**Form 27**
[Rules 6.3 and 10.52(1)]

CLERK OF THE COURT
FILED
JUN 27 2016
JUDICIAL CENTRE
OF CALGARY

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| COURT FILE NUMBER | **1501-13786** |
| COURT | COURT OF QUEEN'S BENCH OF ALBERTA |
| JUDICIAL CENTRE | Calgary |
| | IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, C B-3, AS AMENDED |
| 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** |
| RESPONDENTS | **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** |
| DOCUMENT | **APPLICATION BY RECEIVER:**<br>**Interim Distribution** |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | Josef G.A. Krüger, Q.C./Jessica L. Cameron<br>Borden Ladner Gervais LLP<br>1900, 520 3rd Ave. S.W.<br>Calgary, AB T2P 0R3<br>Telephone: (403) 232-9563/9715<br>Facsimile: (403) 266-1395<br>Email: jkruger@blg.com/jcameron@blg.com<br>File No. 413255/000044 |

**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 master/judge.

To do so, you must be in Court when the application is heard as shown below:

| | |
|---|---|
| Date | July 6, 2016 |
| Time | 3:00 p.m. |
| Where | Calgary Courts Centre, 601-5$^{th}$ Street SW, Calgary AB |
| Before Whom | The Honourable Justice B.E. Romaine |

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. Ernst & Young Inc., in its capacity as the court-appointed receiver and manager (the "**Receiver**") of Spyglass Resources Corp. ("**Spyglass**"), 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 Ld., (formerly Elbow River Marketing Corp.), Meota 2000 Partnership, Pace Oil & Gas Partnership, Pace Oil Resources Ltd., and Seaview Energy Partnership (collectively, with Spyglass, the "**Debtors**"), seeks Orders in substantially the forms attached hereto as **Schedules "B"** and **"C"**, for the following relief:

   (a) Declaring service of this Application good and sufficient, and abridging the time for notice of this Application to the time actually given, if necessary;

   (b) Approving the Receiver's Interim Statements of Receipts and Disbursements for the period from November 26, 2015 to June 17, 2016;

   (c) Establishing a claims bar date of September 21, 2016, with respect to lien claims;

   (d) Approving an interim distribution from the estate of the Debtors to the Syndicate (as defined below) in the amount of $50 million; and

   (e) Approving a holdback from the distribution in the approximate amount of $12.8 million, comprised of the following anticipated disbursements, approximately:

      (i) $3.3 million for property taxes;

      (ii) $3.0 million for oil and gas operating costs to complete;

      (iii) $3.0 million for a contingency reserve;

(iv) $910,000 for payment of the AER Administrative levy;

(v) $750,000 for professional fees;

(vi) $700,000 for joint interest third party payables.

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

**Grounds for making this application:**

**Background**

3. The Receiver was appointed as receiver and manager of the Debtors pursuant to an Order of this Honourable Court dated November 26, 2015 (the "**Receivership Order**").

4. Prior to the Receivership Order, the Debtors were engaged in the acquisition, enhancement and exploration of conventional oil and gas projects in Alberta. As of the granting of the Receivership Order, the Debtors had an interest in approximately 2,500 producing oil wells in Alberta. Spyglass was the operator of its core facilities. The Debtors' operations produced approximately 9,000 barrels of oil equivalent per day. The particulars of Spyglass' operations are set-out at paragraphs 11 to 22 of the First Report of the Receiver, dated January 20, 2016 (the "**First Report**").

5. Prior to the granting of the Receivership Order, the Debtors were experiencing financial difficulties due primarily to the extended depressed market prices for crude oil, natural gas and other petroleum products. The Debtors attempted to alleviate their financial difficulties by engaging in a broad disposition process for core and non-core assets. Due to insufficient liquidity, the Debtors were unable to continue this disposition process and unable to close a transaction, prompting the Syndicate to successfully petition the Debtors into receivership.

6. Since its appointment, the Receiver has continued to operate the Debtors' business.

**Sales Process & Approvals**

7. On January 25, 2016, the Receiver obtained Court approval to engage in an extensive sales and investment solicitation process ("**SISP**") to market for sale certain of the Debtors' oil and gas assets. In addition, on January 25, 2016 the Court also approved an agreement between the Receiver and the AER with respect to the transfer of the Debtors' AER licensed property where its licensee management rating ("**LMR**") was below 1.0 (the "**AER Agreement**"). Both the SISP

and the AER Agreement are attached as Schedules to the Court Order granted on January 25, 2016.

