**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

In re:	§	
	§	**CASE NO. 15-50161**
GASFRAC ENERGY SERVICES,	§	**Jointly Administered**
INC., *et al.*,	§	
	§	**Chapter 15**
Debtors in a foreign proceeding.	§	

JOINT MOTION OF THE MONITOR AND THE DEBTORS FOR ORDER APPROVING SALE OF SUBSTANTIALLY ALL ASSETS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS AND RECOGNIZING AND GIVING FULL FORCE AND EFFECT TO THE ORDER OF THE CANADIAN COURT APPROVING THE SALE OF SUBSTANTIALLY ALL ASSETS

NOTICE OF HEARING

PLEASE TAKE NOTICE THAT A HEARING HAS BEEN SET ON THIS MOTION FOR APPROVAL OF CLAIMS PROCESS FOR WEDNESDAY, MARCH 18, 2015 AT 10:00 A.M. IN THE UNITED STATES COURTHOUSE, 615 E. HOUSTON STREET, COURTROOM 3, SAN ANTONIO, TEXAS 78205.

ANY PERSON DESIRING TO APPEAR TELEPHONICALLY AT THE HEARING SHOULD CONTACT COURTCALL AT (866) 582-6878 MONDAY THROUGH FRIDAY BETWEEN THE HOURS OF 5:00 A.M. AND 5:30 P.M. (PACIFIC TIME). IN ORDER TO ENSURE THE ABILITY TO PARTICIPATE TELEPHONICALLY, COURTCALL MUST RECEIVE ANY REQUEST NO LATER THAN THE BUSINESS DAY PRIOR TO THE HEARING.

PURSUANT TO ORDER GRANTING MONITOR'S AND DEBTORS' EXPEDITED MOTION TO SEAL: (1) CONFIDENTIAL DOCUMENTS AND INFORMATION REGARDING THE SALE OF THE DEBTORS' ASSETS AND (2) HEARING AND TRANSCRIPT ON PROCEEDINGS OF MOTION FOR APPROVAL OF SALE OF THE DEBTORS' ASSETS, ALL OR A PORTION OF THE HEARING MAY BE HELD UNDER SEAL, AND YOU MAY BE REQUIRED TO BE EXCUSED FROM THE SEALED PORTION OF THE HEARING.

Ernst & Young, LLP, ("EY") as the court-appointed monitor (the "Monitor") and authorized foreign representative for GASFRAC Energy Services, Inc. ("GESI"), GASFRAC

Services GP, Inc. ("GSGP"), GASFRAC US Holdings, Inc. ("Holdings"), GASFRAC ENERGY Services Limited Partnership ("GES LP"), GASFRAC Inc. ("GI"), and GASFRAC Energy Services (US) Inc. ("GESI US") (collectively, GESI, GSGP, GES LP, Holdings, GI and GESI US are referred to as the "Debtors") in the above captioned Chapter 15 cases, and the Debtors hereby file this Joint Motion of the Monitor and the Debtors for Order Approving the Sale of Substantially All Assets Free and Clear of Liens, Claims, Encumbrances and Interests and Recognizing and Giving Full Force and Effect to the Order of the Canadian Court Approving the Sale of Substantially All Assets (the "Motion"), by and through their respective counsel, seeking an order (i) approving the sale of substantially all of the assets of the Debtors free and clear of liens, claims, encumbrances and interests and (ii) recognizing and giving full force and effect to an order of the Canadian Court (as hereafter defined) approving the sale of substantially all assets and granting related relief (the "Canadian Sale Order"). In support of the Motion, the Monitor and the Debtors will rely on (i) the McLeod-Hill Affidavit (as hereafter defined) filed under seal in support hereof, (ii) the Monitor's Confidential Supplement (as hereafter defined) filed under seal in support hereof, (iii) testimony of witnesses presented at the Sale Hearing (as hereafter defined) and (iv) by other evidence presented at the Sale Hearing and respectfully state as follows:

JURISDICTION, VENUE AND CORE ALLEGATIONS

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(a) and (b), 28 U.S.C. §§ 157(a) and (b)(1) and 11 U.S.C. § 1501. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(N) and (P). Venue is proper in this district pursuant to 28 U.S.C. §§1408, 1409 and 1410.

INTRODUCTION

2. The Debtors are a group of Canadian-based companies who have filed for restructuring under the Companies' Creditors Arrangement Act in Canada. The Canadian Court has appointed EY as the Monitor for the Debtors. The Monitor and the Debtors are attempting to sell the Debtors' assets. Sales procedures have already been approved by the Canadian Court and this Court (collectively, the "Sale Procedures"). Pursuant to the Sale Procedures, the Debtors and their professionals, with active participation of the Monitor, conducted a rigorous sale process resulting in the proposed sale to Purchaser (as hereafter defined). The Debtors have reached an agreement with a prospective purchaser (the "Purchaser") for the sale of substantially all of their assets (the "Transaction") and have filed an Application for a Sale Approval and Vesting Order (the "Canadian Sale Motion") with the Canadian Court seeking its approval of the sale of assets. The Canadian Sale Motion is currently set to be heard on March 16, 2015. By the time the hearing on this Motion is held, the Debtors and the Monitor expect the Transaction will have been approved by the Canadian Court.

EXPEDITED RELIEF AND NOTICE OF HEARING

3. Due to the diminishing value of the Debtors' assets, and timing constraints imposed by the Debtors' lender and contained in the asset purchase agreement, the Transaction must close on or before April 2, 2015. The Court has set March 18, 2015 at 10:00 A.M. (CT) for the hearing on this Motion (the "Sale Hearing").

CONFIDENTIAL NATURE OF THE TRANSACTION

4. It is important that the details of the Transaction are to remain confidential until closing. In the unlikely event that the Monitor and the Debtors are required to pursue an alternative transaction because the Transaction does not complete, it is important that the market not be impacted or otherwise affected by the details of the Transaction. Likewise, for strategic

business reasons and to avoid financial prejudice, the Purchaser has required that its identity be kept confidential until the Transaction is approved by the Canadian Court and this Court.

5. As a result of the necessity of keeping the details of the Transaction confidential, the Debtors have filed the Confidential Affidavit of Lori McLeod-Hill (the "McLeod-Hill Affidavit") with the purchase and sale agreement attached thereto under seal with the Canadian Court and has requested a Sealing Order in respect to same. Likewise, the Monitor has filed its Confidential Supplement to the Third Report (the "Monitor's Confidential Supplement") in which he advises the Canadian Court of the sale results and recommends approval of the Transaction under seal and has requested a Sealing Order in regard to same. By order dated March 6, 2015, this Court has approved the filing of, among other things, the McLeod-Hill Affidavit, the APA (as hereafter defined) and the Monitor's Confidential Supplement under seal in these Chapter 15 cases.

SUPPORT FOR THIS MOTION

6. The Monitor and the Debtors attach the following Exhibits to this Motion.

Exhibit	Description	Comment
A	Proposed Form of Order Authorizing Sale of Substantially All Assets Fee and Clear of Liens, Claims, Encumbrances and Interests and Recognizing and Giving Full Force and Effect to Order of the Canadian Court Approving Sale of Substantially All Assets	Proposed Order approving sale by this Court.
B	Application For a Sale Approval and Vesting Order	Canadian Court application to approve sale
C	Proposed Canadian Order Approving Sale of Assets	Proposed Sale Order to be entered by Canadian Court

7. The Monitor and the Debtors also request that the Court take judicial notice of its files in this case. *Wilson v. Huffman (Matter of Missionary Baptist)*, 712 F.2d 206, 211 (5th Cir.

1983)(court may take judicial notice of its own files and records and draw reasonable inferences from those documents); FED. R. EVID. 201.

BACKGROUND

A. Business Operations of the Debtors

8. Headquartered in Calgary, Alberta with operations throughout Western Canada and the United States, the Debtors have pioneered the utilization of the liquid petroleum gas fracturing process (the "LPG Fracturing Process"). GESI is the parent company that owns, operates and funds the subsidiaries. GESI is a corporation formed under the Alberta Business Corporation Act (the "ABCA") with its principal place of business located in Calgary, Alberta, Canada. Its shares are publicly traded on the Toronto Stock Exchange under the symbol GFS. GSGP is a corporation formed under the ABCA and is a wholly owned subsidiary of GESI. GES LP is a registered partnership formed under the ABCA with GSGP owning .00135% and serving as GES LP's general partner. GESI owns 99.99865% of GS LP's equity. Holdings is a Delaware corporation that is wholly owned by GESI. GI is a Delaware corporation wholly owned by Holdings. GESI US is a Delaware corporation wholly owned by Holdings.

