Court of King's Bench of Alberta

Citation: Orphan Well Association v Sunshine Oilsands Ltd, 2026 ABKB 751

Date: 20261027
Docket: 2501 07517
Registry: Calgary

2026 ABKB 751 (CanLII)

Between:

Orphan Well Association

Applicant

- and –

Sunshine Oilsands Ltd.

Respondent

Reasons for Decision
of the
Honourable Justice B.B. Johnston

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[1] The Orphan Well Association ("OWA") applies for an order appointing PricewaterhouseCoopers Inc., LIT ("PwC") as receiver and manager over the current and future assets, undertakings and properties of Sunshine Oilsands Ltd. ("Sunshine"), including all proceeds located in Alberta.

[2] PwC has consented to act.

[3] In addition to their briefs, the OWA relies on the affidavits of Lars DePauw sworn May 9, 2025, May 15, 2025, and September 14, 2026 ("DePauw Affidavits").

[4] Sunshine opposes the application. They rely on a late filed brief and the previously filed affidavit of Jian Ping Sun and the affidavit of Gloria Ho both sworn June 5, 2025 ("Sunshine Affidavits").

[5] The Alberta Energy Regulator ("AER") appeared at the application but took no position.

[6] Creditors including the Regional Municipality of Wood Buffalo, the Municipal District of Opportunity, Pacific Alliance Asia Opportunity Fund L.P. and Burgess Energy Holdings LLC appeared in support of the application to appoint a receiver. Resources Conservation Co. International, another creditor, supported the application but opposed the ability of the receiver to assign the respondent into bankruptcy without a further court order.

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Background

[7] I will provide a brief background.

[8] Sunshine is an Alberta corporation that carries on business as an oil and gas company. It holds licences issued by the AER for 284 wells, 13 pipelines, and 5 other facilities including the West Ells Facility, across Alberta ("Licensed Assets"). Sunshine is listed on the Hong Kong stock exchange.

[9] Sunshine has been subject to AER compliance measures dating back to December 2020.

[10] On November 14, 2024, the AER issued a Suspension and Reasonable Care and Measures Order with respect to the Licensed Assets ("November Order").

[11] The November Order detailed significant compliance concerns, including equipment in disrepair, deficient secondary containment, pipeline releases, repeated EPEA monitoring and reporting contraventions, unpaid AER fees and levies, non-compliant inactive wells and municipal tax arrears. The AER's assessment was that Sunshine was highly financially distressed and posed a risk to public safety and the environment.

[12] The November order required Sunshine to amongst other things, suspend the Licensed Assets, address hazards, and ensure any containment devices and equipment were depressurized, emptied and rendered safe, submit a subsurface action plan, maintain adequate insurance, ensure the West Ellis facility was properly staffed and the staff possessed the necessary skills to ensure reasonable care and measures were provided. Sunshine was provided 14 days to submit a reasonable care and measures plan and to post a security deposit of $6,091,318.

[13] Sunshine did not comply with the November Order. It advised the AER in January 2025 that it lacked funds to fill the steam pipeline with inert gas and to repair turbines and secondary containment.

[14] Further AER inspections found ongoing non-compliances. An extension to comply with the November Order was granted until January 30, 2025. A February 7, 2025, inspection concluded that non-compliance with the November Order continued and staff had not been paid since January 2025.

[15] On February 24, 2025, the AER issued a further order. The February order directed and authorized the OWA to exercise AER's powers, duties and functions, including under section 105 of the *Oil and Gas Conservation Act*, RSA 2000, c O-6 ("*OGCA"*).

[16] The February order further directed the OWA to provide reasonable care and measures, including emergency response for the Licensed Assets, and to suspend wells and facilities and discontinue pipelines as directed in the November Order ("February Order"). The February

Order restricted Sunshine and its contractors from acting at the sites without OWA approval. It directed Sunshine to pay the OWA's costs to complete the steps.

[17] As directed by the February Order, the OWA took reasonable care and measures, completed the suspension of wells and facilities, discontinued pipelines, and continued monitoring the sites for security and safety. This has continued since the February Order.

