

COURT FILE NUMBER 2101-00814

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF CALGARY OIL & GAS
SYNDICATE GROUP LTD., CALGARY OIL AND GAS
INTERCONTINENTAL GROUP LTD. (IN ITS OWN
CAPACITY AND IN ITS CAPACITY AS GENERAL
PARTNER OF T5 SC OIL AND GAS LIMITED
PARTNERSHIP), CALGARY OIL AND SYNDICATE
PARTNERS LTD., and PETROWORLD ENERGY LTD.

DOCUMENT **SUPPLEMENTAL MONITOR'S REPORT ON PLAN OF
COMPROMISE OR ARRANGEMENT**

JULY 16, 2021

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**SUPPLEMENTAL MONITOR’S REPORT ON PLAN OF COMPROMISE OR
ARRANGEMENT
BDO CANADA LIMITED
JULY 16, 2021**

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INTRODUCTION AND BACKGROUND

1. On February 10 and February 11, 2021 (the “**Initial Application**”), Calgary Oil & Gas Syndicate Group Ltd., Calgary Oil & Gas Intercontinental Group Ltd. (“**COGL**”) (in its own capacity and in its capacity as General Partner of T5 SC Oil and Gas Limited Partnership (the “**Limited Partnership**”), Calgary Oil and Syndicate Partners Ltd. (“**COSP**”), and Petroworld Energy Ltd (collectively referred to as the “**Applicants**”) made an application to the Court of Queen’s Bench of Alberta (the “**Court**”) for an initial order (the “**Initial Order**”) pursuant to the *Companies Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”).
2. On February 11, 2021 (the “**Filing Date**”), the Initial Order was granted by the Honourable Mr. Justice D. B. Nixon of the Court providing certain relief to the Applicants as well as the Limited Partnership (collectively referred to as the “**Companies**”), including, but not limited to, an initial stay of proceedings (the “**Stay**”) against the Companies and their assets.
3. The Court appointed BDO Canada Limited (“**BDO**”) as monitor (the “**Monitor**”) of the Companies within the CCAA proceedings (the “**Proceedings**”).
4. The Monitor has issued a number of reports addressing various matters related to the Proceedings and the Companies’ applications therein. The Monitor’s most recent report, dated June 28, 2021 (the “**Monitor’s Report on Plan**”), provided the Monitor’s comments with respect to the Companies’ *Plan of Compromise or Arrangement* (the “**Plan**”) for the purposes of assisting Affected Creditors in voting on the Plan at a virtual creditors’ meeting scheduled for July 19, 2021 at 10:30 am Mountain Time.

5. The Companies' original Plan was dated May 25, 2021. A revised Plan was subsequently issued to permit a minor amendment clarifying that the definition of "Distribution Funds" contemplates net revenues generated through to May 31, 2021. The revised plan is hereafter referred to as the Plan.
6. The sole purpose of this supplemental report (the "**Supplemental Monitor's Report on Plan**") is to provide an updated creditor list and an updated recovery estimate to Affected Creditors, given that the material claim of Nova Gas Transmission Ltd. ("NGTL") has since been resolved, as further discussed and outlined herein.

TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this Supplemental Monitor's Report on Plan, the Monitor has been provided with, and has relied upon unaudited financial information, certain books and records of the Companies, financial information prepared by the Companies and discussions with the Companies' management ("**Management**") and the Companies' legal counsel and information provided by Sayer Energy Services Inc. (collectively the "**Information**").
8. Some of the Information referred to in this Supplemental Monitor's Report on Plan consists of estimates. Readers are cautioned that actual results will vary from projections and such variances could be significant.
9. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars. Further, the terms and definitions not otherwise defined in this Supplemental Monitor's Report on Plan shall take the meaning ascribed to them in the Companies' application materials and / or the former reports of the Monitor filed in these Proceedings, in particular the Monitor's Report on Plan.

