Form 27
[Rules 6.3 and 10.52(1)]

CLERK OF THE COURT
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MAR 24 2015
CALGARY, ALBERTA

COURT FILE NUMBER	**1501-00396**
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	Calgary
APPLICANTS	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended** **AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9** **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	**APPLICATION: Approval of Transaction**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Josef G.A. Krüger, Q.C./Robyn Gurofsky Borden Ladner Gervais LLP 1900, 520 3rd Ave. S.W. Calgary, AB T2P 0R3 Telephone: (403) 232-9774 Facsimile: (403) 266-1395 Email: JKruger@blg.com/RGurofsky@blg.com File No. 441817-000015

NOTICE TO RESPONDENTS: See Service List, Schedule "A" to this Application

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	Thursday March 26, 2015
Time	1:30
Where	Calgary Courts Centre, 601-5th Street S.W., Calgary, AB
Before Whom	The Honourable Justice K.M. Eidsvik

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. The Applicants seek an Order for the following relief:

   (a) Deeming service of this Application together with all supporting materials to be good and sufficient, and abridging the time for service of said documents, if necessary;

   (b) Approving and authorizing the Applicants' agreement to conduct the transactions pursuant to the Restructuring Term Sheet (the "**Term Sheet**"), a copy of which is attached to the Confidential Affidavit of Lori McLeod-Hill, sworn on March 23, 2015 (the "**Confidential Affidavit**");

   (c) Approving and authorizing the Applicants' agreement to purchase from Calfrac Well Services Ltd. ("**Calfrac**") certain assets so as to assist the Applicants in continuing their operations, and the completion of the transactions contemplated under the Term Sheet, pursuant to an Asset Purchase Agreement dated March 20, 2015, along with certain related agreements (collectively, the "**Calfrac APA**"), a copy of which is attached to the Confidential Affidavit; and

   (d) Sealing the Confidential Affidavit, including all exhibits, schedules and attachments thereto.

2. Such further and other relief as Counsel may advise and this Honourable Court permit.

Grounds for making this application:

3. The applicants, GASFRAC Energy Services Inc. ("**GESI**"), GASFRAC Services GP Inc. ("**GSGP**") for itself and in its capacity as general partner of GASFRAC Energy Services Limited Partnership ("**GES LP**"), GASFRAC Energy Services (US) Inc. ("**GESI US**"), GASFRAC US Holdings Inc. ("**Holdings**") and GASFRAC Inc. ("**GI**") (GESI, GSGP, GES LP, GESI US, Holdings and GI are sometimes collectively referred to herein as the "**Applicants**" or the "**Company**"), obtained an Initial Order granted by the Honourable Justice K.M. Eidsvik of the Court of Queen's Bench of Alberta on January 15, 2015, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

4. The Initial Order provided for a stay of proceedings until and including February 9, 2015. The stay of proceedings was extended by this Honourable Court until and including May 14, 2015.

5. Since the granting of the Initial Order, the Applicants have been working diligently and in good faith with the court-appointed financial advisor, CIBC World Markets Inc. ("**CIBC**"), legal advisors, and with Ernst & Young Inc. in its capacity as the court-appointed Monitor of the

Applicants (the "**Monitor**") to review its options with respect to restructuring the Company's business and maximizing value for its stakeholders and creditors.

6. On January 23, 2015, the Applicants obtained Court approval to engage in an extensive sales and solicitation process ("**SISP**") through CIBC, with the assistance of the Monitor, to market the business and operations of the Applicants. The deadline for the receipt of bids was February 24, 2015 (the "**Bid Deadline**").

7. On March 16, 2015, the Applicants obtained Court approval with respect to an Asset Purchase Agreement ("**APA**") entered into by the Applicants with the successful bidder through the SISP. The projected closing date of the transaction contemplated in the APA is April 3, 2015.

8. The proceeds from the APA will result in full payment to the Applicants' first secured creditor, together with payments to other creditors of the Applicants.

9. Subsequent to the Bid Deadline, the Applicants received an offer from Calfrac involving the continuance of the Company's business and the restructure of certain of GESI's subsidiaries and its shareholdings pursuant to the Term Sheet. The Term Sheet and the Calfrac APA were entered into by the Applicants on March 20, 2015, subsequent to the APA.

10. The transactions contemplated by the Term Sheet require the Applicants to continue its Canadian operations uninterrupted in the ordinary course and it is necessary for the Applicants to acquire certain assets to continue to be in a position to do so.

11. The Applicants are prepared to conduct the transactions contemplated by the Term Sheet and enter into the Calfrac APA because it will result in increased payments to the Company's unsecured subordinate debenture holders. In addition, it will ensure continued employment to some of the Company's employees who would otherwise be out of work in a difficult economy.

12. As a result of the provision by Calfrac of the working capital amount, the Company will have sufficient funding for any incremental costs in relation to the Calfrac APA and, as such, these costs will not reduce the recoveries available for creditors of the Company.

13. The key provisions of the Term Sheet contemplate that the Applicants will:

    (a) Continue their operations uninterrupted in the ordinary course of business including the continued use of their remaining assets, as well as assets to be acquired from Calfrac pursuant to the Calfrac APA, and the satisfaction of continuing obligations to remaining employees, certain key suppliers of goods and services and customers; and

(b) Obtain Court approval of the APA;

(c) Finalize a Plan of Compromise and Arrangement with its remaining creditors, on terms subject to the approval of the Purchaser (the "**Plan**").

collectively referred to as the "**Restructuring Transaction**".

14. As consideration for the Restructuring Transaction, Calfrac will pay to the Company an amount sufficient to provide working capital to the Company to undertake the Plan and will act as the Plan sponsor, providing funding for distribution to affected creditors as contemplated by the Plan.

15. The Restructuring Transaction will provide a greater recovery to the Applicants' unsecured subordinate debenture holders.

16. The Company and the Monitor believe that the transactions contemplated by the Term Sheet are in the best interests of the Company, its creditors and other stakeholders.

17. The Company has acted and continues to act in good faith and with due diligence in the within CCAA proceedings.

18. The Confidential Affidavit and the Confidential Report contain commercially sensitive information of the Applicants, that if disseminated could adversely affect the Company's operations and the SISP.

19. The Sealing Order sought is the least restrictive and prejudicial alternative to prevent dissemination of the Applicants' commercially sensitive information.

20. It is fair and just in the circumstances to restrict public access to the Confidential Affidavit.

21. The provisions of the CCAA and the equitable jurisdiction of this Honourable Court are applicable to and provide the basis for the relief sought by the Applicants.

22. Such further and other basis as Counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

23. The Affidavit of Lori McLeod-Hill, sworn March 23, 2015;

24. The Confidential Affidavit of Lori McLeod-Hill, sworn March 23, 2015;

25. The Sixth Report of the Monitor, dated March 23, 2015; and

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

Applicable rules:

27. Alberta *Rules of Court*, AR 124/2010.

Applicable Acts and regulations:

28. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

29. *Judicature Act*, R.S.A. 2000, c. J-2; and

30. Such further and other acts and regulations as Counsel may advise and this Honourable Court permit.

Any irregularity complained of or objection relied on:

31. None.

How the application is proposed to be heard or considered:

32. In person, before the Honourable Madam Justice K.M. Eidsvik, on affidavit evidence with some or all of the parties present.

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 give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.