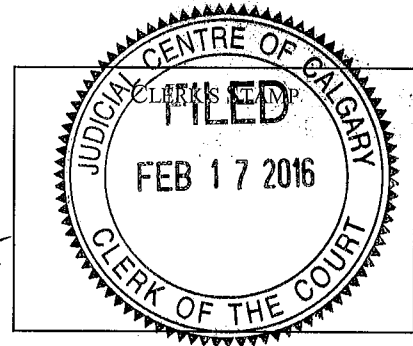


I hereby certify this to be a true copy of  
the original Order

Dated this 17 day of February 2016

[Signature]  
for Clerk of the Court



1601-01675

COURT FILE NUMBER

COURT

JUDICIAL CENTRE

APPLICANTS

COURT OF QUEEN'S BENCH OF ALBERTA

CALGARY

IN THE MATTER OF THE *COMPANIES'*  
*CREDITORS ARRANGEMENT ACT*, R.S.C.  
1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF  
ARRANGEMENT OF ARGENT ENERGY  
TRUST, ARGENT ENERGY (CANADA)  
HOLDINGS INC. and ARGENT ENERGY  
(US) HOLDINGS INC.

DOCUMENT

**CCAA INITIAL ORDER**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

**BENNETT JONES LLP**  
Barristers and Solicitors  
4500 Bankers Hall East  
855 – 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 4K7

Attention: Kelsey Meyer / Sean Zweig  
Telephone No.: 403.298.3323 / 416.777.6254  
Fax No.: 403.265.7219 / 416.863.1716  
Client File No.: 68859.14

**DATE ON WHICH ORDER WAS  
PRONOUNCED:**

**Wednesday, February 17, 2016**

**LOCATION WHERE ORDER WAS  
PRONOUNCED:**

**Calgary**

**NAME OF JUSTICE  
WHO MADE THIS ORDER:**

**The Honourable Mr. Justice D. B. Nixon**

UPON the application of Argent Energy Trust (the "Trust"), Argent Energy (Canada) Holdings Inc. ("Argent Canada"), and Argent Energy (US) Holdings Inc. ("Argent US", and

together with the Trust and Argent Canada, the "Applicants"), **AND UPON** having read the Originating Application, the Affidavit of Sean Bovingdon sworn February 16, 2016 (the "Bovingdon Affidavit"); the consent of FTI Consulting Canada Inc. to act as Monitor (the "Monitor"); and the pre-filing report of FTI Consulting Canada Inc., all filed; **AND UPON** noting that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application and either do not oppose or alternatively consent to the charges created herein; **AND UPON** hearing counsel to the Applicants, counsel to the Monitor and counsel to the Syndicate (as defined in the Bovingdon Affidavit) who advanced funds under a credit agreement dated October 25, 2012 (as amended from time to time, the "Credit Agreement");

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

**APPLICATION**

2. The Applicants are entities to which the CCAA applies.

**PLAN OF ARRANGEMENT**

3. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

**POSSESSION OF PROPERTY AND OPERATIONS**

4. The Applicants shall:
  - (a) remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property");

- (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "Business") and the Property; and
  - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.
5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
  - (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges; and
  - (c) payment for goods or services actually supplied to the Applicants prior to the date of this Order by those parties deemed by the Applicants (with the consent of the Monitor and the Syndicate) to be critical suppliers, provided that the total of all such payments shall not exceed USD \$315,000.
6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account

of insurance (including directors and officers insurance), maintenance and security services; and

- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

- (i) employment insurance,
- (ii) Canada Pension Plan, and
- (iii) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured

creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.
9. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:
  - (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order;
  - (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and
  - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.
10. Notwithstanding the provisions of paragraph 9 hereof, the Applicants are authorized and directed to pay to the Syndicate any interest and other costs and expenses which may become due and owing under the terms of the Credit Agreement, including the reasonable costs and expenses of the Syndicate's legal counsel and other advisors (the "Syndicate's Advisors") arising both before and after the making of this Order.

