

Form 27
[Rules 6.3 and 10.52(1)]

C91354



COURT FILE NUMBER B201 851343

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL UNDER SECTION 50.4(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, OF
PETROLAMA ENERGY CANADA INC.

DOCUMENT **APPLICATION (EXTENSION OF TIME TO FILE PROPOSAL ETC.)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	JENSEN SHAWA SOLOMON DUGUID HAWKES LLP 800, 304 - 8 Avenue SW Calgary, Alberta T2P 1C2	\$50.00 Lord Nixon COM Sep 28, 2022
--	---	--

Christa Nicholson KC/ Angad Bedi
Tel: 403 571 1053/403 571 1524
Fax: 403 571 1528
nicholsonc@jssbarristers.ca / bedia@jssbarristers.ca
File: 15378.001

NOTICE TO RESPONDENTS:

This Application is made against you. You are a 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:	September 28, 2022
Time:	3:00 p.m.
Where:	Calgary Courts Centre, 601 - 5 Street S.W. Calgary, AB T2P 5P7
Before Whom:	The Honourable Justice D.B. Nixon

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



Remedy claimed or sought¹:

1. The Applicant, Petrolama Energy Canada Inc. (the **"Company"** or **"Petrolama"**), seeks an Order substantially in the form attached as **Schedule "A"** hereto, *inter alia*:
 - (a) Abridging the time for service of this Application and the supporting materials, as necessary, and deeming service thereof to be good and sufficient;
 - (b) Authorizing and empowering, but not requiring, Alvarez & Marsal Canada Inc. (the **"Proposal Trustee"**), or, alternatively, the Company to act as the foreign representative (in such capacity, the **"Foreign Representative"**) in respect of the within proceedings for the purpose of having these proceedings recognized and approved in a jurisdiction outside of Canada;
 - (c) Authorizing the Foreign Representative to apply for foreign recognition and approval of these proceedings, if and as necessary, in any jurisdiction outside of Canada, including in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (**"Chapter 15 Proceedings"**);
 - (d) Authorizing an amendment to the Interim Financing Terms to increase the Interim Facility by US \$75,000 and a corresponding increase to the Interim Lender Charge;
 - (e) Authorizing an increase in the Administration Charge in the amount which is recommended by the Proposal Trustee in its forthcoming Second Report of the Proposal Trustee (the **"Second Report"**), to be filed;
 - (f) Approving application of the sum of US \$800,000 (the **"Funds"**) by Phillips 66 Gulf Coast Properties LLC (**"P66"**) to reduce its provable claim;
 - (g) Pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the **"BIA"**); extending the time by which the Company may file a proposal to its creditors for a 45 day period from the date following the current deadline such that the Company may file a proposal up to and including 11:59 pm (local Calgary time) on November 24, 2022 or such other date as this Court may order (the **"Extension"**); and
 - (h) Such further and other relief as counsel requests and this Court may grant.

Grounds for making this Application:

¹ Unless otherwise defined, capitalized terms used in this Application have the definitions ascribed to them in the Affidavit of Paul Farley Joslyn sworn August 2, 2022 (the **"First Affidavit"**), including the Court approved Sales and Investment Solicitation Process which is attached and marked as Exhibit "3" to the First Affidavit.

Foreign Representative

2. Keyera Energy Inc. (“**Keyera**”) commenced proceedings against Petrolama (and BB Energy USA LLC (“**BB**”)) in the United States District Court for the Southern District of Texas (the “**Texas Court**”) on August 26, 2022 (the “**Keyera Lawsuit**”).
3. Petrolama became aware of the Keyera Lawsuit on September 1, 2022 when the Keyera Lawsuit and “Summons in a Civil Action” (the “**Summons**”) was served on the Company.
4. The Summons served with the Keyera Lawsuit states that Keyera must respond within 21 days after service has been effected.
5. It is the Company’s position that the Keyera Lawsuit, is invalid, cannot proceed against the Company, and is subject to the BIA stay of proceedings because it was filed with knowledge of and subsequent to the initial stay of proceedings being in place on account of the filing by the Company of a Notice of Intention to file Proposal pursuant to section 50.4 (1) of the BIA on July 27, 2022.
6. As a result of the Keyera Lawsuit, Petrolama may need to respond with a court filing in the Texas Court as noted above or begin Chapter 15 Proceedings to have the stay of proceedings recognized in the United States.