9. Fracturing in the oil and gas industry has typically consisted of hydraulic fracturing, whereby water is used as the fluid injected with proppant to fracture the rock formation holding petroleum or natural gas. The LPG Fracturing Process, which replaces water with liquid petroleum gas, is a relatively new technology in the industry, having been developed and first used by the Debtors only six years ago. The LPG Fracturing Process is advantageous in that it saves on costs and burdens associated with using water for fracturing. Since inception, the Debtors have completed over 2,400 fracks at over 700 locations in numerous formations in Canada and the United States, including the Eagleford, San Miguel, Cardium, Viking, Utica and Frederick Brook shale formations.

10. The Debtors' assets, located in Canada (primarily, Edson, Alberta, Calgary, Alberta and Red Deer, Alberta) and the United States (primarily, Floresville, Texas), consist of various equipment, intellectual property, inventory (including, but not limited to, chemicals and proppant), material contracts, accounts receivable, books and records, leased property in Alberta, Texas and Oklahoma, as well as owned real property located in Edson, Alberta and Floresville, Texas.

11. The Monitor and the Debtors refer the Court to the Background section of the Monitor's Expedited Petition For Recognition As Foreign Main Proceeding Pursuant To Sections 1515 And 1517 Of The United States Bankruptcy Code And Related Relief ("Petition for Recognition") filed at 15-50161 Dkt. #7 for more details on the background of the Debtors.

B. <u>The Insolvency Proceedings</u>

12. The Companies' Creditors Arrangement Act ("CCAA") is a Canadian federal Act that affords financially troubled corporations the opportunity to receive protection from their creditors and to restructure their financial affairs through a formal process commonly known as a "Plan of Arrangement." It is also common in CCAA proceedings for the Canadian Courts to allow a liquidating CCAA process should a Plan of Arrangement prove not to be viable in such proceedings. Corporations seeking relief under the CCAA are given the opportunity to avoid liquidation, typically allowing such corporations' creditors to receive some form of distribution for outstanding amounts owing to them while preserving the going-concern value of the corporation. The process under the CCAA is commenced by applying to the Canadian court for protection under the CCAA. The Canadian court will then issue an initial order, giving the debtor thirty (30) days of protection from its creditors to allow for the preparation of the Plan of Arrangement.

13. The Debtors initiated a proceeding under the CCAA on January 14, 2015 (the "Canadian Proceedings"). The Canadian Proceedings are being heard in the Court of Queen's Bench of Alberta, Judicial Center of Calgary (the "Canadian Court"). On January 15, 2015, the Canadian Court granted an Initial Order (the "Initial Order") for relief in the Canadian Proceedings, a copy of which is attached as Exhibit GF-4 to the Monitor's Notice of Filing of Documents in Support of First Day Motions. 15-50161, Dkt. # 10. Through a series of orders of the Canadian Court, the Debtors' period of protection from their creditors has been extended in the Canadian Proceedings, currently rescheduled to expire on March 18, 2015 (which expiry is expected to be extended prior to the Sale Hearing).

14. Also, on January 15, 2015, under the Initial Order EY was appointed as the Monitor of the Canadian Proceedings and was tasked with the role of supervising the property and business affairs of the Debtors.

15. On January 15, 2015, the Monitor filed six Chapter 15 petitions on behalf of the entities collectively referred to as the Debtors (the "Petitions").

16. In conjunction with the Petitions, on January 15, 2015, the Monitor, as the foreign representative in each case, also filed its Expedited Motion for Recognition as Foreign Main Proceeding Pursuant to Sections 1515 and 1517 of the United States Bankruptcy Code and Related Relief (the "Recognition Motions"). 15-50161 Dkt. # 7

17. On January 16, 2015, this Court entered an order directing joint administration of the Debtors' Chapter 15 Cases. 15-50161 Dkt. # 14

18. On February 2, 2015, this Court, among other things, recognized the Canadian Proceedings as foreign main proceedings and gave full force and effect to the Initial Order. 15-50161 Dkt. # 46

19. As more fully described in Section C, below, the Canadian Court and this Court, respectively, approved the Sales Procedures on January 23, 2015 and February 2, 2015, respectively.

C. **<u>THE SALE PROCEDURES AND SALE PROCESS</u>**

20. Prepetition, the Debtors retained CIBC World Markets ("CIBC") as its financial advisor to explore and evaluate the strategic alternatives available to the Debtors. On January 15, 2015, the Debtors entered into a renewed engagement agreement with CIBC to continue acting as its financial advisor. On January 16, 2015, the Canadian Court approved the renewed engagement agreement with CIBC. CIBC has advised and assisted the Debtors in the sale of their assets.

21. On January 20, 2015, the Monitor and the Debtors filed the Application by GASFRAC Group of Companies with the Canadian Court, seeking, among other things, Canadian Court approval of the Sale Procedures. The Canadian Court approved the Sale Procedures on January 23, 2015.

22. On January 27, 2015, the Monitor filed its Expedited Motion for Approval of Procedures for the Sale and Investment Solicitation Process whereby the Monitor requested this Court to approve the sale procedures previously approved by the Canadian Court. 15-5016 Dkt. # 23. This Court approved the Sale Procedures by order entered on the docket on February 2, 2015. 15-50161 Dkt. # 43.

23. Pursuant to the Sale Procedures, bids were solicited by CIBC. The solicitation process received the benefit of CIBC's experience marketing the Debtors' business, assets and undertaking prior to the filing of the insolvency proceedings. A total of 120 parties were contacted, including both strategic buyers and financial sponsors. Confidentiality agreements were signed by 34 potential bidders. A total of 6 bids were submitted for all or a portion of the

assets by the bidding deadline of February 24, 2015. The Monitor has supervised and been an active participant in the sale process (the "Sale Process") implemented through the Sale Procedures.

24. After reviewing the bids, and in consultation with CIBC and the Monitor, the party designated as having submitted the highest and best bid was the Purchaser. After designation of the Purchaser's bid as the highest and best bid, the Monitor and the Debtors engaged in extensive negotiations with the Purchaser with respect to a purchase and sale agreement. Such negotiations were at arm's length and good faith. As a result of such negotiations, Purchaser and the Debtors have entered into an Asset Purchase and Sale Agreement dated February 27, 2015 (the "APA"), a copy of which has been filed under seal as an attachment to the McLeod-Hill Affidavit. The assets to be purchased pursuant to the APA are hereafter referred to as the "Purchased Assets," which constitute substantially all the Debtors' assets, and are proposed to be sold free and clear of any and all liens, claims, encumbrances and interests (other than as expressly set forth in the APA). A summary of the material terms of the APA and background information on the Purchaser are contained in the McLeod-Hill Affidavit.

25. On March 9, 2015, the Debtors filed an Application seeking, among other things, approval of the Canadian Court for the sale of the Assets to Purchaser and a vesting of the Assets in the Purchaser's name. A copy of the Canadian Sale Motion is attached hereto as Exhibit B. Concurrently with such filing, the Debtors filed the McLeod-Hill Affidavit, providing the Canadian Court on a confidential basis with a copy of the APA, and the Monitor filed its Third Report and the Monitor's Confidential Supplement advising the Canadian Court of the sale results and recommending approval of the sale to Purchaser. The hearing on the sale ("the Canadian Sale Hearing") is set before the Canadian Court on March 16, 2015. A copy of the

proposed Canadian Sale Order is attached hereto as Exhibit C. It is anticipated that the Canadian Court will approve the sale at the Canadian Sale Hearing. Upon entry of the Canadian Sale Order, the Monitor and the Debtors will supplement this Motion.

26. Approval of the proposed sale to Purchaser is in the best interest of the bankruptcy estates. The proposed sale to Purchaser represents the highest and best offer received after a rigorous marketing and sale effort by CIBC and the Debtors with supervision and active participation of the Sale Process by the Monitor. The proposed sale is not conditional upon further due diligence or financing contingencies. Purchaser has demonstrated that it has the capacity to close the transaction upon obtaining the necessary approvals of the Canadian Court and this Court. Further, based upon current estimates and the Debtors' books and records, the purchase price to be paid will be sufficient to pay unsecured creditors in the United States and Canada in full and yield a significant recovery for holders of subordinated debt in Canada.

REQUESTED RELIEF

27. By this Motion and pursuant to 11 U.S.C. § 363(b), (f) and (m) and FED. R. BANKR. P. 6004 and 6005, the Monitor and the Debtors request that the Court enter an Order approving the sale of substantially all the Debtors' assets described in the APA to Purchaser, free and clear of all liens, claims, encumbrances and interests (other than as expressly set forth in the APA). The sale will include the assignment of any Permits (as defined in the APA) and Assumed Contracts (as defined in the APA) to the Purchaser free and clear pursuant to section 363. The Monitor and the Debtors also request that the Court recognize and give full force and effect to the Canadian Sale Order approving the sale of the Purchased Assets to Purchaser.

DISCUSSION AND RELEVANT LEGAL AUTHORITY

A. Relief Pursuant to § 363

28. It is anticipated that, either explicitly or by reference to 11 U.S.C. § 1520, the Court will apply the 11 U.S.C. § 363 standards to the relief requested. Assuming those requirements are applicable, they are satisfied and will apply to these jointly administered Chapter 15 cases.

