

**Form 13-31**  
(Rule 13-31)

**COURT FILE NUMBER     Q.B.G 1705 of 2020**

**COURT OF QUEEN'S BENCH FOR SASKATCHEWAN**  
**IN BANKRUPTCY AND INSOLVENCY**

**JUDICIAL CENTRE             REGINA**

**APPLICANT                     BDO CANADA LIMITED in its capacity as RECEIVER**  
**OF BOW RIVER ENERGY LTD.**

**RESPONDENT                    BOW RIVER ENERGY LTD.**

**AFFIDAVIT OF CANDY DOMINIQUE**

I, Candy Dominique, of the City of Regina, in the Province of Saskatchewan, MAKE OATH AND SAY THAT:

1.     I am an Environmental Engineer with a P. Eng. Designation and am employed as the Liability Regulations Manager in the Liability Management Branch at the Ministry of Energy and Resources. I have personal knowledge of the facts and matters referred to in this Affidavit, except where such facts and matters are stated to be on information and belief. Where matters are stated by me to be on information and belief, in each case unless I indicate to the contrary, I do verily believe that such facts are true.

2.     Section 44 of *The Oil and Gas Conservation Regulations (OGCR)* (Saskatchewan) requires licensees to abandon wells if the well is no longer used for the purpose for which it was drilled. A licensee is provided 90 days' notice to abandon the well and if the licensee fails to do so, the Minister completes the work at the expense of the licensee. If the costs cannot be collected by the Minister from the licensee because there is no security available and/or the licensee is insolvent, then the Minister, as the regulator, bears those costs of the abandonment and reclamation work with the expenses paid out of the orphan fund.

3. The Minister requires security deposits to be provided by licensees if the Licensee's Liability Rating (LLR) is less than one, pursuant to section 115-117 of the OGCR. The LLR is calculated by the Ministry to assess every licensee's deemed assets to deemed liability ratio. If the licensee's deemed assets exceed their deemed liabilities, no security deposit is required. If the deemed liabilities exceed the deemed assets, then the licensee is required to reduce its liabilities, increase its asset value or provide a security deposit to the Minister for the amount of the difference. In this case, there was no security deposit collected regarding Bow River because its LLR was greater than one at the time that it became insolvent.

4. Part XVI of the OGCR, provides the authority for the Ministry of Energy and Resources (the "**Ministry**") to operate the Saskatchewan Oil and Gas Orphan Fund ("**Orphan Fund**"). The Orphan Fund was designed to identify and deem insolvent licensees as orphans and manage the work of abandonment, reclamation and the associated environmental impacts of orphaned upstream oil, gas and service wells and facilities in Saskatchewan. The environmental impacts can include any site and off site areas that have been damaged, contaminated or adversely affected as a result of the operation related to a well or facility. ("**Abandonment and Reclamation Work**")

5. The Orphan Fund is used to abandon all orphan wells, facilities and sites of licensees under *The Oil and Gas Conservation Act* (OGCA). All persons operating wells on reserve land also require a licence under the OGCA. The Orphan Fund will be used for the abandonment work for all the Bow River wells and sites, including the wells located on reserve land. Bow River was deemed an orphan in Saskatchewan on October 29, 2020 under the OGCA because the company was insolvent and no longer had the financial means to meet its obligations under the OGCA, including its abandonment and reclamation responsibilities. At the time of deeming, Bow River held licences for 825 wells and 30 facilities which had a total associated liability of \$26,307,575 under the Licensee Liability Rating (LLR) Program to address the abandonment and reclamation expenses.

6. The proposed sales transactions before this Honourable Court will result in the conveyance of 137 Bow River wells and 8 facilities to purchasers. After these assets have been

transferred to the purchasers, there will be 688 wells and 22 facilities for the Minister to abandon and reclaim under the Orphan Fund for a total liability cost of \$20,286,375.

7. After the receiver is discharged, the remaining Bow River wells and facilities will be scheduled for abandonment and reclamation work by the Minister and will be placed under the management of the Orphan Program with the expenses coming out of the Orphan Fund. The abandonment work will be completed as soon as reasonably possible.

8. I make this Affidavit on behalf of the Ministry in support of an application by the Receiver for the Distribution of Proceeds and Discharge of the Receiver and for no other purpose. After the receiver is discharged, the remaining Bow River wells and facilities will be scheduled for abandonment and reclamation work by the Minister to be scheduled for clean up based on risk and funding availability in the Orphan Fund.

9. I swear this Affidavit on behalf of, and at the request of the Minister of Energy and Resources and in support of the Receiver's application.

**SWORN BEFORE ME** by Electronic Means )  
of communication at the City of Regina, in the )  
Province of Saskatchewan, this 19th day of )  
March, 2021 )



\_\_\_\_\_  
A Notary Public in and for the Province of  
Saskatchewan.  
Being a Solicitor

) *Candy Dominique*

) Candy Dominique (Mar 19, 2021 14:31 MDT)

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Candy Dominique









# Affidavit of Candy Dominique- Bow River3

Final Audit Report

2021-03-19

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