CCAA vesting orders and Crown royalty arrears: Alberta Court of Appeal confirms finality

August 04, 2026

In *Alberta (Energy and Minerals) v Spartan Delta Corp,*[1] the Court of Appeal held that Alberta Energy's claims for both pre-filing and post-filing royalty arrears under leases sold subject to a CCAA vesting order were barred by operation of the joint, but not several, liability created under the *Mines and Minerals Act*, RSA 2000, c M-17 (MMA) and the wording of the vesting order.

Spartan has important implications and provides much-needed clarity respecting the liability exposure of co-lessees to oil and gas leases.

How the Bellatrix CCAA sale led to Crown royalty arrears claims

This appeal is rooted in the CCAA proceedings surrounding Bellatrix Exploration Ltd. (Bellatrix). Bellatrix was an oil and gas company that held interests as a co-lessee in various Crown petroleum and natural gas leases (the Leases). Canadian Natural Resources Limited (CNRL) was the other co-lessee in the Leases.

During the CCAA proceedings, Bellatrix sold its interests in the Leases to Spartan Delta Corp. (Spartan). The sale to Spartan was approved under an Approval and Vesting Order (the Vesting Order) granted by the Court and the Leases were transferred free and clear of all claims save for limited permitted encumbrances. Bellatrix remained liable for any royalty arrears that arose in the period between the commencement of the CCAA proceedings and the closing date of the sale of the Leases to Spartan in June 2020. An $8.5 million holdback was retained by the CCAA monitor to cover any post-filing claims. The CCAA proceedings were terminated in summer 2022.

Under the MMA, there is a 5½-year period in which royalty amounts are subject to recalculation by Alberta Energy. In November 2024, more than four years after the closing of the sale of the Leases, Alberta Energy issued notices to Spartan and several co-lessees, including CNRL, demanding payment of both pre-filing and post-filing royalty arrears. Spartan, CNRL and the monitor sought relief under the Vesting Order precluding the claims.

What the Alberta Court of Appeal decided on CCAA vesting orders

A. Why pre-filing royalty arrears were barred

The Court of Appeal held that Alberta Energy was not entitled to the pre-filing arrears.

The Court of Appeal held that liability under an MMA lease is joint, not joint and several. Unlike joint and several liability, where each party individually assumes an identical obligation, if joint liability is extinguished for one party it is extinguished for all.

Having determined that the extinguishment of Bellatrix's liability for pre-filing arrears would extinguish the liability of any co-lessee, the court turned to the wording of the Vesting Order. On the plain language of the Vesting Order, the court found that royalty arrears were intended to be among the claims expunged when Bellatrix's interests in the Leases were transferred free and clear to Spartan.

In the result, the court held that the Vesting Order barred the claims for pre-filing royalty arrears.

B. Why post-filing royalty arrears were barred

For the post-filing arrears, the Court of Appeal emphasized that Alberta Energy had notice of the holdback but did not claim from it during the CCAA process. Rather, as the CCAA proceedings had concluded, Alberta Energy had informed the monitor that Bellatrix's royalty deposit was sufficient and that the estate could be closed.

The Court of Appeal found that the CCAA process provided a mechanism for the recovery of post-filing royalty arrears, and Alberta Energy did not use that mechanism or attempt to create a mechanism for possible future royalty adjustments.

In this context, the court held that Alberta Energy's post-CCAA collection efforts undermined the integrity and finality of the CCAA process and offended fundamental principles of fairness. The court emphasized the "single proceeding" model for insolvency proceedings in its reasons.

Key takeaways for oil and gas co-lessees in CCAA proceedings

The Court of Appeal's decision demonstrates the intended finality and certainty of CCAA approval and vesting orders and reinforces the importance for any affected stakeholder to participate in settling the terms of the order. The decision also provides a practical demonstration of the effect of the court's related holding that the MMA creates only joint liability for co-lessees to Crown mineral leases. Provided that the vesting order is appropriately drafted, solvent co-lessees are provided with certainty that historical arrears are extinguished.

Footnote

[1] *Alberta (Energy and Minerals) v Spartan Delta Corp.*, 2026 ABCA 214 [*Spartan*].

By

Andrew Pozzobon, Logan Hale, Joseph Braun

Expertise

Insolvency & Restructuring, Energy - Oil & Gas

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749