29. Section 363(b)(1) of Title 11 of the United States Code (the "Bankruptcy Code") provides that "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." *See* 11 U.S.C. § 363(b)(l); *see also Cajun Elec. Power Coop., Inc. v. Official Comm. of Unsecured Creditors (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 354 (5th Cir. 1997). The proper standard for the Court's use in considering a proposed motion to sell is the "business judgment" test and, under that standard, the Monitor and the Debtors have the burden to establish sound business reasons for the terms of the proposed sale. *See In re Castre, Inc.*, 312 B.R. 426, 428 (Bankr. D. Colo. 2004) (*citing In re Lionel*, 722 F.2d 1063 (2nd Cir. 1983)). The factors for the Court to consider in whether to approve the sale include: (i) any improper or bad motive; (ii) that the price is fair and the negotiations or bidding occurred at arm's length; and (iii) adequate procedures, including proper exposure to the market and accurate and reasonable notice to all parties in interest. *Id.*

30. 11 U.S.C. § 363(f) provides that a debtor may sell property under 11 U.S.C. § 363(b) free and clear of any interest in such property of an entity other than the estate only if:

> (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
>
> (2) such entity consents;
>
> (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;

(4) such interest is in bona fide dispute; or

(5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

31. The Monitor and the Debtors submit that subsections (1), (3), and/or (5) of the above statute apply as will be proven at the Sale Hearing. That is the case because, *inter alia*, all liens, claims, encumbrances and interests (except those expressly set forth in the APA as assertable against the Purchaser or the Purchased Assets after closing) against the Debtors or the Purchased Assets will attach to the proceeds of the sale received by the Monitor, and those proceeds will be sufficient to pay in full all received claims. In addition, the Monitor and the Debtors also anticipate that all creditors claiming liens or security interests will consent to the sale, thereby satisfying subsection (2) of the statute. Accordingly, the Purchased Assets can be sold free and clear of liens, interests, encumbrances and claims pursuant to 11 U.S.C. § 363(f).

32. The sale will include assignment of any Permits and Assumed Contracts (the "Assigned Agreements") to the Purchaser free and clear. The Assigned Agreements include the Amended and Restated Intellectual Property License Agreement effective July 25, 2008, as amended by the First Amendment to Amended and Restated Intellectual Property License Agreement effective July 14, 2010, both by and between Chevron U.S.A. Inc. and GASFRAC Energy Services Inc. (together, the "Chevron Agreement"). The Debtors, the Monitor and the Purchaser do not believe (or have no reason to believe based upon information at hand) that the Permits or the Chevron Agreement constitute executory contracts or unexpired leases such that section 365 of the Bankruptcy Code cannot be applicable by its terms. As of the Closing, all of

the Debtors' rights, title and interest in and to the Assigned Agreements shall be and have been assigned to Purchaser free and clear pursuant to section 363 of the Bankruptcy Code.[1]

33. Approval of the sale to Purchaser has been requested by the Canadian Court and will promote the objectives and principles provided in Chapter 15 of the Bankruptcy Code, including Section 1501. The relief requested in this Motion is specifically of a type contemplated by Section 1521 and Chapter 15. The sale should, therefore, be approved and the proposed order attached as Exhibit A entered by the Court.

34. The Monitor and the Debtors believe Purchaser is purchasing the Purchased Assets in good faith, and that Purchaser constitutes a good faith buyer within the meaning of Bankruptcy Code section 363(m). The Court's order approving the sale should, therefore, hold that Purchaser is entitled to the full protections of section 363(m) and has proceeded in good faith in all respects in connection with this proceeding.

35. Moreover, the Purchase Price was not controlled by any agreement among potential bidders at such sale and neither the Monitor or the Debtors, nor the Purchaser engaged in collusion or any other conduct that would cause or permit the APA or Transaction to be avoidable under section 363(n) of the Bankruptcy Code. The Court's order approving the sale should, therefore, hold that neither the APA nor the Transaction may be avoided and no party shall be entitled to damages or other recovery pursuant to Section 363(n) of the Bankruptcy Code.

36. The Monitor and the Debtors assert that any laws regarding bulk sales, or similar laws, are not applicable to the sale of Purchased Assets. In addition, the Monitor and the Debtors

[1] In the event of any dispute as to the executory or unexpired nature of a contract or lease, the Monitor, the Debtors and the Purchaser reserve any and all of their rights, including to argue in the alternative that the provisions of section 365 are met with respect thereto and no cure amount is owed, which they will do at the Sale Hearing (or otherwise as needed).

believe that because the assignment, transfer and/or sale of the Purchased Assets: (i) is in exchange for the Purchase Price, no withholding of U.S. federal income tax pursuant to sections 1441 or 1442 of the Internal Revenue Code is required, and (ii) constitutes an occasional sale, it is exempt from Texas sales and use tax pursuant to Texas Comptroller's Sales Tax Rule 34 Tex. Admin. Code § 3.316 and Texas Tax Code § 151.304.

37. The Court's order approving the sale should, therefore, include holdings confirming these points.

B. Extension of Comity

38. The Monitor and the Debtors respectfully request that this Court recognize the full force and effect, and extend comity, as necessary, to the Canadian Sale Order. To the extent reference to comity is necessary, Section 1609 states:

> If the court grants recognition under section 1517, and subject to any limitations that the court may impose consistent with the policy of this chapter . . . (3) a court in the United States **shall grant comity or cooperation to the foreign representative.**
>
> 11 U.S.C. § 1509(b)(3)(emphasis added).

39. A central tenet of Chapter 15 is the importance of comity in cross-border insolvency proceedings. *Ad Hoc Group of Vitro Noteholders v. Vitro SAB De CV (In re Vitro SAB De CV)*, 701 F.3d 1031, 1053 (5th Cir. 2012).

> The Supreme Court defined comity as follows:
>
> "Comity," in the legal sense, is neither a matter of absolute obligation, on the one hand, nor of mere courtesy and good will, upon the other. But it is the recognition which one nation allows within its territory to the legislative, executive, or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens, or of other persons who are under the protection of its laws.
>
> *Hilton v. Guyot*, 159 U.S. 113, 143 (1895); *see also Vitro*, 701 F.3d at 1043-44.

40. The exceptions to comity are construed especially narrowly when the foreign jurisdiction is like Canada, a sister common law jurisdiction with procedures akin to those in the United States. *Clarkson Co. v. Shaheen*, 544 F.2d 624, 630 (2d Cir. 1976)(Clear and convincing evidence of fraud is required to successfully attack a foreign judgment; the court held that it would contravene the public policy of New York and the doctrine of comity not to recognize the Canadian judgment in these circumstances); *see also In re Petition of Davis*, 191 B.R. 577, 587 (Bankr. S.D.N.Y. 1996)(stating that "Courts in the United States uniformly grant comity to Canadian proceedings" and noting that Canada is a sister common law jurisdiction with the United States).

41. The extension of comity to Canadian orders has continued since the 2005 enactment of Chapter 15. *See In re Metcalfe & Mansfield Alternative Invs.*, 421 B.R. 685, 698-99 (Bankr. S.D.N.Y. 2010)(extending comity to Canadian CCAA order providing for a third party release and citing numerous cases where American courts have extended comity to Canadian judgments); *Raymond Chabot, Inc. v. Serge Côté Family Trust*, 2014 U.S. Dist. LEXIS 117128, 6 (D.S.C. Aug. 22, 2014)(entering temporary restraining order assisting Canadian bankruptcy receiver and noting "the widely-accepted view that Canadian judgments are entitled to recognition and enforcement here"); *Collins v. Oilsands Quest, Inc.*, 484 B.R. 593, 597 (S.D.N.Y. 2012)(bankruptcy court enforced Canadian court stay in a CCAA noting "the question here is not whether this Court should grant a stay in the first instance, but whether should accord comity and deference to the stay orders entered by the Alberta Court. The Court concludes that in light of the comity principles laid out above, the Court must defer to the procedures set forth in the Canadian Proceedings and enforce the stay.").

42. Based on the foregoing, the Monitor and the Debtors request that this Court extend comity by recognizing and giving full force and effect to the Canadian Sale Order. The Court should, therefore, approve and enter the proposed order attached as Exhibit A.

DISPOSITION OF SALE PROCEEDS

43. All liens, claims, encumbrances and interests (except those expressly set forth in the APA as assertable against the Purchaser or the Purchased Assets) against the Debtors or the Purchased Assets will attach to the proceeds of the sale received by the Monitor. The proceeds of the sale will be held by the Monitor pursuant to the terms and conditions of the Canadian Sale Order. The net proceeds shall stand in the place and stead of the Purchased Assets, and that from and after delivery of the Monitor's Certificate under the Canadian Sale Order, all claims, liens, encumbrances and interests shall attach to the net proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

JUDGMENT

44. The Monitor and the Debtors also request that the Court confirm when entering an order approving this Motion that such order constitutes a final and appealable order and judgment. The proposed order attached as Exhibit A contains such provisions.

