

COURT FILE NO. 1501 - 12220

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

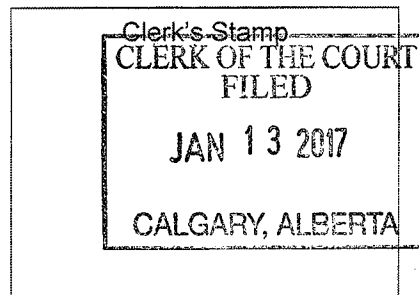
APPLICANT ALBERTA TREASURY BRANCHES

RESPONDENTS COGI LIMITED PARTNERSHIP, CANADIAN OIL & GAS INTERNATIONAL INC., CONSERVE OIL GROUP INC. AND CONSERVE OIL 1<sup>ST</sup> CORPORATION

DOCUMENT FIFTH REPORT OF THE RECEIVER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Brian Davison, Q.C.  
DLA Piper (Canada) LLP  
Barristers and Solicitors  
1000, 250 – 2<sup>nd</sup> Street SW  
Phone: 403-294-3590  
Fax: 403-213-4481  
File No.: 16155-00002



**APPENDICES**

**APPENDIX A:** Statement of Receipts and Disbursements for the Period ending  
December 31, 2016

## **INTRODUCTION AND BACKGROUND**

1. MNP Ltd. was appointed as Receiver and Manager (the "Receiver") of COGI Limited Partnership ("COGI LP"), Canadian Oil & Gas International Inc. ("COGI Inc.") and Conserve Oil Group Inc. ("Conserve") (collectively "COGI" or the "Company") pursuant to an October 26, 2015 Court of Queen's Bench of Alberta Order (the "Receivership Order").
2. MNP was further appointed Receiver of the assets and undertakings of Conserve Oil 1st Corporation ("COC1") on January 6, 2016. An appeal in relation to this appointment order has since been determined and the validity of the appointment confirmed.
3. COGI LP is a limited partnership pursuant to the laws of the province of Alberta. COGI Inc. is the general partner of COGI LP. The limited partners of COGI LP represent between 14,000 and 18,000 German investors.
4. The only business of COGI Inc. is as general partner of COGI LP and to hold title to various assets for the benefit of COGI LP.
5. Conserve is a private company and the 100% shareholder of COGI Inc. as well as a number of other companies.
6. This is the Receiver's fifth report to the Court (the "Fifth Report") which should be read in conjunction with the Receiver's prior Reports. Capital terms not defined in the Fifth Report are as defined in the prior Reports or the Receivership Order. All references to currency are in Canadian dollars unless otherwise stated.
7. In preparing the Fifth Report and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of COGI, the books and records of COGI, and information from other third-party sources (collectively, the "Information"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.
8. Copies of the relevant documents relating to these proceedings are available on the Receiver's website at [www.mnpdebt.ca/cogi](http://www.mnpdebt.ca/cogi).

## **PURPOSE OF THE REPORT**

9. The purpose of the Fifth Report is to provide this Honourable Court with an update as to activities since the date its last report, including the Receiver's comments and information in respect of:
  - i) Activities of the Receiver since the date of the Fourth Report; and
  - ii) Information in support of an application for an increase in the Receiver's borrowing limit.

## ACTIVITIES OF THE RECEIVER

10. Since its last Report, the Receiver has:
  - i) Together with its consultant, Niven Fischer, continued to operate the oil and gas properties of COGI;
  - ii) Corresponded with the German Investors;
  - iii) Met and corresponded with joint venture partners regarding accounts receivable;
  - iv) Monitored the listing of the Lamont land;
  - v) Monitored the status of the COC1 note receivable;
  - vi) Identified potential rework opportunities;
  - vii) Together with Sayer Energy Advisors, conducted a sales process on the COGI oil & gas assets; and
  - viii) Held further discussions with and corresponded with POA and Arrow Point regarding receivables and how to transfer the well licenses to them for properties sold prior to the Receivership.

