Company anticipates that preliminary data should be available within two months of use of the SWOT data installed in the SWOT Pilot Project. The Company expects it will take approximately 6 months to generate additional data used for determining whether it should pursue mass installation of SWOT technology.

In reply to point 5, we maintain that the Company is acting reasonably as it attends to the deficiency notifications it has received from the Ministry diligently as is practicable under the circumstances. We note that the frequency with which the Ministry has provided the Company such notices has increased since September of this year. Additionally, the vast majority of such deficiency notices appear to pertain to matters that, while important to resolve, do not appear to pose an immediate threat to property, persons, or the environment.

To illustrate this point, we refer you to a spreadsheet with all open deficiencies current to November 11 of this year. We note that the spreadsheet shows 244 deficiencies, all but 24 of which relate to notices received by the Company subsequent to August of 2021. Of these deficiencies, 52 relate to issues with signs (which we understand have not changed materially in recent years). A combined 123 of these deficiencies relate to weed control or "housekeeping" issues.

We kindly ask that you advise as to the Ministry's reason for increasing the frequency of inspection of the Company's facilities since entry into CCAA proceedings? We further ask you to clarify whether the other oil and gas producers have similarly seen an increase in inspections, or whether the Company has been singled out by the Ministry?

In reply to the question posed in point 5, the Ministry is, in fact, in error. We can confirm that the Company first contacted with Mr. Bob Prieston on October 22, 2021. However, we stress that the Company was not sitting idly on this project between September 3, 2021, and Mr. @ttis in his capacity as the Company's in-house engineer, was conducting work in furtherance of the analysis that, in his view, was prudent to complete prior to retaining an independent specialist engineer. In any event, as is evidenced by the fact that the Company anticipates that it will submit the Risk Assessment on time, we trust that you will agree that the Ministry's concerns on this front have been satisfactorily addressed.

In reply to the remarks in point 6 concerning the alleged "discovery" of the reduction in acreage usage, we do not expect that you may have misinterpreted both the Seventh Affidavit of James @ttis and the terms of the representative surface leases appended thereto. First, Mr. Gettis does not aver that the Company only recently discovered these clauses.

Second, a close reading of the relevant articles of the representative leases show that they do not, on their own, enable the Company to automatically reduce surface rental amounts without either further agreement or litigation. We refer you to the last sentence of article 4(c) of both of the representative leases. As we interpret that provision, the exercise of the reduction in acreage usage does not result in an automatic reduction in rental amounts payable by the company. Rather, the provision merely provides that a review occurring under article 4(a) will be done on the basis of reduced acreage. Article 4(a) effectively provides that the Company may negotiate with each surface rights holder or seek to have rents reviewed by the Board of Arbitration constituted under *The Surface Rights Acquisition and Compensation Act*. Referring hundreds of separate disputes to the Board of Arbitration would be prohibitively expensive and time-consuming. Consequently, negotiation with landowners has served as the foundation upon which the Company's rent reduction program is based. The purpose of turning the Court's attention to the clause is simply to illustrate that the Company's position vis-à-vis the leaseholders, that the leased area should be reduced to the area which is actually used, is a concept that is baked into the leases.

In reply to your concern in point 5 regarding the Enerplus leases, we note that such documents were never digitized and were placed in storage by the Company following the case of the Enerplus transaction. Access to the leases themselves has been unnecessary for the purpose of generating amendments seeing as key particulars of such leases (i.e. locations, identifying info and rental amounts) were recorded digitally. Consequently, Millennium Land has only required access to those particulars to attend to the amendment of the leases assigned to the Company by Enerplus.

In reply to your concerns in points 6 and 7 regarding SCVF issues, we note that the Ministry was aware of this issue at least a month in advance of the October 7 hearing. If SCVF issues represented a problem of sufficient concern for the Ministry to serve as an independent ground to oppose the Company's extension in these proceedings, we are at a loss for why the Ministry did not feel that SCVF issues merited discussion previously. As for your suggestion that the Company failed to act with due diligence in its acquisition of its assets, we note that we are unable to speak to the highly technical question of whether review of potential SCVF issues would be part of the due diligence process typically conducted as part of oil and gas asset acquisitions. In our view, this is a technical topic to which only an expert properly qualified to offer opinion evidence regarding standards and practices in oil and gas transactions should speak.

In reply to your inquiry raised in point 8, we are unable to provide a firm timeline for when the Company will be in a position to put forward its plan of arrangement. We believe it would be premature to put forward a proposal prior to the Company having the opportunity to implement its restructuring plan, which should significantly reduce the Company's fixed costs thereby maximizing its chances for success upon its exit from these proceedings. Unfortunately, we are unable to provide an estimate of amounts that would be initially included in the plan or distributed to the Company's creditors. The value of this will depend on multiple variables, such as the actual costs incurred by the Company in the implementation of its restructuring plan and the price of gas over the coming year.

In reply to point 9, we note that the Company would prefer to reduce the aggregate number of extension applications it is required to bring forward in these proceedings so as to reduce professional costs. Accordingly, a longer extension is preferred. The intervention of the holiday break was also a factor. That said, we remain open to discussing alternatives to the extension proposed by the Company.

We hope the foregoing has answered the Ministry's inquiries. Please do not hesitate to reach out to Jerritt or myself directly should you require any clarification respecting the above.

Best regards,

Kevin Hoy

Associate

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F +1 403.776.8861

E kevin.hoy@dlapiper.com

From: Pawlyk, Jerritt <jerritt.pawlyk@ca.dlapiper.com>

Sent: Friday, November 19, 2021 10:51 AM

To: M. Kim Anderson <mk.anderson@rslaw.com>; Hoy, Kevin <kevin.hoy@ca.dlapiper.com>

Cc: Travis K. Kusch <t.kusch@rslaw.com>

Subject: RE: Abbey Resources

Kim,

Thanks for the below. We will get back to you as soon as possible.

Kevin has sent the information from your follow-up request via separate email.

