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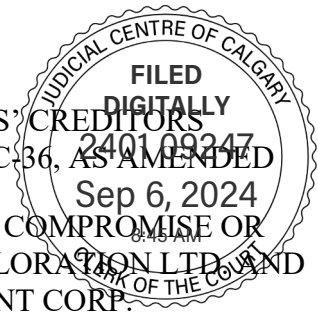
COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF LONG RUN EXPLORATION LTD. AND  
CALGARY SINOENERGY INVESTMENT CORP.



DOCUMENT

**THIRD REPORT OF FTI CONSULTING CANADA INC., IN  
ITS CAPACITY AS MONITOR OF LONG RUN  
EXPLORATION LTD. AND CALGARY SINOENERGY  
INVESTMENT CORP.**

**September 5, 2024**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**MONITOR**

FTI Consulting Canada Inc.  
Suite 1610, 520 Fifth Avenue S.W.  
Calgary, AB T2P 3R7  
Dustin Olver / Brett Wilson  
Telephone: (403) 454-6032 / (403) 454-6033  
Fax: (403) 232-6116  
E-mail: [dustin.olver@fticonsulting.com](mailto:dustin.olver@fticonsulting.com)  
[brett.wilson@fticonsulting.com](mailto:brett.wilson@fticonsulting.com)

**COUNSEL**

Bennett Jones LLP  
Suite 4500, Bankers Hall East  
855 2nd Street S.W.  
Calgary, AB T2P 4K7  
Kelsey Meyer / Michael Selnes  
Telephone: (403) 298-3323 / (403) 298-3311  
Fax: (403) 265-7219  
E-mail: [meyerk@bennettjones.com](mailto:meyerk@bennettjones.com) / [selnesm@bennettjones.com](mailto:selnesm@bennettjones.com)

# THIRD REPORT OF THE MONITOR

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## INTRODUCTION

1. On July 4, 2024 (the “**Filing Date**”), China Construction Bank Toronto Branch (“**CCBT**” or the “**Applicant**”), in its capacity as collateral agent, sought and obtained an initial order (the “**Initial Order**”) from the Court of King’s Bench of Alberta (the “**Court**”) to commence proceedings under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) in respect of Long Run Exploration Ltd. (“**Long Run**”) and Calgary Sinoenergy Investment Corp. (the “**Guarantor**” and collectively with Long Run, the “**Debtors**”). The Initial Order, among other things, established a stay of proceedings in favour of the Debtors for an initial stay period up to and including July 14, 2024 (the “**Stay Period**”), and appointed FTI Consulting Canada Inc. as Monitor (the “**Monitor**”), with enhanced powers, pursuant to the provisions of the CCAA.
  
2. On July 9, 2024, the Applicant filed a notice of application returnable July 12, 2024 (the “**July 12 Application**”) seeking an amended and restated initial order (the “**ARIO**”) in the CCAA Proceedings. The ARIO granted, among other things, the following relief within the CCAA Proceedings.
  - (a) an extension of the Stay Period in favour of the Debtors to July 31, 2024;
  
  - (b) increased the amount of the charge in favour of the Monitor, legal counsel to the Monitor, and the Applicant’s legal counsel in respect of their fees and disbursements, to a maximum amount of \$500,000 under section 11.52 of the CCAA (the “**Administrative Charge**”); and
  
  - (c) elevated the Administrative Charge and the Director’s Charge (as defined in the ARIO) in priority to all security interests, trusts, liens, charges and encumbrances, and claims of any secured creditors, statutory or otherwise.

3. On July 23, 2024, the Monitor filed a notice of application returnable July 30, 2024 (the “**July 30 Application**”) seeking a Second Amended and Restated Initial Order (“**SARIO**”) in the CCAA Proceedings. The SARIO granted, among other things, the following relief within the CCAA Proceedings:
- (a) an extension of the Stay Period from July 31, 2024 to October 31, 2024;
  - (b) authorized the Debtors to obtain interim financing pursuant to terms of the DIP Financing Agreement (as defined in Schedule “A” to the SARIO), up to an amount equal to \$7.0 million, and granting a DIP Lender’s Charge (as defined in the SARIO) against the property of the Debtors, on the terms and priority in the proposed SARIO;
  - (c) amending the ARIO granted in these proceedings on July 12, 2024, to reflect the DIP Lender’s Charge (as defined in the SARIO) and the priority thereof;
  - (d) approving the terms of a stalking horse subscription agreement entered between the Monitor (in accordance with its court-ordered enhanced powers) on behalf of Long Run and Hiking Group Shandong Jinyue Int’t Trading Corporation (the “**Stalking Horse Bidder**”) dated July 23, 2024 (the “**Stalking Horse Subscription Agreement**”);
  - (e) approving a stalking horse sale and investment solicitation process in relation to the assets, property, and undertakings and/or business operations of the Debtors (the “**SISP**”);
  - (f) authorizing the Debtors to reimburse the Stalking Horse Bidder for certain fees incurred by it in connection with the negotiation of the Stalking Horse Subscription Agreement and the SISP and approving certain bid protections in favour of the Stalking Horse Bidder should a bid superior to that of the Stalking Horse Subscription Agreement be selected in accordance with the SISP; and

- (g) such further and other relief as counsel may advise and this Honourable Court may deem appropriate.
4. Counsel for Henenghaixin Corp. (“**H Corp.**”) attended the July 30 Application and opposed certain of the relief sought. Specifically, counsel for H Corp. objected to the Stalking Horse Bid being approved, on the basis that if the Stalking Horse Bid ultimately became the Successful Bid as defined in the SISP, the Stalking Horse Bid contemplates that upon the granting of a reverse vesting order (to be applied for), the H Corp. Action would become one of the “Transferred Liabilities” transferred to a proposed Creditor Trust, and the stalking horse bidder would not assume any liability in relation to the same. H Corp. objected to the vesting of the H Corp. Action in the Creditor Trust in those circumstances. H Corp.’s objections were dismissed, in part on the basis that its objections were premature.
  5. On August 28, 2024, counsel for H Corp. wrote to counsel for the Monitor and to a service list it had prepared, asserting for the first time that the Monitor’s legal counsel, Bennett Jones LLP, had previously acted for H Corp. and was in a conflict of interest. In its letter to counsel for the Monitor, counsel for H Corp. requested that Bennett Jones LLP cease to act as counsel for the Monitor.
  6. On September 5, 2024, the Monitor filed a notice of application returnable September 9, 2024 (the “**September 9 Application**”) seeking advice and directions in the CCAA Proceedings.
  7. The Monitor is applying to this Honourable Court seeking, subject to the advice and directions of this Honourable Court, an Order, *inter alia*:
    - (a) abridging the time for service of this application and declaring that it is properly returnable on Monday, September 9, 2024, and dispensing with further notice of this application;

- (b) declaring that Bennett Jones LLP is not conflicted from acting as counsel for the Monitor in these Companies' Creditors Arrangement Act proceedings, as a result of or in any way in relation to the claim advanced by H Corp. in Court of King's Bench of Alberta Action No. 2001-03353 (the "H Corp. Action") against, inter alia, the Debtors; or
  - (c) in the alternative, directing that the Monitor retain independent legal counsel to advise and represent the Monitor in relation to the H Corp. Action, including as the H Corp. Action relates to the stalking horse sale and investment solicitation process (the "SISP") approved by this Honourable Court pursuant to the SARIO;
  - (d) a sealing order over Confidential Appendix "J" to this Third Report of the Monitor; and
  - (e) such further and other relief as counsel may advise and this Honourable Court may deem appropriate.
8. Electronic copies of all materials filed in connection with the September 9 Application and other statutory materials are available on the Monitor's website at:  
<http://cfcanada.fticonsulting.com/longrun/>.

## PURPOSE

9. The purpose of this report (this "**Report**") is to provide this Honourable Court and the Debtors' stakeholders with information and the Monitor's comments with respect to the following:
- (a) the Monitor's understanding of the involvement of H Corp. in relation to the Debtors and these CCAA Proceedings;
  - (b) correspondence received from counsel for H Corp.;
  - (c) the Monitor's application for advice and directions with respect to H Corp.'s request that Bennett Jones LLP cease to act as counsel for the Monitor; and

- (d) the Monitor's recommendations with respect to the above.

## TERMS OF REFERENCE

10. Capitalized terms used but not defined herein are given the meaning ascribed to them in the SARIO.
11. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Debtors' books and records and discussions with various parties (collectively, the "**Information**").
12. Except as described in this Report:
- (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;
  - (b) the Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and
  - (c) future oriented financial information reported or relied on in preparing this Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
13. The Monitor has prepared this Report in connection with the September 9 Application. This Report should not be relied on for other purposes.

14. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, Bennett Jones LLP (the “**Monitor’s Counsel**”), was provided to assist the Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## **BACKGROUND INFORMATION**

16. Detailed information with respect to the Debtors’ business, operations and causes of financial difficulty are described in the Affidavit of Ziqing (Eddie) Zou, affirmed on July 2, 2024.
17. Long Run is a private corporation formed under the laws of Alberta. Long Run’s petroleum and natural gas assets (“**P&NG Assets**”) are located primarily in Central and Northwest Alberta. Long Run is headquartered in Calgary, Alberta and has approximately 39 employees and contractors in its head office and 79 employees and contractor in the field.
18. Long Run’s current production is approximately 6,100 barrels of oil equivalent per day. Production has declined in recent months given the limited cash flow available to Long Run.
19. Long Run is a wholly owned subsidiary of the Guarantor, which is also a privately owned Alberta corporation. The Monitor was advised that the Guarantor has no operation or assets other than its investment in Long Run. The Guarantor acquired all of the issued and outstanding shares of Long Run in 2016.
20. Operation of the P&NG Assets has continued in the normal course since the Filing Date.



## THE INVOLVEMENT OF H CORP. IN RELATION TO THE DEBTORS

### The Monitor's Understanding of the Involvement of H Corp. in Relation to the Debtors and these CCAA Proceedings

21. The Monitor is aware of the following correspondence exchanged between Jensen Shawa Solomon Duguid Hawkes LLP (“**JSS Barristers**”), previous counsel for H Corp., and Bennett Jones LLP as the Monitor’s Counsel, prior to the hearing of the July 30 Application:
- (a) on July 11, 2024, JSS Barristers emailed counsel for CCBT, copying the Monitor’s Counsel, advising that JSS Barristers is counsel for H Corp. in an action against the Debtors and other parties, and inquiring if CCBT would object to an application by H Corp. to lift the stay of proceedings to allow H Corp. to seek records from Long Run;
  - (b) on July 11, 2024, the Monitor’s Counsel replied to the email from JSS Barristers, advising, *inter alia*, that the Monitor does not consent to a lifting of the stay of proceedings to permit H Corp. to proceed with its action against the Debtors. A copy of this exchange of email correspondence is attached hereto as **Appendix “A”**.
  - (c) on July 28, 2024, JSS Barristers emailed the Monitor’s Counsel advising that H Corp. objected to certain relief in the July 30 Application. On July 30, 2024, JSS Barristers and the Monitor’s Counsel exchanged further email correspondence regarding JSS Barristers’ intention to write to the Honourable Justice Little in advance of the hearing of the July 30 Application, H Corp.’s position, and the Monitor’s position in relation to H Corp.’s position. JSS Barristers attached a copy of the Statement of Claim filed in the H Corp. Action. A copy of this chain of email correspondence and the Statement of Claim is attached hereto as **Appendix “B”**.
  - (d) on July 30, 2024, JSS Barristers sent correspondence to the Honourable Justice Little, which was copied to the Monitor’s Counsel. A copy of this correspondence is attached hereto as **Appendix “C”**.

22. The Monitor, through its counsel, obtained a procedure card in relation to the H Corp. Action, a copy of which is attached hereto as **Appendix “D”**.
23. At the hearing of the July 30 Application, the Honourable Justice Little heard submissions from from the Monitor’s Counsel, from JSS Barristers and Roger Song of Song & Howard Law Office, both as counsel for H Corp., and from counsel for CCBT, regarding H Corp.’s objection to a portion of the July 30 Application. Counsel for H Corp. made submissions, *inter alia*:
- (a) objecting to the H Corp. Action becoming a “Transferred Liability” to be transferred to the proposed Creditor Trust, and not as a “Retained Liability” to be assumed by Hiking as the stalking horse bidder (as those terms are defined in the Stalking Horse Bid);
  - (b) that the H Corp. Action includes a claim in fraud and of a constructive trust in favour of H Corp. against the Debtors in the amount of \$44 Million, and that if proven, H Corp.’s claim could rank ahead of secured creditors.
24. The Honourable Justice Little dismissed the objections and granted the SARIO, and held that:
- (a) the parties are aware of H Corp.’s claim;
  - (b) no proper evidence was before the Court for it to make an assessment of H Corp.’s claim;
  - (c) he accepted the submissions of the Monitor’s Counsel and counsel for CCBT that the hearing of the July 30 Application was not the time to make a determination in relation to H Corp.’s objection, and that H Corp.’s objection is more appropriately dealt with at the conclusion of the SISP.

25. During the hearing of the July 30 Application, JSS Barristers advised the Court that H Corp. had obtained an *ex parte* attachment order / *Mareva* injunction in the H Corp. Action, but that the *Mareva* injunction had been set aside by the Alberta Court of Appeal. The Monitor’s Counsel subsequently located a copy of the decision of the Alberta Court of Appeal in *Henenghaixin Corp v Deng*, 2022 ABCA 271, a copy of which is attached hereto as **Appendix “E”**.
26. On July 31, 2024, Mr. Song sent correspondence to the Service List advising that his office was seeking instructions to bring a motion for leave to appeal the SARIO to the Alberta Court of Appeal, and attaching a copy of the Statement of Claim in the H Corp. Action. A copy of the correspondence (without the Statement of Claim) is attached hereto as **Appendix “F”**. No application for leave to appeal the SARIO has been served upon the Monitor.
27. The Monitor heard nothing further from H Corp. or its counsel until August 28, 2024, at which time Field LLP, as new legal counsel for H Corp., sent:
- (a) an email attaching a letter to the Monitor’s Counsel, a copy of which is attached hereto as **Appendix “G”**; and
  - (b) an email attaching a letter to certain parties on the Service List in the CCAA Proceedings, a copy of which is attached hereto as **Appendix “H”**, along with the form of service list included therewith (which differs from the Service List maintained by the Monitor in the CCAA Proceedings). The letter also enclosed a copy of the Statement of Claim in the H Corp. Action (a copy of which is already included with Appendix “B” hereto and thus is not included again at Appendix “H”).
28. At no time prior to August 28, 2024 did H Corp. or its legal counsel raise any assertion with the Monitor or its counsel that Bennett Jones LLP had acted for H Corp. in relation to the H Corp. Action or otherwise, or that Bennett Jones LLP had a conflict of interest in relation to H Corp.

29. The Monitor understands that Bennett Jones LLP takes the position that H Corp.’s assertion is incorrect; at no time has Bennett Jones LLP acted as legal counsel for H Corp., in relation to the H Corp. Action or at all. The Monitor’s Counsel sent correspondence to the Service List maintained by the Monitor in these CCAA Proceedings on August 30, 2024, advising of its position in this regard and of the Monitor’s intention to apply to this Court for advice and directions, a copy of which is attached hereto as **Appendix “I”**.

*The Monitor’s Understanding of the Other Engagement*

30. The Monitor is advised by the Monitor’s Counsel that Bennett Jones LLP was previously engaged by certain parties (the “**Other Engagement**”), the engagement by whom appears to have given rise to H Corp.’s erroneous assertion that Bennett Jones LLP had acted as legal counsel to H Corp. The Monitor is advised by the Monitor’s Counsel that:
- (a) the Other Engagement of Bennett Jones LLP terminated in December, 2019;
  - (b) at all times during and after the Other Engagement, Bennett Jones LLP maintained an ethical wall around the Other Engagement; and
  - (c) none of the individual counsel acting on behalf of the Monitor on these CCAA Proceedings were counsel on the Other Engagement, nor did any of them have access behind the ethical wall around the Other Engagement at any time.
31. On August 30, 2024, the Monitor’s Counsel wrote to Field LLP in response to Field LLP’s correspondence of August 28, 2024, advising, *inter alia*, that H Corp.’s assertion is incorrect; and that at no time had Bennett Jones LLP acted as legal counsel for H Corp., in relation to the H Corp. Action or at all. However, in consideration of the urgent circumstances and to avoid any further disruption, the Monitor’s Counsel advised Field LLP that the Monitor would be requesting an urgent application for advice and directions regarding H Corp.’s assertion of a conflict.

Application for Sealing Order

32. Due to certain particulars of the Other Engagement being subject to solicitor-client privilege, a copy of the correspondence from the Monitor's Counsel to Field LLP is attached hereto as **Confidential Appendix "J"**, and the Monitor seeks a sealing order over the same.
33. Disclosure of Confidential Appendix "J" would prejudice the solicitor-client privilege of the parties to the Other Engagement, which is an important legal interest. Sealing of Confidential Appendix "J" on the Court's file is the least restrictive means of ensuring the confidentiality and protection of that solicitor-client privilege.

The Potential Impact of H Corp.'s Position on the CCAA Proceedings

34. In the event that: (i) the Stalking Horse Bid becomes the Successful Bid pursuant to the SISP; (ii) H Corp. objects to an application for approval of a reverse vesting order in relation to the Stalking Horse Bid on the basis that the Monitor's Counsel is in a conflict and must cease to act as counsel for the Monitor; and (iii) that objection causes this Court to dismiss the application for the reverse vesting order, the Monitor understands that Hiking will not proceed with the transaction contemplated by the Stalking Horse Bid.
35. The Monitor further understands that a significant delay in the granting of the reverse vesting order contemplated by the Stalking Horse Bid (should it become the Successful Bid) may cause Hiking to decline to proceed with the contemplated transaction.
36. In the circumstances where H Corp. asserts a constructive trust of \$44 Million over the assets of the Debtors in the H Corp. Action, the Monitor is of the view that it is unlikely that any other bidder in the SISP would be willing to assume the potential liability associated with the H Corp. Action as part of its bid.

