FORM 49
[RULE 13.19]

CLERK'S STAMP

COURT FILE NUMBER	1601 – 03113
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended
	AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF QUICKSILVER RESOURCES CANADA INC., 0942065 B.C. LTD. and 0942069 B.C. LTD.
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500, 855 – 2nd Street S.W. Calgary, Alberta T2P 4K7 Attention: Chris Simard / Kevin Zych Tel No.: 403-298-4485 / 416-777-5738 Fax No.: 403-265-7219 / 416-863-1716

AFFIDAVIT OF J. DAVID RUSHFORD

Sworn on June 21, 2016

I, J. David Rushford, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am the Senior Vice President and Chief Operating Officer of each of Quicksilver Resources Canada Inc. ("**Quicksilver Canada**" or "**QRCI**"), 0942065 B.C. Ltd. ("**LNG Co**") and 0942069 B.C. Ltd. ("**LNG SubCo**", and together with Quicksilver Canada and LNG Co, the "**Applicants**") and I am also a director of each of the Applicants. As such I

have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true.

2. I previously swore a non-confidential Affidavit in this Action on March 8, 2016 (my "**Previous Affidavit**"). Capitalized terms that are used but not defined herein are intended to bear their meanings as defined in my Previous Affidavit.

THE KKR TRANSACTION, MMI AND THE PARTNERSHIP

3. The information below in this paragraph was originally set out in paras. 30 – 44 of my Previous Affidavit. I confirm that this information remains true and correct (although some grammatical changes and clarifying changes have been made and Exhibit references have been removed) and is set out herein for ease of reference.

   (a) In December 2011, Quicksilver Canada and its wholly owned subsidiary Makarios Midstream Inc. ("**MMI**") (collectively the "**Quicksilver Canada Group**") entered into various agreements among themselves and with 0927530 B.C. Unlimited Liability Company ("**KKR Newco**"), a subsidiary of Kohlberg Kravis Roberts & Co. L.P. ("**KKR**"), as described below (collectively, the "**KKR Transaction**").

   (b) As part of the KKR Transaction, the Maxhamish Pipeline and the Fortune Creek compressor assets (the "**Partnership Assets**") located in the Horn River Basin area of British Columbia were transferred by Quicksilver Canada to a newly-formed partnership named the Fortune Creek Gathering and Processing Partnership (the "**Partnership**"). Initially, KKR Newco contributed $125 million and Quicksilver Canada contributed the Maxhamish Pipeline and the compressor assets to the Partnership, respectively, each in exchange for a 50% partnership interest, pursuant to a Contribution Agreement dated December 23, 2011 among Quicksilver Canada, the Partnership and KKR Newco (the "**Contribution Agreement**"). Quicksilver Canada also received a cash payment from the Partnership in an amount equal to approximately $112 million (being the $125

million contribution by KKR Newco, less certain amounts required to complete work on the Maxhamish Pipeline and the compressor assets).

(c) On December 23, 2011, Quicksilver Canada transferred its 50% partnership interest and $3 million in cash to MMI, in exchange for 1,000 shares in the capital of MMI. However, Quicksilver Canada remained bound by the Contribution Agreement and the Gathering Agreement (defined below). The partners of the Partnership are now MMI and KKR Newco. MMI has no business assets other than its 50% interest in the Partnership and a small amount of cash ($23,222).

(d) Pursuant to the Contribution Agreement, Quicksilver Canada agreed, among other things:

(i) subject to a limited right to defer expenditures, to spend the cumulative sum of $300 million on drilling in the area over three (3) calendar years starting in 2012;

(ii) to repurchase the Fortune Creek compressor assets (the "**Compressor**") from the Partnership on either January 1, 2016 or May 1, 2018 for a purchase price of $33 million (the "**Compressor Repurchase Price**"); and

(iii) to enter into a take-or-pay Gathering Agreement with the Partnership (which agreement was entered into on December 23, 2011, hereinafter the "**Gathering Agreement**").

(e) As the result of deferral of a portion of the required drilling expenditure and an amendment to the KKR Transaction agreements that was agreed upon in the March 13, 2014 First Amending Agreement between Quicksilver Canada, the Partnership, KKR Newco, MMI and Quicksilver Resources Inc. (the "**First Amending Agreement**"), Quicksilver Canada became obliged to spend the remaining drilling expenditures, referred to therein (and hereinafter) as the "**Drilling Obligation Balance**", in the amount of $120 million by June 30, 2016. Quicksilver Canada has disclaimed its obligation to spend the Drilling Obligation Balance in these proceedings.

