

COURT FILE NUMBER 1401-05127
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT ALBERTA TREASURY BRANCHES
RESPONDENT: ALSTON ENERGY INC.
DOCUMENT **APPLICATION**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McCARTHY TÉTRAULT LLP
Barristers & Solicitors
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File: 213575/457897



NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date	August 6, 2014
Time	3:30 pm
Where	Calgary Courts Center
Before Whom	The Honourable Justice K.M. Horner

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought: Alvarez & Marsal Canada Inc. (the "**Receiver**"), in its capacity as receiver and manager of the current and future assets, undertakings and properties (collectively, the "**Property**") of Alston Energy Inc. (the "**Debtor**") pursuant to the Order issued by the Honourable Justice K.M. Horner on May 9, 2014 (the "**Receivership Order**") applies for various orders, substantially in the form attached as Schedules "**A**", "**B**", "**C**" and "**D**" hereto:

1. Declaring that this Application (the "**Application**") is properly returnable on August 6, 2014, that service of the Application and the first report of the Receiver, dated August 1, 2014 (the "**First Receiver's Report**") on the persons listed in Appendix "**A**" to the Application (the "**Service List**") is good and sufficient

and that no persons other than those on the Service List are entitled to service of the First Receiver's Report or the Application.

2. Sealing confidential exhibits "**G**", "**H**", "**I**", "**J**" and "**K**" to the First Receiver's Report (collectively, the "**Confidential Supplement**") on the court file for a period of ninety (90) days from the date of any order granted on the Application.

3. Approving the transaction of purchase and sale between Midland Resources Inc. ("**Midland**") and the Debtor (the "**Midland Purchase Agreement**") for the sale and transfer of certain assets from the Debtor to Midland, directing and authorizing the Receiver, for and on behalf of the Debtor, to execute and deliver the Midland Purchase Agreement to Midland and to take such steps as the Receiver determines necessary or advisable to close the transaction for the purchase and sale of the assets contemplated by the Midland Purchase Agreement.

4. Approving the transaction of purchase and sale between Head First Energy Inc. ("**Head First**") and the Debtor (the "**Head First Purchase Agreement**") for the sale and transfer of certain assets from the Debtor to Head First, directing and authorizing the Receiver, for and on behalf of the Debtor, to execute and deliver the Head First Purchase Agreement to Head First, and to take such steps as the Receiver determines necessary or advisable to close the transaction for the purchase and sale of the assets contemplated by the Head First Purchase Agreement.

5. Approving the transaction of purchase and sale between Gray Dusenbery Oil and Gas LP ("**Gray LP**") and the Debtor (the "**Gray LP Purchase Agreement**") for the sale and transfer of certain assets from the Debtor to Gray LP, directing and authorizing the Receiver, for and on behalf of the Debtor, to execute and deliver the Gray LP Purchase Agreement to Gray LP, and to take such steps as the Receiver determines necessary or advisable to close the transaction for the purchase and sale of the assets contemplated by the Gray LP Purchase Agreement.

6. Authorizing the Receiver to make distributions of the Property or any proceeds receive from the disposition of the Property to the Alberta Treasury Branches ("**ATB**").

7. Ordering and declaring that service of any orders arising from the Application by email, facsimile, registered mail, courier, regular mail, or personal delivery to the persons listed on the Service List shall constitute good and sufficient service of such orders and that no persons other than those on the Service List are entitled to be served with a copy of such orders.

8. Such further and other relief as counsel for the Receiver may advise.

Grounds for making this application: The grounds for the Application are as follows:

9. The Receiver was appointed as receiver and manager of the Property pursuant to the Receivership Order. The Receiver is empowered and authorized to sell the Property with the approval of this Honourable Court.

10. The Receiver has negotiated the Midland Purchase Agreement, the Head First Purchase Agreement and the Gray LP Purchase Agreement (collectively, the "**Purchase Agreements**"). The Purchase Agreements are conditional, *inter alia*, on court approval.

11. The assets being conveyed pursuant to the Purchase Agreements were sufficiently exposed to the relevant market in a commercially reasonable and fair marketing process. The price to be paid for the Property being sold pursuant to the Purchase Agreements represents the highest and best price that can be obtained for the Property in the circumstances and the Purchase Agreements, as proposed, are in the best interests of the estate of the Debtor and the stakeholders of the Debtor.

12. The Receiver has provided information on competing bids received in the sales and marketing process and the price to be paid pursuant to the Purchase Agreements in the Confidential Supplement. The public disclosure and dissemination of the information in the Confidential Supplement would cause serious and irreparable harm to the estate of the Debtor and its stakeholders in the event that either of the Purchase Agreements failed to close and the Receiver was forced to remarket the assets to the general public. The limited, ninety day sealing provision that the Receiver seeks on the Application in respect of the Confidential Supplement is a fair and reasonable method of addressing the serious and irreparable harm that would result if the Confidential Supplement was publically disseminated.

