

COURT FILE NUMBER 1501-12220
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ALBERTA TREASURY BRANCHES
DEFENDANT COGI LIMITED PARTNERSHIP, CANADIAN OIL & GAS INTERNATIONAL INC., CONSERVE OIL GROUP INC. AND CONSERVE OIL 1ST CORPORATION
DOCUMENT ORDER



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McMillan LLP
1700, 421 – 7th Ave SW
Calgary, AB T2P 4K9

Richard Jones
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File No. 239960

I hereby certify this to be a true copy of the original Order

Dated this 7 day of June, 2019

[Signature]
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: January 21, 2019
LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice B. Romaine

UPON THE APPLICATION by DEL Canada GP Ltd. (DEL" or "Purchaser") for an order to vary the amount of the Municipal Taxes Fund set out in paragraph 8 of the Approval and Vesting Order dated June 6, 2018 ("Approving and Vesting Order");

AND UPON HAVING READ the Approval and Vesting Order, the Affidavit of Charles W. Chapman, filed, and the Order of The Honourable Justice K.M. Eidsvik pronounced December 18, 2018; AND UPON HEARING the submissions of counsel for the Purchaser, counsel for the Receiver, and counsel for the municipalities of Kneehill County, Red Deer County, Municipal District of Bonnyville, No. 87, Municipal District of Taber, and Municipal District of Greenview No 16; and noting that the municipalities of the County of Stettler, City of Red Deer, Cypress County, and Camrose County did not take a position;

IT IS HEREBY ORDERED AND DECLARED THAT:

PARAGRAPH 8 OF THE APPROVING AND VESTING ORDER

[1] Paragraph 8 of Approval and Vesting Order is amended as follows:

- (a) The terms "Asserted Claims" and "Late Claims" shall only include a claim for special lien on the Purchased Assets located within the boundary of the municipality asserting the claim pursuant to section 348 of the *Municipal Government Act*, RSA 2000, c M-26 ("*MGA*") and any claim for a special lien on the Purchased Assets located outside the boundary of the municipality asserting such claim is an unsecured claim against the Debtor.
- (b) The Municipal Taxes Fund is reserved for the purpose of paying any municipal taxes that may be finally determined by this Court or accepted by the Receiver to be a special lien pursuant to section 348 of the *MGA* ("**Proven Claim**").
- (c) It shall be a condition of the closing of the Transaction that (i) the Municipal Taxes Fund be funded at the amount of \$3,000,000.00, or the Asserted Claims which exist at the time of closing, whichever amount is lesser; and (ii) the Purchaser shall have granted in favour of the Receiver a general security interest in the Purchased Assets as a first-ranking security for the Receiver's obligation for any Proven Claim.

[2] After taking account of the foregoing changes, Paragraph 8 shall be replaced and shall read as follows:

8. The Receiver shall set up a hold-back account to be funded as a condition of closing in the maximum amount of \$3,000,000.00, being the municipal taxes, interest and penalties claimed as special liens on the Purchased Assets to be acquired in the Transaction (the "**Municipal Taxes Fund**") in cash or by letter of credit. The Receiver shall hold the Municipal Taxes Fund in an interest-bearing account and may not make any distributions from the Municipal Taxes Fund except upon the further order of this Court, or pursuant to an agreement among the Purchaser, the Receiver, and the municipalities, Municipal Districts and such other similar entities (the "**Municipalities**") as set out in Schedule "E" attached to this Order, with respect to respective claims. The Municipal Taxes Fund shall be in an amount sufficient to fully fund and satisfy all the proven claims made against the Debtor by the Municipalities which have responded to the Receiver's letter as of June 6, 2018 (the "Asserted Claims"). Until further order of this Court, claims received after June 6, 2018 from the Municipalities in response to the Receiver's letters (the "**Late Claims**") shall have recourse to the Municipal Taxes Fund up to the amount of the Municipal Taxes Fund, less the Asserted Claims, as that amount exists at closing. Nothing in this order shall be construed as determining the validity or priority of the Asserted Claims or the Late Claims or the entitlement of any Municipality to the Municipal Taxes Fund, except the terms "Asserted Claims" and "Late Claims" shall only include a claim for special lien on the Purchased Assets located within the boundary of the municipality asserting the claim pursuant to section 348 of the *Municipal*