8. On or about February 1, 2016, the Receiver commenced the SISP. A high-level summary of the SISP is as follows:

(a) The SISP was advertised in the *Daily Oil Bulletin* and the *Globe and Mail* on February 4 and 11, 2016;

(b) The Receiver delivered an information package to approximately 364 identified Potential Bidders (as defined in the SISP) and directly contacted a further 147 Potential Bidders;

(c) Upon execution of a confidentiality agreement, 164 Potential Bidders obtained access to further information regarding the sale by way of a confidential information memorandum and access to an electronic data room;

(d) The original deadline for receipt of bids under the SISP was March 10, 2016 (the "**Bid Deadline**"); and

(e) In order for a Potential Bidder to become a Qualified Bidder (as defined in the SISP), they were required to be a Licensee in good standing with the AER or eligible to hold an AER license, and have an LMR (as defined in the AER Agreement) rating of 1.0 or greater.

9. Outside of the ordinary course of the SISP, the Receiver obtained Court Approval with respect to three transactions, as follows:

(a) On February 1, 2016, the Court approved the sale of:

(i) the Herronton Property (as defined in the Second Report of the Receiver, dated January 25, 2016 (the "**Second Report**") to Journey Energy Partnership, by its managing partner Journey Energy Inc. (the "**Journey Transaction**"), and

(ii) the Deer Mountain Property (as defined in the Second Report) to New North Resources Ltd. (the "**New North Transaction**"); and

(b) On March 7, 2016, the Court approved the sale of the Princess Property (as defined in the Third Report of the Receiver, dated February 29, 2016 to Canadian Natural Resources (the "**CNRL Transaction**" and together with the Journey Transaction and the New North Transaction, the "**Interim Transactions**").

10. The Receiver has since completed all of the Interim Transactions. The net proceeds from the Interim Transactions totalled approximately $1.7 million, and were used by the Receiver to fund ongoing operations and prevent the Receiver from having to make further Receiver's borrowings.

11. With respect to the SISP, during the course of the SISP the Receiver received feedback from various participants that the initial time between selection of Successful Bids (as defined in the SISP) and the finalization of definitive unconditional purchase and sale agreements did not allow enough time for adequate due diligence to be performed. As a result, on March 6, 2016 the Receiver obtained an order extending the proposed timelines of the SISP. Under the revised SISP timelines, a definitive purchase and sale agreement was to be finalized by April 8, 2016 with a proposed sale approval application on April 18, 2016.

12. A total of 72 companies submitted 121 offers prior to the Bid Deadline. Preference was given to Qualified Bidders who submitted bids for packages and not subsets of the Packages. *En bloc* bids for all the Packages were considered.

13. Following the Bid Deadline, the Receiver convened a meeting with the AER and the Syndicate to discuss the bids received, in accordance with the AER Agreement. The AER and the Syndicate were in unanimous agreement that the Receiver should pursue a bid received for an *en bloc* offer to purchase all of the Debtors' assets.

14. The Receiver worked with the potential purchaser who had submitted this *en bloc* offer to negotiate the terms of a definitive purchase and sale agreement for this transaction. Through the negotiations, the deadline to finalize a purchase and sale agreement was extended, with the consent of the Syndicate and the AER, to April 29, 2016 and ultimately to May 2, 2016. The negotiations with that third party did not result in a finalized purchase and sale agreement. During this extended bid timeline, the Receiver went back to other parties who had submitted *en bloc* offers by the Bid Deadline and asked those parties to meet certain conditions by 12:00 (MST) April 28, 2016.

15. Based on the offers resubmitted on April 28, 2016, the Receiver worked to finalize and execute a definitive asset purchase agreement based upon a bid received by Sinopeak Energy Ltd. ("**Sinopeak**") for the purchase of substantially all of the Debtors' assets (the "**Sinopeak Transaction**"). The Receiver and Sinopeak executed a definitive Asset Purchase and Sale Agreement on May 2, 2016 (the "**Sinopeak APA**").