13. The Receiver's legal counsel has reviewed the ATB security and advised the Receiver that it will be providing an opinion that, subject to the standard and customary qualifications, assumptions and limitations, the security of ATB over the assets, property and undertakings is valid and enforceable. It is therefore appropriate to authorize distribution to ATB subject only to the charges in priority to the ATB security in the Receivership Order.

14. Such further and other grounds as counsel for the Receiver may advise.

Material or Evidence to be relied On: The Receiver will rely on the following material:

15. The First Receiver's Report and the Confidential Supplement.
16. Such further and other material as counsel for the Receiver may advise.

Applicable rules:

17. Rule 6.3(1) and 6.9(1) of Rules.
18. Such further and other rules as counsel for the Receiver may advise.

Applicable Acts and Regulations:

19. Section 243 of the BIA.
20. Such further and other acts and regulations as counsel for the Receiver may advise.

Any irregularity complained of or objection relied on:

21. There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

22. The Receiver proposes that the Application be heard in person with one, some or all of the parties present.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

COURT FILE NUMBER 1401-05127
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT: **ALBERTA TREASURY BRANCHES**
RESPONDENT: **ALSTON ENERGY INC.**
DOCUMENT **ORDER (Service, Sealing and Distribution)**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Sean F. Collins/Walker W. MacLeod
McCarthy Tétrault LLP
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wmacleod@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: August 6, 2014
NAME OF JUDGE WHO MADE THIS ORDER: Justice K.M. Horner
LOCATION OF HEARING: Calgary, Alberta

UPON the application of Alvarez and Marsal Canada Inc., in its capacity as court appointed receiver and manager ("**Receiver**") of the assets, properties and undertakings (the "**Property**") of Alston Energy Inc. (the "**Debtor**") pursuant to an order issued in the within proceedings on May 9, 2014 (the "**Receivership Order**"); **AND UPON** having read the Application and the First Report of the Receiver, dated August 1, 2014 (the "**Receiver's Report**"); **AND UPON** having read confidential exhibits "**G**", "**H**", "**I**", "**J**" and "**K**" to the Receiver's Report (the "**Confidential Supplement**"); **AND UPON** having read the Affidavit of Service of ●, sworn ●, 2014 (the "**Service Affidavit**"); **AND UPON** hearing counsel for the Receiver and any other counsel present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

1. Service of the Notice of Application in respect of this Order (the "**Application**") and the First Receiver's Report in the manner described in the Service Affidavit is hereby declared to be good and sufficient and is validated as of ●, 2014, and no other persons are entitled to be served with or given notice of the Application or served with a copy of the First Receiver's Report.

2. Division 4 of Part 6 of the Rules does not apply to the Application. The Confidential Supplement shall be sealed on the Court file and shall not be made publically accessible until after November 4, 2014. The Clerk of the Court be and is hereby directed to seal the Confidential Supplement on the court file in an envelope containing the following:

THIS ENVELOPE CONTAINS THE CONFIDENTIAL SUPPLEMENT TO THE FIRST RECEIVER'S REPORT. THE CONFIDENTIAL SUPPLEMENT TO THE FIRST RECEIVER'S REPORT HAS BEEN SEALED UNTIL NOVEMBER 4, 2014 (UNLESS EXTENDED BY FURTHER ORDER OF THIS COURT) AND NO PERSON IS TO HAVE ACCESS TO THE CONFIDENTIAL SUPPLEMENT UNTIL AFTER NOVEMBER 4, 2014.

3. Any interest person may apply, on notice to the Receiver and any other interested parties, to vary, amend or modify paragraph 2 of this Order.

4. Upon the Receiver receiving a legal opinion on the validity and enforceability of the security interest granted by the Debtor to Alberta Treasury Branches ("**ATB**") over the Property:

(a) It is ordered and declared that the security interest granted by the Debtor to ATB over the Property is valid and enforceable and, subject to the charges created in the Receivership Order, holds priority over any and all claims, estates, rights, title, interests, hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests, assignments, actions, levies, taxes, writs of execution, options, agreements, disputes, debts, encumbrances, or other rights, limitations or restrictions of any nature whatsoever, or any other contractual, financial or monetary claims of any nature whatsoever, whether or not any of the foregoing have attached or been perfected, registered or filed, and whether secured, unsecured or otherwise; and

(b) The Receiver is authorized and empowered, immediately and from time to time hereafter as the Receiver determines appropriate, to distribute to ATB from the Property or any of the net proceeds received from the disposition of the Property (but subject to the charges contained in the Receivership Order) an amount sufficient to irrevocably repay all indebtedness owing by the Debtor to ATB, including, without limitation, all principle, interest, fees owing to ATB, all costs and expenses incurred by ATB and all legal fees and costs charged to ATB on a solicitor and own client, full indemnity basis.