37. In the event that a Successful Bid in the SISP is not approved by this Honourable Court and the transaction contemplated by the Successful Bid is not closed by October 31, 2024, the DIP Financing will mature as of November 14, 2024, and there will be insufficient funds to repay the DIP Financing and to continue the operations and the CCAA Proceedings in relation to the Debtors.
38. Further, absent a purchaser purchasing the shares of the Debtors pursuant to the SISP (and thus assuming abandonment and reclamation obligations of the Debtors), the environmental decommissioning liabilities of Long Run in the approximate amount of \$308,352,000 (as set out in Long Run's 2023 year-end financial statements) will take priority to any constructive trust claim of H Corp. and the claims of any secured or unsecured creditors.
39. As a result, the Monitor is of the view that a dismissal or significant delay of the Monitor's application for approval of the Successful Bid in the SISP, due to H Corp.'s assertion of a conflict and its request that the Monitor's Counsel cease to act, will cause substantial prejudice to all of the Debtors' stakeholders in these CCAA Proceedings.
40. In those circumstances, and to avoid the consequences of a potential delay or disruption of the SISP, Court approval and closing of the Successful Bid, and of the CCAA Proceedings, the Monitor has applied on an urgent basis for this Court's advice and directions in relation to the asserted conflict.
41. The Monitor acknowledges and confirms that this Court's determination on the Monitor's application for advice and directions will not pre-determine whether this Court will grant a subsequent application by the Monitor for a reverse vesting order in relation to the Successful Bid in the SISP. However, the risk of dismissal or delay of such an application, specifically due to H Corp.'s assertion of a conflict and its request that the Monitor's Counsel cease to act, has serious and significant implications for the Debtors and all their stakeholders. To avoid any such delay or risk of dismissal of an application for approval of the Successful Bid due to H Corp.'s assertion of a conflict, the Monitor has brought this application for advice and directions.

The Monitor's Comments on H Corp.'s assertion of a conflict


42. The Monitor has reviewed Confidential Appendix "J" to this Report. Based on that review, the Monitor does not perceive Bennett Jones LLP to have a conflict of interest.
43. Subject to this Court's advice and directions, the Monitor seeks a declaration that Bennett Jones LLP is not conflicted from acting as counsel for the Monitor in these CCAA Proceedings, as a result of or in any way in relation to the H Corp. Action against, *inter alia*, the Debtors.
44. In the alternative, should this Honourable Court be unwilling to grant the requested declaration, and subject to this Court's advice and directions, the Monitor seeks a direction that it retain independent legal counsel to advise and represent the Monitor in relation to the H Corp. Action, including as the H Corp. Action relates to the SISP and the Successful Bid resulting therefrom. In that circumstance, the Monitor proposes that Bennett Jones LLP would continue to act as legal counsel for the Monitor, save and except with respect to any objection by H Corp. to the Monitor's application to this Court for approval of the Successful Bid pursuant to the SISP, and that Monitor would retain independent legal counsel to represent it with respect to that discrete issue.
45. On September 5, 2024, the Monitor's Counsel sent the "With Prejudice" correspondence attached as **Appendix "K"** to counsel for H Corp.

## CONCLUSIONS AND RECOMMENDATIONS

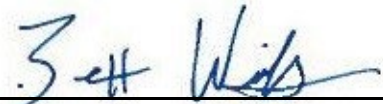
46. Based on the foregoing, and subject to this Honourable Court's advice and directions, the Monitor is of the view that the relief requested is reasonable and appropriate in the circumstances.
47. The Monitor respectfully recommends that the Court grant a declaration that Bennett Jones LLP is not conflicted from acting as counsel for the Monitor in these CCAA Proceedings, as a result of or in any way in relation to the H Corp. Action against, *inter alia*, the Debtors.

All of which is respectfully submitted this 5<sup>th</sup> day of September, 2024.

FTI Consulting Canada Inc., LIT, in its capacity as Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp., not in its personal or corporate capacity



Name: Dustin Olver, CPA, CA, CIRP, LIT  
Title: Senior Managing Director  
FTI Consulting Canada Inc.



Name: Brett Wilson, CFA  
Title: Managing Director  
FTI Consulting Canada Inc.



Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

## **Appendix “A” – Email correspondence between JSS Barristers and Bennett Jones LLP, July 11, 2024**

**From:** [Kelsey Meyer](#)  
**To:** [Andrew Wilson KC](#)  
**Cc:** [Erin J. Baker](#); [Michael Selnes](#); [christopher.keliher@blakes.com](mailto:christopher.keliher@blakes.com); [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com); [Dustin Olver CA](#) ([dustin.olver@fticonsulting.com](mailto:dustin.olver@fticonsulting.com)); [Brett Wilson](#) ([brett.wilson@fticonsulting.com](mailto:brett.wilson@fticonsulting.com)); [Hailey Liu](#) ([hailey.liu@fticonsulting.com](mailto:hailey.liu@fticonsulting.com))  
**Subject:** RE: Long Run  
**Date:** Thursday, July 11, 2024 12:38:34 PM  
**Attachments:** [image002.png](#)  
[image001.png](#)

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Hi Andrew,

As you likely know, we are counsel for FTI Consulting Canada Inc., the court-appointed Monitor (with expanded powers) over Long Run and Calgary Sinoenergy. Based on our understanding of the situation from your email below, the Monitor does not consent to a lifting of the stay of proceedings so as to permit H Corp. to proceed with its Action against the debtors. As you note, your client's litigation is stayed as against the debtors, and consistent with the purposes of the CCAA, the stay is intended to bring stability to the business and operations of the debtors. These CCAA proceedings are in the very early stages, and lifting the stay and requiring the debtors to respond to significant undertakings at this stage where Long Run's liabilities exceed its assets by approximately \$577 Million and Long Run has significant and immediate liquidity needs (as at Dec 31/23, as per paragraphs 26-30 of the Zou Affidavit filed July 3, 2024) is inconsistent with the objectives of the CCAA. If you'd like to discuss this further, please advise.

Thanks,

Kelsey

**Kelsey Meyer**

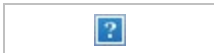
*Partner\**, Bennett Jones LLP

\*Denotes Professional Corporation

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7

T. 403 298 3323 | F. 403 265 7219

[BennettJones.com](http://BennettJones.com)



---

**From:** Andrew Wilson KC <[wilsona@jssbarristers.ca](mailto:wilsona@jssbarristers.ca)>

**Sent:** Thursday, July 11, 2024 8:26 AM

**To:** [christopher.keliher@blakes.com](mailto:christopher.keliher@blakes.com); [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com)

**Cc:** Kelsey Meyer <[MEYERK@bennettjones.com](mailto:MEYERK@bennettjones.com)>; Erin J. Baker <[bakere@jssbarristers.ca](mailto:bakere@jssbarristers.ca)>

**Subject:** Long Run

Kelly, Christopher,

I hope you are both well, and staying cool.

JSS are counsel to Heneghaixin Corp (H Corp) in its action against Long Run, Calgary Sino and other parties. The Order obtained and the order sought both stay that action as against Long Run and Calgary Sino.

That action is currently in the discovery phase. Long Run has granted a significant number of undertakings to H Corp to produce records, which are still outstanding. Many of those records relate to other parties in that action. At this stage, I will be seeking relief from the Court to lift the stay to such degree to allow us to seek those records from Long Run. Would your client have any objection to this? I am wondering if this can simply be a matter of clarification or slight revision to the proposed order sought.

Regards,

Andrew

**Andrew Wilson KC**  
(he / him / his)  
Firm Chairperson  
Direct: 403 571 1058  
Bio: [Andrew Wilson KC](#)

**Jensen Shawa Solomon Duguid Hawkes LLP**



T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2 [www.jssbarristers.ca](http://www.jssbarristers.ca)

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Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp

**Appendix “B” – Email correspondence between JSS Barristers and  
Bennett Jones LLP, July 28-30, 2024, attaching Statement of Claim  
in the H Corp. Action**

**From:** [Andrew Wilson KC](#)  
**To:** [Michael Selnes](#); [Erin J. Baker](#); [Jeanie Wong](#); [Kelsey Meyer](#)  
**Cc:** [roger.song@songhowardlaw.com](mailto:roger.song@songhowardlaw.com); [Brett Wilson \(brett.wilson@fticonsulting.com\)](mailto:brett.wilson@fticonsulting.com); [dustin.olver@fticonsulting.com](mailto:dustin.olver@fticonsulting.com); [Hailey Liu \(hailey.liu@fticonsulting.com\)](mailto:Hailey.Liu (hailey.liu@fticonsulting.com))  
**Subject:** RE: In the Matter of a Plan of Compromise or Arrangement of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp. - Court File No.: 2401-09247 [BJ-WSLegal.FID6492724]  
**Date:** Tuesday, July 30, 2024 12:14:45 PM  
**Attachments:** [image001.png](#)  
[Statement of Claim filed February 28, 2020 4828-3737-0092.PDF](#)

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Michael,

Thank you for your response.

You will see we have provided the letter to Justice Little.

In terms of your comment about “no evidence”, as you might imagine there is a significant body of evidence filed in the H Corp action, all of which is on the Court record. I will have my assistant send you via file transfer the affidavits filed on behalf of H Corp. (I can also send those directly to FTI if it makes things easier).

I also note, as I explained in my email, the Affidavit of Mr. Zou expressly references the H Corp claim in Exhibits D and E, being the CCBT and CCBQ credit agreements.

I attach the Statement of Claim in the matter here for your easy reference.

In terms of the relief sought, to be clear it is not the sale process per se that H Corp objects to. Its only objection is that the process described extinguishes the H Corp trust claim. We simply want to see that claim preserved and not have a term of the SISP extinguish it now, as that would be tantamount to a disallowance and entirely unjust and unfair. One possible solution would be to change the terms to include the H Corp claim in the Retained Liabilities, and not have it form part of the Transferred Liabilities. We also simply want to ensure there are available funds from the SISP and other remaining funds to be able to answer the H Corp claim in the future.

As noted above, if you want the affidavits also send directly to FTI, please advise. I will also provide any other materials requested from the file to assist the Monitor.

Thank you,

Andrew

---

**From:** Michael Selnes <SelnesM@bennettjones.com>

**Sent:** Tuesday, July 30, 2024 11:09 AM

**To:** Erin J. Baker <bakere@jssbarristers.ca>; Andrew Wilson KC <wilsona@jssbarristers.ca>; Jeanie Wong <wongje@bennettjones.com>; Kelsey Meyer <MEYERK@bennettjones.com>

**Cc:** roger.song@songhowardlaw.com; Brett Wilson (brett.wilson@fticonsulting.com)

<Brett.Wilson@fticonsulting.com>; dustin.olver@fticonsulting.com; Hailey Liu  
(hailey.liu@fticonsulting.com) <Hailey.Liu@fticonsulting.com>

**Subject:** RE: In the Matter of a Plan of Compromise or Arrangement of Long Run Exploration Ltd. and  
Calgary Sinoenergy Investment Corp. - Court File No.: 2401-09247 [BJ-WSLegal.FID6492724]

Erin,

Thank you for your email. I will be attending Court before Justice Little this afternoon and making submissions on the Applicant's behalf.

We confirm that we are in receipt of your email. At this time, the Monitor's position is generally as follows:

1. We have your correspondence and we do not object to you sending a letter to Court, but we will note that no evidence was filed in response to the Application;
2. The objection is premature and without detailed evidence the Court cannot fairly make any determination based on the position in your letter;
3. The Monitor is actively reviewing your position and we will advise in due course, but we simply do not have enough information to properly evaluate any of the assertions in your correspondence;
4. If there is an adjournment or the SISF is not passed, it will likely compromise the entire process, pushing this towards a liquidation bankruptcy, which is the worse case scenario for everyone. The cash flows only allow for a very tight timeline to run this process, and that is being done by borrowing the \$7M in DIP financing.

Regards,

Mike

**Michael Selnes (he/him)**

*Partner, Bennett Jones LLP*

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7

T. [403 298 3311](tel:4032983311) | F. [403 265 7219](tel:4032657219)

[BennettJones.com](http://BennettJones.com)



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**From:** Erin J. Baker <[bakere@jssbarristers.ca](mailto:bakere@jssbarristers.ca)>

**Sent:** Tuesday, July 30, 2024 10:14 AM

**To:** Andrew Wilson KC <[wilsona@jssbarristers.ca](mailto:wilsona@jssbarristers.ca)>; Jeanie Wong <[wongjie@bennettjones.com](mailto:wongjie@bennettjones.com)>;

Kelsey Meyer <[MEYERK@bennettjones.com](mailto:MEYERK@bennettjones.com)>; Michael Selnes <[SelnesM@bennettjones.com](mailto:SelnesM@bennettjones.com)>

**Cc:** [roger.song@songhowardlaw.com](mailto:roger.song@songhowardlaw.com)

**Subject:** RE: In the Matter of a Plan of Compromise or Arrangement of Long Run Exploration Ltd. and

Calgary Sinoenergy Investment Corp. - Court File No.: 2401-09247 [BJ-WSLegal.FID6492724]

**Importance:** High

Kelsey,

Apologies for writing to you again while you are on vacation, but we have not received a response to Andrew's email below.

Given the Application returnable this afternoon, we have drafted the attached letter to Justice Little, which we intend to send at **12:00 pm today**. Please let us know in advance of that time if the Monitor has any objection to our correspondence. In addition, if the Monitor believes that we should be copying any other parties on our correspondence, please advise.

Thank you.

Best regards,

Erin

---

**From:** Andrew Wilson KC <[wilsona@jssbarristers.ca](mailto:wilsona@jssbarristers.ca)>

**Sent:** Sunday, July 28, 2024 7:03 PM

**To:** Jeanie Wong <[wongje@bennettjones.com](mailto:wongje@bennettjones.com)>; Kelsey Meyer <[MEYERK@bennettjones.com](mailto:MEYERK@bennettjones.com)>; [selnesm@bennettjones.com](mailto:selnesm@bennettjones.com)

**Cc:** [roger.song@songhowardlaw.com](mailto:roger.song@songhowardlaw.com); Erin J. Baker <[bakere@jssbarristers.ca](mailto:bakere@jssbarristers.ca)>

**Subject:** RE: In the Matter of a Plan of Compromise or Arrangement of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp. - Court File No.: 2401-09247 [BJ-WSLegal.FID6492724]

Kelsey,

As you know, we are counsel for Henenghaixin Corporation ("H Corp").

H Corp objects to the following relief sought in the Application returnable July 30, 2024:

"approving the terms of a stalking horse subscription agreement between the Debtor, Long Run Exploration Ltd. ("LRE") and Hiking Group Shandong Jinyue Int't Trading Corporation or its nominee (the "Stalking Horse Bidder") dated July 23, 2024 (the "Stalking Horse Bid"), a copy of which is attached as Appendix "B" to the Second Report of the Monitor dated July 23, 2024".

The proposed stalking horse subscription agreement completely ignores the rights of H Corp regarding its claim against Long Run Exploration and its parent company Calgary Sinoenergy Investment Corp. The stalking horse subscription agreement effectively extinguishes the \$44million H Corp claim. This is improper.

The H Corp claim specifically alleges fraud against Long Run and Calgary Sino, regarding the transfer of approximately \$44 million from H Corp to Long Run and Calgary Sino from April to September, 2017. I note in the H Corp action, Long Run does not deny receipt of the H Corp Diverted Funds, rather the basis of their receipt.

The transfers pre-date the debt claimed by CCB. Furthermore, if the funds were obtained by Long Run and Calgary Sino as a result of fraud, those entities never had title to the funds, and would have held them in trust for the benefit of H Corp, being the defrauded party. This is expressly claimed in the H Corp claim as part of the relief sought:

Judgment, or in the alternative damages, for the fraudulent taking of the Diverted Funds in the amount of \$44 million and such further amounts as will be discovered through the oral and documentary discovery process in the within Action and proven at Trial;

An Order declaring that any funds or benefits received by Calgary Sinoenergy and Long Run from the Diverted Funds are held in trust for H Corp. and that H Corp. is permitted to trace as follows the Diverted Funds that Calgary Sinoenergy and Long Run fraudulently obtained from H Corp. into and through any financial institution accounts or deposit facilities in the names of Calgary Sinoenergy or Long Run and into or through any assets purchased by Calgary Sinoenergy or Long Run or into the hands of any person or entity;

Such relief would give H Corp priority over CCBT of the Diverted Funds or their proceeds.

The nature of the H Corp claim and the relief sought are well known to both Long Run Exploration and also to Hiking Group Shandong Jinyue Int'l Trading Corporation, through its principal Mr. Jason Ge. Mr. Ge was an officer of Long Run during the pendency of the H Corp claim, and had discussed the claim specifically with representatives of H Corp. In addition, Long Run and Calgary Sino are aware that one of their related companies, New Star Energy, is itself claiming fraud against Mr. Michael Lam, one of the alleged principals of the H Corp fraud.

I further note CCBT was expressly aware of the H Corp claim, as it is a defined term in the Amended and Restated Credit Agreement from CCBT dated October 27, 2020. CCBT was aware a Mareva injunction was in place at the time. (Affidavit of Mr. Zou, exhibit D).

The effective extinguishment of the H Corp claim, which if proven would rank ahead of the debt of CCT is improper, and would amount to an effective judicial whitewash of fraud. H Corp objects to any relief or process that effectively extinguishes its claim against Long Run and Calgary Sino.

H Corp intends to object to the proposed relief sought at the hearing set for July 30, 2024.



