



COURT FILE NO. 1701-02184

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFFS THE BANK OF NOVA SCOTIA and ALBERTA
TREASURY BRANCHES

DEFENDANTS VIRGINIA HILLS OIL CORP. and DOLOMITE ENERGY
INC.

IN THE MATTER OF THE RECEIVERSHIP OF
VIRGINIA HILLS OIL CORP. and DOLOMITE ENERGY
INC.

APPLICANT ALVAREZ & MARSAL CANADA INC. in its capacity as
Court-appointed Receiver and Manager of the assets,
undertakings and properties of VIRGINIA HILLS OIL CORP.
and DOLOMITE ENERGY INC.

DOCUMENT **APPLICATION**
(Discharge Order)

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

Attention: Kyle Kashuba
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File No. 39108-2002

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 Justice.

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

Date: Tuesday, February 25, 2020

Time: 10:00 a.m.

Where: Calgary Courts Centre

Before Whom: Madam Justice M.H. Hollins, of the Commercial List

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. 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 Alvarez & Marsal Canada Inc. (**“A&M”**) in its capacity as the Court-appointed receiver and manager (the **“Receiver”**) of the assets, undertakings and properties (the **“Property”**) of Virginia Hills Oil Corp. (**“Virginia Hills”**) and Dolomite Energy Inc. (**“Dolomite”**), and together with Virginia Hills, the **“Debtors”**) and those of its legal counsel to date, as set out in the Receiver’s fifth report, filed February 14, 2020 (the **“Fifth 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 Fifth Report;
 - 1.4 authorizing and directing the Receiver to make a distribution to The Bank of Nova Scotia (**“BNS”**) as a final repayment of the indebtedness owing by Virginia Hills to BNS, and to make certain other payments to creditors, from the remaining funds realized in the course of the administration of the Virginia Hills receivership estate;
 - 1.5 authorizing and directing the Receiver to make a distribution to ATB Financial, as the successor entity to Alberta Treasury Branches (**“ATB”**) as a final repayment of the indebtedness owing by Dolomite to ATB, and to make certain other payments to creditors, from the remaining funds realized in the course of the administration of the Dolomite receivership estate;
 - 1.6 discharging A&M as Receiver of the Debtors’ Property, upon the conclusion of the remaining specified and administrative duties as described in the Fifth Report; and
 - 1.7 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 February 13, 2017, following the Applications of BNS and ATB, A&M was appointed as receiver and manager (the **“Receiver”**) over the assets, properties and undertakings of Debtors, by Order of the Honourable Madam Justice G.A. Campbell (the **“Receivership Order”**).

4. A Consent Consolidation Order was also granted on February 13, 2017, which consolidated the Actions relating to the receivership proceedings of Virginia Hills and Dolomite.
5. The Receiver has duly marketed and arranged for a sale of substantially all of the Debtors' Property, in compliance with the Receivership Order.
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 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, is just, appropriate and in the best interest of the administration of the Debtors' receivership estate and the stakeholders affected thereby.
9. The security of each of BNS and of ATB is valid, enforceable and properly registered, and a distribution to the secured and priority creditors, and other distributions to creditors, as set out and described in the Receiver's Fifth Report is just and appropriate.
10. 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.
11. 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 Fifth Report.
12. The Virginia Hills and Dolomite bankruptcy proceedings remain ongoing as at the present date.
13. 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.
14. BNS and ATB, as lenders, support the discharge of the Receiver on the terms proposed.
15. 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.
16. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

17. All pleadings and proceedings filed in the within action, including the Receivership Order.
18. The Fifth Report of the Receiver, filed February 14, 2020.

19. The proposed form of Order attached as Schedule “A” to this Application.
20. The inherent jurisdiction of this Honourable Court to control its own process.
21. Such further and other material and evidence as counsel may advise and this Honourable Court may permit.

Applicable rules:

22. 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:

23. *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:

24. None.

How the Application is proposed to be heard or considered:

25. Oral submissions by counsel at an Application in Commercial List Chambers as agreed and scheduled by counsel, before Madam Justice M.H. Hollins of the Commercial List, at the Calgary Courts Centre, 601 - 5th Street SW, at Calgary, Alberta, on Tuesday, February 25, 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)**

COURT FILE NO. 1701-02184

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and DOLOMITE ENERGY INC.

DOCUMENT **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
File No. 39108-2002

DATE ON WHICH ORDER WAS PRONOUNCED: February 25, 2020

NAME OF JUSTICE WHO MADE THIS ORDER: Madam Justice M.H. Hollins

LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of Alvarez & Marsal Canada Inc. in its capacity as the Court-appointed receiver and manager (the “**Receiver**”) of the assets, undertakings and properties of Virginia Hills Oil Corp. (“**VHO**”) and Dolomite Energy Inc. (“**Dolomite**”, and together with VHO, the “**Debtors**”) for an Order for 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 February 13, 2017, the fifth report of the Receiver

filed February 14, 2020 (the “**Fifth 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 The Bank of Nova Scotia (“**BNS**”) and ATB Financial, the successor entity to Alberta Treasury Branches (“**ATB**”) 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 Fifth Report.

DISCHARGE OF THE RECEIVER

3. The Receiver is hereby authorized to have all of the Debtors’ remaining books and records destroyed 30 days after the filing of this Order, unless a former director or officer of the Debtors 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 Fifth 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 Fifth 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 Fifth Report.
7. The Receiver’s activities as set out in the Fifth Report and any other reports filed herein, and the Statement of Receipts and Disbursements as attached to the Fifth 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. 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.
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.

Justice of the Court of Queen’s Bench of Alberta