5. Service of this Order on the Service List by email, facsimile, registered mail, courier or personal delivery shall constitute good and sufficient service of this Order, and no Persons other than those on the Service List are entitled to be served with a copy of this Order.

J.C.Q.B.A.

SCHEDULE "B"

COURT FILE NUMBER 1401-05127
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT: **ALBERTA TREASURY BRANCHES**
RESPONDENT: **ALSTON ENERGY INC.**
DOCUMENT **SALE APPROVAL AND VESTING ORDER (Midland Resources Inc.)**

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Sean F. Collins/Walker W. MacLeod
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Facsimile: (403) 260-3501
Email: scollins@mccarthy.ca
wmacleod@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: August 6, 2014
NAME OF JUDGE WHO MADE THIS ORDER: Justice K.M. Horner
LOCATION OF HEARING: Calgary, Alberta

UPON the application (the "**Application**") of Alvarez and Marsal Canada Inc., in its capacity as court appointed receiver and manager ("**Receiver**") of the assets, properties and undertakings (the "**Property**") of Alston Energy Inc. (the "**Debtor**") pursuant to an order issued in the within proceedings on May 9, 2014 (the "**Receivership Order**"); **AND UPON** having read the Application and the First Report of the Receiver, dated August 1, 2014 (the "**Receiver's Report**"); **AND UPON** having read confidential exhibits "**G**", "**H**", "**I**", "**J**" and "**K**" to the Receiver's Report (the "**Confidential Supplement**"); **AND UPON** having read the Affidavit of Service of ●, sworn ●, 2014 (the "**Service Affidavit**"); **AND UPON** hearing counsel for the Receiver and any other counsel present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

DEFINED TERMS

1. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the form of agreement of purchase and sale between the Debtor, as Vendor, and Midland Resources Inc., or its nominee, as Purchaser (the "**APA**").

APPROVAL OF THE APA AND THE TRANSACTIONS

2. The Receiver, for and on behalf of the Vendor, is authorized and directed, *nunc pro tunc*, to execute and deliver the APA to the Purchaser, conclude the transactions contemplated by the APA (the "**Transactions**") and to take all such steps and execute all such deeds, documents and instruments as may reasonably be necessary to consummate the Transactions contemplated herein substantially in accordance with its terms. Following execution and delivery of the APA the Parties may agree to any amendments to the APA which do not materially and adversely alter the Transactions or the APA.

3. The Transactions are hereby approved and ratified and it is hereby declared that the Transactions are commercially reasonable.

VESTING OF PROPERTY

4. Upon the closing of the Transactions in accordance with the terms, conditions and covenants contained in the APA and the payment of the Purchase Price due and owing by the Purchaser to the Vendor pursuant to the APA:

- (a) the Assets shall be vested in the name of the Purchaser or its permitted nominee, free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Debtor and all Persons who claim by, through or under the Debtor and subject only to the permitted encumbrances identified in the APA (the "**Permitted Encumbrances**");
- (b) the Debtor and all Persons who claim by, through or under the Debtor in respect of the Assets, save and except the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Assets and, to the extent that any such Person remains in possession or control of any of the Assets, they shall forthwith deliver possession of same to the Purchaser or its permitted nominee;
- (c) the Purchaser or its nominee shall be entitled to enter into, hold and enjoy the Assets for its own use and benefit without any interference of or by the Debtor, or any Person claiming by, through or under the Debtor.

5. Upon closing of the Transactions, subject only to the Permitted Encumbrances, all of the Debtor's right, title and interest in the Assets shall vest in the Purchaser free and clear from all security interests, claim,

estate, security, right, title, interest and liens, including but not limited to, claims, hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests, assignments, actions, levies, taxes, judgments, writs of execution, trusts or deemed trusts (whether contractual, statutory or otherwise), options, agreements, disputes, debts, encumbrances or other rights, limitations or restrictions of any nature whatsoever, against the Debtor including without limitation any rights or interests of any of the stakeholders or creditors of the Debtor, whether or not they have attached or been perfected, registered or filed, whether secured or unsecured or otherwise, whether liquidated, unliquidated or contingent (all of the foregoing being collectively referred to hereinafter as the "**Claims**"), whether such claims against the Debtor came into existence prior to, subsequent to or as a result of any previous Order of this Court, by or of all Persons or entities of a kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies, authorities or tribunals and all other neutral persons or corporations, whether acting in their capacity as principals or agents, trustees, executives, administrators or other legal representatives (collectively, the "**Claimants**"), including for greater certainty and without limiting the generality of the foregoing: (i) any Claims held by or in favour of the Persons served (either directly or through their solicitors) with the Application; and (ii) the beneficiary of any Claims created or provided for pursuant to any previous Order in these proceedings including, without limitation, the Receivership Order.