## SALES PROCESS

11. In addition to the activities listed above, the Receiver has continued to work with Niven Fischer towards the development of a process to sell the assets of the Company.
12. As described in the Fourth Report, the Receiver engaged Sayer Energy Advisors to commence a sales process for the COGI oil and gas assets. The Receiver reviewed the various offers received under the sales process, and determined that the offers were not an acceptable realization on the COGI oil and gas assets. The Receiver is of the view that the offers were materially impacted as a result of the Company's low Liability Management Rating ("LMR") with the AER, and the ability to transfer wells based on a low LMR.
13. The Receiver has suspended the sales process with respect to the COGI oil and gas assets, and is proceeding with a well reactivation / rework program. The Receiver and Niven Fischer are developing a reactivation program (the "Reactivation Program"). The Reactivation Program is expected to bring identified Company non-operating wells back to producing status over many months. The potential impact of the Reactivation Program would be an improvement to cash flow, an increase to the value of the Company's oil & gas reserves, and positively impact the Company's LMR rating.
14. At present 35 wells have been identified to be reworked with a further 95 wells potentially selected for rework.
15. It is estimated that the cost of the Reactivation Program is \$6.5 million. As the Reactivation Program would be initiated over many months, the additional cash borrowings required is currently estimated at \$4.5 million.

16. The Receiver is of the view that the completion of the Reactivation Program by Niven Fischer would then support a successful sales process being conducted on the COGI oil and gas assets at that time.
17. The Receiver has borrowed to the current \$5 million limit on Receiver's Certificate Borrowings. Accordingly, the Receiver requests that the borrowing limit on the Receiver's certificates be increased by \$4.5 million, to a total of \$9.5 million.
18. Alberta Treasury Branches ("ATB") is the priority secured lender related to the Oil & Gas assets, with debt significantly exceeding reasonable expectations on the realizable value of these assets. Further, the Receiver has been advised that ATB supports the implementation of the Reactivation Program, and will continue to be the lender pursuant to the Receiver's certificate.

#### **INTERIM RECEIPTS AND DISBURSEMENTS**

19. Attached as Appendix A is a copy of the Receipts and Disbursement Statement for the period ending December 31, 2016.

#### **CONCLUSION**

20. Based upon the foregoing the Receiver seeks the Court's approval for the following;
  - i) Approval of the activities of the Receiver to date; and
  - ii) An order increasing the Receiver's borrowing powers under the Receiver's Certificates to \$9.5 million.

All of which is respectfully submitted this 13<sup>th</sup> day of January, 2017.

#### **MNP Ltd.**

In its capacity as Receiver-Manager of  
COGI Limited Partnership, Canadian Oil & Gas International Inc.,  
Conserve Oil Group Inc. and Conserve Oil 1<sup>st</sup> Corporation  
and not in its personal capacity

Per:   
Victor Kroeger, CIRP, LIT, CPA, CA, CFE  
Senior Vice President

# APPENDIX A

COGI Limited Partnership, Canadian Oil & Gas International Inc. and Conserve Oil Group Inc. - In Receivership

Interim Statement of Receipts and Disbursements  
For the Period October 26, 2015 to December 31, 2016