[18] In the course of their work, the OWA identified additional site issues, including pipelines not made safe for winter conditions, pipeline failures, leaking tank valves without proper secondary containment, more than 4,000 cubic metres of fluid remaining in tanks and vessels, a flare stack fire associated with inadequate vegetation management, unpaid service providers and employees, and impassable access roads.

[19] On April 23, 2025, the AER notified Sunshine that it had failed to comply with the February Order. The AER noted that Sunshine remained unable to meet its commitments, that its financial plans remained speculative, that anticipated funds had not materialized, and that Sunshine had not submitted an acceptable custody transition plan or reasonable care and measures plan. The AER noted that it was necessary to consider additional enforcement action including a possible abandonment order.

[20] As of April 29, 2025, the OWA estimated the costs to exercise reasonable care and measures with respect to the Licensed Assets was more than $1 million.

[21] On May 9, 2025, the AER issued an Abandonment Order requiring Sunshine to abandon its Licensed Assets within 24 months and to submit a reclamation plan within 30 days ("Abandonment Order"). The Abandonment Order noted that Sunshine had not provided substantive evidence of assured sufficient funding to enable Sunshine to come into and maintain compliance.

[22] The OWA filed a receivership application on May 13, 2025. The application was adjourned pursuant to a Consent Procedural Order on May 23, 2025, as amended June 17, 2025.

[23] Sunshine appealed the AER regulatory orders including the November Order and the Abandonment Order.

[24] After a hearing, the AER Panel released its decision on August 18, 2026, confirming the November Order and the Abandonment Order ("***AER Panel Decision***"). No application for permission to appeal was filed.

[25] The AER Panel made several findings adverse to Sunshine, including that Sunshine was financially distressed, had not significantly improved its compliance record since at least 2019 when Sunshine became monitored by the AER, had done little to address the AER Orders and relied on speculative funding plans. Sunshine admitted in the hearing they had chosen to pursue appeals rather than address compliance with AER orders. The AER Panel noted that the cease trade orders issued by the ASC and OSC remained in effect. The AER Panel concluded that Sunshine had not proven itself to be a responsible operator and that revoking the abandonment requirements would pose an unacceptable risk to the environment and the public.

[26] Since the February Order, the OWA has continued to exercise reasonable care and measures in respect of the Licensed Assets.

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[27] As of September 2026, Sunshine owed the OWA $1,883,238.98 in outstanding invoices with respect to its exercise of reasonable care and measures. Sunshine has made no payment for amounts incurred by the OWA since November 2025.

[28] The OWA continues to incur approximately $50,000 per month to exercise the reasonable care and measures in respect of Sunshine's Licensed Assets.

[29] Sunshine also has significant known liabilities including the AER, the Government of Alberta and numerous judgment creditors. The first DePauw affidavit identified $8,791,232.22 in PPR-registered liabilities. An updated PPR search disclosed approximately $26,729,505.74 in additional liabilities, for a combined total of approximately $35,520,737.96.

[30] Sunshine no longer has access to its Licensed Assets. The Licensed Assets are not producing and have been shut in. Sunshine has no ability to conduct operations in respect of the Licensed Assets, and those assets will remain shut in for the foreseeable future.

[31] The deemed liabilities of the Licensed Assets related to the estimated costs of abandonment, reclamation and other activities to ensure public and environmental projection was $6,091,318 as of the November Order. The deemed liabilities are now estimated at over $10 million as of April 2025.

Analysis

[32] The OWA applies to have PwC appointed as receiver and manager over the current and future assets, undertakings and properties of Sunshine.

[33] The OWA seeks to enforce the end-of-life obligations associated with the Licensed Assets in a regulatory capacity under its delegated authority and seeks to appoint a receiver to facilitate its mandate to prevent the public from such costs. The OWA requires a receivership order to authorize the receiver to sell and dispose of assets and to remedy safety hazards.

[34] The OWA argues it is just and convenient and in the public's best interest to appoint a receiver over all of Sunshine's property.

