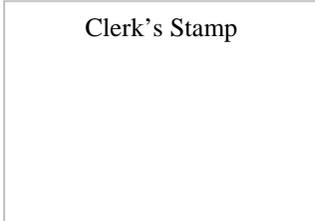


COURT FILE NUMBER      **2001-06997**

COURT                      COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE        Calgary



IN THE MATTER OF THE *COMPANIES'*  
*CREDITORS ARRANGEMENT ACT*, RSC 1985,  
c C-36, as amended

AND IN THE MATTER OF THE  
COMPROMISE OR ARRANGEMENT OF  
BOW RIVER ENERGY LTD.

DOCUMENT                      **SUPPLEMENTAL AFFIDAVIT**

ADDRESS FOR SERVICE AND      Jessica L. Cameron  
CONTACT INFORMATION OF        Borden Ladner Gervais LLP  
PARTY FILING THIS              1900, 520 3<sup>rd</sup> Ave. S.W.  
DOCUMENT                          Calgary, AB T2P 0R3  
   Telephone: (403) 232-9715  
   Facsimile: (403) 266-1395  
   Email: jcameron@blg.com  
   File No. 441275/000025

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**SUPPLEMENT TO AFFIDAVIT NO. 4 OF DANIEL G.  
BELOT**

**Sworn on October 5<sup>th</sup>, 2020**

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I, Daniel G. Belot, of Alberta, SWEAR AND SAY THAT:

1. I am the Vice President of Finance, Chief Financial Officer, and co-founder of the applicant, Bow River Energy Ltd. (“**Bow River**” or the “**Company**”). I have been the VP Finance and CFO of Bow River since February 2013. I have over 30 years of financial experience in the oil and gas industry, focusing on financial management, corporate finance, and energy investment banking. As such, I have personal knowledge of the matters to which I depose in this Affidavit, except where such matters are stated to be based

on information and belief, in which case I have stated the source of my information and, in all cases, I believe such information to be true. In preparing this Affidavit, I consulted with the Company's management team and advisors and reviewed relevant documents and information concerning the Company's operations, financial affairs and restructuring activities.

2. I am authorized to swear this Affidavit as corporate representative of the Company.
3. I previously swore an Affidavit in the within proceedings on September 28, 2020 (the "**Fourth Affidavit**"). I make this Affidavit as a supplement to my Fourth Affidavit and to provide the Court with further information regarding the ongoing discussions between the Company and the Alberta Energy Regulator ("**AER**") and the Orphan Well Association ("**OWA**"). All capitalized terms used by not otherwise defined herein shall have the meanings given to them in my Fourth Affidavit.
4. After I had sworn my Fourth Affidavit, on September 28, 2020, the Company, through its legal counsel, Borden Ladner Gervais LLP, received a reply from the AER to the Company's Response Letter (the "**Subsequent AER Letter**"). Amongst other things, the Subsequent AER Letter advised the Company that it would not be willing to fund the Company's Proposed Additional Sales Process. Attached hereto and marked as **Exhibit "A"** is a copy of the Subsequent AER Letter.
5. The Subsequent AER Letter also stated that the Company could expect a reply to its request for funding for the Proposed Additional Sales Process directly from the OWA as well. On September 29, 2020, the OWA advised that it also was not willing to fund the Company in these circumstances. Attached hereto and marked as **Exhibit "B"** is a copy of the chain of email correspondence between the Company's counsel and the OWA in this regard.
6. As a result of the responses received from each of the AER and the OWA, the Company convened a meeting between the Monitor, the AER and the OWA, on the afternoon of October 2, 2020 to discuss the next steps for Bow River and its properties.
7. On September 29, 2020, the Company, through its counsel BLG, sent correspondence to all of the Saskatchewan Ministry of Justice, who the Company understands is representing

