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Mar 15, 2022
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COURT FILE NUMBER:	25-2679073 B201 679073
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY

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COM
March 23, 2022
Justice Sidnell

	AND IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED
APPLICANTS	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GREENFIRE OIL AND GAS LTD. AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GREENFIRE HANGINGSTONE OPERATING CORPORATION AND IN THE MATTER OF THE RECEIVERSHIP OF GREENFIRE HANGINGSTONE OPERATING CORPORATION
DOCUMENT	**APPLICATION (APPROVAL OF RECEIVER'S FEES AND DISBURSEMENTS, APPROVAL OF RECEIVER'S ACTIVITIES, TRANSFER OF REMAINING PROCEEDS, AND DISCHARGE OF RECEIVER)**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**McMillan LLP** #1700, 421 – 7th Ave SW Calgary, AB T2P 4K9 **RECEIVER** ALVAREZ & MARSAL CANADA INC. Bow Valley Square IV Suite 1110, 250 – 6th Avenue SW Calgary, Alberta T2P 3H7 Orest Konowalchuk/Duncan MacRae Telephone: (403) 538-4736/(403) 538-7514 Email: okonowalchuk@alvarezandmarsal.com dmacrae@alvarezandmarsal.com **COUNSEL TO RECEIVER** McMillan LLP 1700, 421 – 7th Avenue SW Calgary, Alberta T2P 4K9 Adam Maerov / Preet Saini Telephone: (403) 215-2752/(403) 531-4716 Email: Adam.Maerov@mcmillan.ca Preet.Saini@mcmillan.ca

NOTICE TO RESPONDENT(S):

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

You have the right to state your side of this matter before the Judge.

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

Date:	March 23, 2022
Time:	3:00 pm
Where:	Calgary Courts Centre via WebEx
Before Whom:	The Honourable Justice Sidnell

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

Relief Sought:

1. Alvarez & Marsal Canada Inc. in its capacity as receiver ("**Receiver**") of Greenfire Hangingstone Operating Corporation ("**OpCo**") seeks an Order, substantially in the form attached herein as Schedule "A":

   (a) abridging, if necessary, the time for service of this application and deeming service good and sufficient;

   (b) approving the fees and disbursements of the Receiver and its legal counsel as set out in the Second Report of the Receiver dated March 14, 2022 ("**Second Report**") and described below;

   (c) approving the actions, activities and conduct of the Receiver to date in the within proceedings, including the Final Statement of Receipts and Disbursements attached to the Second Report;

   (d) authorizing and directing the Receiver to transfer the remaining funds in the receivership estate of OpCo to the trustee in bankruptcy of OpCo ("**OpCo LIT**") together with any files pertaining to OpCo, and a declaration that the remaining funds shall be transferred free and clear to the OpCo LIT;

   (e) discharging the Receiver as the court-appointed receiver of the assets, undertakings and properties of OpCo upon the Receiver filing a certificate in the form attached as Schedule "A" to the proposed Order confirming that all outstanding matters set out at paragraph 45 of the Second Report have been completed;

   (f) declaring that the Receiver has satisfied its obligations under and pursuant to the receivership order granted in the within proceedings on April 6, 2021 ("**Receivership Order**"), up to and including the date hereof;

(g) declaring that the Receiver is not liable for any act or omission on its part, including without limitation, any act or omissions pertaining to the discharge of its duties in the within proceedings, save and except for the usual exclusions, and declaring that any claims against the Receiver in connection with the performance of its duties are stayed, extinguished and forever barred; and

(h) such further and other relief as counsel may advise and this Honourable Court deems just.

Grounds for making this application:

History

2. On October 8, 2020 ("**NOI Date**"), each of Greenfire Oil and Gas Ltd. ("**HoldCo**") and OpCo each filed a Notice of Intention to Make a Proposal (collectively, the "**NOI**") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985 c. B-3 ("**BIA**") with the Office of the Superintendent of Bankruptcy.

3. On December 17, 2020, this Honourable Court granted a sale approval and vesting order that approved an asset sale transaction ("**Asset Sale Transaction**") pursuant to an asset purchase agreement ("**APA**"). The Asset Sale Transaction closed on April 5, 2021 and the gross proceeds available for distribution to the OpCo creditors were $1.0 million, before administrative costs (the "**Net Sale Proceeds**"). The Net Sale Proceeds are included in the definition of the Property in the Receivership Order. HoldCo is not part of the Receivership Proceedings.

4. On March 12, 2021, this Honourable Court granted an order in the NOI Proceedings approving a secured claims procedure (the "**Secured Claims Procedure**") in order to identify the interests of secured creditors in the Net Sale Proceeds and any other property of OpCo (the "**Secured Claims Procedure Order**").