Regards,

**Andrew Wilson KC**  
**(he / him / his)**  
**Firm Chairperson**  
**Direct: 403 571 1058**  
**Bio: [Andrew Wilson KC](#)**

**Jensen Shawa Solomon Duguid Hawkes LLP**



T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2 [www.jssbarristers.ca](http://www.jssbarristers.ca)

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**From:** Jeanie Wong <[wongje@bennettjones.com](mailto:wongje@bennettjones.com)>  
**Sent:** Wednesday, July 24, 2024 11:22 AM  
**To:** [bennett.wong@dentons.com](mailto:bennett.wong@dentons.com); [brett.wilson@fticonsulting.com](mailto:brett.wilson@fticonsulting.com);  
[bryan.walker@nortonrosefulbright.com](mailto:bryan.walker@nortonrosefulbright.com); [christopher.keliher@blakes.com](mailto:christopher.keliher@blakes.com);  
[cms\\_alberta\\_notifications@teranet.ca](mailto:cms_alberta_notifications@teranet.ca); [deryck.helkaa@fticonsulting.com](mailto:deryck.helkaa@fticonsulting.com); [dm@gocip.com](mailto:dm@gocip.com);  
[dustin.olver@fticonsulting.com](mailto:dustin.olver@fticonsulting.com); [eddiezou@ca.ccb.com](mailto:eddiezou@ca.ccb.com); [george.body@justice.gc.ca](mailto:george.body@justice.gc.ca);  
[insolvency@aer.ca](mailto:insolvency@aer.ca); [jdunne@ppr.ca](mailto:jdunne@ppr.ca); [jenine.urquhart@nortonrosefulbright.com](mailto:jenine.urquhart@nortonrosefulbright.com);  
[jenna.oreilly@midstreamequipment.com](mailto:jenna.oreilly@midstreamequipment.com); [john.regush@dentons.com](mailto:john.regush@dentons.com); [kasydi.mack@justice.gc.ca](mailto:kasydi.mack@justice.gc.ca);  
[KBenders@brikoenergy.com](mailto:KBenders@brikoenergy.com); [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com); [kristopher.lensink@gov.ab.ca](mailto:kristopher.lensink@gov.ab.ca); [legal-icengx-ppr@ice.com](mailto:legal-icengx-ppr@ice.com); [legalnotices@pembina.com](mailto:legalnotices@pembina.com); [maria.lavelle@aer.ca](mailto:maria.lavelle@aer.ca); Kelsey Meyer  
<[MEYERK@bennettjones.com](mailto:MEYERK@bennettjones.com)>; [pb@gocip.com](mailto:pb@gocip.com); [rod@perronventures.com](mailto:rod@perronventures.com); [rzahara@mltaikins.com](mailto:rzahara@mltaikins.com);  
[TBFPParalegalServices@gov.ab.ca](mailto:TBFPParalegalServices@gov.ab.ca); [tfc@ca.ccb.com](mailto:tfc@ca.ccb.com); [wbarber@longrunexploration.com](mailto:wbarber@longrunexploration.com); Michael  
Selnes <[SelnesM@bennettjones.com](mailto:SelnesM@bennettjones.com)>; [brenda.thibodeau@officemovepro.com](mailto:brenda.thibodeau@officemovepro.com);  
[Daniel.zahorchak@officemovepro.com](mailto:Daniel.zahorchak@officemovepro.com); [kristiant@kmsc.ca](mailto:kristiant@kmsc.ca); [ASkeith@rmrf.com](mailto:ASkeith@rmrf.com);  
[MSwanberg@rmrf.com](mailto:MSwanberg@rmrf.com); [hailey.liu@fticonsulting.com](mailto:hailey.liu@fticonsulting.com); [wilsona@jssbarristers.ca](mailto:wilsona@jssbarristers.ca);  
[bakere@jssbarristers.ca](mailto:bakere@jssbarristers.ca); [huangc@jssbarristers.ca](mailto:huangc@jssbarristers.ca); [kfellowes@stikeman.com](mailto:kfellowes@stikeman.com);  
[dkearl@kaizenauto.com](mailto:dkearl@kaizenauto.com); [pbamberger@summitfleet.com](mailto:pbamberger@summitfleet.com); [SarahLi@triumphwells.com](mailto:SarahLi@triumphwells.com);  
[Kenneth.Whitelaw@gov.ab.ca](mailto:Kenneth.Whitelaw@gov.ab.ca); [jcameron@fasken.com](mailto:jcameron@fasken.com); [kwong@fasken.com](mailto:kwong@fasken.com);  
[landcomplianceinquiries@prairiesky.com](mailto:landcomplianceinquiries@prairiesky.com); [james.nixon@prairiesky.com](mailto:james.nixon@prairiesky.com); [lamantea@dsavocats.ca](mailto:lamantea@dsavocats.ca);  
[cauch@brownleelaw.com](mailto:cauch@brownleelaw.com); [gplester@brownleelaw.com](mailto:gplester@brownleelaw.com); [sabih.fawad@gov.sk.ca](mailto:sabih.fawad@gov.sk.ca);  
[Candy.Dominique@gov.sk.ca](mailto:Candy.Dominique@gov.sk.ca); [agentforservice@blakes.com](mailto:agentforservice@blakes.com); [Taylor@vipondlaw.ca](mailto:Taylor@vipondlaw.ca); Kaamil Khalfan  
<[khalfank@bennettjones.com](mailto:khalfank@bennettjones.com)>; Kristos Iatridis <[IatridisK@bennettjones.com](mailto:IatridisK@bennettjones.com)>;

[djorgenson@cassels.com](mailto:djorgenson@cassels.com); [dmarechal@cassels.com](mailto:dmarechal@cassels.com); [joliver@cassels.com](mailto:joliver@cassels.com); [elow@cassels.com](mailto:elow@cassels.com); [dkolesar@cassels.com](mailto:dkolesar@cassels.com); [Jared.Young@Macquarie.com](mailto:Jared.Young@Macquarie.com); [TSandler@osler.com](mailto:TSandler@osler.com)

**Subject:** In the Matter of a Plan of Compromise or Arrangement of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp. - Court File No.: 2401-09247 [BJ-WSLegal.FID6492724]

## SERVICE LIST

Further to our email yesterday, please find attached proof of filing.

Thank you,

**Jeanie Wong**, *Litigation Assistant to Kelsey Meyer, Tyler McDonough, and Adam Williams*, Bennett Jones SLP

T. [403 298 3193](tel:4032983193) | F. [403 265 7219](tel:4032657219)

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Form 10  
[Rule 3.25]

COURT FILE NUMBER 2001-03353

COURT COURT OF QUEEN'S BENCH OF ALBERTA

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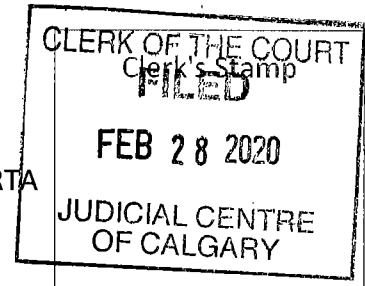
PLAINTIFFS HENENGAIXIN CORP.

DEFENDANTS TIANZHOU DENG, XIAOBO DENG aka LAKE DENG, MICHAEL LAM, CALGARY SINOENERGY INVESTMENT CORP., LONG RUN EXPLORATION LTD., JOHN DOE, and ABC CORPORATION

DOCUMENT **STATEMENT OF CLAIM**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **JENSEN SHAWA SOLOMON DUGUID HAWKES LLP**  
800, 304 - 8 Avenue SW  
Calgary, Alberta T2P 1C2

Andrew Wilson/Erin J. Baker  
Tel: 403 571 1520  
Fax: 403 571 1528  
File: 14828.001



**NOTICE TO DEFENDANT(S)**

You are being sued. You are a Defendant.

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

**Note: State below only facts and not evidence (Rule 13.6)**

**Statement of facts relied on:**

1. The Plaintiff, Henenghaixin Corp. ("**H Corp.**"), is a corporation incorporated pursuant to the laws of Alberta. H Corp. is an indirectly wholly owned subsidiary of two limited partnerships located in the People's Republic of China ("**PRC**"): Jiangyin Henenghaixin Investment Partnership ("**Jiangyin LP**") and Wuhan Changxin Hesheng Industrial Investment Fund Partnership ("**Wuhan LP**"). H Corp. is the sole shareholder of West Lake Energy Corporation ("**West Lake**"), a corporation incorporated pursuant to the laws of Alberta.

2. The Defendant, Calgary Sinoenergy Investment Corporation ("**Calgary Sinoenergy**"), is a corporation incorporated pursuant to the laws of Alberta.
3. The Defendant, Long Run Exploration ("**Long Run**"), is a corporation incorporated pursuant to the laws of Alberta. Long Run is a wholly-owned subsidiary of Calgary Sinoenergy.
4. The Defendant, Tianzhou Deng, is an individual ordinarily resident in Beijing, in the PRC. Mr. Deng is a well-known businessman in the PRC. Mr. Deng is a former director of the Plaintiff, H Corp., having served as a director of H Corp. from November 23, 2016 to September 21, 2017. Mr. Deng is also a director of Calgary Sinoenergy, a director of Long Run, and a director of West Lake.
5. The Defendant, Xiaobo Deng, also known as Lake Deng, is an individual ordinarily resident in Calgary, Alberta. Ms. Deng is Mr. Deng's daughter. Ms. Deng is a former director of West Lake, having served as a director of West Lake from April 2, 2017 to April 19, 2018. Ms. Deng is also a director of Long Run.
6. The Defendant, Michael Lam, is an individual ordinarily resident in Calgary, Alberta. Mr. Lam is a trusted advisor of Mr. Deng and a business associate of Ms. Deng.
7. Both Ms. Deng and Mr. Lam represented themselves as having authority to direct the affairs of H Corp. and West Lake as delegates of Mr. Deng. They held out Mr. Deng as being the ultimate owner or controller of H Corp. As outlined below, they had no such authority. However, under the pretenses of having such authority, Ms. Deng, Mr. Lam, and Mr. Deng wrongfully removed tens of millions of dollars from H Corp., as detailed below.
8. The Defendants John Doe and ABC Corporation are individuals and corporations who participated in the acts described below, or have received some or all of the funds so misappropriated, the identity of which is currently only known to the other Defendants.

#### Background

9. Through a series of subsidiaries, Jiangyin LP and Wuhan LP contributed a combined CAD\$352.5 million to H Corp. for the purpose of (i) acquiring the assets of Twin Butte Energy Ltd. ("**Twin Butte**"), an Alberta-based oil and gas firm, out of receivership, and (ii) providing the working capital required to operate the assets once purchased (the "**Investment Funds**").
10. In March 2017, the Twin Butte assets were ultimately acquired by West Lake, a wholly-owned subsidiary of H Corp., for a purchase price of CAD\$266,000,000.00, less adjustments of CAD\$3,194,245.56.

11. H Corp. believed that the Investment Funds, less the purchase price for the Twin Butte assets net of adjustments, would be available for West Lake to operate the Twin Butte assets. Those remaining funds were not to be used for any other purpose.

The Misappropriation and Diversion of Funds from H Corp.

12. Ms. Deng advised a consultant in her employ that her father, Mr. Deng, was acquiring the assets of Twin Butte out of receivership. She arranged for the consultant to become a director of H Corp. and an officer of West Lake.
13. Mr. Lam represented to individuals at H Corp. that he had full financial authority over the financial affairs of H Corp., which he described as a holding company of "Sinoenergy" (Mr. Deng is the founder and major shareholder of Changchun Sinoenergy Corp., an entity publically traded on the Shanghai Stock Exchange).
14. In this way, Ms. Deng and Mr. Lam represented that Mr. Deng owned and controlled H Corp., and that they had authority to direct the affairs of H Corp on his behalf.
15. None of this was true.
16. From approximately January to September 2017, or such other time as may be determined through oral and documentary discovery in the within Action and be proven at trial, while Mr. Deng was simultaneously a director of H Corp. and controlling shareholder and director of Calgary Sinoenergy and Long Run, approximately \$44 million of the Investment Funds received by H Corp. were diverted to Calgary Sinoenergy and Long Run (the "**Diverted Funds**").
17. These transfers occurred at the behest of Mr. Deng, Ms. Deng, and Mr. Lam.
18. It is expected that Calgary Sinoenergy and Long Run thereafter provided the Diverted Funds to others, the identities of which include Ms. Deng, Mr. Deng, Mr. Lam, John Doe and ABC Corporation.
19. There was no legitimate reason for the diversions.
20. The improper diversion of the "Diverted Funds" was unknown, and unknowable to H Corp. until January, 2019 at the earliest.

Breach of Director's Duties

21. As a director of H Corp., Mr. Deng owed a duty to H Corp. to act in its best interests.
22. Mr. Deng breached these duties by either actively arranging for the transfer of the Diverted Funds, or, alternatively, by allowing the Diverted Funds to be transferred as a result of insufficient oversight or insufficient internal controls.

23. As a result of the breach of his duties, H Corp. suffered damages and loss in the amount of \$44 million, or such other amount as may be proved at the trial of this Action.

Knowing Assistance and Knowing Receipt

24. Calgary Sinoenergy and Long Run knew or were recklessly or willfully blind to the fact that either or all of Mr. Deng, Ms. Deng, and Mr. Lam were fraudulently misappropriating the Diverted Funds from H Corp. to the detriment of H Corp. and that Mr. Deng was in breach of his fiduciary obligations to H Corp. Calgary Sinoenergy and Long Run received and accepted, for their own benefit, the Diverted Funds when each knew or ought to have known that their receipt of any portion of the Diverted Funds arose from, and were made to each of them through, fraudulent misappropriation and in breach of the fiduciary duties owed by Mr. Deng.
25. Calgary Sinoenergy and Long Run's receipt and acceptance of the Diverted Funds in these circumstances constituted a knowing receipt of the Diverted Funds, which had been fraudulently misappropriated from H Corp. As such, Calgary Sinoenergy and Long Run hold the Diverted Funds as constructive trustees of H Corp.
26. Calgary Sinoenergy and Long Run have misused and converted the Diverted Funds to their own use such that H Corp. is unable to determine what entity or individual is currently in possession of the Diverted Funds, or a portion thereof.
27. H Corp. claims return of the Diverted Funds in whatever form to which they can be traced. H Corp. also claims damages to the extent such funds have been dissipated or to the extent such assets purchased from the funds have decreased in value.

Misrepresentation

28. The Defendants Mr. Deng, Ms. Deng, and Mr. Lam made representations to officers of H Corp. that they had authority to direct the diversion of funds from H Corp. These representations were made with the intent that directors and officers of H Corp. would rely on them, and the Defendants Mr. Deng, Ms. Deng, and Mr. Lam knew or ought to have known that they would in fact be relied upon. These representations were in fact false.
29. On the basis of these representations, funds were wrongfully diverted out of H Corp. But for the misrepresentations, the funds would not have been wrongfully diverted.
30. As a result of these misrepresentations and H Corp.'s reliance on them, H Corp. has suffered damage in the amount of \$44 million or such other amount as shall be proved at the trial of this Action.

### Conversion

31. By means of the Diverted Funds, the Defendants have converted the Plaintiff's funds to their own use and thereby deprived the Plaintiff of the benefit of those funds.
32. The Plaintiff is entitled to restitution of the entire amounts so fraudulently converted.  
Unjust Enrichment
33. The Defendants Sinoenergy Canada and Long Run have been enriched in the amount of the Diverted Funds, the Plaintiff has been deprived by a like amount, and there is no juristic reason for either the enrichment or the deprivation.

### Conspiracy

34. The Defendants had an agreement pursuant to which they acted in concert and engaged in all of the foregoing conduct with the predominate purpose of causing injury to the Plaintiff. Alternatively, the Defendants had an agreement pursuant to which they acted both in concert and unlawfully, and the Defendants knew or ought to have known that the Plaintiffs would suffer harm as a result of the Defendants' actions.
35. By virtue of the Defendants' conspiracy, the Plaintiffs have suffered losses including the loss of the Diverted Funds. Further, by conspiring in the manner they have, the Defendants are jointly and severally liable to the Plaintiff for the entirety of the Plaintiff's loss notwithstanding that a particular Defendant may not have conducted a particular act alleged above.

### Fraudulent Conveyances

36. At various times, the full particulars of which are only known to the Defendants, the Defendants have transferred assets from themselves to others in order to avoid creditors, including the Plaintiff, or alternatively to payees in preference to other creditors, including the Plaintiff (the "Fraudulent Conveyances"). The Fraudulent Conveyances were done at such a time as the Defendants knew they were insolvent or knew that in light of the claims against them, including the potential claim of the Plaintiff, they were on the eve of insolvency. All such Fraudulent Conveyances were illegal and contrary to the Statue of Elizabeth and the *Fraudulent Preferences Act*, RSA 2000, c F-24.
37. The Plaintiff seeks that the Fraudulent Conveyances be set aside and any assets so transferred made available to the Plaintiff to satisfy the judgment given to the Plaintiff in this Action.
38. As a result of the Fraudulent Conveyances, the Plaintiff expressly claims the right to constructive trusts and equitable liens in and against the assets so fraudulently conveyed.

Tracing, Freezing Assets, Accounting, and Disgorgement

39. As a result of the Defendants' wrongful conduct as set out above, the Plaintiff is entitled to trace all amounts received or disbursed by the Defendants as part of or as a result of the conduct outlined above. The Plaintiff is also entitled to an accounting of the monies belonging to the Plaintiff that have come into the possession of the Defendants and to an accounting of any benefit received by the Defendants as a result of the Diverted Funds.
40. The Plaintiff is also entitled to interlocutory and permanent injunctions restraining the Defendants from disposing of any of their assets wheresoever located and an accounting of all of the Defendants' assets, effects, and property, including any trust account or jointly held assets, any improper disposition thereof, and all money had or received by the Defendants or anyone on their behalf.
41. The Defendants are liable to make restitution to the Plaintiff and to disgorge any benefit they have received from the Diverted Funds to the Plaintiff.
42. The Plaintiff has also suffered significant out of pocket expenses and special damages in its detection, investigation, and quantification of the fraud and losses suffered and the attempt to recover the Diverted Funds, in an amount to be proven at trial.

Technical Matters

43. The Plaintiff believes it is unlikely that the Trial in this Action will exceed 25 days
44. The Plaintiff proposes that the Trial of this Action be held at the Calgary Courts Centre, in the City of Calgary, in the Province of Alberta.

Service *Ex Juris* on Mr. Deng

45. There is a real and substantial connection between Alberta and the facts on which the claims in this Action are based, including that:
  - (a) Mr. Deng was a director of relevant Alberta-based corporations and the claim is governed by the laws of Alberta;
  - (b) The claim relates to torts committed in Alberta;
  - (c) The claim related to the removal of assets from an Alberta-based corporation;
  - (d) The defendant, Mr. Deng, although outside Alberta, is a necessary or proper party to the action brought by others who are resident in Alberta;
  - (e) The Action relates to a breach of an equitable duty in Alberta.



**Remedy sought:**

46. The Plaintiff seeks against the Defendants jointly and severally:
- (a) An Order for service *ex juris* permitting service of the documents in this Action on Mr. Deng in the PRC;
  - (b) An Order freezing the assets of all the defendants named in this Statement of Claim or granting other interim relief as may be sought;
  - (c) A Norwich Order for the disclosure of records and information relating to the bank accounts of each of the Defendants;
  - (d) Judgment, or in the alternative damages, for the fraudulent taking of the Diverted Funds in the amount of \$44 million and such further amounts as will be discovered through the oral and documentary discovery process in the within Action and proven at Trial;
  - (e) An Order declaring that any funds or benefits received by Mr. Deng, Ms. Deng, or Mr. Lam from the Diverted Funds are held in trust for H Corp. and that H Corp. is permitted to trace the Diverted Funds that Mr. Deng, Ms. Deng, and Mr. Lam fraudulently obtained from H Corp. into and through any financial institution accounts or deposit facilities in the names of Mr. Deng, Ms. Deng, or Mr. Lam and into or through any assets purchased by Mr. Deng, Ms. Deng, or Mr. Lam;
  - (f) An Order declaring that Mr. Deng, Ms. Deng, and Mr. Lam must account to H Corp. for all monies taken from H Corp. as the Diverted Funds;
  - (g) An Order declaring that any funds or benefits received by Calgary Sinoenergy and Long Run from the Diverted Funds are held in trust for H Corp. and that H Corp. is permitted to trace as follows the Diverted Funds that Calgary Sinoenergy and Long Run fraudulently obtained from H Corp. into and through any financial institution accounts or deposit facilities in the names of Calgary Sinoenergy or Long Run and into or through any assets purchased by Calgary Sinoenergy or Long Run or into the hands of any person or entity;
  - (h) An Order declaring that Calgary Sinoenergy and Long Run must account to H Corp. for all monies taken from H Corp. as the Diverted Funds and disgorge same;
  - (i) Setting aside the Fraudulent Conveyances and granting constructive trusts or equitable liens over any assets so fraudulently conveyed;
  - (j) Special damages and out of pocket expenses arising out of the detection, investigation, quantification, and recovery of the fraud, losses and consequential losses suffered by H Corp. in the amount to be proven at the Trial of this Action;

- (k) Interest in accordance with the *Judgment Interest Act*, RSA 2000, c J-1, as amended;
- (l) Costs of this Action on a full indemnity solicitor and own client basis; and
- (m) Such further and other relief as this Honourable Court may deem just.