the various Ministries in Saskatchewan owed outstanding surface and mineral lease rents, as well as royalties (the “**Saskatchewan Ministries**”), Indian Oil and Gas Canada (“**IIOC**”) and the Saskatchewan Ministry of Energy and Resources (“**SMER**”). This correspondence outlined for the parties the status of Bow River’s CCAA proceedings, including the AER’s rejection of the Company’s Proposal respecting certain of its Alberta properties, the offers the Company could pursue respecting certain of its Saskatchewan properties, and the outstanding surface and mineral lease payments and royalties, as well as requested security deposit from the Saskatchewan Energy Regulator, that would need to be addressed in order to pursue those transactions. In particular, the Company advised the Saskatchewan Ministries, IOGC and SMER, that it was requesting those parties’ agreement to compromise the outstanding amounts owed to them, and waive the requirement of the requested security deposit, totalling an approximate \$17.4 million, in order to allow the transactions to proceed and have the Company transfer what assets, and therefore liabilities, it could to solvent third parties. Attached hereto and marked as **Exhibit “C”** is a redacted copy of that correspondence and an unredacted copy attached hereto as **Confidential Exhibit “1”**.

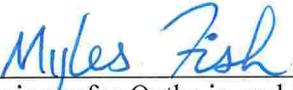
8. The Confidential Exhibit contains information regarding the offers Bow River received on certain of its Saskatchewan assets through its court-approved SISP in the within CCAA proceedings. If the Company is not able to pursue those offers, I honestly believe that the dissemination of this information could adversely affect any subsequent sales process that may be undertaken respecting Bow River’s assets. For this reason, the Company will be seeking a sealing order respecting Confidential Exhibit 1.
9. Since sending its September 29, 2020 correspondence, the Company has responded to inquiries from IOGC regarding the specific lease agreements that would be included in the Company’s proposed transactions on its Saskatchewan assets. At the time of swearing this Affidavit, the Company had not yet received any responses from the Saskatchewan Ministries or SMER.
10. As noted in my Fourth Affidavit, ultimately, if the Company is unable to reach a resolution regarding these outstanding issues respecting transactions in Saskatchewan, it will have

exhausted its restructuring efforts and will also have to develop a transition plan respecting its Saskatchewan assets.

**CONCLUSION**

11. I swear this Affidavit in support of the Company's Application for an Order extending the stay of proceedings up to and including October 30, 2020, or such further and other date as this Court may consider appropriate.

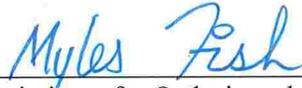
SWORN BEFORE ME at Calgary, Alberta, )  
this 5<sup>th</sup> day of October, 2020 )

  
\_\_\_\_\_  
Commissioner for Oaths in and for Alberta )

  
\_\_\_\_\_  
DANIEL G. BELOT

**MYLES J. FISH**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

This is Exhibit "A" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 5<sup>th</sup> day of October, 2020



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A Commissioner for Oaths in and for Alberta

**MYLES J. FISH**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

**Via Email**

**September 28, 2020**

Borden Ladner Gervais LLP (BLG)  
Centennial Place, East Tower,  
1900, 520 – 3rd Ave. SW,  
Calgary, AB, Canada T2P 0R3

**Calgary Head Office**  
Suite 1000, 250 – 5 Street SW  
Calgary, Alberta T2P 0R4  
Canada

[www.aer.ca](http://www.aer.ca)

**Attention: Jessica Cameron, Senior Associate**

Dear Ms. Cameron:

**RE: Bow River Energy Ltd. *Companies Creditors Arrangements Act* (CCAA)**

We acknowledge receipt of your correspondence dated September 24, 2020. While we recognize that your client is disappointed in our response, as a regulator, we have a duty to the public to ensure that environmental obligations are addressed. As we stated, our concern with the Proposal is that it would result in significant unfunded liability and would prioritize the debt of a secured creditor over those obligations. This result is contrary to the principle established by the Supreme Court of Canada in *Redwater* that, in an insolvency proceeding, environmental obligations are to take priority over the claims of other creditors. Our position on this has been clear from the outset and should come as no surprise to Bow River or its creditors. Furthermore, the Proposal, if accepted, would result in industry partners, whose levy payments make up the Orphan Fund, funding the cost of cleaning up those sites.