(f) Pursuant to the Gathering Agreement, Quicksilver Canada had an obligation to pay a monthly fee to the Partnership comprised of the following:

(i) a transportation fee based on raw gas volumes actually shipped, made up of (i) a fixed capital component, and (ii) an operating component to be determined based on the annual operating cost for the Maxhamish Pipeline divided by the annual throughput for the Maxhamish Pipeline; and

(ii) for each month during the first ten (10) years of the term of the Gathering Agreement, a take-or-pay component based on the amount, if any, by which the total revenue from transportation fees from all shippers on the Maxhamish Pipeline (including Quicksilver Canada, which was the only shipper on the Maxhamish Pipeline) for actual raw gas shipments during the month falls below the Revenue Requirement for that month; the Revenue Requirement is the product of an agreed minimum gas volume Throughput Commitment for the month and an agreed Fixed Capital Component rate for the month. The total amount that would be payable to the Partnership in respect of the take-or-pay fee from the beginning of 2014 until the end of the initial term in 2021 is currently estimated by Quicksilver Canada to be approximately $133 million (on an undiscounted basis, and without considering the operation of other parts of the Partnership Agreement) (the "**Aggregate Revenue Deficiency**").

(g) By the terms of the Gathering Agreement and the Contribution Agreement, the non-payment of the Drilling Obligation Balance has the effect of accelerating the payment, but not increasing the amount, of the Aggregate Revenue Deficiency, such that $120 million of the Aggregate Revenue Deficiency would be due in respect of December, 2016, and the Aggregate Revenue Deficiency due in the final months of the ten-year term of the Gathering Agreement will be reduced by an equal amount.

(h) Although Quicksilver Canada's take-or-pay obligation under the Gathering Agreement is owed to the Partnership (a 50% interest in which is owned by MMI,

as described above), the Quicksilver Canada Group does not receive 50% of the take-or-pay payments made by Quicksilver Canada to the Partnership. The Partnership Agreement (defined below) provides, among other things, that any "**Available Cash Flow**" (as defined in the Partnership Agreement) of the Partnership for a fiscal quarter will be first paid to KKR Newco provided that there are any "**Unrecovered Balances**" (as defined in the Partnership Agreement) in respect of any Capital Pool (each as defined in the Partnership Agreement). Currently, the remaining Unrecovered Balance in respect of the Maxhamish Pipeline Capital Pool is $105,697,793. Accordingly, there is no expectation that any Available Cash Flow will flow from the Partnership to MMI or to the Quicksilver Canada Group in the near term. It should be noted that the Drilling Obligation Balance and the remaining Unrecovered Balance do not affect the magnitude of the Partnership's claim against Quicksilver Canada. The due date of the Drilling Obligation Balance, as mentioned above, has the effect of accelerating the payment of the Aggregate Revenue Deficiency, and the payment of the Unrecovered Balance would simply be an allocation of all of the Available Cash Flow from the Partnership to KKR Newco as opposed to MMI being entitled to its 50% partnership interest share thereof.

(i) MMI and the Partnership are parties to an Operating Agreement dated December 23, 2011 (the "**Operating Agreement**"). Pursuant to the Operating Agreement, MMI was engaged by the Partnership to oversee, manage, operate, maintain and repair all of the Partnership Assets. The Partnership agreed to reimburse MMI for expenses incurred in providing such services.

(j) In turn, Quicksilver Canada and MMI entered into a Services Agreement dated December 23, 2011 (the "**Services Agreement**"). Pursuant to the Services Agreement, Quicksilver Canada agreed to provide certain services to MMI to allow MMI to fulfill its obligations under the Operating Agreement. MMI agreed to pay Quicksilver Canada a monthly fee for each service provided, based on the fully-loaded direct cost of such service plus 5%.

(k) All of the Quicksilver Canada Group's natural gas reserves and lands and wells (the "**Wells**") and certain associated tangibles in the Horn River Basin (collectively the "**Upstream Assets**") were, until the sale described in paragraph 17 below, owned by Quicksilver Canada (as opposed to MMI or any other affiliate of Quicksilver Canada, the Partnership, KKR Newco or KKR). The Partnership Assets are owned by the Partnership.

(l) Other material agreements related to the KKR Transaction are:

(i) the December 23, 2011 Partnership Agreement entered into between Quicksilver Canada (subsequently assigned to MMI as described above) and KKR Newco (the "**Partnership Agreement**");

(ii) the December 23, 2011 Gas Processing Agreement entered into between Quicksilver Canada and the Partnership;

(iii) the December 23, 2011 Guaranty granted by QRI to the Partnership; and

(iv) the First Amending Agreement.

