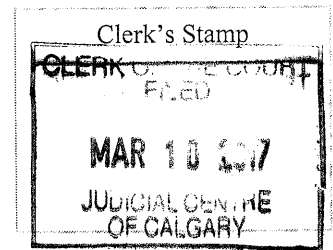


COURT FILE NUMBER      **1501-13786**  
COURT                      COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE        Calgary



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:  
Interim Distribution**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT                Josef G.A. Krüger, Q.C./Jessica L. Cameron  
Borden Ladner Gervais LLP  
1900, 520 3<sup>rd</sup> Ave. S.W.  
Calgary, AB T2P 0R3  
Telephone: (403) 232-9563/9715  
Facsimile: (403) 266-1395  
Email: [jkruger@blg.com](mailto:jkruger@blg.com)/[jcameron@blg.com](mailto:jcameron@blg.com)  
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        | March 21, 2017                                                   |
| Time        | 10:00 a.m.                                                       |
| Where       | Calgary Courts Centre, 601-5 <sup>th</sup> Street SW, Calgary AB |
| Before Whom | The Honourable Justice C.M. Jones, in Commercial Chambers        |

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 (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 Ltd., (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 an Order in substantially the form attached hereto as **Schedule “B”**, for the following relief:
  - (a) Declaring service of this Application together with all supporting materials to be good and sufficient, and abridging the time for service of said documents 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 March 10, 2017;
  - (c) Approving an interim distribution from the estate of the Debtors to the Syndicate (as defined below) in the amount of \$3 million (the “**Distribution**”);
  - (d) Approving a holdback from the Distribution in the approximate amount of \$728,933 comprised of the following anticipated disbursements, approximately:
    - (i) \$200,000 for costs to complete;
    - (ii) \$41, 934 for GST remittance;
    - (iii) \$287,000 for a contingency reserve; and

- (iv) \$200,000 for professional fees;
  - (e) Approving the accounts of the Receiver's legal counsel, Borden Ladner Gervais LLP, for their fees and disbursements, without the necessity of a formal passing of its accounts; and
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 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.

#### **Prior Distribution to the Syndicate**

6. On July 6, 2016, this Court previously approved an interim distribution to the Debtors' first secured creditor, a syndicate of lenders (the "**Syndicate**"), in the amount of \$50 million (the "**First Distribution**"). Additionally, the Court approved a holdback in the amount of approximately \$12.8 million (the "**Initial Holdback**"). The background to the First Distribution and Initial Holdback is set forth in the Receiver's Fifth Report, dated June 27, 2016 (the "**Fifth Report**").
7. Pursuant to an Order of this Honourable Court made on October 27, 2016, the Receiver made a second distribution to the Syndicate of \$5 million (the "**Second Distribution**"). The background

for the Second Distribution is set forth in the Receiver's Sixth Report, dated October 17, 2016 (the "**Sixth Report**").

### Overview of Lien Claims Process

8. As a result of the numerous lien claims registered against the Debtors' lands and mineral interests received by the Receiver, and the extensive mineral interests held by the Debtors, the Receiver determined that a lien claims process would be the most efficient and cost-effective mechanism to ensure that all lien claims are accounted for and proper distributions made.
9. In order to ensure that the Receiver had received all lien claims that had been registered against the Debtors' mineral interests, the Receiver sought and obtained an Order from this Honourable Court, dated July 6, 2016, establishing a lien claims process (the "**Lien Claims Process**").
10. Throughout the fall of 2016, the Receiver duly administered the Lien Claims Process. The Receiver sought and obtained an Order from this Honourable Court, dated January 5, 2017, setting aside certain disputed lien claims, approving certain settlement agreements (the "**Settlement Agreements**") and declaring that the Lien Claims Process complete.