**NOTICE TO THE DEFENDANT(S)**

You only have a short time to do something to defend yourself against this Claim:

- 20 days if you are served in Alberta
- 1 month if you are served outside Alberta but in Canada
- 2 months if you are served outside Canada.

You can respond by filing a Statement of Defence or a Demand for Notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your Statement of Defence or a Demand for Notice on the Plaintiff's(s') address for service.

**WARNING**

If you do not file and serve a Statement of Defence or a Demand for Notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a Court may give a judgment to the Plaintiff(s) against you.

Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

## **Appendix “C” – Correspondence from JSS Barristers to the Honourable Justice Little, July 30, 2024**

**From:** [Michelle Rubianto](#)  
**To:** [peggy.lewis@albertacourts.ca](mailto:peggy.lewis@albertacourts.ca)  
**Cc:** [Andrew Wilson KC](#); [Erin J. Baker](#); [Kelsey Meyer](#); [Michael Selnes](#); [Song & Howard Law](#)  
**Subject:** In the Matter of a Plan of Compromise or Arrangement of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.; Court File No. 2401-09247  
**Date:** Tuesday, July 30, 2024 11:43:45 AM  
**Attachments:** [image665686.png](#)  
[Letter re Court File No. 2401-09247 4855-0821-3972 v.1.pdf](#)

---

Good morning,

Please find the enclosed correspondence for the attention of the Honourable Justice Little sent on behalf of Andrew Wilson.

Yours truly,

**Michelle Rubianto**  
**Legal Assistant**  
**Direct: 403 571 1506**

**Jensen Shawa Solomon Duguid Hawkes LLP**



T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2 [www.jssbarristers.ca](http://www.jssbarristers.ca)

***This email message is privileged, confidential and subject to copyright. Any unauthorized use or disclosure is prohibited. If you have received this email in error, please notify the sender immediately.***

**Direct Line:** (403)571-1058  
**Email:** wilsona@jssbarristers.ca  
**Assistant - Michelle Rubianto** (403)571-1506  
**File No:** 14828.001

BY EMAIL to [peggy.lewis@albertacourts.ca](mailto:peggy.lewis@albertacourts.ca)

July 30, 2024

The Honourable Justice Little  
Court of King's Bench of Alberta  
1A Sir Winston Churchill Square  
Edmonton, AB T5J 0R2

My Lord:

**Re: In the Matter of a Plan of Compromise or Arrangement of Long Run Exploration Ltd.  
and Calgary Sinoenergy Investment Corp.  
Court File No.: 2401-09247**

We are counsel to Henenghaixin Corporation ("H Corp"). H Corp is an interested party in this matter.

On July 28, 2024 we provided the below email to counsel for the Monitor. For the ease of the Court's reference, we include it here. This forms the basis of our client's objection to the nature of the relief sought in the Application before you today.

Kelsey,

As you know, we are counsel for Henenghaixin Corporation ("H Corp").

H Corp objects to the following relief sought in the Application returnable July 30, 2024:

"approving the terms of a stalking horse subscription agreement between the Debtor, Long Run Exploration Ltd. ("LRE") and Hiking Group Shandong Jinyue Int't Trading Corporation or its nominee (the "Stalking Horse Bidder") dated July 23, 2024 (the "Stalking Horse Bid"), a copy of which is attached as Appendix "B" to the Second Report of the Monitor dated July 23, 2024".

The proposed stalking horse subscription agreement completely ignores the rights of H Corp regarding its claim against Long Run Exploration and its parent company Calgary Sinoenergy Investment Corp. The stalking horse subscription agreement effectively extinguishes the \$44million H Corp claim. This is improper.

The H Corp claim specifically alleges fraud against Long Run and Calgary Sino, regarding the transfer of approximately \$44 million from H Corp to Long Run and Calgary Sino from April to September, 2017. I note in the H Corp action, Long Run does not deny receipt of the H Corp Diverted Funds, rather the basis of their receipt.

The transfers pre-date the debt claimed by CCB. Furthermore, if the funds were obtained by Long Run and Calgary Sino as a result of fraud, those entities never had title to the funds, and would have held them in trust for the benefit of H Corp, being the defrauded party. This is expressly claimed in the H Corp claim as part of the relief sought:

Judgment, or in the alternative damages, for the fraudulent taking of the Diverted Funds in the amount of \$44 million and such further amounts as will be discovered through the oral and documentary discovery process in the within Action and proven at Trial;

An Order declaring that any funds or benefits received by Calgary Sinoenergy and Long Run from the Diverted Funds are held in trust for H Corp. and that H Corp. is permitted to trace as follows the Diverted Funds that Calgary Sinoenergy and Long Run fraudulently obtained from H Corp. into and through any financial institution accounts or deposit facilities in the names of Calgary Sinoenergy or Long Run and into or through any assets purchased by Calgary Sinoenergy or Long Run or into the hands of any person or entity;

Such relief would give H Corp priority over CCBT of the Diverted Funds or their proceeds.

The nature of the H Corp claim and the relief sought are well known to both Long Run Exploration and also to Hiking Group Shandong Jinyue Int't Trading Corporation, through its principal Mr. Jason Ge. Mr. Ge was an officer of Long Run during the pendency of the H Corp claim, and had discussed the claim specifically with representatives of H Corp. In addition, Long Run and Calgary Sino are aware that one of their related companies, New Star Energy, is itself claiming fraud against Mr. Michael Lam, one of the alleged principals of the H Corp fraud.

I further note CCBT was expressly aware of the H Corp claim, as it is a defined term in the Amended and Restated Credit Agreement from CCBT dated October 27, 2020. CCBT was aware a Mareva injunction was in place at the time. (Affidavit of Mr. Zou, exhibit D).

The effective extinguishment of the H Corp claim, which if proven would rank ahead of the debt of CCT is improper, and would amount to an effective judicial whitewash of fraud. H Corp objects to any relief or process that effectively extinguishes its claim against Long Run and Calgary Sino.

H Corp intends to object to the proposed relief sought at the hearing set for July 30, 2024.

Yours truly,  
**Jensen Shawa Solomon Duguid Hawkes LLP**



For: Andrew Wilson KC  
Firm Chairperson  
AW:mr

cc Kelsey Meyer, Bennett Jones ([meyerk@bennettjones.com](mailto:meyerk@bennettjones.com))  
Michael Selnes, Bennett Jones ([selnesm@bennettjones.com](mailto:selnesm@bennettjones.com))

Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

## **Appendix “D” – Procedure Card in relation to the H Corp. Action**



CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353 HENENGHAIXIN CORP JENSEN SHAWA SOLOMON DUG VS DENG, TIANZHOU  
 DENG, XIAOBO; AKA  
 DENG, LAKE  
 LAM, MICHAEL  
 CALGARY SINOENERGY INVES  
 LONG RUN EXPLORATION LTD  
 DOE, JOHN  
 ABC CORPORATION

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
STATEMENT CLAIM - DAMAGES		\$44,000,000			28FEB2020	JSS
STATEMENT OF CLAIM ORDE CONT					28FEB2020	JSS
CORRESPONDENCE - HEARING	08APR2020 COM	OFF	COMMERCIAL HEARI	B.E.C. ROMAINE, J.C	02APR2020	
APPLICATION	08APR2020 COM	ADJ SINE DIE	INJUNCTION	B.E.C. ROMAINE, J.C	03APR2020	JSS
AFFIDAVIT			GAOYONG ZHANG		03APR2020	JSS
AFFIDAVIT			GAOYONG ZHANG		03APR2020	JSS
AFFIDAVIT			GAOYONG ZHANG VOL 1-2		03APR2020	JSS
BRIEF			JENSEN SHAWA SOLOMON		07APR2020	JSS
ADJOURNED	SINE DIE COM		INJUNCTION		07APR2020	CLK
AFFIDAVIT			GAOYONG ZHANG		14APR2020	JSS
HEARING SET - NO CORRES	23APR2020 COM	HRD	COMMERCIAL	B.E.C. ROMAINE, J.C	21APR2020	
HEARING SET - NO CORRES	24APR2020 COM	HRD	ORAL DECISION	B.E.C. ROMAINE, J.C	23APR2020	CLK
ATTACHMENT ORDER - CEA					23APR2020	JSS
ORDER MISCELLANEOUS			DIRECTIONS		23APR2020	JSS
ORDER SERVICE EX JURIS	DENG, TIANZHOU				23APR2020	JSS

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
ORDER TO VARY ORDER			ATTACHMENT ORDER	B.E.C. ROMAINE, J.C.	14MAY2020	DC
ORDER SUBSTITUTIONAL SERV	DENG, XIAOBO; AKA DENG, LAKE LAM, MICHAEL			J.L. MASON, M.C.K.B.	22JUN2020	JSS
W/OUT NOTICE APP MASTERS					22JUN2020	JSS
AFFIDAVIT			ALYSSA OKABE		22JUN2020	JSS
AFF'D ATTEMPTED SERVICE					22JUN2020	JSS
AFF'D ATTEMPTED SERVICE					22JUN2020	JSS
AFF'D ATTEMPTED SERVICE					22JUN2020	JSS
CORRESPONDENCE - HEARING	07AUG2020 JS	ADJCT 10AUG2020	CRT/CLK	B.E.C. ROMAINE, J.C.	05AUG2020	
APPLICATION	07AUG2020 JS	ADJCT 10AUG2020	VARIATION ORDER	B.E.C. ROMAINE, J.C.	06AUG2020	R
AFFIDAVIT			SHING TAK (AKA MICHAEL)		06AUG2020	R
CORRESPONDENCE - HEARING	10AUG2020 JS	HRD	CRT/CLK	B.E.C. ROMAINE, J.C.	10AUG2020	
ORDER MISCELLANEOUS			DIRECTIONS	B.E.C. ROMAINE, J.C.	10AUG2020	R
CORRESPONDENCE - HEARING	26AUG2020 JS	HRD	APPLICATION - WE	B.E.C. ROMAINE, J.C.	24AUG2020	
AFFIDAVIT			YAJIE HU		24AUG2020	DC
APPLICATION	26AUG2020 JS	JUSSZ 28AUG2020	AMEND ORDER	B.E.C. ROMAINE, J.C.	24AUG2020	DC
JUSTICE SEIZED	28AUG2020 JS	HRD	AMEND ORDER	B.E.C. ROMAINE, J.C.	26AUG2020	CLK
CORRESPONDENCE - HEARING	28SEP2020 JS	OFF	APPLICATION/WEBE	B.E.C. ROMAINE, J.C.	27AUG2020	

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
ATTACHMENT ORDER - CEA AMND				B.E.C. ROMAINE, J.C.	28AUG2020	DC
ORDER MISCELLANEOUS			DIRECTIONS	B.E.C. ROMAINE, J.C.	04SEP2020	GT
AFFIDAVIT			SHING TAK		11SEP2020	R
APPLICATION	28SEP2020 JS	ADJCN 05OCT2020	DIRECTIONS	B.E.C. ROMAINE, J.C.	11SEP2020	R
APPLICATION	28SEP2020 JS	ADJCN 05OCT2020	DIRECTIONS	B.E.C. ROMAINE, J.C.	11SEP2020	DC
AFFIDAVIT			JONANNE LUI		11SEP2020	DC
APPLICATION	28SEP2020 JS	ADJCN 05OCT2020	SET ASIDE	B.E.C. ROMAINE, J.C.	11SEP2020	NRF
AFFIDAVIT	DENG, TIANZHOU				15SEP2020	NRF
NOTICE CHANGE OF ADDRESS					17SEP2020	R
CORRESPONDENCE - HEARING	05OCT2020 JS	MASSZ 06OCT2020	APPLICATION/WEBE	B.E.C. ROMAINE, J.C.	18SEP2020	
BRIEF			ROSE LLP		21SEP2020	R
AUTHORITIES			ROSE LLP		21SEP2020	R
BRIEF			DENTONS CANADA LLP		21SEP2020	DC
AUTHORITIES			DENTONS CANADA LLP		21SEP2020	DC
BRIEF					21SEP2020	NRF
AUTHORITIES					21SEP2020	NRF
QUESTIONING TRANSCRIPT					21SEP2020	NRF
ADJOURNED BY CONSENT	05OCT2020 JS	MASSZ 06OCT2020	DIRECTIONS	B.E.C. ROMAINE, J.C.	25SEP2020	R

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
ADJOURNED BY CONSENT	05OCT2020 JS	MASSZ 06OCT2020	DIRECTIONS	B.E.C. ROMAINE, J.C	25SEP2020	DC
ADJOURNED BY CONSENT	05OCT2020 JS	MASSZ 06OCT2020	SET ASIDE	B.E.C. ROMAINE, J.C	25SEP2020	NRF
BRIEF			JENSEN SHAWA SOLOMON		28SEP2020	JSS
MASTER SEIZED	06OCT2020 JS	RESRV 06OCT2020	APPLICATION/WEBE	B.E.C. ROMAINE, J.C	05OCT2020	
MASTER SEIZED	06OCT2020 JS	HRD	DIRECTIONS		05OCT2020	DC
MASTER SEIZED	06OCT2020 JS	HRD	SET ASIDE		05OCT2020	NRF
MASTER SEIZED	06OCT2020 JS	HRD	DIRECTIONS		05OCT2020	R
CORRESPONDENCE - HEARING	06OCT2020 JS	HRD	CRT/CLK	B.E.C. ROMAINE, J.C	05OCT2020	
ORDER TO VARY ORDER			DIRECTIONS-BANK	B.E.C. ROMAINE, J.C.	08OCT2020	NRF
STATEMENT OF DEFENCE	LAM, MICHAEL				06NOV2020	RL
AFFIDAVIT OF PLAINTIFF	HENENGHAIXIN CORP		REPLY TO DEFENSE		19NOV2020	JSS
STATEMENT OF DEFENCE	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE				11JAN2021	NRF
REPLY TO ST. OF DEFENCE					03FEB2021	JSS
STATEMENT OF DEFENCE	CALGARY SINOENERGY INVES LONG RUN EXPLORATION LTD				11FEB2021	DC
REPLY TO ST. OF DEFENCE					19FEB2021	JSS
NOT CLAIM CO-DEFENDANT					01MAR2021	DC
ORDER MISCELLANEOUS			DIRECTIONS	B.E.C. ROMAINE, J.C.	26MAR2021	R

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
NOTICE OF APPEAL (CRT AP)			2101-0082AC		01APR2021	
NOTICE OF APPEAL (CRT AP)			2101-0084AC		01APR2021	
REASONS FOR JUDGMENT					07APR2021	
ORDER SET ASIDE	CALGARY SINOENERGY INVES LONG RUN EXPLORATION LTD		ATTACHMENT ORDER	B.E.C. ROMAINE, J.C.	21APR2021	JSS
ORDER MISCELLANEOUS	CONT		DIRECTIONS & TIMELINES		21APR2021	JSS
ORDER MISCELLANEOUS	CONTDENG, TIANZHOU DENG, XIAOBO; AKA LAM, MICHAEL		ATTACHMENT ORDER CONFIR		21APR2021	JSS
THIRD PARTY CLAIM	LAM, MICHAEL YU, DESHUANG XIONG, JUN TU, HAIPENG CALGARY SINOENERGY INVES LONG RUN EXPLORATION LTD YORK CITY ENTERPRISES LT NEU, STEVEN				03MAY2021	R
AFFIDAVIT			DAVID MIDDLETON		26MAY2021	JSS
AFFIDAVIT			STEVEN NEU		26MAY2021	JSS
THIRD PARTY CLAIM	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE CALGARY SINOENEGY INVEST LONG RUN EXPLORATION LTD NEU, STEVEN Y YU, DESHAUNG XIONG, JUN				23JUN2021	NRF

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
ORDER MISCELLANEOUS			DIRECTIONS	B.E.C. ROMAINE, J.C.	20JUL2021	R
THIRD PARTY CLAIM	CALGARY SINOENERGY INVES LONG RUN EXPLORATION LTD DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE 1980264 ALBERTA LTD. LAM, SHING TAK; AKA LAM, MICHAEL 1838967 ALBERTA LTD. WU, YINGCHUN 1280365 ALBERTA LTD. NEU, STEVEN EILEEN CORP. YORK CITY ENTERPRISES LT WEST LAKE ENERGY CORP. QINGDAO ZHONGTIAN YUHEN				11AUG2021	DC
THIRD PARTY STATE/DEFENCE					27AUG2021	JSS
THIRD PARTY STATE/DEFENCE	WU, YINGCHUN 1280365 ALBERTA LTD.				30AUG2021	DEF
AFFIDAVIT OF SERVICE W/OUT NOTICE APP MASTERS	HENENGHAIXIN CORP		W/III PARTY DEFENCE		30AUG2021	DFT
AFFIDAVIT OF DEFENDANT	DENG, XIAOBO; AKA DENG, LAKE				27SEP2021	NRF
ORDER TO EXTEND TIME			SERVE 3P CLAIM	J.R. FARRINGTON, M.C.	27SEP2021	NRF
ORDER SERVICE EX JURIS	CONTYU, DESHUANG XIONG, JUN		SET ASIDE BY ORDER MAY/		27SEP2021	NRF

