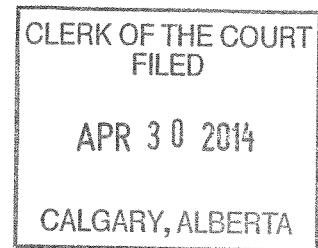


COURT FILE NUMBER
COURT OF QUEEN'S BENCH OF
ALBERTA
JUDICIAL CENTRE

1301-14151

CALGARY



**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, c C-36, AS AMENDED
AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT,
RSA 2000, c B-9, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ALSTON ENERGY INC.**

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

DENTONS CANADA LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David LeGeyt / Derek M. Pontin
Ph. (403) 268-3075/6301 Fx. (403) 268-3100
File No.: 549521-6

AFFIDAVIT #4 OF DON UMBACH

Sworn on April 30, 2014

I, Don Umbach, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY
THAT:**

Introduction

1. I am the President and CEO of Alston Energy Inc. ("**Alston**" or the "**Company**") and as such I have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true. Capitalized terms not otherwise defined herein are given the meaning ascribed to them in the Amended and Restated Initial Order filed in these proceedings on December 11, 2013.
2. I make this Affidavit in support of an Application by Alston for, among other things, (i) an extension of the Stay Period previously established in these proceedings, (ii) an Order vacating the Order (Sealing Confidential Appendices) granted by this Honourable Court on March 4, 2014, and unsealing the materials sealed by that Order; and (iii) related relief.
3. As set out below in greater detail, since its last appearance before this Honourable Court Alston has continued to act in good faith and with the due diligence toward formulating a plan of arrangement in these proceedings. More particularly, Alston has:

- (a) implemented a program to rectify various operational and mechanical issues effecting Alston's oil and gas interests in the Provost area of Alberta, with a view to restoring production to its current operating capacity;
 - (b) commenced and continued discussions with suppliers and service providers with a view to continuing operations in a "business as usual" fashion;
 - (c) closed the Asset Purchase Agreement with Black Powder Energy Inc. concerning Alston's assets in the area of Alexander, Alberta (the "**Alexander Sale**"), previously approved by this Honourable Court;
 - (d) met with Sayer, the Monitor, and Alberta Treasury Branches ("**ATB**") to discuss and consider a confidential non-binding letter of intent executed by Alston which potentially provided a transaction capable of supporting a plan of arrangement in these proceedings (the "**LOI**"); and
 - (e) received and responded to a Notice of Operations from Hawk Exploration Ltd. concerning the drilling of a well in the area of Provost, Alberta.
4. I believe Alston has been acting in good faith and with due diligence in these proceedings, and it is in the best interests of Alston and its shareholders that the Stay Period be extended to August 1, 2014, and that such an extension is warranted in the circumstances.

Operational Update

5. Alston continues to maintain regular communication with suppliers and service providers with a view to maintaining normal operations. To date there have not been any operational issues resulting from Alston initiating these CCAA proceedings.
6. Commencing in late January 2014, Alston initiated a program to rectify various operational and mechanical issues which were limiting production at Alston's Provost Assets. The program consisted of routine downhole well service work to repair broken rods, pumps and tubing strings in four previously shut-in oil wells. This program was completed in Q1 2014 and all wells are currently on production. In addition, a ruptured flowline used to transport disposal water to an injection well has been repaired and put back into service in April 2014. An application to permit injection into another downhole formation in an existing injection well has also been submitted to the Alberta Energy Regulator ("**AER**") to increase injection capacity if the need arises due to the added production. It is anticipated that these expenditures, combined with an ongoing program to repair routine well failures, will result in overall production levels from the Provost area to perform at historical levels. This will have a net positive impact on Alston's cashflow during the forecast period, all as set out in detail in the Third Report of the Monitor, filed in connection with this Application, and the Monitor's previous reports.
7. Alston has incurred expenditures consistent with its previous estimate of \$350,000 to complete the above referenced program. The expected results of this program were communicated to the ATB in late January, 2014, and are also shown in the cashflow statements and analysis contained in the Reports of the Monitor in these proceedings.

