

**FORM 27**  
[RULES 6.3 AND 10.52(1)]

CLERK'S STAMP

COURT FILE NUMBER 2401-13792

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, as  
amended

AND IN THE MATTER OF ERIKSON  
NATIONAL ENERGY INC.

DOCUMENT

**APPLICATION**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**BENNETT JONES LLP**  
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Client File No.: 87754-38

**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 applications judge/judge.

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

Date: Friday, December 6, 2024

Time: 10:00 a.m. or such other time as counsel may be heard on an urgent basis  
Where: Calgary Courts Centre  
Before Whom: The Honourable Justice

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. Erikson National Energy Inc. (“**Erikson**” or the “**Applicant**”) seeks an Order substantially in the form attached hereto as **Schedule “1”**:
  - (a) Dispensing with service of notice of this Application and permitting the Receiver to proceed with this Application on an *ex parte* basis, or in the alternative, deeming service good and sufficient;
  - (b) An Order in the nature of mandamus or a mandatory injunction directing the British Columbia Energy Regulator (the “**BCER**”) to issue an emergency measures order pursuant to section 52 of the *Energy Resource Activities Act*, SBC 2008, c 36 (the “**ERAA**”), directing Erikson to access and use natural gas from its wells for the sole purpose of heating and maintaining its Wildboy Gas Plant (the “**Plant**”) and related work camp (the “**Work Camp**”), notwithstanding that the British Columbia Tenure and Resource Stewardship Branch (“**BC Tenure**”) has cancelled Erikson’s leases to produce natural gas from those wells (the “**Emergency Measures**”);
  - (c) A declaration that Erikson carrying out the Emergency Measures shall not constitute an offence pursuant to section 134 of the ERAA;
  - (d) An injunction prohibiting BC Tenure from issuing a penalty against Erikson its employees, agents, directors, officers, or shareholders, pursuant to the ERAA or other applicable legislation as a result of it carrying out the Emergency Measures;
  - (e) Further, or in the alternative, an Order granting Erikson relief from forfeiture, relieving Erikson its employees, agents, directors, officers, or shareholders, from any penalty that may be issued against it pursuant to the ERAA or otherwise as a result of it carrying out the Emergency Measures; and

(f) Such further and other relief as this Honourable Court deems appropriate.

**Grounds for making this application:**

2. Erikson is a junior oil and natural gas company, with its head office in Calgary, Alberta. Its assets consist of 414 wells (some of which are sour gas wells), 20 facilities and 346 pipeline sections, which were assumed out of the insolvency of Ranch Energy Corp. Its assets are located in the Fort Nelson and Greater Fort St. John areas of British Columbia. The Plant, which is located in a remote area of Northeastern British Columbia, is one of Erikson's most significant assets.
3. On or about July 24, 2024, BC Tenure advised Erikson that it had canceled Erikson's mineral leases in British Columbia. As a result, while Erikson owns natural gas wells in British Columbia, certain of which are tied into the Plant, Erikson does not have mineral leases to permit it to access or use natural gas from those wells.
4. Natural gas is required to maintain adequate heat and electricity at Erikson's facilities, including at the Plant and at the Work Camp.
5. Heating Erikson's facilities is of particular importance given the extremely cold weather affecting Northeastern British Columbia where Erikson's assets, including the Plant and the Work Camp are located. Specifically, natural gas must be continuously circulated through the Plant to prevent the piping, the molten salt heaters, and the heat transfer systems from freezing and bursting.
6. On December 4, 2024, Erikson became aware that it only has access to sufficient natural gas to heat and maintain the Plant until approximately Sunday, December 8, 2024 (the "**Emergency Situation**").
7. Once the Emergency Situation begins, due to extremely cold winter temperatures at the Plant and the lack of heating, there is a high risk that:
  - (a) all piping that is not drained or that cannot be drained will freeze, and many of the drain lines and dump lines will crack or rupture upon freezing;