UPDATED SUMMARY OF CREDITOR CLAIMS

10. An updated summary of creditor claims is provided in the table below, based on the results to date from both the Claims Procedure and Late Claims Procedure pursuant to the Claims Procedure Order and Late Filed Claims Order, respectively:

<i>Creditor Claims</i>	<i>Count (#)</i>	<i>Amount (\$)</i>	
		<i>Low</i>	<i>High</i>
Secured / Unaffected Claims			
Crown Capital	1	29,213,975	29,465,530
Lien Claims	6	1,407,823	1,407,823
Other Secured	3	186,114	186,114
Total Secured / Unaffected Claims	10	30,807,912	31,059,466
Unsecured / Affected Claims	151	15,490,730	16,117,897
Total Creditor Claims	161	46,298,642	47,177,364

11. An updated and detailed creditor list is attached as **Appendix “A”**.

NGTL Claim

12. As indicated in the Monitor’s Report on Plan, NGTL submitted a Late Proof of Claim in the amount of \$7,847,271, with \$375,000 claimed as secured and \$7,472,271 as unsecured (“**NGTL Claim**”). The NGTL Claim was disputed by the Companies.
13. As a result of the Companies’ dispute, and since the NGTL Claim was not resolved at the date of the Monitor’s Report on Plan, an estimated range was provided for the NGTL Claim to estimate recoveries to Affected Creditors.
14. As an update, NGTL and the Companies, with the support of the Monitor, have resolved the NGTL Claim through its acceptance in an unsecured amount of \$5,493,781 (“**Revised NGTL Claim**”). Accordingly, and pursuant to the Late Filed Claims Order, the Monitor issued a formal *Notice of Disallowance or Revision of Late Filed Claim* confirming the Revised NGTL Claim. NGTL has submitted a proxy vote in favor of the Plan at the Revised NGTL Claim amount.

15. With respect to NGTL's secured portion of its initial claim, and as indicated in the Monitor's Report on Plan, NGTL's recourse for the \$375,000 is against certain letters of credit issued by the Toronto-Dominion Bank and therefore is unaffected by the Plan.

Unresolved Unsecured / Affected Claims

16. As a result of the resolution with NGTL, the following represents the Affected Claims which remain unresolved as at the date of this Supplemental Monitor's Report on Plan:
 - a. Canada Revenue Agency (the "CRA") – the CRA submitted an unsecured claim in the amount of \$527,167 which has been accepted for voting purposes; however, such claim is subject to change for distribution purposes because CRA's claim will be reduced based on the distributions to certain other creditors. For the purposes of this Supplemental Monitor's Report on Plan and estimating distributions to Affected Creditors, the Monitor has estimated CRA's final claim to range from \$250,000 to \$527,167; and
 - b. Indian Oil and Gas Canada ("IOGC") – IOGC filed an unsecured claim in the amount of \$753,320 which is still under review and the quantum to be accepted (if any) is still unknown as at the date of this Supplemental Monitor's Report on Plan. The Monitor understands that the claim, or a portion thereof, may be a result of an accounting error in IOGC's royalty system which is being reconciled. Based on discussions with IOGC, IOGC indicated that its claim is expected to range from \$Nil to \$350,000.

UPDATED ESTIMATED RECOVERY TO AFFECTED CREDITORS

17. The Monitor has prepared an updated recovery estimate to Affected Creditors in the table provided below, taking into account the Revised NGTL Claim:

		Low	High
Purchase Price Funds		\$ 37,500,000	\$ 37,500,000
Plus: Cash at May 31, 2021		764,959	764,959
Plus: Revenue accrued to May 31, 2021		1,536,170	1,536,170
Less: Accounts Payable to May 31, 2021		(1,691,693)	(1,691,693)
Less: Post-Filing Obligations / CCAA Charges		(705,000)	(508,000)
Less: Priority Amounts		-	-
Less: Payment of Unaffected Claims		(31,059,466)	(30,807,912)
Estimated Distribution Funds	A	\$ 6,344,970	\$ 6,793,524
Affected Claims	B	\$ 16,117,897	\$ 15,490,730
Estimated % to Affected Creditors	A / B	39%	44%