8. In addition Alston has been in regular communication with the AER and has been granted an extension of time within which Alston must implement certain operational repairs and well abandonment work required by the AER.

Notice of Operations

9. On March 28, 2014 Alston received an Operations Notice and related authority for expenditure ("AFE") from Hawk Exploration Ltd. ("Hawk"), which relate to the drilling of a well at 13-24-38-4W4 to test the Mannville Formation (the "Well"). Alston has a 30% working interest in this area and would have a 30% interest the Well. A copy of the Operations Notice and AFE are attached as Exhibit "A".
10. The lease to which the Operations Notice and AFE relate will expire within 180 days of the issuance of the Operations Notice by Hawk. As a result, under the agreements between Alston and Hawk, Alston would have forfeited its interest in the lease and the Well if Alston had elected not to participate in the Operations Notice. Accordingly, on April 24, 2014 Alston elected to participate in the Well and communicated this election to Hawk by accepting the Operations Notice.
11. As discussed below in greater detail, Alston executed a LOI with a counterparty in late February, 2014. The counterparty was made aware of the Operations Notice and AFE and expressed a desire for Alston to elect to participate in the Operations Notice in order to preserve Alston's interests in the lease and the Well. The counterparty has also expressed a willingness, if necessary, to enter into a farmin agreement with Alston to perform Alston's obligations under the Operations Notice and AFE on terms which Alston believes are better than any terms which Alston could achieve in the general market place for such an arrangement. Hawk has also expressed an interest to farmin if necessary, but no terms have been discussed with Hawk.
12. The Monitor was made aware of the Operations Notice and AFE and the status of the lease to which they relate, and Alston's reasons for electing to participate.

Marketing Process

13. As set out in the previous Affidavits filed in these proceedings, Alston previously engaged Sayer for the purpose of seeking both strategic alternatives and possible dispositions of Alston's assets. Sayer concluded a formal process in that regard on October 24, 2013, however no acceptable offers were generated by the process at that time. Nonetheless, Sayer and Alston maintained communication with the interested bidders and in December, 2013 advised interested bidders that they should re-submit bids through Sayer on or before January 20, 2014, if they remained interested (the "Informal Solicitation Process").
14. On January 20, 2014 date Alston received a variety of responses. One of these offers was for Alston's assets in the areas of Alexander, Alberta, which resulted in the Alexander Sale. Another offer related to a strategic corporate combination and resulted in the LOI. Each of these is discussed in detail below.

Alexander Sale

15. On March 4, 2014, this Honourable Court approved the Alexander Sale. The Alexander Sale subsequently closed on March 6, 2014. As a result of the Alexander Sale closing, there is no

longer any need to maintain the confidentiality of the terms of the Alexander Sale, and its impact on Alston's financial position.

16. From the net proceeds of the Alexander Sale \$650,000 was paid to ATB in permanent reduction of Alston's indebtedness to ATB, and certain retainers were paid to the beneficiaries of the Administration Charge as a result of the reduction of the Administration Charge which followed the closing of the Alexander Sale. The balance of the net proceeds has been retained by Alston as working capital. Alston continues to anticipate that it will not require interim financing in these proceedings as a result of the Alexander Sale.

LOI

17. As a result of the Informal Solicitation Process one party submitted an offer in the nature of a corporate acquisition which could potentially form the basis for a plan of arrangement in these proceedings. After further negotiation, clarification, and refinement of the terms of this offer with the counterparty, Alston executed the LOI in late February 2014.
18. Following the execution of the LOI, Alston had numerous meetings with ATB, the Monitor, and the counterparty, all with a view to determining whether the terms of the LOI were acceptable to ATB. To accommodate the discussions between ATB and the counterparty the duration of the LOI was extended by agreement on two occasions.
19. In mid April 2014 ATB communicated to Alston and the counterparty that ATB did not support the LOI as it was presented. Subsequently, ATB identified specific aspects of the LOI which were not satisfactory to ATB, and the counterparty indicated a willingness to submit revised terms which addressed the concerns of ATB.
20. The LOI has now expired.
21. On April 28, 2014 the counterparty provided ATB with revised terms, which addressed the areas of concern identified by ATB. ATB is still considering these revised terms