5. On April 7, 2021, this Honourable Court granted the Receivership Order appointing the Receiver and authorizing the Receiver to complete the Secured Claims Procedure.

6. On application by OpCo, this Honourable Court granted orders extending that timeframe for OpCo to file a proposal to its creditors on several occasions. The most recent extension was until April 7, 2021 (the "**NOI Expiry Date**"). OpCo did not file a proposal by the NOI Expiry Date and was deemed to have made an assignment into bankruptcy on April 8, 2021. Alvarez & Marsal Canada Inc. was appointed as the licensed trustee in bankruptcy of each of OpCo and HoldCo.

7. On July 12, 2021, following the completion of the Secured Claims Procedure by the Receiver, this Honourable Court granted an order approving the allocation of the Net Sale Proceeds amongst the various asset classes (the "**Approved Allocation**") and authorizing and directing the Receiver to distribute the Net Sale Proceeds in accordance with the Approved Allocation (the "**Allocation and Distribution Order**") and as outlined in the Receiver's First Report dated June 30, 2021 and filed July 2, 2021 (the "**First Report**").

Actions, Activities and Conduct of the Receiver

8. The activities of the Receiver are set out in the Second Report.

9. As set out in the Second Report, the actions, activities and conduct of the Receiver included:

(a) making distributions to certain secured creditors pursuant to the Allocation and Distribution Order;

(b) working, through consultation with the Alberta Energy Regulator ("**AER**") and Alberta Environment and Parks ("**AEP**") to replace one remaining surface mineral lease 030035 ("**OpCo SML**") in the name of OpCo with a new Regulator Materials Lease 211003 granted to the purchaser of OpCo's assets ("**GAC**"). The SML was intended to be transferred to GAC as part of the Asset Sale Transaction, however, the SML was unable to be transferred as described further below; and

(c) updating the Receiver's final statement of receipts and disbursements;

(d) cooperating with the OpCo LIT and the bankruptcy trustee of HoldCo, as required in the bankruptcy proceedings.

10. The Receiver submits that its actions, activities and conduct were appropriate and should be approved by this Honourable Court.

<u>Replacement of SML</u>

11. On July 12, 2021, the Receiver was contacted by GAC advising that the OpCo SML was inadvertently missed in the transfer to GAC as part of the closing of the Asset Sale Transaction. The OpCo SML was for a borrow pit on a parcel of land (the "**Borrow Pit**") that required a manual transfer, whereas the other transfers were done electronically.

12. The Receiver investigated the OpCo SML and determined that the OpCo SML had expired on August 7, 2020 and, as a result, was deemed to be in overholding tenancy pursuant to section 20(3) of the *Public Lands Administration Regulations*.

13. As a result of the OpCo SML's expiration, the Receiver, through consultation with the AEP and AER, determined the only options to resolve the OpCo SML were for:

a) GAC to apply to the AER for a regulatory temporary field authorization to gain access to the lands subject to the OpCo SML and complete certain reclamation work; or

b) GAC to apply to the AER for a replacement to the SML now called a Regulator Material Release (the "**New RML**") on the same lands for the same purpose.

14. The Receiver determined that:

c) the OpCo SML and any related liabilities were transferred to and assumed by GAC pursuant to the APA;

d) the Borrow Pit is an unreclaimed site, surrounded by the GAC oil sands property with no ascertainable value to the OpCo estate, and in all likelihood would represent a net liability to the OpCo estate; and

e) accordingly, if a transfer to GAC were not completed and the overholding tenancy were not terminated, the Receiver would abandon the OpCo SML.

15. GAC agreed to apply for the New RML on the same lands for the same purpose.

16. During the application process:

a) the OpCo SML in overholding tenancy was terminated effective December 25, 2021; and

b) GAC applied for the New RML with the AER, which included a Public Notice of Application period to determine if there are any Statement of Concerns filed.

17. The RML has been issued to GAC. The Receiver understands that all reclamation liability for the OpCo SML and Borrow Pit has been accepted by GAC by the issuance of the RML.

Outstanding Matters and Transfer of Proceeds

18. The Receiver has made the distributions pursuant to the Allocation and Distribution Order.

19. Total available cash on hand with the Receiver as at March 14, 2022 was approximately $480,555.

20. Upon completion of the outstanding matters set out in the Second Report, the Receiver seeks to transfer the remaining funds in the estate of OpCo to the OpCo LIT together with any files pertaining to OpCo.

21. In summary, the outstanding matters are:

(a) complete any necessary remaining steps associated with resolving the SML replacement, although the Receiver believes there is nothing further to be resolved;

(b) the filing of final GST returns and ensuring collection from the Canada Revenue Agency for any remaining GST refunds owing; and

(c) payment of all costs subject to the Receiver's Charge as outlined in the Receivership Order, including the final invoices of the Receiver and its legal counsel.