16. On May 11, 2016, the Receiver obtained an Order from the Honourable Justice C. Dario approving and authorizing the Sinopeak APA and the Sinopeak Transaction. Pursuant to the terms of the Sinopeak APA, the Sinopeak Transaction could be concluded with Sinopeak or its

nominee. Sinopeak chose to have its nominee, SanLing Energy Ltd. ("**SanLing**") complete the Sinopeak Transaction.

**Receipts & Disbursements**

17. The Receiver has since closed the Sinopeak Transaction and has netted proceeds of approximately $59.7 million. Certain post-closing adjustments remain to be completed with respect to the Sinopeak Transaction.

18. The net sale proceeds from the Sinopeak Transaction, including the anticipated adjustments, are not sufficient to satisfy the amount owed by the Debtors to the Syndicate, the Debtor's first secured creditor.

19. In addition to the above transactions, the Receiver has also collected various accounts receivable due to the Debtors.

20. The Receiver has prepared a Statement of Receipts & Disbursements from November 26, 2015 to June 17, 2016, located at paragraph 22 of the Fifth Report of the Receiver, dated June 27, 2016 which provides for total receipts, less disbursements, in the amount of $61,584,892 (the "**Net Receipts**").

**Creditor Position & Proposed Lien Claims Bar Date**

21. The Receiver has obtained a security review from its counsel, Borden Ladner Gervais LLP ("**BLG**"), indicating that the security granted by the Debtors to the Syndicate constitutes valid and enforceable first charge security over all present and after acquired assets and undertakings of the Debtors. The Syndicate's security includes certain registrations against the Debtors' real property interests at the Land Titles Registrar and the Debtors' mineral interests at the Department of Energy.

22. As of November 25, 2015 the Debtors collectively owed the Syndicate $171,877,149.11 (the "**Indebtedness**").

23. Based on the Receiver's review, it appears there will be insufficient assets in the Receivership to extinguish the debts owed to the Syndicate. As a result, it is unlikely there will be any funds available to the Debtors' remaining creditors.

24. Several lien claims have been registered against the Debtors' lands and mineral interests, which now attach to the sale proceeds arising from the Sinopeak Transaction. The lien claims the

Receiver has received to date total $566,500.17. The Receiver's counsel, BLG, is in the process of reviewing the lien claims received to determine whether they are valid, enforceable and payable in the circumstances.

25. Prior to completing the Sinopeak Transaction, the Debtors mineral interests were extensive, comprising over 4,200 mineral interests on over 6,000 pages of registrations. It is uneconomic for the Receiver to conduct a search of each of the Debtors' prior mineral interests.

26. In order to ensure that the Receiver has received all lien claims that have been registered against the Debtors' mineral interests, the Receiver is proposing to establish a liens claim bar date of August 22, 2016 (the "**Claims Bar Date**").

27. The Claims Bar Date was arrived at as being the date which is 90 days from November 25, 2015 (limitation for registering a lien against oil and gas properties), plus an additional 180 days (limitation for commencing statement of claim and filing certificate of lis pendens ("**CLP**")). As such, the Claims Bar Date incorporates the substantive lien rights pursuant to the *Builders' Lien Act* (Alberta) and only abrogates the procedural service provisions of the *Alberta Rules of Court*.

28. The Receiver proposes to notify potential lien claimants of the Claims Bar Date by:

(a) placing advertisements in the *Globe and Mail*, the *Calgary Herald*, and the *Daily Oil Bulletin*;

(b) sending a notice to all of the Debtors' known creditors; and

(c) placing a copy of the notice on the Receiver's website established in respect of these proceedings.

29. Establishing the Claims Bar Date is the most efficient and cost-effective mechanism to ensure that all lien claims have been accounted for and proper distributions made.

**Proposed Interim Distribution and Holdback**

30. The Receiver proposes to distribute the amount of $50 million to the Syndicate, being the Net Receipts less a holdback of $12,874,892, which is comprised of the following:

(a) $3,298,363 for property taxes;

(b) $3,000,000 for oil and gas operating costs to complete;

(c) $3,005,463 for a contingency;

(d) $911,160 for payment of the AER Administrative Levy;

(e) $750,000 for professional fees;

(f) $1,209,906 for lien claims and other possible priorities; and

(g) $700,000 for joint interest third party payables.