18. The assumptions or notes with respect to the foregoing updated recovery estimate are as follows:

- a. Purchase Price Funds – pursuant to the Definitive Agreement;
- b. Cash at May 31, 2021 – based on the Companies’ actual available cash at May 31, 2021, inclusive of any outstanding cheques;
- c. Revenue – this includes revenues accrued to May 31, 2021, net of royalties;
- d. Accounts Payable – this includes any accrued payables in the ordinary course of business, inclusive of restructuring related professional fees, post Filing Date to May 31, 2021, based on the Companies’ records;
- e. Post-Filing Liabilities and / or CCAA Charges – this includes restructuring related professional fees estimated from June 1, 2021, to September 30, 2021, the estimated date to conclude these Proceedings;
- f. Priority Amounts – the Monitor and the Companies are not aware of any Priority Amounts;

- g. Secured / Unaffected Claims – this is based on the range of secured / unaffected claims summarized in the table provided on page 3 of this Supplemental Monitor’s Report on Plan and further detailed in Appendix A attached hereto; and
- h. Unsecured / Affected Claims – this is based on the range of unsecured / affected claims summarized in the table provided on page 3 of this Supplemental Monitor’s Report on Plan and further detailed in Appendix A attached hereto.


19. Based on the foregoing, the Monitor estimates that Affected Creditors will receive a distribution ranging from approximately 39% to 44% of their Affected Claim.

RECOMMENDATION


20. For the reasons outlined in the Monitor’s Report on Plan, along with the updated recovery estimate to Affected Creditors in the range of 39% to 44%, the Monitor continues to be supportive of the Definitive Agreement / Spartan Transaction and the Plan and recommends that Affected Creditors approve the Plan.

All of which is respectfully submitted this 16th day of July, 2021.

BDO Canada Limited, in its capacity as
the Monitor of Calgary Oil & Gas Syndicate Group Ltd., Calgary Oil & Gas
Intercontinental Group Ltd., Calgary Oil and Syndicate Partners Ltd., Petroworld Energy
Ltd. and T5 SC Oil and Gas Limited Partnership
and not in its personal or corporate capacity



Per: Marc Kelly
Senior Vice President



Breanne Barker
Vice President

APPENDIX “A”

IN THE MATTER OF THE CCAA OF CALGARY OIL & GAS SYNDICATE GROUP LTD., CALGARY OIL AND GAS INTERCONTINENTAL GROUP LTD. (IN ITS OWN CAPACITY AND IN ITS CAPACITY AS GENERAL PARTNER OF T5 SC OIL AND GAS LIMITED PARTNERSHIP), CALGARY OIL AND SYNDICATE PARTNERS LTD., AND PETROWORLD ENERGY LTD

SECURED / UNAFFECTED CREDITORS

Creditor Name	Amount (\$)		
	Low	High	Difference
Alberta Tubular Products Ltd	126,461	126,461	-
Black Iron Compression Ltd.	59,720	59,720	-
Bull Moose Capital Ltd.	33,495	33,495	-
Crown Capital Partners Inc.	29,213,975	29,465,530	251,555
Enerflex Ltd.	92,899	92,899	-
Essential Coil Well Service	158,669	158,669	-
Savanna Drilling Corp	589,792	589,792	-
Tier 1 Energy Solutions	303,030	303,030	-
Total Oilfield Rentals LP	30,546	30,546	-
WPW Pipeline and Facility Construction	199,325	199,325	-
	30,807,912	31,059,466	251,555

UNSECURED / AFFECTED CREDITORS

Creditor Name	Amount (\$)		
	Low	High	Difference
1684366 Alberta Ltd. (Lyle Mcgratton)	86,418	86,418	-
1791069 Ab Ltd.	1,764	1,764	-
2075980 Alberta Ltd.	1,134	1,134	-
2-Good Oilfield Services (2007) Ltd.	1,927	1,927	-
3ES Innovation Inc.	6,248	6,248	-
908750 Alberta Ltd O/A Shane Muyres Trucking	102,844	102,844	-
A M Gefle Consulting Services	55,300	55,300	-
Ace Power Tongs & Energy Services Inc.	56,653	56,653	-
Acme Energy Marketing Ltd.	263	263	-
Acr Oilfield Services Ltd.	3,402	3,402	-
Advanced Safety Paramedics Inc.	61,987	61,987	-
Alberta Treating Chemicals Ltd	16,333	16,333	-
Andy Prefontaine	4,400	4,400	-
Arrival Oil Tools Inc.	37,208	37,208	-
Aspire Energy Resources Ltd	11,641	11,641	-
Aztec Engineering Inc	84,745	84,745	-
Baker Hughes Canada	92,546	92,546	-
Baron Oilfield Supply & Partnership	9,771	9,771	-
Baseline Pressure Testers	5,187	5,187	-
Bicofaster Drilling Tools	7,875	7,875	-
Binscarth Resources Ltd.	16,050	16,050	-
Black Diamond Limited Partnership	57,170	57,170	-
Blackstone Controls	882	882	-
Blackstone Drilling Fluids Limited	472,041	472,041	-
Blue Arrow Communications	17,866	17,866	-
Break Away Hotshot Ltd.	1,696	1,696	-
Bronco Slickline Services	41,447	41,447	-
Buffalo Inspection Service (2005) Inc.	13,081	13,081	-
Canada Revenue Agency	250,000	527,167	277,167
Canadian Casing Accessories Inc.	23,862	23,862	-
Canadian Pressure Control Ltd.	2,048	2,048	-