## **RESTRUCTURING**

11. The Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined in paragraph 34), have the right to:

- (a) with the consent of the Interim Lender (as hereinafter defined in paragraph 32), permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$500,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and
- (c) pursue all avenues of refinancing and offers for their Business or the Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a) above),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

12. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA,

and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

13. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
  - (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and
  - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

14. Until and including March 18, 2016, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

15. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively

being "Persons" and each being a "Person"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

- (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;
  - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
  - (c) prevent the filing of any registration to preserve or perfect a security interest; or
  - (d) prevent the registration of a claim for lien.
16. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

#### **NO INTERFERENCE WITH RIGHTS**

17. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

#### **CONTINUATION OF SERVICES**

18. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or



- (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

#### **NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT**

19. Notwithstanding anything else contained in this Order, no creditor of the Applicants shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

20. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 16 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants or of Argent Energy Limited (the "Directors and Officers") with respect to any claim against the Directors and Officers that arose before the date hereof and that relates to any obligations of the Applicants or Argent Energy Limited whereby the Directors and Officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the

Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

21. The Applicants shall indemnify the Directors and Officers against obligations and liabilities that they may incur as directors and or officers of the Applicants and Argent Energy Limited after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or willful misconduct.
22. The Directors and Officers shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of USD \$200,000, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 42 herein.
23. Notwithstanding any language in any applicable insurance policy to the contrary:
  - (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
  - (b) the Directors and Officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

### **APPOINTMENT OF MONITOR**

24. FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs and the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall cooperate fully with the Monitor in the exercise of its powers and discharge of its

obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

25. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
  - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;
  - (c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the Interim Lender and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and the Interim Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Interim Lender;
  - (d) advise the Applicants in the preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the Interim Lender;
  - (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
  - (f) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
  - (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of

the Applicants to the extent that is necessary to adequately assess the Applicants' Property, Business and financial affairs or to perform its duties arising under this Order;

- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person;
- (j) report to and respond to inquiries of the Syndicate (or its designated financial advisor) with respect to the CCAA proceedings, with or without the presence or the consent of the Applicants; however copies of any written reports provided to the Syndicate by the Monitor shall be provided to the Applicants; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

26. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

27. The Monitor shall provide any creditor of the Applicants and the Interim Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
28. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or willful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
29. The Monitor, counsel to the Monitor, counsel to the Applicants and the Syndicate's Advisors shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Applicants and the Syndicate's Advisors on a regular basis.
30. The Monitor and its legal counsel shall pass their accounts from time to time.
31. The Monitor, counsel to the Monitor, the Applicants' counsel, and the Syndicate's Advisors, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of USD \$500,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor, such counsel and such other advisors of the Syndicate, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

## INTERIM FINANCING

32. Argent US is hereby authorized and empowered to obtain and borrow under a credit facility from the Syndicate, including The Bank of Nova Scotia, in its capacity as agent for and on behalf of the Syndicate (collectively, in such capacity, the "Interim Lender") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$7,300,000.00 unless permitted by further order of this Court.
33. Such credit facility shall be on the terms and subject to the conditions set forth in the Interim Financing Credit Agreement agreed between the Applicants and the Interim Lender dated as of February 17, 2016 (the "Interim Financing Credit Agreement"), as attached to the Bovingdon Affidavit.
34. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Interim Financing Credit Agreement or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Interim Financing Credit Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
35. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "Interim Lender's Charge") on the Property to secure all obligations under the Definitive Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Definitive Documents. The Interim Lender's Charge shall have the priority set out in paragraphs 40 and 42 hereof.
36. Notwithstanding any other provision of this Order:

- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
  - (b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon three days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Interim Financing Credit Agreement, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Interim Financing Credit Agreement, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
  - (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.
37. The Interim Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

**KERP, KEIP AND THE KERP AND KEIP CHARGE**

38. The KERP and the KEIP (each as defined in the Bovingdon Affidavit) are hereby authorized and approved and the Applicants (and any other person that may be appointed to act on behalf of the Applicants, including without limitation, any trustee, liquidator, receiver, interim receiver, receiver and manager or other person acting on behalf of any

such person) are authorized and directed to perform the obligations under the KERP and KEIP, including making all payments to the beneficiaries of the KERP and KEIP of amounts due and owing under the KERP and KEIP at the time specified and in accordance with the terms of the KERP and KEIP.