Increase to the Interim Facility and the Interim Lender Charge

7. The Company may require an additional US \$75,000 or portion thereof in interim financing to fund increased restructuring expenses.
8. The Company may not have sufficient funding to complete the restructuring unless the Amendment to the Interim Financing Terms dated September 17, 2022 (the “**Amendment**”) to increase the Interim Facility by US \$75,000 and an increase to the Interim Lender Charge by US \$75,000 are approved by the Court.
9. It is necessary to ensure that proceedings in the United States, including the Keyera Lawsuit, do not hinder the prospects of a viable proposal being made in respect of the Company and increasing the Interim Facility and the Interim Lender Charge to that end are required.
10. The Company is of the view, with the support of the Proposal Trustee, that the approval of the Amendment and the increase of the Interim Lender Charge are appropriate given the new complexities of this proceeding in light of the Keyera Lawsuit and other matters.

Increase to Administration Charge

11. Counsel to the Company, the Proposal Trustee and the Proposal Trustee’s counsel (the “**Administrative Professionals**”) must now address the Keyera Lawsuit and other matters

that have arisen. The additional work the Administrative Professionals must now complete was not contemplated by the Company's initial cash flow forecast.

12. It is expected that the Second Report will recommend increasing the amount secured by the Administration Charge (the "**Administration Increase**").
13. The Administration Increase is necessary to ensure that the Administrative Professionals have security for their fees and disbursements.
14. The Company is of the view, with the support of the Proposal Trustee, that the Administration Increase is appropriate given the new complexities of this proceeding.

P66 and the Funds

15. The Company provided P66 with the Funds pursuant to a Cash Collateral Agreement dated March 10, 2021 which states that P66 shall have "free and unrestricted right to use and dispose of all Funds it holds".
16. The Company has always treated the Funds as if they were owned by P66.
17. P66 wishes to apply the Funds to reduce the amount of P66's provable claim.
18. The Company does not assert any claim to the Funds. Therefore no creditor will be prejudiced by P66 applying the Funds to reduce its provable claim.
19. The Company and the Proposal Trustee do not oppose the Funds being applied by P66 as aforesaid.

Extension of the time within which to File a Proposal

20. On August 10, 2022, Justice K.M. Horner granted an Order, which, *inter alia*, extended the period within which the Company is required to file a proposal to its creditors with the Official Receiver under subsection 62(1) of the BIA to 11:59 pm (local Calgary time) on October 10, 2022 and approved the SISP.
21. The Proposal Trustee and the Company began implementing the SISP and the SISP Processes on August 12, 2022. The Bid Deadline is September 23, 2022.
22. The SISP and SISP Processes contemplate:
 - (a) The following steps if the Stalking Horse Bid is the Successful Bid:
 - (i) Filing the Stalking Horse Proposal and mailing the Creditor Package by October 3, 2022;
 - (ii) Holding a Creditor Meeting to vote on the Stalking Horse Proposal by October 17, 2022;

- (iii) Applying to this Court for approval of the Stalking Horse Bid by October 26, 2022; and
 - (iv) Closing the Stalking Horse Transaction and implementing the Stalking Horse Proposal by November 1, 2022; and
- (b) The following steps if a Superior Offer is the Successful Bid:
 - (i) Applying to this Court for approval of the Successful Bid by October 12, 2022; and
 - (ii) Determining any further steps based on the structure of the Successful Bid.
- 23. As more particularly described in the Affidavit of Paul Farley Joslyn sworn September 18, 2022, the Company is acting in good faith and with due diligence in:
 - (a) Working with its creditors, including P66, BB and Keyera with a view to resolving various issues;
 - (b) Considering its response to the Keyera Lawsuit and attending to same;
 - (c) Providing Form 44.1 (of the BIA) notices of disclaimer of contracts to Keyera and P66 pursuant to s. 65.11 of the BIA; and
 - (d) Pursuing the Stalking Horse Bid and the SISF and Petrolama requires the extension in order to implement the SISF.
- 24. The Company will likely be able to make a viable proposal through either the Stalking Horse Bid or a Superior Offer.
- 25. No creditors will be materially prejudiced by the requested extension.

Other

- 26. The Company relies on such further and other grounds as counsel may advance at the hearing of this Application and as this Court may permit.

Material or evidence to be relied on:

- 27. The Application of Petrolama;
- 28. The Affidavit of Paul Joslyn of Petrolama, sworn September 18, 2022, to be filed;
- 29. The Affidavit of Paul Joslyn of Petrolama, filed August 4, 2022;
- 30. The Second Report of the Proposal Trustee, to be filed;

31. The First Report of the Proposal Trustee, filed August 4, 2022;
32. The Brief of Law of Petrolama, filed August 4, 2022 in so far as it addresses legal matters which are also the subject of this Application; and
33. Such further and other materials as may be relied upon at the hearing of the Application.

Applicable rules:

34. Rules 1.3, 1.4 and 6.3 of the Alberta *Rules of Court*, ALTA Reg 124/2010; and
35. Such further and other rules as counsel may advise and this Court may permit.

