

COURT FILE NUMBER 1401-08324

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF KRACK ENERGY INC.

DEFENDANTS KARL ENERGY TRUST INC. and BRADLEY OIL & GAS INC.

IN THE MATTER OF THE RECEIVERSHIP OF  
KARL ENERGY TRUST INC. and BRADLEY OIL & GAS INC.

APPLICANT HARDIE & KELLY INC., in its capacity as Court appointed Receiver and Manager of the assets undertakings and property of KARL EBERGY TRUST INC. and BRADLEY OIL & GAS INC.

DOCUMENT **FIRST REPORT OF THE RECEIVER,  
HARDIE & KELLY INC.  
JANUARY 8, 2015**

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**FIRST REPORT OF THE RECEIVER  
HARDIE & KELLY INC.  
JANUARY 8, 2015**

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## INTRODUCTION

1. On August 21, 2014, Krack Energy Inc. (the “Secured Lender”) made an application to the Court of Queen’s Bench of Alberta (the “Court”) for the appointment of a receiver and manager (the “Receiver”) of the current and future assets, undertakings and property of Karl Energy Trust Inc. (“Karl”) and Bradley Oil & Gas Inc. (“Bradley”) (or collectively referred to as the “Companies”).
2. The Court granted an Order (the “Receivership Order”) on August 21, 2014 (the “Receivership Date”), appointing Hardie & Kelly Inc. as the Receiver.
3. The purpose of this report (the “First Report”) is to provide this Honourable Court with:
  - a. An overview of the businesses of and relationship between Karl and Bradley;
  - b. A summary of the Receiver’s initial activities spanning from the Receivership Date to the date of this First Report;
  - c. Background information with respect to the Receiver’s application to Court recommending the establishment of a specified sales procedure process;
  - d. Background information with respect to the Receiver’s application to Court recommending the establishment of a formal process for interested parties claiming to hold a working interest ownership in any of the oil and gas assets or interests of Karl and/or Bradley to provide proof of such ownership interest to the Receiver and to the Court;
  - e. Information in respect of funds paid into Court by Apache Canada Ltd. (“Apache”); and
  - f. A Statement of Receipts and Disbursements as at January 8, 2015.

## **TERMS OF REFERENCE**

4. In preparing this First Report, the Receiver has relied upon certain unaudited financial information, the available records of Karl and Bradley and information obtained from the oil and gas consultant retained by the Receiver in these proceedings, Cord Resource Management Limited (“Cord”).

## **BACKGROUND**

5. Karl is a private company that was incorporated in December 2011 and was engaged in the exploration, production, development and acquisition of natural gas and petroleum properties with interests in Alberta.
6. Bradley is a private company that was incorporated in June 2013 and was engaged in the exploration, production, development and acquisition of natural gas and petroleum properties with interests in Alberta.
7. As at the Receivership Date, Bradley held 12 well licences and 3 facility licences (collectively referred to as the “Licences”) issued by the Alberta Energy Regulator (the “AER”). A schedule of the Licences is included as Exhibit “A” to this First Report. All but one well is located in the Virgo/Zama area in north-eastern Alberta with the other well located in the Provost area in southern Alberta. All wells were either suspended or shut-in prior to the Receivership Date.
8. The Receiver understands that both Bradley and Karl were effectively controlled, directly or indirectly, by Mr. Bryce Karl and that the oil and gas interests associated with the Licences (the “Oil and Gas Assets”) had been transferred from Karl to Bradley prior to the Receivership Date. A Bankruptcy Order was granted on February 25, 2014 adjudging Mr. Karl a bankrupt. Deloitte Restructuring Inc. is the Trustee of Mr. Karl’s bankrupt estate.

9. From Cord's review of the available records, it appears that Bradley's and/or Karl's interest associated with the Oil & Gas Assets was previously acquired from Barrier Reef Resources Ltd. ("Barrier Reef") and Carrara Resources Ltd. ("Carrara"). Barrier Reef was placed into Receivership by Order of the Court on March 20, 2014. Ernst & Young Inc. is the appointed Receiver of Barrier Reef (the "Barrier Reef Receiver").
10. As discussed further below, to date, Cord and the Receiver have not been able to confirm the chain of title given a lack of available records and evidence of registered interests.
11. Since the commencement of the receivership proceedings, it has become apparent to the Receiver that there are a significant amount of claims against both Karl and Bradley in respect of the Oil and Gas Assets and the entitlement of the Companies to the same.