- (b) the salt vessels at the Plant could freeze and explode;
  - (c) any water that cannot be drained from any vessels in the facility will freeze, causing a high risk of cracking and leaks in vessels and equipment;
  - (d) upon thawing of the piping, vessels and equipment, cracks or ruptures of the same could result in releases, and thus potential environmental damage;
  - (e) without power, the programmable logic controllers (“**PLCs**”) will likely brownout and lead to equipment failure;
  - (f) Plant safety detection equipment, servers and networking infrastructure will fail or be damaged, creating further risk, as Erikson will be unable to determine if a further emergency has occurred;
  - (g) these risks, in turn, will create significant risk to the safety and well-being of Erikson’s employees and contractors at the Plant;
  - (h) repair and replacement costs may range from \$1 Million to more than \$10 Million, depending on the type and degree of damage;
  - (i) the value of the Plant, and thus also the transaction contemplated by the Sale Agreement with Gryphon to purchase all of Erikson’s oil and gas assets, will deteriorate or be destroyed.
8. Natural gas is also required to heat the Work Camp for the Plant. If Erikson runs out of natural gas to heat the Work Camp:
- (a) the safety and well-being of Erikson’s employees and contractors will be at risk, and they will need to immediately leave the site. The Plant and the Work Camp can only be accessed, at this time of year, by helicopter or snowmobile; a sudden lack of natural gas at the Plant and the Work Camp would result in an emergency situation to evacuate Erikson personnel, with limited options to do so;

- (b) all water from the Work Camp and camp supply tanks would need to be drained, as it will otherwise freeze solid. Some areas of these lines may not be able to be drained completely, and will likely result in cracked water lines and water pumps, both in the Work Camp and water treatment buildings;
  - (c) the septic system will not be able to be drained, and will likely freeze and break, potentially creating a hazardous environment;
  - (d) once field operations personnel have left the site and the Work Camp has been abandoned, the Work Camp will likely see an abundance of rodents, which will create a hazardous environment if the Work Camp were to be inhabited again; and
  - (e) freezing winter temperatures will also cause all safety equipment and supplies, such as eyewash stations, fire suppression, and fire detection, to be compromised.
9. The Plant and the Work Camp will need to be immediately abandoned if natural gas cannot be maintained. In addition to the concerns above:
- (a) all servers and networking of the control room in the Plant and of the Work Camp will likely fail due to the lack of moderation of heat and moisture;
  - (b) once operations staff leave the site, based on previous experience, there is a high likelihood of trespassers entering the site and causing property damage, theft, and risk of injury. The absence of onsite staff increases the risk of vandalism to the Work Camp and to the Plant, posing a risk of personal injury, a spill or release, and theft of critical infrastructure, such as cabling, generators (including the diesel generator used as a backup for power (but not heat) for the Work Camp), and vehicles, resulting in repair and replacement costs estimated as at least \$2.5 Million in hard costs, plus labour and transportation;
  - (c) the Work Camp, which has been in place since the mid 1990's, would ultimately require replacement, as the damages caused by abandoning the Work Camp would likely be irreparable;

- (d) there is also a Bell cell tower on site which Erikson supplies power to; we are unsure of the complications to their equipment without power for an extended period of time.
10. Aside from the property damage, potential environmental damage, and safety risks set out above (collectively, the “**Risks**”), the Plant is a key driver of the proposed transaction contemplated by the Sale Agreement entered into by Gryphon to purchase all or substantially all of Erikson’s oil and gas assets. Destruction of the Plant will jeopardize that transaction. Erikson has an application scheduled before this Court on Monday, December 9, 2024, for approval of that transaction.
  11. There is a serious issue to be tried and irreparable harm as a result of the Emergency Situation. No harm will be caused if Erikson is permitted to produce natural gas for the purpose of resolving the Emergency Situation.
  12. It is just and equitable that relief against forfeiture be granted in favour of Erikson.
  13. Such further and other grounds as counsel for Erikson may advise and this Honourable Court may permit.