Applicable Acts and regulations:

36. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, including Division I of Part III, and without limitation sections 50.4, 50.6, 64.2, 268, 269, and 270; and
37. The Bankruptcy and Insolvency General Rules, CRC, c 368; and
38. Such further and other acts and regulations as counsel may advise and this Court may permit.

Any irregularity complained of or objection relied on:

39. N/A

How the Application is proposed to be heard or considered:

40. By the Justice D.B. Nixon via Webex at 3:00 pm in Virtual Courtroom 60.

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 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.

Schedule A

COURT/ESTATE FILE
NUMBER B201 851343

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL UNDER SECTION 50.4(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, OF
PETROLAMA ENERGY CANADA INC.

DOCUMENT **ORDER**
(Extension of Time to File Proposal, etc.)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION **JENSEN SHAWA SOLOMON DUGUID HAWKES LLP**
OF PARTY FILING THIS 800, 304 - 8 Avenue SW
DOCUMENT Calgary, Alberta T2P 1C2

Christa Nicholson KC / Angad Bedi
Tel: 403 571 1053
Fax: 403 571 1528
nicholsonc@jssbarristers.ca / bedia@jssbarristers.ca
File: 15378.001

DATE ON WHICH ORDER WAS PRONOUNCED: September 28, 2022

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice D.B. Nixon

LOCATION OF HEARING: Calgary, Alberta via WebEx

UPON THE APPLICATION of Petrolama Energy Canada Inc. (the "**Company**") filed September 19, 2022, 2022 (the "**Application**"); **AND UPON** having read the Application and the Affidavit of Paul Farley Joslyn sworn September 18, 2022, filed (the "**Joslyn Affidavit**"); **AND UPON** having read the First Report of the Proposal Trustee, Alvarez & Marsal Canada Inc. (the "**Proposal Trustee**") filed on August 4, 2022; **AND UPON** having read the Second Report of the Proposal Trustee, filed; **AND UPON** noting the Brief filed by the Company on August 4, 2022 in so far as it addresses matters which are the subject of the Application; **AND UPON** noting the submissions of counsel for the Applicant, counsel for the Proposal Trustee and the other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

General

1. Capitalized terms used but not otherwise defined in this Order shall have the meaning given to such terms in the Initial Order of this Court in these proceedings dated August 10, 2022 (the “**Initial Order**”).
2. All other terms of the Initial Order shall remain in full force and effect, unamended, except as may be required to give effect to this Order.
3. This Order shall have immediate full force and effect in all provinces and territories in Canada.

Service of the Application

4. The time for service of the Application together with all supporting materials, upon the parties named in the Service List attached as Schedule “A” (the “**Service List**”) is hereby abridged and declared to be good, valid, timely and sufficient and no other person is required to have been served with such documents, and this hearing is properly returnable before this Court today and further service thereof is hereby dispensed with.

Foreign Representative

5. The Proposal Trustee, or alternatively, the Company, are hereby authorized and empowered, but not required, to act as the foreign representative (in such capacity, the “**Foreign Representative**”) in respect of the within proceedings for the purpose of having these proceedings recognized and approved in a jurisdiction outside of Canada.
6. The Foreign Representative is hereby authorized to apply for foreign recognition and approval of these proceedings, as necessary, in any jurisdiction outside of Canada. Including in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. § § 101-1532.

Interim Financing and the Interim Lender Charge Increase

7. The Amendment to Interim Financing Terms between the Company and the Interim Lender, a copy of which is attached as **Exhibit “C”** to the Joslyn Affidavit, is hereby approved and the Company is authorized to borrow under the Interim Facility in an amount not to exceed CAD \$300,000 plus US \$75,000 together with any further sum as may be permitted by further Order of this Court.
8. The amount to be secured by the Interim Lender Charge shall be increased by US \$75,000 and shall not exceed CAD \$300,000 plus US \$75,000 unless permitted by further Order of this Court.

Administration Charge Increase

9. The amount secured by the Administration Charge shall be increased such that the Administration Charge shall not exceed _____ and shall not exceed that sum in an aggregate amount.

Funds to be Applied

10. The sum of US \$800,000 held by Phillips 66 Gulf Coast Properties LLC (“P66”) pursuant to a Cash Collateral Agreement dated March 10, 2021, may be applied by P66 to reduce its provable claim.

Extension of Time to file a Proposal

11. Pursuant to subsection 50.4(9) of the BIA, the period within which the Company is required to file a proposal to its creditors with the Official Receiver under subsection 62(1) of the BIA shall be and is hereby extended to 11:59 pm (local Calgary time) on November 24, 2022.