Jerritt Pawlyk

Partner



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Suite 2700
10220 - 103rd Ave NW
Edmonton, AB T5J 0K4
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From: M. Kim Anderson <mk.anderson@rslaw.com>
Sent: Friday, November 19, 2021 10:05 AM
To: Pawlyk, Jerritt <jerritt.pawlyk@ca.dlapiper.com>; Kevin Mellor <kmellor@nychuklaw.com>
Cc: Travis K. Kusch <t.kusch@rslaw.com>
Subject: [EXTERNAL] Abbey Resources

DLA Piper (Canada) LLP ALERT: This is an external email. Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Further to our discussion earlier this week, we have had our meeting with our client. Please be advised as follows:

1. The Ministry of Agriculture appears, as we were earlier advised by them, to have completed the acreage adjustments under discussion, and will no doubt have been pleased to receive payment following that process. MoE is of course supportive of the position of MoA, and considers it a positive development.
2. MoE was, of course, quite concerned by the initial request to extend the risk assessment process. The concern has been addressed by confirming that the assessment will be in on time.
3. With respect to the payment of surface leaseholders, while they have been given an opportunity to participate in the process since the last appearance, and may choose to participate more fully (we have heard nothing definite in this regard to date), from a functional and financial perspective, the present inability to meet obligations as they fall due does constitute a concern. I will therefore pose some questions, which have occurred at our end:
 - a. To the extent that the company has a contractual ability to impose a reduction in acreage, what is the anticipated timeframe for addressing those leases, and when will the financial impact begin to take effect. Is it the plan of the company to (once those adjustments are complete), make payment as required by the restructured leases, or is there still a cash flow concern?
 - b. To the extent the company may not have an ability to do so or may otherwise choose to abandon wells with landowners who are not prepared to restructure, what is the timeframe for that process, and what is the anticipated impact on cash flow. What also is the plan with respect to decommissioning?
4. MoE would appreciate a better understanding of the SWOT project proposed. What timeframe will be required to determine if the results bear out continued employment of the technology?
5. MoE does not agree with the gist of the assertion set out in paragraph 8 of the Gettis Affidavit. They are preparing information for us with respect to past-due action by the Company which we will share upon receipt. In addition, though the concern respecting timing of the risk assessment appears to have been addressed, the Ministry advises that it appears that the company took no steps to engage a consultant for a considerable time following the Ministry communicating its requirements. If this understanding is in error, please advise and provide details.
6. Moe notes that there are aspects of the affidavit which, upon second review, are troubling: These include the fact that the acreage reduction clauses in the agreements were only recently "discovered". The underlying concern that these clauses was intended to address has been outstanding since at least 2018. For the company to have had the ability to deal with that difficulty and to have in the intervening years, incurred unnecessary unpaid debt burden does not speak well about management. Similarly the lack of lease documents in the possession of the company following the Enerplus transaction raises similar concerns. Those concerns are further compounded by the information in the affidavit respecting the SVCF issues, the fact that there was no apparent due diligence on those issues at the time acquisition and the fact that the information was in the possession of the company's superintendent for many years without being addressed with or by management.
7. MoE notes the impact of the SVCF issues in the Gettis Affidavit and does constitute a significant increase in the decommissioning liability. We are reviewing the extent to which this impacts the picture overall for the Ministry.
8. We note the reference to excess cash being used to fund a plan of arrangement. Is there any timeframe for providing a quantification of the amounts that would be injected into a plan and an anticipated timeframe for that plan to be put to the creditors?
9. In view of the foregoing, the proposed extension to late February seems somewhat long. Depending on the nature of our final instructions on whether to oppose the extension, it may be that we will propose a shorter extension timeframe.

If there are any considerations we ought to make with respect to any of the foregoing, so we might review quickly with the Ministry?

Thanks.



M. KIM ANDERSON, Q.C. | Lawyer | [Bio](#)
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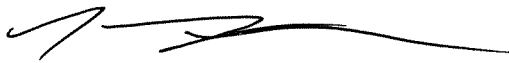


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Operating as M. Kim Anderson, Q.C. Legal Prof. Corp.

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THIS IS EXHIBIT "B" referred to in
the Affidavit of **Jim Gettis**
SWORN BEFORE ME this 23rd day
of November, 2021.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