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
W/OUT NOTICE APP MASTERS					15OCT2021	RL
AFFIDAVIT			SHING TAK LAM;AKA MICHA		15OCT2021	RL
ORDER TO EXTEND TIME	LAM, MICHAEL YU, DESHUANG XIONG, JUN TU, HAIPENG		SERVE 3P CLAIM	J.R. FARRINGTON, M.C.	15OCT2021	RL
ORDER SERVICE EX JURIS CONT			SET ASIDE BY ORDER MAY/		15OCT2021	RL
APPLICATION	12NOV2021 JC	HRADJ SINE DIE	ISSUE OF FALSE D	A. WOOLLEY, J.C.K.B	18OCT2021	JSS
AFFIDAVIT			GAOYANG ZHANG		18OCT2021	JSS
ORDER MISCELLANEOUS			DIRECTIONS	B.E.C. ROMAINE, J.C.	10NOV2021	R
HEARD AND ADJOURNED	08SEP2023 JST	RESRV 08SEP2023	ISSUE OF FALSE D	M. GASTON, J.C.K.B.	12NOV2021	JSS
THIRD PARTY STATE/DEFENCE	NEU, STEVEN CALGARY SINOENERGY INVES LONG RUN EXPLORATION LTD				16NOV2021	FMD
NOTICE W'DRAW AS LAWYER	CALGARY SINOENERGY INVES				26NOV2021	DC
AFFIDAVIT OF SERVICE	YORK CITY ENTERPRISES LT		W-THIRD PARTY CLAIM		01DEC2021	RL
NOTICE CHANGE REPRESENTAT	CALGARY SINOENERGY INVES LONG RUN EXPLORATION LTD				06DEC2021	C&P
AFFID OF SERVICE BY EMAIL	YU, DESHUANG		W/NOTICE OF CHANGE OF R		20DEC2021	C&P
NOTING IN DEFAULT	YORK CITY ENTERPRISES LT				05JAN2022	R
W/OUT NOTICE APP MASTERS					11JAN2022	NRF

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
AFFIDAVIT ELECTRONIC FILE			LYNDSAY DUCHARME		11JAN2022	NRF
ORDER TO EXTEND TIME	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE YU, DESHAUNG XIONG, JUN		SERVICE OF III P	J.R. FARRINGTON, M.C.	11JAN2022	NRF
APPLICATION	03MAR2022 MC2	HRD	COMPEL AFFIDAVIT	L.A. MATTIS, M.C.K.	27JAN2022	JSS
AFFIDAVIT			KORRIE GIRVAN		27JAN2022	JSS
DISC. 3RD PARTY CLAIM	CALGARY SINOENERGY INVES LONG RUN EXPLORATION LTD DENG, XIAOBO; AKA DENG, LAKE 1980264 ALBERTA LTD. LAM, SHING TAK; AKA LAM, MICHAEL 1838967 ALBERTA LTD.		PARTIAL		31JAN2022	C&P
W/OUT NOTICE APP MASTERS					31JAN2022	R
AFFIDAVIT			ANDREA DIAMOND		31JAN2022	R
ORDER TO EXTEND TIME			SERVE 3P CLAIM	J.T. PROWSE, M.C.K.B	31JAN2022	R
ENDORSEMENT			REJECTION	J.R. FARRINGTON, M.C.	23FEB2022	CLK
ORDER MISCELLANEOUS			DIRECTIONS , TIM	L.A. MATTIS, M.C.K.B	03MAR2022	JSS
ORDER - FINE	CONTLAM, MICHAEL CALGARY SINOENERGY INVES LONG RUN EXPLORATION LTD	\$1,500	PENALTY		03MAR2022	JSS
ORDER REGARDING COSTS	CONT		COSTS \$ 1500		03MAR2022	JSS



CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
W/OUT NOTICE APP JUSTICE					24MAR2022	JSS
ORDER DISCHARGE MISC.			ATTACHMENT ORDER	N.E. DEVLIN, J.C.K.B	24MAR2022	JSS
W/OUT NOTICE APP MASTERS					25MAR2022	JSS
ORDER TO VARY ORDER			DISCHARGE	L.A. MATTIS, M.C.K.B	25MAR2022	JSS
ENDORSEMENT				J.R. FARRINGTON, M.C	22APR2022	CLK
QUESTIONING TRANSCRIPT			GAOYONG ZHANG		19MAY2022	PLT
UNDERTAKING			RESPONSE		19MAY2022	JSS
DISC. 3RD PARTY CLAIM	CALGARY SINOENERGY INVES CALGARY SINOENERGY INVES DENG, TIANZHOU		PARTIAL		25MAY2022	C&P
W/OUT NOTICE APP JUSTICE					25MAY2022	JSS
ORDER MISCELLANEOUS			DIRECTIONS	N.F.. DILTS, J.C.K.B.	25MAY2022	JSS
AFFIDAVIT	DENG, TIANZHOU				10JUN2022	NRF
APPLICATION	14JUL2022 JC	ADJCT SINE DIE	STRIKE	S.M. BENSLER, J.C.K	14JUN2022	RLP
AFFIDAVIT			SHING TAK LAM (MICHAEL)		14JUN2022	RLP
AFFIDAVIT			LYNDSAY DUCHARME		21JUN2022	NRF
W/OUT NOTICE APP MASTERS					21JUN2022	NRF
W/OUT NOTICE APP MASTERS					21JUN2022	CL
ORDER TO EXTEND TIME			3RD PARTY CLAIM	J.R. FARRINGTON, M.C	08JUL2022	NRF

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
ADJOURNED IN COURT	SINE DIE JC	BRFWD 27APR2023	STRIKE		14JUL2022	RLP
W/OUT NOTICE APP MASTERS					21JUL2022	R
AFFIDAVIT			ANDREA DIAMOND		21JUL2022	R
ORDER TO EXTEND TIME	LAM, MICHAEL YU, DESHUANG XIONG, JUN TU, HAIPENG		SERVE 3RD PARTY	J.R. FARRINGTON, M.C	08AUG2022	R
CIVIL LAW SPECIAL TENTAT	08SEP2023 JST	RESRV 08SEP2023	SPECIAL	M. GASTON, J.C.K.B.	18AUG2022	
REPORT OF CIVIL APPEALS			Allowed		22AUG2022	
REPORT OF CIVIL APPEALS			Allowed		22AUG2022	
APPLICATION	01NOV2022 JC	ADJCT SINE DIE	MAREVA INJUNCTIO	S.M. BENSLER, J.C.K	23SEP2022	JSS
AFFIDAVIT			GAOYONG ZHANG		23SEP2022	JSS
ADJOURNED IN COURT	SINE DIE JC		MAREVA INJUNCTION		01NOV2022	JSS
CORRESPONDENCE - HEARING	25NOV2022 COM	HRD	COM/CRTRM/CLK-WE	G.S. DUNLOP, J.C.K.	14NOV2022	
APPLICATION	25NOV2022 COM	HRD	INTERMIN ATTACHM	G.S. DUNLOP, J.C.K.	18NOV2022	JSS
AFFIDAVIT			GAOYONG ZHANG		18NOV2022	JSS
BRIEF	HENENGHAIXIN CORP		JENSEN SHAWA SOLOMON		21NOV2022	JSS
AFFIDAVIT			JOHN ZHAO		25NOV2022	C&P
BRIEF			CALGARY SINOENERGY INVE		28NOV2022	C&P
AUTHORITIES			CALGARY SINOENERGY INVE		28NOV2022	C&P

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
ORDER TO DISMISS			APPLICATION	G.S. DUNLOP, J.C.K.	B08DEC2022	C&P
DESK APP W/OUT NOT APP JD					09DEC2022	R
AFFIDAVIT			ANDREA DIAMOND		09DEC2022	R
APPLICATION	09JAN2023 JC	ADJCN SINE DIE	SET ASIDE 27/09/21 ORDE		13DEC2022	JSS
APPLICATION	09JAN2023 JC	ADJCN SINE DIE	SET ASIDE 15/10/21 ORDE		13DEC2022	JSS
ORDER TO EXTEND TIME			SERVICE TPC JUNE	J.L. MASON, M.C.K.B.	13DEC2022	RL
ADJOURNED BY CONSENT	SINE DIE JC		SET ASIDE 27/09/21 ORDE		16DEC2022	JSS
ADJOURNED BY CONSENT	SINE DIE JC		SET ASIDE 15/10/21 ORDE		16DEC2022	JSS
THIRD PARTY STATE/DEFENCE	CALGARY SINOENERGY INVES LONG RUN EXPLORATION LTD EILEEN CORP.				23JAN2023	JSS
APPT FOR ASSESSMENT COSTS W/OUT NOTICE APP JUSTICE	15MAR2023 RAA	HRD	ASSESSMENT OF COSTS		14FEB2023	NR
ORDER DISCHARGE MISC.			INSTRUMENT	R.A. NEUFELD, J.C.K.	18FEB2023	JSS
APPT FOR ASSESSMENT COSTS	15MAR2023 RAA	HRD	APPOINTMENT FOR ASSESSM		23FEB2023	R
AFFIDAVIT OF SERVICE	HENENGHAIXIN CORP				28FEB2023	NR
CORRESPONDENCE			LETTER TO RESTORE		23MAR2023	RL
BROUGHT FORWARD	27APR2023 JC	ADJCN 03MAY2023	STRIKE		23MAR2023	RL
BILL OF COSTS	HENENGHAIXIN CORP	\$15,054	C32442		27MAR2023	R

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
BILL OF COSTS	HENENGHAIXIN CORP LAM, MICHAEL	\$28,900			27MAR2023	R
ADJOURNED BY CONSENT	03MAY2023 JC	HRD	STRIKE	J.T. EAMON, J.C.K.B	30MAR2023	RL
APPLICATION	04MAY2023 AJ2	HRADJ	08MAY2023 CROSS-EXAMINATIO	L.A. MATTIS, M.C.K.	20APR2023	JSS
AFFIDAVIT			GAOYANG ZHANG		20APR2023	JSS
WRIT OF ENFORCEMENT	HENENGHAIXIN CORP	\$28,900			22APR2023	R
WRIT OF ENFORCEMENT	HENENGHAIXIN CORP	\$15,054			22APR2023	R
BILL OF COSTS	HENENGHAIXIN CORP	\$15,861	C41805		26APR2023	NRF
HEARD AND ADJOURNED	08MAY2023 AJ2	HRD	CROSS-EXAMINATIO	J.R. FARRINGTON, M.	04MAY2023	JSS
SATISFACTION PIECE		\$28,900	COSTS		09MAY2023	R
SATISFACTION PIECE		\$15,054	COSTS		09MAY2023	R
ENDORSEMENT				L.A. MATTIS, M.C.K.B	12MAY2023	CLK
DESK APP W/OUT NOT APP JD					12MAY2023	JSS
ORDER MISCELLANEOUS			DIRECTIONS	J.R. FARRINGTON, M.C	12MAY2023	JSS
ORDER REGARDING COSTS	CONT	\$1,500			12MAY2023	JSS
ORDER MISCELLANEOUS			DIRECTIONS	J.T. EAMON, J.C.K.B.	18MAY2023	CLK
QUESTIONING TRANSCRIPT	LAM, MICHAEL		JUNE 27/22		30MAY2023	JSS
QUESTIONING TRANSCRIPT	DENG, TIANZHOU		JUNE 29/22		30MAY2023	JSS
QUESTIONING TRANSCRIPT	DENG, TIANZHOU		SEPT 9/22		30MAY2023	JSS

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
CORRESPONDENCE - HEARING	11JUL2023 COM	DELHR	COM/CRTRM/CLK-WE	C.M. JONES, J.C.K.B	01JUN2023	
CIVIL LAW SPECIAL TENTAT	19JAN2024 JSC	RESRV 19JAN2024	SET ASIDE SERVIC	J.R. ASHCROFT, J.C.	06JUN2023	
DESK APP W/OUT NOT APP JD					06JUN2023	JSS
ENDORSEMENT			INFO REQUIRED	L.A. MATTIS, M.C.K.B	06JUN2023	JSS
DESK APP W/OUT NOT APP JD					09JUN2023	JSS
ORDER DISCHARGE MISC.			LIEN- 201 163 98	J.T. PROWSE, M.C.K.B	09JUN2023	JSS
BRIEF	HENENGHAIXIN CORP		PLT		20JUN2023	JSS
SATISFACTION PIECE	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE		COSTS		22JUN2023	JSS
ORDER GRANTING LEAVE			APPLY/DEFAULT JU	R.A. NEUFELD, J.C.K.	30JUN2023	R
BRIEF	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE LAM, MICHAEL		NORTON ROSE FULBRIGHT C		04JUL2023	NRF
AUTHORITIES	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE LAM, MICHAEL		NORTON ROSE FULBRIGHT C		04JUL2023	NRF
AFF'D ATTEMPTED SERVICE	TU, HAIPENG				13JUL2023	RL
AFFIDAVIT	AMND		GAYONG ZHANG AKA FRANK		04AUG2023	JSS
BRIEF	DENG, TIANZHOU DENG, XIAOBO; AKA		JOINT BRIEF/ROSE LLP		11AUG2023	R

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
	DENG, LAKE					
AUTHORITIES	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE		ROSE LLP		11AUG2023	R
MISC OTHER DOCUMENTS	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE		EXCERPTS OF KEY RECORDS		11AUG2023	R
BRIEF	HENENGHAIXIN CORP		JENSEN SHAWA SOLOMON DU		11AUG2023	JSS
AUTHORITIES	HENENGHAIXIN CORP		JENSEN SHAWA SOLOMON DU		11AUG2023	JSS
BRIEF	DENG, LAKE DENG, XIAOBO; AKA		JOINT RESPONSE		25AUG2023	R
AUTHORITIES	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE		JOINT RESPONSE		25AUG2023	R
MISC OTHER DOCUMENTS	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE		KEY DOCUMENTS & EVIDENC		25AUG2023	R
BRIEF	HENENGHAIXIN CORP		APPLICATION TO STIRKE		25AUG2023	JSS
AUTHORITIES	HENENGHAIXIN CORP		APPLICATIONS TO STRIKE		25AUG2023	JSS
UNDERTAKING			MICHAEL LAM		11SEP2023	R
UNDERTAKING			RESPONSES/T.DENG		11SEP2023	R
HEARING SET - NO CORRES	24JAN2024 JS	HRD	DECISION	M. GASTON, J.C.K.B.	17JAN2024	*MM
ORAL JUDGMENT				M. GASTON, J.C.K.B.	24JAN2024	CLK

CLERK OF THE COURT - COUNTER

PROCEDURE RECORD PRINT

ACTION NO: Q2001 03353

ACTIVITY DESCRIPTION	LITIGANTS HEARING DATE & TYPE	AMOUNT RESULT	EXPLANATION APPLICATION	JUSTICE/MASTER	DATE FILED	LAW FRM
WRITTEN SUBMISSION	DENG, TIANZHOU DENG, XIAOBO; AKA DENG, LAKE		COSTS		23FEB2024	NRF
WRITTEN SUBMISSION	HENENGHAIXIN CORP		PLAINTIFF		23FEB2024	JSS
AUTHORITIES	HENENGHAIXIN CORP		PLAINTIFF		23FEB2024	JSS
HEARING SET - NO CORRES	15APR2024 JS	HRD	ORAL DECISION	J.R. ASHCROFT, J.C.	11APR2024	
ORAL JUDGMENT				J.R. ASHCROFT, J.C.	K15APR2024	CLK
ORDER TO STRIKE			AF-A-PAR 26&42-4	N.M. CARRUTHERS, J.C.	22APR2024	JSS
ORDER SET ASIDE			OR-SRV EXJURIS 25/09/20		23MAY2024	JSS
ORDER SET ASIDE	CONT		OR-SRV EXJURIS-07/10/20		23MAY2024	JSS

\*\*\* END OF ACTIVITIES \*\*\*  
 \*\*\*\*\*END OF REPORT\*\*\*\*\*

Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

## **Appendix “E” – *Henenghaixin Corp v Deng*, 2022 ABCA 271**



# In the Court of Appeal of Alberta

**Citation: Henenghaixin Corp v Deng, 2022 ABCA 271**

**Date:** 20220822  
**Docket:** 2101-0082AC  
2101-0084AC  
**Registry:** Calgary  
**Docket:** 2101-0082AC

**Between:**

**Henenghaixin Corp.**

Respondent

- and -

**Michael Lam**

Appellant

- and -

**Tianzhou Deng, Xiaobo Deng aka Lake Deng, Calgary Sinoenergy Investment Corp., Long Run Exploration Ltd., John Doe and ABC Corporation**

Not Parties to the Appeal

**Docket:** 2101-0084AC

**Between:**

**Henenghaixin Corp**

Respondent

- and -

**Tianzhou Deng and Xiaobo Deng, aka Lake Deng**

Appellants

- and -

**Michael Lam, Calgary Sinoenergy Investment Corp., Long Run Exploration Ltd.,  
John Doe and ABC Corporation**

Not Parties to the Appeal

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**The Court:**

**The Honourable Justice Marina Paperny  
The Honourable Justice Peter Martin  
The Honourable Justice Jo'Anne Streckf**

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**Memorandum of Judgment**

Appeal from the Order by  
The Honourable Justice B.E. Romaine  
Dated the 3rd day of March, 2021  
Filed on the 21st day of April, 2021  
(2021 ABQB 168, Docket: 2001 03353)

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## Memorandum of Judgment

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### The Court:

#### Introduction

[1] These appeals are from an order declining to set aside an *ex parte* attachment order/Mareva injunction obtained by Henenghaixin Corp (H Corp) against a former director, his daughter, his business associate and various corporations. The underlying action alleges misappropriation of funds provided to enable H Corp's wholly owned subsidiary, West Lake Energy Corporation (West Lake), to acquire the assets of a company out of receivership.

[2] The evidence provided by H Corp on the *ex parte* application and in opposition to the motion to set it aside contained significant hearsay. H Corp did not provide direct evidence from any of its directors, officers or employees, or any of West Lake's directors, officers or employees. As a result, no representative of H Corp or West Lake with direct knowledge of their operations and access to their business records and financial information was available for cross-examination on the review application.

[3] The chambers judge upheld the *ex parte* order but concluded that evidence of Steven Neu (the President and a director of H Corp and an officer of West Lake) and David Middleton (a director and former officer of West Lake), which evidence was before her in the form of hearsay, was "important and should be provided by them directly". She directed that the order "will terminate three months from the date of this decision unless H Corp provides affidavits from Mr Neu and Mr Middleton".

[4] Mareva injunctions and attachment orders are extraordinary remedies. Hearsay evidence should be approached cautiously, particularly in the absence of an explanation as to why key available evidence has not been provided by individuals who have personal knowledge of the relevant facts. The acknowledgment by the chambers judge that some of the hearsay evidence was important and should be provided directly implicitly recognized that the order could not be justified on the record before the court.

[5] The appeal is allowed and the attachment order/Mareva injunction is set aside.

#### Background

[6] H Corp is an Alberta corporation established and funded through a chain of intermediate entities by two Chinese investment funds (referred to as the investment funds or limited partnerships) to acquire the assets of Twin Butte Energy Ltd through H Corp's subsidiary, West Lake.