RELIEF FROM ANY STAY

45. Pursuant to Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") 6004(h), 7062 and 9014, unless the Court orders otherwise, the proposed sale order may be automatically stayed. As described above, time is clearly of the essence in connection with the sale process and consummation of the sale, which must be completed by April 2, 2015, to remain within the forbearance period negotiated with the Debtors' lender. In addition, the Debtors'

assets are deteriorating. Therefore, to maximize the value received for the assets and minimize accruing liabilities, the Monitor and the Debtors seek to consummate the sale of the assets to the Purchaser expediently. Accordingly, the Monitor and the Debtors request that the Court waive any applicable stay period, whether under Bankruptcy Rules 6004(h), 7062 or 9014, or otherwise.

WHEREFORE, the Monitor and the Debtors respectfully request that the Court enter an Order approving the sale of substantially all of the Debtors' assets free and clear of liens, claims, encumbrances and interests; specifying that, to the extent applicable, liens, claims, encumbrances or interests attach to the proceeds of the sale received by the Monitor; recognizing and giving full force and effect to the order approving the sale entered by the Canadian Court; and such other and further relief as the Court deems appropriate.

Dated: March 11, 2015.

Respectfully submitted,

NORTON ROSE FULBRIGHT US LLP

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COUNSEL FOR THE DEBTORS

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion has been served upon the persons entitled to notice by either U.S. first class mail, postage prepaid or by electronic notification on March 11, 2015. On March 11, 2015, approximately 2900 parties-in-interest were directed to be served with the foregoing Motion through the offices of noticing agent Upshot Services, LLC. The Monitor will supplement this certificate of service with a copy of such service list

/s/Steve A. Peirce

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

In re:	§	
	§	**CASE NO. 15-50161**
GASFRAC ENERGY SERVICES,	§	**Jointly Administered**
INC., *et al.*,	§	
	§	**Chapter 15**
Debtors in a foreign proceeding.	§	

ORDER AUTHORIZING SALE OF SUBSTANTIALLY ALL ASSETS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS AND RECOGNIZING AND GIVING FULL FORCE AND EFFECT TO ORDER OF THE CANADIAN COURT APPROVING SALE OF SUBSTANTIALLY ALL ASSETS

Come on for hearing the Joint Motion of the Monitor and the Debtors for Order Approving Sale of Substantially all Assets Free and Clear of Liens, Claims, Encumbrances and Interests and Recognizing and Giving Full Force and Effect to the Order of the Canadian Court Approving the Sale of Substantially all Assets (the "Motion")[1] filed by the Court-appointed Monitor and foreign representative (the "Foreign Representative") and the Debtors in these Chapter 15 cases. The Court finds that notice was proper given the circumstances and that no

[1] Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to such terms in the APA (defined below), and if not defined therein, the Motion. If any term not capitalized but utilized herein is not ascribed a meaning herein, it shall have the meaning ascribed in the Bankruptcy Code (defined below), if applicable.

party in interest made any response in opposition to the Motion or, if so, the relief requested in any such response was denied for the reasons stated on the record. Based upon all evidence submitted and argument at the Sale Hearing, including all affidavits filed and the proffer or testimony of witnesses, as well as the record of and docket filings in these cases, of which the Court takes judicial notice, the Court further finds that the relief requested is in the best interest of the Debtors, their estates, their creditors, and other parties in interest and should be granted:

THE COURT HEREBY FINDS THAT:

Jurisdiction, Final Order, and Statutory Bases

A. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. §§ 157(a), 157(b)(1), 1334(a) and 11 U.S.C. § 1501. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(N), and (P). Venue is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408, 1409 and 1410.

B. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding anything to the contrary, including Bankruptcy Rule 6004(h), and to any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, this Court expressly finds that there is no just reason for delay in the implementation of this Order, and expressly directs that this Order constitute an entry of judgment.

C. The statutory predicates for the relief requested in the Motion and granted herein are, inter alia, Bankruptcy Code Sections 105(a), 363(b), (f), and (m) and Bankruptcy Rules 2002(a)(2), 6004(a), (b), (c), (e), (f), and (h), 9007, and 9014.

Notice

D. Notice of the Motion, the relief granted herein, and an opportunity to be heard in connection with any of the foregoing was provided to all creditors as well as parties in interest and was good, sufficient, and appropriate under the circumstances, and no other or further notice of the Motion, the relief granted herein or the Sale Hearing is required.

E. The Debtors and the Foreign Representative conducted a sale process in accordance with, and have otherwise complied in all respects with, the Sale Procedures. The sale process set forth in the Sale Procedures afforded a full and fair-opportunity for any entity to make their highest and best offer to purchase the Purchased Assets. The sale process was duly noticed and conducted in a non-collusive, fair, and good faith manner, and a reasonable opportunity has been given to any interested party to make their highest and best offer for the Purchased Assets.

Validity of Transfer

F. The Debtors have full corporate power and authority to execute and deliver the Asset Purchase Agreement dated February 27, 2015 (including all schedules, exhibits, agreements and auxiliary documents related thereto, the "APA") executed by the Debtors, GASFRAC Luxembourg S.A.R.L. and the purchaser (the "Purchaser") and all other documents contemplated thereby, and no further consents or approvals are required for the Debtors or the Foreign Representative to consummate the transactions contemplated by the APA, except as otherwise set forth in the APA.

G. The sale, transfer and assignment of each of the Purchased Assets (which, in all instances in this Order, shall include all Assumed Contracts and the Permits) to the Purchaser will be, as of the closing date of the Transaction (the "Closing Date"), a legal, valid, and effective sale, transfer and assignment of such assets, and each such sale, transfer and assignment vests or will vest the Purchaser with all right, title, and interest of the Debtors and the Foreign Representative to the Purchased Assets free and clear of all liens, claims, encumbrances and interests (including, but not limited to, (i) Claims, and (ii) Encumbrances, other than Permitted

Encumbrances set forth in Section 1.1(yy)(i)-(iv) of the APA (the "encumbrances")) of any kind or nature whatsoever against the Foreign Representative, the Debtors, their estates, or any of the Purchased Assets accruing, arising, or relating to facts or circumstances any time prior to the Closing (collectively, "Free and Clear").

Good Faith of Purchaser

H. Purchaser is not an "insider" of any of the Debtors, as defined in Bankruptcy Code section 101(31).

I. The Debtors and the Foreign Representative have demonstrated compelling circumstances and a good, and sufficient business purpose and justification for the sale.

J. Purchaser is purchasing the Purchased Assets in good faith and is a good faith buyer within the meaning of Bankruptcy Code section 363(m). Purchaser is, therefore, entitled to the full protections of section 363(m) and has proceeded in good faith in all respects in connection with this proceeding.

K. The Purchase Price was not controlled by any agreement among potential bidders at such sale and neither the Debtors or the Foreign Representative, nor the Purchaser engaged in collusion or any other conduct that would cause or permit the APA or Transaction to be avoidable under section 363(n) of the Bankruptcy Code.

L. The APA was negotiated at arm's length and in good faith and represents a fair and reasonable offer to purchase the Purchased Assets under the circumstances of these Chapter 15 cases. The Purchase Price being paid by the Purchaser represents the highest and best offer for the Purchased Assets resulting from the Sale Process.

M. Approval of the Motion and the APA, and the consummation of the Transaction are in the best interests of the Debtors, their creditors, their estates and all other parties-in-interest.

Satisfaction of Section 363(f)

N. The Purchaser would not have entered into the APA and would not consummate the Transaction if the sale of the Purchased Assets to the Purchaser were not Free and Clear including, but not limited to, (i) any employment or labor agreements; (ii) any pension, welfare, compensation, or other employee benefit plans, agreements, practices, and programs, including, without limitation, any pension plan of the Debtors and any withdrawal liability in connection therewith; (iii) any other employee, worker's compensation, occupational disease, or unemployment or temporary disability related claim, including without limitation claims that might otherwise arise under or pursuant to (a) the Employee Retirement, Income, Security Act of 1974, as amended, (b) the Fair Labor Standards Act, (c) Title VII of the Civil Rights Act of 1964, (d) the Federal Rehabilitation Act of 1973, (e) the National Labor Relations Act, (f) the Worker Adjustment and Retraining Act of 1988, (g) the Age Discrimination and Employee Act of 1967, and (h) the Consolidated Omnibus Budget Reconciliation Act of 1986; (iv) environmental claims or liens arising from conditions first existing on or prior to the Closing (including, without limitation, the presence of hazardous toxic, polluting, or contaminating substances or waste) that may be asserted on any basis, including, without limitation, under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq*. or similar state statute; (v) any bulk sales or similar law; (vi) any tax statutes or ordinances, including, without limitation, the internal Revenue Code of 1986, as amended; and (vii) any statutory, mineral or carrier liens, including but not limited to those referenced in Chapter 5 (Exempt Property and Liens), Subtitle B (Liens) of the Texas Property Code. The Free and Clear nature of the sale, therefore, is so fundamentally integrated with the sale that the consummation of the sale cannot be effected other than on a free and clear basis.