#### **INITIAL ACTIVITIES OF THE RECEIVER**

12. The Receiver engaged Cord to oversee and administer the Oil and Gas Assets and to review the available records with a view to identifying and confirming the Companies' oil and gas interests and holdings.
13. Cord attended at the various site locations and provided the Receiver with an inspection report a summary of which is as follows:
  - a. The sites were generally in what can be referred to as a neglected condition, and in many cases they appear to have been in that state for a prolonged period of time;
  - b. Various pieces of equipment were missing;
  - c. A pre-existing oil/salt water spill was present on one site; and
  - d. Fluid storage tanks were full with one leaning significantly, posing a spill risk.
14. The Receiver arranged for independent insurance coverage.

15. The Receiver and Cord advised the AER of the Receiver's appointment. The AER has advised the Receiver that two facility licences are required before production could recommence. The Receiver understands that there is a Licensee Liability Rating ("LLR") security deposit outstanding totaling approximately \$1 Million.
16. The Receiver and Cord met with the Barrier Reef Receiver to discuss the respective receivership proceedings in light of the previous acquisition of interests from Barrier Reef.
17. The Receiver and Cord also met with Mr. John Burlington, of Carrara, to review the interests Karl previously acquired from Carrara and to discuss Carrara's gross overriding royalty claim.
18. The Receiver negotiated a settlement totaling approximately \$19,000 with Davis GMC Buick Ltd. ("Davis") in respect of the equity in two vehicles that Karl had financed with Davis.
19. The Receiver arranged for a limited amount of funding by way of the issuance of \$100,000 of Receiver's Certificates in favour of the Secured Lender ("the Interim Financing") to attend to certain preliminary expenditures including:
  - a. Engaging Cord to conduct site inspections and to review records to attempt to confirm title and the Companies' interests;
  - b. The removal of fluids prior to freeze-up;
  - c. Insurance coverage; and
  - d. Legal fees incurred by the Receiver.
20. In light of wet weather conditions experienced in north-eastern Alberta after receipt of the Interim Financing, only approximately 70% of the fluids were able to be removed from the sites prior to freeze up; however, the tank that had been leaning was emptied.

21. The Receiver was aware that prior to the Receivership Date there was communication amongst certain interested parties and creditors about the possibility of funding being provided to bring production back online. Consequently, the Receiver requested that Cord provide an estimate of the funds that would be required to be expended in order to consider restarting production. Cord conservatively estimated that a minimum of \$308,000 would be necessary in order to provide for:
  - a. Preparing the applications for two facility licences;
  - b. Acquiring pumping units, prime movers and piping;
  - c. Filling propane and chemical tanks;
  - d. Repairing the water disposal well; and
  - e. Engineering and project management.
22. Notwithstanding the inherent risks associated with attempting to bring production online, the Receiver was without sufficient funds to consider doing so on its own initiative. Consequently, the Receiver also presented Cord's budget estimate to the following parties to ascertain as to whether there was any interest in funding the costs necessary to attempt to restart production:
  - a. The Secured Lender;
  - b. Mr. Mitch Cohen, whom we understand to have been a lead representative of a significant group of creditors;
  - c. Mr. John Burlington; and
  - d. Legal counsel for certain stakeholders expressing an interest in the proceedings.
23. None of the above parties have expressed an interest in advancing funding with a view to considering restarting operations.

**BOOKS AND RECORDS**

24. In light of the various claims against both Karl and Bradley over what appears to be the same Oil and Gas Assets and the circumstances surrounding the transfer of ownership of the Oil and Gas Assets from Karl to Bradley, the Receiver engaged Cord to attempt to confirm the Companies' ownership interest in advance of the Receiver considering initiating any form of sales process.
25. Cord's review of the Companies' records made available to the Receiver determined that the records were substantially incomplete and in some instances it appeared that certain documentation may have been removed from the Companies' files.
26. Cord advises that it appears that Karl and/or Bradley may have sold or purported to sell, assign or transfer a significant percentage of the Companies' respective working interests in the Oil and Gas Assets. Such sales/transfers appear to range from a 0.5% working interest to an 18.0% working interest in various wells; however, the associated supporting documentation is generally incomplete with Cord citing various deficiencies including but not limited to:
  - a. The absence of executed sale/transfer agreements;
  - b. Incomplete schedules to sale transfer/agreements; and
  - c. Proof of payment for the acquisition of interests not being evidenced.
27. In one instance it appears that more than 100% of the Companies' interest in a well may have been sold, assigned or transferred.
28. Given the incomplete sale/transfer documentation, the Receiver is concerned that certain of the alleged working interest conveyances may represent preferences or transfers at undervalue.