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

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

32. The Fifth Report of the Receiver, dated June 27, 2016.

33. The pleadings and Receiver's Reports previously filed in these proceedings.

34. Such further and other evidence as counsel may advise and this Honourable Court permit.

**Applicable rules:**

35. Alberta *Rules of Court*, AR 124/2010, and in particular Rules 1.3, 3.75, 6.3, 6.4, 11.27, 11.29 and 13.5.

36. *Bankruptcy and Insolvency General Rules*, and in particular Rules 3, 6 and 11.

37. Such further and other rules as Counsel may advise and this Honourable Court permit.

**Applicable Acts and regulations:**

38. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and in particular Part XI thereof.

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

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

40. None.

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

41. In person before the Honourable Justice B.E. Romaine, 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.

**Schedule "A"**

**Schedule "B"**

**Schedule "C"**

# SCHEDULE “A”

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|---|---|
| COURT FILE NUMBER | **1501-13786** |
| COURT | **COURT OF QUEEN'S BENCH OF ALBERTA** |
| JUDICIAL CENTRE | **CALGARY** |
| | **IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1) OF *THE BANKRUPTCY AND INSOLVENCY ACT*, RSC1985, C B-3, AS AMENDED** |
| PLANTIFF | **NATIONAL BANK OF CANADA, IN ITS CAPACITY AS ADMINSTRATIVE AGENT UNDER THAT CERTAIN AMENDED AND RESTATED CREDIT AGREEMENT DATED JUNE 30, 2015, AS AMENDED** |
| DEFENDANTS | **SPYGLASS RESOURCES CORP. ET AL** |

| Firm/Company | Email | Phone | Party Represented |
|---|---|---|---|
| Alberta Energy Regulator<br>Suite 1000, 250 – 5 Street SW<br>Calgary AB, T2P 0R4<br>**Carole Hachey, Patricia Johnston & Keely Cameron** | Carole.Hachey@aer.ca<br>Patricia.Johnston@aer.ca<br>Keely.Cameron@aer.ca | (403) 297-8448 | **Alberta Energy Regulator** |
| B.C. Oil & Gas Commission<br>PO Box 9331 Stn Prov Govt,<br>Victoria BC, V8W 9N3<br>**Mike Janzen** | Mike.Janzen@bcogc.ca | (250) 419-4464<br>Fax:<br>(250) 419-4403 | **B.C. Oil & Gas Commission** |
| Orphan Well Association<br>1000, 250 - 5th Street SW<br>Calgary AB T2P 0R4<br>**Pat Payne, P.Eng** | pat.payne@aer.ca | (403) 297-8981 | **Orphan Well Association** |
| Blake, Cassels & Graydon LLP<br>855 – 2nd Street SW<br>Bankers Hall East Tower<br>Calgary, AB T2P 4J8<br>**Kelly Bourassa**<br>**Ryan Zahara** | kelly.bourassa@blakes.com<br>ryan.zahara@blakes.com | (403) 260-9697<br>(403) 260-9628 | **National Bank of Canada, in its capacity as Administrative Agent under that certain amended and restated Credit Agreement, dated June 30, 2015, as amended** |
| Borden Ladner Gervais LLP<br>1900, 520 – 3rd Avenue SW<br>Calgary, AB T2P 0R3<br>**Josef G.A. Krüger, Q.C.**<br>**Jessica L. Cameron**<br>**Robyn Gurofsky** | jkruger@blg.com<br>jcameron@blg.com<br>rgurofsky@blg.com | (403) 232-9563<br>(403) 232-9715<br>(403)-232-9774 | **Receiver, Ernst & Young Inc.** |