### Proposed Interim Distribution and Holdback

11. The Receiver has prepared a Statement of Receipts and Disbursements from November 26, 2015 to March 10, 2017, located at paragraph 12 of the Eighth Report dated March 10, 2017 (the "**Eighth Report**") which provides for total receipts, less disbursements, including the prior interim distributions made to the Syndicate in the aggregate amount of \$55 million, in the amount of \$3,728,933 (the "**Net Receipts**").
12. The Receiver has exhausted collection efforts for the remaining account receivable balances that would have a net benefit to the Debtors' estate and as such the Receiver does not anticipate collecting additional receivables.
13. The Receiver estimates costs to complete the receivership in the amount of \$728,933, which is comprised of the following:
  - (a) \$200,000 for costs to complete;
  - (b) \$41,934 for GST remittance;
  - (c) \$287,000 for a contingency reserve; and

(d) \$200,000 for professional fees,  
(collectively, the “**Holdback**”).

14. The Receiver proposes to distribute the amount of \$3 million to the Syndicate, being the New Receipts, less the Holdback.
15. Such further and other basis as Counsel may advise and this Honourable Court may permit.

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

16. The Fifth Report of the Receiver, dated June 27, 2016
17. The Sixth Report of the Receiver, date October 17, 2016.
18. The Eighth Report of the Receiver, dated March 10, 2017.
19. The pleadings and Receiver’s Reports previously filed in these proceedings.
20. Such further and other evidence as counsel may advise and this Honourable Court permit.

**Applicable rules:**

21. *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.
22. *Bankruptcy and Insolvency General Rules*, and in particular Rules 3, 6 and 11.
23. Such further and other rules as Counsel may advise and this Honourable Court permit.

**Applicable Acts and regulations:**

24. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and in particular Part XI thereof.
25. Such further and other acts and regulations as Counsel may advise and this Honourable Court permit.

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

26. None.

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

27. In person before the Honourable Justice C.M. Jones, 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"**

**Service List**

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

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

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

|                                                                                                                                                                                                                  |                                                                                                                                                     |                       |                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------|
| <p>TORYS LLP<br/>79 Wellington Street West<br/>Suite 300, TD Centre<br/>Toronto, Ontario M5K 1N2<br/><b>Adam M. Slavens</b></p>                                                                                  | <p><a href="mailto:aslavens@torys.com">aslavens@torys.com</a></p>                                                                                   | <p>(416) 865-7333</p> | <p><b>ENMAX Corporation<br/>and its affiliates</b></p>                                  |
| <p>Leonard Zaseybida &amp;<br/>Associated Petroleum &amp; Gas<br/>Consultants<br/>3602 1A Street SW<br/>Calgary, AB, T2S 1R5</p>                                                                                 | <p><a href="mailto:leoz@telus.net">leoz@telus.net</a></p>                                                                                           | <p>(403) 252-1700</p> |                                                                                         |
| <p>Rapid Rod Service Ltd.<br/>c/o Fasken Martineau<br/>3400, 350-7 Avenue SW<br/>Calgary, AB T2P 3N9<br/><b>David Both</b></p>                                                                                   | <p><a href="mailto:dboth@fasken.com">dboth@fasken.com</a></p>                                                                                       | <p>(403)261-5507</p>  | <p><b>Rapid Rod Service<br/>Ltd.</b></p>                                                |
| <p>Precision Limited Partnership<br/>c/o Carscallen LLP<br/>1500-407-2 Street SW<br/>Calgary, AB T2P 2Y3<br/><b>Glenn Blackett</b></p>                                                                           | <p><a href="mailto:blackett@carscallen.com">blackett@carscallen.com</a></p>                                                                         | <p>(403)298-8474</p>  | <p><b>Precision Limited<br/>Partnership</b></p>                                         |
| <p>Jacar Energy Services, a<br/>division of Cascade Energy<br/>Services L.P.<br/>c/o Robb &amp;Evenson PC<br/>506, 933-17 Avenue SW<br/>Calgary AB T2T 5R6<br/><b>Calvin Robb</b></p>                            | <p><a href="mailto:crobb@robbevenson.com">crobb@robbevenson.com</a></p>                                                                             | <p>(403) 541-1600</p> | <p><b>Jacar Energy Services,<br/>a division of Cascade<br/>Energy Services L.P.</b></p> |
| <p>Department of Justice, Tax Law<br/>Services, Prairie Region<br/>601, 606-4th Street SW<br/>Calgary AB, T2P 1T1<br/><b>Jill Medhurst-Tivadar</b></p>                                                           | <p><a href="mailto:Jill.Medhurst@justice.gc.ca">Jill.Medhurst@justice.gc.ca</a></p>                                                                 |                       | <p><b>Canada Revenue<br/>Agency</b></p>                                                 |
| <p>Bidell Equipment Limited<br/>Partnership<br/>c/o McLeod Law LLP, Suite<br/>300, 14505 Bannister Road SE,<br/>Calgary, AB, T2X 3J3<br/><b>Shane King</b><br/><br/>General Counsel :<br/><b>Cam Danyluk</b></p> | <p><a href="mailto:sking@mcleod-law.com">sking@mcleod-law.com</a><br/><br/><a href="mailto:cdanyluk@totalenergy.ca">cdanyluk@totalenergy.ca</a></p> |                       | <p><b>Bidell Equipment<br/>Limited Partnership</b></p>                                  |