**SPECIFIED SALES PROCESS / PROOF OF OWNERSHIP INTEREST PROCESS***Specified Sale Process*

29. Notwithstanding the uncertainty surrounding the ownership of the Oil and Gas Assets, it appears that all interested parties are looking to the Receiver to attend to the sale of the Oil and Gas Assets. However, although the Receivership Order authorizes the Receiver to market and sell the current and future assets, undertakings and properties of the Companies (the “Property”) and a charge is granted upon such Property (the “Receiver’s Charge”), the Receiver is concerned with commencing a formal sales process in light of the following:
- a. The uncertainty surrounding what may be Karl’s and/or Bradley’s actual remaining ownership interest in the Oil and Gas Assets; and
  - b. Although there has been no indication to date, the potential exists for a the Barrier Reef Receiver to assert a form of claim in respect of the Oil and Gas Assets previously acquired from Barrier Reef.
30. Prior to commencing a sales process, the Receiver wishes to ensure it is clear to all interested parties that notwithstanding what may ultimately be determined to be Karl’s and/or Bradley’s interests in the Oil and Gas Assets, the costs of the Receiver and its counsel associated with administering a sales process of the Oil and Gas Assets are costs that are secured by the Receiver’s Charge prescribed by the Receivership Order. These costs are to be paid in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, including any interest that may be claimed by the AER, in accordance with the terms of the Receivership Order.
31. Consequently, the Receiver will be seeking the Court’s approval of a specified sales procedure process (the “SSP Process”) specifically contemplating the sale of Oil and Gas Assets on notice to those parties the Receiver has identified as having or potentially having an ownership interest in the Oil and Gas Assets.

32. The details of the proposed SPP Process are attached as Exhibit “B” to this First Report; however, a summary of the key terms proposed by the Receiver are as follows:
- a. The Receiver shall be entitled to market and sell the Oil and Gas Assets associated with the Licences currently held in the name of Bradley as set out in Exhibit “A”;
  - b. In the event of a sale(s), all of the rights, title and interests will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests (collectively referred to as “Claims and Interests”) with any such Claims and Interests to attach to the net sales proceeds pending further Order of the Court in respect to the allocation of net sales proceeds;
  - c. The Receiver, in conjunction with Cord, will prepare an information package for distribution to potential bidders by January 30, 2015 (the “Information Package”);
  - d. The Receiver shall place an advertisement of the sales opportunity in three editions of the Daily Oil Bulletin and one edition of the Calgary Herald commencing no later than February 20, 2015;
  - e. The Receiver shall arrange to post the Information Package on the Receiver’s website by January 30, 2015;
  - f. The Receiver shall establish a deadline for offers by way of sealed bid of Friday, April 10, 2015;
  - g. All bids shall be accompanied by a 15% deposit;
  - h. Upon acceptance of a successful bid(s), the Receiver shall negotiate a definitive agreement with the respective bidder(s) which shall be subject to approval of the Court; and
  - i. The Secured Lender shall be entitled to submit a credit bid.

*Proof of Ownership Interest Process*

33. In conjunction with the SPP Process, the Receiver will also be seeking the Court's approval of a form of proof of ownership interest process wherein parties claiming an interest in or thought to potentially have an interest in the Oil and Gas Assets must provide the Receiver with:
  - a. Supporting documentation evidencing the acquisition of a claim of interest to the Oil and Gas Assets; and
  - b. Proof of payment of the purchase price, or other form of consideration, advanced to Karl and/or Bradley in respect of the acquisition of any such interest.
  
34. Given the general level of uncertainty surrounding the Oil and Gas Assets and the lack of records of the Companies, the Receiver recommends the establishment of a formal procedure (the "Proof of Ownership Interest Process") summarized as follows:
  - a. The Receiver shall, on or before January 30, 2015, send instructions along with a claim form ("Proof of Ownership Interest Claim") in a form similar to that attached as Exhibit "C" and any other relevant information (collectively referred to as the "Ownership Interest Claims Package") by regular prepaid mail, facsimile, courier or e-mail to each of the parties identified as potentially holding a working interest ownership in the Oil and Gas Assets based on the available books and records of the Companies;
  - b. The Receiver shall arrange to publish one advertisement of the Proof of Ownership Interest Process in the Calgary Herald newspaper on or before January 30, 2015;
  - c. The Receiver shall arrange to post the Ownership Interest Claims Package on the Receiver's website by January 30, 2015;

