

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED;**

**AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
R.S.A. 2000, C. B-9, AS AMENDED**

**AND IN THE MATTER OF OILEXCO INCORPORATED
and OILEXCO TECHNICAL SERVICES INC.**

BEFORE THE HONOURABLE
MADAM JUSTICE K.M. HORNER
IN CHAMBERS

) At Calgary Courts Centre, in the City of
) Calgary, in the Province of Alberta, on
) Wednesday, the 16th day of September,
2009

ORDER

UPON THE APPLICATION of Oilexco Incorporated ("Oilexco") and Oilexco Technical Services Inc. ("OTSI") (collectively, the "Applicants") for an Order, *inter alia*, sanctioning a Consolidated Plan of Arrangement and Reorganization of the Applicants (the "Plan"); **AND UPON** having read: (i) the Applicants' Notice of Motion; (ii) the Affidavit of William H. Smith, Q.C. sworn September 15, 2009 (the "Smith Affidavit"); (iii) the Affidavit of Service of Susan Scarlett sworn on September 16, 2009; (iv) the Tenth Report of the court-appointed monitor, Ernst & Young Inc. (the "Monitor") dated September 15, 2009 in respect of, *inter alia*, the Plan and the Creditors' Meeting, (the "Monitor's Tenth Report"); and (vi) such further material in the pleadings and proceedings as was deemed necessary; **AND UPON HEARING** Counsel for the Applicants, Counsel for the Monitor, and counsel present for other interested parties; **AND UPON** being satisfied that the Applicants have acted and continue to act in good faith and with due diligence;

IT IS HEREBY ORDERED, ADJUDGED AND DECLARED THAT:

SERVICE

1. There has been good and sufficient service of the notice of this application and the time for service of this application and materials in support thereof be and is hereby abridged so that this application is properly returnable today and any further service of this application upon any interested party is hereby dispensed with.

INTERPRETATION AND DEFINITIONS

2. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Plan attached as Exhibit "A" to the Smith Affidavit.

SANCTION OF THE PLAN

3. The Claims Procedure Order is confirmed for all purposes.

4. The Court is satisfied that the Plan has been approved by the requisite majorities of Affected Creditors in conformity with the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "CCAA").

5. The Court is satisfied that the Applicants have complied with the provisions of the CCAA and the Orders made in these proceedings in all respects.

6. The Court is satisfied that the Applicants have not done nor purported to do anything that is not authorized by the CCAA.

7. The Plan and the transactions contemplated by it are fair and reasonable.

8. The Plan, including the consolidation of Affected Claims and payment thereof from the Distribution Pool, and the compromises, arrangements, reorganizations, corporate transactions and releases set out therein, is hereby sanctioned and approved pursuant to Section 6 of the CCAA.

9. At the Effective Time, the Plan will be effective and will enure to the benefit of and be binding upon the Applicants, the Affected Creditors and all other Persons in the sequence, if any, stipulated in the Plan or this Sanction Order

10. The articles of Oilexco shall be amended as set out in the Articles of Reorganization effective as of the Effective Time.

11. All outstanding warrants, options and agreements to purchase Oilexco Common Shares or any other securities of Oilexco will be of no further force or effect as of the Effective Time.

12. All persons are permanently enjoined from commencing or prosecuting, whether directly, derivatively or otherwise, any demands, claims, actions, counterclaims, suits, judgments, or other

remedy or recovery with respect to any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the Plan.

13. Any and all steps or proceedings, including administrative orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any or all past, present and future directors and officers of the Applicants in respect of all Affected Claims are stayed.

14. The stay of proceedings under the Initial Order shall continue until December 31, 2009.

15. Subject to the performance by the Applicants of their obligations under the Plan, and except to the extent expressly contemplated by the Plan or this Sanction Order, all obligations (for greater certainty, such obligations do not include obligations of the Applicants under and pursuant to guarantees granted by either of the Applicants) will be and remain in full force and effect, unamended, as at the Effective Time unless terminated or repudiated by the Applicants pursuant to the Initial Order, and no Person who is a party to any such obligation or agreement may on or following the Effective Time accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its obligations thereunder or enforce or exercise (or purport to enforce or exercise) any right or remedy (including any right of, dilution, buy-out, divestiture, forced sale, option or other remedy) under or in respect of any such obligation or agreement by reason of:

- (a) any event which occurred prior to the Filing Date and is not continuing after the Effective Time or which is or continues to be suspended or waived under the Plan, which would have entitled such Person to enforce those rights or remedies;
- (b) the Applicants having sought or obtained relief under the CCAA;
- (c) any default or event of default arising as a result of the financial condition or insolvency of the Applicants;
- (d) the effect upon the Applicants of the completion of any of the transactions contemplated under the Plan; or
- (e) any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan.

