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February 22, 2024

Doug Bailey, President & CEO
Razor Energy Corp. (A7L1)
Suite 8000, 500 – 5 Ave SW
Calgary, AB T2P 3L5

Email: dbailey@razor-energy.com

***Directive 067* Eligibility Status of Razor Energy Corp. (A7L1)**

The Alberta Energy Regulator (AER) has received correspondence from Razor Energy Corp. (Razor) to indicate that Razor has filed for a Notice of Intention to File a Proposal under the *Business Insolvency Act* on January 30, 2024, with FTI Consulting Canada Inc. appointed as Proposal Trustee.

The AER understands that the process mentioned above results in factors that fall under section 4.5 of *Directive 067: Unreasonable Risk (Directive 067)*:

- being or having been subject to or initiating insolvency proceedings (which includes bankruptcy proceedings, receivership, notice of intention to make a proposal under the *Bankruptcy and Insolvency Act*, proceedings under *Companies Creditors Arrangement Act*); and
- involvement of the applicant, licensee, or approval holder's directors, officers, or shareholders in entities that have initiated or are or have been subject to insolvency proceedings.

Pursuant to section 1.300 of the *Oil and Gas Conservation Rules* (*OGCR*) and section 6 of *Directive 067*, the AER may revoke or restrict licence eligibility in a number of circumstances.

> *"6 Restriction of Licence Eligibility*
> *There are three main circumstances in which the AER may revoke or restrict licence eligibility:*
> - *Failure to provide complete and accurate information, or to update that information, as required and within the prescribed timelines.*
> - *A finding by the AER that the licensee or approval holder poses an unreasonable risk.*
> - *The licensee fails to acquire or hold licences or approvals within one year following granting of licence eligibility."*

The AER has assessed that Razor poses an unreasonable risk. As a result of the assessment, the AER hereby restricts the licence eligibility status of Razor from General to Limited status, effective **February 22, 2024**, as follows:

1) Razor is prohibited from acquiring any new/additional licences, either through transfers or applications beyond its current inventory,
2) Additional scrutiny is required at time of application for or transfer of a licence or approval, and may include a requirement to provide security,
3) An exemption to the above restrictions will apply to applications for activities which are required by Razor in an emergency response situation, or as deemed necessary by the AER,
4) There is no change to:
    a. Razor's access to the DDS system,

Security Classification: Protected A

b. Razor's environmental and operational responsibilities related to its current licence inventory, and
c. Razor's requirements under any Orders currently issued or that will be issued in the future.

Should Razor wish to seek general eligibility in the future, it is welcome to reapply for General Eligibility and be prepared to demonstrate that it does not pose an unreasonable risk by following the steps in *Directive 067*. It will then be up to the discretion of the AER to determine if Razor has provided sufficient information and supporting materials to make this change. A $10,000 application fee is normally required as part of the application. Depending on the circumstances, the AER has discretion to waive this application fee if deemed appropriate.

Under the *Responsible Energy Development Act* (REDA) an eligible person may file a request for a regulatory appeal on an appealable decision. Eligible persons and appealable decisions are defined in section 36 of REDA and section 3.1 of the *Responsible Energy Development Act General Regulation*. If you wish to file a request for regulatory appeal, you must submit your request in the form and manner and within the timeframe required by the AER. You can find filing requirements and forms on the AER website, http://www.aer.ca/applications-and-notices/appeals.

In order to assist you through the process, Janet Stewardson at janet.stewardson@aer.ca will be your main contact. Please reach out if you have any questions.

Sincerely,

<original signed by>

Kaitlin Szacki
Manager, Orphaning and Insolvency
Alberta Energy Regulator

cc: Brett Wilson, FTI Consulting Canada Inc.
Deryck Helkaa, FTI Consulting Canada Inc.
Michael Blair, Razor Energy Corp.