UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
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PAINTEARTH ENERGY SERVICES. LTD.,	§	**CASE NO. 10-39434-H5**
	§	**(Chapter 15)**
Debtor in a foreign proceeding.	§	

ORDER APPROVING SALE OF PERSONAL PROPERTY
(Docket No. ______)

The Court has considered the Receiver's Expedited Motion for Approval of Sale of Personal Property Free and Clear of Liens under 11 U.S.C. § 363(f). The Court finds that (i) the proposed sale is in the best interest of the estate and all creditors; (ii) adequate notice of the proposed sale and the hearing to consider the sale has been given to all creditors and parties-in-interest; and (iii) the Debtor's assets located in the United States of America, more particularly described in the Purchase and Sale Agreement attached as **Exhibit 1** (the "Assets") should be conveyed free and clear of all liens, claims and encumbrances pursuant to 11 U.S.C. § 363(f). Accordingly, it is

ORDERED THAT:

1. The Receiver's Motion for Approval of Sale of Personal Property Free and Clear of Liens under 11 U.S.C. § 363(f) is **GRANTED**.

2. The Purchase and Sale Agreement (the "Oil Lift PSA") attached as **Exhibit 1** is approved.

3. The Receiver is authorized to sell the Assets to Oil Lift Technology, Inc. ("Purchaser") for a cash price of $2,608,000, subject to the post-closing adjustments contemplated in the Oil Lift PSA.

4. The sale of the Assets to Purchaser shall be made free and clear of all liens, claims, interests and encumbrances, including any *ad valorem* tax liens, if any. The Assets shall be conveyed free and clear of all such liens, claims, interests and encumbrances regardless of whether such liens, claims, interests and encumbrances are paid in full, with any liens attaching to the proceeds of the sale in the same order and priority as they had on the petition date. Except for the foregoing, the Assets shall be conveyed to Purchaser "as is, where is" with no representation or warranty of any kind.

5. Upon the consummation of the sale, all persons holding any lien, claim, interest or encumbrance against or in the Debtor or the Assets of any kind or nature whatsoever, other than any taxing authorities, are prohibited from asserting, prosecuting or otherwise pursuing such lien, claim, interest or encumbrance against Purchaser or the Assets.

6. The Receiver is authorized to pay from the sale proceeds any recording fees, certificate transfer fees and other miscellaneous expenses/charges incident to closing the sale. The Receiver is authorized to execute all documents necessary to effectuate the sale, including but not limited to a bill of sale conveying all right, title and interest in and to the Assets to Purchaser.

7. Upon the Receiver's or Purchaser's request, any and all holders of any liens or encumbrances filed of public record or arising by statute shall execute a release of such liens and encumbrances as, but only to the extent that, they affect the Assets. If any person or entity that has filed financing statements, mortgages, mechanics liens, abstracts, *lis pendens* or other documents evidencing a lien or encumbrance in any of the Assets shall not have delivered to the Receiver prior to the closing of the sale, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, or releases of all such liens, claims, interests or encumbrances, the filing or recording of a certified copy of this Order shall constitute conclusive evidence of the release of all liens and encumbrances against the Assets.

8. To the extent provided under Title 11 and the applicable provisions of Title 28, the Court retains jurisdiction to interpret and enforce the provisions of this Order.

9. The transactions contemplated by this Order are undertaken by the Purchaser in good faith, as that term is used in 11 U.S.C. § 363(m), and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the sale shall not affect the validity of the sale to Purchaser, unless such authorization is duly stayed pending such appeal prior to the closing. Purchaser is entitled to all of the protections afforded by 11 U.S.C. § 363(m).

10. The sales proceeds from the sale of the Assets may be disbursed pursuant to the orders of the Canadian Court presiding over the BIA Proceeding and without further order of this Court.

11. The Court has determined that the stay imposed by Bankruptcy Rule 6004(h) shall not apply to the transactions contemplated by this order, for good cause shown, and this Order shall be effective and enforceable immediately upon entry.

SIGNED this _____ day of ____________________, 2010.