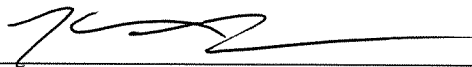
KEVIN NELSON
BARRISTER & SOLICITOR

All open deficiencies as of Nov 11/21

InspectionDate	FieldOffice	InspectedLandDesc	InspectionItem	MinistryComment	ActionRequired	DueDate
3/19/2020	Swift Current	09-13-022-19W3	Other		poor regrowth	9/30/2021
8/20/2020	Swift Current	07-04-023-20W3	Other		poor regrowth	9/30/2021
9/28/2020	Swift Current	04-11-023-20W3	Spilled Material Not Hauled Away to Proper Facility		no regrowth	5/30/2021
4/6/2021	Swift Current	08-01-023-20W3	Incident Reporting Requirements		regrowth required	5/30/2021
4/6/2021	Swift Current	08-01-023-20W3	Incident Reporting Requirements		fence incident area for regrowth	5/30/2021
4/7/2021	Swift Current	13-12-021-20W3	Spill Material Not Cleaned Up Properly	May 4 inspection	still contaminated material on site as per attached photos	5/31/2021
4/5/2021	Swift Current	08-33-022-15W3	Well Identification Sign is illegible or incorrect	Requires Identification Sign that is readable with Emergency Phone Contact, Proper land description, current company and with Warning Symbols	remove contaminated material	5/14/2021
				The attached test was for the wrong well - 111/07-17-023-20W3	install Identification Sign that is readable with Emergency Phone Contact, Proper land description, current company and with Warning Symbols	
4/21/2021	Swift Current	07-17-023-20W3	Failed surface casing vent flow test and/or gas migration survey		Perform a 24 hour build up test, upload results into IRIS and contact the Swift Current Field Office with results on 191/06-17-023-20W3	11/15/2021
4/27/2021	Swift Current	13-19-022-18W3	Other		fencing required for regrowth	5/20/2021
5/17/2021	Swift Current	15-24-022-21W3	Other		needs regrowth	5/30/2021
7/21/2021	Swift Current	10-09-023-20W3	Other	incident will be re-opened by ministry	regrowth is inadequate	8/31/2021
7/21/2021	Swift Current	07-09-023-20W3	Other	incident will be re-opened by ministry	regrowth is inadequate	8/31/2021
8/17/2021	Swift Current	03-33-022-19W3	Other		poor regrowth	9/30/2021
9/7/2021	Swift Current	14-03-022-16W3	Inadequate weed control		Trim weeds	10/7/2021
9/7/2021	Swift Current	14-03-022-16W3	Failed surface casing vent flow test and/or gas migration survey	Elevated levels of methane at SCV	Perform a 24 hour shut in test and report result to Swift Current field office	10/7/2021
9/7/2021	Swift Current	08-07-022-16W3	Inadequate weed control		Trim weeds	10/7/2021
9/7/2021	Swift Current	14-31-021-16W3	Inadequate weed control		Trim Weeds	10/7/2021
10/3/2021	Swift Current	14-31-022-18W3	Inadequate weed control		Trim grass	11/15/2021
10/13/2021	Swift Current	14-32-022-18W3	Inadequate weed control		Trim grass	11/15/2021
10/13/2021	Swift Current	08-31-022-18W3	Inadequate weed control		Trim grass	11/15/2021
10/13/2021	Swift Current	08-31-022-18W3	Inadequate weed control		Trim grass	11/15/2021
10/13/2021	Swift Current	15-29-022-18W3	Inadequate weed control		Trim grass/brush	11/15/2021
10/13/2021	Swift Current	14-29-022-18W3	Inadequate weed control		Trim grass	11/15/2021
10/13/2021	Swift Current	16-13-021-18W3	Inadequate weed control		Trim grass	11/15/2021
10/14/2021	Swift Current	14-22-021-18W3	Inadequate weed control		cut weeds	11/15/2021
10/14/2021	Swift Current	16-22-021-18W3	Inadequate weed control		Cut weeds	11/15/2021
10/14/2021	Swift Current	16-21-021-18W3	Well Identification Sign is illegible or incorrect		Install sign	11/15/2021
10/14/2021	Swift Current	16-21-021-18W3	Inadequate weed control		Cut weeds	11/15/2021
10/14/2021	Swift Current	16-21-021-18W3	Inadequate weed control		Cut weeds	11/15/2021
10/14/2021	Swift Current	16-21-021-18W3	Well Identification Sign is illegible or incorrect		install sign	11/15/2021
10/14/2021	Swift Current	02-28-021-18W3	Inadequate weed control		Cut vegetation	11/15/2021
10/15/2021	Swift Current	06-06-021-17W3	Inadequate weed control		Cut weeds	11/15/2021
10/15/2021	Swift Current	06-06-021-17W3	Inadequate weed control		Cut weeds	11/15/2021
10/15/2021	Swift Current	02-06-021-17W3	Inadequate weed control		Cut grass, brush	11/15/2021
10/15/2021	Swift Current	01-17-021-18W3	Well Identification Sign is illegible or incorrect		Install Sign at well	12/31/2021
10/15/2021	Swift Current	07-13-021-18W3	Inadequate weed control		Cut grass	11/15/2021
10/15/2021	Swift Current	15-21-021-18W3	Inadequate weed control		Cut weeds	11/15/2021
10/15/2021	Swift Current	15-21-021-18W3	Inadequate weed control		Cut weeds	11/15/2021
10/15/2021	Swift Current	15-21-021-18W3	Inadequate weed control		Cut weeds	11/15/2021
10/15/2021	Swift Current	15-29-021-18W3	Well Identification Sign is illegible or incorrect		install sign at lease entrance	11/15/2021
10/18/2021	Swift Current	07-28-021-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	07-28-021-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	10-28-021-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	15-28-021-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	15-28-021-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	02-33-021-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	04-03-022-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	02-33-021-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	07-33-021-18W3	Inadequate weed control		Grass	11/30/2021
10/18/2021	Swift Current	07-33-021-18W3	Inadequate weed control		Trim grass	11/29/2021
10/18/2021	Swift Current	16-33-021-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	16-33-021-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	07-03-022-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	07-03-022-18W3	Well Identification Sign is illegible or incorrect		Post all required information.	11/17/2021
10/18/2021	Swift Current	07-03-022-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	16-03-022-18W3	Inadequate weed control		Trim grass	11/29/2021
10/18/2021	Swift Current	16-03-022-18W3	Inadequate weed control		Trim grass	11/30/2021
10/18/2021	Swift Current	07-10-022-18W3	Inadequate weed control		Trim vegetation	11/30/2021
10/18/2021	Swift Current	07-10-022-18W3	Inadequate weed control		Cut vegetation	11/30/2021
10/18/2021	Swift Current	07-10-022-18W3	Inadequate weed control		Cut vegetation	11/30/2021
10/18/2021	Swift Current	08-07-022-18W3	Well Identification Sign is illegible or incorrect		Install sign at well head	1/8/2022
10/18/2021	Swift Current	08-10-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/18/2021	Swift Current	08-07-022-18W3	Well Identification Sign is illegible or incorrect		Install sign at wellhead	1/19/2022
10/18/2021	Swift Current	08-07-022-18W3	Failure to report surface casing vent flow or gas migration	Elevated Methane detected from surface casing vent.	Perform a 24 hour build up test, upload results into IRIS and contact the Swift Current Field Office with results	11/18/2021
10/18/2021	Swift Current	10-10-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/18/2021	Swift Current	13-10-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/18/2021	Swift Current	14-10-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/18/2021	Swift Current	14-10-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/18/2021	Swift Current	14-10-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/18/2021	Swift Current	16-10-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/19/2021	Swift Current	06-15-022-18W3	Inadequate weed control		Cut weeds	11/29/2021
10/19/2021	Swift Current	04-11-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/19/2021	Swift Current	06-11-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/19/2021	Swift Current	08-11-022-18W3	Inadequate weed control		cut weeds	11/30/2021
10/19/2021	Swift Current	10-11-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/19/2021	Swift Current	12-11-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/19/2021	Swift Current	14-11-022-18W3	Inadequate weed control		Cut weeds	11/30/2021
10/19/2021	Swift Current	16-11-022-18W3	Inadequate weed control		Cut grass	11/30/2021
10/19/2021	Swift Current	06-14-022-18W3	Inadequate weed control		Cut grass	11/29/2021
10/19/2021	Swift Current	08-15-022-18W3	Inadequate weed control		Cut grass	11/30/2021
10/19/2021	Swift Current	15-15-022-18W3	Inadequate weed control		Cut brush	11/30/2021
10/19/2021	Swift Current	09-16-022-18W3	Inadequate weed control		Cut brush	11/30/2021
10/19/2021	Swift Current	09-16-022-18W3	Inadequate weed control		Cut brush	11/30/2021
10/19/2021	Swift Current	09-16-022-18W3	Inadequate weed control		Cut brush	11/30/2021
10/19/2021	Swift Current	13-15-022-18W3	Inadequate weed control		Cut grass	11/30/2021
10/19/2021	Swift Current	02-21-022-18W3	Inadequate weed control		Cut brush	11/30/2021
10/19/2021	Swift Current	02-21-022-18W3	Well Identification Sign is illegible or incorrect		Post all required info.	11/30/2021
10/19/2021	Swift Current	06-21-022-18W3	Inadequate weed control		Cut brush	11/30/2021