[7] At the relevant time, the appellant Tianzhou Deng (Mr Deng), was one of four members of the H Corp board of directors and was also a director of West Lake, Calgary Sinoenergy Investment Corp and Long Run Exploration. His daughter, Xiaobo Deng, aka Lake Deng (Ms Deng) was a director of West Lake and is a director of Long Run. Mr Michael Lam is a business associate of the Dengs.

[8] On February 28, 2020, H Corp commenced an action against the Dengs, Mr Lam, Calgary Sinoenergy, Long Run, John Doe and ABC Corporation. The claim alleges that the investment funds transferred monies to H Corp to acquire the Twin Butte assets. Monies were then transferred among various corporations, leaving a shortfall of \$44 million that was wrongfully diverted. The claim alleges the funds were misappropriated from H Corp at the direction of Mr Deng through instructions provided by Mr Lam and Ms Deng, who misrepresented to individuals at H Corp that Mr Deng owned and controlled H Corp and that they had authority to direct its affairs.

[9] On April 23, 2020, H Corp applied for and obtained an *ex parte* attachment order/Mareva injunction (*ex parte* order) against Mr Deng, Ms Deng, Mr Lam, Calgary Sinoenergy and Long Run.

[10] The chambers judge found the investment funds provided \$352.5 million to H Corp to enable West Lake to acquire the assets of Twin Butte from a receiver on March 30, 2017. The acquisition was subject to two investment agreements involving various parties, including the limited partnerships and Mr Deng, which restricted the use of the funds to the acquisition of the Twin Butte assets and related matters.

[11] In May 2018, the investment funds became concerned that Mr Deng would be unable to fund the acquisition contemplated in the investment agreements and sent Gaoyong Zhang and two others to Calgary to investigate West Lake's operations. Mr Zhang and the others met with Ms Deng and Mr Lam in October 2018 and were shown audited West Lake financial statements for the period ended December 31, 2017. Those statements showed shareholder's equity of \$345 million and cash of \$61 million. Bank statements indicated West Lake had received \$80 million from H Corp. In January 2019, Mr Zhang met with two West Lake directors, Mr Neu and Mr Middleton, and an officer, Mr Steele. They reviewed audited financial statements showing shareholder's equity that was lower by \$40 million. Mr Zhang was informed that West Lake had received \$42 million after the Twin Butte acquisition. On January 21, 2019 the directors of H Corp changed signing authority, removing Mr Lam but retaining Mr Neu. Bank statements indicated that Mr Lam had approved a number of transfers from H Corp to Calgary Sinoenergy.

[12] Price Waterhouse was retained to conduct a forensic investigation. Its report indicated that H Corp received \$354 million from the investment funds through various entities, of which \$276 million was used in connection with the Twin Butte purchase and other operational related

purposes. The report identified \$77 million in net payments not related to the Twin Butte assets were made to various unrelated entities, including Calgary Sinoenergy and Long Run.

[13] The chambers judge was satisfied that the criteria for an attachment order and Mareva injunction had been met. She found that: H Corp had established a strong *prima facie* case; its counsel had been candid and fulsome; there was a serious issue to be tried; the evidence, “including the forensic analysis by Price Waterhouse and the evidence of the false financial statements and misleading bank statements indicates that it is likely to be successful at trial”; the defendants had assets in Alberta that were at risk of disposal or dissipation; irreparable harm had been established; and the balance of convenience favoured granting the application.

[14] The only evidence submitted on behalf of H Corp on the *ex parte* application were three affidavits of Mr Zhang. He was a resident of China and an employee of the general partner of one of the investment funds that indirectly owned H Corp. He was not a director, officer or employee of H Corp or West Lake.

[15] The Dengs and Mr Lam applied to set aside the *ex parte* order. Both Ms Deng and Mr Lam provided affidavits on the review application, and transcripts from cross-examinations of Mr Zhang, Ms Deng and Mr Lam were filed. H Corp did not file any additional evidence on the review application, continuing to rely on the affidavits of Mr Zhang.

[16] Mr Lam’s evidence was that H Corp did not have sufficient funds to pay the deposit to acquire Twin Butte so Calgary Sinoenergy advanced those funds by way of a loan to H Corp and the transfers out of H Corp were authorized by a Shareholder Resolution and Loan Agreement. He said he did not create, review or alter the bank statements or West Lake financial statements that were provided to Mr Zhang in October 2018.

[17] The chambers judge dismissed the review application to set aside the *ex parte* order: *Henenghaixin Corp v Deng*, 2021 ABQB 168. That decision is the subject of this appeal.

[18] The chambers judge undertook a thorough analysis of the evidence; her detailed findings are summarized throughout her decision. It is clear that the chambers judge had serious concerns regarding the transfer of funds from H Corp based on the apparent discrepancies in financial statements, the report of Price Waterhouse, and the evidence of Mr Zhang. For the narrow purposes of this appeal, we note the following relevant findings made by the chambers judge.

[19] With respect to the bank statements, the chambers judge noted that they “indicate that Mr. Neu, a director of H Corp, and the President of West Lake, had also approved some of these transfers. Mr. Zhang’s affidavit of November 20, 2019 stated that Mr. Neu admitted to the transfers but advised that Mr. Lam had directed them and advised that Mr. Deng wanted the transfers done. Counsel for H Corp was candid about Mr. Neu’s position at the time of the application, specifically

referring to the approval of the transfers, and referring to Mr. Neu's position and evidence that tends to corroborate his understanding" (para 17).

[20] The chambers judge also found as follows, based on the affidavits of Mr Zhang:

On January 22nd, 2019, the investigators and Mr. Middleton met with Mr. Neu, who Mr. Zhang says disclosed that Mr. Lam had directed the transfers and had advised him that Mr. Deng wanted the transfers done. According to Mr. Zhang's affidavit, Mr. Neu admitted that he had been hired as a consultant for Sinoenergy by Mr. Deng in 2016, and that he had been appointed as a Director of H Corp. and president of West Lake in 2016 at Ms. Deng's direction. He thought Ms. Deng had authority to act as a Canadian representative of her father and knew that Mr. Lam was Mr. Deng's close associate. Therefore, he assumed that Mr. Lam and Ms. Deng had full authority to act for Mr. Deng, even though they had no formal titles at H Corp.

Mr. Middleton advised Mr. Zhang, according to his affidavit, that he was of the impression that Mr. Lam and Ms. Deng had authority to act as representatives of Mr. Deng, that Mr. Deng was the ultimate owner of West Lake or had the authority to conduct business for West Lake on behalf of a group of investors. Mr. Middleton referred to a translation agreement which gives Mr. Lam and Ms. Deng the ability to give instructions on behalf of Mr. Deng and the officers of West Lake, and also gives the officers of West Lake authority to rely on those instructions.

[21] No affidavit from Mr Neu or Mr Middleton was filed on the review application. The evidence with respect to their conversations and assumptions was all contained in the affidavits of Mr Zhang.

[22] The chambers judge found that "PWC identified \$77,006,491 in net payments from H Corp's bank accounts that were paid to or received from entities unrelated to the above-noted investment. PWC notes that Mr. Zhang advised them that these net payments were made without the knowledge, approval or authorization of the partnership." (para 30). Based on her review of the evidence, the chambers judge found approximately \$44 million of the invested funds remained unaccounted for and noted that H Corp submitted the funds were diverted without knowledge, approval or authorizations, and for purposes other than the acquisition of Twin Butte assets and the necessary capitalization of West Lake. She found the evidence indicated Calgary Sinoenergy and Long Run as among the unrelated entities that received funds from H Corp, and that those entities share common directors, including Mr Deng.

[23] The chambers judge rejected the appellants' submission of an alleged Shareholders Declaration and loan to Calgary Sinoenergy, noting that "H Corp and the investors deny knowledge of the documents" and concluding it is a matter for trial.

[24] The chambers judge confirmed the attachment order/Mareva injunction in relation to the Dongs and Mr Lam. She recognized that some of the evidence in Mr Zhang's affidavits is hearsay advice from Mr Neu and Mr Middleton, among others. She agreed that "Mr. Neu and Mr. Middleton's evidence is important and should be provided by them directly". She directed that the order would terminate after three months unless H Corp provided affidavits from Mr Neu and Mr Middleton.

### Issues on appeal

[25] The appellants submit that the chambers judge erred:

- (1) in confirming the order based on hearsay evidence on key points in circumstances where direct evidence was available;
- (2) in directing, on her own motion, that the order would terminate three months from the date of her decision unless H Corp provides affidavits from Mr Neu and Mr Middleton; and
- (3) in finding that H Corp's delay in moving for the order was not fatal.

### Standard of Review

[26] A chambers judge's decision to grant or maintain a Mareva injunction or attachment order is a discretionary decision afforded considerable appellate deference "unless the judge proceeded arbitrarily, on a wrong principle or failed to consider or properly apply the applicable test in which case the standard is correctness: *Peters & Co Limited v Ward*, 2015 ABCA 6 at para 10, 588 AR 365; *Dreco Energy Services Ltd. v Wenzel*, 2008 ABCA 290 at para 10, 440 AR 273.": *Secure 2013 Group Inc v Tiger Calcium Services Inc*, 2017 ABCA 316 at para 34.

### Analysis

[27] Mareva injunctions and attachment orders are extraordinary remedies. They are a form of prejudgment relief often granted *ex parte*, and thereafter reviewed once they have been served on the defendant.

[28] As the chambers judge correctly noted, the test to be applied on an application to review a Mareva injunction and attachment order includes establishing a "strong *prima facie* case on the merits" and "a reasonable likelihood that the applicant's claim will be established", respectively.

[29] The focus of this appeal is narrow: whether the chambers judge erred in upholding the *ex parte* order having regard to the nature of the evidentiary record on the review application. Whether the initial order ought to have been granted on this record is not under appeal. Our analysis is focused on the review application and the record on that application.

*Hearsay evidence on Mareva injunctions and attachment orders*

[30] It is open to a judge to consider and rely on hearsay evidence on an application for a Mareva injunction or attachment order. Rule 13.18 expressly permits evidence based on information and belief, unless the application will dispose of the claim: *Guillevin International Co v Barry*, 2022 ABCA 144 at para 55. Indeed, in many instances when such orders are sought there is a need to proceed expeditiously and without notice to protect assets from being transferred out of a jurisdiction. In such circumstances, it may not be possible to obtain direct evidence from all relevant parties.

[31] That said, “a chambers judge should proceed cautiously with hearsay evidence, particularly where the *ex parte* remedies sought are as prejudicial to the absent defendants as in the case of an *Anton Piller* order or a summary judgment...or an injunction.”: *British Columbia (Attorney General) v Malik*, 2011 SCC 18 at para 51. This is particularly the case “where better and more complete evidence was available”: *Fine Gold Resources, Ltd. v. 46205 Yukon Inc.*, 2016 YKCA 15 at para 24. “It is quite simply that the injunctive relief sought should not...be granted on no more than pure hearsay when it has not been shown that evidence from the original sources is unavailable.”: *Litchfield v Darwin*, (1997) 29 BCLR (3d) 203, 1997 CanLII 3830 at para 4.

[32] The only evidence put forward on behalf of H Corp on the review application were the affidavits of Mr Zhang, an employee of the general partner of one of the limited partnerships, several entities removed from H Corp in the ownership chain. The action has not been framed as a derivative action. The limited partnerships are not parties to the action and their interests and knowledge should not be conflated with that of H Corp.

[33] A key element of H Corp’s claim is the allegation that funds were misappropriated and diverted from H Corp through misrepresentations by Ms Deng and Mr Lam that induced individuals at H Corp to authorize the transfers. The statement of claim includes the following allegations:

12. Ms. Deng advised a consultant in her employ that her father, Mr. Deng, was acquiring the assets of Twin Butte out of receivership. She arranged for the consultant to become a director of H Corp. and an officer of West Lake.

13. Mr. Lam represented to individuals at H Corp. that he had full financial authority over the affairs of H Corp., which he described a holding company



of “Sinoenergy” (Mr. Deng is the founder and major shareholder of Changchun Sinoenergy Corp., an entity publicly traded on the Shanghai Stock Exchange).

14. In this way, Ms. Deng and Mr. Lam represented that Mr. Deng owned and controlled H Corp., and that they had authority to direct the affairs of H Corp on his behalf.

15. None of this was true.

[34] The “consultant” and “individuals at H Corp” who were not identified in the Statement of Claim were presumably Steven Neu and David Middleton, yet no direct evidence was provided by either of them regarding the alleged recruitment, the alleged representations, or any reliance by them or H Corp on such representations. Nor was any explanation provided for the absence of this evidence.

[35] The chambers judge found that the financial statements provided by Mr Lam to Mr Zhang in October 2018 were “false and misleading. It is no answer to submit, as Mr Lam does, that they were signed by two directors of West Lake. They may appear to be signed by these directors, but there is no evidence that these signatures are real.” (para 16). These financial statements were apparently signed by Mr Neu and Mr Middleton, who provided no affidavit evidence indicating what, if any, information they had about the financial statements, or that their signatures were not real.

[36] No direct evidence was provided from any director, officer or employee of H Corp or West Lake, nor was any explanation given as to why such evidence was not available. The appellants therefore had no opportunity to cross-examine anyone from H Corp or West Lake with access to those entities’ corporate and financial records concerning the impugned transactions, the allegations of misrepresentation and misappropriation, and the inaccurate financial statements of West Lake, as set out in the pleadings. On the review application, having regard to the conflicting affidavits filed on behalf of the appellants, the absence of such evidence takes on greater prominence.

[37] This Court recently characterized a defendant seeking to set aside a Mareva injunction and attachment order who failed to provide any affidavit evidence denying the alleged fraud as playing “hide and seek”, calling for “a strong adverse inference”: *Guillevin* at para 59. A corporate applicant, seeking the extraordinary relief of Mareva injunction and attachment order while failing to provide any direct evidence from a director, officer or employee authorized to speak on its behalf and with access to its records, may be viewed in a similar light absent exceptional circumstances and an explanation why such evidence has not been adduced. We also note that the hearsay evidence filed on the application here is not like the type of information recognized in

*Guillevin* as not requiring direct evidence; the evidence here does not consist of business records created in the ordinary course of business, nor is it a summary of information known to many people: *Guillevin* at paras 54 – 58.

[38] On an application to review an *ex parte* attachment order or Mareva injunction, the onus to establish all elements of the test remains on the party that brought the original application: *Tiger Calcium* at para 169. In this review application, the onus was on H Corp to demonstrate that there is evidence supporting the key allegations of its claim, establishing a strong *prima facie* case on the merits and a reasonable likelihood that the claim will succeed.

[39] The chambers judge made numerous findings of fact and rejected much of the evidence put forward by Mr Lam and Ms Deng, as was her prerogative. However, in the absence of direct evidence, she relied heavily on hearsay evidence provided by Mr Zhang with respect to key parts of H Corp’s claim. In addition to the allegations of misrepresentation made to Mr Neu and Mr Middleton set out above, we note the following examples.

[40] Paragraph 11 of the Statement of Claim alleges that “H Corp believed that the Investment Funds, less the purchase price for the Twin Butte assets net of adjustments, would be available for West Lake to operate the Twin Butte assets. Those remaining funds were not to be used for any other purpose.” There was no evidence provided by anyone from H Corp as to what it “believed”.

[41] Paragraphs 19 and 20 allege that there was “no legitimate reason” for the diversion of approximately \$44 million and that the “improper diversion ....was unknown, and unknowable to H Corp until January, 2019 at the earliest.” Mr Zhang’s affidavit explains why the investment funds believed there was no legitimate reason for the diversion and why they may not have known about the “diversion” until January 2019, however, the investment funds are not the plaintiff in this action. There was no direct information from anyone from H Corp regarding its knowledge, information or explanation about the diversion and whether, and if so how, that occurred without its knowledge.

[42] Paragraphs 21 and 22 allege that Mr Deng breached fiduciary duties he owed to H Corp by “either actively arranging for the transfer of the Diverted Funds, or, alternatively, by allowing the Diverted Funds to be transferred as a result of insufficient oversight or insufficient internal controls”. There is no evidence from anyone at H Corp with respect to what oversight or internal controls existed at H Corp and their sufficiency.

[43] Paragraphs 28 to 30 allege:

28. The Defendants Mr. Deng, Ms. Deng, and Mr. Lam made representations to officers of H Corp. that they had authority to direct the diversion of funds from H Corp. These representations were made

with the intent that directors and officers of H Corp. would rely on them, and the Defendants Mr. Deng, Ms. Deng and Mr. Lam knew or ought to have known that they would in fact be relied upon. These representations were in fact false.

29. On the basis of these representations, funds were wrongfully diverted out of H Corp. But for the misrepresentations, the funds would not have been wrongfully diverted.

30. As a result of these misrepresentations and H Corp's reliance on them, H Corp. has suffered damage in the amount of \$44 million or such other amount as shall be proved at the trial of this action.

[44] There is no direct evidence from anyone at H Corp regarding these alleged representations.

[45] Given the nature of the allegations in the Statement of Claim, it is problematic to maintain the extraordinary relief of an attachment order and Mareva injunction on a review application when the applicant failed to provide any direct evidence from its directors, officers and employees regarding the merits of its claim or explain why such direct evidence was not provided. Instead, the decision rests entirely on third party evidence containing significant hearsay from the applicant's directors, officers and employees. This is of particular concern here because the claim involves allegations of misrepresentations made to H Corp, with no direct evidence as to what the misrepresentations were; when, by whom and to whom they were made; whether, to what extent and by whom they were relied upon; what, if anything, was done as a result of the representations; and what loss or damage was sustained as a result.

*Requirement that Steven Neu and David Middleton file affidavits*

[46] The reasons on the review application allude to the hearsay nature of the evidence regarding the allegations of misrepresentations made to H Corp in connection with the alleged misappropriation of funds. When discussing the third hand hearsay in Mr Zhang's affidavit, "that Mr. Neu advised that Mr. Lam told him that Mr. Deng wanted the transfers done, and that he was under the impression that Mr. Deng controlled the funds behind H Corp", the chambers judge indicated that "(t)he issue of the hearsay nature of this evidence is addressed later in this decision" (para 85(a)). It was addressed at paragraph 90 in the finding that "Mr. Neu and Mr. Middleton's evidence is important and should be provided by them directly" and the direction that "the order will terminate three months from the date of this decision unless H Corp provides affidavits from Mr. Neu and Mr. Middleton."

[47] This aspect of the order, which was not sought by any of the parties, is fundamentally inconsistent with there being a sufficient evidentiary record on the review application to justify

maintaining the *ex parte* order. The direction that the orders would terminate unless affidavits were provided within three months by individuals whose hearsay advice was “important and should be provided by them directly” cannot be reconciled with the conclusion that the orders were justified on the record before the court.