____
HONORABLE KAREN K. BROWN
UNITED STATES BANKRUPTCY JUDGE

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT (hereinafter called the "**Agreement**"), dated effective the 9th day of December, 2010.

BETWEEN:

OIL LIFT TECHNOLOGY INC.,
a corporation incorporated
pursuant to the laws of Alberta,
(the "**Purchaser**")

- and -

ERNST & YOUNG INC.,
in its capacity as receiver of
PAINTEARTH ENERGY SERVICES INC., PES SUBSURFACE CANADA INC. and PAINTEARTH ENERGY SERVICES LTD.
and not in its personal capacity (the "**Vendor**")

(the Vendor and the Purchaser are hereinafter individually referred to as a "**Party**" and collectively referred to as the "**Parties**")

WHEREAS:

A. Pursuant to an order of the Court of Queen's Bench of Alberta dated October 27, 2010 (the "**Receivership Order**"), the Vendor was appointed as receiver of Paintearth Energy Services Inc., PES Subsurface Canada Inc. and Paintearth Energy Services Ltd. (collectively, the "**Debtor**").

B. The Vendor was empowered by the Receivership Order to conduct a sales process with respect to some or all of the property of the Debtor, including the Purchased Assets (as defined herein), and to negotiate an agreement of purchase and sale with respect thereto, subject to the approval of the Court.

C. In accordance with the Receivership Order, the Vendor desires to sell the Purchased Assets and the Purchaser desires to purchase the Purchased Assets, as more particularly set out herein, subject to the terms and conditions hereof.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the mutual covenants and agreements herein contained, the Parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

Where used in this Agreement, or any amendment, the following terms shall have the following meanings respectively:

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Exhibit 1

(a) **"Agreement"** means this Agreement of sale and purchase and all instruments supplemental to or in amendment or confirmation of this Agreement, except as otherwise herein provided;

(b) **"Applicable Law"** means the laws of the Province of Alberta and the laws of Canada applicable therein;

(c) **"Approval and Vesting Order"** has the meaning set out in Section 4.3;

(d) **"Business Day"** means any day except a day that is Saturday, a Sunday or a statutory holiday in Calgary, Alberta;

(e) **"Calgary Lease"** means the lease for the Calgary, Alberta premises located at 2435 – 22nd Street NE, Calgary, Alberta (legally described as Lot 3, Block 1, Plan 8310180 excepting thereout all mines and minerals);

(f) **"Closing"** means the successful completion of the Transaction on the Closing Date pursuant to the terms of this Agreement;

(g) **"Closing Date"** means December 21, 2010 or such other date as the Parties may mutually agree in writing;

(h) **"Court"** means the Court of Queen's Bench of Alberta;

(i) **"Debtor"** means Paintearth Energy Services Inc., PES Subsurface Canada Inc. and Paintearth Energy Services Ltd.;

(j) **"Deposit"** has the meaning specified in Section 2.4(a);

(k) **"ETA"** means the *Excise Tax Act* (Canada);

(l) **"GST"** means all goods and services taxes payable under the ETA;

(m) **Licence Agreement** means the Licence Agreement between the Debtor and Integrated Production Services Ltd. dated October 31, 2006, and the Royalty Agreements and Assignments referred to therein;

(n) **"Purchase Price"** has the meaning set out in Section 2.3;

(o) **"Purchased Assets"** include, without limitation, all of the right, title and interest in the assets and undertakings of the Debtor as vested in the Vendor, including, without limitation, the equipment, inventory (including boronizing powder used in the Hard Kote process), fixed assets, books and records and intellectual property, including patents and trademarks registered in Canada and the United States, and Miscellaneous Interests used in connection with the business of Paintearth Energy Services Inc., PES Subsurface Canada Inc. and Paintearth Energy Services Ltd. wherever located in Canada and the United States of America;

(p) **"Miscellaneous Interests"** means the Debtor's entire interest in the purchased assets or any rights relating thereto, including, without limitation of the generality of the foregoing, the entire interest of the Debtor in all contracts, agreements, leases, royalty agreements or documents to the extent they relate directly to the equipment, inventory,