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| Ernst & Young Inc.<br>1000, 440 - 2nd Avenue SW<br>Calgary, AB T2P 5E9<br>**Neil Narfason**<br>**Cassie Riglin**<br>**Duncan MacRae** | neil.narfason@ca.ey.com<br>cassie.riglin@ca.ey.com<br>duncan.macrae@ca.ey.com | (403) 206-5061 | **Receiver** |
| Norton Rose Fulbright Canada LLP<br>3700, 400 3rd Avenue SW,<br>Calgary AB T2P 4H2<br>**Howard Gorman, QC** | howard.gorman@nortonrosefulbright.com | (403) 267-8144 | **Spyglass Resources Corp.** |
| ARC Resources Ltd.<br>1200, 308-4th Avenue SW<br>Calgary, AB, T2P 0H7<br>**Colleen Abel** | CAbel@arcresources.com | (403) 503-8600 | **ARC Resources Ltd.** |
| Aspenleaf Energy Limited<br>2100, 240-4 Avenue SW<br>Calgary, AB, T2P 4H4<br>**Mitch Baba** | mitch.baba@aspenleafenergy.com | (403) 262-0321<br>Fax:<br>(587) 349-1180 | **Aspenleaf Energy Limited** |
| Burnet Duckworth & Palmer LLP<br>2400, 525-8 Avenue SW<br>Calgary, AB T2P 1G1<br>**Carole J. Hunter** | chunter@bdplaw.com | (403) 260-0368 | **Wolf Coulee Resources Inc.** |
| Canadian Natural Resources Limited<br>Suite 2100, 855 – 2nd Street SW<br>Calgary, AB T2P 4J8<br>**Jelena Molnar** | jelena.molnar@cnrl.com | (403) 716-6202 | **Canadian Natural Resources Limited** |
| Grizzly Resources Ltd.<br>324-8 Avenue SW<br>Calgary, AB T2P 2Z2<br>**Jean MacLean** | jmaclean@grizzlyresources.com | (403) 237-9600 | **Grizzly Resources Ltd.** |
| Miller Thomson LLP<br>#3000, 700 - 9th Avenue S.W.<br>Calgary, AB T2P 3V4<br>**Kent Anderson, Q.C.** | kanderson@millerthomson.com | (403) 298-2408 | **Tuscany Energy Ltd.** |

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| PrairieSky Royalty Ltd.<br>1700, 350-7 Avenue SW<br>Calgary AB T2P 3N9<br>**Jennifer Martin**<br>**Dale Percy** | Jennifer.martin@prairiesky.com<br>Dale.percy@prairiesky.com | (587) 293-4062 | **PrairieSky Royalty Ltd.** |
| Pulse Seismic<br>2400, 639-5 Avenue SW<br>Calgary, AB T2P 0M9<br>**Trevor Meier** | Trevor.meier@pulseseismic.com | (403) 237-5559 | **Pulse Seismic** |
| Timberline Ventures Ltd.<br>1700, 200-2nd Street SW<br>Calgary, AB T2P 0C1<br>**James Long** | timberlineventures@gmail.com | | **Timberline Ventures Ltd.** |
| Xerox Canada Ltd.<br>33 Bloor St E<br>Toronto, ON M4W 3H1<br>**Stephanie Grace** | Stephanie.grace@xerox.com | (416) 972-7072 | **Xerox Canada Ltd.** |
| City of Medicine Hat<br>364 Kipling Street SE<br>Medicine Hat AB, T1A 1Y4<br>**Ben Bullock & Shirley Lehr** | BENBUL@medicinehat.ca<br>SHILEH@medicinehat.ca | (403) 529-8190 | **City of Medicine Hat** |
| Royal Bank of Canada<br>339 – 8th Avenue SW<br>Calgary, AB T2P 1C4<br>**Tom Harland** | tom.harland@rbc.com | (403) 292-7379 | **Royal Bank of Canada** |
| Lubrizol Corporation<br>29400 Lakeland Blvd<br>Wickliffe, OH, 44092<br>**Lisa Goodwin** | Lisa.Goodwin@Lubrizol.com | 440-347-5766 | **Lubrizol Corporation** |
| Code Hunter LLP<br>850, 440-2 Avenue SW<br>Calgary, AB T2P 5E9<br>**Christian J. Popowich** | Christian.popowich@codehunterllp.com | (403) 716-2379 | **Eagle Energy Inc.** |