6. The Receiver is authorized to deliver to the Purchaser at the closing of the transactions contemplated by the APA one or more general conveyances and/or specific conveyances signed by the Receiver and, upon the filing of this Order, together with any applicable registration fees, all appropriate government authorities are hereby directed to register all transfers or conveyances, as may be required to convey clear title to the Assets to the Purchaser, except for Permitted Encumbrances. In relation to the Assets situated in the Province of Alberta, and for greater certainty:

- (a) The Registrars of the North and South Alberta Land Registration Districts shall, notwithstanding s. 191(1) of the *Land Titles Act* of Alberta, cancel and discharge all Claims registered against the interests of the Debtor set out in Schedule "A" in respect of the freehold assets of the Debtor located in the Province of Alberta. For further certainty, the Registrars shall not cancel and discharge the registration of any Claims registered against the estates or interests other than the estate or interest of the Debtor;
- (b) The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act*, R.S.A. 2000, c. M-17 shall cancel and discharge all Claims registered against the interests of the

Debtor set out in Schedule "A" in respect of the Assets and, without limiting the generality hereof, the Minister shall cancel and discharge all security notices and all assignments under s. 426 (formerly s. 177) of the *Bank Act* (Canada). For further certainty, the Minister of Energy shall not cancel and discharge the registration of any Claims registered against estates or interests other than the estate or interest of the Debtor; and

- (c) The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act*, R.S.A. 2000, c. M-17, shall record that all Claims in the nature of builders' liens shall be cancelled and discharged as against the interest of the Debtor set out in Schedule "A" in and to the Assets located in the Province of Alberta. For further certainty, the Minister of Energy shall not cancel and discharge the registration of such builders' liens registered against estates or interests other than the estate or interest of the Debtor.

7. For greater certainty, subject only to the Permitted Encumbrances, the Purchaser shall, by virtue of the completion of the Transactions, have no liability of any kind whatsoever to any Claimants.

8. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets shall stand in the place and stead of the Assets, and all Claims and other Encumbrances shall attach to the net proceeds from the sale of the Assets with the same priority as they had with respect to the assets immediately prior to the sale, as if the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. The Transactions shall not be void or voidable at the instance of the Claimants and shall not constitute nor shall be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other challengeable or reviewable transaction under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended or any other applicable federal or provincial legislation, and the Transactions or any actions taken therewith, shall not constitute conduct meriting an oppression remedy.

10. Service of this Order on the Service List (as such term is defined in the Application) by email, facsimile, registered mail, courier or personal delivery shall constitute good and sufficient service of this Order, and no Persons other than those on the Service List are entitled to be served with a copy of this Order.

J.C.Q.B.A.

SCHEDULE "A" – CLAIMS TO BE DELETED AND EXPUNGED

CROWN MINERAL TITLES

<u>Encumbrance No.</u>	<u>Encumbrance Type</u>	<u>Party</u>
1303113	SECURITY NOTICE	ALBERTA TREASURY BRANCHES

SCHEDULE "C"

COURT FILE NUMBER 1401-05127
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT: **ALBERTA TREASURY BRANCHES**
RESPONDENT: **ALSTON ENERGY INC.**
DOCUMENT **SALE APPROVAL AND VESTING ORDER (Gray Dusenbery Oil and Gas LP)**

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Sean F. Collins/Walker W. MacLeod
McCarthy Tétrault LLP
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Email: scollins@mccarthy.ca
wmacleod@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: August 6, 2014
NAME OF JUDGE WHO MADE THIS ORDER: Justice K.M. Horner
LOCATION OF HEARING: Calgary, Alberta

UPON the application (the "**Application**") of Alvarez and Marsal Canada Inc., in its capacity as court appointed receiver and manager ("**Receiver**") of the assets, properties and undertakings (the "**Property**") of Alston Energy Inc. (the "**Debtor**") pursuant to an order issued in the within proceedings on May 9, 2014 (the "**Receivership Order**"); **AND UPON** having read the Application and the First Report of the Receiver, dated August 1, 2014 (the "**Receiver's Report**"); **AND UPON** having read confidential exhibits "**G**", "**H**", "**I**", "**J**" and "**K**" to the Receiver's Report (the "**Confidential Supplement**"); **AND UPON** having read the Affidavit of Service of ●, sworn ●, 2014 (the "**Service Affidavit**"); **AND UPON** hearing counsel for the Receiver and any other counsel present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

DEFINED TERMS

1. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the form of agreement of purchase and sale between the Debtor, as Vendor, and Gray Dusenbery Oil and Gas LP, or its nominee, as Purchaser (the "**APA**").

