



Clerk's stamp:

COURT FILE NUMBER  
ESTATE FILE NUMBER

1501 – 13786

COURT

COURT OF QUEEN'S BENCH OF ALBERTA, IN  
BANKRUPTCY

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF SPYGLASS RESOURCES  
CORP., 1196823 ALBERTA LTD., 1288916 ALBERTA  
LTD., 1398850 ALBERTA LTD., 15836621 ALBERTA  
LTD., 1636527 ALBERTA LTD., AVENEX ENERGY  
PARTNERSHIP, AVENEX REAL ESTATE  
ACQUISITION CORP., WESTBROOK MARKETING  
LIMITED PARTNERSHIP (formerly ELBOW RIVER  
MARKETING LIMITED PARTNERSHIP) 1159002  
ALBERTA LTD. (formerly ELBOW RIVER  
MARKETING CORP.), MEOTA 2000 PARTNERSHIP,  
PACE OIL & GAS PARTNERSHIP, PACE OIL  
RESOURCES LTD. AND SEAVIEW ENERGY  
PARTNERSHIP

APPLICANT

NATIONAL BANK OF CANADA, IN ITS CAPACITY  
AS ADMINISTRATIVE AGENT UNDER THAT  
CERTAIN AMENDED AND RESTATED CREDIT  
AGREEMENT DATED JUNE 30, 2015, AS  
AMENDED

DOCUMENT

**APPLICATION (Bankruptcy Order)**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP  
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File No.: 65306/37

## NOTICE TO RESPONDENT

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:        | <u>November 14, 2017</u>                       |
| Time:        | <u>2:00 p.m.</u>                               |
| Where:       | <u>Calgary Courts Centre, Justice Chambers</u> |
| Before Whom: | <u>The Honourable Justice C.M. Jones</u>       |

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. National Bank of Canada (the "**Agent**"), in its capacity as administrative agent on behalf of a syndicate of financial institutions (collectively, the "**Lenders**") under an amended and restated credit agreement dated June 30, 2015, as amended (the "**Credit Agreement**"), is seeking a Bankruptcy Order substantially in the form attached hereto as Schedule "A":

- (a) adjudging Spyglass Resources Corp. ("**Spyglass Group**") bankrupt;
- (b) appointing Ernst & Young Inc. ("**EY**") as trustee of the bankrupt estate of Spyglass;
- (c) directing that the costs of the within application be paid out of the bankrupt estate;  
and
- (d) such further and other relief as this Honourable Court considers just in the circumstances.

### Grounds for making this application:

2. Pursuant to the Credit Agreement, the Lenders extended credit under the following facilities to Spyglass:

- (a) Term Facility – a non-revolving reducing term credit facility in the amount of \$91,700,000;
- (b) Production Facility – an extendable revolving credit facility with a limit up to \$72,900,000; and
- (c) Operating Facility – an extendable revolving credit facility with a limit up to \$7,461,500.

3. The Agent obtained a demand debenture from Spyglass dated March 28, 2013, granting the Agent, as a representative of the Lenders, security over all of Spyglass' present and after-acquired property, assets and undertaking (the "**Security**").

4. Spyglass is justly and truly indebted to the Lenders in the amount of at least \$1,000.

5. The value of the Security is insufficient to satisfy the amount outstanding to the Lenders and the balance remaining outstanding to the Lenders is greater than \$1,000.

6. On November 26, 2015, as a result of various defaults under the Credit Agreement, the Agent sent to counsel for Spyglass a letter demanding full payment of all amounts owing under the Credit Agreement and a notice of intention to enforce its security in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada).

7. Spyglass has failed to repay the indebtedness owing under the Credit Agreement and as a result, Spyglass, within the six months next preceding the date of the filing of this application has committed an act of bankruptcy, namely, it has ceased to meet its liabilities generally as they become due.

8. On November 26, 2015, by Order (the "**Receivership Order**") of the Honourable Mr. Justice G.C. Hawco of the Alberta Court of Queen's Bench, EY was appointed receiver (the "**Receiver**"), without security, pursuant to section 243 of the *Bankruptcy and Insolvency Act* (Canada) and section 13(2) of the *Judicature Act* (Alberta), over the assets, undertakings and properties of Spyglass and its subsidiaries.

9. The Receiver has consented to the lifting of the stay under paragraph 8 of the Receivership Order to allow the filing of this Application.

10. EY is a person qualified to act as trustee in bankruptcy of Spyglass' estate, has consented to act as such, and is acceptable to the Agent.

11. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**Materials or evidence to be relied on:**

12. The materials upon which the Agent intends to rely include the following:

- (a) the Affidavit of Karen Koury sworn November 1, 2017;
- (b) the Affidavit of William Kennedy sworn on November 26, 2015;
- (c) the pleadings and materials filed in the within proceedings; and
- (d) such further and other material as counsel may advise and this Honourable Court may permit.

**Applicable rules:**

13. The Agent will rely upon and refer to the Alberta *Rules of Court* during the making of the application.

**Applicable Acts and Regulations:**

14. The Agent will rely upon and refer to:

- (a) the provisions of the *Bankruptcy and Insolvency Act*, RSC 1983, c B-3, as amended, including without limitation sections 42 and 43; and
- (b) the provisions of the *Bankruptcy and Insolvency General Rules*, CRC, c 368, as amended, including without limitation Rule 70.

**Any irregularity complained of or objection relied on:**

15. None.

**How application is proposed to be heard or considered:**

16. Oral submissions by counsel at an application in Justice Chambers as scheduled.

**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 rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

**TAKE NOTICE**

That an Application for a Bankruptcy Order has been made in respect of your property and will be heard before the Presiding Justice in Chambers, at the Calgary Courts Centre located at 601, 5<sup>th</sup> Street SW Calgary, AB on Tuesday the 14<sup>th</sup> day of November, 2017 at the hour of 2:00 pm, or so soon thereafter as the within Application may be heard.

**AND FURTHER TAKE NOTICE**

That if notice of cause against this Application is not filed in Court and a copy thereof served on counsel for the applicant at least two days before the hearing and if you do not appear at the hearing the Court may make a Bankruptcy Order on such proof of the statements in the Application as the Court shall think sufficient.

Clerk's stamp:

COURT FILE NUMBER 1501 – 13786  
ESTATE FILE NUMBER

COURT COURT OF QUEEN'S BENCH OF ALBERTA,  
IN BANKRUPTCY

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS  
AMENDED

AND IN THE MATTER OF SPYGLASS RESOURCES  
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APPLICANT NATIONAL BANK OF CANADA, IN ITS CAPACITY  
AS ADMINISTRATIVE AGENT UNDER THAT  
CERTAIN AMENDED AND RESTATED CREDIT  
AGREEMENT DATED JUNE 30, 2015, AS  
AMENDED

DOCUMENT **BANKRUPTCY ORDER**

ADDRESS FOR SERVICE AND  
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File No.: 65306/37

**DATE ON WHICH ORDER WAS PRONOUNCED:**      **November 14, 2017**

**LOCATION WHERE ORDER WAS PRONOUNCED:**   **Calgary Courts Centre**

**NAME OF JUSTICE WHO MADE THIS ORDER:**      **The Honourable Justice C.M. Jones**

**UPON** the application (the "**Application**") of National Bank of Canada ("**National Bank**") in its capacity as administrative agent on behalf of a group of creditors (the "**Lenders**") of Spyglass Resources Corp. ("**Spyglass**"); **AND UPON** having read the Affidavit of Karen Koury sworn November 1, 2017, filed; **AND UPON** being satisfied that Spyglass and all interested and affected parties have been served with notice of the within Application;

**AND UPON** being satisfied that Spyglass has committed an act of bankruptcy in the six months preceding the filing of the within Application, specifically that Spyglass has ceased to meet its liabilities generally as they become due; **AND UPON** noting the consent of the court-appointed receiver of Spyglass (the "**Receiver**"), Ernst & Young Inc. ("**EY**"); **AND UPON** noting the consent of EY to be appointed as trustee of the bankrupt estate of Spyglass in the within proceedings and being satisfied that it is a person qualified to act; **AND UPON** hearing from counsel for National Bank, counsel for the Receiver and any other interested party appearing at the Application,

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1.      Service of notice of the Application and materials filed in support thereof, is hereby validated and deemed good and sufficient.
2.      Spyglass is hereby adjudged bankrupt by virtue of this Order being made on this date.
3.      EY is appointed as trustee of the bankrupt estate of Spyglass (the "**Trustee**") without the requirement to give security under the *Bankruptcy and Insolvency Act*, and the Trustee is authorized to take all necessary steps to take possession of the deeds, books, records and documents and all property of the bankrupt and to administer the bankrupt estate of Spyglass.

4. The costs of and incidental to the Application and bankruptcy order shall be paid to National Bank, as agent of the Lenders, out of the assets of the bankrupt's estate after taxation of the accounts.

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J.C.Q.B.A