10/19/2021	Kindersley	06-20-023-19W3	Inadequate weed control	Weed growth present on site; please manage weed growth appropriately	Manage weed growth appropriately. Please attach a photo of the well site once weed growth has been managed and can visibly be verified.	12/1/2021
10/19/2021	Kindersley	04-22-023-20W3	Other	Corroded surface equipment, pig launcher and line connector.	Isolated the pig launcher from the pipeline due to the high degree of visible external corrosion present and the possible integrity concerns on the pig se	12/1/2021
10/18/2021	Kindersley	08-20-023-20W3	Inadequate weed control	Weed growth present on site; please manage weed growth appropriately	Manage weed growth appropriately. Please attach a photo of the well site once weed growth has been managed and can visibly be verified.	12/1/2021
10/19/2021	Kindersley	08-20-023-20W3	Failure to report surface casing vent flow or gas migration	While on site, vent flow was observed and measured with MER DPR1 (200PPM) coming up the surface casing vent line. This is an active well.	Conduct a bubble test (for a minimum of 10 minutes) and pressure build up test. Submit results on the attached scvf excel spreadsheet.	12/1/2021
10/18/2021	Kindersley	16-18-023-20W3	Failure to report surface casing vent flow or gas migration	While on site, vent flow was observed and measured with MER DPR1 (2000PPM) coming up the surface casing vent line. This is an active well.	Conduct a bubble test (for a minimum of 10 minutes) and pressure build up test. Submit results on the attached scvf excel spreadsheet.	12/1/2021
10/18/2021	Kindersley	12-18-023-20W3	Failure to report surface casing vent flow or gas migration	While on site, vent flow was observed and measured with MER DPR1 (2000PPM) coming up the surface casing vent line.	Conduct a bubble test (for a minimum of 10 minutes) and pressure build up test. Submit results on the attached scvf excel spreadsheet.	12/1/2021
10/18/2021	Kindersley	16-20-023-19W3	Other	Area of extreme surficial cracking was found just outside of fenced well active working area.	A comprehensive root cause analysis investigation is requested to be conducted to determine the cause of the surficial cracking due to concerns with	12/1/2021
10/18/2021	Kindersley	08-21-023-19W3	Other	Area of extreme surficial cracking was found just outside of fenced well active working area	A comprehensive root cause analysis investigation is requested to be conducted to determine the cause of the surficial cracking due to concerns with	12/1/2021
10/18/2021	Kindersley	15-22-023-19W3	Other	Pipeline right of way soil subsidence was found.	A comprehensive root cause analysis investigation is requested to be conducted to determine the cause of the subsidence.	12/1/2021
10/18/2021	Kindersley	11-12-023-20W3	Other	Area around the well head, soil subsidence was found	A comprehensive root cause analysis investigation is requested to be conducted to determine the cause of the subsidence.	12/1/2021
10/18/2021	Kindersley	10-12-023-20W3	Other	Area around the well head, soil subsidence was found	A comprehensive root cause analysis investigation is requested to be conducted to determine the cause of the subsidence.	12/1/2021
10/18/2021	Kindersley	08-12-023-20W3	Other	Well casing is outside of the fenced area, exposed to possible damage that may occur from livestock within the pasture	Fence around the slanted casing to protect from possible damages.	12/1/2021
10/18/2021	Kindersley	09-11-023-19W3	Other	Non bolted flange on the pipeline riser witnessed at site	Pipeline riser on site is to be isolated properly.	11/8/2021
10/18/2021	Kindersley	09-11-023-19W3	Well Identification Sign is illegible or incorrect	Well sign is not present on lease	Please attach/secure well signage on the lease with the company name, surface lsd, downhole lsd and emergency number. Please attach a photo once	12/1/2021
10/18/2021	Kindersley	09-11-023-19W3	Inadequate housekeeping	Rusted lid located within the fenced active working well area.	Clean up garbage from within the active working area.	12/1/2021
10/18/2021	Kindersley	09-11-023-19W3	Inadequate housekeeping	Weed growth present on site; please manage weed growth appropriately	Manage weed growth appropriately. Please attach a photo of the well site once weed growth has been managed and can visibly be verified.	12/1/2021
10/18/2021	Kindersley	09-11-023-19W3	Other	Area around the well head, soil subsidence was found	A comprehensive root cause analysis investigation is requested to be conducted to determine the cause of the subsidence	12/1/2021
10/18/2021	Kindersley	09-11-023-19W3	Spill Not Reported	During site inspection, indications of a spill event occurrence were found. Visible lack of desirable vegetation and presence of weed specie	Review incident history for site. Please report the incident in IRIS accordingly.	11/19/2021
10/18/2021	Kindersley	09-11-023-19W3	Other	Corroded surface equipment, pig launcher.	Isolate the pig launcher from the pipeline due to the high degree of visible external corrosion present and the possible integrity concerns on the pig se	12/1/2021
10/18/2021	Kindersley	16-01-023-19W3	Inadequate weed control	Weed growth present; please manage weed growth appropriately	Manage weed growth appropriately. Please attach a photo of the well site once weed growth has been managed and can visibly be verified.	12/1/2021
10/18/2021	Kindersley	16-01-023-19W3	Surface casing vent does not meet specifications	Surface casing vent valve handle is inaccessible to be able to closed in the event of an emergency.	Surface casing vent valve needs to be accessible, expose the vent line valve handle. Please attach a photo of the scv once deficiency is corrected to the	12/1/2021
10/18/2021	Kindersley	08-12-023-19W3	Other	Corroded surface equipment	Isolated the pipeline due to the high degree of visible external corrosion present and the possible integrity concerns on the above ground pipeline.	12/1/2021
10/18/2021	Kindersley	10-12-023-19W3	Other	Area around the well head, soil subsidence was found	A comprehensive root cause analysis investigation is requested to be conducted to determine the cause of the subsidence.	12/1/2021
10/18/2021	Kindersley	16-12-023-19W3	Other	Corroded surface equipment, pig launcher and line connector.	Isolate the pig launcher from the pipeline due to the high degree of visible external corrosion present and the possible integrity concerns on the pig se	12/1/2021
10/18/2021	Kindersley	04-14-023-19W3	Well Identification Sign is illegible or incorrect	Well sign is not present on lease	Please attach/secure well signage on the lease with the company name, surface lsd, downhole lsd and emergency number. Please attach a photo once	12/1/2021
10/18/2021	Kindersley	04-14-023-19W3	Inadequate weed control	Weed growth present; please manage weed growth appropriately	Manage weed growth appropriately. Please attach a photo of the well site once weed growth has been managed and can visibly be verified.	12/1/2021
10/18/2021	Kindersley	06-12-023-19W3	Surface casing vent does not meet specifications	Surface casing vent valve handle is inaccessible to be able to closed in the event of an emergency.	Surface casing vent valve needs to be accessible, expose the vent line valve handle. Please attach a photo of the scv once deficiency is corrected to the	12/1/2021
				As per Directive PNG005 Casing and Cementing Requirements Section 6: if it appears to the minister that any equipment or casing used in drilling or producing a well is inadequate, defective or hazardous, the minister may require the replacement or reconditioning of that equipment or casing and may order the suspension of operations until the required action is taken.		
11/3/2021	Swift Current	10-21-022-21W3	Other		Well requires immediate repair or abandoning. Submit an IRIS application to repair or abandon	11/11/2021
11/4/2021	Swift Current	08-22-022-21W3	Failed surface casing vent flow test and/or gas migration survey		Third party SCVF and Gas migration testing required.	12/6/2021
11/4/2021	Swift Current	04-23-022-21W3	Failed surface casing vent flow test and/or gas migration survey		Third party SCVF and GM testing required.	12/6/2021
11/8/2021	Swift Current	14-35-020-19W3	Well Identification Sign is illegible or incorrect		update sign to show surface location	1/31/2022
11/8/2021	Swift Current	08-27-020-19W3	Inadequate weed control		Clear weeds on lease	11/30/2021
11/8/2021	Swift Current	14-34-020-19W3	Inadequate weed control		Clear weeds on lease	11/30/2021
11/8/2021	Swift Current	06-34-020-19W3	Inadequate weed control		Clear weeds on lease	11/30/2021
11/8/2021	Swift Current	14-32-020-19W3	Inadequate weed control		Clear weeds on lease	11/30/2021
11/8/2021	Swift Current	06-32-020-19W3	Inadequate weed control		Clear weeds on lease	11/30/2021
11/9/2021	Swift Current	06-06-021-18W3	Well Identification Sign is illegible or incorrect		Ensure there is a sign placed at the well head	1/31/2022
11/9/2021	Swift Current	02-07-021-18W3	Inadequate weed control		Clear weeds on lease	11/30/2021
11/9/2021	Swift Current	08-18-021-18W3	Inadequate weed control		Clear weeds on lease	11/30/2021
11/9/2021	Swift Current	14-18-021-18W3	Well Identification Sign is illegible or incorrect		Ensure sign has surface location	1/31/2022
11/10/2021	Swift Current	02-19-021-18W3	Inadequate weed control		Clear weeds around lease	11/30/2021
11/10/2021	Swift Current	02-19-021-18W3	Well Identification Sign is illegible or incorrect		Update lease entrance and wellhead signs to reflect current company	2/28/2022
11/10/2021	Swift Current	06-19-021-18W3	Inadequate weed control		Clear weeds on lease	11/30/2021
11/10/2021	Swift Current	06-19-021-18W3	Well Identification Sign is illegible or incorrect		Update sign to reflect current company	2/28/2022
11/10/2021	Swift Current	08-19-021-18W3	Inadequate weed control		Clear weeds on lease	11/30/2021
11/10/2021	Swift Current	08-19-021-18W3	Well Identification Sign is illegible or incorrect		Ensure sign reflects current company	2/28/2022
11/10/2021	Swift Current	10-19-021-18W3	Well Identification Sign is illegible or incorrect		Update sign to reflect current company	2/28/2022
11/10/2021	Swift Current	16-19-021-18W3	Well Identification Sign is illegible or incorrect		Install sign at well	2/28/2022
11/10/2021	Swift Current	14-19-021-18W3	Well Identification Sign is illegible or incorrect		Ensure sign reflects current company	2/28/2022
11/10/2021	Swift Current	04-19-021-18W3	Well Identification Sign is illegible or incorrect		Ensure sign has surface location displayed	2/28/2022
11/10/2021	Swift Current	12-19-021-18W3	Well Identification Sign is illegible or incorrect		Update sign to ensure it reflects current company	2/28/2022
11/10/2021	Swift Current	12-20-021-18W3	Well Identification Sign is illegible or incorrect		Update sign to ensure it reflects current company	2/28/2022
11/10/2021	Swift Current	14-20-021-18W3	Well Identification Sign is illegible or incorrect		Update sign to ensure it reflects current company	2/28/2022
11/10/2021	Swift Current	15-20-021-18W3	Well Identification Sign is illegible or incorrect		Update sign to ensure it reflects the current company	2/28/2022
11/10/2021	Swift Current	15-20-021-18W3	Inadequate weed control		Clear weeds around well	11/30/2021