Before responding to your enumerated questions, I would like to correct some of the inaccuracies in your letter. First, we take serious issue with your characterization that the AER was “lying in the weeds” and only took issue with the sales process at this stage as we are dissatisfied with the outcome. On the contrary, we did not learn that the Stalking Horse Bid was above the market value of the assets until we received the Stalking Horse Bidder’s follow up response to our questions. On September 17, 2020, Ms. Lemmens advised, “The Stalking Horse Bid value is the entirety of the debt owed to the debenture holders of Bow River. It is not reflective of the value of the assets being purchased, which is much lower than the amount of the bid.” We voiced our concerns as soon as we became aware of this fact. Had there been greater transparency around the valuation of the credit bid earlier in the process, we would have raised our concerns then.

Second, the AER does not object to the use of credit bids in CCAA proceedings *per se*, although we do have concerns where this type of bid results in a lack of transparency. As you note we did not object to a credit bid in another recent CCAA proceeding (ACCEL Energy Canada Ltd), however, that file is distinguishable from the current situation in that the result of that sales process was that all of the environmental obligations were addressed. As we stated at the outset, the issue with the Bow River Proposal is one of priority. We object to the current Proposal in that the claim of a secured creditor is being prioritized, while leaving substantial unfunded environmental obligations to be borne by industry partners.

Finally, in response to your enumerated questions:

1. As we previously advised by letter dated September 21, 2020, the AER is not able to support the Proposal. For the reasons articulated in that letter, we would object to a court application to approve the sales that form the basis of that Proposal.
2. The AER is not in position to fund an additional CCAA sales process. We cannot speak for the OWA who is an independent organization. It is our understanding that the OWA will be responding directly to Bow River in response to these enumerated questions.
3. Again, the AER cannot speak for the OWA whether or not they are prepared to fund a receivership process. However, were they do to so, then the AER is prepared to work with Bow River and the OWA to ensure an orderly transition of the assets from Bow River to the Receiver.

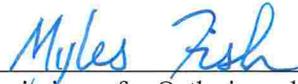
Sincerely,



Maria Lavelle  
Legal Counsel, AER

cc: Robyn Gurofsky, BLG  
Matti Lemmens, BLG  
Keely Cameron, Bennett Jones  
Kaitlin Szacki, AER  
Bonni Pierce, AER  
Lars de Pauw, OWA

This is Exhibit "B" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 5<sup>th</sup> day of October, 2020



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A Commissioner for Oaths in and for Alberta

**MYLES J. FISH**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

## Kim, Stella

---

**From:** Lars DePauw <lars.depauw@orphanwell.ca>  
**Sent:** September 29, 2020 10:21 AM  
**To:** Cameron, Jessica; Maria Lavelle  
**Cc:** Lemmens, Matti; Keely Cameron; Bonni Pierce; Kaitlin Szacki; Gurofsky, Robyn  
**Subject:** RE: Bow River Energy Ltd. [IMAN-DOCUMENTS.FID7368437]

Ms. Cameron - in regards to your three questions:

- 1) The OWA has consistently articulated that we will object to any sale process in CCAA that will result in assets coming to the OWA.
- 2) The OWA is unable to fund a CCAA
- 3) The OWA is willing to consider funding a receiver if Bow River plans to cease CCAA proceedings.