39. The beneficiaries of the KERP and KEIP are hereby granted a charge (the "KERP and KEIP Charge") on the Property, which charge shall not exceed an aggregate amount of USD \$1,035,000 in respect of the KERP plus any additional amounts that become payable under the KEIP, to secure all obligations under the KERP and KEIP. The KERP and KEIP Charge shall have the priority set out in paragraphs 40 and 42 hereof.

#### **VALIDITY AND PRIORITY OF CHARGES**

40. The priorities of the Directors' Charge, the Administration Charge, the Interim Lender's Charge and the KERP and KEIP Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of USD \$500,000);

Second – Interim Lender's Charge;

Third – Directors' Charge (to the maximum amount of USD \$200,000); and

Fourth – KERP and KEIP Charge (to the maximum amount of USD \$1,035,000 in respect of the KERP, plus any additional amounts that become payable under the KEIP).

41. The filing, registration or perfection of the Directors' Charge, the Administration Charge, the Interim Lender's Charge, or the KERP and KEIP Charge (collectively, the "Charges") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
42. Each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims



of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

43. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the applicable Charges, or further order of this Court.
  
44. The Charges, the Interim Financing Credit Agreement and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:
  - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
  - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
  - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
  - (d) the provisions of any federal or provincial statutes; or
  - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
    - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Interim Financing Credit Agreement or the Definitive Documents,

shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;

- (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the Applicants entering into the Interim Financing Credit Agreement, or execution, delivery or performance of the Definitive Documents; and
- (iii) the payments made by the Applicants pursuant to this order, including the Interim Financing Credit Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

#### **ALLOCATION**

- 45. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Charges amongst the various assets comprising the Property.

#### **SALE SOLICITATION PROCESS**

- 46. The letter agreement dated January 15, 2016 between The Oil & Gas Asset Clearinghouse, LLC ("OGAC"), Argent US and Argent Canada is hereby approved and Argent US and Argent Canada are authorized and directed to continue the engagement of OGAC as an Assistant thereunder and to comply with all of their obligations thereunder.
- 47. The sale solicitation process (the "Sale Solicitation Process") attached as Schedule "A" to this Order be and is hereby approved, and OGAC, the Monitor and the Applicants are authorized and directed to perform each of their obligations thereunder and to do all things reasonably necessary to perform their obligations thereunder.
- 48. Each of the Monitor and OGAC, and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and

all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Sale Solicitation Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor or OGAC, as applicable, in performing its obligations under the Sale Solicitation Process (as determined by this Court).

49. In connection with the Sale Solicitation Process and pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), the Applicants, OGAC and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sale transactions (each, a "Transaction"). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Applicants, OGAC or the Monitor, as applicable; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants, OGAC or the Monitor, as applicable, or ensure that all other personal information is destroyed.

#### **SERVICE AND NOTICE**

50. The Monitor shall (i) without delay, publish in the Calgary Herald and the Houston Chronicle a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated

amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

51. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall establish and maintain a website in respect of these proceedings at <http://cfcanada.fticonsulting.com/argent> and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publically available; and
- (b) all applications, reports, affidavits, orders or other materials filed in these proceedings by or behalf of the Monitor, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

#### **SEALING**

52. The Confidential Summary (Exhibit "20" of the Bovingdon Affidavit) shall be sealed on the Court file, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Confidential Summary shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

**GENERAL**

53. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
54. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
55. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.
56. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding of Argent US and Argent Canada, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
57. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as the foreign representative of Argent US and Argent Canada in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
58. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or

parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

59. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Time on the date of this Order.

"D. B. Nixon"

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The Honourable Mr. Justice B. Nixon  
J.C.C.Q.B.A.

## SCHEDULE "A"

### Procedures for the Sale Solicitation Process

On February [17], 2016, Argent Energy Trust (the "**Trust**"), Argent Energy (Canada) Holdings Inc. ("**Argent Canada**") and Argent Energy (US) Holdings Inc. ("**Argent US**", and together with the Trust and Argent Canada, the "**Applicants**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

### DEFINED TERMS

60. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
- (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
  - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
  - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto.
  - (d) "**Syndicate**" means the syndicate of lenders pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, the Administrative Agent of which is The Bank of Nova Scotia.