|                                                                                                                               |                                                                                  |                |                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------|------------------------------------------------------------------|
| Sage Energy Corp.<br>261122 Wagon Wheel Crescent,<br>Rocky View County, AB,<br>T4A 0E2<br><b>Karen Narfason</b>               | <a href="mailto:Karen.narfason@sageenergy.ca">Karen.narfason@sageenergy.ca</a>   | (403) 250-8810 | <b>Sage Energy Corp.</b>                                         |
| GE VFS Canada Limited<br>Partnership<br>2300 Meadowvale Blvd, Suite<br>200<br>Mississauga ON, L5N 5P9<br><b>Helena Miller</b> | <a href="mailto:Helena.miller@ge.com">Helena.miller@ge.com</a>                   | (905) 858-6450 | <b>GE VFS Canada<br/>Limited Partnership</b>                     |
| Bull Moose Capital LP<br>500, 505-8 Ave SW,<br>Calgary AB, T2P 1G2<br><b>David Aycock</b>                                     | <a href="mailto:daycock@bullmoosecapital.ca">daycock@bullmoosecapital.ca</a>     | (403) 234-7204 | <b>Bull Moose Capital<br/>LP</b>                                 |
| Jim Pattison Industries Ltd.<br>1235-73 <sup>rd</sup> Ave SE,<br>Calgary AB, T2H 2X1<br><b>Ion Lazar</b>                      | <a href="mailto:Ion.lazar@jplease.com">Ion.lazar@jplease.com</a>                 | (403) 212-8900 | <b>Jim Pattison<br/>Industries Ltd.</b>                          |
| Altagas Processing Partnership<br>1700, 355-4th Ave SW,<br>Calgary AB, T2P 0J1<br><b>Paul McLoughlin</b>                      | <a href="mailto:Paul.mcloughlin@altagas.ca">Paul.mcloughlin@altagas.ca</a>       | (403) 691-9865 | <b>Altagas Processing<br/>Partnership</b>                        |
| Enerflex Ltd.<br>10121 Barlow Trail NE,<br>Calgary AB, T3J 3C6<br><b>Heather Kinghorn</b>                                     | <a href="mailto:hkinghorn@enerflex.com">hkinghorn@enerflex.com</a>               | (403) 291-3438 | <b>Enerflex Ltd.</b>                                             |
| Aird & Berlis LLP<br>Brookfield Pl., 181 Bay Street<br>Suite 1800, Box 754<br>Toronto ON, M5J 2T9<br><b>Harry Fogul</b>       | <a href="mailto:hfogul@airdberlis.com">hfogul@airdberlis.com</a>                 |                | <b>Logan Leasing I, LLC<br/>and Longtrain<br/>Leasing I, LLC</b> |
| Superior Propane,<br>a Division of Superior Plus LP<br>1111 – 49th Avenue NE,<br>Calgary AB, T2E 8V2                          | FAX # 403-730-7512                                                               |                |                                                                  |
| Ambush Enterprises<br>6404-53 Street<br>Taber, B T1G 2A2                                                                      | <a href="mailto:ambushenterprises@hotmail.com">ambushenterprises@hotmail.com</a> | 403-394-6177   |                                                                  |