I've sent my schedule to Maria to facilitate a meeting as requested

Lars

Lars De Pauw  
Executive Director  
Orphan Well Association

---

**From:** Cameron, Jessica <jcameron@blg.com>  
**Sent:** September 28, 2020 4:35 PM  
**To:** Maria Lavelle <Maria.Lavelle@aer.ca>  
**Cc:** Lemmens, Matti <MLemmens@blg.com>; Keely Cameron <CameronK@bennettjones.com>; Bonni Pierce <Bonni.Pierce@aer.ca>; Kaitlin Szacki <kaitlin.szacki@aer.ca>; Lars DePauw <lars.depauw@orphanwell.ca>; Gurofsky, Robyn <RGurofsky@blg.com>  
**Subject:** RE: Bow River Energy Ltd. [IMAN-DOCUMENTS.FID7368437]

Thank you for your timely response Maria. The AER's position is noted. While we await the formal position you indicated is expected from the OWA, I think it would be prudent at this juncture for the Company, the Monitor, the AER and the OWA to convene a meeting to discuss next steps in Bow River's CCAA proceedings. To that end, it would be appreciated if you could canvass availability with the appropriate representatives from the OWA and the AER and get back to us with available dates as soon as possible.

As you've likely seen from Bow River's Court materials filed this afternoon, the Company presently only has a stay extension in place until October 16 and is only seeking a brief extension to October 30<sup>th</sup>.

I look forward to hearing from you in regards to the above.

Best,

**Jessica L. Cameron**

Senior Associate

T 403.232.9715 | INT 49715 | [jcameron@blg.com](mailto:jcameron@blg.com)

Centennial Place, East Tower, 1900, 520 – 3rd Ave. SW, Calgary, AB, Canada T2P 0R3

---

**From:** Maria Lavelle <[Maria.Lavelle@aer.ca](mailto:Maria.Lavelle@aer.ca)>  
**Sent:** September 28, 2020 3:55 PM

**To:** Cameron, Jessica <[jcameron@blg.com](mailto:jcameron@blg.com)>

**Cc:** Lemmens, Matti <[MLemmens@blg.com](mailto:MLemmens@blg.com)>; Keely Cameron <[CameronK@bennettjones.com](mailto:CameronK@bennettjones.com)>; Bonni Pierce <[Bonni.Pierce@aer.ca](mailto:Bonni.Pierce@aer.ca)>; Kaitlin Szacki <[Kaitlin.Szacki@aer.ca](mailto:Kaitlin.Szacki@aer.ca)>; Lars DePauw <[lars.depauw@orphanwell.ca](mailto:lars.depauw@orphanwell.ca)>; Gurofsky, Robyn <[RGurofsky@blg.com](mailto:RGurofsky@blg.com)>

**Subject:** Bow River Energy Ltd.

Good afternoon – Please see the attached correspondence.

Thank you.

**Maria Lavelle**  
**Legal Counsel**

**Alberta Energy Regulator**

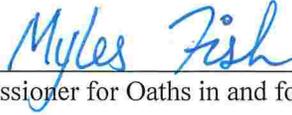
e [Maria.Lavelle@aer.ca](mailto:Maria.Lavelle@aer.ca) tel 403-297-3736

Suite 1000, 250 – 5 Street SW, Calgary, Alberta T2P 0R4

inquiries 1-855-297-8311 24-hour emergency 1-800-222-6514 [www.aer.ca](http://www.aer.ca)

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This is Exhibit "C" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 5<sup>th</sup> day of October, 2020



---

A Commissioner for Oaths in and for Alberta

**MYLES J. FISH**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

**Jessica L. Cameron**  
T 403-232-9715  
F 403-266-1395  
jcameron@blg.com

Borden Ladner Gervais LLP  
Centennial Place, East Tower  
1900, 520 - 3rd Ave SW  
Calgary, AB, Canada T2P 0R3  
T 403.232.9500  
F 403.266.1395  
blg.com



**File No. 441275/25**

September 29, 2020

**Delivered by Email**

Saskatchewan Ministry of Justice  
2405 Legislative Dr.  
Regina, SK S4S 0B3

Saskatchewan Ministry of Energy and Resources  
1000, 2103 - 11th Avenue  
Regina, SK S4P 3Z8