Approval of Professional Fees and Expenses

22. The Receiver respectfully seeks approval from this Honourable Court of the respective professional fees and disbursements of the Receiver and its legal counsel for the period of time from June 1, 2021 to February 28, 2022 (the "**Final Taxation Period**").

23. Professional fees and disbursements rendered by the Receiver for the Final Taxation Period total $49,256 plus GST of $2,462.82 for a total of $51,718.82.

24. Professional fees and disbursements rendered by McMillan LLP, the Receiver's counsel, for the Final Taxation Period, total $70,376.50 plus GST of $3,514.73, for a total of $73,891.23.

25. The Receiver's forecast fees for the period of February 28, 2022 to discharge are $20,000. The forecast fees for the Receiver's counsel for the period of February 28, 2022 to discharge are $15,000.

26. The accounts of the Receiver and its legal counsel are summarized in Appendix 'A' to the Second Report.

27. The Receiver respectfully submits that its professional fees and disbursements and those of its legal counsel are fair and reasonable in the circumstances, and in particular, the fees required for work necessary to assess and complete claims under the Secured Claims Procedure.

Discharge of Receiver

28. Since its appointment, the Receiver has performed its mandate as Receiver under the Receivership Order.

29. The administration of the receivership proceedings is substantially complete, and it is appropriate to terminate the receivership proceedings and discharge the Receiver in the circumstances.

30. The Receiver has acted diligently since its appointment and has undertaken those activities described further in the Second Report, which actions are lawful, proper and consistent with the Receiver's powers and duties under the Receivership Order.

Material or Evidence To Be Relied Upon:

(a) The First Report of the Receiver, dated June 30, 2021;

(b) The Second Report of the Receiver, dated March 14, 2022;

(c) All pleadings, affidavits and other materials filed in this action;

(d) The inherent jurisdiction of this Honourable Court; and

(e) Such further and other material as counsel may advise and this Honourable Court may permit.

Applicable Rules:

(f) Rules 6.9, 11.27, and 13.5 of the Alberta Rules of Court.

Applicable Acts and Regulations:

(g) The *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended; and

(h) The *Judicature Act*, R.S.A. 2000, c. J-2, as amended, and particularly s. 13(2) thereof.

How the Application is Proposed to be Heard or Considered:

(i) In Chambers.

WARNING TO THE RESPONDENT(S):

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 rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

Schedule “A”

COURT FILE NUMBERS	25-2679073 B201 679073	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANTS	AND IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GREENFIRE OIL AND GAS LTD. AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GREENFIRE HANGINGSTONE OPERATING CORPORATION AND IN THE MATTER OF THE RECEIVERSHIP OF GREENFIRE HANGINGSTONE OPERATING CORPORATION	
DOCUMENT	**ORDER FOR APPROVAL OF RECEIVER'S FEES AND DISBURSEMENTS, APPROVAL OF RECEIVER'S ACTIVITIES, TRANSFER OF REMAINING PROCEEDS, AND DISCHARGE OF RECEIVER**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**McMILLAN LLP** #1700, 421 – 7th Avenue SW Calgary, AB T2P 4K9 Phone: 403.531.4700 Fax: 403.531.4720 Attention: Adam C. Maerov adam.maerov@mcmillan.ca Preet Saini preet.saini@mcmillan.ca File No. 281224	

DATE ON WHICH ORDER WAS PRONOUNCED: March 23, 2022

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice E.J. Sidnell

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Alvarez & Marsal Canada Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of all the current and future assets, undertakings, properties of Greenfire Hangingstone Operating Corporation (the "**Debtor**") for an Order for the transfer of proceeds and files to the licensed trustee in bankruptcy of the Debtor ("**OpCo LIT**"), approval of the Receiver's fees and disbursements, approval of the Receiver's activities and discharge of the Receiver; **AND UPON** having read the Receiver's Second Report dated March 14, 2022 (the "**Second Report**"); **AND UPON HEARING** the submissions of counsel for the Receiver and from counsel for any other interested parties in attendance; **AND UPON** being satisfied that it is appropriate to do so, **IT IS HEREBY ORDERED AND DECLARED THAT**:

SERVICE AND DEFINITIONS

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 ACCOUNTS

2. The Receiver's accounts for fees and disbursements, as set out in the Second Report, are hereby approved without the necessity of a formal passing of its accounts.

3. The accounts of the Receiver's legal counsel, McMillan LLP for its fees and disbursements, as set out in the Second Report, are hereby approved without the necessity of a formal assessment of its accounts.

4. The estimated fees and disbursements of the Receiver and its legal counsel to complete these receivership proceedings, as set out in the Second Report, are hereby approved without the necessity of a formal passing or assessment of their accounts.