|                                                                            |                                                              |              |  |
|----------------------------------------------------------------------------|--------------------------------------------------------------|--------------|--|
| Vic's Ventures Ltd.<br>R.R. #2, Site 2, Comp 9<br>Dawson Creek, BC V1G 4E8 | <a href="mailto:vhubley@hotmail.com">vhubley@hotmail.com</a> | 250-782-3446 |  |
| Greg's Water Hauling<br>6004-53 Street<br>Taber, AB T1G 1K4                | <a href="mailto:pynel@shaw.ca">pynel@shaw.ca</a>             | 403-382-9440 |  |
| Ronwood Ent. Ltd.<br>P.O. Box 600<br>Consort, AB T0C 1B0                   | <a href="mailto:Ronwood@xplornet.ca">Ronwood@xplornet.ca</a> | 403-577-2060 |  |

**Schedule “B”**

**Proposed Form of Interim Distribution Order**

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 B3 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**

RESPONDENT(S)

**SPYGLASS RESOURCES CORP., 1196823  
ALBERTA LTD., 1288916 ALBERTA LTD., 1398850  
ALBERTA LTD., 1583662 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 Cameron  
Borden Ladner Gervais LLP  
1900, 520 3<sup>rd</sup> Ave. S.W.  
Calgary, AB T2P 0R3  
Telephone: (403) 232-9774  
Facsimile: (403) 266-1395  
Email: [JKruger@blg.com](mailto:JKruger@blg.com) / [JCameron@blg.com](mailto:JCameron@blg.com)  
File No. 413255-000044

**DATE ON WHICH ORDER WAS PRONOUNCED:** March 21, 2017

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

**LOCATION OF HEARING:** Calgary, Alberta

**UPON** the application of Ernst & Young Inc., in its capacity as the court-appointed receiver and manager (the “**Receiver**”) of Spyglass Resources Corp. (the “**Borrower**”), 1196823 Alberta Ltd., 1288916 Alberta Ltd., 1398850 Alberta Ltd., 1583662 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 (collectively with the Borrower, the “**Debtors**”), and not in its personal capacity; **AND UPON** having read the Eighth Report of the Receiver dated March 10, 2017, filed (the “**Eighth Report**”), the Affidavit of Service of [●], filed, and the pleadings and proceedings filed herein, including the receivership order granted on November 26, 2015; **AND UPON** heading from counsel for the Receiver and counsel for any other interested parties appearing at the hearing of this application:

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

1. The time for service of this application together with all supporting materials is hereby declared to be good and sufficient and no other person is required to have been served with such documents, 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 March 10, 2017, as more particularly set out in paragraph 12 of the Eighth Report, is approved, including the accounts of the Receiver’s legal counsel, Border Ladner Gervais LLP and Norton Rose Fulbright, for their fees and disbursements, without the necessity of a formal assessment of their accounts.
3. The Receiver is hereby 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 \$3 million.
4. The Receiver is hereby authorized to maintain a holdback fund of \$728,933.

**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:  
<http://www.ey.com/ca/spyglassresources>.
- 6. No other Persons are entitle 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 email, facsimile, courier, personal deliver or ordinary mail.

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Justice of the Court of Queen's Bench of Alberta