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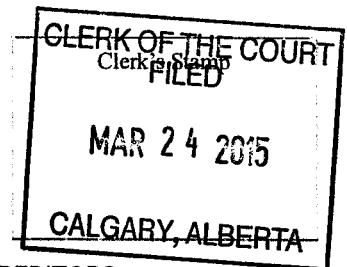
1501-00396

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY



IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, RSC 1985, c C-36, AS
AMENDED

AND IN THE MATTER OF THE *BUSINESS*
CORPORATIONS ACT, RSA 2000, c B-9

APPLICANTS

AND IN THE MATTER OF GASFRAC ENERGY
SERVICES INC., GASFRAC SERVICES GP INC.,
GASFRAC ENERGY SERVICES (US) INC., GASFRAC US
HOLDINGS INC. and GASFRAC INC.

DOCUMENT

FIFTH REPORT OF THE MONITOR

MARCH 24, 2015

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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TABLE OF CONTENTS

INTRODUCTION	3
TERMS OF REFERENCE	3
BACKGROUND	3
GASFRAC EMPLOYEES	4
EMPLOYEE CLAIMS PROCESS	5
RECOMMENDATIONS.....	8

INTRODUCTION

1. On January 15, 2015 GASFRAC Energy Services Inc. ("GESI"), GASFRAC Services GP Inc. ("GSGP"), GASFRAC Energy Services Limited Partnership ("GES LP"), GASFRAC Energy Services (US) Inc. ("GESI US"), GASFRAC US Holdings Inc. ("Holdings"), and GASFRAC Inc. ("GI"), collectively the "Company", "GASFRAC" or "Applicants", sought and obtained protection pursuant to the *Companies' Creditors Arrangement Act, RSC 1985, c C-36*, as amended (the "CCAA") pursuant to an Order (the "Initial Order") of the Alberta Court of Queen's Bench (the "Court").
2. Ernst & Young Inc. was appointed as Monitor (the "Monitor") of the Company pursuant to the terms of the Initial Order.
3. The purpose of this fifth report of the Monitor (the "Fifth Report") is to provide the Court with the Monitor's comments with respect to the Employee Claims Process for Canadian employees of GASFRAC.
4. All references to dollars are in Canadian currency unless otherwise noted.
5. Capitalized terms not defined herein are as defined in the Initial Order, Vesting Order (defined below) or Claims Process Order.
6. Background information on GASFRAC and these CCAA proceedings is available on the Monitor's website at www.ey.com/ca/gasfracenergy.

TERMS OF REFERENCE

7. In preparing this Fifth Report, the Monitor has relied upon unaudited financial information, Company records and discussions with management of the Company. The Monitor has not performed an audit, review or other verification of such information.

BACKGROUND

8. Pursuant to an Approval and Vesting Order dated March 16, 2015 ("Vesting Order"), Justice Eidsvik authorized a transaction to sell substantially all of GASFRAC's assets.
9. The proceeds arising from the transaction approved by the Vesting Order that stand in the place and stead of the GASFRAC's assets are more than sufficient to satisfy the claims of GASFRAC secured creditors and are projected to be more than sufficient to

satisfy the claims of all of GASFRAC's unsecured creditors, including the claims of any employees.

10. Pursuant to a Claims Process Order, also dated March 16, 2015 ("Claims Process Order"), Justice Eidsvik approved a Claims Process, portions of which process include the following:

- a) Claims Packages were to be sent by the Monitor to all known creditors on or before March 23, 2015;
- b) the Negative Claims Process was authorized whereby the Claims Packages would designate the quantum and secured/unsecured basis of claims based upon the books and records of the Applicants and whereby such creditor need not file a Proof of Claim if it agrees with such assessment; and
- c) disputes with respect to Creditors' Claims are ultimately to be resolved by an Application to this Court.

11. The Court approved Notices to Creditors contain the following provision:

"Pursuant to the Claims Process Order, the Monitor, in cooperation with GASFRAC, is required to send a notice to each known creditor of GASFRAC (the "Notice to Creditor") indicating the amount of such creditor's claim as of January 15, 2015. In the case of the claims of creditors whose claims are disputed, a Notice to Creditor will be sent containing the amount which GESI, GSGP, or GES LP is prepared to allow as a claim by such creditor."

12. Pursuant to an order dated March 23, 2015, Justice Yamauchi approved an extension of the time required to mail the Claims Packages to the Canadian employee to the later of March 27, 2015 or three (3) business days following the termination of any employee.

GASFRAC EMPLOYEES

13. The transaction approved under the Vesting Order is an asset sale transaction and, as such, all, or substantially all of GASFRAC's employees have been terminated or will be terminated in the near future.

14. GASFRAC and the Monitor are seeking a variation of the Claims Process Order to include the statutory severance plus an amount of common law severance which GASFRAC is prepared to allow as a claim by Canadian employees as creditors of GESI, GSGP or GES LP.
15. These proposed common law amounts are not anticipated to affect the projected ability to pay all secured and unsecured creditors in full but will reduce the ultimate distribution available to the Subordinated Debenture Holders.
16. GASFRAC and the Monitor anticipate that the proposed common law severance proposals to Canadian employees to be made will total approximately \$1 million.
17. With respect to Texas / U.S. based employees, GASFRAC and the Monitor have proposed to pay severance based upon the Alberta Employment Standards Code but no further common law severance, all in accordance with GASFRAC's prior practices.