- d. Any party who wishes to advance a claim of an ownership interest in any of the Oil and Gas Assets must complete and forward to the Receiver, a completed Proof of Ownership Interest Claim form supported by appropriate documentation including proof of payment for the interest claimed on or before 5:00 p.m. (Mountain Time) on March 6, 2015 (the “Ownership Interest Claims Bar Date”), or such other date as may be ordered by the Court;
- e. Where a Proof of Ownership Interest Claim is sent to the Receiver by a creditor on or before the Ownership Interest Claims Bar Date, the Receiver shall review the Proof of Ownership Interest Claim and shall accept, revise or dispute the respective claim;
- f. Where the Receiver determines to revise or disallow a claim to an ownership interest, the Receiver shall send a Notice of Revision or Disallowance to the respective claimant on or before 5:00 p.m. (Mountain Time) on March 20, 2015;
- g. Where a claimant delivers a Notice of Dispute to the Receiver, the claimant shall thereafter file and serve on the Receiver a Notice of Application within 15 days of delivery of the Notice of Dispute for the determination of the disputed claim. Any claimant failing to file a Notice of Application within the time period set out above shall, unless otherwise ordered by this Court, be conclusively deemed to have accepted the disqualification of their ownership claim as set out in the Notice of Revision or Disallowance; and
- h. Prior to issuing a Notice of Revision or Disallowance, or upon receipt of a Notice of Dispute or Notice of Application, the Receiver may consensually resolve the propriety of a respective claim to ownership.

35. The Receiver is of the opinion that the Proof of Ownership Process is important to the SPP Process in order to provide prospective purchasers with greater certainty as to Karl/Bradley's actual remaining interest in the Oil and Gas Assets.

#### **APACHE FUNDS**

36. On August 21, 2014, concurrent with the Receivership Order application, Apache filed an application for an Order seeking authority to pay into Court approximately \$334,000 of funds in its possession representing the net proceeds derived by Apache processing and marketing petroleum substances produced from three of the wells associated with the Licences between November 2013 and January 2014.
37. Apache had received conflicting information regarding the entitlement to these funds as between Karl, Bradley, 1506928 Alberta Ltd. (a purported working interest partner), a garnishee summons issued by Horizon Resource Management Ltd. against Karl, a garnishee summons issued by Sanjel Canada Ltd. against Karl and a purported assignment in favour of Frontier Fiscal Services made by Bradley.
38. On August 21, 2014, the Court approved the payment of approximately \$330,000 into Court by Apache after providing for legal costs incurred by Apache.
39. Prior to the Receiver being in a position to make a recommendation to Court as to the entitlement to the funds paid into Court by Apache, the Receiver requires confirmation as to the working interest ownership associated with the respective wells giving rise to the funds. Consequently, the recommended Proof of Ownership Interest Process will also facilitate the Receiver's analysis of the entitlement to these funds.

#### **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

40. A copy of the Receiver's Statement of Receipts and Disbursements as at January 8, 2015 is attached as Exhibit "D" indicating the Receiver holds approximately \$5,700 in its trust account.

**RECOMMENDATIONS**

41. The Receiver is seeking and recommends to this Honourable Court the following:
- a. The granting of an Order establishing the SPP Process as set out in this First Report;
  - b. The granting of an Order confirming that the Receiver's Charge is effective against the Oil and Gas Assets associated with the Licences notwithstanding what may ultimately be determined to be the Companies' interest in the Oil and Gas Assets; and
  - c. The granting of an Order establishing the Proof of Ownership Interest Process as set out in this First Report.

All of which is respectfully submitted this 8<sup>th</sup> day of January, 2015.

**Hardie & Kelly Inc.,**

in its capacity as Receiver and Manager of Karl Energy Trust Inc. and  
Bradley Oil & Gas Inc. and not in its personal capacity

Per:



Marc E. Kelly, CA-CIRP  
Senior Vice President

# EXHIBIT “A”

## Exhibit "A"

### Well Licenses

Licence Number	Licence Status	Unique Well Identifier (UWI)
0097257	Suspension	04-12-116-06W6
0116147	Issued	15-20-114-06W6
0155818	Suspension	03-04-115-05W6
0170273	Amended	03-22-114-06W6
0170332	Amended	12-22-114-06W6
0336335	Amended	13-22-114-06W6
0338273	Issued	09-05-115-06W6
0343672	Issued	10-24-038-13W4
0356909	Issued	07-22-115-05W6
0446094	Issued	15-32-114-05W6
0446096	Issued	01-26-114-06W6
0446974	Issued	16-31-114-05W6

