

REDWATER APPEAL CREATES CONTINUED UNCERTAINTY FOR INSOLVENT OIL AND GAS COMPANIES IN ALBERTA

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As discussed 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 ("**Redwater**") 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**").

Both the Alberta Energy Regulator (the "**AER**") and the Orphan Well Association ("**OWA**") have taken steps to appeal the QB Decision to the Alberta Court of Appeal. Although the QB Decision currently represents the law in Alberta with respect to how receivers and trustees take possession of and sell oil and gas assets in Alberta, the pending appeal will likely create uncertainty in the industry that will limit how comfortable insolvent companies and receivers feel relying upon the QB Decision in renouncing wells and facilities. As we noted in our [May 2016 bulletin](#), caution may continue to delay these activities until a decision on an appeal is made.

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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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