

COURT FILE NUMBER 2501 19519

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF CABOT ENERGY INC.

APPLICANT CABOT ENERGY INC.

DOCUMENT **ORIGINATING APPLICATION (CCAA INITIAL ORDER)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **STIKEMAN ELLIOTT LLP**
Barristers & Solicitors
4200 Bankers Hall West
888-3rd Street SW
Calgary, AB T2P 5C5

Karen Fellowes, K.C. /Isis Tse
Tel: (403) 724-9469 / (403) 724-9488
Fax: (403) 266-9034
Email: kfellowes@stikeman.com / itse@stikeman.com

File No.:

Clerk's stamp C120124



COM
Dec 9, 2025

NOTICE TO THE 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 Court.

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

Date: December 9, 2025
Time: 11:00 am
Where: Calgary Law Courts – By Webex
Before: The Honourable Justice Harris in Commercial Chambers

Go to the end of this document to see what you can do and when you must do it.

Remedy claimed or sought:

1. The Applicant, Cabot Energy Inc. ("**Cabot**") brings this application for:

- (a) an initial order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”)
- i. abridging the time for serving and deeming service of the Application and supporting materials good and sufficient;
 - ii. declaring that the Applicant is a company to which the CCAA applies;
 - iii. appointing KSV Restructuring Inc. (“**KSV**”) as Monitor of the Applicant;
 - iv. staying, for an initial period of not more than 10 days (the “**Stay Period**”), all proceedings and remedies taken or that might be taken in respect of the Applicant and its respective assets, undertakings and properties (collectively, the “**Property**”) and its respective directors and officers (collectively, the “**D&Os**”);
 - v. authorizing the Applicant to carry on business in a manner consistent with the preservation of its business and Property;
 - vi. authorizing the Applicant to pay the reasonable expenses incurred by it in carrying out its business in the ordinary course;
 - vii. authorizing the Applicant to pay the reasonable fees and disbursements of the Monitor and their counsel, Bennett Jones;
 - viii. establishing a super-priority charge against the Property in an initial amount of \$100,000 (the “**Administration Charge**”) to secure the Applicant’s obligations towards their legal counsel, Stikeman Elliott LLP, KSV as Monitor to the Applicant, Bennett Jones as legal counsel to the Monitor (collectively, the “**Professionals**”), for work performed and to be performed in connection with these CCAA Proceedings;
 - ix. declaring that the Administration Charge shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, deemed trusts, encumbrances or other lien of whatever nature or kind against the Property;
- (b) such further and other relief as this Honourable Court deems just.

Grounds for making this application:

DESCRIPTION OF CABOT ENERGY INC.

2. Cabot is a wholly owned subsidiary of High Power Petroleum (NOP) UK Limited, a corporation which is part of the Blue Spark Energy Services Group (“**Blue Spark**”), a group of corporations

incorporated under the laws of Delaware in the United States of America. Cabot is incorporated under the laws of British Columbia, and extra-provincially registered in the Province of Alberta.

3. Cabot is a small upstream oil and gas operator and producer, with its sole operations in the Rainbow Lake area of Northern Alberta. Cabot's wells produce approximately 200 barrels of oil per day through Crown leases. Cabot is the owner and operator of approximately 20 producing oil wells and 15 shallow gas wells used for fuel gas, and transports its oil production into the Plains Midstream pipeline system, with such production marketed through Tidal Energy Marketing Inc.
4. All of Cabot's wells are located within Crown lands, with the exception of a well that is contract operated for a company having beneficial ownership of that well, governed by Indian Oil and Gas Canada.
5. Cabot has struggled to be profitable in the face of worldwide pressures and uncertainties, natural disasters including wildfires and floods, decreased oil prices and demand, and increasing pressures on micro-producers in Western Canada. In 2020, Cabot underwent a restructuring whereby it successfully implemented a Proposal under Division II of the Bankruptcy and Insolvency Act.
6. Despite the successful restructuring in 2020 (where no assets were sold, but the parent company injected funds to be used to compromise claims of unsecured creditors), Cabot has continued to face financial difficulties due to increasing asset retirement obligations, worldwide pressures and uncertainties, and the devastating effect of natural disasters. In particular, the floods in 2022, as well as the wildfires in 2023 and 2025, directly destroyed several of Cabot's wells, cutting production by 1/3. Cabot has not had the funds to repair the wildfire damage and get the production back up to maximum capacity.
7. For the financial year ended on December 31, 2024, Cabot had slightly positive cash flows of \$1,033,00 but Cabot's financial situation has worsened since the 2024 audited financials were released and has begun to experience negative cash flows.
8. For the financial year ended on December 31, 2024, Cabot had outstanding indebtedness in the amount of \$81,344,000.
9. Cabot's parent company, Blue Spark, has made the decision that it would not provide further funding in the normal course to cover a turnaround business plan or fund necessary expenses, including the asset retirement obligations owed to Alberta Energy Regulator by the end of 2025. Blue Spark has further advised Cabot that it would only provide further funding under a Court-supervised sales process.

