

**ENTERED**



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Remedy claimed or sought:

1. An Order in substantially the form of the proposed Order attached as Schedule "A" to this Application, granting the following relief and directions:
  - 1.1 abridging, if necessary, the time for service of this Application and deeming service good and sufficient;
  - 1.2 approving the actions and conduct of KPMG Inc. ("KPMG") in its capacity as the Court-appointed receiver and manager (the "Receiver") of certain of the assets, undertakings and properties (the "Property") of Strategic Oil & Gas Ltd. and Strategic Transmission Ltd. (together, the "Debtors") and those of its legal counsel to date, as set out in the Receiver's third report, filed November 2, 2020 (the "Third Report");
  - 1.3 the review and approval of the professional fees, receipts and disbursements of the Receiver, and those of the Receiver's legal counsel, as set out in the Third Report;
  - 1.4 authorizing and directing the Receiver to make certain payments to creditors, from the remaining funds realized in the course of the administration of the Debtors' receivership estate, for certainty, wholly in relation to the Alberta Property, and to make a distribution to the Alberta Energy Regulator ("AER") of the funds remaining in the receivership estate (the "Remaining Funds"), on account of outstanding environmental and regulatory obligations of the Debtors in the Province of Alberta, which are to be held in trust by the AER, pending resolution of the competing claims to the Remaining Funds between the AER and the government of the Northwest Territories Office of the Regulator of Oil and Gas Operations (together, "OROGO"). For certainty, the Remaining Funds will not be used for operational matters, including, without limitation, operational costs, professional fees (including, all fees and costs of the Northwest Territories' Receiver) or other expenses related (directly or indirectly) to the assets in the Northwest Territories. For certainty, included within the Remaining Funds is the sum of up to \$100,000 for the payment of the Receiver's fees and costs (including, without limitation, the Receiver's legal counsel's fees and disbursements), which is intended to cover such fees and costs in the event that, as a result of the position of OROGO and/or as a result of the AER's discretion, the Receiver is required to take part in future discussions and/or court proceedings related to the competing claims over the Remaining Funds. For clarity, with the exception of the \$100,000 retained for future Receiver's fees and costs as described above, which should be permitted to be utilized for the payment of such fees and costs, the Remaining Funds are not to be utilized prior to a resolution of the competing claims over the Remaining Funds;
  - 1.5 discharging KPMG as Receiver of the Debtors' Property, upon the conclusion of the remaining specified and administrative duties as described in the Third Report; and
  - 1.6 granting leave to the Receiver to apply or reapply to this or any court or administrative body in any province of Canada for advice, assistance and directions as may be necessary to carry out the terms of the Order sought.

2. Such further and other relief, advice and directions as counsel may advise and this Honourable Court may deem just and appropriate.

Grounds for making this Application:

3. On January 28, 2020, following the Application of GMT Capital Corp. ("GMT"), KPMG was appointed Receiver over the Property of the Debtors, by Order of the Honourable Madam Justice K.M. Horner (the "Receivership Order").
4. The Receiver has duly marketed and arranged for a sale of certain of the Debtors' Property situated in the province of Alberta, in compliance with the Receivership Order.
5. The sales process and manner in which offers have been received has been fair, with the interests of all parties being considered, and the Receiver has made significant efforts to obtain the best price for the Property in the circumstances.
6. The Receiver has now completed, or is about to complete, all aspects concerning the administration of the within receivership proceedings.
7. There are certain funds remaining in the receivership estate, which the Receiver intends on using to pay outstanding obligations of the receivership estate in the province of Alberta and the estimated costs to complete the administration of the estate.
8. The utilization of the remaining funds realized in the course of the administration of the Debtors' receivership estate as proposed by the Receiver in the province of Alberta, is just, appropriate and in the best interest of the administration of the Debtors' receivership estate and the stakeholders affected thereby.
9. All of the actions and conduct in respect of the fees and disbursements incurred by the Receiver and its legal counsel during the course of the administration of the within proceedings are reasonable, have been validly incurred in connection with the conduct of the Receiver's obligations herein, and have now been or are about to be completed.
10. The Receiver is not aware of any reason that it should be required for any further purposes herein, and should be discharged as Receiver of the Property of the Debtors upon the conclusion of the remaining specified and other administrative duties as described in the Third Report.
11. The discharge of the Receiver as proposed is just, appropriate and in the best interest of the administration of the receivership estate and the stakeholders affected thereby.
12. AER and the Orphan Well Association support the discharge of the Receiver on the terms proposed.
13. The terms as set out in the proposed form of Order attached hereto as Schedule "A" are necessary to effect the discharge of the Receiver as contemplated herein.
14. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