UNSECURED / AFFECTED CREDITORS

Creditor Name	Amount (\$)		
	Low	High	Difference
Cathedral Energy Services	925,974	925,974	-
Certarus Ltd.	19,380	19,380	-
Cleantek Industries Inc.	40,885	40,885	-
Collicut Energy Services	6,062	6,062	-
Colter Energy Lp	444,599	444,599	-
Command Fishing + Pipe Recovery	185,690	185,690	-
Compass Access Solutions Ltd.	47,414	47,414	-
Connate Water Solutions (1867927 Ab Ltd)	7,315	7,315	-
Connect Automation	152,752	152,752	-
Core Completions	53,579	53,579	-
Core Laboratories Canada Ltd	2,449	2,449	-
D&J Enterprises & Maintenance Ltd.	998	998	-
Das Nitrogen Services Ltd.	6,292	6,292	-
Dash Energy Services Ltd.	10,927	10,927	-
Delta Rental Services	1,245	1,245	-
Diamond J Industries Ltd	19,416	19,416	-
Drilformance Ulc	60,150	60,150	-
Eclipse E-Line Services Inc.	88,205	88,205	-
Enercorp Engineered Solutions	80,975	80,975	-
Energetic Services Inc	177,671	177,671	-
EV Canada	16,716	16,716	-
Evergreen Energy Tank Rentals Ltd.	65,612	65,612	-
Fantasyland	75,845	75,845	-
Fedmet Tubulars	228,349	228,349	-
Firemaster Oilfield Services Inc.	9,430	9,430	-
Force Copps Piling Inc.	12,202	12,202	-
Force Inspection Services	35,655	35,655	-
Formula Powell LP	23,117	23,117	-
Fraction Energy Services Ltd	112,103	112,103	-
FSTIM Consulting Inc.	33,688	33,688	-
Garnet's Oilfield Trucking Inc.	3,392	3,392	-
Gmack Oilfield Services Ltd.	1,848	1,848	-
Goliath Snubbing Ltd	41,000	41,000	-
Grant Thornton Llp	10,238	10,238	-
Gs Equipment Ltd.	13,062	13,062	-
Gti Petroleum Ltd.	378,910	378,910	-
H2 Safety	11,471	11,471	-
Halliburton Group Canada	101,493	101,493	-
Harley H.K. Hoiles	21,166	21,166	-
Hayduk Picker Service Ltd.	99,090	99,090	-
HD Energy Rentals Ltd.	10,340	10,340	-
Hellbound Services Corp	65,836	65,836	-
High Arctic Energy Services	42,984	42,984	-
High Country Oilfield Transportation Inc.	148,787	148,787	-
Hopkins Heavy Haul Ltd.	1,286	1,286	-
Ihs Markit Canada Limited	52,258	52,258	-
Impulse Downhole Tools	100,383	100,383	-
Integrity Oilfield Inc.	8,279	8,279	-
Interra Energy Services	48,790	48,790	-
Iron Man Energy	36,347	36,347	-
Isolation Equipment Services	163,714	163,714	-
J.D.A. Ventures Ltd.	3,071	3,071	-
Karibu Industries Ltd	38,464	38,464	-
Katch Kan	8,006	8,006	-