(m) Given the extended depressed natural gas price environment, Quicksilver Canada's obligations under the KKR agreements have proven to be extremely financially onerous and the arrangements are not economically viable in the current circumstances or the foreseeable future. As described in greater detail below, the KKR Transaction agreements were entered into at a time when Quicksilver Canada expected to be able to grow and scale its business such that its obligations under the agreements would have proven to be commercially reasonable. However, for the reasons described herein, that was not possible. The Maxhamish Pipeline only ever achieved a throughput of approximately 100 MMcfd raw gas out of a nominal rated capacity of 400 MMcfd. The throughput in this pipeline subsequently dropped to 40 MMcfd, as no additional development was conducted, and since March 8, 2015, there has been no throughput.

(n) QRCI did not make an approximately $1.6 million payment due to the Partnership in respect of the monthly Revenue Requirement at the end of June 2015 and has not made subsequent monthly payments of the same amount pursuant to the Gathering Agreement. As a result, among other things, the following rights accrued or will accrue to the Partnership: (i) the Partnership may discontinue transporting Quicksilver Canada's gas until all amounts owing are repaid (although, production was previously shut-in on March 8, 2015 due to the termination of a third-party gathering and processing agreement); (ii) if the non-payment continues for more than 90 days after a written demand therefor, subject to certain existing contracts for the sale of gas, the Partnership may enforce the lien granted by Quicksilver Canada to the Partnership on the natural gas belonging to Quicksilver Canada while it is in the Maxhamish Pipeline and in the Partnership's possession; (iii) the Partnership has certain set-off rights against Quicksilver Canada; (iv) if the non-payment continues for the greater of 180 days and 60 days following a written notice by the other partner, Quicksilver Canada is not entitled to receive partnership distributions or vote with respect to partnership matters until the non-payment is cured and the Partnership may be dissolved or Quicksilver Canada's interest in the Partnership may be purchased by the other partner; and (v) the Operating Agreement could be terminated by the Partnership.

(o) Neither KKR, KKR Newco or the Partnership has sent Quicksilver Canada any written notices regarding the past due amounts, which amounts bear interest compounded monthly at prime plus 2%, or otherwise taken any steps to enforce the rights described above.

4. A number of the KKR Transaction agreements have provisions requiring the parties thereto to keep the agreements and the terms thereof confidential, and accordingly the KKR Transaction agreements (described above and marked as Exhibits "5" – "12" of my Previous Affidavit) have been sealed on the Court file.

5. Since the commencement of these CCAA proceedings, Quicksilver Canada has disclaimed the following agreements that comprise part of the KKR Transaction:

(a) on May 17, 2016, Quicksilver Canada disclaimed the Contribution Agreement (a true copy of the disclaimer notice is attached as **Exhibit "1"** to this Affidavit);

(b) on May 17, 2016, Quicksilver Canada disclaimed the Gathering Agreement (a true copy of the disclaimer notice is attached as **Exhibit "2"** to this Affidavit); and

(c) on May 31, 2016, Quicksilver Canada disclaimed the Services Agreement (a true copy of the disclaimer notice is attached as **Exhibit "3"** to this Affidavit).

AUTHORITY TO ASSIGN MMI INTO BANKRUPTCY

6. MMI is a wholly-owned subsidiary of Quicksilver Canada. The directors of MMI are me and Glenn Darden.

7. As noted above, MMI's only assets are its interest in the Partnership and $23,222 in cash. Given the economics of natural gas production in the Horn River Basin, no gas is currently flowing through the Fortune Creek compressor assets and the Partnership is currently not generating any revenue.

8. Quicksilver Canada has held discussions with KKR and KKR Newco. Quicksilver Canada has come to the conclusion that the most cost-effective and efficient manner in which to deal with the orderly wind-up of MMI is to bankrupt MMI. Quicksilver Canada understands that KKR is also considering bankrupting KKR Newco. If both partners were bankrupted, the bankrupt estate of the Partnership could be administered by a single trustee in bankruptcy, who would realize on the assets of the Partnership and administer the claims against the Partnership.

9. Quicksilver Canada and KKR Newco have agreed that MNP Ltd. ("MNP") would be a suitable Trustee in Bankruptcy of MMI, KKR Newco and the Partnership. KKR has agreed to provide any indemnity required by MNP to act as Trustee in Bankruptcy of MMI, KKR Newco and the Partnership.

10. Accordingly, Quicksilver Canada seeks an Order authorizing Quicksilver Canada, by shareholder's resolution, to assign MMI into bankruptcy and to appoint MNP as the Trustee in Bankruptcy of MMI.