### Facility Licenses

Licence Number	Licence Status	Surface Location
18178	Issued	00/16-21-114-06W6
35213	Amended	00/09-05-115-06W6
35224	Amended	00/13-22-114-06W6



# **EXHIBIT “B”**

## SSP PROCESS

The following is the form of SSP Process for the conduct of the sale of the Oil and Gas Assets of Karl Energy Trust Inc. and or Bradley Oil & Gas Inc, as defined in the First Report of the Receiver dated January 8, 2015 (the "Receiver's First Report"):

1. The SSP Process sets forth herein shall be administered by the Receiver. In the event that there is disagreement as to the interpretation or application of the SSP Process, the Alberta Court of Queen's Bench (the "Court") will have jurisdiction to hear and resolve such disputes.
2. The sale of the Oil & Gas Assets will be on an "*as is, where is*" basis and without surviving representations or warranties of any kind, nature or description by the Receiver or any of its agents, except to the extent set forth in the relevant sale agreement with a successful bidder.
3. In the event of a sale, all of the rights, titles and interest in and to the Oil & Gas Assets to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively the "Claims and Interests"), such Claims and Interests to attach to the net proceeds of the sale of the Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a successful bidder.
4. The Receiver shall compile an information package with respect to Property for distribution to potential bidders by no later than January 30, 2015 (the "Information Package").
5. The Receiver is at liberty to solicit interest from parties that may, in the Receiver's discretion, be potential bidders within the parameters of this SSP Process.
6. The Property shall be advertised for sale by the Receiver in three editions of the Daily Oil Bulletin and in one edition of the Calgary Herald (the "Advertisements"), commencing no later than February 20, 2015.
7. The Advertisement shall:
  - (i) Invite interested parties to contact the Receiver to obtain an Information Package;
  - (ii) Advertise that any offers to purchase the Property must be received by 4:00 p.m. (Mountain Time) on Friday, April 10, 2015 (the "Bid Deadline"); and
  - (iii) Shall contain such other relevant information which the Receiver considers to be appropriate.

8. The Receiver shall provide to any interested person with access to available information in respect of the Property for the purposes of due diligence, upon request. The Receiver makes no representation or warranty as to the information to be provided through the due diligence process or disclosed in the Information Package, except to the extent otherwise contemplated under any definitive sale agreement with a successful bidder executed and delivered by the Receiver and approved by the Court.
9. All bids pursuant to this procedure must be delivered to the Receiver in a sealed form by no later than 4:00 p.m. (Mountain Time) on Friday, April 10, 2015. (the "Bid Deadline").
10. Each bid shall be accompanied by a refundable deposit in a form of a certified cheque or bank draft payable to the Receiver, in trust, in an amount equal to 15% of the total consideration of the bid, to be held and dealt with in accordance with these SSP Procedures.
11. Each bid must not be conditional upon:
  - (i) the outcome of unperformed due diligence by the bidder; and/or
  - (ii) obtaining financing.
12. The Receiver may waive compliance with any one or more of the requirements specified herein and may deem such non-compliant bids to be compliant bids.
13. The Secured Lender (as defined in the Receiver's First Report) shall, unless their security over the Oil & Gas Assets is deemed to be invalid and unenforceable, be entitled to submit a credit bid which the Receiver shall value as if the debt owing to the Secured Lender (including all principal, costs and interest) is secured.
14. The Receiver shall determine in its reasonable business judgement which of the bids received is the successful bid (the "Winning Bid").
15. Upon the selection of the Winning Bid, the Receiver shall proceed to negotiate and settle the terms of a definitive agreement in respect of the Winning Bid, which shall be conditional upon Court approval.
16. Once a definitive agreement has been negotiated and settled in respect of the Winning Bid, the Receiver shall apply to the Court for an Order approving the Winning Bid (the "Approval Motion") and authorizing the Receiver to enter into any and all necessary agreements with respect to the Winning Bid, as well as an Order vesting title to the Property in the name of the successful bidder.
17. The deposit paid by the bidder that tendered the Winning Bid (the "Winning Bidder") shall be applied to the purchase price to be paid by the Winning Bidder, after the Approval Motion and upon closing of the Winning Bid and shall be non-refundable. The deposits of bidders not selected as the Winning Bid shall be returned to such bidders within five business days of the date upon which the successful Winning Bid is approved by the Court in the Approval Motion.