[35] Based on the regulatory and non-regulatory liabilities, the increase in registered liabilities, Sunshine's failure to pay the OWA's invoices, and the AER Panel's findings, the OWA submits that Sunshine lacks the financial and operational resources required to comply with its regulatory obligations. The OWA submits that appointing a receiver and manager will permit Sunshine's Licensed Assets to be properly cared for, maintained and shut in where necessary, and any remaining value to be realized can be applied toward Sunshine's abandonment and reclamation liabilities.

[36] Sunshine opposes the application. It relies on the Sunshine Affidavits from 2025. No updated evidence was filed.

[37] Sunshine argues that the OWA's delegated authority does not extend to the receivership sought. Sunshine further argues that a receiver is neither just nor convenient because the OWA has completed the suspension work and continues to monitor the sites. There is therefore no need to change the status quo pending the expiry of the outside term contemplated in the Abandonment Order.

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[38] Alternatively, Sunshine argues that any receivership order should require court approval for every sale, exclude the authority to assign Sunshine into bankruptcy, and limit the priority and amount of the receiver's charges.

Does the OWA Have Delegated Authority to Apply for a Receivership?

[39] The OWA argues it has the authority to bring the receivership application under section 13(2) of the *Judicature Act*, section 99(a) of the *Business Corporations Act* ("*ABCA*"), and section 106.1 of the *OGCA*. Pursuant to section 3(1) of the *Orphan Fund Delegated Administration Regulation Alta Reg 45/2001 ("Regulation"),* a regulation enacted under the *OGCA,* the AER has delegated the authority to appoint a receiver to the OWA.

[40] Sunshine argues that the OWA's delegated authority does not extend to the receivership sought because the delegation under section 3(1)(b)(ii) of the *Regulation* is confined to specified functions concerning orphan sites, whereas Sunshine's Licensed Assets have not been designated as orphans and are already under the OWA's care and control.

[41] I accept that the OWA has standing as an interested person to apply for a receivership order for the reasons that follow.

[42] Specifically, Section 106.1 of the *OGCA* provides that:

> The Regulator may apply to the Court of King's Bench for the appointment of a receiver, receiver-manager or trustee of the property of a licensee or approval holder.

[43] In this case, the Regulator is the AER. There is no limit in section 106.1 of the *OGCA* regarding when or how an application for the appointment of a receiver is to occur.

[44] Section 2 of the *Regulation* designates the OWA as a delegated authority for purposes of Part 11 of the *OGCA* and provides the OWA with status as a society.

[45] The applicable provisions of section 3(1) of the *Regulation*, further provide:

> 3(1) The following powers, duties and functions of the Regulator are delegated to the Association:
>
> (b) the powers, duties and functions of the Regulator under sections 28(b), 41, 102(1), 104(1)(b) and (2)(b) and 106.1 of the Act and, for the purposes of the enforcement of an order made by the Regulator, section 105(1)(a), (c), (d) and (e) and (3) of the Act, **subject to the following terms and conditions**:
>
> > (ii) the Association shall act under sections 41, 102(1), 104(1)(b) and (2)(b) and 106.1 of the Act **only in relation to the suspension, abandonment, remediation and reclamation of orphan sites and to providing reasonable care and measures to prevent impairment or damage in respect of orphan sites**.
> >
> > [Emphasis added].

[46] I do not accept the argument of Sunshine that section 3(1)(b)(ii) prevents the OWA from seeking this receivership.

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[47] Section 3(1)(b)(ii) of the *Regulation* authorizes the OWA, in relation to the specified end-of-life and reasonable-care functions, to exercise the AER's power under section 106.1 of the *OGCA*. That provision authorizes an application for the appointment of a receiver where the statutory conditions for the appointment are met.

[48] The phrase in 3(1)(b)(ii) of the *Regulation*, "only in relation to", limits the purposes for which the delegated power may be exercised; it does not require a prior orphan designation or confine the remedy to property already formally declared orphaned. Further, the words "and to" confirm that providing reasonable care and measures is in addition to the reference to orphan sites rather than limited by its mention.

[49] The OWA in this case is exercising a dual purpose. First they are exercising their specific statutory mandate to safely decommission orphaned wells, pipelines and facilities in Alberta where the owners of such assets are unable to do so for financial reasons. The OWA's remediation mandate also includes restoring the lands to as close as the original state as possible. Second, the OWA is further exercising its specific mandate under the February Order to provide reasonable care and measures for the Licensed Assets.