O. The Debtors and the Foreign Representative may sell the Purchased Assets Free and Clear (except for post-Closing obligations under Assumed Contracts assigned to Purchaser) because, in each case, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied. Those holders of liens, claims, encumbrances and interests against the Debtors, their estates, or any of the Purchased Assets who did not object, or who withdrew their objections, to the APA or the Motion are deemed to have consented thereto pursuant to section 363(f)(2) of the Bankruptcy Code. Those holders of such liens, claims, encumbrances and interests who did object fall within one or more of the other subsections of section 363(f) and are adequately protected by having their liens, claims, encumbrances and interests, if any, in each instance against the Debtors, their estates, or any of the Purchased Assets, attach to the proceeds of the Transaction received by the Foreign Representative ultimately attributable to the Purchased Assets in which such creditor alleges an interest, in the same order of priority, with the same validity, force and effect that such creditor had prior to the Transaction, and subject to any claims and defenses the Debtors and their estates may possess with respect thereto.

P. The transfer of the Purchased Assets to Purchaser Free and Clear will not result in any undue burden or prejudice to any holders of any liens, claims, encumbrances and interests. Except as expressly permitted or otherwise specifically provided by the APA or this Order, all such liens, claims, encumbrances and interests of any kind or nature whatsoever shall attach to the proceeds of the Transaction received by the Foreign Representative in the order of their priority, with the same validity, force and effect which they now have as against the Purchased Assets and subject to any claims and defenses the Debtors or other parties may possess with respect thereto. All persons or entities having liens, claims, encumbrances or interests of any kind or nature whatsoever against or in any of the Debtors or the Purchased Assets shall be forever barred, estopped and permanently enjoined from pursuing or asserting such liens, claims, encumbrances and interests, if any, whether by payment, setoff or otherwise, against Purchaser, any Purchased Assets, or any successors or assigns.

Compelling Circumstances for Immediate Sale

Q. To maximize the value of the Purchased Assets to the Debtors, their estates, creditors and parties in interest, it is essential that the Closing of the sale occur within the time constraints set forth in the APA. Time is of the essence in consummating the Transaction as set forth in the APA.

R. Given all of the circumstances of these Chapter 15 cases and the adequacy and fair value of the Purchase Price under the APA, the Transaction constitutes a reasonable exercise of the Debtors' and Foreign Representative's business judgment and should be approved.

S. The consummation of the Transaction is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, including, without limitation, Bankruptcy Code sections 105(a), 363(b), 363(f), 363(m), and all of the applicable requirements of such sections have been complied with in respect of the transactions.

AND THE COURT HEREBY ORDERS THAT:

General Provisions

1. The relief requested in the Motion is GRANTED. The transactions contemplated by the Motion and the APA are approved as set forth in this Order.

2. All objections to the Motion or the relief requested therein that have not been withdrawn, waived, or settled as announced to this Court at the Sale Hearing or by stipulation filed with this Court or as otherwise provided in this Order, and all reservations of rights included therein, are hereby overruled on the merits.

3. The Canadian Sale Order entered in the Canadian Proceeding, a copy of which is attached to this Order as Exhibit A, is hereby recognized and given full force and effect in the United States.

Approval of Asset Purchase and Sale Agreement

4. Given all of the circumstances of these Chapter 15 cases and the adequacy and fair value of the Purchase Price under the APA, the Transaction constitutes a reasonable exercise of the Debtors' and Foreign Representative's business judgment and is approved.

5. The APA and all other ancillary documents, and all of the terms and conditions thereof, are hereby approved.

6. Pursuant to section 363(b) and (f) of the Bankruptcy Code, the Debtors and Foreign Representative are authorized and empowered to take any and all actions necessary or appropriate to (a) consummate the Transaction pursuant to and in accordance with the terms and conditions of the APA, (b) close the Transaction as contemplated in the APA and this Order, and (c) execute and deliver, perform under, consummate, implement, and close the Transaction, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the APA and the transactions contemplated thereby, including any other ancillary documents, or as may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the APA and such other ancillary documents.

7. This Order shall be binding in all respects upon the Foreign Representative, the Debtors and their estates and creditors, all holders of equity interests in any of the Debtors, all holders of any claim(s), whether known or unknown, against any Debtor, any holders of liens, claims, encumbrances and interests against or on all or any portion of the Purchased Assets, any parties in interest, all contract counter-parties, the Purchaser and all successors and assigns of the Purchaser, and any trustees, examiners, responsible officers, estate representatives, or similar

entities for any of the Debtors, if any, subsequently appointed in any of the Debtors' Chapter 15 cases or upon a conversion to Chapter 7 under the Bankruptcy Code of any of the Debtors' cases. This Order and the APA shall inure to the benefit of the Foreign Representative, the Debtors, the Purchaser and their respective successors and assigns.

Transfer of Purchased Assets

8. Pursuant to Bankruptcy Code sections 105(a), 363(b), and 363(f), the Debtors and the Foreign Representative are authorized to transfer the Purchased Assets on the Closing Date and Purchaser is directed to pay the Purchase Price to the Debtors as provided in the APA. Except as otherwise provided in the APA, the Purchased Assets shall be transferred to Purchaser "as is, where is" with all faults in accordance with the APA upon and as of the Closing Date. Such transfer shall constitute a legal, valid, binding, and effective transfer of such Purchased Assets and, upon the Debtors' receipt of the Purchase Price, shall be Free and Clear. Upon the Closing, Purchaser shall take title to and possession of the Purchased Assets.

9. All persons or entities other than the Debtors, if any, that are in possession of some or all of the Purchased Assets and any certificates of title, instruments or other indicia of title representing or evidencing ownership of the Purchased Assets which have been pledged as security in respect of the Purchased Assets (the "Indicia of Ownership") are directed to surrender possession of such Purchased Assets and Indicia of Ownership. The Foreign Representative and the Debtors shall exercise commercially reasonable efforts to assist the Purchaser in assuring that all persons or entities in possession of some or all of the Purchased Assets will surrender possession of the Purchased Assets and Indicia of Ownership to (i) the Debtors before the Closing Date or (ii) the Purchaser on or after the Closing Date. All persons or entities are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere

with the ability of the Foreign Representative and the Debtors to sell and transfer the Purchased Assets to Purchaser in accordance with the terms of the APA and this Order.

10. Pursuant to section 363(f) of the Bankruptcy Code, the transfer of title to the Purchased Assets shall be Free and Clear.

11. The Chevron Agreement and Permits do not constitute executory contracts or unexpired leases, as those terms are utilized in Section 365 of the Bankruptcy Code and, therefore, section 365 of the Bankruptcy Code is inapplicable thereto. As of the Closing, all of the Debtors' right, title and interest in and to the Assigned Agreements shall be and have been assigned to Purchaser Free and Clear pursuant to section 363 of the Bankruptcy Code and all obligations arising thereunder from and first arising after Closing shall be the sole obligation of Purchaser.

12. Purchaser is not a successor (*de facto*, by alter ego, by veil piercing or otherwise) and shall not be liable as a successor under any theory of successor liability for liens, claims, encumbrances or interests that encumber or relate to the Purchased Assets. All liens, claims, encumbrances and interests shall attach solely to the proceeds of the sale received by the Foreign Representative with the same validity, priority, force, and effect that they now have as against the Purchased Assets, and subject to any claims and defenses the Debtors and their estates may possess with respect thereto.

13. On the Closing Date, each party in interest is authorized and directed to execute such documents and take all other actions as may be necessary to release liens, claims, encumbrances and interests on the Purchased Assets, if any, as provided for herein, as such liens, claims, encumbrances and interests may have been recorded or may otherwise exist.

14. This Order shall be effective as a determination that, as of the Closing Date, all liens, claims, encumbrances and interests of any kind or nature whatsoever existing as to the Purchased Assets prior to the Closing of the sale have been unconditionally released, discharged and terminated and that the Free and Clear conveyances described herein have been effected, with such liens, claims, encumbrances and interests to attach to the proceeds received by the Foreign Representative in the same priority that existed prior to the Petition Date.