Government Act, RSA 2000, c M-26 ("MGA") and any claim for a special lien on the Purchased Assets located outside the boundary of the municipality asserting such claim is an unsecured claim against the Debtor. The Receiver is directed to follow the Claims Procedure to determine entitlement to the Municipal Taxes Fund. The Municipal Taxes Fund is reserved for the purpose of paying any municipal taxes that may be finally determined by this Court or accepted by the Receiver to be a special lien pursuant to section 348 of the MGA ("Proven Claim"). It shall be a condition of the closing of the Transaction that (i) the Municipal Taxes Fund be funded at the amount of \$3,000,000.00, or the Asserted Claims which exist at the time of closing, whichever amount is lesser; and (ii) the Purchaser shall have granted in favour of the Receiver a general security interest in the Purchased Assets as a first-ranking security for the Receiver's liability for any Proven Claim.

Adjournment of Other Relief Sought

[3] The balance of the application in relation to the quantification or reduction of the Municipal Taxes Fund is adjourned *sine die*.

[4] The application may be heard by any justice on the Calgary Commercial Duty List.

MISCELLANEOUS MATTERS

[5] The Receiver or the Purchaser may apply to this Court from time to time for directions from this court with respect to this Order, or for such further Order or Orders as either of them may consider necessary or desirable to amend, supplement or clarify the terms of this Order.

[6] This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

[7] Service of this Order on any party not attending this application is hereby dispensed with.

C Jones

J.C.C.Q.B.A.

for Justice

Romano

APPROVED AS TO FORM AND CONTENT:

DLA PIPER (CANADA) LLP

Per: _____
Ryan Algar, Counsel for the
Receiver


APPROVED AS TO FORM AND CONTENT:

REYNOLDS MIRTH RICHARDS & FARMER
LLP

Per: _____
Shauna N. Finlay, Counsel for Kneehill
County, Municipal District of Bonneyville No.
87, Red Deer County, Municipal District of
Taber, and Municipal District of Greenview
No. 16

APPROVED AS TO FORM AND CONTENT:

BROWNLEE LLP

Per: 

For: Gregory G. Plester, Counsel for The
City of Red Deer, County of Stettler
and Cypress County

APPROVED AS TO FORM AND CONTENT:

McMILLAN LLP

Per: 

Richard Jones, Counsel for DEL Canada GP

APPROVED AS TO FORM AND CONTENT:

DLA PIPER.(CANADA) LLP

Per: _____
Ryan Algar, Counsel for the
Receiver


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Per: _____
Gregory G. Plester, Counsel for The
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and Cypress County

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**REYNOLDS MIRTH RICHARDS & FARMER
LLP**

Per:  _____
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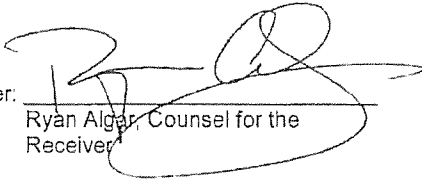
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McMILLAN LLP

Per: _____
Richard Jones, Counsel for DEL Canada GP

APPROVED AS TO FORM AND CONTENT:

DLA PIPER (CANADA) LLP

Per: 
Ryan Alger, Counsel for the Receiver

APPROVED AS TO FORM AND CONTENT:

REYNOLDS MIRTH RICHARDS & FARMER LLP

Per: _____
Shauna N. Finlay, Counsel for Kneehill County, Municipal District of Bonneyville No. 87, Red Deer County, Municipal District of Taber, and Municipal District of Greenview No. 16

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Per: _____
Gregory G. Plester, Counsel for The City of Red Deer, County of Stettler and Cypress County

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McMILLAN LLP

Per: _____
Richard Jones, Counsel for DEL Canada GP