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fixed assets and intellectual property, including, without limiting the generality of the foregoing, the Calgary Lease and the License Agreement;

(q) **"Receivership Order"** has the meaning set out in the Recitals;

(r) **"Taxes"** means all federal, provincial, municipal, foreign or other taxes, charges, duties, or levies imposed by Applicable Law, including sales, use, GST, value added, including income, capital gains taxes or taxes on profits, transfer, withholding, payroll, employer health, excise, real property, and any other taxes, customs duties, fees, assessments or similar charges in nature of tax including Canada Pension Plan and provincial pension plan contributions, unemployment insurance payments and workers compensation premiums, imposed by any governmental authority;

(s) **"Time of Closing"** means 5:00 p.m. (Calgary time) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;

(t) **"Transaction"** means a transaction of purchase and sale contemplated by this Agreement; and

(u) **"U.S. Court"** means the United States Bankruptcy Court, Southern District of Texas, Houston Division.

Section 1.2 Headings

The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references in this Agreement to articles or sections are to articles or sections of this Agreement.

Section 1.3 Currency

Except where otherwise expressly provided, all payments contemplated in this Agreement shall be paid in Canadian funds, and all references in this Agreement to dollar amounts are references to dollars in lawful currency of Canada.

Section 1.4 Day Not a Business Day

If any day on or before which any action is required to be taken under this Agreement is not a Business Day, then that action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

Section 1.5 Extended Meanings

Words importing the singular include the plural and *vice versa*. Words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. Wherever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation".

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ARTICLE 2
PURCHASE AND SALE OF PURCHASED ASSETS

Section 2.1 "As is, Where is"

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an "as is, where is" basis as of the Closing Date. The Purchaser further acknowledges that it has conducted such inspections of the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Alberta) or similar legislation in Alberta or other jurisdictions do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor or any other party concerning completeness or the accuracy of such descriptions or with respect to any data room set up by the Vendor or the information contained therein.

Section 2.2 Agreement to Purchase

The Purchaser hereby agrees to purchase the Purchased Assets and the Vendor hereby agrees to sell the Assets for a Purchase Price, as determined pursuant to Article 2, subject to any post-closing adjustment that the parties may mutually agree upon in writing (plus, subject to Section 2.5 hereof, exigible goods and services tax if this Transaction is subject to GST under the ETA).

Section 2.3 Purchase Price

The total Purchase Price for the Purchased Assets shall be a total of TWO MILLION SIX HUNDRED AND EIGHT THOUSAND ONE HUNDRED AND SIXTY FIVE ($2,608,165) DOLLARS.

Section 2.4 Payment of Purchase Price

Subject to this Agreement, on or prior to the Closing Date, the Purchaser shall pay the Purchase Price to the Vendor as follows:

(a) by paying a deposit in the amount of SIX HUNDRED FORTY THOUSAND ($640,000) DOLLARS (the "Deposit"), which shall be paid by the Purchaser upon acceptance of this Agreement by the Vendor, to be held by the Vendor's solicitors in an interest bearing trust account until the Closing Date and credited toward the Purchase Price upon Closing; and

(b) by paying ONE MILLION NINE HUNDRED SIXTY EIGHT THOUSAND ONE HUNDRED SIXTY FIVE ($1,968,165) DOLLARS, an amount representing the balance of the Purchase Price after crediting the Deposit, and subject to all other adjustments, including but not limited to employee payroll adjustments, on the Closing Date.

Unless otherwise agreed, all amounts payable to the Vendor shall be paid to the Vendor by wire transfer or a solicitor's trust cheque issued by a Canadian chartered bank.