**Material or evidence to be relied on:**

14. The Affidavit of Peter Neelands sworn December 6, 2024.
15. The Affidavit of Peter Neelands sworn December 3, 2024.
16. The Affidavits of Mark Horrox sworn November 15, 2024.
17. The Affidavit of Mark Horrox sworn October 18, 2024.
18. The Affidavit of Mark Horrox sworn October 15, 2024.

**Applicable rules:**

19. Alberta *Rules of Court*, AR 124/2010, including but not limited to Rule 1.3.
20. Such further and other rules as counsel may advise and this Honourable Court permits.

**Applicable Acts and regulations:**

21. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.
22. *Judicature Act*, RSA 2000, c J-2, as amended, s 10, s 13(2).
23. *Law and Equity Act*, RSBC 1996, c 253, s 24, s 39.
24. *Energy Resource Activities Act*, SBC 2008, c 36, s 52.
25. *Petroleum and Natural Gas Act*, RSBC 1996, c 361, s 50(2), s 134.
26. Such further and other acts and regulations as Counsel may advise and this Honourable Court permit.

**Any irregularity complained of or objection relied on:**

27. None.

**How the application is proposed to be heard or considered:**

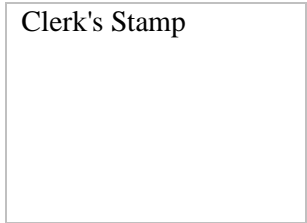
28. Before the Honourable Justice presiding in Justice Chambers.

**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 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 “1”**

COURT FILE NUMBER 2401-13792  
COURT COURT OF KING’S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY AND  
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AND IN THE MATTER OF ERIKSON NATIONAL  
ENERGY INC.

DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **BENNETT JONES LLP**  
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855-2<sup>nd</sup> Street SW  
Calgary, AB T2P 4K7

Attention: Keely Cameron / Kelsey Meyer / Luc Rollingson  
Telephone No.: (403) 298-3323  
Fax No.: (403) 265-7219  
Client File No.: 87754-38

**DATE ON WHICH ORDER WAS PRONOUNCED:** Friday, December 6, 2024

**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta

**NAME OF JUSTICE WHO MADE THIS ORDER:** The Honourable Justice

UPON THE APPLICATION by Erikson National Energy Inc. (“**Erikson**” or the “**Applicant**”); AND UPON HAVING READ the Application of Erikson and the Affidavit No. 2 of Peter Neelands sworn December 6, 2024; AND UPON HEARING the submissions of counsel for Erikson and from other interested parties;

**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, 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.



2. The British Columbia Energy Regulator (the “**BCER**”) is directed to issue an emergency measures order pursuant to section 52 of the *Energy Resource Activities Act*, SBC 2008, c 36 (the “**ERAA**”), directing Erikson to access and use natural gas from its wells for the sole purpose of heating and maintaining its Wildboy Gas Plant (the “**Plant**”) and related work camp (the “**Work Camp**”), notwithstanding that the British Columbia Tenure and Resource Stewardship Branch (“**BC Tenure**”) has cancelled Erikson’s leases to produce natural gas from those wells (the “**Emergency Measures**”).
3. This Honourable Court declares that Erikson carrying out the Emergency Measures shall not constitute an offence pursuant to section 134 of the ERAA.
4. BC Tenure is prohibited from issuing a penalty against Erikson, its employees, agents, directors, officers, or shareholders, pursuant to the ERAA or other applicable legislation as a result of it carrying out the Emergency Measures.
5. Erikson is granted relief from forfeiture, relieving Erikson, its employees, agents, directors, officers, or shareholders, from any penalty that may be issued against it pursuant to the ERAA or otherwise as a result of it carrying out the Emergency Measures.

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Justice of the Court of King’s Bench of Alberta