APPROVAL OF THE CLAIM OF THE PARTNERSHIP AGAINST QUICKSILVER CANADA

11. Because of the disclaimer of the Services Agreement, after June 30, 2016, Quicksilver Canada will cease providing services to MMI. Currently, Quicksilver Canada provides services to MMI under the Services Agreement via Quicksilver Canada's employees and contractors, to maintain in a safe and prudent manner the assets of the Partnership, which are shut-in. Given this timing, Quicksilver Canada wishes to ensure that a trustee in bankruptcy is in place on or prior to June 30, 2016 to ensure that the assets of the Partnership are dealt with appropriately.

12. The Claims Bar Date for the filing of proofs of claims against Quicksilver Canada, as previously approved by this Honourable Court in this action, is July 5, 2016. As a result of this timing, Quicksilver Canada is of the view that a Trustee in Bankruptcy of MMI and the Partnership may not have sufficient time to familiarize itself with the situation and file proofs of claim in these CCAA proceedings to protect any claims of the Partnership against Quicksilver Canada.

13. Quicksilver Canada has, in consultation with the Monitor, quantified the Partnership's unsecured claim against Quicksilver Canada at $155,099,000. That claim is comprised of the Aggregate Revenue Deficiency, as accelerated by the Drilling Obligation Balance, plus the Compressor Repurchase Price. In order to avoid the cost and delay associated with requiring the Partnership (or its trustee in bankruptcy) to file a proof of claim and for such claim to be determined in the Claims Procedure herein, Quicksilver Canada seeks an Order admitting the claim of the Partnership in such amount in these proceedings.

REQUIREMENT FOR PAYMENT OF DEPOSIT TO OGC

14. When these proceedings were commenced, Quicksilver Canada's Horn River Basin assets were comprised of the Upstream Assets, which Quicksilver Canada owned directly, and

the Partnership Assets, in which Quicksilver Canada indirectly owns an interest via MMI; which owns a 50% interest in the Partnership.

15. By Approval and Vesting Order of this Court dated April 22, 2016, the Asset Purchase Agreement (the "**APA**") dated as of March 21, 2016 between Quicksilver Canada as seller and 1069130 B.C. Ltd. as buyer (the assignee of which is Rockyview Resources Inc.) ("**Rockyview**") was approved and Quicksilver Canada was authorized and directed to complete the transaction contemplated therein. Pursuant to the APA, Quicksilver Canada sold its Upstream Assets. The Partnership Assets were not included in the sale transaction contemplated in the APA and Quicksilver Canada still holds its indirect interest in the Partnership Assets.

16. The Upstream Assets include permits (the "**Well Licences**") granted by the British Columbia Oil and Gas Commission (the "**OGC**") pursuant to the *Oil and Gas Activities Act*, SBC 2008, c. 36 (the "**OGAA**"). The Well Licences are by law necessary to operate the Wells. Quicksilver Canada also continues to hold the permit (the "**Compressor Licence**") granted by the OGC in respect of the Compressor, which is one of the Partnership Assets and of which Quicksilver Canada remains the operator pursuant to the agreements described in paragraphs 3(g) and (h) above, notwithstanding that the Compressor is now beneficially owned by the Partnership.

17. Pursuant to the APA and an ancillary escrow agreement, Rockyview paid $3,703,620 in trust to Quicksilver Canada's counsel Bennett Jones LLP, being the estimated amount required to be paid to the OGC as the security deposit for the Upstream Assets (the "**Well Licence Deposit**") in respect of the Well Licences. The payment of the Well Licence Deposit is necessary to facilitate the OGC's transfer of the Well Licences to Rockyview, in accordance with the OGC's Liability Management Rating program (the "**LMR Program**"). The LMR Program was established by the OGC pursuant to the OGAA and is described further below.

18. A person undertaking an activity that is regulated by the OGAA, such as drilling and operating a well for the exploration for or recovery of hydrocarbons or building and operating a pipeline or compressor station) must generally obtain a permit or

authorization to undertake that activity. The OGC may impose any conditions on the applicant or the transferee of a permit that it considers necessary, including the provision of security to ensure the performance of an obligation under the OGAA or any permit or authorization issued pursuant thereto. Security must be in the form of cash or an irrevocable letter of credit from a Canadian chartered bank or credit union.

