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CALGARY, ALBERTA

COURT FILE NUMBER	1501-00396
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 *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9
APPLICANT	**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 FOR ADVICE AND DIRECTIONS WITH RESPECT TO AN EARLY TERMINATION FEE**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Norton Rose Fulbright Canada LLP 400 3rd Avenue SW, Suite 3700 Calgary, Alberta T2P 4H2 Phone: +1 403.267.8144 Fax: +1 403.264.5973 Email: howard.gorman@nortonrosefulbright.com Attention: Howard A. Gorman, Q.C. File No.: 01128610-0063

Notice to the Respondents

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	Friday, April 24, 2015
Time	10:00 a.m.
Where	Calgary Courts Centre
Before Whom	Madam Justice J. Strekaf

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 Applicant, Ernst & Young Inc., in its capacity as Court appointed Monitor (the "Monitor") of the Applicants in this *Companies' Creditors Arrangement Act* ("CCAA") proceeding, seeks the following relief from this Honourable Court:

(a) An Order giving directions with respect to a claim by PNC Bank-Canada Branch ("PNC") for payment of an Early Termination Fee as set out and described herein and in the Special Report of the Monitor to be concurrently filed.

2. Such further and other relief as counsel may advise and this Court may 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"), are companies to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") apply.

4. Pursuant to an Approval and Vesting Order dated March 16, 2015 ("Vesting Order"), Justice Eidsvik authorized and directed the Monitor to pay to PNC all of its claims as against Gasfrac subject to the Monitor withholding USD$1,440,000 comprised of the amount of the Early Termination Fee claimed by PNC plus security for costs pending the within Application seeking determination of whether or not the Early Termination Fee properly forms part of the obligations of Gasfrac payable to PNC.

5. The proceeds arising from the transaction approved by the Vesting Order that stand in the place and stead of the Gasfrac assets are more than sufficient to satisfy the claims of PNC with the only issue remaining outstanding being the determination with respect to the Early Termination Fee.

6. The Monitor and its counsel have reviewed PNC's claim and security and determined that PNC maintains valid and subsisting, duly registered, floating charge security in first priority to Gasfrac's assets (subject only to certain minimal priority lease registrations).

7. The Gasfrac entities provided various security supporting their obligations to Gasfrac under the Credit and Security Agreement.

8. Article 13.1 of the June 19th, 2014 Credit and Security Agreement ("Credit and Security Agreement") between Gasfrac and PNC provides as follows:

> **"13.1 Term**
>
> This Agreement, which shall inure to the benefit of and shall be binding upon the respective successors and permitted assigns of each Credit Party, Agent and

each Lender, shall become effective on the date hereof and shall continue in full force and effect until June 19, 2019 (the "Term") unless sooner terminated as herein provided. Borrowers may terminate this Agreement at any time upon ninety days prior written notice to Agent upon payment in full of the Obligations. In the event the Obligations are prepaid in full (whether voluntary or involuntary, including after acceleration thereof) and this Agreement is terminated prior to the last day of the Term (the date of such prepayment hereinafter referred to as the "Early Termination Date"), Credit Parties shall concurrently pay to Agent for the benefit of Lenders an early termination fee in an amount equal to (x) $1,200,000 if the Early Termination Date occurs on or after the Closing Date to and including the date immediately preceding the first anniversary of the Closing Date, (y) $600,000 if the Early Termination Date occurs on or after the first anniversary of the Closing Date to and including the date immediately preceding the second anniversary of the Closing Date, and (z) $0 if the Early Termination Date occurs on or after the second anniversary of the Closing Date. [...]"

9. On January 13, 2015, counsel for PNC issued to the various Gasfrac entities a series of demands and Notices of Intention to Enforce Security under Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, c. B-3 ("BIA").

10. Subsequent to the issuance of the demands and BIA Notices, PNC and Gasfrac entered into a Forbearance Agreement and Forbearance Amendment Agreement, each approved by the Court.

11. In its administration of Gasfrac's CCAA proceedings, the Monitor has rejected PNC's claim for the Early Termination Fee and now seeks the Court's advice and directions with respect to that position.

12. The provisions of the CCAA, the pleadings and proceedings filed herein and the equitable jurisdiction of this Court are applicable and provide the basis for the relief sought by the Monitor.

13. Such further and other basis as counsel may advise and this Court may permit.

Material or evidence to be relied on:

14. The pleadings and proceedings filed herein including the Vesting Order and the Claims Procedure Order, each dated March 16, 2015.

15. The Special Report of the Monitor - PNC Early Termination Fee filed herein.

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

Applicable Rules

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

Applicable Acts and regulations:

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

19. Such further and other Acts and regulations as counsel may advise and this Court may permit.

Any irregularity complained of or objection relied on:

20. None.

How the application is proposed to be heard or considered:

21. In person, before the Honourable Madam Justice J. Strekaf based upon the Affidavits and pleadings filed herein, the Special Monitor of the Monitor - PNC Early Termination Fee and any further Affidavits or Questioning Transcripts that may be filed 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.