**Conclusion**

[48] Whether there is merit to the allegations in the Statement of Claim is a matter that will be determined at the trial of this action. We express no opinion in that regard. This appeal deals only with the nature of the evidence filed on the application to review the *ex parte* order.

[49] The appeal is allowed and the attachment order/Mareva injunctions granted with respect to the appellants are set aside.

Appeal heard on January 13, 2022

Memorandum filed at Calgary, Alberta  
this 22nd day of August, 2022

---

Authorized to sign for: Paperny J.A.

---

Authorized to sign for: Martin J.A.

---

Strekaf J.A.

**Appearances:**

A.P. Wilson

A. Bedi

E.J. Baker (no appearance)  
for the Respondent

D.J. Wachowich, Q.C.

S. Stokes  
for the Appellant on 2101-0082AC

S. Mann

for the Appellant, Tianzhou Deng on 2101-0084AC

S.H. Leidl, Q.C.

for the Appellant, Xiaobo Deng (aka Lake Deng) on 2101-0084AC

Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

## **Appendix “F” – Correspondence from Song & Howard Law Office to the Service List, July 31, 2024**

**SONG & HOWARD LAW OFFICE**

**宋岳律师事务所**

325 Market Mall Professional Center  
4935 40th Avenue NW, Calgary, AB T3A 2N1 Canada  
www.songhowardlaw.com

**Yue (Roger) Song**

Barrister & Solicitor

宋岳律师

T 403-205-2545

M 403-702-6178

F 403-208-9108

roger.song@songhowardlaw.com

Via E-Mail

Our file: C0394-001

TO THE SERVICE LIST:

July 31, 2024

**Re: In the Matter of a Plan of Compromise or Arrangement of Long Run Exploration Ltd. and  
Calgary Sinoenergy Investment Corp.  
Court of King's Bench of Alberta File No.: 2401-09247**

We represent Henenghaixin Corp. ("**H Corp.**"), a creditor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

Attached is a copy of the Statement of Claim issued by our client against the two above-noted entities in the Alberta Court of Queen's Bench filed on February 28, 2020, Alberta Court file No. 2001-03353.

We are writing to put you on notice that we are seeking instructions to bring a motion for leave to appeal to the Alberta Court of Appeal from the order issued yesterday by Justice Little in the CCAA proceeding.

We will provide further details on next steps as soon as possible.

Yours truly,

**SONG & HOWARD LAW OFFICE**

  
Yue (Roger) Song

cc. Gaoyong Zhang, H Corp.

Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

## **Appendix “G” – Correspondence from Field LLP to Bennett Jones LLP, August 28, 2024**



**From:** [Elvina Hussein](#)  
**To:** [Kelsey Meyer](#); [Michael Selnes](#); [Kaamil Khalfan](#)  
**Cc:** [Douglas Nishimura](#); [Robert Stack](#); [Joyce Staroszik](#)  
**Subject:** Long Run Exploration Ltd. et al  
**Date:** Wednesday, August 28, 2024 4:40:19 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Letter to Bennett Jones - August 28, 2024 \(Long Run\) 1.pdf](#)

---

Good afternoon. In connection with the above noted matter, attached please find correspondence from Douglas Nishimura.

Kind regards,

**Elvina Hussein**

Legal Assistant  
T 403-232-1797  
F 403-264-7084  
[EHussein@fieldlaw.com](mailto:EHussein@fieldlaw.com)

400 – 444 7 AVE SW  
Calgary AB T2P 0X8  
[fieldlaw.com](http://fieldlaw.com)



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**Douglas Nishimura**

Partner

T 403-260-8548

F 403-264-7084

dnishimura@fieldlaw.com

Assistant: Elvina Hussein

T 403-232-1797

ehussein@fieldlaw.com

August 28, 2024

**VIA EMAIL**Bennett Jones LLP  
4500, 855 - 2 Street S.W.  
Calgary, AB T2P 4K7**Attention: Kelsey Meyer, Michael Selnes and Kaamil Khalfan****Re: In the Matter of a Plan of Compromise and Arrangement of Long Run Exploration Ltd. ("Long Run") and Calgary Sinoenergy Investment Corp. ("Sinoenergy")  
Court of King's Bench of Alberta File No. 2401 09247 (the "CCA Proceedings")**

Please be advised that we have been retained to act for Henenghaixin Corp. ("**HC**Corp") with respect to its involvement in the CCAA Proceedings of Long Run. HCorp is also represented by Robert Stack of Wilson Laycraft with respect to its claim against, among others, Long Run Exploration Ltd. HCorp was previously represented by JSS Barristers, who are no longer involved in the file. A Notice of Change of Representation has been filed and will be served. However, and of note for this correspondence, prior to JSS' involvement, HCorp was represented by Bennett Jones. This representation raises significant conflict issues.

Bennett Jones was engaged by HCorp. to investigate and provide advice with respect to its claim against the Defendants in the lawsuit which include Long Run and Sinoenergy. As part of its engagement, Bennett Jones provided advice with respect to potential recovery against Long Run as well as Sinoenergy. Further, Bennett Jones drafted the initial version of the Statement of Claim against those parties (which version was virtually unchanged from the one which was filed), among others. As such, Bennett Jones was intimately involved and knowledgeable with respect to the constructive trust claim which is part of HCorp's claim against Long Run.

We are advised that Bennett Jones, representing the Monitor, has already taken positions adverse to HCorp in previous applications in these proceedings. We anticipate that FTI will be in a position in the future to have to take a position with respect to HCorp's upcoming applications or HCorp's response to Long Run's upcoming applications. We believe that this puts Bennett Jones in an untenable position of conflict. While we appreciate that FTI is a Court-appointed Monitor and thus, in a technical sense, neutral in these proceedings, the previous opposition to HCorp's position in previous applications suggest that the Monitor is taking Long Run's side against HCorp. We wish to avoid such appearances in the future. Accordingly, Bennett Jones previous representation of HCorp is problematic, to say the least.

As our separate correspondence indicates, central to HCorp's position is the fact that it claims a constructive trust against Long Run and its assets, which claim would rank in superiority to that of Chinese Construction Bank and, in addition, the secured claim of Sinoenergy. We note that the proposed transaction also virtually extinguishes the secured claim of Sinoenergy and thus any claim of HCorp against that asset of Sinoenergy. The proposed Stalking Horse sale and Reverse Vesting Order run contrary to these interests and will be opposed by HCorp. While it is unfortunate that the prior representation and potential conflict appear not to have been noticed until this point, our client must unfortunately and respectfully request that Bennett Jones cease to act for the Monitor in this case. We are, of course, prepared to agree to any required accommodations and extensions of time to address any inconvenience that this may cause.

Regards,

FIELD LLP

A handwritten signature in black ink, appearing to read 'D. Nishimura', with a stylized flourish at the end.

Douglas Nishimura  
Partner

DSN/eh

Cc: *Wilson Laycraft*

Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

**Appendix “H” – Correspondence from Field LLP to its service list,  
August 28, 2024**

**From:** [Elvina Hussein](#)  
**To:** [Michael Selnes](#); [Kaamil Khalfan](#); [Kelsey Meyer](#); [Deryck Helkaa \(deryck.helkaa@fticonsulting.com\)](#); [dustin.olver@fticonsulting.com](#); [brett.wilson@fticonsulting.com](#); [kelly.bourassa@blakes.com](#); [christopher.keliher@blakes.com](#); [wbarber@longfunexploration.com](#); [kristopher.lensink@gov.ab.ca](#); [insolvncy@aer.ca](#); [george.body@justice.gc.ca](#); [kasydi.mack@justice.gc.ca](#); [wilsona@jssbarristers.ca](#); [joliver@cassels.com](#); [dmarechal@cassels.com](#); [john.regush@dentons.com](#); [bennett.wong@dentons.com](#); [maria.lavelle@aer.ca](#); [insolvency@aer.ca](#)  
**Cc:** [Douglas Nishimura](#); [Robert Stack](#); [Joyce Staroszik](#)  
**Subject:** CCAA - LONG RUN EXPLORATION LTD AND CALGARY SINOENERGY INVESTMENT CORP.  
**Date:** Wednesday, August 28, 2024 4:58:22 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Letter to Service List - August 28, 2024 \(Long Run\) 1.pdf](#)  
[Service List 1.pdf](#)  
[Statement of Claim of H Corp. filed Feb-28-20 1.pdf](#)

---

Good afternoon. In connection with the above noted matter, attached please find correspondence from Douglas Nishimura.

Kind regards,

**Elvina Hussein**

Legal Assistant  
T 403-232-1797  
F 403-264-7084  
[EHussein@fieldlaw.com](mailto:EHussein@fieldlaw.com)

400 – 444 7 AVE SW  
Calgary AB T2P 0X8  
[fieldlaw.com](http://fieldlaw.com)



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**Douglas Nishimura**

Partner

T 403-260-8548

F 403-264-7084

dnishimura@fieldlaw.com

Assistant: Elvina Hussein

T 403-232-1797

ehussein@fieldlaw.com

August 28, 2024

**VIA EMAIL****TO: THE SERVICE LIST**

**Re: In the Matter of a Plan of Compromise and Arrangement of Long Run Exploration Ltd. ("Long Run") and Calgary Sinoenergy Investment Corp. ("Sinoenergy")  
Court of King's Bench of Alberta File No. 2401 09247 (the "CCAA Proceedings")**

---

We write to advise that we have been retained, with Wilson Laycraft, to represent the interests of Henenghaixin Corp. ("**HCorp**") with respect to its claims against, *inter alia*, Long Run and Sinoenergy and the CCAA Proceedings of those Companies. A Notice of Change of Representation has been filed and will be served.

HCorp was previously represented by JSS Barristers and, prior to that, retained Bennett Jones LLP with respect to its claim. The latter representation is the subject of a letter sent to counsel for the Monitor under separate cover.

We understand that the parties are aware that there is a claim by HCorp against, among others, Long Run and Sinoenergy. That claim is specifically mentioned in the Subscription Agreement between Long Run and Hiking Group Shandong Jinyui Int'l Trading Corporation ("**Hiking Group**"), although the details of that claim are not described in detail.

In 2020, HCorp's Statement of Claim against, *inter alia*, Long Run and Sinoenergy was filed in the Court of King's Bench. A copy of the Statement of Claim is attached. We are currently preparing an Affidavit of Gaoyong Zhang (also known as Frank Zhang), which supports the allegations in the Statement of Claim. The Statement of Claim states, *inter alia*, that certain individuals who were formerly Directors or were otherwise in management of Long Run and Sinoenergy solicited investment funds from HCorp and/or its parent companies. The funds were expressly provided to acquire particular oil and gas assets out of a Receivership in 2017. However instead of using those funds for that purpose, the Defendants caused the funds to be used by Sinoenergy and Long Run to obtain and operate Long Run's present oil and gas properties. The Statement of Claim alleges, *inter alia*, knowing assistance and knowing receipt of property by Sinoenergy and Long Run, conversion, conspiracy and unjust enrichment. The Statement Claim seeks, among other relief, an Order declaring that property of Sinoenergy and Long Run arising from the wrongful acts and unjust enrichment of Long Run are held in trust for HCorp. Notably, this trust claim arose years before the present CCAA and thus cannot be construed as an attempt to unfairly gain priority in light of Long Run's insolvency.

The Affidavit will establish the background facts alleged in the Statement of Claim are accurate and that HCorp's funds were improperly diverted to Long Run and Sinoenergy. HCorp was in the process of

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investigating and tracing those funds into assets of Long Run, but that process was delayed, largely through delays created by Long Run, including the failure to disclose documentation. HCorp continues to maintain that it is entitled to a constructive trust over assets of Long Run.

The difficulty HCorp has with the present proceedings is that the proposed Subscription Agreement and Reverse Vesting Order purport to assign all liabilities to a "Newco", except for the secured debt owed to China Construction Bank Toronto Branch ("**CCB**") and "Priority Payments" which do not include trusts of any sort. All of the valuable assets of Long Run will remain with that company, which will then have only CCB as a creditor, leaving other creditors with no ability to make a claim against those assets. This is so notwithstanding the fact that the constructive trust claimed by HCorp is a superior claim against assets held by Long Run as against the secured claim of CCB. It is also the case notwithstanding that HCorp has a claim against Sinoenergy which is a secured creditor of Long Run (and Sinoenergy's security is registered ahead of CCB, according to PPR registrations).

The Reverse Vesting Order in fact provides nothing for unsecured creditors (or any other creditors of Long Run) save for CCB and certain taxing authorities. Accordingly, Hiking Group is acquiring Long Run along with all of its assets merely for the price of the assumption of debt, despite the fact that the CCB debt is only equal to approximately half of the stated value of Long Run's assets according to the Affidavit of Ziqing (Eddie) Zou of CCB. We also note that, while the proposed transaction is not an arrangement, the transaction is not in the spirit of s. 19(2)(c)-(e) of the CCAA insofar as claims of fraud etc. are compromised.

We believe that HCorp's concerns can possibly be accommodated with some changes to the Subscription Agreement and/or the Stalking Horse Sales Process and potentially a lifting of the stay to permit HCorp to fully establish its claim. HCorp has developed an expedited litigation plan for this purpose. However, failing that, HCorp will oppose both the sale and the process by which that sale occurred and reserves its rights to make applications and appear in this regard. HCorp is cognizant of these interests of all parties in this matter, however, and is fully prepared to discuss the relative interests of all parties in the hopes of arriving at a mutually acceptable resolution.

Please be advised that HCorp will rely on this letter in future applications.

Regards,

FIELD LLP



Douglas Nishimura  
Partner

DSN/eh  
Encl.

Cc: *Wilson Laycraft*

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c c-36, AS AMENDED  
AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT  
OF LONG RUN EXPLORATION LTD AND CALGARY SINOENERGY INVESTMENT CORP.

**SERVICE LIST**

<b>Party</b>	<b>Contact Information</b>	<b>Role</b>
<p><b>WILSON LAYCRAFT</b> 650, 211 - 11 Avenue SW Calgary, AB T2R 0C6</p> <p><b>Attention: Robert Stack</b></p> <p><b>FIELD LAW LLP</b> 400, 444 - 7 Avenue SW Calgary AB T2P 0X8</p> <p><b>Attention: Douglas Nishimura</b></p>	<p>rstack@wilcraft.com dnishimura@fieldlaw.com</p>	<p><i>Counsel for Henenghaixin Corp.</i></p>
<p><b>BENNETT JONES LLP</b> 4500, 855 - 2 Street SW Calgary, AB T2P 4K7</p> <p><b>Attention: Kelsey Meyer, Michael Selnes and Kaamil Khalfan</b></p>	<p><a href="mailto:selnesm@bennettjones.com">selnesm@bennettjones.com</a> <a href="mailto:khalfank@bennettjones.com">khalfank@bennettjones.com</a> <a href="mailto:meyerker@bennettjones.com">meyerker@bennettjones.com</a></p>	<p><i>Counsel for FTI Consulting Canada Inc.</i></p>
<p><b>FTI CONSULTING CANADA INC.</b> 1610, 520 - 5 Avenue SW Calgary, AB T2P 3R7</p> <p><b>Attention: Deryck Helkaa, Dustin Olver and Brett Wilson</b></p>	<p><a href="mailto:Deryck.helkaa@fticonsulting.com">Deryck.helkaa@fticonsulting.com</a> <a href="mailto:dustin.olver@fticonsulting.com">dustin.olver@fticonsulting.com</a> <a href="mailto:brett.wilson@fticonsulting.com">brett.wilson@fticonsulting.com</a></p>	
<p><b>BLAKE, CASSELS &amp; GRAYDON LLP</b> 3500, 855 — 2 Street SW Calgary, AB T2P 4J8</p> <p><b>Attention: Kelly J. Bourassa and Christopher Keliher</b></p>	<p><a href="mailto:Kelly.bourassa@blakes.com">Kelly.bourassa@blakes.com</a> <a href="mailto:Christopher.keliher@blakes.com">Christopher.keliher@blakes.com</a></p>	<p><i>Counsel for China Construction Bank Toronto Branch</i></p>
<p><b>LONG RUN EXPLORATION LTD.</b> 300, 707 - 7 Avenue SW Calgary, AB T2P 3H6</p> <p><b>Attention: Wendy Barber</b></p>	<p><a href="mailto:wbarber@longrunexploration.com">wbarber@longrunexploration.com</a></p>	



<b>Party</b>	<b>Contact Information</b>	<b>Role</b>
<p><b>CALGARY SINOENERGY INVESTMENT CORP.</b> 1500, 444 - 5 Avenue SW Calgary, AB T2P 2T8</p>		
<p><b>GOVERNMENT OF ALBERTA</b> ALBERTA ENERGY AND MINERALS ENERGY LEGAL TEAM 9th Floor, 9945 - 108 Street Edmonton, AB T5K 2G6</p> <p>Attention: Kristopher Lensink</p>	<p><a href="mailto:kristopher.lensink@gov.ab.ca">kristopher.lensink@gov.ab.ca</a></p>	
<p><b>ALBERTA ENERGY REGULATOR</b> Suite 1000, 250 - 5 Street SW Calgary, AB T2P 0R4</p> <p>Attention: Maria Lavelle</p>	<p><b>maria.lavelleaaerca</b> <b>insolvencyaaerca</b></p>	
<p><b>CANADA REVENUE AGENCY</b> Surrey National Verification and Collections Centre 9755 King George Boulevard Surrey, BC V3T 5E1</p>	<p>Fax (toll-free): 1-833-697-2390</p>	
<p><b>CANADA REVENUE AGENCY</b> Prairie Regional Office (Edmonton) 300, 10423 - 101 Street Edmonton, AB T5H 0E7</p> <p><b>Attention: George Body AND Kasydi Mack</b></p>	<p><a href="mailto:george.body@justice.gc.ca">george.body@justice.gc.ca</a> <a href="mailto:kasydi.mack@justice.gc.ca">kasydi.mack@justice.gc.ca</a></p>	
<p><b>JSS BARRISTERS</b> 800, 304 - 8 Avenue SW Calgary, AB T2P 1C2</p> <p><b>Attention: Andrew Wilson, KC</b></p>	<p><a href="mailto:wilsona@jssbarristers.ca">wilsona@jssbarristers.ca</a></p>	
<p><b>CASSELS BROCK &amp; BLACKWELL LLP</b> 3810, 888 - 3 Street SW Calgary, AB T2P 5C5</p> <p><b>Attention: Jeffrey Oliver and Danielle Maréchal</b></p>	<p><a href="mailto:joliver@cassels.com">joliver@cassels.com</a> <a href="mailto:dmarechal@cassels.com">dmarechal@cassels.com</a></p>	

