

COURT FILE NUMBER      Q.B. No. 151 of 2022

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN  
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE      SASKATOON

APPLICANTS      RURAL MUNICIPALITY OF LACADENA No. 228  
RURAL MUNICIPALITY OF MIRY CREEK No. 229  
RURAL MUNICIPALITY OF SNIPE LAKE No. 259  
GOVERNMENT OF SASKATCHEWAN, as represented by the  
Minister of Energy and Resources

RESPONDENT      ABBEY RESOURCES CORP.

**IN THE MATTER OF THE RECEIVERSHIP OF ABBEY RESOURCES CORP.**

**ORIGINATING APPLICATION**  
**(Receivership Order)**

**NOTICE TO THE RESPONDENT**

This application is made against you. You are the Respondent.

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

- Where:      Court of Queen's Bench for Saskatchewan  
520 Spadina Crescent East  
Saskatoon, SK S7K 3G7
- Date:      Monday, February 28, 2022 and Tuesday, March 1, 2022
- Time:      10:00 a.m. or so soon thereafter as counsel may be heard.

**NOTICE:**

Due to the health risks posed by the COVID-19 pandemic, all chambers applications will be heard by telephone unless the presiding judge has decided otherwise. Dial-in or WebEx login particulars may be obtained upon request by contacting counsel for the Government of Saskatchewan, Robertson Stromberg LLP, at the address listed at the end of this document.

**Particulars of Application**

1. An Order pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "*BIA*") and section 65(1) of *The Queen's Bench Act, 1998*, SS 1998, c Q-1.01 appointing BDO Canada Limited ("BDO") as Receiver, without security, of the assets, undertakings and properties (the "Property") acquired for, or used in relation to, the business of Abbey Resources Corp. ("Abbey").
2. Such further and other reliefs as counsel may request and this Honourable Court may allow.

**Grounds for making this application:**

Background

3. Abbey is an Alberta Corporation, registered extra-provincially in Saskatchewan. Abbey's primary business is in Saskatchewan, extracting natural gas from shallow gas wells in Southwestern Saskatchewan.
4. The Rural Municipalities of Lacadena No. 228, Snipe Lake No. 259 and Miry Creek No. 229 (collectively the "RMs") are secured creditors of Abbey as defined under the *BIA* by reason of statutory liens securing unpaid taxes created by ss. 301 and 324 of *The Municipalities Act*, RSS 1978 c M-36.1.
5. Her Majesty the Queen, Saskatchewan (as Represented by the Minister of Energy and Resources) (the "Ministry") is an administrative body governed by *The Oil and Gas Conservation Act*, RSS 1978, c 0-2, for the purpose of regulating all operations for the production of oil and gas in the Province of Saskatchewan.

Default

6. As of the date of the granting of the Initial Order, Abbey was in default of its obligations to pay taxes owing to the Applicants. By reason of the provisions set out in the Initial Order, Abbey has been precluded from and may not make payment of amounts owing to the Applicants as at the date thereof.
7. Abbey is also in default of its obligations to make payments on account of a number of surface rights leases, as admitted in Abbey's affidavit material from time to time.
8. Abbey is in significant default of its obligations to the Crown in right of Canada.

9. Abbey was unable to pay its debts as they became due and declared insolvency. As a result, Abbey sought and received protection under the *Companies Creditors Arrangement Act*, RSC 1985, c C-36.
10. Since the date of the Initial Order, Abbey has failed generally to meet its post-filing obligations as they fall due, not having paid surface rights leaseholders on account of post filing obligations, except where those landowners have entered amended lease agreements.
11. Abbey has purported to terminate a number of leases without making provision for the decommissioning and reclamation of the gas wells located on the leased property, and has failed to provide a concrete plan for dealing with this obligation.
12. Abbey's operations have given and continue to give rise to continued environmental issues. From July, 2021 to December, 2021, Abbey has caused 35 environmental spills in the Province of Saskatchewan. This accounts for 12.63% of all spills in the natural gas sector, well above Abbey's proportionate share of the provincial income for natural gas wells. More concerning is the fact that the spill frequency appears to be on a steady increase since Abbey applied for CCAA protection in July.
13. A risk assessment of Abbey's wells discloses that a number of pipelines operated by Abbey are at high risk or very high risk of failure and contamination. The Ministry has ordered that operation of such pipelines cease. The cessation of operation will have a negative impact on Abbey's financial position and ability to meet its obligations.
14. Concerns have arisen regarding the management of Abbey arising from the failure of the company to meet its obligations as they fall due, the failure to meet commitments made during the CCAA process, the lack of progress on issues for which resolution is required to make the ongoing operation of Abbey viable, and the lack of any plan to deal with the pre-filing obligations of Abbey.
15. Given the continuing default of Abbey in meeting its post filing obligations, and the deteriorating cash flow position, it is just and convenient that the stay imposed pursuant to the *Companies Creditors Arrangement Act*, RSC 1985, c C-36 be terminated, and a receiver be appointed.
16. The Rural Municipality of Lacadena served a Notice of Intention in accordance with section 244 of the *BIA* on Abbey on February 2, 2022. Similarly, the Rural Municipality of Miry Creek served a Notice of Intention in accordance with section 244 of the *BIA* on Abbey on February 1, 2022.