15. All pleadings and proceedings filed in the within action, including the Receivership Order.
16. The Third Report of the Receiver, filed November 2, 2020.
17. The proposed form of Order attached as Schedule "A" to this Application.
18. The inherent jurisdiction of this Honourable Court to control its own process.
19. Such further and other material and evidence as counsel may advise and this Honourable Court may permit.

Applicable rules:

20. Rules 1.3, 6.3(1), 6.47(e) and (f), 6.9(1)(a), 11.27, 11.29, 13.5, Part 6, Division 4, and such further and other Rules as counsel may advise and that this Honourable Court may permit.

Applicable Acts and regulations:

21. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, the *Judicature Act*, RSA 2000, c J-2, as amended, and such other Rules, Acts and Regulations as counsel may advise and that this Honourable Court may permit.

Any irregularity complained of or objection relied on:

22. None.

How the Application is proposed to be heard or considered:

23. Oral submissions by counsel at an Application in Commercial List Chambers as agreed and scheduled by counsel, before Madam Justice K.M. Eidsvik of the Commercial List, at the Calgary Courts Centre, 601 - 5<sup>th</sup> Street SW, at Calgary, Alberta, via WebEx videoconference, on Thursday, November 12, 2020 at 10:00 a.m. or as soon thereafter as counsel may be heard.

AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.

**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 rely on an affidavit or other evidence when the Application is heard or considered, you must reply by giving reasonable notice of the materials to the Applicant.

SCHEDULE "A"

Form of ORDER

(Final Distribution, the Approval of the Receiver's Activities, Fees and Disbursements, and the Receiver's Discharge)

Clerk's Stamp

COURT FILE NO. 2001-01210  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF GMT CAPITAL CORP.  
DEFENDANTS STRATEGIC OIL & GAS LTD. AND STRATEGIC  
TRANSMISSION LTD.

IN THE MATTER OF THE RECEIVERSHIP OF  
STRATEGIC OIL & GAS LTD. and STRATEGIC  
TRANSMISSION LTD.

APPLICANT KMPG INC. in its capacity as Court-appointed receiver and  
manager of the assets, undertakings and properties of  
STRATEGIC OIL & GAS LTD. and STRATEGIC  
TRANSMISSION LTD.

DOCUMENT **DISCHARGE ORDER (Final Distribution, the  
Approval of the Receiver's Activities, Fees and  
Disbursements, and the Receiver's Discharge)**

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS  
DOCUMENT  
Torys LLP  
4600 Eighth Avenue Place East  
525 - Eighth Ave SW  
Calgary, AB T2P 1G1

Attention: Kyle Kashuba  
Telephone: + 1 403.776.3744  
Fax: +1 403.776.3800  
Email: [kkashuba@torys.com](mailto:kkashuba@torys.com)  
File No. 37099-2010

**DATE ON WHICH ORDER WAS PRONOUNCED:** November 12, 2020

**NAME OF JUSTICE WHO MADE THIS ORDER:** Madam Justice K.M. Eidsvik

**LOCATION OF HEARING:** Calgary, Alberta

**UPON THE APPLICATION** of KMPG Inc., in its capacity as the Court-appointed receiver and manager (the "**Receiver**") of certain of the assets, undertakings and properties of Strategic Oil & Gas Ltd. and Strategic Transmission Ltd. (together, the "**Debtors**") for an Order for, amongst other things, the final distribution of proceeds, approval of the Receiver's fees and disbursements, approval of the Receiver's activities and discharge of the Receiver; **AND UPON HAVING READ** the Receivership Order dated January 28, 2020, the Receivership Order – Northwest Territories Assets, also dated January 28, 2020 (the "**NWT Receivership Order**"), the

third report of the Receiver dated and filed November 2, 2020 (the “**Third Report**”), and the Affidavit of Service, to be filed (the “**Affidavit of Service**”); **AND UPON HEARING** the submissions of counsel for the Receiver, counsel for GMT Capital Corp., the Alberta Energy Regulator (the “**AER**”), Government of the Northwest Territories Office of the Regulator of Oil and Gas Operations (together, “**OROGO**”), the Court-appointed Receiver of the Debtors’ assets situated in the Northwest Territories (the “**NWT Receiver**”) and from any other interested parties who may be present, with no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service;

