

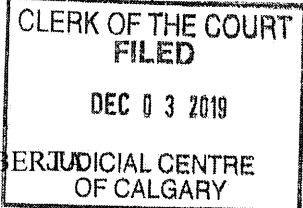
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COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY



IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF ACCEL CANADA
HOLDINGS LIMITED and ACCEL ENERGY
CANADA LIMITED

DOCUMENT:

AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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AFFIDAVIT OF JESSE DOUGLAS
Sworn on December 1, 2019

I, **JESSE DOUGLAS**, of the City of Edmonton, in the Province of Alberta, **SWEAR AND SAY THAT:**

1. I am the President and Chief Executive Officer of Wolverine Energy and Infrastructure Inc. ("**Wolverine**"), the parent company and sole shareholder of Voda Inc. ("**Voda**"). I have personal knowledge of the facts and matters deposed to by me in this Affidavit, except where I have stated such matters to have been sworn based upon information obtained by me from other sources, in which case I believe the same to be true.

Background to Wolverine and Voda

2. Wolverine is a diversified energy, midstream environmental and infrastructure services provider headquartered in Nisku, Alberta with over 70 years of operating history.

Wolverine originally commenced business as an oilfield service provider in 1952 through a predecessor entity known as Rig Services Equipment Ltd.

3. Over the course of its history, Wolverine has pursued a strategy of combining organic growth and accretive acquisitions. Today, Wolverine is a full service, diversified service provider operating in two key segments, namely:
 - a) Water Midstream, including water management, waste water disposal and recycling and full service waste management; and
 - b) Rentals, including oilfield rentals, heavy equipment rentals, construction and transportation and trailer rentals.
4. Wolverine's operations are based in Western Canada and the United States. Wolverine is a publicly listed reporting issuer whose shares are traded on the TSX Venture Exchange.
5. Voda is a wholly owned subsidiary of Wolverine. Voda provides crude oil, natural gas and water-related midstream services to its customers. These midstream services provided by Voda to its customers include crude oil terminal services, drilling fluids and muds, flow back, waste water and produced water disposal, landfill disposal, marketing, recovery and disposal, shipping services, waste management, waste and water transportation services and waste and water treating.
6. I am the President and Chief Executive Officer of Wolverine. From time to time, I and other Wolverine management personnel provide support, advice and guidance to Voda in regard to significant operational matters and strategic decisions. For practical purposes, Voda operates as a division of Wolverine.

Product Purchase Agreements

7. On October 11, 2019, Voda entered into Product Purchase Agreements with Accel Canada Holdings Limited (“**Holdings**”) and Accel Energy Canada Limited (“**Energy**”, and together with Holdings, “**Accel**”) (collectively, the “**Product Purchase Agreements**”). Copies of the Product Purchase Agreements are attached as an exhibit to

the Affidavit of Gable Gross, President of Voda, sworn on December 1, 2019 and filed in these proceedings on behalf of Voda.

Insolvency of Accel & Subsequent Communications

8. On October 29, 2019, I was working in the Calgary office of Voda when Voda received word that Accel had commenced insolvency proceedings and that Deloitte was the Trustee overseeing the insolvency proceedings by Accel. Voda management undertook a review of the Product Purchase Agreements that Voda had with Accel and concluded that Voda's position appeared to be protected by the rights of set off contained in the Product Purchase Agreements.
9. On October 29, 2019, I reached out to Deloitte to discuss the insolvency proceedings by Accel, as I have contacts at Deloitte. I requested a meeting with Deloitte to discuss the insolvency proceedings by Accel. Attached and marked as Exhibit "A" to this Affidavit is a true copy of e-mail correspondence received by me on November 5, 2019 from Sippy Chhina of Deloitte introducing me to Ryan Adlington of Deloitte, who was described to me as the person looking after the Accel creditor protection filings. This proposed meeting with Deloitte ultimately did not take place, as Voda later received word that Deloitte had been removed as the Trustee overseeing the insolvency proceedings by Accel and had been replaced by PricewaterhouseCoopers Inc. ("PwC").
10. Over the next few weeks, I spoke extensively with Voda management and Wolverine's General Counsel to discuss measures to manage the risks to Voda associated with the insolvency proceedings by Accel (without making the situation worse for Accel).
11. I discussed with Gable Gross, President of Voda, the possibility of Voda obtaining credit default insurance or other types of insurance coverage to assist Voda in managing its risk in dealing with Accel. I was informed by Mr. Gross, and believe it to be true, that no party with whom he communicated was willing to provide such insurance coverage.
12. Over the next month, I received regular updates from Mr. Gross regarding his ongoing communications with management of Accel regarding the status of the insolvency proceedings by Accel.