APPROVAL OF THE APA AND THE TRANSACTIONS

2. The Receiver, for and on behalf of the Vendor, is authorized and directed, *nunc pro tunc*, to execute and deliver the APA to the Purchaser, conclude the transactions contemplated by the APA (the "**Transactions**") and to take all such steps and execute all such deeds, documents and instruments as may reasonably be necessary to consummate the Transactions contemplated herein substantially in accordance with its terms. Following execution and delivery of the APA the Parties may agree to any amendments to the APA which do not materially and adversely alter the Transactions or the APA.

3. The Transactions are hereby approved and ratified and it is hereby declared that the Transactions are commercially reasonable.

VESTING OF PROPERTY

4. Upon the closing of the Transactions in accordance with the terms, conditions and covenants contained in the APA and the payment of the Purchase Price due and owing by the Purchaser to the Vendor pursuant to the APA:

- (a) the Assets shall be vested in the name of the Purchaser or its permitted nominee, free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Debtor and all Persons who claim by, through or under the Debtor and subject only to the permitted encumbrances identified in the APA (the "**Permitted Encumbrances**");
- (b) the Debtor and all Persons who claim by, through or under the Debtor in respect of the Assets, save and except the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Assets and, to the extent that any such Person remains in possession or control of any of the Assets, they shall forthwith deliver possession of same to the Purchaser or its permitted nominee;
- (c) the Purchaser or its nominee shall be entitled to enter into, hold and enjoy the Assets for its own use and benefit without any interference of or by the Debtor, or any Person claiming by, through or under the Debtor.

5. Upon closing of the Transactions, subject only to the Permitted Encumbrances, all of the Debtor's right, title and interest in the Assets shall vest in the Purchaser free and clear from all security interests, claim,

estate, security, right, title, interest and liens, including but not limited to, claims, hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests, assignments, actions, levies, taxes, judgments, writs of execution, trusts or deemed trusts (whether contractual, statutory or otherwise), options, agreements, disputes, debts, encumbrances or other rights, limitations or restrictions of any nature whatsoever, against the Debtor including without limitation any rights or interests of any of the stakeholders or creditors of the Debtor, whether or not they have attached or been perfected, registered or filed, whether secured or unsecured or otherwise, whether liquidated, unliquidated or contingent (all of the foregoing being collectively referred to hereinafter as the "**Claims**"), whether such claims against the Debtor came into existence prior to, subsequent to or as a result of any previous Order of this Court, by or of all Persons or entities of a kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies, authorities or tribunals and all other neutral persons or corporations, whether acting in their capacity as principals or agents, trustees, executives, administrators or other legal representatives (collectively, the "**Claimants**"), including for greater certainty and without limiting the generality of the foregoing: (i) any Claims held by or in favour of the Persons served (either directly or through their solicitors) with the Application; and (ii) the beneficiary of any Claims created or provided for pursuant to any previous Order in these proceedings including, without limitation, the Receivership Order.

6. The Receiver is authorized to deliver to the Purchaser at the closing of the transactions contemplated by the APA one or more general conveyances and/or specific conveyances signed by the Receiver and, upon the filing of this Order, together with any applicable registration fees, all appropriate government authorities are hereby directed to register all transfers or conveyances, as may be required to convey clear title to the Assets to the Purchaser, except for Permitted Encumbrances. In relation to the Assets situated in the Province of Alberta, and for greater certainty:

- (a) The Registrars of the North and South Alberta Land Registration Districts shall, notwithstanding s. 191(1) of the *Land Titles Act* of Alberta, cancel and discharge all Claims registered against the interests of the Debtor set out in Schedule "A" in respect of the freehold assets of the Debtor located in the Province of Alberta. For further certainty, the Registrars shall not cancel and discharge the registration of any Claims registered against the estates or interests other than the estate or interest of the Debtor;
- (b) The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act*, R.S.A. 2000, c. M-17 shall cancel and discharge all Claims registered against the interests of the

Debtor set out in Schedule "A" in respect of the Assets and, without limiting the generality hereof, the Minister shall cancel and discharge all security notices and all assignments under s. 426 (formerly s. 177) of the *Bank Act* (Canada). For further certainty, the Minister of Energy shall not cancel and discharge the registration of any Claims registered against estates or interests other than the estate or interest of the Debtor; and

- (c) The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act*, R.S.A. 2000, c. M-17, shall record that all Claims in the nature of builders' liens shall be cancelled and discharged as against the interest of the Debtor set out in Schedule "A" in and to the Assets located in the Province of Alberta. For further certainty, the Minister of Energy shall not cancel and discharge the registration of such builders' liens registered against estates or interests other than the estate or interest of the Debtor.