[50] Importantly, there is no industry safeguard in Alberta other than the OWA for addressing the safe decommissioning and the reclamation of sites that have not been remediated. In the absence of the OWA exercising its mandate, the cost would ultimately be borne by the public.

[51] The receivership application is directly connected to the care, abandonment, remediation and reclamation of the Licensed Assets as well as to the reasonable care and measures and to the realization or transfer of property to address those obligations. The OWA's request therefore falls within the delegated purpose and the delegated authority empowers the OWA to apply for the appointment of a receiver under section 106.1 of the *OGCA*.

[52] In terms of a receivership order, this court also has jurisdiction to grant such order under section 13(2) of the *Judicature Act*, RSA 2000, c B-9 where it appears to be just or convenient. Section 99(a) of the *ABCA* allows an interested person to make such application.

[53] I reject Sunshine's argument that the OWA cannot rely on the general powers in section 99(a) of the *ABCA* or section 13(2) of the *Judicature Act* given what they argue are the limits imposed on the OWA by section 106.1 of the *OGCA* and section 3(1)(b)(ii) of the Regulations. As noted above I rejected Sunshine's interpretation of the *Regulation*.

[54] In any event, I do not read ***Lévis (City) v Fraternité des policiers de Lévis Inc***, 2007 SCC 14 ("***Lévis***") at paras 56 and 58, as limiting the court in the manner suggested by Sunshine. In order for such a limitation to apply, there must be incoherence between the provisions of two statutes emanating from the same legislature. Nevertheless, "two statutes are not repugnant simply because they deal with the same subject: application of one must implicitly or explicitly preclude the application of the other." On the other hand, unavoidable conflicts occur "when two pieces of legislation are directly contradictory or where their concurrent application would lead to an absurd result": ***Lévis*** at para 47.

[55] There is no incoherence between the statutes in question. Section 106.1 of the *OGCA* and the *Regulation* give the OWA, standing to seek a receivership for the delegated statutory purposes. They do not establish an exhaustive receivership code nor prescribe different criteria for appointment. Nothing in section 106.1of the *OGCA* displaces the Courts authority under section 13(2) of the *Judicature Act* and section 99 of the *ABCA*. The statutes act in harmony:

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Orphan Well Association v Grant Thornton Ltd, 2019 SCC 5 ("Redwater") at paras 65-66 and 109-110.

[56] I am also satisfied that the OWA is an interested person. The OWA's status as a society qualifies it as a legal person: *Regulation* at section 2. Further, an interested person can include a person designated as such by the Court: *ABCA* section 206.1(d).

[57] An interested party may have standing when they act for the benefit of the public interest. They need not be a creditor: ***Alberta Health Services v Networc Health Inc***., 2010 ABQB 373 at paras 14 and 19; ***Law Society of Alberta v Higgerty***, 2023 ABKB 499 at para 32.

[58] In this case, the OWA has standing as they are acting in the public interest in regard to Sunshine's environmental and end-of-life obligations as public duties. Until their environmental obligations are satisfied, the OWA as the delegated authority to the AER, remains the most significant stakeholder as they are tasked with addressing Sunshine's environmental liabilities: ***Redwater*** at paras 134 and 135; ***Orphan Well Association and British Columbia Oil and Gas Commission v Sanling Energy Ltd***. (unreported decision of Justice Ho April 23, 2001, Action 2101-05013) at page 10 ("***Sanling***"). I also note that the OWA is a creditor in that as of September 2026, Sunshine owed the OWA $1,883,238.98 with respect to the OWA's exercise of reasonable care and measures.

Is the Appointment of a Receiver Just and Convenient?

[59] I must consider whether appointing a receiver is just or convenient.

[60] In ***Paragon Capital Corp v Merchants & Traders Assurance Co***, 2002 ABQB 430 at para 27 ("***Paragon")***, the Court identified a number of non-exhaustive factors that may inform whether appointing a receiver is just or convenient. These factors are not a rigid checklist or a separate legal test: ***Golf Properties of Florida LLC v Hentosz Resources Ltd***, 2025 ABCA 93 at paras 15–16 and 19.