19. The purpose of the LMR Program is to ensure that permit holders carry the financial risk of their operations through to regulatory closure, including the proper deactivation and abandonment of wells, facilities and pipelines. The LMR Program identifies each permit holder whose deemed liabilities exceeds its deemed assets, which means that the permit holder has a liability management rating ("**LMR**") below 1.0. Each permit holder's LMR is calculated, on a monthly basis, as a ratio of (**x**) the permit holder's estimated operational assets plus any security deposits that it has already provided to (**y**) its estimated decommissioning liabilities for all wells and other oilfield facilities for which it holds permits. The OGC will, pursuant to section 30 of the OGAA, require the permit holder to provide additional liquid security sufficient to bring its LMR up to 1.0 in the following circumstances, among others:

(a) if the monthly calculation for a permit holder results in an LMR that is less than 1.0; or

(b) if, as the result of a permit holder's transfer of permits, its LMR in respect of its remaining permits would drop below 1.0.

20. On June 1, 2016, Rockyview received an invoice from the OGC in the amount of $3,104,220 for the required Well Licence Deposit, *i.e.*, $599,400 less than the estimated amount of $3,703,620 that was being held in trust. The invoiced amount has been paid to the OGC from the Bennett Jones LLP trust account and the surplus that was paid into the Bennett Jones LLP trust account ($599,400) has been repaid to Rockyview as required under the APA and the ancillary escrow agreement.

21. On June 1, 2016, Quicksilver Canada also received an invoice from the OGC in the amount of $449,400 from the OGC, on account of additional liquid security required with

respect to the Compressor Licence (the "**Required Additional Compressor Licence Deposit**"). This amount, when added to the $150,000 security already on deposit from Quicksilver Canada with the OGC with respect to the Compressor Licences, will constitute the total required LMR security in respect of the Compressor Licence, which will be the only permit held by Quicksilver Canada under the OGAA after the transfer of the Well Licences is completed.

22. If Quicksilver Canada had not sold the Upstream Assets to Rockyview, it would have remained the holder of the Well Licences, and would have been required to provide a security in respect of both the Well Licences and the Compressor Licence, in the aggregate amount of $3,553,620 (being comprised of the Well Licence Deposit of $3,104,220 and the Required Additional Compressor Licence Deposit of $449,400).

23. The OGC informed Quicksilver Canada and its counsel, in a telephone conversation on June 7, 2016, that it will not approve or record the transfer of the Well Licences until the Required Additional Compressor Licence Deposit is paid.

24. Quicksilver Canada is obligated to pay the Required Additional Compressor Licence Deposit, as a result of the following contractual obligations:

    (a) Quicksilver Canada is obligated under the APA to convey the Purchased Assets to Rockyview, which includes the Well Licences;

    (b) Pursuant to the Services Agreement, Quicksilver Canada is obligated to provide, to MMI, the services that MMI is obligated to provide to the Partnership under the Operating Agreement; and

    (c) Under the Operating Agreement, MMI is obligated to, among other things, maintain and repair the Partnership Assets, comply with accepted industry practices and applicable laws, including maintaining the Partnership's compliance with all applicable law in connection with the operation of the Partnership Assets.

25. Quicksilver Canada is therefore obliged to pay the Required Additional Compressor Licence Deposit in order both to:

(a) facilitate the transfer of the Upstream Well Licences pursuant to the APA, and

(b) to perform its obligations under the Services Agreement, because MMI is obliged to make it in order to perform the services pursuant to the Operating Agreement.

26. MMI (who, as noted above, has only $23,222 in cash) and the Partnership (which has no cash), and are therefore unable to pay the OGC invoice. Quicksilver Canada is its only source of funding.

27. The payment of the OGC invoice will preserve the value of the Partnership Assets.

28. MMI will contribute $23,222 to the payment of the Required Additional Compressor Licence Deposit, and Quicksilver Canada seeks an order of this Court declaring that it is authorized and directed to pay the balance of the Required Additional Compressor Licence Deposit (in the approximate amount of $426,178) to the OGC and granting to Quicksilver Canada a first-ranking priority charge in the amount of the payment, over the Partnership Assets.

TRANSFER OF LICENSES

29. While the Partnership holds all beneficial interest in the following licences and permits associated with the Partnership assets, Quicksilver Canada continues to be the registered owner thereof:

(a) OGC Facility License BCCS0007828 – Fortune Creek Compressor Station (Surface Location A-66-A/94-O-15);

(b) OGC Facility License BCDH0007828 – Fortune Creek Dehydrator (Surface Location A-66-A/94-O-15); and

(c) OGC Pipeline Permit File 9704844 – Maxhamish 20" Sales Pipeline (Surface Location: Segment 001-B-66-A/94-O15 to A-59-A/94-O-14; and Segment 002-B-66-A/99-O-15 to C-68-B/94-O-15);

(collectively, the "**Licences**").

