

FORM 27
[RULES 6.3 AND 10.52(1)]

CLERK'S STAMP

COURT FILE NUMBER

BK NO: 25-2523592

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

**IN THE MATTER OF THE BANKRUPTCY
OF OAN RESOURCES LTD.**

DOCUMENT

**APPLICATION BY TRUSTEE APPROVAL
OF SALE AND VESTING ORDER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard and Keely Cameron
Telephone No.: 403-298-4485/3324
Fax No.: 403-265-7219
Client File No.: 58368.12

NOTICE TO RESPONDENT(S):

This application is made against you. You are a respondent.
You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date: March 27, 2020
Time: 3:30 p.m.
Where: Calgary Courts Centre, 601-5th Street SW, Calgary, AB
Before Whom: Justice K.M. Eidsvik

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

Remedy claimed or sought:

1. Hardie & Kelly Inc., in its capacity as trustee (the "**Trustee**") of OAN Resources Ltd. ("**OAN**") seeks the following Order:
 - (a) Declaring service of this Application good and sufficient, and abridging the time for notice of this Application to the time actually given, if necessary;
 - (b) An order substantially in the form attached hereto as Schedule "A":
 - (i) Approving and authorizing the assets, undertakings and properties of OAN (the "**Purchased Assets**") pursuant to the Asset Purchase and Sale Agreement between the Trustee and Crimson Energy Ltd. (the "**Purchaser**") (the "**APA**"), a copy of which is attached to the Report of the Trustee (the "**Report**") dated March 16, 2020;
 - (ii) Vesting title to the Purchased Assets in the Purchaser, free and clear of all Claims (as defined in the proposed Order); and
 - (c) Such further and other relief as counsel may advise and this Honourable Court permits.

Grounds for making this application:

2. On June 14, 2019, OAN filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* ("**BIA**"). Hardie & Kelly Inc. was appointed as the proposal trustee with respect to the proposal proceedings.
3. On July 8, 2019 and August 27, 2019, the Court granted orders extending the time in which OAN was to file a proposal. Despite the extensions granted, OAN failed to file a proposal by October 12, 2019 and was deemed to have made an assignment into bankruptcy on October 13, 2019.
4. The Trustee engaged Sayer Energy Advisor ("**Sayers**") as its selling agent to run a sales process in respect of OAN's property which primarily consists of a small number of oil and gas production assets located in northern Alberta.

5. On January 8, 2020, the public marketing of OAN's property commenced with an information brochure prepared by Sayer's being mailed to approximately 700 parties in addition to being posted on the websites of both Sayer and the Trustee. 18 confidentiality agreements were ultimately entered into. The only bid received by the bid deadline of February 13, 2020 was that of the Purchaser.
6. Pursuant to the APA:
 - (a) The Purchaser will pay a modest amount of cash consideration to the Trustee;
 - (b) The Purchaser will purchase all of OAN's oil and gas assets, assuming all of the abandonment retirement obligations of OAN;
 - (c) The transaction, specifically the transfer of the well licenses is subject to approval of the AER; and
 - (d) The transaction if approved will close seven business days after the granting of the proposed order.
7. The Trustee supports the APA for the following reasons:
 - (a) The sales process was conducted by a third party sales advisor and the assets were marketed widely;
 - (b) The APA represents fair value for the Purchased Assets as evidenced by the minimal interest expressed during the sales process;
 - (c) It is not expected that any further or additional sales process for the Purchased Assets would result in proceeds greater than that offered by the Purchaser;
 - (d) The Trustee believes that the PSA was negotiated in good faith and is commercially reasonable in the circumstances; and
 - (e) The inspector of the estate supports the sale.

8. In the circumstances, the Trustee believes that a further sales process is not warranted and that the transaction contemplated by the APA should be approved.

Material or evidence to be relied on:

9. Report of the Trustee, dated March 16, 2020;
10. The pleadings previously filed in these proceedings.

Applicable rules:

11. *Alberta Rules of Court*, AR 124/2010, and in particular Rules 1.3, 6.3, and 11.27.
12. *Bankruptcy and Insolvency General Rules*, and in particular Rules 6 and 11.
13. Such further and other rules as counsel may advise and this Honourable Court permits.