[61] At the outset, I disagree with Sunshine that the AER's decision to take no position on this application is evidence that a receiver is not just and convenient. Indeed, the AER confirmed this on the record.

[62] Recognizing the appointment of a receiver is extraordinary relief that should be granted cautiously and sparingly, the determination of whether the appointment is just or convenient remains for this Court to determine on the full record.

Risk of Irreparable Harm

[63] In case, I find that there is a risk of irreparable harm if no receiver is appointed.

[64] The Licensed Assets are fraught with serious safety and environmental issues, including pipeline failures, deficient containment, stored fluids, inadequate access, and fire risk. Although the OWA has stabilized and monitored the sites, I agree with the Applicant that without a receiver in place there is significant risk to the environment and surrounding communities that the Licensed Assets will not be properly reclaimed according to regulatory requirements.

[65] There are further concerns that the Licensed Assets will not be properly transferred to a licensed operator in good standing with the AER with sufficient means to continue operations or satisfy the decommissioning and reclamation obligations.

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[66] The above considerations weigh strongly in favour of a receivership.

Nature of Assets, Preservation and Protection of Assets and Lack of Alternative Measures

[67] The assets in question consist principally of regulated oil and gas assets whose value depends on safe care, regulatory compliance and the ability to transfer licences to a responsible operator. The assets are shut in and non-producing. Without a receiver empowered to market and dispose of the property, any remaining value may deteriorate while monitoring, abandonment and reclamation costs continue to increase. There is a further risk of the loss of an opportunity to transfer any viable assets and associated liabilities to qualified operators.

[68] Additionally, there has been a long history of non-compliance despite the escalating regulatory measures imposed by the AER. The February Order permits the OWA to provide reasonable care and measures, but it does not give the OWA the powers required to take possession of, market, sell or transfer Sunshine's property, collect proceeds, or coordinate competing claims under court supervision.

[69] I reject Sunshine's submission that the existing regulatory measures make a receiver unnecessary given its assets are safely suspended and in the care of the OWA. The OWA's continued care and monitoring has reduced immediate risk, but they have not restored Sunshine's compliance, produced funding for abandonment and reclamation, or created a mechanism to market and transfer viable assets and address competing claims under court supervision.

[70] I also reject Sunshine's argument that it is appropriate for the OWA to simply stand by and wait to see if Sunshine is able to sell assets to raise funds to restore compliance. This position is neither credible nor tenable nor is it in the public interest. A similar argument was before the AER Panel and rejected. The AER Panel noted that even if Sunshine soon had access to funds, they found "the plan laid out by Sunshine is too vague, is incomplete, seems unrealistic in timelines and lacks concrete cost estimates for many of the items in the staged compliance plan": ***AER Panel Decision*** at paras 52-54 and 85. Sunshine chose to file no new evidence in this hearing. The court has similar concerns to those raised by the AER Panel. Sunshine did nothing to assuage the court's concerns during argument other than to refer to a potential upcoming transaction without any evidence.

[71] These factors weigh in favour of the application.

Effect of the Order on the Parties

[72] A receivership order would remove Sunshine's control over its own operations, which is significant. In practical terms, however, Sunshine has not been operating the Licensed Assets since February 2025 so appointing a receiver would not significantly alter the status quo.

[73] Sunshine raises concerns that if a receiver is appointed it faces the potential of delisting on the Hong Kong stock exchange.

[74] I have considered that Sunshine does not have the financial ability to comply with the AER orders and has not provided substantive evidence that it has the means or ability to comply with its obligations in a safe and compliant manner. Sunshine was given repeated opportunities to comply with the AER orders, but its funding did not materialize, its plans remained speculative, and its unpaid obligations increased. Sunshine chose to focus on appeals rather than

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compliance. No evidence is before the court regarding the impact of this receivership on Sunshine's listing on the Hong Kong stock exchange although I accept there could well be adverse consequences that flow as a result of such order.

[75] Nevertheless refusing the receivership order would leave the OWA to continue incurring monitoring costs without the powers needed to monetize or transfer the assets. In this case the OWA seeks to protect the public. Therefore the appointment of a receiver would ensure the public is protected from the risks associated with the Licensed Assets. The comparative prejudice favours the appointment of a receiver.