18. There shall be no amendments to the SSP Process, including, for greater certainty the process and procedures set out herein, without the consent of the Receiver.
19. At any time, the Receiver may apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

# EXHIBIT “C”

**PROOF OF OWNERSHIP INTEREST CLAIM  
AGAINST THE OIL AND GAS ASSETS OF  
KARL ENERGY TRUST INC. and/or BRADLEY OIL & GAS INC.**

**A. Contact Information for Claimant:**

Full Legal Name of party claiming an ownership interest (the "Claimant"):

\_\_\_\_\_

Full Mailing Address of the Claimant:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Attention (Contact): \_\_\_\_\_

**B. Proof of Ownership Interest**

- 1)  Attached is a fully executed agreement evidencing the acquisition of an ownership interest (the "Ownership Interest") in certain of the Oil and Gas Assets of Karl Energy Trust Inc. and/or Bradley Oil & Gas Inc. (***examples of appropriate documentation may include the following:***)

- *Working Interest Loan Agreement*
- *Purchase and Sale Agreement*
- *Interest Assignment Agreement*
- *Working Interest Agreement*

- 2)  Attached is proof of payment of the purchase price, or other evidence of a form of consideration, paid to Karl Energy Trust Inc. and/or Bradley Oil & Gas Inc. in respect of the purchase, assignment or transfer of the Ownership Interest.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

SIGNATURE \_\_\_\_\_

**INSTRUCTION LETTER FOR COMPLETION OF  
PROOF OF OWNERSHIP INTEREST CLAIM  
AGAINST THE OIL AND GAS ASSETS OF  
KARL ENERGY Trust INC. and/or BRADLEY OIL & GAS INC.**

By order granted by the Alberta Court of Queen's Bench dated \_\_\_\_\_, 2015 a "**Proof of Ownership Interest Process**" was established requiring parties claiming an interest in or thought to potentially have an interest in the Oil and Gas Assets (as defined in the First Report of the Receiver dated January 8, 2015) of Karl Energy Trust Inc. and/or Bradley Oil & Gas Inc. must provide the Receiver with

- a. Supporting documentation evidencing the acquisition of a claim of interest to the Oil and Gas Assets; and
- b. Proof of payment of the purchase price, or other form of consideration, advanced to Karl and/or Bradley in respect of the acquisition of any such interest.

The attached **Proof of Ownership Interest** form must be completed and submitted to the Receiver along with the necessary supporting documentation by Friday, March 6, 2015 at 4:00 p.m. Mountain Time.

Proofs of Ownership Interest must be submitted to the Receiver by mail, courier, facsimile or email at the following contact information:

Hardie & Kelly Inc., Receiver and Manager of  
Karl Energy Trust Inc. and Bradley Oil & Gas Inc.  
Attn: Marc Kelly  
110, 5800 2nd Street SW  
Calgary, Alberta T2H 0H2  
E-mail: mkelly@insolvency.net  
Fax: 403-640-0591

To avoid the barring and extinguishment of any claim you may have to the Oil & Gas Assets you are required to file a Proof of Ownership Interest Claim with the Receiver at the address indicated above, in the form attached hereto so as to be received by 4:00 p.m. (Mountain Time) on March 6, 2015 (the "**Ownership Interest Claims Bar Date**").

**PROOFS OF OWNERSHIP INTEREST WHICH ARE NOT RECEIVED BY THE OWNERSHIP INTEREST CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER, UNLESS OTHERWISE ORDERED BY THE COURT.**

# **EXHIBIT “D”**



**Karl Energy Trust Inc. and Bradley Oil and Gas Inc.  
Statement of Receipts and Disbursements  
as at January 8, 2015**

**Receipts**

Receiver's Certificates	\$ 100,000.00
Vehicles	18,761.64
Road use agreements	3,100.00
GST collected	1,093.08
Bank account	851.65
Interest	32.70

123,839.07

**Disbursements**

Oil and gas consultants	59,860.43
Fluid removal and trucking	36,355.50
Legal fees and expenses	6,500.23
GST paid	4,991.35
Insurance	3,840.00
Utilities	3,402.36
Accounting	1,727.50
Lease rentals	811.45
Appraisal fees	275.00
Redirection of mail	248.95
Filing fees	140.00

118,152.77

Cash on hand

\$ 5,686.30