**Attention: Leanne Lang**

**Attention: Candy Dominique**

Indian Oil and Gas Canada  
100, 9911 Chila Boulevard  
Tsut'ina, AB T3T 0E1

**Attention: Lori Williams / Jordan Milne**

Dear Ms. Lang, Ms. Williams, Mr. Milne, and Ms. Dominique,

**Re: In the Matter of Bow River Energy Ltd. ("Bow River" or the "Company")**

As you are aware, we are counsel to Bow River in its proceedings under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). We write further to our various exchanges of email correspondence over the past month regarding possible transactions by the Company in its CCAA Proceedings.

In particular, Bow River has proposed to pursue two transactions with each of [REDACTED] and [REDACTED]. If these transactions were consummated, it would result in the transfer of approximately 95% of Bow River's producing properties in Saskatchewan. The purchase prices under these transactions are [REDACTED] and [REDACTED], respectively.

Unfortunately, the purchase price offered under each transaction is insufficient to satisfy the outstanding surface and mineral lease payments and royalties (the "**Cure Costs**") owed to various parties, including various Ministries within the Government of Saskatchewan (the "**Saskatchewan Ministries**") and Indian Oil and Gas Canada ("**IOGC**"). The outstanding Cure Costs on the [REDACTED] Transaction are approximately: \$425,114.40<sup>1</sup> owed to the Saskatchewan Ministries, \$149,978.60<sup>2</sup> owed to IOGC, and

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<sup>1</sup> Comprised of \$335,275.30 in outstanding surface and mineral lease payments and \$89,839.10 in outstanding royalties.

<sup>2</sup> Comprised of \$109,817.70 in outstanding surface and mineral lease payments and \$40,160.90 in outstanding royalties. The surface and mineral lease payments are the Company's unaudited, best estimates of its proportionate share of the total outstanding surface and mineral lease payments owed to IOGC, which total \$192,687.03 and \$62,746.46 for surface and mineral lease payments respectively. The remaining balance is owed by Bow River's working interest partner, Bonavista, whose proportionate share as calculated by the Company is \$65,879.70 and \$21,453.01 for surface and mineral lease payments respectively.

\$38,260.00 owed to freehold lessors. The outstanding Cure Costs on the [REDACTED] transaction are approximately: \$10,766.50 owed to the Saskatchewan Ministries and \$21,200.00 owed to freehold lessors.

Further, based upon the pre-transfer liability assessments submitted by the Company to the Saskatchewan Energy Regulator (“**SER**”) respecting these transactions, we understand a security deposit would be required to be posted in the amount of approximately \$14.3 million respecting the [REDACTED] transaction and \$2.9 million respecting the [REDACTED] transaction (together the “**SER Security Deposits**”).

Bow River is insolvent and unable to satisfy either the Cure Costs or the SER Security Deposits associated with these transactions. Moreover, each of [REDACTED] and [REDACTED] have indicated that they are unwilling to increase the purchase price under their respective transactions to satisfy same. Therefore, in order to consummate these transactions, the Company would need to reach a resolution with all of the Saskatchewan Ministries, IOGC and the SER. We are writing to you to see whether such a resolution is feasible in the circumstances, and given the time constraints facing the Company.

You should have received copies of the most recent Application filed by the Company in its CCAA proceedings. In its Application, the Company outlines the difficulties it has encountered in consummating transactions for its Alberta assets due to the opposition of the Alberta Energy Regulator (“**AER**”). The AER has declined to support the Company’s proposal to consummate three transactions in Alberta, due largely in part to the fact that a portion of the Company’s environmental liabilities would remain unaddressed.