7. For greater certainty, subject only to the Permitted Encumbrances, the Purchaser shall, by virtue of the completion of the Transactions, have no liability of any kind whatsoever to any Claimants.

8. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets shall stand in the place and stead of the Assets, and all Claims and other Encumbrances shall attach to the net proceeds from the sale of the Assets with the same priority as they had with respect to the assets immediately prior to the sale, as if the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. The Transactions shall not be void or voidable at the instance of the Claimants and shall not constitute nor shall be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other challengeable or reviewable transaction under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended or any other applicable federal or provincial legislation, and the Transactions or any actions taken therewith, shall not constitute conduct meriting an oppression remedy.

10. Service of this Order on the Service List (as such term is defined in the Application) by email, facsimile, registered mail, courier or personal delivery shall constitute good and sufficient service of this Order, and no Persons other than those on the Service List are entitled to be served with a copy of this Order.

J.C.Q.B.A.

SCHEDULE "A" – CLAIMS TO BE DELETED AND EXPUNGED

FREEHOLD MINERAL TITLES

<u>Encumbrance No.</u>	<u>Encumbrance Type</u>	<u>Party</u>
132 374 810	CAVEAT RE: AGREEMENT CHARGING LAND	ALBERTA TREASURY BRANCHES
132 418 954	BUILDERS' LIEN	APEX DISTRIBUTION INC.
142 164 256	BUILDERS' LIEN	TECHMATION ELECTRIC & CONTROLS LTD.
142 190 376	CERTIFICATE OF LIS PENDENS	N/A
132 418 882	BUILDERS' LIEN	APEX DISTRIBUTION INC.
142 164 254	BUILDERS' LIEN	TECHMATION ELECTRIC & CONTROLS LTD.
142 164 255	BUILDERS' LIEN	TECHMATION ELECTRIC & CONTROLS LTD.
142 190 377	CERTIFICATE OF LIS PENDENS	N/A
132 418 888	BUILDERS' LIEN	APEX DISTRIBUTION INC.
142 190 379	CERTIFICATE OF LIS PENDENS	N/A
142 205 822	BUILDERS' LIEN	CAL-GAS INC.
132 418 929	BUILDERS' LIEN	APEX DISTRIBUTION INC.
142 190 369	CERTIFICATE OF LIS PENDENS	N/A
132 418 895	BUILDERS' LIEN	APEX DISTRIBUTION INC.
142 190 378	CERTIFICATE OF LIS PENDENS	N/A

CROWN MINERAL TITLES

<u>Encumbrance No.</u>	<u>Encumbrance Type</u>	<u>Party</u>
1202945	BUILDERS' LIEN	GLOBAL WELL SERVICING LTD.
1203640	LIS PENDENS	N/A
1303694	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401399	LIS PENDENS	N/A
1303700	BUILDER'S LIEN	APEX DISTRIBUTION INC.

1401405	LIS PENDENS	N/A
1401256	BUILDERS' LIEN	CWC WELL SERVICES CORP.
1401272	BUILDER'S LIEN	TECHMATION ELECTRIC & CONTROLS LTD.
1303689	BUILDER'S LIEN	APEX DISTRIBUTION INC.
1401394	LIS PENDENS	N/A
1303701	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401406	LIS PENDENS	N/A
1303696	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401401	LIS PENDENS	N/A
1303704	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401409	LIS PENDENS	N/A
1303705	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401410	LIS PENDENS	N/A
1303706	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401411	LIS PENDENS	N/A
1303113	SECURITY NOTICE	ALBERTA TREASURY BRANCHES
1303691	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401396	LIS PENDENS	N/A
1401254	BUILDERS' LIEN	CWC WELL SERVICES CORP.
1303697	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401402	LIS PENDENS	N/A
1401255	BUILDERS' LIEN	CWC WELL SERVICES CORP.
1303707	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401412	LIS PENDENS	N/A
1401485	BUILDERS' LIEN	CAL-GAS INC.