THIS IS EXHIBIT "C" referred to in
the Affidavit of **Jim Gettis**
SWORN BEFORE ME this 23rd day
of November, 2021.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

**KEVIN NELSON
BARRISTER & SOLICITOR**



Abbey Resources Corp.
191/06-03-022-18W3
IN CASE OF EMERGENCY PH: 1-888-315-7648

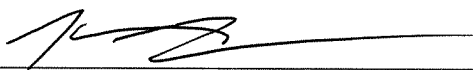
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KEVIN NELSON
BARRISTER & SOLICITOR

NOVEMBER 23, 2021

SECTIONS

AB NEWS

SK NEWS

Energy minister responds to concerns over unpaid lease and tax payments by oil and gas companies

POSTED ON 15 NOVEMBER 2021 BY MATTHEW LIEBENBERG



Bronwyn Eyre

Saskatchewan Minister of Energy and Resources Bronwyn Eyre is aware of concerns about unpaid lease and tax payments by oil and gas companies, but she is confident in the effectiveness of the current regulatory framework to address these concerns.

She spoke to the *Prairie Post* in response to a story published in the Nov. 5 edition of the paper.

That article refers to landowners in southwest Saskatchewan who

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Recent Comments

are not receiving their surface lease payments and who have concerns over well maintenance and reclamation.

The story also provides details about three resolutions considered at the midterm convention of the Saskatchewan Association of Rural Municipalities (SARM) on Nov. 9, which asked the provincial government to take action to address the non-payment of municipal taxes by oil and gas companies.

"We do have a strong record as a regulator," she said. "Certainly, on the tax front and on the revenue front I understand the issues, and certainly I'm open to further discussions with stakeholders, that goes without saying. I do think it's important that people know that they should reach out to the Ministry of Government Relations, but also of course the Ministry of Energy and Resources and of course government as a whole, and that we are of course aware of this and are looking at their views and certainly taking them seriously."