	October 26/15 August 31/16	Activity During Period	October 26/15 December 31/16
	\$	\$	\$
<b>Receipts</b>			
Net Receipts from Operations (Schedule 1)	333,752.51	(1,114,534.13)	(780,781.62)
Receiver's Certificate	3,300,000.00	1,700,000.00	5,000,000.00
Cash in Bank	1,491,497.38	-	1,491,497.38
Cash in Bank - Proven Oil Canada	845.00	-	845.00
Interest Income	1,149.48	293.07	1,442.55
Rental Income	71,389.30	-	71,389.30
Accounts Receivable	196,141.36	-	196,141.36
Sale of Assets	131,080.95	889,275.51	1,020,356.46
Miscellaneous Refunds	7,757.72	76.08	7,833.80
GST Collected (Net)	191,209.61	2,271.10	193,480.71
<b>Total Receipts</b>	<b>5,724,823.31</b>	<b>1,477,381.63</b>	<b>7,202,204.94</b>
<b>Disbursements</b>			
Bank Charges	1,041.21	91.29	1,132.50
Filing Fees	280.00	-	280.00
Interest Expense	50,908.75	109,377.54	160,286.29
Change of locks	247.50	-	247.50
Pre-Receiver's Payroll	64,404.50	-	64,404.50
Legal Fees and Disbursements (Schedule 2)	1,095,853.69	266,450.82	1,362,304.51
Consulting Services - Niven Fischer Energy Services Inc. (Schedule 2)	1,852,961.05	1,032,662.61	2,885,623.66
Receiver's Fees (Schedule 2)	881,124.16	374,641.56	1,255,765.72
CCAA Administration Charge (Schedule 3)	200,000.00	-	200,000.00
Payments to Arrow Point and POA	435,175.48	-	435,175.48
Funds transferred to Bankruptcy Estate	42,800.71	-	42,800.71
<b>Total Disbursements</b>	<b>4,624,797.05</b>	<b>1,783,223.82</b>	<b>6,408,020.87</b>
<b>Excess of Receipts over Disbursements</b>	<b>1,100,026.26</b>	<b>(305,842.19)</b>	<b>794,184.07</b>
Represented By:			
General Bank Account	718,879.03	(606,133.34)	112,745.69
Funds Held in Interest Bearing Account	381,147.23	300,291.15	681,438.38
	<b>1,100,026.26</b>	<b>(305,842.19)</b>	<b>794,184.07</b>

## COGI Limited Partnership, Canadian Oil &amp; Gas International Inc. and Conserve Oil Group Inc. - In Receivership

## Interim Statement of Receipts and Disbursements

Net Receipts from Operations  
For the Period October 26, 2015 to December 31, 2016

	October 26/15 August 31/16	Activity During Period	October 26/15 December 31/16
	\$	\$	\$
<b>Receipts</b>			
Net Revenues	11,259,291.14	3,219,489.41	14,478,780.55
<b>Total Receipts</b>	<u>11,259,291.14</u>	<u>3,219,489.41</u>	<u>14,478,780.55</u>
<b>Disbursements</b>			
Consulting Services	48,941.52	-	48,941.52
Operating Expenses	7,172,684.34	3,204,632.62	10,377,316.96
Payroll Services	130.20	-	130.20
Insurance	123,192.33	39,611.56	162,803.89
General and Administration Charges	39,284.34	(408.62)	38,875.72
Occupation Rent	173,926.58	46,090.96	220,017.54
Telephone and Utilities	896,405.50	288,672.14	1,185,077.64
Property Taxes	5,952.95	-	5,952.95
Royalty and Lease Payments	2,465,020.87	755,424.88	3,220,445.75
<b>Total Disbursements</b>	<u>10,925,538.63</u>	<u>4,334,023.54</u>	<u>15,259,562.17</u>
<b>Net Receipts from Operations</b>	<u>333,752.51</u>	<u>(1,114,534.13)</u>	<u>(780,781.62)</u>



COGI Limited Partnership, Canadian Oil & Gas International Inc. and Conserve Oil Group Inc. - In Receivership

Summary of Professional Fees and Disbursements  
For the Period October 26, 2015 to December 31, 2016