10. Cabot has made significant efforts to decrease costs by decreasing the number of employees and contractors from 42 to 6 over the last five years. Cabot has also had a few small acquisitions to increase incremental production and to broaden amortization of its fixed cost base. Cabot has downsized its office and brought its lease cost down approximately 50%.
11. Ultimately, after careful review of all available alternatives and following consultation with its legal and financial advisors, as well as discussion with its shareholder and senior lender, Cabot determined that it was in its best interest and that of its stakeholders to seek this Court's protection under the CCAA in order to implement a Court-supervised liquidation and sales process, funded by Debtor-in-Possession financing from the parent corporate group.
12. Cabot has engaged the services of Sayer Energy Advisors to run a Court-supervised Sales and Investment Solicitation Process ("**SISP**").
13. Cabot wishes to maintain operations on a going concern basis and if possible, make capital improvements, with the consent of the DIP Lender and Monitor, to enhance recoveries. As this timetable is currently uncertain and may exceed 6 months, and as the sales process has not yet been finalized, Cabot requires the flexibility of a CCAA process to minimize Court appearances, as well as to customize timelines and process to fit the evolving circumstances.
14. Cabot believes that the structure and oversight provided by the CCAA process is necessary to implement the SISP, in conjunction with managing competing demands by various creditors and facilitating a restructuring process under the supervision of the Court.

APPLICATION OF THE CCAA

15. As described earlier in this Application,
 - (a) Cabot is facing a liquidity crisis which renders it unable to meet its obligations as and when they become due, and, as a result, Cabot is insolvent; and
 - (b) the aggregate amount of Cabot's outstanding indebtedness is greater than the C\$5,000,000 threshold set out in the CCAA.
16. As such, Cabot meets the criteria set out at subsection 3(1) of the CCAA is a debtor company to which the CCAA applies.

STAY OF PROCEEDINGS

17. As set out above, and notwithstanding the significant capital raising and restructuring efforts undertaken prior to the commencement of the present CCAA Proceedings, Cabot is currently

insolvent, with limited and depleting cash resources to pay its liabilities as they become due, and Cabot is expected to continue to experience significant liquidity constraints in the weeks and months ahead.

18. Cabot is concerned that unless a stay of proceedings is ordered, certain creditors and other stakeholders may take steps to try and improve their positions in comparison to other creditors, as well as take actions that will deplete Cabot's assets.
19. Accordingly, Cabot hereby requests a stay of proceedings against the Applicant as well as its Property and D&Os (the "**Stay of Proceedings**"), for an initial ten (10) day Stay Period. At the comeback hearing, Cabot will request an extension of the Stay Period until March 20, 2026, so as to preserve the *status quo* and prevent creditors and others from taking any steps to try and better their positions in comparison to other creditors.
20. In preserving the *status quo*, the Stay of Proceedings will permit Cabot to continue operating without unnecessary hindrances that may affect its operations and assets.
21. All stakeholders generally, including creditors, will benefit from the Stay of Proceedings.

APPOINTMENT OF A MONITOR

22. Cabot requests that KSV be appointed by the Court to act as Monitor in the present CCAA Proceedings.
23. KSV is well aware of Cabot's financial situation and already has valuable insights into its business and operations.
24. KSV is a licensed trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* and is not subject to any of the restrictions on who may be appointed monitor as set out in subsection 11.7(2) of the CCAA, having provided no accounting or auditing advice to Cabot.
25. KSV has extensive experience in matters of this nature and is well-suited to this mandate and, as such, has confirmed that it consents and is in a position to perform the monitoring duties without any delay.
26. Given the foregoing, Cabot believes that it is in the best interests of its creditors and other stakeholders that KSV be appointed to act as the Court's Monitor during these CCAA Proceedings.

ADMINISTRATION CHARGE

27. The Professionals will be essential to Cabot's restructuring efforts during these CCAA Proceedings.
28. Indeed, Cabot requires and will continue to require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during these CCAA Proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in Cabot's restructuring and there will be no duplication.
29. Each of the above professionals have advised that they are prepared to provide or continue to provide professional services to Cabot provided that they are protected by a super-priority charge over the Property of Cabot that ranks ahead of all other charges and encumbrances, including all charges ordered by the Court in the context of these CCAA Proceedings.
30. Accordingly, Cabot requests the establishment of an Administration Charge in favour of the Professionals in an initial amount of \$100,000 in order to secure the professional fees incurred to date in connection with the CCAA Proceedings and those that are expected to be incurred in the initial 10-day Stay Period.
31. Cabot respectfully submits that the proposed amount for the Administration Charge are fair and reasonable in the circumstances and are in line with other administration charges previously granted in the context of other CCAA proceedings similar to the one at hand.

Affidavit or other evidence to be used in support of this application:

32. The Affidavit #1 of Scott Aitken, sworn November 28, 2025, filed;
33. The Consent to Act as Monitor, filed by KSV Advisory Inc.; and
34. Such further and other material as counsel may advise and this Honourable Court may permit

Applicable Acts and regulations:

35. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
36. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended;
37. *Business Corporations Act*, R.S.A. 2000 c. B-9;

38. Rules 1.2, 1.3, 3.2(2)(d), 3.8, 6.3(1), 6.9, 11.27 and 13.5 of the *Alberta Rules of Court*, Alta Reg 124/2010;
39. The equitable jurisdiction of this Honourable Court;
40. Such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

41. None.

How the application is proposed to be heard or considered:

42. Before the presiding Justice in Commercial Chambers via Webex.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this 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.