17. BDO Canada Limited is a licenced insolvency trustee and has consented to being appointed as receiver of the property, assets and undertakings of Abbey should this Honourable Court see fit to grant an Order appointing it to serve in that capacity.

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

18. This Notice of Application, with proof of service;
19. Affidavit of Kathryn A. Black sworn January 25, 2022; and
20. Affidavit of Brad Wagner sworn January 25, 2022.
21. Affidavit of Brad Wagner sworn August 3, 2021;
22. Affidavit of Brad Wagner sworn July 29, 2021;
23. Affidavit of Scott Weaver sworn July 26, 2021;
24. Affidavit of Krystal Graham, sworn January 26, 2022;
25. Affidavit of Yvonne Nelson, sworn January 25, 2022;
26. Draft Receivership Order;
27. Consent to Appointment (To Be Filed);
28. Brief of Law (To Be Filed);
29. The pleadings and proceedings already on file; and
30. Such further and other material as counsel may advise and this Honourable Court may allow.

**Applicable Rules:**

31. Bankruptcy Rule 6(2) provides that unless otherwise provided in the *BIA* or the rules, every notice under that Act just be received at least four days before an application if served by electronic means, subject to rule 6(4) which provides that the court may, on an *ex parte* application exempt any person from that time requirement or order any terms and conditions that the court considers appropriate, including a change in the time limits.
32. Rule 3-50 provides for 14 days notice of an originating application unless the Court should order otherwise on an application without notice.


- 33. Rule 6-9 provides that unless the court provides otherwise by special leave without notice to the contrary, an application shall be on 14 days notice
- 34. The Initial Order provides for abridgment to three days notice.
- 35. Rule 6-41 provides that subject to the provisions of *The Queens Bench Act*, the Court may make interim orders for the appointment of a receiver without notice or on any notice that the Court may direct.

**Applicable Acts and Regulations:**

- 36. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, Part XI.
- 37. *The Queen's Bench Act, 1998*, SS 1998, c Q-1.01, section 65.
- 38. *The Personal Property Security Act, 1993*, SS 1993, c P-6.2, section 64.

DATED at Saskatoon, Saskatchewan this 15 day of February, 2022.

**MILLER THOMSON LLP**

Per:   
Solicitors for the RM of Ladacena No. 228

DATED at Saskatoon, Saskatchewan this 15 day of February, 2022.

**KANUKA THURINGER LLP**

Per:   
Solicitors for the RM of Miry Creek No. 229

DATED at Saskatoon, Saskatchewan this 15<sup>th</sup> day of February, 2022.

**ROBERTSON STROMBERG LLP**

Per:   
Solicitors for the Government of Saskatchewan

DATED at ~~Regina~~ <sup>Regina</sup>, Saskatchewan this 15<sup>th</sup> day of February, 2022.

SASKATCHEWAN ASSOCIATION OF  
RURAL MUNICIPALITIES

Per:   
MIKE MORRIS  
Solicitors for the RM of Snipe Lake No. 259

This notice is issued at the above-noted judicial centre on the 16<sup>th</sup> day of February, 2022.

N. WATSON  
DEPUTY LOCAL REGISTRAR

(Deputy) Local Registrar 

**NOTICE**

You are named as a Respondent because you have made or are expected to make an adverse claim to this Originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the Applicant(s) and against all persons claiming under the Applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken, which the Applicant(s) is (are) entitled to make without any further notice to you. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form.

The rules require that a party moving or opposing an Originating Application must serve any brief of written argument on each of the other parties and file it at least 3 days before the dates scheduled for hearing the Originating Application.

If you intend to rely on an affidavit or other evidence when the Originating Application is heard or considered, you must serve a copy of the Affidavit and other evidence on the Originating Application at least 10 days before the Originating Application is to be heard or considered.

**CONTACT INFO AND ADDRESS FOR SERVICE:**

**MILLER THOMSON LLP**  
Suite 300, 15 - 23rd Street East  
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Direct Line:  
Lawyer in Charge of file: Dustin Gillanders  
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Regina, SK S4P 3X2

Lawyer in Charge of file: Alex Shalashniy  
Direct Line: 306.525.7200

**ROBERTSON STROMBERG LLP**  
600 – 105 21<sup>st</sup> Street East  
Saskatoon SK S7K 0B3

Lawyer in Charge of file: M. Kim Anderson Q.C. and Travis K. Kusch  
Direct Line: 306.933.1344/306.933.1373

**SASKATCHEWAN ASSOCIATION OF  
RURAL MUNICIPALITIES**

2301 Windsor Park Road  
Regina, SK S4V 3A4

Lawyer in Charge of File: Michael Morris Q.C.  
Direct Line: 306.761.3724