Description	Invoice Number	Invoice Date	Fees \$	Disbursements \$	Subtotal \$	GST \$	Total \$	Amount Paid (Net of GST) \$
<b>MNP Ltd.'s Fees and Disbursements (Receiver &amp; Manager)</b>								
For the period October 22, 2015 to November 30, 2015	7476289	08-Dec-15	243,882.00	786.40	244,668.40	12,233.42	256,901.82	244,668.40
For the period December 1, 2015 to December 31, 2015	7498217	15-Jan-16	107,065.50	252.30	107,317.80	5,365.89	112,683.69	107,317.80
For the period January 1, 2016 to January 31, 2016	7519153	10-Feb-16	132,800.00	332.92	133,132.92	6,656.65	139,789.57	133,132.92
For the period February 1, 2016 to February 29, 2016	7550152	10-Mar-16	97,651.50	92.93	97,744.43	4,887.22	102,631.65	97,744.43
For the period March 1, 2016 to March 31, 2016	7593865	08-Apr-16	100,361.50	52.82	100,414.32	5,020.72	105,435.04	100,414.32
For the period April 1, 2016 to April 30, 2016	7656952	06-May-16	87,595.00	-	87,595.00	4,379.75	91,974.75	87,595.00
For the period May 1, 2016 to May 31, 2016	7689446	07-Jun-16	104,389.50	5,861.79	110,251.29	5,512.56	115,763.85	110,251.29
For the period June 1, 2016 to June 30, 2016	7720384	22-Jul-16	104,184.00	3,221.18	107,405.18	5,370.26	112,775.44	107,405.18
For the period July 1, 2016 to July 31, 2016	7736634	19-Aug-16	71,941.00	1,806.82	73,647.82	3,682.39	77,330.21	73,647.82
For the period August 1, 2016 to August 31, 2016	7751525	12-Sep-16	81,432.50	950.92	82,383.42	4,119.17	86,502.59	82,383.42
For the period March 1, 2016 to August 31, 2016 (Bankruptcy)	7753633	14-Sep-16	20,879.50	-	20,879.50	1,043.98	21,923.48	20,879.50
For the period September 1, 2016 to September 30, 2016	7782094	25-Oct-16	90,298.00	27.64	90,325.64	4,516.28	94,841.92	90,325.64
For the period October 1, 2016 to October 31, 2016	7790157	04-Nov-16	38,497.50	38.97	38,536.47	1,926.82	40,463.29	-
For the period November 1, 2016 to November 30, 2016	7819826	14-Dec-16	64,805.50	20.05	64,825.55	3,241.28	68,066.83	-
For the period December 1, 2016 to December 31, 2016	7837465	13-Jan-16	51,814.00	105.95	51,919.95	2,586.00	54,515.95	-
<b>SubTotal - MNP Ltd.'s Fees and Disbursements</b>			<b>1,397,497.00</b>	<b>13,550.69</b>	<b>1,411,047.69</b>	<b>70,552.39</b>	<b>1,481,600.08</b>	<b>1,255,765.72</b>
<b>DLA Piper (Canada) LLP (Legal Counsel)</b>								
For the period October 27, 2015 to November 15, 2015	1589698	19-Nov-15	95,517.50	1,023.61	96,541.11	4,798.61	101,339.72	96,541.11
For the period October 30, 2015 to November 30, 2015	1596501	10-Dec-15	95,691.50	3,013.27	98,704.77	4,925.98	103,630.75	98,704.77
For the period November 30, 2015 to December 15, 2015	1598036	21-Dec-15	70,535.50	981.79	71,517.29	3,562.62	75,079.91	71,517.29
For the period December 1, 2015 to December 31, 2015	1604137	21-Jan-16	96,994.50	1,398.93	98,393.43	4,908.75	103,302.18	98,393.43
For the period January 4, 2016 to January 15, 2016	1604138	21-Jan-16	69,916.50	651.84	70,568.14	3,519.11	74,087.25	70,568.14
For the period January 8, 2016 to January 29, 2016	1610068	11-Feb-16	49,458.00	545.76	50,003.76	2,478.74	52,482.50	50,003.76
For the period Feb 1, 2016 to Feb 14, 2016	1611509	23-Feb-16	53,527.50	624.99	54,152.49	2,687.15	56,839.64	54,152.49
For the period February 16, 2016 to February 29, 2016	1614370	14-Mar-16	48,046.00	317.06	48,363.06	2,415.55	50,778.61	48,363.06
For the period February 29, 2016 to March 15, 2016	1616807	31-Mar-16	58,291.50	1,238.00	59,529.50	2,954.20	62,483.70	59,529.50
For the period February 29, 2016 to March 15, 2016	1616809	31-Mar-16	15,617.50	-	15,617.50	780.88	16,398.38	15,617.50
For the period March 16, 2016 to April 15, 2016	1623067	28-Apr-16	60,258.50	1,029.99	61,288.49	3,041.19	64,329.68	61,288.49
For the period March 18, 2016 to April 15, 2016	1623070	28-Apr-16	45,170.00	66.00	45,236.00	2,261.81	47,497.81	45,236.00
For the period April 17, 2016 to May 23, 2016	1630183	31-May-16	3,502.50	2,168.95	5,671.45	283.58	5,955.03	5,671.45
For the period April 7, 2016 to May 25, 2016	1630192	31-May-16	108,993.00	59,593.45	168,586.45	5,459.12	174,045.57	168,586.45
For the period May 20, 2016 to June 24, 2016	1637232	30-Jun-16	9,940.00	828.58	10,768.58	538.44	11,307.02	10,768.58
For the period June 7, 2016 to June 17, 2016	1637233	30-Jun-16	2,620.00	-	2,620.00	131.00	2,751.00	2,620.00