1303692	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401397	LIS PENDENS	N/A
1401253	BUILDERS' LIEN	CWC WELL SERVICES CORP.
1401273	BUILDERS' LIEN	TECHMATION ELECTRIC & CONTROLS LTD.
1303698	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401403	LIS PENDENS	N/A
1303699	BUILDERS' LIEN	APEX DISTRIBUTION INC.
1401404	LIS PENDENS	N/A

SCHEDULE "D"

COURT FILE NUMBER	1401-05127	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANT:	ALBERTA TREASURY BRANCHES	
RESPONDENT:	ALSTON ENERGY INC.	
DOCUMENT	SALE APPROVAL AND VESTING ORDER (Head First Energy Inc.)	

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Sean F. Collins/Walker W. MacLeod McCarthy Tétrault LLP 3300, 421 – 7 th Ave. S.W. Calgary, AB T2P 4K9 Telephone: 403-260-3531 403-260-3710 Facsimile: (403) 260-3501 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca
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DATE ON WHICH ORDER WAS PRONOUNCED:	August 6, 2014
NAME OF JUDGE WHO MADE THIS ORDER:	Justice K.M. Horner
LOCATION OF HEARING:	Calgary, Alberta

UPON the application (the "**Application**") of Alvarez and Marsal Canada Inc., in its capacity as court appointed receiver and manager ("**Receiver**") of the assets, properties and undertakings (the "**Property**") of Alston Energy Inc. (the "**Debtor**") pursuant to an order issued in the within proceedings on May 9, 2014 (the "**Receivership Order**"); **AND UPON** having read the Application and the First Report of the Receiver, dated August 1, 2014 (the "**Receiver's Report**"); **AND UPON** having read confidential exhibits "**G**", "**H**", "**I**", "**J**" and "**K**" to the Receiver's Report (the "**Confidential Supplement**"); **AND UPON** having read the Affidavit of Service of ●, sworn ●, 2014 (the "**Service Affidavit**"); **AND UPON** hearing counsel for the Receiver and any other counsel present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

DEFINED TERMS

1. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the form of agreement of purchase and sale between the Debtor, as Vendor, and Head First Energy Inc. or its nominee, as Purchaser (the "**APA**").

APPROVAL OF THE APA AND THE TRANSACTIONS

2. The Receiver, for and on behalf of the Vendor, is authorized and directed, *nunc pro tunc*, to execute and deliver the APA to the Purchaser, conclude the transactions contemplated by the APA (the "**Transactions**") and to take all such steps and execute all such deeds, documents and instruments as may reasonably be necessary to consummate the Transactions contemplated herein substantially in accordance with its terms. Following execution and delivery of the APA the Parties may agree to any amendments to the APA which do not materially and adversely alter the Transactions or the APA.

3. The Transactions are hereby approved and ratified and it is hereby declared that the Transactions are commercially reasonable.

VESTING OF PROPERTY

4. Upon the closing of the Transactions in accordance with the terms, conditions and covenants contained in the APA and the payment of the Purchase Price due and owing by the Purchaser to the Vendor pursuant to the APA:

- (a) the Assets shall be vested in the name of the Purchaser or its permitted nominee, free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Debtor and all Persons who claim by, through or under the Debtor and subject only to the permitted encumbrances identified in the APA (the "**Permitted Encumbrances**");
- (b) the Debtor and all Persons who claim by, through or under the Debtor in respect of the Assets, save and except the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Assets and, to the extent that any such Person remains in possession or control of any of the Assets, they shall forthwith deliver possession of same to the Purchaser or its permitted nominee;
- (c) the Purchaser or its nominee shall be entitled to enter into, hold and enjoy the Assets for its own use and benefit without any interference of or by the Debtor, or any Person claiming by, through or under the Debtor.

5. Upon closing of the Transactions, subject only to the Permitted Encumbrances, all of the Debtor's right, title and interest in the Assets shall vest in the Purchaser free and clear from all security interests, claim,

estate, security, right, title, interest and liens, including but not limited to, claims, hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests, assignments, actions, levies, taxes, judgments, writs of execution, trusts or deemed trusts (whether contractual, statutory or otherwise), options, agreements, disputes, debts, encumbrances or other rights, limitations or restrictions of any nature whatsoever, against the Debtor including without limitation any rights or interests of any of the stakeholders or creditors of the Debtor, whether or not they have attached or been perfected, registered or filed, whether secured or unsecured or otherwise, whether liquidated, unliquidated or contingent (all of the foregoing being collectively referred to hereinafter as the "**Claims**"), whether such claims against the Debtor came into existence prior to, subsequent to or as a result of any previous Order of this Court, by or of all Persons or entities of a kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies, authorities or tribunals and all other neutral persons or corporations, whether acting in their capacity as principals or agents, trustees, executives, administrators or other legal representatives (collectively, the "**Claimants**"), including for greater certainty and without limiting the generality of the foregoing: (i) any Claims held by or in favour of the Persons served (either directly or through their solicitors) with the Application; and (ii) the beneficiary of any Claims created or provided for pursuant to any previous Order in these proceedings including, without limitation, the Receivership Order.