5. The Receiver is hereby authorized to pay any remaining professional fees and disbursements incurred up to the discharge of the Receiver.

APPROVAL OF RECEIVER'S ACTIONS

6. The Receiver's activities as set out in the Second Report and in all of its other reports filed herein, and the Statement of Receipts and Disbursements as attached to the Second Report, are hereby ratified and approved.

TRANSFER OF PROCEEDS AND FILES

7. Upon the Receiver completing the items set out in paragraph 45 of the Second Report, the Receiver is authorized and directed to transfer the remaining proceeds in the estate of the Debtor to the OpCo LIT free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, levies, taxes, charges, or other secured claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed including, without limiting the generality of the foregoing (a) any encumbrances or charges created by the Receivership Order; (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security*

Act (Alberta) or any other personal property registry system; and (c) any liens or claims of lien under the *Builders' Lien Act* (Alberta).

8. Upon the Receiver completing the items set out in paragraph 45 of the Second Report, the Receiver is authorized and directed to transfer any files pertaining to the Debtor (electronic and paper) to the OpCo LIT.

DISCHARGE OF RECEIVER

9. On the evidence before the Court, the Receiver has satisfied its obligations under and pursuant to the terms of the Orders granted in the within proceedings up to and including the date hereof, and the Receiver shall not be liable for any act or omission on its part including, without limitation, any act or omission pertaining to the discharge of its duties in the within proceedings, save and except for any liability arising out of any in fraud, gross negligence or willful misconduct on the part of the Receiver, or with leave of the Court. Subject to the foregoing any claims against the Receiver in connection with the performance of its duties are hereby stayed, extinguished and forever barred.

10. No action or other proceedings shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver, except with prior leave of this Court on Notice to the Receiver, and upon such terms as this Court may direct.

11. Upon the Receiver filing a certificate with the Clerk of the Court in the form attached hereto as Schedule “A” certifying that it has completed the remaining outstanding activities as provided for in paragraphs 7 and 8 of this Order, the Receiver shall be discharged as Receiver of the assets, undertaking and property of the Debtor, provided that notwithstanding its discharge herein: (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein; and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of Alvarez & Marsal Canada Inc. in its capacity as Receiver.

GENERAL

12. 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.

13. Service of this Order on any party not attending this application is hereby dispensed with.

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Justice of the Court of Queen’s Bench of Alberta

Schedule “A”

Form of Receiver’s Certificate

COURT FILE NUMBER	25-2679073 B201 679073	Clerk's Stamp
COURT	COURT OF QUEEN’S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
	AND IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED	
APPLICANTS	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GREENFIRE OIL AND GAS LTD. AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GREENFIRE HANGINGSTONE OPERATING CORPORATION AND IN THE MATTER OF THE RECEIVERSHIP OF GREENFIRE HANGINGSTONE OPERATING CORPORATION	
DOCUMENT	**RECEIVER’S CERTIFICATE**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**McMillan LLP** Suite 1700, 421 - 7 Avenue S.W. Calgary, AB T2P 4K9 Phone: 403-531-4700 Fax: 403-531-4720 Attention : Adam Maerov Phone: 403-215-2752 Email: adam.maerov@mcmillan.ca Preet Saini Phone: 403-531-4716 Email: preet.saini@mcmillan.ca File No. 272336	

RECITALS

A. Effective April 6, 2021 (the "Receivership Date"), pursuant to an order granted by the Court of Queen's Bench of Alberta (the "Court") in Action No. 25-2679073 (the "Receivership Order"), Alvarez & Marsal Canada Inc. ("A&M") was appointed the receiver (the "Receiver"), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property") of Greenfire Hangingstone Operating Corporation ("Debtor").

B. Pursuant to an Order of the Court dated March 23, 2022 (the "Discharge Order") A&M was discharged as Receiver of the Debtor to be effective upon the filing by the Receiver with the Court of a certificate confirming that the Receiver has completed the activities described in the Second Report of the Receiver dated March 14, 2022 ("Second Report"), provided, however, notwithstanding its discharge: (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of all provisions of all Orders made in this proceeding, including all approvals, protetions and stays of proceedings in favour of A&M in its capacity as Receiver.

THE RECEIVER CERTIFIES the following:

1. All activities at paragraph 45 of the Second Report and paragraphs 7 and 8 of the Discharge Order have been completed to the satisfaction of the Receiver.

2. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

Alvarez & Marsal Canada Inc. in its capacity as Receiver of the undertakings, property and assets of the Debtor, **and not in its personal or corporate capacity.**

Per;____________________________

Name: Orest Konowalchuk, LIT
Title: Senior Vice President