30. Because Quicksilver Canada is winding down, will have no further business or assets at the conclusion of these proceedings and is disclaiming its obligations to the Partnership, it would be practical and efficient to have the Partnership become the registered holder of the Licences, to which it already holds beneficial title (except insofar as the said Pipeline Permit relates to Segment 002, in respect of which Rockyview now holds beneficial title, such that it would be practical and efficient to cause the said Pipeline Permit to be transferred or re-issued to Rockyview). As Quicksilver Canada holds only bare legal title, the Licences have no value to Quicksilver Canada. Quicksilver Canada seeks a Court order authorizing these transfers, and requiring the OGC to register such transfers.

REPRESENTATIVE COUNSEL FOR TERMINATED EMPLOYEES

31. I am advised by Bennett Jones LLP, counsel to the Applicants, that 16 of the employees of Quicksilver Canada who were terminated during these CCAA proceedings, and to whom new employment was not offered by the purchaser of the Horseshoe Canyon Asset, have retained Susan Robinson Burns Q.C. as their counsel in these proceedings. Those parties have requested that Ms. Robinson Burns' firm be appointed as representative counsel ("**Representative Counsel**") for all the (30) employees of Quicksilver Canada who have been terminated in these proceedings and who were not offered employment (the "**Represented Group**") and that Representative Counsel be funded by the Applicants. The Applicants are amenable to such an arrangement, subject to the approval of this Honourable Court. The Applicants would be prepared to enter into such an arrangement on terms substantially in the form of the draft letter agreement attached as **Exhibit "4"** to this Affidavit. The Applicants accordingly seek the approval of this Honourable Court for such an arrangement.

CONCLUSION

32. I swear this my Affidavit in support of an application for the relief to be sought in the Application of Quicksilver Canada on June 28, 2016, and for no other or improper purpose.

SWORN (OR AFFIRMED) BEFORE ME)
at Calgary, Alberta, this 21st)
day of June, 2016.)
)
)
)
A Commissioner for Oaths)
in and for the Province of Alberta)
)

CHRIS SIMARD
Barrister and Solicitor

J. DAVID RUSHFORD

THIS IS EXHIBIT "1"
referred to in the Affidavit of
J. David Rushford
Sworn before me this 21st
day of June 2016

CHRIS SIMARD
Barrister and Solicitor

FORM 4

NOTICE BY DEBTOR COMPANY
TO DISCLAIM OR RESILIATE AN AGREEMENT

TO: FORTUNE CREEK GATHERING AND PROCESSING PARTNERSHIP

AND TO: 0927530 B.C. UNLIMITED LIABILITY COMPANY

AND TO: FTI CONSULTING (CANADA) INC.

TAKE NOTICE THAT:

1. Proceedings under the *Companies' Creditors Arrangement Act* (the "**Act**") in respect of Quicksilver Resources Canada Inc., 0942065 B.C. Ltd. and 0942069 B.C. Ltd. were commenced on the 8th day of March, 2016.

2. In accordance with subsection 32(1) of the Act, the debtor company gives you notice of its intention to disclaim or resiliate the following agreement:

   (a) Contribution Agreement dated as of December 23, 2011 among Quicksilver Resources Canada Inc., Fortune Creek Gathering and Processing Partnership and 0927530 B.C. Unlimited Liability Company.

3. In accordance with subsection 32(2) of the Act, any party to the agreement may, within 15 days after the day on which this notice is given and with notice to the other parties to the agreement and to FTI Consulting (Canada) Inc. (the "**Monitor**"), apply to court for an order that the agreement is not to be disclaimed or resiliated.

4. In accordance with paragraph 32(5)(*a*) of the Act, if no application for an order is made in accordance with subsection 32(2) of the Act, the agreement is disclaimed or resiliated on the 16th day of June, 2016, being 30 days after the day on which this notice has been given.

Dated at Calgary, Alberta, on May 17, 2016.

QUICKSILVER RESOURCES CANADA

Name:
Title: Bob McGregor
Vice President, Finance

THIS IS EXHIBIT "1"
referred to in the Affidavit of
BOB MCGREGOR
Sworn before me this 18th
day of MAY, 2016

Alexis Teasdale
Barrister and Solicitor

The Monitor approves the proposed disclaimer or resiliation.

Dated at Calgary, Alberta, on May 17, 2016.

FTI CONSULTING (CANADA) INC.