Section 2.5 Taxes

The Purchaser shall pay upon Closing, in addition to the Purchase Price, all applicable Taxes exigible in connection with the purchase and sale of the Purchased Assets, including GST provided that the Purchaser is, in the opinion of its tax advisors, eligible for an input tax credit equal to the amount of such GST under the ETA. In addition, if applicable, the Purchaser shall have the option to furnish the Vendor with appropriate exemption certificates and/or to require that the Purchaser and the Vendor shall jointly make the election provided for under subsection 167(1.1) of the ETA such that no GST will be payable in respect of the Transaction contemplated by this Agreement. In such event, the Purchaser and the Vendor shall jointly complete the election form (more particularly described in form GST-44) in respect of such election and the Purchaser hereby irrevocably appoints the Vendor (or its authorized representatives) as its agent to file the said election form not later than the due date for the Purchaser's GST returns for the first reporting period in which GST, as applicable, would, in the absence of such election, become payable in connection with the Transaction contemplated by this Agreement.

Subject to the foregoing, the Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands for payment of the above-mentioned Taxes including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such Taxes when due.

Section 2.6 Conveyance, Assignment and Transfer

This Agreement is intended to and shall operate as an actual conveyance, assignment and transfer of the Purchased Assets from the Vendor to the Purchaser. The Purchaser shall own the legal and beneficial right, title and interest in and to the Purchased Assets as at the Closing Date. If any further general or specific conveyances are required by the Purchaser, in order to convey, assign, and transfer the Purchased Assets to the Purchaser and to novate the Purchaser or such nominee in the place and stead of the Debtor with respect to the Purchased Assets, the Vendor will supply such documents at Closing or at such later date at the request of the Purchaser.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

(a) the Purchaser is a corporation duly continued, organized and subsisting under the laws of Alberta;

(b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations, and the execution and delivery of this Agreement and the consummation of the Transaction contemplated have been duly authorized by all necessary corporate action on the part of the Purchaser;

(c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained herein;

(d) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission,

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agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the Transaction contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success;

(e) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing on the Closing Date, duly and validly executed and delivered by the Purchaser and constitutes or will, as at the Time of Closing on the Closing Date, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof.

Section 3.2 Vendor's Representations

The Vendor hereby represents and warrants to the Purchaser as follows:

(a) the Vendor has been validly appointed by the Court as Receiver of the Debtor;

(b) the Vendor has the right to enter into this Agreement and to complete the Transaction, subject to the granting of the Approval and Vesting Order by the Court; and

(c) the Vendor is not a non-resident of Canada within the meaning of that term as used in the Income Tax *Act* (Canada).

ARTICLE 4
CONDITIONS

Section 4.1 Conditions – Purchaser

The obligation of the Purchaser to complete the Transaction on the Closing Date is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing, or earlier as otherwise provided for herein, as applicable:

(a) all representations and warranties of the Vendor contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date;

(b) the Vendor shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date;

(c) all right, title and interest of the Vendor in patents and intellectual property rights shall be assigned to the Purchaser at Closing, to the extent that the Vendor has the power to assign those rights;

(d) the License Agreement shall be assigned to the Purchaser at Closing; and

(e) the Vendor will make best efforts to enter into an agreement with the Landlord for the Calgary Lease so that the Purchaser may continue to use, occupy and rent the premises described in the Calgary lease for a three month term commencing January 1, 2011, renewable for a further three months, with a two months notice period for termination by either party.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

Section 4.2 Conditions – Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing on the Closing Date:

(a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date;

(b) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before a Closing Date; and

(c) no action or proceedings with a reasonable likelihood of success (as determined by the Vendor's and the Purchaser's counsel, acting reasonably) shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

Section 4.3 Approval and Vesting Order

The obligations of the Vendor and the Purchaser hereunder are subject to the conditions that:

(a) an Order shall have been made by the Court and the U.S. Court, if required, prior to Closing, approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Debtor in the Purchased Assets free and clear of all claims, liens, security interests and other encumbrances (the "Approval and Vesting Order"); and

(b) the Approval and Vesting Order shall not have been stayed, varied, vacated, or appealed, and no application to stay, vary, appeal or vacate the Order shall have been filed, and no application shall have been made or order shall have been issued which restrains or prohibits the completion of the Transaction.