Applicable Acts and regulations:

14. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.
15. Such further and other acts and regulations as counsel may advise and this Honourable Court permit.

Any irregularity complained of or objection relied on:

16. None.

How the application is proposed to be heard or considered:

17. In person before the Honourable Madam Justice Eidsvik.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. 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 the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

COURT FILE NUMBER

BK NO: 25-2523592

Clerk's Stamp

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

**IN THE MATTER OF THE BANKRUPTCY
OF OAN RESOURCES LTD.**

DOCUMENT

APPROVAL AND VESTING ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard and Keely Cameron
Telephone No.: 403-298-4485/3324
Fax No.: 403-265-7219
Client File No.: 58368.12

DATE ON WHICH ORDER WAS PRONOUNCED: [•], 2020

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Madame Justice K.M. Eidsvik

UPON THE APPLICATION of Hardie & Kelly Inc. in its capacity as the Trustee (the "**Trustee**") of the undertakings, property and assets of OAN Resources Ltd. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Trustee and Crimson Energy Ltd. (the "**Purchaser**") dated March 13, 2020 and appended to the Report of the Trustee dated March 16, 2020 (the "**Report**"), and vesting in the Purchaser, the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**");

AND UPON HAVING READ the Application, the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Trustee, the Purchaser, and any other interested party;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

2. The Transaction is hereby approved, and the execution of the Sale Agreement by the Trustee is hereby authorized and approved, with such minor amendments as the Trustee may deem necessary. The Trustee is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchaser.

VESTING OF PROPERTY

3. Subject only to approval by the Alberta Energy Regulator ("**AER**") of transfer of any applicable licenses, permits and approvals pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta). Upon the delivery of a Trustee's certificate to the Purchaser substantially in the form set out in **Schedule "A"** hereto (the "**Trustee's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on **Schedule "B"** hereto shall vest absolutely in the name of the Purchaser, free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts (whether contractual, statutory, or otherwise), reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- (a) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (b) any liens or claims of lien under the *Builders' Lien Act* (Alberta); and
- (c) those Claims listed in **Schedule "C"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in **Schedule "D"** (collectively, "**Permitted Encumbrances**"))

for greater certainty, this Court orders that all of the Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. Upon delivery of the Trustee's Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Trustee's Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:
- (b) Alberta Energy ("**Energy Ministry**") shall and is hereby authorized, requested and directed to forthwith:
 - (i) cancel and discharge those Claims including builders' liens, security notices, assignments under section 426 (formerly section 177) of the *Bank Act* (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of the Debtor in and to any of the Purchased Assets located in the Province of Alberta; and
 - (ii) transfer all Crown leases listed in **Schedule "E"** to this Order standing in the name of the Debtor, to the Purchaser (or its nominee) free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;
 - (c) the Registrar of the Alberta Personal Property Registry (the "**PPR Registrar**") shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.
5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Trustee's Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due

execution, delivery and performance by the Trustee of the Sale Agreement, other than any required approval by the AER referenced in paragraph 3 above.

7. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Trustee) shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
8. The Purchaser shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor.
9. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser. The Purchaser shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
10. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Trustee or the Debtor.
11. The Trustee is to file with the Court a copy of the Trustee's Certificate, forthwith after delivery thereof to the Purchaser.
12. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and section 20(e) of the *Alberta Personal Information Protection Act*, the Trustee is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Sale Agreement. The Purchaser (or its nominee) shall

maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

13. The Trustee, the Purchaser and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
14. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Trustee and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.
15. 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.

J.C.Q.B.A.

Schedule "A"

Form of Trustee's Certificate

COURT FILE NUMBER

Clerk's Stamp

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANT

DOCUMENT

TRUSTEE'S CERTIFICATE

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECITALS

- A. **[Name of Trustee]** was appointed as the Trustee (the "Trustee") of the undertaking, property and assets of **[Debtor]** (the "Debtor").