OILEXCO CALGARY PREMISES

16. Oilexco shall repudiate the lease in respect of its Calgary office premises effective October 31, 2009. Oilexco shall provide evidence satisfactory to the Monitor that the October 1, 2009 lease payment will be made through funds other than the Distribution Fund. If Oilexco overholds to November 30, 2009 in the said office premises in accordance with the agreement between it and its landlord, then Oilexco shall provide evidence satisfactory to the Monitor that the November 1, 2009 lease payment will be made through funds other than the Distribution Fund.

DISTRIBUTIONS

17. The Applicants, with the consent of the Monitor, may make interim distributions in respect of Distribution Claims in which the Pro Rata Share is less than or equal to \$5,000. An application shall be made to approve any distributions of a Pro Rata Share in excess of \$5,000. It is hereby declared that any Creditor who voted in favour of the Plan and who supported or did not oppose the application for the within Sanction Order shall be deemed to have undertaken such action without prejudice to any rights such Creditor has to oppose or make submissions in respect of such distribution application.

PLAN RELEASES AND DISCHARGES

18. The former and present officers, directors, shareholders, employees, servants and agents of the Applicants, and the attorneys and solicitors for the Applicants, (collectively, the "CCAA Debtor Parties") are hereby fully, finally, irrevocably and unconditionally released and forever discharged from: (i) any and all Claims, and (ii) any and all claims, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising out of, or in any way related to, in whole or in part, directly or indirectly the Applicants, the Plan, or the CCAA Proceedings, ^{KN to date KN} provided, however, that nothing herein will release or discharge a CCAA Debtor Party of or from any claims in respect of fraud or wilful misconduct or, in the case of directors and officers, in respect of any claim referred to in Section 5.1(2) of the CCAA.

19. Without limiting anything in this Order, or anything in the Claims Procedure Order, all Persons (regardless of whether or not such Persons are Creditors), on their own behalf and on behalf

of their respective present or former employees, agents, officers, directors, principals, spouses, dependents, heirs, attorneys, successors, assigns and legal representatives, are permanently and forever barred, estopped, stayed and enjoined, on and after the date hereof, with respect to Claims, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against the Applicants;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Applicants;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against the Applicants; and
- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind.

20. All Charges (as defined in the Initial Order) shall be released and discharged as of the Effective Time, or earlier upon receipt of an acknowledgement of payment in respect of the claims secured thereby or adequate alternate arrangements satisfactory to the parties in whose favour such charges operate, other than the Administration Charge in respect of the Distribution Pool.

DIRECTORS

21. As and from the Effective Time, the directors of Oilexco shall be comprised of Arthur Milholland, William Smith, Q.C., Fraser Grant, and John Cowan provided that such appointment shall be otherwise undertaken in accordance with the provisions of the *Alberta Business Corporations Act*.

FURTHER ADVICE AND DIRECTION

22. Notwithstanding the foregoing, the Applicants are hereby granted leave to apply to this Court for such further advice, direction or assistance as may be necessary to give effect to the terms of this Order.

GENERAL

23. The Applicants shall deliver by electronic mail to each party served with this motion hereto a copy of this Order.

24. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) the bankruptcy of the Applicants; and
- (c) the provisions of any federal or provincial statute;

none of the transactions contemplated by this Order will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances or other reviewable transactions under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, and they do not constitute conduct meriting an oppression remedy and shall be binding on a trustee in bankruptcy in respect of the Applicants.

REQUEST FOR AID AND RECOGNITION

25. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United Kingdom, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

26. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order.

SERVICE OF THE ORDER

27. Service of this Order on any person other than those on the service list is hereby dispensed with provided that a copy thereof will be available on the Monitor's website.

Karen Herner
J.C.Q.B.A

ENTERED THIS 16 DAY OF
SEPTEMBER A.D. 2009

K. HERNER
CLERK OF THE COURT

No. 0901-01613

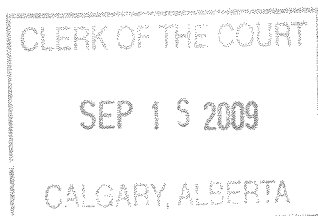
A.D. 2009

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