UNSECURED / AFFECTED CREDITORS

Creditor Name	Amount (\$)		
	Low	High	Difference
Kemko Inc.	31,983	31,983	-
Longhorn Oilfield Services	113,385	113,385	-
M.W.G. Trucking Ltd.	23,847	23,847	-
Macpherson Energy Consulting Ltd.	7,350	7,350	-
Martex Ltd	15,855	15,855	-
Mcmeekin Resources Ltd	69,219	69,219	-
Mht Oilfield Services Inc.	29,453	29,453	-
Miquelon Meter Services Ltd.	12,915	12,915	-
Mrc Global (Canada) Ulc	1,994	1,994	-
Neway Oilfield Services	83,916	83,916	-
Nexsource Power Electric & Controls Inc.	277,192	277,192	-
Nova Gas Transmission Ltd.	5,493,781	5,493,781	-
O'Chiese First Nation	785	785	-
Pason Systems Corp	41,920	41,920	-
Petrosight Inc.	12,086	12,086	-
Priority Projects Ltd.	3,052	3,052	-
Progressive Wellsite Management Ltd.	6,379	6,379	-
Prospector Energy Services	124,660	124,660	-
Prowler Energy Services Ltd.	182,782	182,782	-
Ramdar Resource Management Ltd.	25,930	25,930	-
Raven Drilling Corp.	44,100	44,100	-
Rcm Transport Ltd	6,853	6,853	-
Receiver General for Canada C/O Indian Oil & Gas	-	350,000	350,000
Reliance Ofs Canada Ltd.	38,316	38,316	-
Rotor-Tech, Canada Ltd.	2,886	2,886	-
Rss Oilfield Services Ltd.	13,570	13,570	-
Schlumberger Canada Limited	261,026	261,026	-
Silver Fox Services Ltd.	1,843	1,843	-
Silver Springs Enterprises Ltd.	139,742	139,742	-
Silverback Steam & Heating Rentals Inc.	80,890	80,890	-
Stars	53	53	-
Steranko Inc.	25,576	25,576	-
Stream-Flo Industries	16,492	16,492	-
Summit Liability Solutions	6,275	6,275	-
Supreme Office Products	148	148	-
SW Energy Frontiers	2,581	2,581	-
Swift Oilfield Supply	148,464	148,464	-
Synergy Well Servicing Ltd.	4,864	4,864	-
Taqa North Ltd	4,977	4,977	-
Tectonic Energy Consulting Inc.	40,875	40,875	-
Ted Beath Welding Ltd.	161,647	161,647	-
Tenaris Global Services Canada Inc.	167,060	167,060	-
Tervita Corporation	39,095	39,095	-
The Safety Depot	655	655	-
Thru Tubing Solutions	105,439	105,439	-
TNT Hydro Vac & Line Locators Ltd.	10,404	10,404	-
Trican Well Service Ltd.	863,223	863,223	-
Triple Five Limited	237	237	-
Tryson Energy Services Inc	78,115	78,115	-
Tryton Tool Services	1,882	1,882	-
Tykan Systems Ltd.	30,310	30,310	-
Ulterra Lp	24,250	24,250	-
Vapor Nitrogen Services Ltd.	4,754	4,754	-
Vdm Trucking Service Ltd	11,142	11,142	-
Versatile Energy Services Ltd.	39,662	39,662	-

UNSECURED / AFFECTED CREDITORS

Creditor Name	Amount (\$)		
	Low	High	Difference
Watts Projects Inc.	10,959	10,959	-
Weatherford Canada Ltd.	6,207	6,207	-
Webco Consulting Ltd.	58,640	58,640	-
Weir Seaboard Oil & Gas Seaboard Canada Ltd.	49,954	49,954	-
Westbrick Energy Ltd.	83,218	83,218	-
Weyerhaeuser	6,033	6,033	-
Whirlybyrds Inc	55,049	55,049	-
Wolseley Industrial Canada Inc.	11,497	11,497	-
Wts Treatment Solutions Ltd.	56,226	56,226	-
X-Site Energy Services	311,487	311,487	-
Yamchi Services Ltd.	6,878	6,878	-
	15,490,730	16,117,897	627,167