COGI Limited Partnership, Canadian Oil & Gas International Inc. and Conserve Oil Group Inc. - In Receivership

Summary of Professional Fees and Disbursements  
For the Period October 26, 2015 to December 31, 2016

Description	Invoice Number	Invoice Date	Fees \$	Disbursements \$	Subtotal \$	GST \$	Total \$	Amount Paid (Net of GST) \$
For the period May 12, 2016 to June 24, 2016	1637235	30-Jun-16	70,096.50	29,805.26	99,901.76	3,525.06	103,426.82	99,901.76
For the period June 25, 2016 to July 22, 2016	1643970	28-Jul-16	1,140.00	-	1,140.00	57.00	1,197.00	1,140.00
For the period June 21, 2016 to July 26, 2016	1643971	28-Jul-16	24,832.50	12,357.41	37,189.91	1,859.01	39,048.92	37,189.91
For the period June 29, 2016 to June 29, 2016	1643972	28-Jul-16	60.00	-	60.00	3.00	63.00	60.00
For the period July 12, 2016 to August 11, 2016	1653392	02-Sep-16	4,780.00	443.70	5,223.70	261.20	5,484.90	5,223.70
For the period July 4, 2016 to August 29, 2016	1653433	02-Sep-16	62,012.50	348.56	62,361.06	3,117.91	65,478.97	62,361.06
For the period August 2, 2016 to September 28, 2016	1657284	30-Sep-16	77,377.50	332.83	77,710.33	3,879.46	81,589.79	77,710.33
For the period September 6, 2016 to October 28, 2016	1664121	31-Oct-16	42,010.00	425.93	42,435.93	2,111.80	44,547.73	42,435.93
For the period September 7, 2016 to October 3, 2016	1664103	31-Oct-16	8,792.50	7.50	8,800.00	440.01	9,240.01	8,800.00
For the period October 5, 2016 to November 25, 2016	1670681	29-Nov-16	67,513.00	2,406.80	69,919.80	3,485.94	73,405.74	69,919.80
<b>SubTotal - DLA Piper (Canada) LLP</b>			<b>1,242,694.50</b>	<b>119,610.01</b>	<b>1,362,304.51</b>	<b>63,487.12</b>	<b>1,425,791.63</b>	<b>1,362,304.51</b>

Niven Fischer Energy Services Inc. (Consulting Services)