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

Section 4.4 Non-Satisfaction of Conditions

If any condition set out in this section is not satisfied or performed prior to the time specified therefore, the Party for whose benefit the condition is inserted may:

(a) waive compliance with the condition in whole or in part, in its sole discretion by written notice to the other Party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or

(b) on or prior to the Closing Date, elect on written notice to the other Party to terminate this Agreement before Closing or, with the agreement of the other Party, terminate a portion of this Agreement.

If no such written notice is given at or prior to the Closing Date, the Party for whose benefit the condition is inserted shall be deemed to have elected to proceed with Closing.

ARTICLE 5
RISK

Section 5.1 Allocation of Risk

Prior to the Closing Date, the Purchased Assets shall be and remain at the risk of the Vendor. After Closing, the Assets shall be and remain at the risk of the Purchaser.

ARTICLE 6
CLOSING

Section 6.1 Vendor's Closing Deliveries

On the Closing Date, the Vendor shall deliver to the Purchaser:

(a) an assignment, assumption and novation of lease for the Calgary Lease, based on the Vendor's best efforts to obtain same on the terms as described in Article 4.1(e);

(b) an assignment and/or transfer of any and all patents and intellectual property rights as described in Article 4.1(c);

(c) as assignment, assumption and novation of the Licence Agreement; and

(d) all other documents which are reasonably requested by the Purchaser to give effect to the proper transfer and assignment of Purchased Assets by the Vendor to the Purchaser.

Section 6.2 Purchaser's Closing Deliveries

The Purchaser shall deliver to the Vendor on the Closing Date the following:

(a) the balance of the Purchase Price;

(b) the registration number of the Purchaser for purposes of the GST together with the covenant and indemnity of the Purchaser to make appropriate filings with respect to this transaction as it relates to GST as required by the ETA or payment or evidence of payment of applicable federal or provincial Taxes or alternatively, appropriate exemption certificates, as required by Section 2.5;

(c) a certificate, dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;

(d) an acknowledgement addressed to the Vendor dated the Closing Date, that each of the conditions precedent in Sections 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;

(e) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement; and

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(f) each of the Vendor and Purchaser shall retain separate legal counsel to complete the agreement of purchase and sale of the Purchased Assets.

Section 6.3 Possession of Assets

The Vendor shall remain in possession of the Purchased Assets until the Time of Closing on the Closing Date. Upon Closing, the Purchaser shall take possession of the Purchased Assets where situated at the Time of Closing on the Closing Date. The Purchaser acknowledges that the Vendor has no obligation to deliver physical possession of the Purchased Assets to the Purchaser. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied and the Purchaser has satisfied all delivery requirements outlined in Section 6.2.

Section 6.4 Termination

If either the Vendor or the Purchaser elect to terminate this Agreement pursuant to the provisions of Section 4.4:

(a) all of the obligations of both the Vendor and the Purchaser pursuant to this Agreement shall be at an end in respect of the Transaction;

(b) subject to the exception contained in Section 6.5 herein, the Purchaser shall be entitled to have the Deposit and all the monies paid hereunder to the Vendor returned with interest and without deduction; and

(c) neither Party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.,

Section 6.5 Breach by Purchaser

If Closing does not occur due in whole or in part to the Purchaser's breach of its obligations under this Agreement, which breach has not been waived by the Vendor, the Vendor may, by notice to the Purchaser, elect to treat this Agreement as having been repudiated by the Purchaser. In that event, the Deposit shall be forfeited to the Vendor and the Parties shall have no further liabilities or obligations to one another with respect to this Agreement or the Transaction contemplated hereby. The Parties agree that the amount of the Deposit constitutes their genuine estimate of all damages that will be suffered by the Vendor as a result of the Closing not occurring and that the Vendor's retention of the Deposit shall constitute liquidated damages to, and be the sole remedy of, the Vendor as a result of the Closing not occurring.

Section 6.6 Books & Records

The Purchaser shall store and secure the books and records of the Debtor until the date on which the Vendor advises the Purchaser that the same are no longer needed. During such time, the Purchaser shall provide to the Vendor unfettered access to the books and records, as required and requested by the Vendor in its sole discretion, so that the Vendor may fulfill its duties and obligations as receiver.

