Form 27
[Rules 6.3 and 10.52(1)]

COURT FILE NUMBER	1001-14376	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	CLERK OF THE COURT
JUDICIAL CENTRE	Calgary	DEC 14 2010
PLAINTIFF(S)	**HSBC BANK CANADA**	CALGARY, ALBERTA
DEFENDANT(S)	**PAINTEARTH ENERGY SERVICES INC., PES SUBSURFACE CANADA INC. and PAINTEARTH ENERGY SERVICES LTD.**	
DOCUMENT	**APPLICATION BY THE RECEIVER, ERNST & YOUNG INC.**	

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

JOHN L. IRCANDIA
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9406
Facsimile: (403) 266-1395
Email: JIrcandia@blg.com
File No. 400500-000805

Borden Ladner Gervais

NOTICE TO RESPONDENT(S)

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

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

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

Date	December 20, 2010
Time	9:00 o'clock a.m.
Where	Calgary Courts Centre
Before Whom	The Honourable Justice G.C. Hawco

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

Remedy claimed or sought:

1. An Order:

   (a) approving the sale of certain of the property and assets and undertakings of Paintearth Energy Services Inc. ("Paintearth Inc."), PES Subsurface Canada Inc. and Paintearth Energy Services Ltd. (sometimes collectively referred to as the "Debtors") located in Canada and the United States of America including, without limitation, the equipment, the inventory, fixed assets, books and records and intellectual property, including patents and trademarks registered in Canada and the United States of America (collectively, the "Assets"), by Ernst and Young Inc., in its capacity as Receiver of the Debtors to Oil Lift Technology Inc. ("Oil Lift") on substantially the terms set out in the purchase and sale agreement dated effective December 21, 2010 (the "PSA"), marked as Exhibit "B" to the Affidavit of Neil Narfason, sworn December 14, 2010 (the "Narfason Affidavit");

   (b) authorizing the Receiver to take all steps it considers necessary or advisable to close the sale of the Assets to Oil Lift substantially in accordance with the terms of the PSA, and to execute on behalf of the Debtors any transfers, assignments, conveyances or other documents required to transfer the Assets to Oil Lift in accordance with the terms of the PSA;

   (c) upon closing of the transactions contemplated by the PSA:

      (i) vesting title to the Assets in Oil Lift free and clear of all encumbrances, claims, security interests, security notices, statements of claim, mortgages, charges, liens and other interests and discharging all of the security notices and registrations; and

      (ii) declaring that all the interest, right, title, estate and equity of redemption of the Debtors and any persons by, through or under the Debtors in and to the Assets will, upon closing of the transaction contemplated by the PSA, be extinguished.

   (d) directing that, subject to further order of this Court, the net proceeds of the sale of the Debtors' assets, after adjustments provided for in the PSA, will stand in place and in stead of any and all claims against those assets as if those proceeds were the Debtors' Assets and if the sale of the Assets had not occurred; and

(e) declaring service of notice of this application to be good and sufficient.

Grounds for making this application:

2. Ernst and Young Inc. was appointed Interim Receiver of the Debtors pursuant to an Interim Receivership Order granted by the Honourable Justice G.C. Hawco on September 27, 2010 (the "Interim Order").

3. The appointment of an interim receiver was critical due to concerns that, among other things, a considerable amount of inventory had been removed by suppliers of Paintearth Inc. and that Paintearth Inc. lacked any authorized management to run the company as a result of the resignation of all of its directors.

4. On October 27, 2010, the date on which the Interim Order was scheduled to expire, an application was made to expand the powers and authorities of the Interim Receiver to those of a Receiver, as a result of ongoing concerns regarding the declining financial positions of the Debtors, the continued dissipation of assets and the absence of any authorized management to conduct the businesses.

5. Ernst and Young Inc. (the "Receiver") was appointed Receiver of the Debtors pursuant to a Receivership Order granted by the Honourable Justice G.C. Hawco on October 27, 2010 (the "Receivership Order").

6. Pursuant to the Receivership Order, the Receiver is authorized and empowered to market any or all of the Debtors' property and to sell, convey, transfer, lease or assign the property out of the ordinary course of business.

7. Further, pursuant to the Receivership Order, Court approval is required in respect of any transaction in which the purchase price exceeds $500,000.

8. In the circumstances noted above, and the resulting uncertainty surrounding employees, customers and suppliers, the Receiver determined that an expedited sales process was in the best interest of the stakeholders.

9. Upon the granting of the Receivership Order, the Receiver immediately took steps to market the Assets.

10. The Receiver developed a list of parties that the Receiver deemed could potentially be interested in the Assets. This list was created based on parties that had previously expressed interest in an acquisition of the Debtors or their Assets, as well as other entities in the oilfield services industry familiar to the Receiver.

11. A total of 29 entities were provided with a marketing brochure prepared by the Receiver. Of the 29 entities that received the brochure, 15 executed a confidentiality agreement and received a copy of additional due diligence materials, together with access to management, employees and site inspections.

12. The Receiver was provided with 7 offers of interest, which resulted in negotiations with a shorter list of those parties who had made the best offers.

13. Following such negotiations, the Receiver determined that the best offer submitted was the offer of Oil Lift. As a result, the PSA was negotiated and entered into by the Receiver, on behalf of the Debtors, and Oil Lift on December 9, 2010.

14. Based on the results of the extensive marketing process and negotiations undertaken by the Receiver as well as the Receiver's knowledge of the marketplace, the offer from Oil Lift and the resulting PSA represents the best offer available and is commercially reasonable in the circumstances.

15. HSBC Bank Canada, the principal secured lender of the Debtors, supports the sale of the Assets to Oil Lift in accordance with the terms of the PSA.

Material or evidence to be relied on:

16. The pleadings and proceedings had and taken in this action;

17. The Receivership Order;

18. The Narfason Affidavit; and

19. Such further and other material as counsel may advise and this Honourable Court may permit.

Applicable rules:

20. Rule 6.47 of the *Rules of Court*, Alta. Reg. 124/2010

Applicable Acts and regulations:

21. The *Judicature Act*, R.S.A. 2000, c. J-2;

22. The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3; and

23. Such further and other Acts or regulations as counsel may advise and this Honourable Court may permit.

How the application is proposed to be heard or considered:

24. By way of application on affidavit evidence.

WARNING

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