EMPLOYEE CLAIMS PROCESS

18. The Monitor's counsel has prepared a draft employee claims process order seeking approval from the Court (the "Employee Claims Process Order").
19. The claims process as set out in the Employee Claims Process Order will establish the claims against GESI, GSGP and GES LP, as at the date of termination (the "Claims").

Notice to File Proofs of Claim

20. The Monitor shall cause a claims package (an "Employee Claims Package") to be sent to each terminated employee by regular prepaid mail, fax, courier or email on or before on or before March 27, 2015 in the case for all previously terminated GASFRAC employees or within three (3) business days of the date of the termination of such employees.
21. The Employee Claims Package shall include a notice to employee, substantially in the form of Schedule "B" to the Employee Claims Process Order, indicating the value of the claim which GASFRAC is prepared to allow as a claim to such creditors (the "Notice to Employee").
22. The Monitor shall cause the Employee Claims Package for the claims process to be posted on the website it has created in these proceedings.

23. In the event the Employee agrees with the assessment of the amount and classification of their Claim, they need not file a Proof of Claim or take any further action and upon no further action being taken; the Claim shall be a Proven Claim
24. The Company may attempt to consensually resolve the classification and amount of any Claim with the Employee prior to the relevant company accepting, revising or disallowing such Claim with the consent of the Monitor.
25. If the Company, with the consent of the Monitor, accept the Claim, then such Claim shall be a Proven Claim.

Claims Bar Date

26. In the event the Employee who receives an Employee Claims Package and the Employee disagrees with the assessment of either the amount or classification (or both) of its Claim as set out in the Notice to Employee, it must deliver a Proof of Claim setting out its Claim so that it is received by the Monitor and the Applicants no later than 5:00 PM, MST, May 7, 2015 (the "Claims Bar Date") or 30 days following the date on which the Employee was terminated (the "Subsequent Claims Bar Date").
27. The Company shall review each proof of claim received by the Claims Bar Date or Subsequent Claims Bar Date, as applicable and shall revise or disallow the Claim with the overview and approval of the Monitor.

Employee Claims Officers

28. Rather than burden the Court with resolution or determination of any disputed employee claims, the Monitor proposes that James McCartney and John Moreau be appointed as employee claims officers (the "Employee Claims Officers") to resolve any disputed employee claims on an efficient, expedited basis.
29. GASFRAC, its counsel, the Monitor and the Monitor's counsel collectively believe that James McCartney and John Moreau are qualified to act as Employee Claims Officers based on their relevant skills and experience in similar arbitration matters.

Disputed Claims

30. If the Company, with the consent of the Monitor, determines to revise or disallow a Claim, the Monitor shall send a notice of revision or disallowance to the Employee (a "Notice of Revision or Disallowance").
31. Any Employee who disputes the classification or amount of its Claim as set forth in a Notice of Revision or Disallowance shall deliver a notice of dispute (a "Notice of Dispute") to the Monitor by 5:00 p.m. (Mountain Time) on the day that is fifteen (15) days after the date of the Notice of Revision or Disallowance (the "Deadline") and follow the process for filing an application with the Court supported by an affidavit as set out in the Notice of Dispute.
32. Any Employee who fails to deliver a Notice of Dispute by the Deadline shall be deemed to accept the classification and the amount of its Claim as set out in the Notice of Revision or Disallowance and such Claim as set out in the Notice of Revision or Disallowance shall constitute a Proven Claim.
33. Upon receipt of a Notice of Dispute, the Company may, with the consent of the Monitor, attempt to consensually resolve the classification and amount of the Claim with the Employee.
34. If the Company and the Employee consensually resolve the classification and amount of the Claim, the Applicant may accept, with the consent of the Monitor, a revised Claim, and such Claim will constitute a Proven Claim.
35. If not consensually resolved, the dispute will be referred to one of the Employee Claims Officers to be resolved in a process directed by such Employee Claims Officer, which process may include:
 - a) filing of reply materials;
 - b) questioning on any Affidavits, under oath;
 - c) exchange of Written Submissions; and/or
 - d) conduct of an oral arbitration hearingall as may be directed by the assigned Employee Claims Officer.

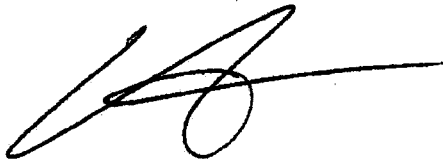
36. The disputing employee, GASFRAC or the Monitor may file any decision of the Employee Claims Officer by way of an Application to this Court returnable within fifteen (15) days of the rendering of any Employee Claims Officer determination.

RECOMMENDATIONS

37. The Monitor respectfully recommends that the Court approve the Employee Claims Process Order, including the appointment of the Employee Claims Administrators.

Dated at Calgary, this 24th day of March, 2015

ERNST & YOUNG INC.
in its capacity as Court-appointed
Monitor of GASFRAC and not in
its personal or corporate capacity

A handwritten signature in black ink, appearing to read 'Neil Narfason', with a long horizontal stroke extending to the right.

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

A handwritten signature in black ink, appearing to read 'Cassie Riglin', with a stylized, cursive script.

Cassie Riglin, CA
Manager