15. If any person or entity which has filed statements or other documents or agreements evidencing liens, claims, encumbrances and interests on or in, all or any portion of the Purchased Assets (a "Claim Holder") shall not have delivered to the Debtors or Purchaser prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and any other documents necessary or desirable to Purchaser for the purpose of documenting the release of all liens, claims, encumbrances and interests that such Claim Holder has or may assert with respect to all or any portion of the Purchased Assets, then the Debtors or Purchaser are authorized to execute and file such statements, instruments, releases, and other documents on behalf of such Claim Holder with respect to the Purchased Assets and each and every filing office, agency, clerk(s) and/or recorder(s) is authorized and directed to accept same. Purchaser is authorized to file, register, or otherwise record a certified copy of this Order with the appropriate filing office, agency, clerk(s) and/or recorder(s), which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the sale of the Purchased Assets Free and Clear, including the release of all liens, claims, encumbrances and interests in the Purchased Assets as of the Closing Date of any kind or nature whatsoever.

16. Except as expressly permitted or otherwise specifically provided by the APA or this Order, all persons or entities holding liens, claims, encumbrances or interests in all or any portion of the Purchased Assets arising under or out of, in connection with, or in any way relating to the Debtors, the Purchased Assets, the operation of the Debtors' business prior to the Closing Date, or the transfer of the Purchased Assets to Purchaser, are hereby forever prohibited and permanently enjoined from asserting such liens, claims, encumbrances and interests, whether by payment, setoff or otherwise, against Purchaser, its successors or assigns, their property or the Purchased Assets.

17. This Order is and shall be binding upon and govern the acts of all persons and entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease, and each of the foregoing entities is hereby directed to and shall accept for filing any and all of the documents and instruments necessary and appropriate to consummate, effectuate or reflect the transactions contemplated by this Order or the APA.

18. The Purchaser shall be authorized, as of the Closing, to operate under any Governmental Authority, license, permit, registration, authorization or approval of or given to the Debtors with respect to the Purchased Assets, and all such licenses, permits, registrations and authorizations and approvals shall be and shall be deemed to have been transferred to the Purchaser as of the Closing.

Other Provisions

19. Except as otherwise expressly set forth in this Order or the APA, Purchaser shall not have any liability or other obligation of the Debtors or the Foreign Representative arising under or related to any of the Purchased Assets.

20. Purchaser shall not be liable for any liens, claims, encumbrances and interests of any kind or nature whatsoever in or against the Debtors, the Foreign Representative or any of their predecessors or affiliates, and Purchaser shall have no successor or vicarious liabilities of any kind or character including, but not limited to, liabilities on account of any tax arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of any of the Purchased Assets prior to the Closing of the sale (except as agreed to in the APA or auxiliary documents executed in connection therewith), and Purchaser shall be exonerated of any successor liability to any state or federal taxing authority with regard to any tax, including sales tax.

21. Without limiting the generality of the foregoing, and except as otherwise specifically provided herein or in the APA, Purchaser shall not be liable for any claims against the Debtors, the Foreign Representative or any of their predecessors or affiliates, and Purchaser shall have no liabilities of any kind or character, including, but not limited to under any theory or application, of antitrust, environmental, successor, vicarious or transferee liability, labor law, de facto merger, substantial continuity, the WARN Act and employee benefit and/or welfare plan(s), and as to (i) any employment or labor agreements; (ii) any pension, welfare, compensation, or other employee benefit plans, agreements, practices, and programs, including, without limitation, any pension plan of the Debtors, and any withdrawal liability in connection therewith; (iii) any other employee, workers' compensation, occupational disease, or unemployment or temporary disability related claim, including without limitation claims that

might otherwise arise under or pursuant to (a) the Employee Retirement, Income, Security Act of 1974, as amended, (b) the Fair Labor Standards Act, (c) Title VII of the Civil Rights Act of 1964, (d) the Federal Rehabilitation Act of 1973, (e) the National Labor Relations Act, (f) the Worker Adjustment and Retraining Act of 1988, (g) the Age Discrimination and Employee Act of 1967, and (h) the Consolidated Omnibus Budget Reconciliation Act of 1986; (iv) environmental claims or liens arising from conditions first existing on or prior to the Closing of the sale (including, without limitation, the presence of hazardous toxic, polluting, or contaminating substances or waste) that may be asserted on any basis, including, without limitation, under the Comprehensive Environmental Response, Compensation and Liability Act, 42 § 9601, et seq. or similar state statute; (v) any bulk sales or similar law; (vi) any tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended; and (vii) any statutory, mineral or carrier liens, including but not limited to those referenced in Chapter 5 (Exempt Property and Liens), Subtitle B (Liens) of the Texas Property Code, whether known or unknown as of the Closing Date, now existing or hereafter arising, whether asserted or unasserted, fixed or contingent, or liquidated or unliquidated with respect to the Foreign Representative, the Debtors, the Purchased Assets or any obligations of the Debtors arising prior to the Closing Date.

22. Under no circumstances shall Purchaser be deemed a successor of or to the Debtors for any liens, claims, encumbrances and interests of any kind or nature whatsoever against or in the Debtors or the Purchased Assets. The sale, transfer, assignment and delivery of the Purchased Assets shall not be subject to any liens, claims, encumbrances and interests of any kind or nature whatsoever, which shall remain with, and continue to be obligations of, the Debtors. Following the Closing, no Claim Holder shall interfere with Purchaser's title to or use

and enjoyment of the Purchased Assets based on or related to such lien, claim, encumbrance or interest, or any actions that the Foreign Representative or the Debtors may take in these Chapter 15 cases.

23. The Transaction is undertaken by Purchaser without collusion and in good faith, as that term is defined in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the sale shall not affect the validity of the Transaction, unless such authorization and consummation of the Transaction are duly stayed pending such appeal. Purchaser is a good faith buyer within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code.

24. Neither the APA nor the Transaction may be avoided and no party shall be entitled to damages or other recovery pursuant to Section 363(n) of the Bankruptcy Code.

25. Nothing contained in any plan of reorganization or liquidation, or order of any type or kind entered in (a) these Chapter 15 cases, (b) any subsequent Chapter 7 case into which any such Chapter 15 cases may be converted, or (c) any related proceeding subsequent to entry of this Order, shall affect, conflict with or derogate from the provisions of the APA or the terms of this Order.

26. No order concerning the distribution of the sale proceeds, no distribution of the sale proceeds, and no allocation in connection with either of the foregoing, whether based upon a valuation of the Purchased Assets or otherwise, shall affect or have an effect on: (i) the Purchaser's tax basis, allocation, or other tax position regarding the Purchased Assets, (ii) the manner in which the Purchased Assets are valued by the Purchaser for tax, accounting, or any

other purposes, or (iii) how the Purchaser accounts for the Purchased Assets in financial statements, or otherwise.

27. Pursuant to Bankruptcy Rules 7062, 9014, 6004(h) and 6006(d), this Order shall be effective immediately upon entry and the Foreign Representative, the Debtors and Purchaser are authorized, but are not required, to close the sale immediately upon entry of this Order, and any stay periods in Bankruptcy Rules 7062 or 6004(h), or otherwise, are expressly waived.

28. Any laws regarding bulk sales, or similar laws, are not applicable to the sale of Purchased Assets. As the assignment, transfer and/or sale of the Purchased Assets: (i) is in exchange for the Purchase Price, no withholding of U.S. federal income tax pursuant to sections 1441 or 1442 of the Internal Revenue Code is required, and (ii) constitutes an occasional sale, it is exempt from Texas sales and use tax pursuant to Texas Comptroller's Sales Tax Rule 34 Tex. Admin. Code § 3.316 and Texas Tax Code § 151.304.

29. To the extent that this Order is inconsistent with any prior order or pleading in these Chapter 15 cases, the terms of this Order shall govern. To the extent that this Order is inconsistent with the Canadian Sale Order, the terms of the Canadian Sale Order shall govern.

30. To the extent there are any inconsistencies between the terms of this Order and the APA (including all ancillary documents executed in connection therewith), the terms of this Order shall govern.

31. The Foreign Representative and the Debtors are authorized to take all actions necessary to effect the relief granted pursuant to this Order.

32. In accordance with the Court's Order (Docket No. 75), the identity of the Purchaser, the APA, and the terms of the Transaction shall remain confidential until Closing.

33. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the findings of fact set forth herein constitute conclusions of law, they are adopted as such. To the extent any of the conclusions of law set forth herein constitute findings of fact, they are adopted as such.

34. This Court shall retain jurisdiction to interpret, implement, and enforce the terms and provisions of this Order, and to adjudicate, if necessary, any and all disputes concerning or relating to this Order.