### SALE SOLICITATION PROCESS

61. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
62. The Sale Solicitation Process will proceed as follows:
- (a) As soon as reasonably practicable after the granting of the Initial Order:

- (i) the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin* and the *Houston Chronicle*; and
  - (ii) in any event no later than February [19], 2016, the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17];
- (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
- (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
- (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
- (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR. The VDR shall contain a proposed Letter of Intent ("**LOI**") and Purchase and Sale Agreement ("**PSA**");
- (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any portion or combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a sale proposal (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with the Monitor, the Applicants and the



Secured Creditor (the "**Bid Deadline**"). The Sale Proposal shall include a binding LOI and a form of PSA which the Qualified Bidder is willing to execute if it is the Successful Bidder and shall also include a marked version showing edits to the original form of PSA provided in the VDR. The LOI, but not the PSA, shall provide for due diligence for title and environmental defects and potential purchase price adjustments therefor subject to the terms of the LOI.

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- (i) it contains a duly executed Sale Proposal;
  - (ii) it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
  - (iii) it is not conditional upon:
    - (A) the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(n);
    - (B) obtaining financing; and/or
    - (C) any other material conditions other than the receipt of the Approval Order and the Recognition Order (each as defined below).
  - (iv) it is received by the Bid Deadline; and
  - (v) it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "**Successful Bid(s)**").

- (l) Once the Successful Bid(s) has been determined pursuant to Section 3(k), the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "**Successful Bidder(s)**", and OGAC shall provide notice of the determination of the Successful Bid(s) to the Successful Bidder(s).
- (m) Upon the Successful Bidder(s) receiving notice from OGAC of the determination of the Successful Bid(s) pursuant to Section 3(l), the Successful Bidder(s) shall pay a deposit (the "**Deposit**") in the form of certified cheque or wire transfer (to a bank account specified by the Monitor), payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;
- (n) The PSA in respect to the Successful Bid(s) pursuant to Section 3(l) must be executed no later than April [14], 2016, and which shall be conditional only upon the receipt of the Approval Order and the Recognition Order and shall provide for a closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The PSA in respect to the Successful Bid(s) shall not be conditional on any unperformed due diligence.
- (o) The Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (p) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s) shall become non-refundable in the event the approved transaction is not completed;
- (q) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

#### DEPOSIT

63. The Deposit:

- (a) shall be retained by the Monitor and invested in an interest bearing trust account;

- (b) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order, plus accrued interest, shall be applied to the purchase price to be paid by the applicable Successful Bidder(s) upon closing of the approved transaction;
- (c) shall be non-refundable, subject only to the following exceptions:
  - (i) the Successful Bidder(s) provides notice to OGAC and the Monitor, on or before April 8, 2016, of material defects in the title and environmental due diligence in accordance with the LOI;
  - (ii) either or both of the Approval Order and the Recognition Order are not granted on or before May 17, 2016 or such later date as agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants.

#### APPROVALS

64. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

#### "AS IS, WHERE IS"

65. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

#### FREE OF ANY AND ALL CLAIMS AND INTERESTS

66. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property 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**") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims and Interests to attach to the net proceeds of the sale of such 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.

#### THE SECURED CREDITOR

67. The Secured Creditor and each member of the Syndicate have advised that they do not intend to participate as a Bidder in the Sale Solicitation Process, and therefore they will be entitled to have full access to the contents of all Qualified Bids, including copies thereof. No Qualified Bid that is less than an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such

consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

**NO OBLIGATION TO CONCLUDE A SALE**

68. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal, but shall not do so without first consulting with the Secured Creditor.

**FURTHER ORDERS**

69. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

**Appendix "A"****TO OGAC:**

The Oil & Gas Asset Clearinghouse  
500 N Sam Houston Pkwy W, Suite 1500  
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655

E-Mail: pdapra@ogclearinghouse.com

**TO THE MONITOR:**

FTI Consulting Canada Inc.  
720, 440 – 2<sup>nd</sup> Ave. S.W.  
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031

E-Mail: Deryck.Helkaa@fticonsulting.com

**WITH A COPY TO:**

McCarthy Tétrault LLP  
Suite 4000  
421 – 7th Ave. S.W.  
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531

E-Mail: scollins@mccarthy.ca