She referred to the volatility experienced by the energy sector, which will be an ongoing consideration in the provincial government's approach to these concerns of landowners and rural municipalities.

"In terms of surface rights legislation for example, that's something that's come up previously and continues to in terms of landowners raising it," she said. "Obviously it's no surprise to anyone that the energy sector has been challenged and subject to volatility the last few years. That was the case in 2014, when prices crashed and we put the surface rights legislation on hold, and that is where it currently remains."

The provincial government launched a review of the Surface Rights Acquisition and Compensation Act in August 2013. The intention was to consider the need for changes to this law, including compensation for surface right access. Minister Eyre felt the energy sector volatility that paused this review in 2014 is still there and the government will therefore continue to have a careful approach.

"We understand that there are some landowners and some RMs that have faced challenges when it comes to collecting taxation or collecting revenue when oil and gas companies experience financial difficulties," she said. "That's of course an issue and we understand it, but it has also been until now a fine balance where we have felt we have to tread carefully in this area."

The issue of unpaid taxes by oil and gas companies has been raised before by rural municipalities. A resolution was passed at a SARM midterm convention in 2018, which asked the provincial government to change the licensee liability rating of resource companies to include consideration of payment of municipal taxes as a requirement to continue operating.

The Ministry of Energy and Resources responded to that resolution in January 2019, indicating that the government was not planning to expand the scope of its Licensee Liability Rating (LLR) program at that time to include the collection of municipal taxes or surface rentals. It also indicated that rural municipalities already have extensive powers under the Municipalities Act to pursue collection of unpaid taxes and the government encouraged local authorities to use those existing powers.

Eyre repeated this previous viewpoint about the usefulness of the Municipalities Act to help rural municipalities with their concerns. She noted the Alberta government tabled amendments to existing legislation on Oct. 28, 2021 to give municipalities in that province more power to collect unpaid property taxes from oil and gas companies, but those powers already exist under the Municipalities Act in Saskatchewan.

“Actually, the changes that Alberta introduced bring Alberta’s legislation to our standard here in Saskatchewan,” she said. “Our Municipalities Act already allows RMs to place liens on taxable property and it has mechanisms to seize goods. So Alberta is doing what we already do. I do think that’s important to clarify. There are mechanisms for RMs under the Municipalities Act, but certainly we remain open to discussions with RMs and landowners on their concerns.”

She added that the collection of municipal taxes and the Municipalities Act are the responsibilities of a different ministry. However, the Ministry of Energy and Resources will continue to examine issues within its jurisdiction to ensure it strikes a balance in its role as regulator.

“We did recently make some changes to the Surface Rights Board rules to provide for greater clarity, modernization, just administrative efficiency and fairness, particularly around filing of evidence,” she said.

She felt it is also necessary, in terms of that balance, to look at the benefits of the energy sector to the province on a broader level.

“Over the years RMs and landowners have benefitted substantially from often very significant investments by energy companies in Saskatchewan communities,” she said. “I think it’s fair to say one of the challenges for RMs is diversification of revenue and we in government have also had to address that. We were heavily dependent on the energy sector to the tune of 32 per cent a few years ago. That’s now fallen to 12 per cent, precisely because of the volatility that we’ve seen in recent years. And again, just on that balance front, I would also say that we have introduced record high municipal transfers and relief for communities through revenue sharing.”

Eyre spoke in some detail about the regulatory role of the Ministry of Energy and Resources, which benefits RMs and landowners.

“We have done things to strengthen the system that we have,” she said. “We can never guarantee that a company will never go insolvent, but we can certainly manage the risk and we are strengthening safeguards in Saskatchewan even more.”

She referred to regulatory enhancements to the liability management process to reduce the number of orphan oil and gas wells and sites when a company goes bankrupt.

“We want to make sure through new regulatory changes that the energy sector is retiring inactive wells by a certain percentage every year, and there have positive feedback about that,” she said. “We’re also trying to make sure that we get a more accurate reflection of a company’s corporate health, so debts vs assets. We make sure we monitor that corporate health right through the life of the company.”

Eyre made some specific remarks about the gas wells in southwest Saskatchewan operated by Abbey Resources Corporation. The Calgary company is currently involved in court proceedings related to its application under the Companies’ Creditors Arrangement Act.

“I do want people to know that our fields services branch through the Ministry of Energy and Resources has increased inspections of Abbey’s operations significantly and we’ve ordered a third-party risk assessment of its pipeline infrastructure,” she said. “Over the past few months, we’ve conducted about 330 inspections of this company’s sites. We’ve ordered that lines be taken out of service when the integrity of the line isn’t

proven. ... And we've collected \$28 million in security from Abbey in the event that it's facilities would become orphaned."

The LLR program ensures that funds are available for the cleanup of orphan wells due to insolvency of resource companies, which protects taxpayers against environmental liability. There are \$170 million in security deposits for this purpose.

"That is collected as security before a company starts drilling, before a company transfers to another company, and we have further strengthened that program," she said. "We are asking companies to retire a certain percentage of their wells every year so that the orphan well fund is never put under undue pressure."

Eyre noted that even if all oil and gas companies in Saskatchewan were to go bankrupt today, the total cleanup cost for their wells would be about \$4 billion. However, that liability is offset by almost \$13 billion in industry assets.

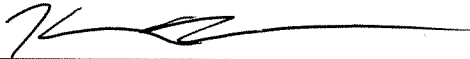
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SWORN BEFORE ME this 23rd day
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A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

KEVIN NELSON
BARRISTER & SOLICITOR

Sonia Eggerman
Direct Line: (306) 347-8412
E-mail: seggerman@mltaikins.com

Michael W. Marschal
Lawyer
Direct Line: (306) 347-8632
E-mail: mmarschal@mltaikins.com

November 22, 2021

VIA EMAIL

Kevin Hoy
DLA Piper (Canada) LLP
Suite 1000, Livingston Place West
250 2nd St SW
Calgary, AB T2P 0C1

Dear Mr. Hoy

Re: Abbey Resources Corp – Carry the Kettle Nakoda Nation
File No.: 139106-21

We write in regard to the proposal provided by Jim Gettis on September 13, 2021 on behalf of Abbey Resources Corp (“Abbey”) to Carry the Kettle Nakoda Nation (“CTK”).