Solicitation Process


22. In March and April 2014 Alston received unsolicited enquiries from third parties about submitting offers for various aspect of Alston, including offers in respect of Alston's tax losses. Alston was prevented from responding to these third parties as a result of the exclusivity provisions of the LOI, except where the counterparty consented to Alston responding .
23. As a result of these unsolicited offers and the expiry of the LOI it is now Alston's intention to implement a solicitation process whereby Alston would solicit both corporate offers and offers for its asset. The details of this process are yet to be determined, however Alston anticipates the following:
 - (a) The solicitation process would be commenced as soon as possible and would require 4 to 5 weeks from the date it is implemented to complete;
 - (b) The solicitation process would be implemented by Sayer and overseen by the Monitor;

- (c) The solicitation process would canvas the market a broadly with general information about Alston and the opportunity;
 - (d) Interested parties desiring more detailed information would be granted access to a data room upon the execution of a confidentiality agreement; and
 - (e) A deadline for submitting offers would be communicated to all interested parties.
24. On Monday, April 28, 2014, Alston participated in a teleconference with ATB, the Monitor, and their respective legal advisors, and I understand that from that teleconference that the Monitor support the proposed extension of the stay of proceedings for the purpose of implementing a solicitation process, and ATB is still considering its position in that regard.

Conclusion

25. I make this Affidavit in support of the Application of Alston for the relief described herein.

Sworn before me in the City of Calgary in
the Province of Alberta, the 30th day of
April 2014.


Commissioner of Oaths in and for the
Province of Alberta

)))))))


Don Umbach

David LeGeyt
Barrister & Solicitor



RECEIVED MAR 28 2014

Alston Energy Inc.
1100, 744 – 4th Avenue SW
Calgary, AB T2P 3T4

March 27, 2013
Hand Delivered

THIS IS EXHIBIT "A"
referred to in the Affidavit of
Don Umbach
Sworn before me this 17th
Day of April A.D. 2014
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Attention: Land Manager

Re: Operations Notice
Seismic Review Option Agreement dated February 1, 2013, as amended
March 20, 2013 ("JOA")
38-4W4: 24
Cadogan, Alberta

David LeGeyt
Barrister & Solicitor

Hawk Exploration Ltd. ("Hawk") hereby submits this Operations Notice to drill a well to test the Mannville Formation at 13-24-38-4W4, to Alston Energy Inc. ("Alston").

Attached are two copies of an authority for expenditure and drilling cost estimate ("AFE") for this operation.

Hawk intends to commence this operation after April 20, 2014 and within the next 90 days and the estimated duration of the drilling portion of this operation is 4 days.

Pursuant to the JOA, this operation is classified as an exploration well and the penalty for non-participation is title forfeiture.

Please indicate below whether you wish to participate in this operation or not and return one signed copy of this letter to the undersigned.

Yours truly,

Erik DeWiel
VP Land
Hawk Exploration Ltd.

Alston wishes to participate _____

Alston wishes **not** to participate _____

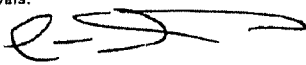
**AUTHORIZATION FOR EXPENDITURE
DRILL & CASE**

HAWK EXPLORATION LTD.