13. On approximately November 12, 2019, I was informed that PwC had replaced Deloitte as the Trustee overseeing the insolvency proceedings by Accel. As a result, I visited the Case Website for the insolvency proceedings by Accel which was established by PwC. I noted from the PwC Case Website that the only PwC contact person for the Accel insolvency proceedings was listed as "Philipp Krosanke, Senior Associate, Deals, PwC Canada". Attached and marked as Exhibit "B" to this Affidavit is a true copy of an excerpt from the Case Website for the Accel insolvency maintained by PwC in which Philipp Krosanke is described in this manner.
14. At 2:24 pm on November 12, 2019, I placed a call to the telephone number for Philipp Krosanke listed on the PwC Case Website. I left a voice-mail message for Mr. Krosanke that included my name, company information and telephone number and requested that he call me back. The voice-mail greeting indicated that I would receive a call back within two days. Attached and marked as Exhibit "C" to this Affidavit is a true copy of a call log from my cellphone indicating that my outgoing call to Mr. Krosanke of PwC at 2:24 pm on November 12, 2019 was 34 seconds in duration.
15. I received a call back from Mr. Krosanke of PwC on November 22, 2019 at 3:14 PM. During that call, I again provided Mr. Krosanke with my name and company information and I spoke to him for six minutes. Attached and marked as Exhibit "D" to this Affidavit is a true copy of a call log from my cellphone indicating that my incoming call from Mr. Krosanke of PwC at 3:14 pm on November 12, 2019 was six minutes and 9 seconds in duration.
16. During my November 22 call with Mr. Krosanke, I explained to him that I had reviewed the files posted on the PwC Case Website, including the cash flow projections. In particular, I had noted from my review of the PwC Case Website that the documents posted there identified a large incoming payment for \$10 million projected to be received by Accel on November 25, 2019. I suggested to Mr. Krosanke that, before these cash flow projections were presented to the Court and creditors, the interested parties should know that, if the projected \$10 million in incoming cash from operations identified in the

cashflow was from the monthly commodity clearing between Accel and Voda, that this amount should be drastically reduced. I also indicated that it may take more time to process those portions of the incoming cash flow coming from us.

17. Also during my November 22 call with him, Mr. Krosanke asked if all of the money was coming from us. I said that I had no idea where the projected funds in that amount were expected to come from. I suggested that, in order to be safe, Accel should not estimate any funds to be received in the month of November, and should instead use a much smaller anticipated amount of funds to be received in early December (as a precaution). I informed Mr. Krosanke that the oil industry was very small in Alberta, that everyone was talking and that no vendor was willing to be exposed to Accel, so that it created a dynamic that was very difficult to manage. In response, Mr. Krosanke said that he would look into it and would get back to me if required. At no point during my call with Mr. Krosanke did he indicate to me that he was not the correct contact person from PwC with whom I should be communicating in regard to the insolvency of Accel.
18. Subsequent to my November 22 call with Mr. Krosanke of PwC, I did not hear from any other person from PwC until November 28, 2019.
19. Subsequent to November 22, 2019, Voda and Wolverine continued to follow the information being posted on the PwC Case Website regarding the insolvency of Accel and continued to assess the risks to Voda associated with the Product Purchase Agreements.