CTK rejects the proposal to amend the lease agreement for natural gas wells on CTK’s reserve lands, and will be advising Indian Oil and Gas Canada (“IOGC”), who are the holders of the leases for the benefit of CTK, that CTK does not consent and opposes any amendments to the lease agreements. CTK expects Abbey to pay what is owed pursuant to the terms of the lease agreements that Abbey voluntarily entered into, and will request that IOGC take enforcement measures permitted at law for any non-payment of post-filing lease payments that become due, which are not protected by the current creditor protection order that Abbey has obtained in the active CCAA proceedings.

Further, Abbey’s 2021 property taxes were due and owing on September 30, 2021 yet remain unpaid. These debts are post-filing debts and are not protected by the creditor protection order that Abbey has obtained in the active CCAA proceedings. **CTK demands immediate payment of the 2021 property taxes.** Should payment not be received, CTK will take enforcement measures as permitted by law to recover the debts, which may include a cancellation of Abbey’s interests in CTK’s reserve lands.

Sincerely,

MLT AIKINS LLP

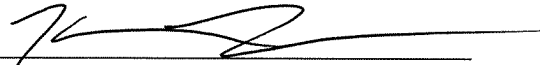
Per:


Sonia Eggerman

SE:mwm

cc Lori William – IOGC

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the Affidavit of **Jim Gettis**
SWORN BEFORE ME this 23rd day
of November, 2021.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

KEVIN NELSON
BARRISTER & SOLICITOR

Hoy, Kevin

From: Williams, Lori <lori.williams@justice.gc.ca>
Sent: Monday, November 22, 2021 4:38 PM
To: SUTHERLAND, Ian; cfrith@mcdougallgauley.com; Pawlyk, Jerritt; Hoy, Kevin
Cc: Yu, So Yi
Subject: [EXTERNAL] Abbey Resources - Indian Oil Gas Canada - Outstanding Royalties Due and Payable - \$81k - Lease Rentals

DLA Piper (Canada) LLP ALERT: This is an external email. Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Good afternoon,

My client, Indian Oil and Gas Canada (IOGC) advises me that Abbey has failed to make royalty payments due on each of the 25th days of August, September and October. IOGC advises me that it has received a pro-rata payment for royalties payable for production occurring during August 2021. I note the Monitor's 3rd report, served Friday November 19th, indicates royalties have been paid. Non-payment of these royalties due causes Abbey to be in breach of its obligations pursuant to its leases with IOGC. Should IOGC not receive immediate payment, a notice of non-compliance notice will be issued which may result in cancellation of leases and Abbey's right to produce oil and/or gas. IOGC advises the amount outstanding is approximately \$81,000.00. I have asked for more particular details which I hope to advise shortly.

In addition, I note within the Monitor's 3rd report it indicates at paragraph #16 that Abbey has negotiated further rental reductions with IOGC. My client advises me that information is incorrect. Sometime ago, Abbey had negotiated reduced rentals on various leases for the period 2018 through 2021. Those agreements have now expired and full lease rentals are now payable. Post-filing Abbey contacted IOGC to request a reduction in the acreages attached to each lease. IOGC advised that was not possible given Abbey's access requirements. Currently, there are no negotiations occurring amongst Abbey, IOGC and the Carry the Kettle Nation respecting reduction in lease rental payments. Further, IOGC does not agree that per diem payment of annual rentals due post-filing satisfies Abbey's lease obligations.

I would appreciate your addressing these issues with Abbey. I would be happy to discuss further by phone if that would be helpful.

Kind regards,
Lori

Lori Williams (she / her / elle)
Counsel
Prairie Regional Office (Calgary)
601, 606 4th Street, S.W., Calgary, AB T2P 1T1
National Litigation Sector
Department of Justice/Government of Canada
Lori.Williams@justice.gc.ca / Fax: 403-299-3507 / Tél: [By Email]

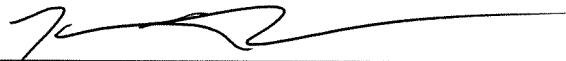
Avocat
Bureau régional des prairies (Calgary)
Department of Justice Canada | Ministère de la Justice Canada
Suite 601 | Pièce 601
601, 606 C 4^e rue sud-ouest, Calgary, AB T2P 1T1
Secteur national du contentieux
Ministère de la Justice Canada/Gouvernement du Canada

Lori.Williams@justice.gc.ca / Téléc: 403-299-3507 / **Tél: [By Email]**

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A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

KEVIN NELSON
BARRISTER & SOLICITOR

Agventure Farms Ltd,
Aldor Farms Ltd
Alpiste International Ltd
Andrew & Vera Lorenzen
Aubrey Day
Berg Agro Partnership
Bettie Markowsky
Brenan Farms Ltd
Brenda Groves
Brenda McCracken
Carter Cattle Company Ltd
Cherydon Farms Ltd
Cheryl Riglin
CJ & K Farm Company Ltd
Clearwater Farm & Ranch Inc
Coneda Farms Ltd
Connie & Russell Houston
D&D Minogue Holdings Ltd
D&L Gray Farms Ltd
Dale McCracken Estate
Darcy & Penny Barr
Darrel & Debra Lynn Kerr
Darrell Gray
David Lewis
David Nobbs
David Wicks
Denise & Kelly Bradford
Diane Minogue
Dianne & Gordon Moreside
Dianne Scriven
DMN Ag Ventures Inc
Donald Gray
Donald Gray and Darrell Gray
Donald Minogue
Donna Oliphant
Double W Farms Ltd
Doug & Michelle Weedon
Doug Rayner
Douglas Robert Wallace
Elsie Nobbs
EMC Farms Ltd
Emma Bradford
Eugene Lahey
Evelyn Erickson Estate

Fay Powell
Garry Wagner
Gary Erickson
Gem Acres Inc
Gibson Flat Farms Ltd
Glenn & Helen Miller
Gloria Kimber-Jacklin
Gordon Jacklin & Gloria Kimber-Jacklin
Gordon Moreside
Graydena Farms Ltd
Greg Oldhaver
Gwen MacEachern & Arlow Kraft
Helen & Raymond Steele
Helen Kathleen Turner
Houston Farms Ltd
Howell & Barbara Powell
Hutterian Brethren of Abbey Inc
Jacquelyn Heindle
James & Nancy Moen
James Neil Collins
Janet Edmundson
Jared Tunall
Jeffrey & Aubrey Day
Jeffrey Day
Jimean Farms Ltd
Jocelyn & Stanley Miller
John Lahey
John McNabb & Terryl Essery
Jona Riglin
Karen Fullerton
Karfrie Acres Ltd
Kathleen & David Lewis
Kathryn & Robert Peterson
Keith & Connie Day
Kelly Bradford
Kendall & Mitchell Day
Kenneth Allport
Kenneth Hamilton
Kornsee Farms Ltd
Lahey Ventures Inc
Leonard Dick
Lianne Niedermayer
Linda Benson
Lindsay Nobbs