- B. Pursuant to an Order of the Court dated **[Date]**, the Court approved the agreement of purchase and sale made as of **[Date of Agreement]** (the "Sale Agreement") between the Trustee and **[Name of Purchaser]** (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Trustee and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Trustee.

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE TRUSTEE CERTIFIES the following:

- 1. The Purchaser has paid and the Trustee has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Trustee and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Trustee.
4. This Certificate was delivered by the Trustee at **[Time]** on **[Date]**.

[Name of Trustee], in its capacity as Trustee of the undertaking, property and assets of [Debtor], and not in its personal capacity.

Per; _____

Name:

Title:

Schedule "B"
Purchased Assets

Lands, Petroleum and Natural Gas Rights, Title Documents, Royalties and Permitted Encumbrances, Wells, Facilities and Pipelines

Section	Rights	Lessor	Burdens	Wells
95-4-W5M: Sec 28, 29, 32 & 33 96-4-W5M: Sec 4, 5, N & SE 6, Sec 7, 8, 9, 16, 17 and 18 95-5-W5M: Sec 22, N & SW 23, W 24, Sec 26, 27, 33, E 35, Sec 36 96-5-W5M: Sec 1, W 3, N & SW 10, Sec 11, 12, 13, 14, 15, 16 95-5-W5M: Sec 20, 21 96-5-W5M: Sec 4, 9 96-5-W5M: SE 10	All PNG PNG below base Mannville Group PNG below base Keg River	CR 5415020103	CSS NPI - 1.5 % on 50% of production (0.75% on 100% production payable to Huntington Exploration Inc.) NPI - 1.5% on 25% of production (0.375% on 100% production payable to Rock Sound Energy Inc.) NPI - 3.5 % on 100% of production payable to Gunnarr Resources Inc.	N/A
96-5-W5M: SE 2	PNG in Keg River	CR 0513070254	CSS NPI - 5 % on 100% of production payable to Gunnarr Resources Inc.	N/A
96-5-W5M: SW 2	PNG in Keg River	CR 0513070255	CSS NPI - 5 % on 100% of production payable to Gunnarr Resources Inc.	100/05-02-096-05W5/00 Flowing Oil
96-5-W5M: NW 2	PNG in Keg River	CR 0513070256	CSS NPI - 5 % on 100% of production payable to Gunnarr Resources Inc.	N/A
96-5-W5M: NE 2	PNG in Keg River	CR 0513070257	CSS NPI - 3.5 % on 100% of production payable to Gunnarr Resources Inc.	N/A
95-5-W5M: E 34	PNG to base Keg River	CR 0508110236	CSS NPI - 5 % on 100% of production payable to Gunnarr Resources Inc.) Sliding Scale Non-Convertible Overriding Royalty of 1/23.8365% (2.5% to 12.5% on oil; 12.5% on other petroleum substances); Standard Crown Deductions paid on 50% of production, payable to Fairfax Energy Inc.	100/07-34-095-05 W5/00 Pumping Oil

Section	Rights	Lessor	Burdens	Wells
95-5-W5M: SW 35	PNG in Keg River	CR 0511070494	<p>CSS</p> <p>NPI - 5 % on 100% of production payable to Gunnarr Resources Inc.</p> <p>Sliding Scale Non-Convertible Overriding Royalty of 1.23.8365% (2.5% to 12.5% on oil; 12.5% on other petroleum substances); Standard Crown Deductions paid on 10% of production, payable to Fairfax Energy Inc.</p>	<p>100/3-35-95-05 W5/00 Abandoned/Re-entry</p> <p>100/03-35-095-05W5/02 Flowing Oil</p>
95-5-W5M: NW 35	PNG in Keg River	CR 0511070495	<p>CSS</p> <p>NPI - 5 % on 100% of production payable to Gunnarr Resources Inc.</p> <p>Sliding Scale Non-Convertible Overriding Royalty (2.5% to 12.5% on oil; 12.5% on other petroleum substances); Standard Crown Deductions paid on 10% of production, payable to Fairfax Energy Inc.</p>	<p>100/14-35-095-05 W5/00 Cased</p>