EXHIBIT B

Form 27
[Rules 6.3 and 10.52(1)]

CLERK OF THE COURT
FILED
Clerk's Stamp
MAR 10 2015
JUDICIAL CENTRE
OF CALGARY

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: Stay Extension, Approval of Claims Procedure, and Approval of Sale & Vesting Order**
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	Monday March 16, 2015
Time	10:30 a.m.
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) Extending the stay of proceedings in this matter until and including May 14, 2015;

   (c) Approving and authorizing a claims procedure in respect of the creditors of the Company (the "**Claims Procedure**"), in substantially the same form as attached hereto as **Schedule "B"**;

   (d) Approving and authorizing the sale of substantially all of the Applicant's assets pursuant to the Asset Purchase and Sale Agreement ("**APSA**"), a copy of which is attached to the Confidential Affidavit of Lori McLeod-Hill, sworn on March 10, 2015 (the "**Confidential Affidavit**");

   (e) Approving a sale and vesting order with respect to the APSA (the "**Sale & Vesting Order**"), in substantially the same form as attached hereto as **Schedule "C"**; and

   (f) Sealing the Confidential Affidavit and the Confidential Supplement to the Monitor's Third Report (the "**Confidential Report**"), 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 March 18, 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. Through the SISP, the Applicants received several bids by the Bid Deadline. The most favourable bid received is put forward by the Applicants for approval by the Court, the proceeds of which will result in full payment to the Applicants' first secured creditor, together with payments to other creditors of the Applicants.

8. The Company and the successful bidder have entered into the APSA, which contemplates a sale of substantially all of the Company's assets to the Purchaser (as defined in the APSA). The projected closing date of the transaction contemplated in the APSA is April 3, 2015.

9. The Company and the Monitor believe that the transaction contemplated by the APSA is in the best interests of the Company, its creditors and other stakeholders.

10. In anticipation of the closing of the APSA, it will be necessary for the Company and the Monitor to have a definitive understanding of the totality of the claims against the Company to ensure a fair and proper distribution to the Company's creditors.

11. The Claims Procedure will provide the Company and the Monitor with the necessary structure and process for the assessment and determination of the validity, nature and amount of the claims of creditors against certain of the Company's entities.

12. Further, in the event the Company proceeds with a plan of arrangement the Claims Procedure is necessary to properly tabulate the votes of creditors.

13. The Company has worked closely with the Monitor to establish claims procedures in Canada and the United States.

14. A further extension of the stay of proceedings is required to enable the Company to close the transaction contemplated by the APSA, address any further adjustments arising subsequent to the closing, and to allow the Company and the Monitor to run the Claims Procedure.

15. The Company in consultation with the Monitor and its legal counsel, is also assessing its options with respect to the presentation of a plan of compromise or arrangement to its creditors whose claims are not anticipated to be paid in full from the proceeds of a sale. An extension of the stay proceeding would allow the Company time to properly assess all options available in respect of a plan.

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

17. 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.

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

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

20. 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.

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

Material or evidence to be relied on:

22. The Affidavit of Lori McLeod-Hill, sworn March 9, 2015;

23. The Confidential Affidavit of Lori McLeod-Hill, sworn March 10, 2015;

24. The Third Report of the Monitor, filed herein;

25. The Confidential Supplement to the Third Report of the Monitor, to be filed; 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.

Form 49
[Rule 13.19]

Clerk's Stamp

CLERK OF THE COURT
FILED
MAR 10 2015
CALGARY, ALBERTA

COURT FILE NUMBER	**1501-03396**
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	**AFFIDAVIT**
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

AFFIDAVIT OF LORI MCLEOD-HILL

Sworn on March 9, 2015

I, Lori McLeod-Hill, of the City of Calgary, in the Province of Alberta, chartered accountant, SWEAR AND SAY THAT:

1. I am the Chief Financial Officer of GASFRAC Energy Services Inc. ("**GESI**"), which is the 100% parent company of GASFRAC Services GP Inc. ("**GSGP**"), GASFRAC US Holdings Inc. ("**Holdings**") and the 99.99865% owner of GASFRAC Energy Services Limited Partnership ("**GES LP**") (GSGP owns the remaining 0.00135% or one unit of GES LP). Holdings is in turn the 100% owner of GASFRAC Inc. ("**GI**") and GASFRAC Energy Services (US) Inc. ("**GESI

US"). GESI, GSGP, GESI US, Holdings, GI, and GES LP are sometimes hereinafter referred to collectively as the "**Company**".

2. As a result of the foregoing, I have personal knowledge of the facts and matters deposed to herein except where stated to be based on information and belief, and where so stated I do verily believe the same to be true.

3. I am authorized by the Company to swear this Affidavit.

4. The Company sought and 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.

5. 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 March 18, 2015.

6. Since the granting of the Initial Order, the Company has 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 to restructure its business with a view to maximizing value for stakeholders and creditors.

7. The Company, through CIBC and the Monitor, has engaged in an extensive sales and solicitation process ("**SISP**") to market its business and operations. Through the SISP, the Applicants received a very favourable offer (the "**Transaction**"). The Transaction, which has a contemplated closing date of April 3, 2015, is anticipated to pay out PNC Bank Canada Branch, the secured creditor, in full, as well as provide 100 cents on the dollar to unsecured creditors. The only party not currently contemplated to receive full payout are the subordinated unsecured debenture holders.

8. In order to close the Transaction and address any adjustments arising subsequent to closing, the Company requires an extension to the stay of proceedings presently in place.

9. In addition, the Company is currently working with the Monitor and its legal counsel to determine feasibility of presenting a plan of compromise or arrangement to creditors whose claims are not anticipated to be paid in full from the proceeds of the Transaction. An extension of the stay of proceedings would allow the Company time to a) determine if a plan of compromise or

arrangement is appropriate in the circumstances, and b) if appropriate, devise the terms and conditions of a plan of compromise or arrangement designed to maximize value for the benefit of the Company's remaining creditors.

10. In anticipation of the closing of the Transaction, it will be necessary for the Company and the Monitor to have a definitive understanding of the totality of the claims against the Company to ensure a fair and proper distribution to the Company's creditors (the "**Claims Procedure**"). The Claims Procedure will also be necessary for the tabulation of votes of creditors, in the event the Company determines that it will present a plan of compromise or arrangement to the creditors whose claims are not anticipated to be paid in full.

11. The Company has worked closely with the Monitor to establish a claims procedure in Canada and the United States. The Claims Procedure proposed in Canada and involving the Canadian GASFRAC entities contemplates both a negative claims process and standard claims process. Pursuant to the standard claims process, creditors will be required to submit their proofs of claim by the claims bar date of May 7, 2015 (or subsequent claims bar date for creditors whose claims arise out of the termination of a contract after the initial filing date of January 15, 2015). In the negative claims process, the Company and the Monitor will make an assessment of the classification (secured/unsecured) and amount of certain of the creditors' claims, based on the books and records of the Company. If the creditor in the negative claims process agrees with the assessment of its claim, it need not take any further steps. If the creditor disagrees with the assessment of its claim, it is required to file a proof of claim in the same manner as the creditors in the standard claim process.

12. Copies of the proposed Claims Procedure documents are appended as a schedule to the Application.

13. I understand that the Company's US counsel presently has a court date scheduled for approval of the US claims procedure together with the sale approval motion and stay extension recognition on March 18, 2015.

14. I make this Affidavit in support of an Order approving the Claims Procedure, the Transaction and the extension of the stay of proceedings, and for no other purpose.

SWORN BEFORE ME at Calgary, Alberta, this 9th day of March, 2015.

Commissioner for Oaths in and for the Province of Alberta

JESSICA DUHN
BARRISTER & SOLICITOR

LORI MCLEOD-HILL

EXHIBIT C

SCHEDULE "C"

Clerk's Stamp

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	**APPROVAL & VESTING ORDER**
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

DATE ON WHICH ORDER WAS PRONOUNCED: March 16, 2015

NAME OF JUSTICE WHO MADE THE ORDER: The Honourable Justice K.M. Eidsvik

LOCATION OF HEARING: Calgary, Alberta

UPON the application of **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")** (individually a **"Vendor Entity"** and collectively the **"Vendor"**) in these proceedings; **AND UPON** having read the Application, the Affidavit of Lori McLeod-Hill sworn on

March 9, 2015, the Confidential Affidavit of Lori McLeod-Hill dated March 10, 2015 (the "**Confidential Affidavit**"), the Third Report of the Monitor, dated March ____, 2015, the Confidential Supplement to the Monitor's Third Report dated March ____, 2015 (the "**Confidential Report**"), the Affidavit of _____________, dated ___________, 2015 (the "**Service Affidavit**"), the pleadings and proceedings filed herein, including the Initial Order granted on January 15, 2015 (the "**Initial Order**"), and the Order granted on January 23, 2015 approving the sales and solicitation process; **AND UPON** hearing counsel for the Vendor, the Purchaser, the Monitor and any other interested party appearing at the Application;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of notice of this application is abridged to the time actually given and service of the Application and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. Unless otherwise defined in this Order, all capitalized terms used in this Order shall have the meaning ascribed to them in the Asset Purchase Agreement between the Vendor and [Purchaser] (the "**Purchaser**") dated February 27, 2015 (the "**Agreement**"), attached to the Confidential Affidavit as Exhibit "C".