WELL NAME	Hawk Exploration Ltd	PROVINCE	Alberta	A.F.E. #	14D020
OPERATOR	Hawk Exploration Ltd.	AREA	Cadogan	DEVELOP/ EXPLORE	Exploration
LEASE	13-24-38-4w4	FILE #		START DATE	Q3/14
RIGHTS HELD				COMP DATE	
SPACING UNIT (HA)				BUDGET / NON BUDGET	

JUSTIFICATION FOR EXPENDITURE	
Funds required to drill a 850 meter well to test the Mannville formation for oil production	
ORIGINATOR/TITLE	Steve Fitzmaurice
PHONE #	403-264-0191
FAX #	403-263-9076

DIVISION OF INTEREST / GROSS AND NET EXPENDITURES					
PARTICIPANTS (Operator - Hawk Exploration Ltd.)	W.I. (%)	D&A Costs	D & Cased Costs	Completion Costs	Total AFE
HAWK EXPLORATION LTD.	100.0000	\$369,160	\$394,960		\$394,960
GROSS EXPENDITURES	100.0	\$378,400	\$402,000		\$402,000

APPROVALS	
HAWK EXPLORATION LTD.	Partners
Hawk Exploration Ltd. Approvals:	Partner Approval:
Land 	Approved by _____
Finance _____	Title _____
Exploration _____	Company _____
President _____	Date _____

Hawk Exploration Ltd.

DRILLING COST ESTIMATE

Well Name: Hawk Cadogan 13-24-38-4W4
Objective: Mannville Oil

T.D.: 850
Spud: Q3 2014

Assumptions:

CODE	DESCRIPTION	ESTIMATE
INTANGIBLE DRY HOLE		
306	Licenses/Permits/Fees	\$1,000
300	Surface Rights/Lease Acquisition	\$25,000
302	Location Survey	\$6,000
303	Site Road Construction	\$35,000
303	Site Road Restoration	\$7,500
305	Conductivity/Hole	
306	Permits/taxes/wells	\$500
307	Land Services	\$2,000
308	Rig Move & Rig-up	\$35,000
309	Pre-Site Assessment	\$1,500
310	Directional Services/Insurance	
313	Drilling Daywork (Full IN)	6 days @ \$15,000 / day = \$90,000
314	Inspection Services	\$1,000
315	Subsistence / Camp	8 days @ \$1,540 / day = \$12,320
317	Boiler	\$12,000
319	Bits & Reamers	\$5,000
338	Drilling Mud/Chemicals	\$5,000
334	Mud Logging	
329	Rig Water	\$1,500
321	Water (Hauling)	6 days @ \$1,200 / day = \$7,200
320	Surface Equipment Rentals	8 days @ \$2,500 / day = \$20,000
328	Trucking	\$9,000
333	Logging	850 @ \$12 / meter = \$10,200
301	Environmental Services	\$0
301	Environmental Services (LWD)	8 tests @ \$650 / test = \$5,200
339	Vacuum Truck	6 days @ \$1,650 / day = \$9,900
323	Surface Casing 219.1 mm	160 meters @ \$59.00 / meter = \$9,440
324	Surface Casing Accessories	\$2,000
324	Surface Casing Power Tools	\$1,800
327	Surface Drilling Chemicals	\$6,000
353	Casing Drilling (rental - sliding)	\$2,000
349	Drilling Supervision	\$8,600
350	Geological Supervision	
348	Engineering/Consulting	\$7,500
314	Abandonment	\$25,000
340	Block Out Insurance	950 @ \$2 / meter = \$1,900
395	Miscellaneous	\$5,000
307	Contingency 2.5%	\$8,320
303	Overhead (3-2-1 %)	\$5,400
TOTAL INTANGIBLE DRY HOLE (abandoned)		\$378,400
TOTAL INTANGIBLE DRY HOLE (less abandonment)		A \$353,400
INTANGIBLE PRODUCTION CASING		
354	Production Casing 139.7 mm	850 meters @ \$30 / meter = \$25,500
357	Production Casing Accessories	\$3,000
355	Trucking	\$1,000
354	Production Casing Power Tools	\$2,000
358	Production Casing Chemicals	\$11,000
TOTAL INTANGIBLE PRODUCTION CASING		B \$48,600
TOTAL INTANGIBLE Cased HOLE		(A+B) \$402,000

Estimate

Drill