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Conduct of the Parties

[76] As discussed above, the record before the court confirms that Sunshine has a long history of non- compliance with AER orders. The AER directed Sunshine to abandon its operations. There is no credible indication in the evidence that Sunshine will be able to bring itself into compliance. As of September 2026, Sunshine owed the OWA $1,883,238.98 in outstanding invoices with respect to its exercise of reasonable care and measures. No payments have been made since November 2025.

Costs of Abandonment and Reclamation

[77] The AER estimate of deemed liability to Sunshine related to the License Assets exceeds $10 million. The realizable value of the assets is uncertain. Given all end-of-life environmental remediation obligations must be paid before any distribution to creditors, I agree with the Applicant's that the OWA is the primary stakeholder in the management and liquidation of the assets: ***Re Mantle Materials Group Ltd***, 2023 ABKB 488, at para 43; aff'd 2023 ABCA 302.

Other Considerations

[78] I have also considered that the ***AER Panel Decision*** was made after a full evidentiary hearing in which Sunshine participated, led evidence and made submissions. No application for permission to appeal was filed within the prescribed period. I accept the OWA's submission that the ***AER Panel Decision*** is final and binding on Sunshine.

[79] The AER Panel concluded, amongst other things that Sunshine had not proven to be a responsible operator to date and it was unlikely Sunshine would be able to return West Ells to compliant operations. Further, "Sunshine's operational record poses too much of a public safety and environmental risk for operations" by Sunshine to continue at West Ells: ***AER Panel Decision*** at paras 93-95.

[80] Sunshine originally opposed this application on the basis it was premature pending the regulatory appeals. The matter was adjourned pending the appeals. This argument no longer exists. Sunshine now argues that the application is premature for different reasons. They assert that they have until May 9, 2027, to fulfill their obligations under the Abandonment Order. I reject this argument.

[81] I accept that paragraph 4 of the Abandonment Order states that "abandonment work, including surface abandonment and removal of cement pads, debris and produced liquids associated with the wells, must be completed in accordance with AER requirements" within 24 months. Sunshine's argument nonetheless ignores the additional requirements of the

Abandonment Order including submitting an abandonment plan and a reclamation plan within 14 days of the order.

[82] The AER Panel, in confirming the Abandonment Order, found that Sunshine had not convinced them that deferring or cancelling the May order would facilitate regulatory compliance at West Ells or better protect the environment and public safety. Further the AER Panel concluded Sunshine "had done little to address the orders," that the plan laid out by Sunshine is too vague, incomplete, seems unrealistic in timelines and lacks concrete cost estimates for many of the items in the staged compliance plan" and was unlikely to restore West Ells to compliant operations: ***AER Panel Decision*** at paras 82, 85 and 89. No new evidence was before this court.

[83] The AER Panel also raised concerns regarding the status quo. They noted at para 87:

> West Ells remains in the hands of the OWA, a situation which has now persisted for much longer than the AER planned. It is not acceptable for the present arrangement to persist as the role of the OWA, which relies on industry funding, is to deal primarily with orphaned energy sites. It is not intended for the OWA to have a long-term role when a licensee still exists.

[84] I have considered the Sunshine Affidavits but have give the Sunshine Affidavits limited weight. The affidavits are dated. Jian Ping Sun is no longer Sunshine's CEO, and Sunshine filed no new evidence for this hearing. There is no credible evidence that the proposed bridge financing, merger or share placement materialized. The cease trade orders remain in effect, and Sunshine did not maintain its promised payments of the OWA's invoices.

[85] The evidence before this court supports that Sunshine cannot fund ongoing operations, satisfy its substantial arrears, or comply with its regulatory obligations. Its proposed funding plans remain speculative. Sunshine has been given multiple opportunities to address its outstanding obligations.

[86] There are material and ongoing public-safety and environmental concerns. The appointment of a receiver would ensure that Sunshine's Licensed Assets are properly cared for, maintained and shut in where necessary; permit any remaining value to be preserved and tested in the market; and provide a mechanism to transfer viable assets to responsible operators or apply realized proceeds toward abandonment, reclamation and remediation liabilities.