Per: _____

Deryck Helkaa

THIS IS EXHIBIT "2"
referred to in the Affidavit of
J. David Rushford
Sworn before me this 21st
day of June 2016
CHRIS SIMARD
Barrister and Solicitor

FORM 4

NOTICE BY DEBTOR COMPANY
TO DISCLAIM OR RESILIATE AN AGREEMENT

TO: FORTUNE CREEK GATHERING AND PROCESSING PARTNERSHIP

AND TO: FTI CONSULTING (CANADA) INC.

TAKE NOTICE THAT:

1. Proceedings under the *Companies' Creditors Arrangement Act* (the "**Act**") in respect of Quicksilver Resources Canada Inc., 0942065 B.C. Ltd. and 0942069 B.C. Ltd. were commenced on the 8th day of March, 2016.

2. In accordance with subsection 32(1) of the Act, the debtor company gives you notice of its intention to disclaim or resiliate the following agreement:

   (a) Gathering Agreement made as of the 23rd day of December 2011 between Fortune Creek Gathering and Processing Partnership and Quicksilver Resources Canada Inc.

3. In accordance with subsection 32(2) of the Act, any party to the agreement may, within 15 days after the day on which this notice is given and with notice to the other parties to the agreement and to FTI Consulting (Canada) Inc. (the "**Monitor**"), apply to court for an order that the agreement is not to be disclaimed or resiliated.

4. In accordance with paragraph 32(5)(*a*) of the Act, if no application for an order is made in accordance with subsection 32(2) of the Act, the agreement is disclaimed or resiliated on the 16th day of June, 2016, being 30 days after the day on which this notice has been given.

Dated at Calgary, Alberta, on May 17, 2016.

QUICKSILVER RESOURCES CANADA

Name:
Title: Bob McGregor
Vice President, Finance

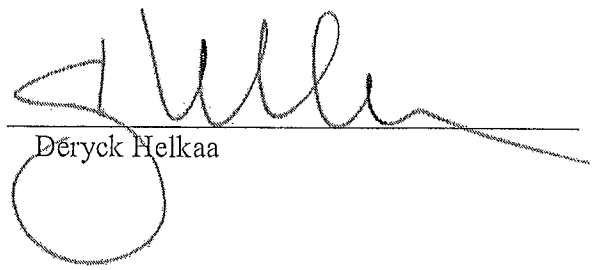
THIS IS EXHIBIT "2"
referred to in the Affidavit of
BOB MCGREGOR
Sworn before me this 18th
day of MAY, 2016

Alexis Teasdale
Barrister and Solicitor

The Monitor approves the proposed disclaimer or resiliation.

Dated at Calgary, Alberta, on May 17, 2016.

FTI CONSULTING (CANADA) INC.

Per: 

Deryck Helkaa

QUICKSILVER
RESOURCES

May 31, 2016

VIA EMAIL

Makarios Midstream Inc.
801 Cherry Street
Suite 3700, Unit 19
Fort Worth, Texas 76102
Fax#: 817.665.5021
Attn: Chief Financial Officer

- and -

0927530 B.C. Unlimited Liability Company
One Palliser Square
2000, 125 – 9th Avenue S.E.
Calgary, Alberta T2G 0P8
Fax#: 403.262.6115
Attn: Chief Operating Officer

CC:

Stikeman Elliot LLP
1155 René-Lévesque Blvd. West, Suite 4000
Montréal, QC H3B 3V2
Fax#: (514) 397-3493
Attn: Guy P. Martel

THIS IS EXHIBIT " 3 "
referred to in the Affidavit of
J. David Rushford
Sworn before me this 21st
day of June 2016

CHRIS SIMARD
Barrister and Solicitor

Dear Sirs:

Re: Services Agreement dated December 23, 2011 (the "Agreement") between Makarios Midstream Inc. ("MMI") and Quicksilver Resources Canada Inc. ("QRCI")

Please take notice that:

1. Proceedings under the *Companies' Creditors Arrangement Act* (the "**Act**") in respect of QRCI were commenced on March 9, 2016 (the "**Initial Order**").

2. The Court of Queen's Bench of Alberta (the "**Court**") entered an Order (Approval and Vesting) dated March 29, 2016 which, *inter alia*, approved the sale of certain of the assets of QRCI, including assets of QRCI located in British Columbia.

3. In accordance with subsection 32(1) of the Act, the QRCI gives you notice of its intention to disclaim or resiliate the Agreement.

4. In accordance with subsection 32(2) of the Act, any party to the agreement may, within 15 days after the day on which this notice is given and with notice to the other parties to the agreement and to the Monitor, apply to the Court for an order that the agreement is not to be disclaimed or resiliated.