Given this opposition, and the lack of funding available to the Company, it is very likely that the Company’s CCAA proceedings will be terminated on October 30, 2020, which is the date the Company seeks to extend its current stay of proceedings (which is presently set to expire on October 16, 2020). The Company has reached out to the AER and the Alberta Orphan Well Association (“**OWA**”) to discuss a transition plan to ensure a safe and orderly transfer of Bow River’s assets to the care and custody of a party as directed by the AER.

Presently, a significant portion of the Company’s revenues generated from Alberta assets are diverted to payments of expenses on its Saskatchewan assets. With the anticipated termination of the within CCAA proceedings, the Company will no longer be in a position to continue operations in Saskatchewan and anticipates that all of the directors and officers of the Company will resign by the end of October, 2020.

Given this, and given that the Company presently has offers for 95% of its producing properties in Saskatchewan, we believe it is in all parties best interests that an agreement be reached that allows the proposed [REDACTED] and [REDACTED] transactions to proceed.

The aggregate estimated sale proceeds total [REDACTED]; however, there are certain payments that must be paid from these sale proceeds in order to allow the transactions to proceed. First, the purchasers have each indicated the sale proceeds are to be used to satisfy the Cure Costs in relation to the freehold leases, thereby reducing the proceeds by [REDACTED] to [REDACTED]. Second, there are post-filing municipal property taxes owed by the Company to various municipalities, which taxes the Company is obligated to pay pursuant to section 9(c) of the Amended and Restated Initial Order granted by the Alberta Court of Queen’s Bench (the “**Court**”) on June 9, 2020 (the “**ARIO**”). These taxes total [REDACTED] respecting the [REDACTED] Transaction and [REDACTED] respecting the [REDACTED] transaction, reducing the sale proceeds to only [REDACTED]. Lastly, there are super-priority Court-ordered charges in the CCAA proceedings totalling [REDACTED], being [REDACTED] in relation to the Administration Charge and [REDACTED] in relation to the Interim Lender’s Charge. As a result of the foregoing, there are no anticipated sale proceeds from these transactions, and in fact, the estimated proceeds will be insufficient to satisfy the Court-ordered charges.

We are therefore asking the Saskatchewan Ministries, as well as IOGC, to forgive the entirety of the Cure Costs owed to each of them in order to allow these transactions to proceed. We are also asking the SER to waive the requirement for the SER Security Deposits to be posted by Bow River. This would allow future surface and mineral lease payments, and ongoing royalties, to continue to be made on the properties subject to these transactions by solvent third parties. It would also reduce the burden on the Saskatchewan Orphan Well Fund, which is where the remainder of Bow River's assets are destined for.

While the Company was unable to reach a resolution with the AER, we are hopeful that all of the Saskatchewan Ministries, IOGC and the SER, will see the benefit to be derived from consummating these proposed transactions.

We would be happy to provide any further information any of you may need to assess the Company's proposal, or to arrange a meeting to discuss further. We would however appreciate hearing from you at your earliest convenience, as, if the proposal is amenable to you all, the Company will need to finalize definitive purchase and sale agreements with each purchaser, and seek court approval and vesting orders regarding same, prior to October 30, 2020.

If this proposal is not acceptable, then the only other alternative available to the Company at this point is to manage the orderly shut-down of its operations with what limited funds are available to it. Similar to the situation facing the Company in Alberta, we anticipate this would involve developing a transition plan with the SER to ensure a safe and orderly transfer of Bow River's assets to the care and custody of a party as directed by the SER.

We look forward to hearing from you in regards to the above.

Sincerely,

**Borden Ladner Gervais LLP**



**Jessica L. Cameron**

cc: Marc Kelly, BDO Canada Limited (Monitor) – via email

Keely Cameron, Bennett Jones LLP (Counsel to the Monitor) – via email

This is Confidential Exhibit "1" referred to  
in the Affidavit of Daniel G. Belot

Sworn before me this 5<sup>th</sup> day of October, 2020



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A Commissioner for Oaths in and for Alberta

**MYLES J. FISH**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public