Litano Acres Ltd
Lois Houston
Lorelei & Mark Andreas
Lorne & Rita Wallace
Luana Bahm
Lyle Nairn
Lynn Nelson
Mabel Knight Estate
Malcolm & Valerie Foster
Margaret Erickson
Mark Andreas
Mary Ann & Kenneth Hamilton
Matthew & Jena McKillop
McNabb Essery Farms Inc.
MJB Farms Ltd
Moen Farms Ltd
Morgan & Fay Powell
Nairn Farms Ltd
Neil Minogue
Nordic Farms Ltd
Norm McIntyre
NRM Holdings Ltd
R. Oliphant Farms Ltd
Ralph & Mary Renwick
Ralph Hamilton
Reed Farms Ltd
Renwick Farms Ltd.
Rhonda MacDonald
Riley Smith Farms Ltd
Robert Peterson
Robert Sheasby
Rod Lee Farms Ltd
Ronald Dyrland
Ronda & Neil Minogue
Roy & Heather Kraft
Russell Houston
Russell Lytle
Rycoda Holdings Ltd
Sandra Brown
Sharon & Leonard Dick
Sharon & Lynn Nelson
Sharon Ferguson
Shirley Watt
Skyline Acres Ltd

Spring Valley Farms Inc
Stanley Miller
Susan & Kenneth Allport
Tansy & Lindsay Nobbs
TE Turner Ranch Ltd
Terry & Cynthia Riglin
Theaker Enterprises Ltd
Tunall Farming Co Ltd
Venlo Acres Ltd
Verral Scriven
Viking Acres Inc
Virginia Pittman Estate
Vivian Kimber & Gloria Kimber-Jacklin & Gordon
Jacklin
VM Land Co Ltd
Wagner Land Co Ltd
Wendy Hale
Wineglass Ranch

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SWORN BEFORE ME this 23rd day
of November, 2021.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

KEVIN NELSON
BARRISTER & SOLICITOR

November 9, 2021

A Presentation to MNP Monitor and Rick Anderson as contact on the CCAA Proceedings for Abbey Resources.

By

Dan and Sharon Danielson of Saskatoon and Tyner, Sask. – Landowners Holding Thirteen Surface Leases on Twelve Well Sites and One Other Access with Abbey Resources.

Background:

Originally, we had these lease agreements with Enerplus established to pay us approximately \$33,000 annually which were then taken over by Abbey Resources in an agreement to take over the same commitments. In April 2018 Abbey Resources given LNG market prices asked us to negotiate a rent reduction for us down to 50% or \$16,000. We did not sign or agree to that reduction. However, Abbey without our endorsement only paid us the \$16,000 for 2018. We did not receive any payment for 2019 in 2019. Several neighbours concluded as we suspected that there would never again be any more rent payments from Abbey Resources. In March of 2020 we received a call from Arron Tait of Millennium Land Ltd. offering that Abbey would pay the arrears owed to us up to the half of the original amount or \$16,000 for 2019 and also the arrears in 2020 adding up to \$23,516 by August 1, 2021. That offer was subject to us signing new acreage reduction leases and accept a \$13,000 annual rent going forward. We signed the agreement after payment and since then we have been paid up to date as our leases have come due at the new agreed amount. Our next lease payments come due this December and Abbey has indicated we can expect payment. Abbey has indicated that if all landowners accepted the same agreement and the RMs made similar concessions the company could remain solvent. That remains to be seen.

Rationale:

1. We did not sign the agreement as a “Friend” or “Enemy of Abbey Resources or Mr. Jim Gettis or to somehow move ahead of other landholders as has been unfairly suggested. Sharon and I made our decision based on a comprehensive cost benefit business analysis to get the best results for our farm.
2. As a side career economist working with investments, I (Dan) was very much aware of where the market was at for LNG and the difficult solvency position it had placed on small low cap gas companies without much financial cushion not like Enerplus or Husky and some of the larger original companies.
3. As an economist representing farmers with farm debt review cases in the 1980s, I was aware of how important it usually was to regain business solvency with adjustments and concessions by all who would be better off not shutting the farm business down even if they couldn’t admit it at the time. A shut down was the last resort no matter how high the emotions or even hatred grew. In our Abbey Resources concession agreement Sharon and I felt keeping the company in business going forward based on transparent and accurate operating and solvency costs would be better for us, the RM for taxes, service companies, workers and Mr. Gettis and Abbey Resources. We were worried about the hard core, us and nobody else, approach the RMs were taking without the benefit of full solvency information to shut the company down. We could not see how that would make anyone better off going forward.
4. We also studied very carefully the lawyers report of Lindsay A Gates from Swift Current who we as land owners had hired in May, 2018 to help us review our situation relative to our leases with Abbey Resources. As part of her report, she states: “This is a difficult matter as there is no clear best option without having the opportunity to review the financial statements of Abbey Resources to determine the financial viability of the company or an independent assessment as to the future productivity of the field.” On a few occasions we (Sharon and I) asked RM #228 Lacadena to sit down with Abbey Resources who we also called to establish the true financial picture. Abbey Resources agreed to sit down but the RM refused. We made it clear

that if accurate financials indicated no financial loss or hardship issues for Abbey then they should be prepared to honor all previous commitments including increased going forward rental payments to farmers who had made serious concessions for all involved.

Going Forward:

We know there is another group of landowners who have taken a different position from us and in discussion with them they have taken the shut them down no matter what, no concessions approach which we do not agree is the best solution. We believe that because two or more of the RM 228 Councillors are heading up and speaking for that other landowner group, there is a conflict-of-interest problem. The RM they also represent is a major participant in these same proceedings with a well-established position of resistance. As farmer leaseholders we cannot determine who they actually represent and what influence each group has on the other. Therefore, we want our independent presentation to represent our support for an accurate and fair fact-based mediated outcome, which benefits fair future lease payments to landholders, fair future taxes to RMs and fair future solvency for Abbey Resources that will continue fair future payments to service companies and workers. Everyone will need to bring reasonable concessions to the table as Sharon and I and other landowners have already done when we reluctantly signed the new lease agreement. Simply put the real costs must reflect the real revenues.

Thank you for this opportunity for Sharon and I to present our position and explain how in good faith we arrived at that position. If you have any related questions or want clarification please give us a call.

Dan Danielson

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