5. In accordance with paragraph 32(5)(a) of the Act, if no application for an order is made in accordance with subsection 32(2) of the Act, the Agreement shall be disclaimed or resiliated

effective on the 30th day of June, 2016, being 30 days after the day on which this notice has been delivered.

DATED AT CALGARY, ALBERTA ON MAY 31, 2016:

QUICKSILVER RESOURCES CANADA INC.

Per: _____

Bob McGregor
Vice President, Finance

The Monitor approves the proposed disclaimer or resiliation:

FTI CONSULTING CANADA INC.

Per: _____

Deryck Helkaa / Dustin Olver
Monitor's representative responsible for the proceedings

Bennett Jones

Bennett Jones LLP
4500 Bankers Hall East, 855 - 2nd Street SW
Calgary, Alberta, Canada T2P 4K7
Tel: 403.298.3100 Fax: 403.265.7219

Chris Simard
Direct Line: 403.298.4485
e-mail: simardc@bennettjones.com
Our File No.: 39944.88

THIS IS EXHIBIT "4"
referred to in the Affidavit of
J. David Rushford
Sworn before me this 21st
day of June 2016

CHRIS SIMARD
Barrister and Solicitor

June 28, 2016

Via Email

Ms. Susan L. Robinson Burns, Q.C.
Miles Davison LLP
Suite 900, 517 - 10th Ave SW
Calgary AB T2R 0A8

Dear Ms. Robinson-Burns:

Re: Quicksilver Canada Resources Inc.

We are writing in connection with your appointment by the court as counsel ("Representative Counsel") on behalf of all terminated employees of the Company whom were not offered employment with CPC Resources (the "Represented Group") in connection with the Company's proceedings pursuant to the *Companies' Creditors Arrangement Act* ("CCAA"), all as more particularly set out in the court order dated June 28, 2016 (the "Representation Order"). This letter agreement (the "Agreement") is to confirm that the Company has agreed to pay the reasonable fees and expenses incurred by you as Representative Counsel in your representation of the Represented Group, on and subject to the terms set out herein and in the Representation Order.

Professional time for services rendered on behalf of the Represented Group from April 19, 2016 will be billed at your lawyers' customary hourly rates. All such fees and expenses and service charges will be first approved by the Represented Group before being submitted to the Company and FTI Consulting Canada Inc., the Court-appointed Monitor of the Company (the "Monitor") and will be billed directly to the Company at cost.

The obligation of the Company to pay your fees will be limited to a maximum amount of $50,000 (the "Limit"), plus your firm's reasonable disbursements and out-of-pocket costs (for greater certainty, "out-of-pocket costs" excludes fees and disbursements of any other advisor), and applicable taxes, and will be subject to approval by the Monitor in the Company's CCAA proceedings or the Court. You will provide the Company and the Monitor with monthly or more frequent statements indicating a breakout by lawyer or other individual of the aggregate hours and charges for each such person and a breakout of expenses and disbursements to the Company for payment. These statements will provide summaries detailing the services rendered by each individual and the expenses incurred in connection with such services.

You and the Company acknowledge and agree as follows:

1. Notwithstanding that the Company has agreed to pay your reasonable fees and disbursements as described herein, no solicitor/client relationship exists between your firm and the Company.

2. In connection with your appointment as counsel to the Represented Group, your duty is to the Represented Group and you will act solely in their best interests, and on the instructions of the Steering Committee (as defined in the Representation Order) or the Court.

3. In connection with your appointment as counsel to the Represented Group, you shall not be required to divulge to the Company any confidential or sensitive information of the Represented Group that you may receive from them and, with a view to protecting such confidential or sensitive information, you have the right and sole discretion to edit any information from the description of services to be sent to the Company for payment pursuant to this Agreement.

This Agreement may be terminated by order of the Alberta Court of Queen's Bench, effective at the time provided in such notice or order. Unless otherwise terminated, this Agreement will terminate upon the consummation of a Plan or cessation of the CCAA proceedings.

The provisions of this Agreement may be modified only pursuant to a subsequent written agreement executed by you and the Company or a subsequent court order. This Agreement shall be subject to the law and applicable ethical rules of the Province of Alberta, without regard to applicable conflicts of law rules.

This Agreement may be acknowledged in counterparts, which, when fully executed and taken together, shall constitute one and the same instrument. In addition, execution copies of this Agreement delivered by facsimile shall be deemed to be originals.

Yours truly,

BENNETT JONES LLP

Chris Simard

CS:dmk

AGREED AND ACKNOWLEDGED THIS ___ DAY OF JUNE, 2016.

MILES DAVISON LLP

Per: _____
Susan Robinson Burns, Q.C.
Solicitors for the Represented Group