Out of Pocket Cash Expenditures Paid by Voda

20. In order to perform its obligations under the Product Purchase Agreements, Voda is required to pick up the Accel barrels of oil, to add chemical to the Accel oil in order to treat it and to reduce its hydrogen sulphide (H₂S) content, to blend the Accel oil with lighter oil and lower sulphur oil, to truck the Accel oil to another facility and to push the blended Accel oil down a pipeline (by which time the resulting product is a mixture

comprising approximately 30% Accel oil and 70% blended components, including lighter oil). The completion of these steps allows Accel to obtain full price for its barrels of oil. Were Voda not to take these steps, Accel would receive no revenues for its product.

21. Completing each of these steps identified in the immediately preceding paragraph requires Voda to make significant out of pocket payments to cover these costs and increases Voda's exposure to the risks associated with the potential failure of Accel.
22. In regard to performance of its obligations under the Product Purchase Agreements during the months of October and November of 2019, Voda was required to make out of pocket cash expenditures totalling approximately \$4,807,460.63, including:
 - a) payments out of out of pocket cash expenditures made by Voda to AltaGas Extraction & Transmission LP totalling \$2,102,079.20;
 - b) payments of out of pocket cash expenditures made by Voda to Connacher Oil and Gas Limited totalling \$2,298,411.05;
 - c) payments out of pocket cash expenditures made by Voda to LB Energy Services Ltd. totalling \$227,162.96;
 - d) payments of out of pocket cash expenditures made by Voda to Baker Hughes Canada Company totalling \$9,331.87; and
 - e) payments of out of pocket cash expenditures made by Voda to Trimac Energy Services Ltd. totalling \$170,475.56.
23. Attached and marked collectively as Exhibit "E" to this Affidavit are true copies of Invoices rendered to Voda from AltaGas Extraction & Transmission LP, Connacher Oil and Gas Limited, LB Energy Services Ltd., Baker Hughes Canada Company and Trimac Energy Services Ltd. in regard to the out of pocket cash expenditures made by Voda in regard to performance of its obligations under the Product Purchase Agreements and

more particularly described above in the immediately preceding paragraph, all of which invoices have been or have to be immediately paid by Voda.

24. This amount of \$4,807,460.63 in out of pocket cash expenditures which were required to be made by Voda in regard to performance of its obligations under the Product Purchase Agreements is an approximate amount only, as additional expenditures are being identified and added to this file at month end.
25. These out of pocket cash expenditures required to be paid by Voda (as described above in the immediately preceding paragraphs 20 to 24 of this Affidavit) are not costs that clear monthly. Rather, they are payments which are required to be made by Voda before cash is received. There are always two months of such out of pocket expenditures incurred by Voda before Voda receives payment from settlement terms.
26. Voda calculated the aggregate cash payments required to be paid by it to continue to take Accel product to market, including cash costs required to be paid by Voda for trucking services, purchase of chemicals and blending of product needed to reduce the sulphur content of oil supplied by Accel in order for such oil to be permitted to be transported by pipeline. Voda has calculated its exposure from out of pocket payments made by it on behalf of Accel in the event of a shut down of Accel facilities to be at least \$12,000,000. Voda has calculated the monthly clearing of crude to mitigate approximately 50% of that \$12,000,000 exposure faced by Voda (although a potential shut down of Accel on different days would create different levels of exposure to Voda because of the variability in results arising from the many derivative-based commitments arising from performance by Voda of its obligations under the Product Purchase Agreements).

Events of November 28 & November 29 , 2019

27. On the morning of Thursday, November 28, 2019, I was informed by Mr. Gross that he had received a call from PwC regarding Accel. I returned the call to PwC on behalf of Voda and introduced myself over the telephone to Rick Osuna of PwC. I informed Mr.

Osuna of my November 22 telephone call with Phillip Krosanke of PwC and the matters discussed during that call.