Approval of the Agreement and the Transaction

3. The Agreement, including the transaction for the purchase, sale, assignment, transfer and conveyance of the Purchased Assets from the Vendor to the Purchaser and related assignments, transfers, conveyances, assumptions, and other arrangements contemplated by or set forth in the Agreement (the "**Transaction**"), is found to be in the best interests of the Vendor, its creditors, and its other stakeholders, and therefore the Agreement and the Transaction contemplated thereby is hereby authorized, ratified, deemed commercially reasonable and approved.

4. The sale, assignment, transfer and conveyance of the Purchased Assets by the Vendor to the Purchaser on the terms and conditions contained in the Agreement is hereby approved and

the Vendor and the Monitor are hereby authorized and directed to complete the Closing of the Transaction pursuant to the terms of the Agreement.

5. The Vendor and the Monitor are authorized and directed to take all such steps, perform, consummate, implement and executed and deliver all such conveyance documents, bills of sale, assignments, conveyances, transfers, deeds, representations, indicia of title, tax elections, documents and instruments of whatsoever nature or kind as may reasonably be necessary or desirable to consummate the Transaction in accordance with the terms of the Agreement including, without limitation, proceeding with the Inspection, settlement with the Purchaser in respect of all adjustments contemplated by the Interim Statement of Adjustments and the Final Statement of Adjustments, and distributions from the Holdback, and making such amendments as the Vendor, the Monitor and the Purchaser may approve in writing and which do not materially alter the Agreement, and upon such trust conditions as may be agreed upon among legal counsel for the Vendor, the Monitor and the Purchaser.

6. In the event the Vendor fails to take any step or execute any document reasonably necessary or desirable to consummate the Transaction, the Monitor is hereby authorized and directed to take such step or execute any such document on the Vendor's behalf.

Monitor's Certificate

7. Upon Closing, the Monitor is hereby authorized and directed to promptly file with the Court in these proceedings and serve upon the Vendor, the Purchaser and those Persons listed on the Service List (attached as **Schedule "A"** to this Order) a certificate (substantially in the form set out as **Schedule "B"** to this Order) certifying that the Transaction has closed substantially in accordance with the terms of the Agreement, subject to the Final Statement of Adjustments and distributions from the Holdback (the "**Monitor's Certificate**").

Vesting of the Assets

8. Upon Closing and filing of the Monitor's Certificate, all of the Vendor's right, title, estate and interest in and to the Purchased Assets shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts

(whether contractual, statutory, or otherwise) liens, encumbrances, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, and whether by payment, set off or otherwise (collectively, the "**Claims**"), including, without limiting the generality of the foregoing:

a) any encumbrances or charges created by the Initial Order or subsequent Orders granted in the within CCAA proceedings;

b) all charges, security interests or claims against the personalty comprising the Purchased Assets, whether evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta), any other personal property registry system or otherwise; and

c) the Encumbrances listed on **Schedule "C"** hereto, which shall not include the permitted encumbrances, caveats, easements and restrictive covenants listed on **Schedule "D"**.

For greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets and all charges, security interests or Claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta), any other personal property registry system or otherwise where any Claim of any kind may be registered or recorded are hereby expunged, ordered removed and otherwise unconditionally discharged and terminated as against the Purchased Assets. The Vendor is hereby authorized to take all necessary steps and execute any and all documents to effect any and all discharges, and the registrars and all other persons in control or otherwise supervising such offices of registration or recording shall forthwith remove and discharge all such registrations.

9. The Purchaser is authorized to file, register or otherwise record a certified copy of this Order with the appropriate filing office, agency, clerk(s) and/or recorder(s), which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the sale of the Purchased Assets free and clear from any and all Claims, including the release of all liens, claims, encumbrances and interests in the Purchased Assets as of the Closing Date of any kind or nature whatsoever.

10. Upon delivery of the Monitor's Certificate and a certified copy of this Order, together with any applicable registration fees, the Registrar of Land Titles of Alberta (the "Registrar") is hereby authorized, requested, and directed, notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c L-7 and notwithstanding that the appeal period in respect of this Order may not have elapsed, to cancel the existing Certificate of Titles for those lands and premises municipally and legally described in the attached **Schedule "E"** (the "**Lands**"), and to issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), and to register such transfers, discharges, discharge statements of conveyances, as may be required to convey clear title to the Lands to the Purchaser (or its nominee), which Certificate of Title shall be clear of all Encumbrances and subject only to the Permitted Encumbrances.

11. The Purchaser (and its nominee) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Vendor.

12. Under no circumstances shall the Purchaser be deemed a successor of or to the Vendor for any Claims of any kind or nature whatsoever against or in the Vendor or the Purchased Assets. Following the Closing, no person with a Claim shall interfere with the Purchaser's title to or use and enjoyment of the Purchased Assets based on or related to such Claim or any actions that the Vendor may take in the within CCAA proceedings.

13. The Vendor and all persons who claim by, through or under the Vendor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from, pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption, or Claim in respect of or to the Purchased Assets and, to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

14. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit absolutely without any interference of or by the Vendor, or any person claiming by or through or against the Vendor.

15. The Purchaser shall be authorized, as of the Closing, to operate under any Governmental Authority, license, permit, registration and authorization or approval of or given to the Vendor with respect to the Purchased Assets, and all such licences, permits, registrations and authorizations and approvals shall be and shall be deemed to have been transferred to the Purchaser as of the Closing.

16. Pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and section 20(e) of the Alberta *Personal Information Protection Act*, the Vendor and the Monitor are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendor's records pertaining to the Vendor's past and current employees, including personal information of those employees listed in the Agreement. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendor.

Handling of the Net Proceeds

17. The Monitor shall hold the proceeds received from the Purchaser pursuant to the Agreement, less completion costs (including, but without limitation good and services taxes, transfer taxes, legal and other costs, expenses and disbursements, of the Vendor and the Monitor) and other usual completion costs incurred (the "**Net Proceeds**") pursuant to and in accordance with the terms of this Order.

18. The Net Proceeds shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Monitor's Certificate all Claims shall attach to the Net Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

19. Unless otherwise authorized by this Order, the Monitor shall make no distributions from the Net Proceeds except by further Order of this Court.

20. At Closing, the Holdback shall be retained by the Purchaser and delivered to the Purchaser's legal counsel. The Holdback shall be held in trust by the Purchaser's legal counsel in an interest-bearing account and it shall be releasable in accordance with the terms of the Agreement or by further Order of this Court.

Transaction not a Preference or Transfer at Undervalue

21. Notwithstanding:

a) the pendency of this proceeding and the declaration of insolvency made herein;

b) the pendency of any petition for receiving orders or bankruptcy orders heretofore or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"), as amended, in respect of any or all Vendor Entities, any receiving orders issued pursuant to any such petitions or any assignments in bankruptcy which may hereafter be made by or with respect to any or all Vendor Entities;

c) any assignment in bankruptcy made by any or all Vendor Entities; and

d) the provisions of any federal or provincial statute:

the assignment, transfer, conveyance and vesting of the Vendor's right, title, estate and interest in and to the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

Sealing Order

22. The Confidential Affidavit and the Confidential Report shall immediately be sealed by the Clerk of the Court, kept confidential and not form part of the public record, and not be available for public inspection unless and until otherwise ordered by this Court, upon seven days' notice to all interested parties. The Confidential Affidavit and the Confidential Report shall be sealed and filed in an envelope containing the following endorsement thereon:

> THIS ENVELOPE CONTAINS THE CONFIDENTIAL AFFIDAVIT OF LORI MCLEOD-HILL DATED MARCH 10, 2015 AND THE CONFIDENTIAL SUPPLEMENT TO THE MONITOR'S THIRD REPORT DATED MARCH ____, 2015, WHICH SHALL BE SEALED FOR A PERIOD OF THREE (3) MONTHS PURSUANT TO AN ORDER ISSUED BY THE HONOURABLE MADAM JUSTICE EIDSVIK DATED MARCH 16, 2015, AND IS NOT TO BE PLACED ON THE PUBLIC RECORD OR MADE PUBLICALLY ACCESSIBLE.

Application for Further Advice

23. The Monitor, the Purchaser (or its nominee), the Vendor or any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

Miscellaneous Matters

24. This Court hereby requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or any court or any judicial, regulatory or administrative body of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

25. Service of this Order shall be deemed good and sufficient by serving the same on:

a) the persons listed on the Service List (as found at Schedule "A" to this Order);

b) the Purchaser or on the Purchaser's solicitors; and

c) by posting a copy of this Order on the Monitor's website at:

http://www.ey.com/ca/gasfracenergy.

26. No other Persons are entitled to be served with a copy of this Order.

27. Service of this Order shall be deemed good and sufficient regardless of whether service is effected by PDF copy attached to an email, facsimile, courier, personal delivery or ordinary mail.

____

Justice of the Court of Queen's Bench of Alberta