

REDWATER ENERGY - TAKE 3

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The Supreme Court of Canada has granted leave to appeal to the Alberta Energy Regulator and the Orphan Well Association to appeal the Alberta Court of Appeal's decision in *Orphan Well Association v Grant Thornton Limited* (2017 ABCA 124).

As described in our May 2016 bulletin, [New Rules for Asset Sales by Insolvent Producers \(at least for now\)](#), the decision of the Court of Queen's Bench of Alberta in *Re Redwater Energy Corporation* (2016 ABQB 278) determined that provisions of the provincial legislation governing the actions of licensees of oil and gas assets did not apply to receivers and trustees in bankruptcy of insolvent companies, given the paramountcy of the *Bankruptcy and Insolvency Act* (the "**QB Decision**"). The Alberta Energy Regulator and the Orphan Well Association appealed the QB Decision to the Alberta Court of Appeal. The Alberta Court of Appeal dismissed the appeal in a 2-1 decision.

The QB Decision still represents the current state of the law in Alberta with respect to how receivers and trustees take possession of and sell oil and gas assets in Alberta. However, we anticipate that parties involved in similar proceedings will continue to exercise caution until the Supreme Court of Canada issues its decision.

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A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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