6. The Receiver is authorized to deliver to the Purchaser at the closing of the transactions contemplated by the APA one or more general conveyances and/or specific conveyances signed by the Receiver and, upon the filing of this Order, together with any applicable registration fees, all appropriate government authorities are hereby directed to register all transfers or conveyances, as may be required to convey clear title to the Assets to the Purchaser, except for Permitted Encumbrances. In relation to the Assets situated in the Province of Alberta, and for greater certainty:

- (a) The Registrars of the North and South Alberta Land Registration Districts shall, notwithstanding s. 191(1) of the *Land Titles Act* of Alberta, cancel and discharge all Claims registered against the interests of the Debtor in respect of the freehold assets of the Debtor located in the Province of Alberta. For further certainty, the Registrars shall not cancel and discharge the registration of any Claims registered against the estates or interests other than the estate or interest of the Debtor;
- (b) The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act*, R.S.A. 2000, c. M-17 shall cancel and discharge all Claims registered against the interests of the

Debtor in respect of the Assets and, without limiting the generality hereof, the Minister shall cancel and discharge all security notices and all assignments under s. 426 (formerly s. 177) of the *Bank Act* (Canada). For further certainty, the Minister of Energy shall not cancel and discharge the registration of any Claims registered against estates or interests other than the estate or interest of the Debtor; and

- (c) The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act*, R.S.A. 2000, c. M-17, shall record that all Claims in the nature of builders' liens shall be cancelled and discharged as against the interest of the Debtor in and to the Assets located in the Province of Alberta. For further certainty, the Minister of Energy shall not cancel and discharge the registration of such builders' liens registered against estates or interests other than the estate or interest of the Debtor.

7. For greater certainty, subject only to the Permitted Encumbrances, the Purchaser shall, by virtue of the completion of the Transactions, have no liability of any kind whatsoever to any Claimants.

8. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets shall stand in the place and stead of the Assets, and all Claims and other Encumbrances shall attach to the net proceeds from the sale of the Assets with the same priority as they had with respect to the assets immediately prior to the sale, as if the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. The Transactions shall not be void or voidable at the instance of the Claimants and shall not constitute nor shall be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other challengeable or reviewable transaction under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended or any other applicable federal or provincial legislation, and the Transactions or any actions taken therewith, shall not constitute conduct meriting an oppression remedy.

10. Service of this Order on the Service List (as such term is defined in the Application) by email, facsimile, registered mail, courier or personal delivery shall constitute good and sufficient service of this Order, and no Persons other than those on the Service List are entitled to be served with a copy of this Order.

J.C.Q.B.A.

APPENDIX "A"

COURT FILE NUMBER	1401-05127
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	ALBERTA TREASURY BRANCHES
RESPONDENT	ALSTON ENERGY INC.

<i>Party</i>	<i>Telephone</i>	<i>Representing</i>
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McCarthy Tetrault Suite 4000 421 - 7 th Avenue S.W. Calgary AB T2P 4K9 Sean Collins scollins@mccarthy.ca Walker MacLeod wmacleod@mccarthy.ca	 403 260-3531 403 260-3710	Counsel for the Court-Appointed Receiver
Jack P. Donhuysen 366325 Alberta Ltd. (Personal & Confidential) 200, 1222 - 11 th Avenue S.W. Calgary, AB T3C 0M4 Jack P. Donhuysen donhuysenj@statuseng.com	 403-245-4462	Director & Designated Recipient for Service of: Troy Winsor 366325 Alberta Ltd. Don Umbach Wayne Babcock

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<p>Cal-Gas Inc. 4255 – 64 Avenue SE Calgary Alberta T2C 2C8 calgary@calgasinc.com Fax: 403.279.9098</p>	(403) 279-7019	Lien Holder
<p>CWC Well Services Corp. c/o Robertson Moskal Sarsons P.O. BOX 1680 A-3801-51 AVE Lloydminster, AB T9V2C3 Fax #: 780-875-9485</p>	(780) 875-7671	Lien Holder
<p>Global Well Servicing Ltd. Box 7745 Drayton Valley, AB T7A 1S8 Fax #: (780) 621-3988 abouchard@globalwellservicing.com</p>	(780) 515-9885	

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