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| Brownlee LLP<br>2200, Commerce Place<br>10155 102 Street<br>Edmonton, AB T5J 4G8<br>**Gregory G. Plester** | gplester@brownleelaw.com | (780) 497-4800 | **Mackenzie County** |
| TORYS LLP<br>79 Wellington Street West<br>Suite 300, TD Centre<br>Toronto, Ontario M5K 1N2<br>**Adam M. Slavens** | aslavens@torys.com | (416) 865-7333 | **ENMAX Corporation and its affiliates** |
| Leonard Zaseybida &<br>Associated Petroleum & Gas Consultants<br>3602 1A Street SW<br>Calgary, AB, T2S 1R5 | leoz@telus.net | (403) 252-1700 | |
| Rapid Rod Service Ltd.<br>c/o Fasken Martineau<br>3400, 350-7 Avenue SW<br>Calgary, AB T2P 3N9<br>**David Both** | dboth@fasken.com | (403)261-5507 | **Rapid Rod Service Ltd.** |
| Precison Limited Partnership<br>c/o Carscallen LLP<br>1500-407-2 Street SW<br>Calgary, AB T2P 2Y3<br>**Glenn Blackett** | blackett@carscallen.com | (403)298-8474 | **Precision Limited Partnership** |
| Jacar Energy Services, a division of Cascade Energy Services L.P.<br>c/o Robb &Evenson PC<br>506, 933-17 Avenue SW<br>Calgary AB T2T 5R6<br>**Calvin Robb** | crobb@robbevenson.com | (403) 541-1600 | **Jacar Energy Services, a division of Cascade Energy Services L.P.** |
| Department of Justice, Tax Law Services, Prairie Region<br>601, 606-4th Street SW<br>Calgary AB, T2P 1T1<br>**Jill Medhurst-Tividar** | Jill.Medhurst@justice.gc.ca | | **Canada Revenue Agency** |

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| Bidell Equipment Limited Partnership<br>c/o McLeod Law LLP, Suite 300, 14505 Bannister Road SE, Calgary, AB, T2X 3J3<br>**Shane King**<br><br>General Counsel :<br>**Cam Danyluk** | sking@mcleod-law.com<br><br>cdanyluk@totalenergy.ca | | **Bidell Equipment Limited Partnership** |
| Sage Energy Corp.<br>261122 Wagon Wheel Crescent, Rocky View County, AB, T4A 0E2<br>**Karen Narfason** | Karen.narfason@sageenergy.ca | (403) 250-8810 | **Sage Energy Corp.** |
| GE VFS Canada Limited Partnership<br>2300 Meadowvale Blvd, Suite 200<br>Mississauga ON, L5N 5P9<br>**Helena Miller** | Helena.miller@ge.com | (905) 858-6450 | **GE VFS Canada Limited Partnership** |
| Bull Moose Capital LP<br>500, 505-8 Ave SW,<br>Calgary AB, T2P 1G2<br>**David Aycock** | daycock@bullmoosecapital.ca | (403) 234-7204 | **Bull Moose Capital LP** |
| Jim Pattison Industries Ltd.<br>1235-73rd Ave SE,<br>Calgary AB, T2H 2X1<br>**Ion Lazar** | Ion.lazar@jplease.com | (403) 212-8900 | **Jim Pattison Industries Ltd.** |
| Altagas Processing Partnership<br>1700, 355-4th Ave SW,<br>Calgary AB, T2P 0J1<br>**Paul McLoughlin** | Paul.mcloughlin@altagas.ca | (403) 691-9865 | **Altagas Processing Partnership** |
| Enerflex Ltd.<br>10121 Barlow Trail NE,<br>Calgary AB, T3J 3C6<br>**Heather Kinghorn** | hkinghorn@enerflex.com | (403) 291-3438 | **Enerflex Ltd.** |
| Standard Life Assurance Company of Canada<br>121 KING STREET WEST, SUITE 810<br>TORONTO, ON M5H 3T9 | | | |

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| ROYNAT INC.<br>Suite 1500, 4710 Kingsway St.<br>Burnaby, BC V5H 4M2 | Fax # 604-646-2222 | | |
| GE RAILCAR SERVICES<br>Suite 720, 530- 8th. Avenue SW<br>Calgary, AB T2P 3S8 | Fax # 403-531-2854 | | |
| Logan Leasing I, LLC<br>100 Clark Street,<br>St. Charles Missouri 63301-2075 | | | |
| Longtrain Leasing I, LLC<br>100 Clark Street,<br>St. Charles Missouri 63301-2075 | | | |
| Superior Propane,<br>a Division of Superior Plus LP<br>1111 – 49th Avenue NE,<br>Calgary AB, T2E 8V2 | FAX # 403 - 730-7512 | | |