**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.

**DISTRIBUTION OF FUNDS**

2. The Receiver is authorized and directed to make a final distribution of funds as proposed in the Third Report, to make certain payments to creditors, from the remaining funds realized in the course of the administration of the Debtors' receivership estate, for certainty, wholly in relation to the Alberta Property, and to the AER, of the funds remaining in the receivership estate (the “**Remaining Funds**”), on account of outstanding environmental and regulatory obligations of the Debtors in the Province of Alberta, which are to be held in trust by the AER, pending resolution of the competing claims to the Remaining Funds between the AER and OROGO. For certainty, the Remaining Funds will not be used for operational matters, including, without limitation, operational costs, professional fees (including, all fees and costs of the Northwest Territories’ Receiver) or other expenses related (directly or indirectly) to the assets in the Northwest Territories. For certainty, included within the Remaining Funds is the sum of up to \$100,000 for the payment of the Receiver’s fees and costs (including, without limitation, the Receiver’s legal counsel’s fees and disbursements), which is intended to cover such fees and costs in the event that, as a result of the position of OROGO and/or as a result of the AER’s discretion, the Receiver is required to take part in future discussions and/or court proceedings related to the competing claims over the Remaining Funds. For clarity, with the exception of the \$100,000 retained for future Receiver’s fees and costs as described above, which are permitted to be utilized for the payment of such fees and costs, the Remaining Funds are not to be utilized prior to a resolution of the competing claims over the Remaining Funds.

## DISCHARGE OF THE RECEIVER

3. The Receiver is hereby authorized to have all of the Debtors' remaining books and records destroyed 30 days after giving notice to the Debtors' former directors and officers, and the NWT Receiver, of its intention to do so, unless a former director or officer of the Debtors or the NWT Receiver makes arrangements with the Receiver to physically take possession of the books and records, at their sole cost and expense, prior to the 30 days elapsing.
4. The Receiver's accounts for fees and disbursements, as set out in the Receiver's Third Report and other reports filed herein, are hereby approved without the necessity of a formal passing of its accounts.
5. The accounts of the Receiver's legal counsel, Torys LLP, for its fees and disbursements, as set out in the Receiver's Third Report and other reports filed herein, are hereby approved without the necessity of a formal assessment of those accounts.
6. The Receiver is hereby authorized to pay any remaining professional fees up to the discharge of the Receiver, particulars of which are set out in the Third Report.
7. The Receiver's activities as set out in the Third Report and any other reports filed herein, and the Statement of Receipts and Disbursements as attached to the Third Report, are hereby ratified and approved.
8. 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 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.
9. No action or other proceeding 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 the Court may direct.
10. Upon the Receiver filing with the Clerk of the Court a sworn Affidavit (the "**Discharge Affidavit**") of a licensed Trustee employed by the Receiver confirming that:
  - (a) the matters set out in paragraphs 2 and 3 of this Order have been completed; and
  - (b) all other minor administrative tasks required of the Receiver have been taken,



then the Receiver shall be discharged as Receiver of the Debtors, provided however, 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 the Receiver in its capacity as Receiver.

## MISCELLANEOUS

11. Nothing in this Order shall in any way affect the appointment, powers, obligations, liabilities or any thing whatsoever, of the NWT Receiver pursuant to the NWT Receivership Order. For greater certainty,
  - (a) the NWT Receiver shall remain the court-appointed receiver over the NWT Property only (as defined in the NWT Receivership Order); and
  - (b) the stay of proceedings granted pursuant to paragraphs 12 and 13 of the NWT Receivership Order shall remain in place respecting each of the Debtors and the NWT Receiver.
12. The Receiver is at liberty to reapply for further advice, assistance and direction as may be necessary to give full force and effect to, and in carrying out the terms of, this Order.
13. 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.
14. 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