WELLS

UWI	License Number	Current Licensee	Status	OAN WI%
100/13-26-095-05W5/0	0493719	OAN RESOURCES LTD.	LICENSED	100%
100/07-34-095-05W5/0	0488340	OAN RESOURCES LTD.	PUMPING OIL	100%
100/09-34-095-05W5/0	0493260	OAN RESOURCES LTD.	CANCELLED LOCATION	100%
100/03-35-095-05W5/2	0132720	OAN RESOURCES LTD.	FLOWING OIL	100%
100/11-35-095-05W5/2	0487660	OAN RESOURCES LTD.	PUMPING OIL	100%
100/14-35-095-05W5/0	0487660	OAN RESOURCES LTD.	DRAIN	100%
100/05-02-096-05W5/0	0487914	OAN RESOURCES LTD.	FLOWING OIL	100%
100/03-03-096-05W5/0	0493350	OAN RESOURCES LTD.	DRILLED AND CASED	100%
100/05-03-096-05W5/0	0493351	OAN RESOURCES LTD.	LICENSED	100%
100/06-11-096-05W5/0	0493298	OAN RESOURCES LTD.	PUMPING OIL	100%

FACILITIES

Licence	Government Code	Surface Location	Licensee	Type	Operational Status	OAN WI%
F50541	ABBT0148133	16-34-095-05W5	Oan Resources Ltd.	Battery	Active	100%
F51336	-	03-35-095-05W5	Oan Resources Ltd.	Satellite	Unknown	100%
W0132720	ABBT0143662	03-35-095-05W5	Oan Resources Ltd.	Battery	Suspended	100%
W0493298	ABBT0152706	06-11-096-05W5	Oan Resources Ltd.	Battery	Active	100%

PIPELINES

License Number	Segment ID #	From Location	To Location	Status	OAN WI%
22699	5	09-26-095-05W5	04-35-095-05W5	Abandoned	100%
54105	1	16-34-095-05W5	08-03-096-05W5	Operating	100%
54136	1	03-35-095-05W5	04-35-095-05W5	Operating	100%
54136	2	05-03-096-05W5	03-03-096-05W5	To Be Constructed	100%
54136	3	03-03-096-05W5	01-03-096-05W5	To Be Constructed	100%
54136	4	06-11-096-05W5	05-11-096-05W5	To Be Constructed	100%
54136	5	04-35-095-05W5	16-34-095-05W5	Operating	100%

54136	6	01-03-096- 05W5	16-34-095- 05W5	Operating	100%
-------	---	--------------------	--------------------	-----------	------

**Schedule "C"
Encumbrances**

NIL

Schedule "D"
PERMITTED ENCUMBRANCES

All encumbrances, overriding royalties and other royalties, net profits interests and other burdens identified in Schedule "A" to the Asset Purchase Agreement

Schedule "E"
Crown Leases

TITLE DOCUMENT	LEGAL DESCRIPTION	RIGHTS
CR 5415020103	95-4-W5M: Sec 28, 29, 32 & 33 96-4-W5M: Sec 4, 5, N & SE 6, Sec 7, 8, 9, 16, 17 and 18 95-5-W5M: Sec 22, N & SW 23,W 24, Sec 26, 27, 33, E 35, Sec 36 96-5-W5M: Sec 1, W 3, N & SW 10, Sec 11, 12, 13, 14, 15, 16 95-5-W5M: Sec 20,21 96-5-W5M: Sec 4, 9 96-5-W5M: SE 10	All PNG PNG below base Mannville Group PNG below base Keg River
CR 0513070254	96-5-W5M: SE 2	PNG in Keg River
CR 0513070255	96-5-W5M: SW 2	PNG in Keg River
CR 0513070256	96-5-W5M: NW 2	PNG in Keg River
CR 0513070257	96-5-W5M: NE 2	PNG in Keg River
CR 0508110236	95-5-W5M: E 34	PNG to base Keg River
CR 0511070494	95-5-W5M: SW 35	PNG in Keg River
CR 0511070495	95-5-W5M: NW 35	PNG in Keg River