[87] A receivership will entail professional costs. However, the monitoring already costs approximately $50,000 per month and the OWA's unpaid invoices exceed $1.8 million. The Licensed Assets carry substantial abandonment and reclamation liabilities, while their realizable value is uncertain. A receiver can test the market, preserve any remaining value, seek transfers to responsible operators, and apply realized proceeds toward the end-of-life obligations in accordance with ***Redwater***.

The Appointment of a Receiver is Just and Convenient

[88] A receivership is an exceptional remedy that should not be granted lightly. Nevertheless, there is no adequate alternative that would protect the public and the environment, preserve and realize any remaining value, and permit an orderly disposition under court supervision. I disagree with Sunshine that a receiver would add nothing to what the OWA has already does. I find that a receiver is best suited to accomplish these objectives.

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[89] I am satisfied that appointing PwC as receiver and manager is just and convenient and in the public interest.

Should the Form of Order be Limited?

[90] In their alternate submissions, Sunshine asked the court to narrow the scope of the proposed form of receivership order such that there is no power to assign the debtor into bankruptcy without order of the court, that court approval be required for every sale and that the receiver's charge be capped and not ranked ahead of secured creditors. Sunshine also asserts that any receivership order should only apply to the Licensed Assets and not all assets in Alberta.

[91] The OWA argues that allowing the receiver to assign Sunshine into bankruptcy without court order and only requiring court approval for sales over a $500,000 threshold or $3 million in the aggregate ("Threshold"), would simplify the procedure and enhance recoveries to the estate. They argue the context of this application is important as this is an abandonment driven receivership. They cite numerous instances where this court has given similar orders.

[92] In terms of any assignment into bankruptcy, counsel for the proposed receiver indicated they needed authority from the court to apply for such an order. I agree. The order will reflect that the receiver has the authority to apply to the court if they seek to assign Sunshine into bankruptcy. The court must approve any assignment.

[93] Sunshine raises concerns regarding the ability of the receiver to sell any assets under the Threshold without court approval. Counsel for the proposed receiver asserted that for the sake of expediency they need the ability to sell things such as small equipment or inventory without advance court approval. They agree nevertheless that the Threshold could be lowered and still achieve a level of expediency. I agree. I reduce the threshold to $150,000 or $1.5 million in the aggregate.

[94] I find it appropriate to grant the receiver the $2 million priority charge given the requirement to maintain the assets and take steps relating to environmental concerns. The priority is appropriate and in the best interests of the estate. A receiver is unlikely to act in the absence of such charge. I also note that secured creditors were given notice of this application. None of the secured creditors raised any objections.

[95] Finally, I reject Sunshine's argument that the receivership order should be confined to the Licensed Assets. There is little to no evidence before this Court regarding what assets Sunshine owns other than the Licensed Assets. Nevertheless, I agree with Justice Neufeld's conclusions in ***Orphan Well Association v Trident Exploration Corp***, 2022 ABKB 839 at para 67 that to carve out the Licensed Assets from other Alberta assets would undermine the policy purposes upon which the ***Redwater*** principles are based. I decline to do so.

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Conclusion

[96] I grant the application and appoint PwC as receiver and manager.

Heard on the 23rd day of October 2026.
Dated at the City of Calgary, Alberta this 27th day of October 2026.

B. B. Johnston
J.C.K.B.A.

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Appearances:

Ryan Zahara & Erinn Wilson
for the Orphan Well Association

Kelsey Meyer, KC & Tyler McDonough
for the Pacific Alliance Asia Opportunity Fund L.P.

Heather Stock
for Resource Conservation Co. International

Maria Lavelle & Shauna Gibbons
for the AER

Gregory Plester
for the Regional Municipality of Wood Buffalo and Municipal District of Opportunity

Robyn Gurofsky
for the proposed receiver PWC

Kyle Kashuba & Nick Ettinger
for Burgess Energy Holdings, LLC

Farrukh Ahmad
for Petro China Canada

Andrew McLeod & Jane Grey
for Sunshine Oilsands Ltd.