28. Mr. Osuna was attempting to organize a conference call among PwC, Accel, Voda and counsel. He asked if Voda could get its legal counsel involved in the proposed call.
29. Unfortunately, the legal counsel from whom Voda typically received advice on the Product Purchase Agreements had just recently informed Voda that he would not be able to act on behalf of Voda due to a conflict. I had asked Wolverine General Counsel John Paul Smith to arrange to locate and engage new insolvency counsel for Voda. Accordingly, I gave Mr. Smith's name and contact information to Mr. Osuna of PwC.
30. At 11:26 am on November 28, 2019, I received a message from counsel for Accel. I promptly returned the call. We exchanged a number of messages back and forth and finally spoke by telephone just before noon. Counsel for Accel stressed the urgency of the situation and the need to deal with it promptly. I explained that Voda understood the urgency and that we were working as quickly as we could to address the release of funds to Accel by Voda. I also explained that Voda was working to complete its calculations of out of pocket costs incurred by it on behalf of Accel, in order to manage our exposure. I indicated that I would get back to him by 1:30 pm that afternoon.
31. I subsequently received a call from another stakeholder of Accel and was required to explain the position of Voda to this individual. As a result of this delay, I e-mailed counsel for Accel and indicated that Voda would require additional time to respond.
32. I continued to work with Wolverine General Counsel and Director of Capital Allocation John Paul Smith to finalize Voda's calculations as to the amount of funds that it could release to Accel within the next 24 hours (after making sufficient provision to withhold funds to address Voda's exposure for out of pocket costs incurred by it on behalf of Accel). At 2:19 pm on November 28, I received e-mail correspondence from William Roberts, counsel to Accel, informing me that a court application had been scheduled for 4:00 pm that afternoon before Madam Justice Horner in Calgary and that I or my counsel

could attend the hearing in person or by telephone that afternoon. Attached and marked as Exhibit “F” to this Affidavit is a true copy of the e-mail correspondence from Mr. Roberts described in this paragraph.

33. As a result of this information, I turned my attention immediately to the pending court application that afternoon. Mr. Smith arranged to engage Jeffrey Lee of the Saskatoon office of the law firm of MLT Aikins LLP as insolvency counsel to represent Voda and Wolverine in regard to the insolvency proceedings by Accel. We were unable to provide Mr. Lee with any materials pertaining to the pending November 28 court application, as neither Voda nor Wolverine had been provided with any such materials.
34. Each of Mr. Lee, Mr. Smith and I participated on behalf of Voda in the November 28 hearing before Madam Justice Horner by telephone. At the conclusion of that hearing, the Court granted an Order (the “**November 28 Order**”) requiring Voda to make a payment of \$5,000,000 to Accel by 12:00 pm noon MST the following day (Friday, November 29, 2019).
35. Making the \$5,000,000 payment to Accel required by the November 28 Order on short notice was challenging and created significant hardship to Voda. In order to make a payment of that magnitude on short notice, Wolverine was required to obtain an increase in its credit line with its banker on short notice.
36. At 9:44 am MST on Friday, November 29, 2019, I caused a wire transfer for \$5,000,000 to be made on behalf of Voda to Accel’s bank account in Toronto.
37. At approximately 2:00 pm MST on Friday, November 29, 2019, counsel for Accel confirmed that the \$5,000,000 wire transfer from Voda had been received by Accel.
38. I swear this Affidavit in support of Voda’s Application for leave to suspend or terminate the Product Purchase Agreements, and in opposition to the application by Accel in these

proceedings for various items of relief against Voda which was originally returnable on November 28, 2019.

SWORN BEFORE ME at the City of
Edmonton, in the Province of Alberta, this 1st
day of December, 2019.

A NOTARY PUBLIC in and for
the Province of Alberta

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Jesse Douglas

This is **Exhibit A** referred to in the
Affidavit of Jesse Douglas sworn before me on December 1, 2019

A NOTARY PUBLIC
In and For the Province of Alberta

This is **Exhibit B** referred to in the
Affidavit of Jesse Douglas sworn before me on December 1, 2019

A NOTARY PUBLIC
In and For the Province of Alberta

This is **Exhibit C** referred to in the
Affidavit of Jesse Douglas sworn before me on December 1, 2019

A NOTARY PUBLIC
In and For the Province of Alberta

This is **Exhibit D** referred to in the
Affidavit of Jesse Douglas sworn before me on December 1, 2019

A NOTARY PUBLIC
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This is **Exhibit E** referred to in the
Affidavit of Jesse Douglas sworn before me on December 1, 2019

A NOTARY PUBLIC
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This is **Exhibit F** referred to in the
Affidavit of Jesse Douglas sworn before me on December 1, 2019

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