For the period October 22, 2015 to October 31, 2015	15-1164	15-Dec-15	23,712.50	825.00	24,537.50	1,226.88	25,764.38	24,537.50
For the period November 1, 2015 to November 30, 2015	15-1677	15-Dec-15	182,862.50	29,797.57	212,660.07	10,632.64	223,292.71	212,660.07
For the period December 1, 2015 to December 31, 2015	15-1180	31-Dec-15	178,866.25	20,357.17	199,223.42	9,961.17	209,184.59	199,223.42
For the period January 1, 2016 to January 31, 2016	16-1200	15-Feb-16	246,040.00	2,875.42	248,915.42	12,445.77	261,361.19	248,915.42
For the period February 1, 2016 to February 29, 2016	16-1213	15-Mar-16	251,800.00	11,391.64	263,191.64	13,131.59	276,323.23	263,191.64
For the period March 1, 2016 to March 31, 2016	16-1229	18-Apr-16	250,273.75	13,983.38	264,257.13	13,212.86	277,469.99	264,257.13
For the period April 1, 2016 to April 30, 2016	16-1248	15-May-16	220,328.75	17,078.31	237,407.06	11,870.04	249,277.10	237,407.06
For the period May 1, 2016 to May 31, 2016	16-1264	15-Jun-16	206,711.25	3,595.68	210,306.93	10,515.35	220,822.28	210,306.93
For the period June 1, 2016 to June 30, 2016	16-1280	15-Jul-16	191,117.50	1,344.38	192,461.88	9,623.09	202,084.97	192,461.88
For the period July 1, 2016 to July 31, 2016	16-1296	15-Aug-16	172,747.50	2,446.82	175,194.32	8,759.72	183,954.04	175,194.32
For the period August 1, 2016 to August 31, 2016	16-1310	16-Sep-16	193,472.50	29,602.70	223,075.20	11,153.66	234,228.86	223,075.20
For the period September 1, 2016 to September 30, 2016	16-1325	14-Oct-16	224,080.00	3,452.55	227,532.55	11,376.62	238,909.17	227,532.55
For the period October 1, 2016 to October 31, 2016	16-1334	09-Nov-16	193,707.50	6,705.29	200,412.79	10,020.64	210,433.43	200,412.79
For the period November 1, 2016 to November 30, 2016	16-1353	15-Dec-16	190,155.00	16,292.75	206,447.75	10,322.39	216,770.14	206,447.75
<b>SubTotal - Niven Fischer Energy Services Inc.</b>			<b>2,725,875.00</b>	<b>159,748.66</b>	<b>2,885,623.66</b>	<b>144,252.42</b>	<b>3,029,876.08</b>	<b>2,885,623.66</b>

COGI Limited Partnership and Canadian Oil & Gas International Inc. (collectively, "COGI")  
 Companies' Creditors Arrangement Act  
 Schedule of Outstanding Obligations Covered by the Administration Charge

Payee	Description	Invoice #	Invoice Date	Fees	Disbursements	SubTotal	Pro-Rata %	Pro-Rata Amount	GST	Total Payment	Remaining Balance
MNP Ltd., Montreal	For the period October 1-28, 2015	7447801	28-Oct-15	67,737.50	-	67,737.50	23%	46,939.02	2,346.85	49,285.97	20,798.48
DLA Piper (Canada) Ltd., Montreal's Legal Counsel		1585669	19-Nov-15	16,397.50	486.85	16,884.35	6%	11,700.09	585.00	12,285.09	5,194.26
Field LLP, COGI's Legal Counsel	For the period June 18 to August 28, 2015	366193	31-Aug-15	46,681.00	312.21	46,993.21					
Field LLP, COGI's Legal Counsel	For the period August 31 to October 19, 2015	370749	20-Oct-15	84,775.00	501.91	85,276.91					
Field LLP, COGI's Legal Counsel	For the period to October 26, 2015	372942	12-Nov-15	15,135.00	423.89	15,558.89					
						(50,000.00)					
						97,829.01	34%	67,791.07	3,389.55	71,160.62	30,037.94
Blake, Cassels & Graydon LLP, ATB's Legal Counsel	For the period to September 29, 2015	1866199	30-Sep-15	37,022.00	116.40	37,138.40					
Blake, Cassels & Graydon LLP, ATB's Legal Counsel	For the period to October 30, 2015	1872607	30-Oct-15	66,319.50	710.40	69,029.90					
						106,168.30	37%	73,569.82	-	73,569.82	32,598.48
						\$288,619.16	100%	\$200,000.00	\$8,321.51	\$208,321.51	\$88,619.16

\*\*\* Administration Charge is to a maximum of \$200,000.