<b>Party</b>	<b>Contact Information</b>	<b>Role</b>
<b>DENTONS LLP</b> 15 <sup>th</sup> floor, 850 - 2 Stret SW Calgary, AB T2P 0R8  <b>Attention: John Regush and Bennett Wong</b>	<a href="mailto:john.regush@dentons.com">john.regush@dentons.com</a> <a href="mailto:bennett.wong@dentons.com">bennett.wong@dentons.com</a>	

Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

## **Appendix “I” – Correspondence from Bennett Jones LLP to the Service List, August 30, 2024**

**From:** [Kelsey Meyer](#)  
**To:** [bennett.wong@dentons.com](mailto:bennett.wong@dentons.com); [brett.wilson@fticonsulting.com](mailto:brett.wilson@fticonsulting.com); [bryan.walker@nortonrosefulbright.com](mailto:bryan.walker@nortonrosefulbright.com); [christopher.keliher@blakes.com](mailto:christopher.keliher@blakes.com); [cms\\_alberta\\_notifications@teranet.ca](mailto:cms_alberta_notifications@teranet.ca); [deryck.helkaa@fticonsulting.com](mailto:deryck.helkaa@fticonsulting.com); [dm@gocip.com](mailto:dm@gocip.com); [dustin.olver@fticonsulting.com](mailto:dustin.olver@fticonsulting.com); [eddiezou@ca.ccb.com](mailto:eddiezou@ca.ccb.com); [george.body@justice.gc.ca](mailto:george.body@justice.gc.ca); [insolvency@aer.ca](mailto:insolvency@aer.ca); [jdunne@ppr.ca](mailto:jdunne@ppr.ca); [jenine.urquhart@nortonrosefulbright.com](mailto:jenine.urquhart@nortonrosefulbright.com); [jenna.oreilly@midstreamequipment.com](mailto:jenna.oreilly@midstreamequipment.com); [john.regush@dentons.com](mailto:john.regush@dentons.com); [kasydi.mack@justice.gc.ca](mailto:kasydi.mack@justice.gc.ca); [KBenders@brikoenergy.com](mailto:KBenders@brikoenergy.com); [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com); [kristopher.lensink@gov.ab.ca](mailto:kristopher.lensink@gov.ab.ca); [legal-icengx-ppr@ice.com](mailto:legal-icengx-ppr@ice.com); [legalnotices@pembina.com](mailto:legalnotices@pembina.com); [maria.lavelle@aer.ca](mailto:maria.lavelle@aer.ca); [Kelsey Meyer](mailto:Kelsey Meyer); [pb@gocip.com](mailto:pb@gocip.com); [rod@perronventures.com](mailto:rod@perronventures.com); [rzahara@mltaikins.com](mailto:rzahara@mltaikins.com); [TBFParalegalServices@gov.ab.ca](mailto:TBFParalegalServices@gov.ab.ca); [tfcb@ca.ccb.com](mailto:tfcb@ca.ccb.com); [wbarber@longrunexploration.com](mailto:wbarber@longrunexploration.com); [Michael W. Selnes](mailto:Michael W. Selnes); [brenda.thibodeau@officemovepro.com](mailto:brenda.thibodeau@officemovepro.com); [Daniel.zahorchak@officemovepro.com](mailto:Daniel.zahorchak@officemovepro.com); [kristiant@kmsc.ca](mailto:kristiant@kmsc.ca); [ASkeith@rmf.com](mailto:ASkeith@rmf.com); [MSwanberg@rmf.com](mailto:MSwanberg@rmf.com); [hailey.liu@fticonsulting.com](mailto:hailey.liu@fticonsulting.com); [kfellowes@stikeman.com](mailto:kfellowes@stikeman.com); [dkearl@kaizenauto.com](mailto:dkearl@kaizenauto.com); [pbamberger@summitfleet.com](mailto:pbamberger@summitfleet.com); [SarahLi@triumphwells.com](mailto:SarahLi@triumphwells.com); [Kenneth.Whitelaw@gov.ab.ca](mailto:Kenneth.Whitelaw@gov.ab.ca); [jcameron@fasken.com](mailto:jcameron@fasken.com); [kwong@fasken.com](mailto:kwong@fasken.com); [landcomplianceinquiries@prairiesky.com](mailto:landcomplianceinquiries@prairiesky.com); [james.nixon@prairiesky.com](mailto:james.nixon@prairiesky.com); [lamantea@dsavocats.ca](mailto:lamantea@dsavocats.ca); [cauch@brownleelaw.com](mailto:cauch@brownleelaw.com); [gplester@brownleelaw.com](mailto:gplester@brownleelaw.com); [sabih.fawad@gov.sk.ca](mailto:sabih.fawad@gov.sk.ca); [Candy.Dominique@gov.sk.ca](mailto:Candy.Dominique@gov.sk.ca); [agentforservice@blakes.com](mailto:agentforservice@blakes.com); [Taylor@vipondlaw.ca](mailto:Taylor@vipondlaw.ca); [sshussein@bryanco.com](mailto:sshussein@bryanco.com); [rvandemosselaer@osler.com](mailto:rvandemosselaer@osler.com); [Credit\\_Department@cpr.ca](mailto:Credit_Department@cpr.ca); [lhibert@fasken.com](mailto:lhibert@fasken.com); [pkvriakakis@mccarthy.ca](mailto:pkvriakakis@mccarthy.ca); [sarbor@mccarthy.ca](mailto:sarbor@mccarthy.ca); [kaup@kauplaw.com](mailto:kaup@kauplaw.com); [Doug S. Nishimura \(dnishimura@fieldlaw.com\)](mailto:Doug S. Nishimura (dnishimura@fieldlaw.com)); [rstack@wilcraft.com](mailto:rstack@wilcraft.com); [Kaamil Khalfan](mailto:Kaamil Khalfan)  
**Cc:** [Jeanie Wong](#)  
**Subject:** In the Matter of a Plan of Compromise and Arrangement of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.  
**Date:** Friday, August 30, 2024 4:21:04 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Ltr to the Service List - Aug. 30, 2024.PDF](#)

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Please see the attached correspondence.

**Kelsey Meyer**

*Partner\**, Bennett Jones LLP

\*Denotes Professional Corporation

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7

T. 403 298 3323 | F. 403 265 7219

[BennettJones.com](http://BennettJones.com)





Bennett Jones

Bennett Jones LLP

4500 Bankers Hall East, 855 2nd Street SW

Calgary, Alberta, T2P 4K7 Canada

T: 403.298.3100

F: 403.265.7219

**Kelsey Meyer**

**Partner**

Direct Line: 403.298.3323

e-mail: meyerk@bennettjones.com

Our File No.: 76142.18

August 30, 2024

**Via E-Mail**

TO THE SERVICE LIST

**Re: In the Matter of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as Amended (the "CCAA") and in the Matter of a Plan of Compromise or Arrangement of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp. Court of King's Bench of Alberta Action No. 2401-09247**

We are legal counsel for FTI Consulting Canada Inc., the court-appointed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp. (collectively, the "**Debtors**"). We write in response to the letter from Douglas Nishimura of Field Law, counsel to Henenhaixin Corp. ("**H Corp.**"), to the Service List dated August 28, 2024. That letter asserts that Bennett Jones LLP was retained by H Corp. with respect to H Corp's claim in Court of King's Bench of Alberta Action No. 2001-03353 (the "**H Corp. Action**") against, among other parties, the Debtors. Counsel for H Corp. has also written to Bennett Jones LLP to request that Bennett Jones LLP cease to act for the Monitor.

H Corp's assertion is categorically incorrect. As H Corp. well knows, at no time was Bennett Jones LLP retained by H Corp. to provide legal advice to it, in relation to the causes of action particularized in the Statement of Claim in the H Corp. Action, or otherwise.

The Monitor denies H Corp.'s allegation that Bennett Jones LLP is conflicted and must cease to act. However, in this urgent circumstance, where the Phase 1 Bid Deadline is less than one week away, and to avoid further disruption, we are writing to the Commercial Coordinator of the Court to request an urgent hearing on the Commercial List to seek advice and directions as to whether Bennett Jones LLP may continue to act as legal counsel for the Monitor with respect to the conflict H Corp. has asserted. We will advise the Service List of the available Court time upon hearing from the Commercial Coordinator.

August 30, 2024

Page 2

Yours truly,

**BENNETT JONES LLP**

*Kelsey Meyer*

Kelsey Meyer

KM:/jw  
Encls.

cc: FTI Consulting Canada Inc.  
Michael Selnes and Kaamil Khalfan, Bennett Jones LLP

Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

## **Confidential Appendix “J” – Correspondence from Bennett Jones LLP to Field LLP, August 30, 2024**

Third Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.

## **Appendix “K” – With Prejudice Letter**



**From:** [Jeanie Wong](#)  
**To:** [Doug S. Nishimura \(dnishimura@fieldlaw.com\)](#); [rstack@wilcraft.com](#)  
**Cc:** [Kelsey Meyer](#)  
**Subject:** In the Matter of a Plan of Compromise and Arrangement of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp. [BJ-WSLegal.FID6492724]  
**Date:** Thursday, September 5, 2024 10:30:56 AM  
**Attachments:** [Ltr to D. Nishimura - With Prejudice - Sept. 5, 2024.pdf](#)  
[Proposed form of Consent Order \(without prejudice\).pdf](#)

---

**WITH PREJUDICE**

Good morning,

Please see attached correspondence.

Thank you,

**Jeanie Wong**, *Litigation Assistant to Kelsey Meyer, Tyler McDonough, and Adam Williams*, Bennett Jones SLP

T. [403 298 3193](tel:4032983193) | F. [403 265 7219](tel:4032657219)



Bennett Jones

Bennett Jones LLP  
4500 Bankers Hall East, 855 - 2nd Street SW  
Calgary, Alberta, Canada T2P 4K7  
Tel: 403.298.3100 Fax: 403.265.7219

**Kelsey Meyer**  
Partner  
Direct Line: 403.298.3323  
e-mail: meyerk@bennettjones.com  
Our File No.: 76142-18

September 5, 2024

**WITH PREJUDICE**

**Via E-Mail**

Douglas Nishimura  
Field Law  
400 - 444 7th Ave SW  
Calgary, AB T2P 0X8

Robert Stack  
Wilson Laycraft LLP  
Suite 650, 211 11<sup>th</sup> Avenue SW  
Calgary, AB T2R 0C6

Dear Mr. Nishimura and Mr. Stack:

**Re: In the Matter of a Plan of Compromise and Arrangement of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp.  
Court of King's Bench of Alberta Action No. 2401-09247**

We write in our capacity as legal counsel for FTI Consulting Canada Inc., the court-appointed monitor (“**Monitor**”) in the *Companies’ Creditors Arrangement Act* (“**CCAA**”) proceedings of Long Run Exploration Ltd. (“**Long Run**”) and Calgary Sinoenergy Investment Corp. (“**Sinoenergy**” and, together with Long Run, the “**Debtors**”), in response to your letters to us and to the Service List maintained in the CCAA proceedings, both dated August 28, 2024.

On a with prejudice basis, we propose that Henenghaixin Corp. (“**H Corp.**”) and the Monitor enter into the enclosed form of Consent Order (“**Consent Order**”) to fully and finally resolve H Corp.’s assertion that Bennett Jones LLP is conflicted from acting as counsel for the Monitor. As you know, we reject the assertion set out in your letter to us of August 28, 2024 that Bennett Jones LLP was previously retained by H Corp., and maintain that Bennett Jones LLP is not subject to a disqualifying conflict of interest in relation to representation of the Monitor in connection with the CCAA proceedings. Nothing herein may be taken as an admission by Bennett Jones LLP that a solicitor-client relationship previously existed between it and H Corp., or that a conflict of interest exists in respect of Bennett Jones LLP’s continued representation of the Monitor.

To be clear, this Consent Order is proposed on the conditions that:

1. H Corp. consents to Torsys LLP (Kyle Kashuba) acting as special legal counsel for the Monitor as described in paragraph 2 of the Consent Order;

September 5, 2024

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2. While H Corp. is not restricted from objecting to any other position taken by the Monitor, or to any position taken by Bennett Jones LLP or Torys LLP as counsel for the Monitor in accordance with the Consent Order, H Corp. agrees that it will not object to:
  - (a) the Monitor, or Torys LLP as special legal counsel for the Monitor as described in paragraph 2 of the Consent Order, taking any position adverse to H Corp.; or
  - (b) Bennett Jones LLP continuing to act as legal counsel for the Monitor as described in paragraph 3 of the Consent Order.

This offer is open for acceptance until 5:00 p.m. (Mountain Time) on Friday, September 6, 2024. Should H Corp. accept this offer, please provide an executed copy of this letter and of the Consent Order to the undersigned, by that time. As you have advised that Roger Song of Song & Howard Law Office continues to act for H Corp. in relation to this matter, you will see that this letter and the Consent Order contemplates the consent of Song & Howard Law Office on behalf of H Corp. as well; kindly provide the same to him.

Yours truly,

**BENNETT JONES LLP**



Kelsey Meyer

Enclosure.

cc: FTI Consulting Canada Inc., Attn: Dustin Olver, Brett Wilson  
Bennett Jones LLP, Attn: Michael W. Selnes  
Torys LLP, Attn: Kyle Kashuba

The terms of this offer are accepted and agreed to by Henenghaixin Corp. this \_\_\_\_\_ date of September, 2024.

**FIELD LLP**

Per: \_\_\_\_\_  
Douglas Nishimura  
Solicitors for Henenghaixin Corp.

**WILSON LAYCRAFT LLP**

Per: \_\_\_\_\_  
Robert Stack  
Solicitors for Henenghaixin Corp.

**SONG & HOWARD LAW OFFICE**

Per: \_\_\_\_\_  
Roger Song  
Solicitors for Henenghaixin Corp.

CLERK'S STAMP

COURT FILE NUMBER: 2401-09247

COURT COURT OF KING'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 LONG RUN EXPLORATION LTD. AND CALGARY SINOENERGY INVESTMENT CORP.

DOCUMENT **CONSENT ORDER**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT:

**BENNETT JONES LLP**  
Suite 4500, 855 – 2<sup>nd</sup> Street S.W.  
Calgary, AB T2P 4K7

Attention: Kelsey Meyer / Michael Selnes  
Telephone No.: 403-298-3323 / 3311  
Fax No.: 403-265-7219  
Client File No.: 76142.18

**DATE ON WHICH ORDER WAS PRONOUNCED:** Monday, September 9, 2024

**LOCATION OF HEARING OR TRIAL:** Calgary Courts Centre

**NAME OF JUSTICE WHO MADE THIS ORDER:** The Honourable Justice D. R. Mah

UPON THE APPLICATION of FTI Consulting Canada Inc., the Court-appointed monitor (“**Monitor**”) with enhanced powers of the debtors, Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp. (collectively, the “**Debtors**”); AND UPON having read the Third Report of the Monitor filed September 5, 2024 (the “**Third Report**”); AND UPON reviewing

the Second Amended and Restated Initial Order granted by the Honourable Justice J. R. Little in these proceedings on July 30, 2024 (the “SARIO”); AND UPON hearing counsel for the Monitor, counsel for Henenghaixin Corp. (“H Corp.”), and counsel for other interested parties; AND UPON noting the consent of counsel for H Corp.;

IT IS HEREBY ORDERED AND DECLARED THAT:

**SERVICE**

1. The time for service of the application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

**SPECIAL LEGAL COUNSEL**

2. This Honourable Court directs that the Monitor retain special legal counsel to advise and represent the Monitor and to appear for and make submissions on behalf of the Monitor to this Court in relation to the claim advanced by H Corp. in Court of King’s Bench of Alberta Action No. 2001-03353 (the “H Corp. Action”), including as the H Corp. Action relates to the stalking horse sale and investment solicitation process (the “SISP”) approved by this Honourable Court pursuant to the SARIO in these *Companies’ Creditors Arrangement Act* (“CCAA”) proceedings, and including as the H Corp. Action relates to any application of the Monitor for approval of a transaction resulting from the SISP.
3. For certainty, Bennett Jones LLP is not restricted from acting as legal counsel for the Monitor in these CCAA proceedings in any manner, including in relation to any application of the Monitor for approval of a transaction resulting from the SISP (and including any application for a reverse vesting order in relation to any such transaction), save and except that Bennett Jones LLP shall not appear for or make submissions on behalf of the Monitor in relation to the claim advanced by H Corp. in the H Corp. Action, including as the H Corp. Action relates to the SISP, and including as the H Corp. Action relates to any application of the Monitor for approval of a transaction resulting from the SISP. For greater certainty, Bennett Jones LLP may coordinate with special legal counsel for the Monitor with respect to the special legal

counsel appearing for and making submissions on behalf of the Monitor to this Court within these CCAA proceedings.

### **SEALING ORDER**

4. Confidential Appendix “J” to the Third Report (the “**Confidential Materials**”) shall be sealed on the Court File in these CCAA Proceedings until further Order of the Court.
5. The Clerk of the Court shall file the Confidential Materials in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS, BEING CONFIDENTIAL APPENDIX “J” TO THE THIRD REPORT OF THE MONITOR, FTI CONSULTING CANADA INC., DATED SEPTEMBER 5, 2024, PURSUANT TO THE SEALING ORDER GRANTED BY THE HONOURABLE JUSTICE D. R. MAH ON SEPTEMBER 9, 2024. THE CLERK OF THE COURT SHALL NOT RELEASE THE CONFIDENTIAL MATERIALS TO THE PUBLIC UNLESS OR UNTIL FURTHER ORDER OF THE COURT.

6. The Monitor is authorized, but not required, to provide the Confidential Materials (or any portion thereof or information contained therein) to any interested party, entity or person that the Monitor considers reasonable in the circumstances, subject to confidentiality arrangements satisfactory to the Monitor.
7. Leave is hereby granted to any person affected by this Order to apply to this Honourable Court for a further order modifying or varying the terms of this Order, with such application to be brought on no less than 5 days’ notice in accordance with the Alberta Rules of Court.

8. Service of this Order shall be deemed good and sufficient by serving same on the Service List maintained for this Action. No other persons are entitled to be served with a copy of this Order.

---

J.C.K.B.A.

CONSENTED TO THIS \_\_\_ DAY OF SEPTEMBER, 2024

**FIELD LLP**

**WILSON LAYCRAFT LLP**

Per: \_\_\_\_\_  
Douglas Nishimura  
Solicitors for Henenghaixin Corp.

Per: \_\_\_\_\_  
Robert Stack  
Solicitors for Henenghaixin Corp.

**SONG & HOWARD LAW OFFICE**

Per: \_\_\_\_\_  
Roger Song  
Solicitors for Henenghaixin Corp.