Service

12. Service of this Order shall be deemed to be achieved by posting a copy of this Order on the website of the Proposal Trustee, namely www.alvarezandmarsal.com/petrolama and by delivering an electronic copy of this Order to those parties listed on the Service List.

Justice of the Court of King’s Bench of Alberta

COURT FILE NUMBER 25-2851343

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

Clerk's Stamp

APPLICANT IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER SECTION 50.4(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, OF PETROLAMA ENERGY CANADA INC.

DOCUMENT **SERVICE LIST**

Schedule "A"

PARTY	CONTACT INFORMATION	ROLE
Alvarez & Marsal Canada ULC Suite 1110, 250 6th Ave SW Calgary, AB T2P 3H7	Orest Konowalchuk okonowalchuk@alvarezandmarsal.com Cassie Riglin criglin@alvarezandmarsal.com Jill Strueby jstrueby@alvarezandmarsal.com	Proposal Trustee
Blake, Cassels & Graydon LLP Suite 3500, 855 - 2 St. SW Calgary, AB T2P 4J8	Kelly Bourassa kelly.bourassa@blakes.com James Reid james.reid@blakes.com	Counsel for the Proposal Trustee
Jensen Shawa Solomon Duguid Hawkes LLP 800, 304 - 8 Avenue SW Calgary, Alberta T2P 1C2	Christa Nicholson, KC nicholsonc@jssbarristers.ca Angad Bedi bedia@jssbarristers.ca	Counsel for Petrolama Energy Canada Inc.
Keyera Energy Inc. Suite 160, 10613 W Sam Houston Parkway N Houston, TX 77064-4664	Ryan Zahara RZahara@mltaikins.com	Affected Creditor Claimant

PARTY	CONTACT INFORMATION	ROLE
Phillips 66 Gulf Coast Properties LLC c/o Phillips Gulf Coast Properties 3010 Briarpark Drive Houston, TX 77042	Jakub Maslowski jmaslowski@stikeman.com	Affected Creditor Claimant
PMI Trading DAC c/o Holland & Knight 31 West 52nd Street New York, NY 10019	Marisa Marinelli Marisa.marinelli@hklaw.com	Affected Creditor Claimant
Navitas Energy Group Suite 510, 715 5th Avenue SW Calgary, AB T2P 2X6	Paul Joslyn pjoslyn@petrolama.com	Affected Creditor Claimant and Unaffected Creditor
Lama Energy Group SRO Na Florenci 2116/15, Florentinum, Building C Nové Město, 110 00 Praha 1 Prague, Czech Republic	Karen Fellowes KC KFellowes@stikeman.com Natasha Doelman NDoelman@stikeman.com	Affected Creditor Claimant
Nefrite Investment a.s. Na Florenci 2116/15, 110 00 Prague 1 Prague, Czech Republic	Karen Fellowes KC KFellowes@stikeman.com Natasha Doelman NDoelman@stikeman.com	Affected Creditor Claimant
US Venture Inc 425 Better Way Appleton, WI 54915	Chris Simard simardc@bennettjones.com	Unaffected Creditor
BB Energy USA LLC Suite 1075, 2229 San Felipe Street Houston, TX 77019	Kristen Procinsky Kristen.procinsky@bbenergy.com Luke Schabb luke.schaab@bbenergy.com	Affected Creditor Claimant

PARTY	CONTACT INFORMATION	ROLE
Gunvor USA, LLC 600 Travis Street, Suite 6500 Houston, Texas 77002	Legal Gunvor USA LLC GUSA.Notices@gunvorgroup.com with copy to GUSA.CrudeOperations@gunvorgroup.com	Unaffected Creditor
Lotam Capital Inc. 16 Hawthorne Cres NW Calgary, AB T2N 3V4	Corey Riley criley@lotamcapital.com	Unaffected Creditor
OdysseyNRG Ltd. c/o DLA Piper (Canada) LLP Suite 1000, Livingston Place West 250 2nd Street SW Calgary, AB T2P 0C1	Trevor Wong-Chor Trevor.wong-chor@dlapiper.com	Unaffected Creditor
Brian N Clark	Brian Clark bclark@clarkandassociates.ca	Unaffected Creditor
266 Deer Run Ponte Vedra LLC	Bill Schaefer ironschaefer@icloud.com	Unaffected Creditor
Lago Energy Corp Suite 740, 7501 Fannin Houston, TX 77054	Van Quan Van.c.quan@deepbluepetroleum.com	Unaffected Creditor
Canada Revenue Agency Surrey National Verification and Collection Centre Insolvency Intake Centre Collections Directorate 9755 King George Blvd Surrey, BC V3T 5E1	L. Kareem Fax: 1-866-219-0311	Unaffected Creditor