# SCHEDULE “B”

| | | |
|---|---|---|
| COURT FILE NUMBER | **1501-13786** | Clerk's Stamp |
| COURT | COURT OF QUEEN'S BENCH OF ALBERTA | |
| JUDICIAL CENTRE | Calgary | |
| | IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, C B-3, AS AMENDED | |
| 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** | |
| RESPONDENTS | **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** | |
| DOCUMENT | **INTERIM DISTRIBUTION ORDER** | |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | Josef G.A. Krüger, Q.C./Jessica L. Cameron<br>Borden Ladner Gervais LLP<br>1900, 520 3rd Ave. S.W.<br>Calgary, AB T2P 0R3<br>Telephone: (403) 232-9563/9715<br>Facsimile: (403) 266-1395<br>Email: jkruger@blg.com/jcameron@blg.com<br>File No. 413255/000044 | |

**DATE ON WHICH ORDER WAS PRONOUNCED: July 6, 2016**

**LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Alberta**

**NAME OF JUSTICE WHO MADE THIS ORDER: B.E. Romaine**

**UPON** the Application of Ernst & Young Inc., in its capacity as the court-appointed receiver (the "**Receiver**") of all of the current and future property and undertakings of Spyglass Resources Corp. ("**Spyglass**"), 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 Ld., (formerly Elbow River Marketing Corp.), Meota 2000 Partnership, Pace Oil & Gas Partnership, Pace Oil Resources Ltd., and Seaview Energy Partnership (collectively, with Spyglass, the "**Debtors**"), for an order approving an interim distribution to be made from the within Receivership Estate; **AND UPON** having read the Application, the Receiver's Fifth Report, dated June 27, 2016 (the "**Fifth Report**"), the Affidavit of Service of NTD, filed (the "**Service Affidavit**"), and the pleadings and proceedings filed herein, including the receivership order granted on November 26, 2015 (the "**Receivership Order**"); **AND UPON** hearing from counsel for the Receiver 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 materials 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. The Receiver's Statement of Receipts and Disbursements for the period November 26, 2015 to June 17, 2016, as more particularly set out at paragraph 22 of the Fifth Report, is approved.

3. The Receiver is authorized to make an interim distribution to the National Bank of Canada, in its capacity as administrative agent under that certain amended and restated credit agreement dated June 30, 2015, as amended, for a syndicate of lenders (the "**Syndicate**"), in the amount of $50 million.

4. The Receiver is authorized to maintain a holdback fund of $12,874,892.

**Miscellaneous Matters**

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

   (a) The persons listed on the Service List (attached as Schedule "A" to the Application); and

   (b) By posting a copy of this Order on the Receiver's website at: www.ey.com/ca/spyglassresources.

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

7. 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

# SCHEDULE “C”

| | | |
|---|---|---|
| COURT FILE NUMBER | **1501-13786** | Clerk's Stamp |
| COURT | COURT OF QUEEN'S BENCH OF ALBERTA | |
| JUDICIAL CENTRE | Calgary | |
| | IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, C B-3, AS AMENDED | |
| 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** | |
| RESPONDENTS | **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** | |
| DOCUMENT | **LIEN CLAIMS PROCESS ORDER** | |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | Josef G.A. Krüger, Q.C./Jessica L. Cameron<br>Borden Ladner Gervais LLP<br>1900, 520 3rd Ave. S.W.<br>Calgary, AB T2P 0R3<br>Telephone: (403) 232-9563/9715<br>Facsimile: (403) 266-1395<br>Email: jkruger@blg.com/jcameron@blg.com<br>File No. 413255/000044 | |

**DATE ON WHICH ORDER WAS PRONOUNCED: July 6, 2016**

**LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Alberta**

**NAME OF JUSTICE WHO MADE THIS ORDER: B.E. Romaine**

**UPON** the Application of Ernst & Young Inc., in its capacity as the court-appointed receiver (the "**Receiver**") of all of the current and future property and undertakings of Spyglass Resources Corp. ("**Spyglass**"), 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 Ld., (formerly Elbow River Marketing Corp.), Meota 2000 Partnership, Pace Oil & Gas Partnership, Pace Oil Resources Ltd., and Seaview Energy Partnership (collectively, with Spyglass, the "**Debtors**"), for an order approving a lien claims process; **AND UPON** having read the Application, the Receiver's Fifth Report, dated June 27, 2016 (the "**Fifth Report**"), the Affidavit of Service of ___________________, filed (the "**Service Affidavit**"), and the pleadings and proceedings filed herein, including the receivership order granted on November 26, 2015 (the "**Receivership Order**"); **AND UPON** hearing from counsel for the Receiver 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 materials 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. The following lien claims process is hereby ordered and approved:

   (a) on or before July 20, 2016, an advertisement in substantially the form appended as Appendix "A" to the Fifth Report, shall be published on two different days in each of the *Globe and Mail*, the *Calgary Herald*, and the *Daily Oil Bulletin*, and shall also be posted to the Receiver's website setting out the within lien claims process;

   (b) the advertisement contemplated by paragraph 2(a) hereof, shall operate as a Notice to Prove Lien issued pursuant to section 45 of the *Builders Lien Act*, RSA 2000, c B-7 (the "***BLA***");

   (c) on or before July 20, 2016, a Notice to Lien Claimants and Proof of Claim and Affidavit of Truth of Proof of Claim, substantially in the forms appended respectively as Appendices "B", "C", and "D" to the Fifth Report, along with a copy of this Order, shall be sent to any person, who in the opinion of the Receiver, may have a lien claim against the Debtors;

   (d) all lien claimants, whether known or unknown, shall be required to deliver to the Receiver, in accordance with the timelines set-out herein, a Proof of Claim Form and an Affidavit of Truth of Proof of Claim Form, substantially in the forms appended as Appendices "C" and "D" to the Fifth Report, respectively, which shall operate as the lien claimants' Affidavit to Prove Lien in accordance with section 48 of the *BLA*;

(e) any person who claims to have a lien claim shall prepare a Proof of Claim and an Affidavit of Truth of Proof of Claim Form and serve it on the Receiver on or before 5:00 p.m. Calgary time, August 22, 2016 (the "**Claims Bar Date**");

(f) any lien claim not submitted in accordance with this procedure by the Claims Bar Date or otherwise allowed by the claims process, shall be forever barred, released and extinguished;

(g) the Receiver may question lien claimants who submit a Proof of Claim Form to it by way of oral examinations or written interrogatories, as arranged between the Receiver and the subject lien claimant. Any lien claimant who receives a list of written interrogatories from the Receiver shall have 5 business days to reply to the Receiver and furnish the Receiver with any requested documentation;

(h) the Receiver shall have until September 22, 2016, or such later date as may be reasonably required by the Receiver, to review the Proofs of Claim for validity and priority to determine whether such lien claim is payable, and the Receiver may allow or disallow all or any portion of a lien claim, and communicate any disallowance of a lien claim to the lien claimant, and such communication will be referred to as a "Notice of Revision or Disallowance". The Notice of Revision or Disallowance shall be final and binding and conclusive unless the provisions of paragraph 2(i) of this Order are fulfilled;

(i) any lien claimant will have ten (10) business days from the date of receipt of a Notice of Revision or Disallowance to file and serve on the Receiver's counsel, Borden Ladner Gervais LLP, 1900 Centennial Place East Tower, 520-3rd Avenue S.W., Calgary AB, T2P 0R3, (email: jkruger@blg.com/jcameron@blg.com), Attention: Josef G.A. Krüger, Q.C. and Jessica L. Cameron, a Notice of Dispute of the Notice of Revision or Disallowance (a "**Notice of Dispute**");

(j) to the extent necessary to determine any unresolved disputed lien claims, the Receiver shall file and serve an application on those lien claimants where disputes remain, within fifteen (15) days of receipt of any Notice of Dispute, or, after giving notice to the lien claimant, such later date as may be reasonably required by the Receiver to prepare its application materials. Any such application may be adjourned by consent to a convenient time; and

(k) where a lien claim has been allowed by the Receiver in accordance with this Order, such lien claim shall constitute such lien claimant's proven claim for the purposes of these proceedings, provided that the allowance of any claim or other determination of same in accordance with this Order, in full or in part, shall not constitute any admission of any fact, thing, liability, or quantum or status of any claim by any person for any purpose other than the within proceedings.

**Miscellaneous Matters**

3. The Receiver or the Syndicate may appear for further clarification or amendment of this Lien Claims Process Order, including seeking a process for the summary adjudication of any claim or claims.

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

   (a) The persons listed on the Service List (attached as Schedule "A" to the Application); and

   (b) By posting a copy of this Order on the Receiver's website at: www.ey.com/ca/spyglassresources.

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

6. 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