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ARTICLE 7
GENERAL PROVISIONS

Section 7.1 Time of the Essence

This Agreement, when executed by both Parties shall constitute a binding contract of purchase and sale, and time shall in all respects be of the essence hereof.

Section 7.2 Entire Agreement

It is agreed that there is no representation, warranty, collateral agreement or condition affecting this Agreement or the Lands or supported thereby other than as expressed in writing in the Price Allocation and Adjustment Agreement and in this Agreement.

Section 7.3 Severability

If any provision contained herein shall be found to be unenforceable, such provision shall be severed from the Agreement, and the remainder of this Agreement shall continue to be in full force and effect.

Section 7.4 Notices

Any notice or communication required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been sufficiently given if sent by registered mail or hand delivered to the applicable addresses for the Parties as set forth below. Any notice or communication delivered personally shall be deemed to be received by and given to the addressee thereof on the day of delivery. Any notice or communication delivered by registered mail shall be deemed to be received by and given to the addressee three (3) days following the date on which the same is posted by registered mail, except in the event of a disruption in postal service, in which event such notice or communication shall be delivered personally:

To the Vendor:

Ernst & Young Inc.
1000, 440 2nd Avenue S.W.
Calgary, Alberta T2P 5E9

Fax: (403) 206-5075
Attention: Mr. Neil Narfason and Mr. Kevin Meyler

Email: neil.narfarson@ca.ey.com and kevin.e.meyler@ca.ey.com

To the Purchaser:

Oil Lift Technology Inc.
#3, 1820 30th Avenue NE
Calgary, Alberta T2E 7M5
Fax: (403) 291-5301

Attention: Mr. Vern Hult

Email: vern.hult@oilliftechnology.com

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by electronic mail before 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day, and if

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transmitted by electronic mail after 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. A Party may change its address for service hereunder by specifying such change and new address in a written notice delivered to the other Parties in accordance with the terms of this Agreement.

Section 7.5 Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. The Purchaser shall have the right to assign this Agreement to an affiliate or subsidiary upon notice to the Vendor provided that the assignee executes an acknowledgment addressed to the Vendor that it assumes all of the Purchaser's obligations and liabilities under this Agreement and such acknowledgment is delivered to the Vendor. Notwithstanding the foregoing, the Purchaser shall remain liable for all obligations and liabilities of the assignee under this Agreement.

Section 7.6 Applicable Law

This agreement shall be interpreted in accordance with the laws of the province of Alberta and the laws of Canada applicable thereto.

Section 7.7 Further Assurances

Except as provided herein, each of the Parties shall, at the cost and expense of the other Party, execute and deliver all such further documents and do such further acts and things that the other Party may reasonably request from time to time to give full effect to this Agreement.

Section 7.8 Survival

All representations, warranties, covenants and agreements contained in this Agreement shall survive the completion of the Transaction and shall not merge on Closing.

Section 7.9 Amendment and Waiver

No amendment or waiver of any provision of this Agreement shall be binding on any Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

Section 7.10 Commission

The Vendor acknowledges that there are no agent or broker fees or other commissions payable by the Vendor on the Purchase Price or otherwise in connection with the Transaction. The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Purchaser on the Purchase Price or otherwise in connection with the Transaction.

Section 7.11 Receiver's Capacity

The Receiver acts in its capacity as Receiver of the Debtors and shall have no personal or corporate liability under this Agreement.

Section 7.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail in Portable Document Format (PDF) of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

IN WITNESS WHEREOF the Parties have executed this Agreement effective as of the date first written above.

OIL LIFT TECHNOLOGY INC.

Per: V Hult
Title: President
Name: Vern Hult

Per:
Title:
Name:

ERNST & YOUNG INC., in its capacity as receiver of **PAINTEARTH ENERGY SERVICES INC., PES SUBSURFACE CANADA INC., PAINTEARTH ENERGY SERVICES LTD.** and not in its personal capacity

Per: Kevin Meyler
Title: Vice-President
Name: Kevin Meyler

Per:
Title:
Name: