FORM 49
[RULE 13.19]

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CALGARY, ALBERTA

COURT FILE NUMBER	1601 - 01675
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF ARGENT ENERGY TRUST, ARGENT ENERGY (CANADA) HOLDINGS INC. and ARGENT ENERGY (US) HOLDINGS INC.

DOCUMENT: **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Client File No.: 68859.14

AFFIDAVIT OF SEAN BOVINGDON No. 4

Sworn on June 17, 2016

I, SEAN BOVINGDON, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the President and Chief Financial Officer of each of the Applicants, Argent Energy Trust (the "**Trust**"), Argent Energy (Canada) Holdings Inc. ("**Argent Canada**"), and Argent Energy (US) Holdings Inc. ("**Argent US**", and together with the Trust and Argent Canada, the "**Applicants**" or "**Argent**"). As such, I have personal knowledge of the

matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true.

2. I previously swore Affidavits in this Action on February 16, 2016 (my **"First Affidavit"**), on February 29, 2016 (my **"Second Affidavit"**) and on April 14, 2016 (my **"Third Affidavit"**). Where I use capitalized terms in this Affidavit No. 4, but do not define them, I intend them to bear their meanings as defined in my First Affidavit, my Second Affidavit, or my Third Affidavit, as applicable. Attached hereto as **Exhibits "1", "2", and "3"**, respectively, are copies of my First Affidavit, my Second Affidavit, and my Third Affidavit (collectively referred to herein as **"my Previous Affidavits"**), without exhibits.

3. All references to dollar amounts contained herein are to Canadian Dollars unless otherwise stated.

4. Capitalized terms not otherwise defined herein shall have the meanings as defined in my Previous Affidavits.

Relief Sought

5. I make this Affidavit No. 4 in support of an Application for:

   (a) If necessary, an Order abridging the time for service of this Application and the supporting materials and declaring service to be good and sufficient;

   (b) An Order extending the stay of proceedings, as ordered and defined in paragraph 2 of the Initial Order filed February 17, 2016 and as extended pursuant to the Order (Stay Extension) granted herein on May 5, 2016, to August 31, 2016;

   (c) An Order approving the intended actions of the Monitor in distributing the net proceeds of the Transaction to the Syndicate in accordance with the Order (Interim Distribution); and

(d) An Order granting enhanced powers to the Monitor with respect to the Trust and directing the Monitor to assign the Trust into bankruptcy at such time as the Monitor deems appropriate.

6. I am advised by the Monitor and do verily believe that the Monitor supports this Application.

Steps Taken Since the Granting of the Order (Stay Extension) on May 5, 2016

7. Since the commencement of these CCAA proceedings, and of particular relevance in this Application, since the Order (Stay Extension) was granted in these CCAA proceedings on May 5, 2016, the Applicants have been actively engaged in advancing the restructuring proceedings.

8. Since the granting of the Order (Stay Extension) on May 5, 2016, the Applicants have taken, among others, the following steps to advance the restructuring:

(a) Cooperating with the Monitor to facilitate its monitoring of the Applicants' business and operations;

(b) Communicating with various stakeholder groups and/or their advisors, including the Syndicate, critical suppliers, trade creditors, employees, contractors and others;

(c) Liaising with US counsel and appearing in the U.S. Bankruptcy Court regarding the Chapter 15 Proceedings in respect of Argent Canada and Argent US;

(d) Obtaining an Order from the U.S. Bankruptcy Court which recognized the approval of the Transaction and the Sale Agreement;

(e) Working with the Monitor, Oil & Gas Asset Clearinghouse, LLC (**"OGAC"**), and BXP Partners IV, L.P. (**"BXP"**) to close the Transaction and the Sale Agreement as between Argent US and BXP (the Transaction closed on May 20, 2016; the Applicants have continued and are continuing to work with the Monitor, OGAC and BXP on post-closing matters);

(f) Working with the Monitor with respect to distributions of the net proceeds of the sale from the Transaction, in accordance with the Order (Interim Distribution) granted herein and filed on May 10, 2016, including working with the Monitor to distribute the KERP and KEIP to employees of Argent;

(g) Working with the Monitor and potential lien claimants to determine the validity, priority and amounts of the liens as set out in Schedule "B" of the Order (Interim Distribution);

(h) Working with the Monitor and with parties to contracts with Argent US regarding the assumption and assignments of the contracts assumed by and assigned to BXP from Argent US pursuant to the Sale Agreement and the Order of the U.S. Bankruptcy Court, and in distributing cure costs in relation to the same;

(i) Working with the Monitor and potential tax claimants to determine the validity, priority and amounts of certain secured tax claims asserted against Argent US;

(j) Working with the Monitor with respect to winding down Argent US, the CCAA Proceedings and the Chapter 15 Proceedings; and

(k) Continuing to operate and manage Argent's business in the ordinary course, subject to the terms of the Amended and Restated Initial Order and the other Orders granted in the CCAA Proceedings and the Chapter 15 Proceedings.

9. I believe that the Applicants have been acting in good faith and with due diligence in these proceedings and that it is in the best interests of the Applicants and their stakeholders that the Stay Period be extended to August 31, 2016, and that such an extension is appropriate in the circumstances.

Chapter 15 Proceedings

10. On May 11, 2016, the U.S. Bankruptcy Court granted an Order recognizing the Order (Sale Approval and Vesting) and the Order (Interim Distribution) granted by this Honourable Court on May 10, 2016 and approving the Transaction and the Sale

Agreement. A true copy of the Order granted by the U.S. Bankruptcy Court and entered on May 11, 2016 is attached hereto as **Exhibit "4"** (without the attachments thereto).

Further Steps to be Taken by Argent

11. The Transaction closed on May 20, 2016.

12. Pursuant to Section 9.02 (c) and (d) of the Sale Agreement (a true redacted copy of which is attached as Exhibit "21" to my Third Affidavit), Argent US has ninety days after the Closing Date (as defined in the Sale Agreement) of the Transaction to furnish to BXP a final accounting statement setting forth the adjustments and pro-rating of any amounts provided for in the Sale Agreement (the **"Final Accounting Statement"**) documentation. BXP then has seven business days after receipt of the Final Accounting Statement to deliver to Argent US a written report (together with reasonable supporting documentation) containing any changes that BXP proposes be made to the Final Accounting Statement (the **"Dispute Note"**). The parties then have five days to agree on the final adjustment amounts and a further five days for the final adjustment amounts to be paid. If no agreement is reached, then Argent US and BXP are required to submit summaries of their respective positions, along with other documentation, to the U.S. Bankruptcy Court within a further two days, and any decision made by the U.S. Bankruptcy Court regarding the final adjustment amounts is final, conclusive and binding.

13. As such, if the Final Accounting Statement is agreed to by Argent US and BXP without the need for a further court application, the process to agree to the final adjustment amounts could take up to August 30, 2016 (with a further five days for payment of the agreed amounts after that).

14. Argent US has been diligently working to effect the change in operatorship of its assets in Wyoming which have been purchased by BXP. The process of effecting the change in operatorship in Wyoming is expected to take a few months, simply due to the regulators' required process in that jurisdiction.

15. As such, an extension of the stay of proceedings to August 31, 2016 will allow Argent to address (and hopefully conclude) the statement of adjustments process in relation to the Transaction, and will allow it to continue to work toward effecting the change in operatorship of the Wyoming assets.

16. Argent US, through its authorized agent, Tax Consultants of Texas (**"T-COT"**) has applied for certain tax refunds. I am advised by representatives of T-COT and do verily believe that it can take several months for the taxing authorities to process these applications. Argent US and T-COT have agreed that any tax refunds received on behalf of Argent US as a result of its application will be paid directly to the Monitor. The Monitor will distribute any such funds to the Syndicate in accordance with the Order (Interim Distribution).

17. Otherwise, Steve Hicks, the Chief Operating Officer of Argent, the remaining staff of Argent, and I have been working diligently on the post-closing matters relating to the Transaction, including other matters relating to changes of operatorship to purchasers of Argent's assets, and work in that regard is expected to continue over the next few months.

Distributions of Net Proceeds of the Transaction

18. Since May 20, 2016, the Monitor has distributed the net proceeds of the Transaction in accordance with the Order (Interim Distribution) granted and filed with this Honourable Court on May 10, 2016, subject to holdbacks of funds as set out in that Order. The Monitor currently holds the following holdbacks:

    (a) Approximately US $900,000 is held by the Monitor in respect of Completion Costs, as defined in the Order (Interim Distribution);

    (b) US $500,000 is held by the Monitor in respect of Administration Charges, as defined in the Initial Order and in the Amended and Restated Initial Order;

    (c) US $300,000 is held by the Monitor in respect of the Ad Hoc Committee First Charge, as defined in the Amended and Restated Initial Order;

(d) US $200,000 is held by the Monitor in respect of the Directors' Charge, as defined in the Initial Order and in the Amended and Restated Initial Order;

(e) US $160,737 is held by the Monitor in respect of lien claims registered against the assets of Argent US on or before May 20, 2016;

(f) US $4,650 is held by the Monitor in respect of tax claims registered against the assets of Argent US on or before May 20, 2016; and

(g) US $525,000 is held by the Monitor in respect of security granted in favour of the Syndicate for rolling stock and for certain leases where the pre-CCAA security was not perfected by the Syndicate, as discussed below.

19. Attached hereto and marked as **Exhibits "5"** and **"6"** are true copies of the Monitor's Proposed Interim Distribution and the Sale Solicitation Process Sources and Uses.

20. I am advised by the Monitor and do verily believe that it (with the assistance of its Canadian and US counsel) has reviewed the pre-CCAA security granted by Argent in favour of the Syndicate and has determined it to be valid; however, the security over the rolling stock of Argent US and over certain of its leasehold interests was not perfected by the Syndicate.

21. As all of the assets of Argent US are secured in favour of the Syndicate by way of the Interim Lender's Charge, and as the Initial Order and the Amended and Restated Initial Order granted herein do not require such security in relation to the Interim Financing to be registered or perfected, I understand the Monitor's view is that the rolling stock and all leasehold interests of Argent US are, as a result of the Initial Order and the Amended and Restated Initial Order, properly secured, and that the Monitor accordingly seeks an Order approving its intended action of paying out to the Syndicate the amounts held by it in relation to the rolling stock and the said leasehold interests.

22. The Order Granting Emergency Application for Provisional Relief pursuant to Sections 105(a) and 1519 of the Bankruptcy Code granted by the U.S. Bankruptcy Court and entered on February 24, 2016 (the **"Initial Recognition Order"**) confirms that the

Interim Lender's Charge and priorities as set out in the Initial Order are enforced against the DIP Collateral, as it is defined in that Order, in accordance with the Terms of Initial Order. The terms of the Initial Recognition Order were extended on a final basis pursuant to paragraph 5 of the Order Granting Recognition as a Foreign Main Proceeding, or in the alternative as a Foreign Nonmain Proceeding, granted by the U.S. Bankruptcy Court and entered on March 11, 2016 (the **"Final Recognition Order"**). A true copy of the Initial Recognition Order is attached hereto as **Exhibit "7"**. A true copy of the Final Recognition Order is attached hereto as **Exhibit "8"**.

Enhanced Powers of the Monitor

23. The directors of Argent Energy Ltd. (**"AEL"**), the administrator of the Trust, intend to resign on June 30, 2016. As such, as of that date, Argent seeks an Order granting enhanced powers to the Monitor to authorize it to act on behalf of the Trust. This will ensure that, in the absence of any directors of AEL, the Monitor has the power to preserve, protect, and maintain control of the property of the Trust, receive funds on behalf of the Trust, make distributions or payments by the Trust, execute documents with respect to the property of the Trust, provide instructions to advisors of the Trust, and oversee and direct the preparation of cash flow statements and assist in the dissemination of information in these proceedings with respect to the Trust.

24. It is anticipated that Argent will be assigned into bankruptcy at the time that these CCAA proceedings are terminated. In the circumstances where the Trust Indenture (attached as Exhibit "2" to my First Affidavit) does not provide for an orderly windup or termination of the Trust, other than by special resolution of the unitholders thereto (which will be impractical to obtain), and where the trustee of the Trust, Computershare Trust Company of Canada (**"Computershare"**) wishes to ensure that its obligations as trustee are discharged, Argent seeks an Order granting the Monitor the power to assign the Trust into bankruptcy, and further, directing the Monitor to assign the Trust into bankruptcy at such time that the Monitor deems appropriate.

25. I make this Affidavit in support of the relief sought in the application filed herewith.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta this 17th day of June, 2016.

A Commissioner for Oaths in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

SEAN BOVINGDON

EXHIBIT 1

THIS IS EXHIBIT " 1 "
referred to in the Affidavit of ~~Declaration~~
Sean Bovingdon No. 4
Sworn before me this 17th
day of June A.D. 20 16

A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

FORM 49
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COURT	COURT OF QUEEN'S BENCH OF ALBERTA
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	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF ARGENT ENERGY TRUST, ARGENT ENERGY (CANADA) HOLDINGS INC. and ARGENT ENERGY (US) HOLDINGS INC.
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500 Bankers Hall East 855 – 2nd Street SW Calgary, Alberta T2P 4K7 Attention: Kelsey Meyer / Sean Zweig Telephone No.: 403.298.3323 / 416.777.6254 Fax No.: 403.265.7219 / 416.863.1716 Client File No.: 68859.14

AFFIDAVIT OF SEAN BOVINGDON

Sworn on February 16, 2016

I, SEAN BOVINGDON, of Calgary, Alberta, SWEAR AND SAY THAT:

1. Argent Energy Trust (the "**Trust**"), Argent Energy (Canada) Holdings Inc. ("**Argent Canada**"), and Argent Energy (US) Holdings Inc. ("**Argent US**", and together with the Trust and Argent Canada, the "**Applicants**" or "**Argent**"), bring an application seeking

relief under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

2. I am the President and Chief Financial Officer of each of the Applicants. As such, I have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true.

3. All references to dollar amounts contained herein are to Canadian Dollars unless otherwise stated.

4. For clarity, Argent Energy Ltd. ("**AEL**"), which is a company described and referred to below, is not a CCAA applicant in this proceeding and no relief is being sought in respect of AEL. Certain background information with respect to AEL is being provided in this Affidavit for additional context only.

I. RELIEF REQUESTED

5. This Affidavit is made in support of an application by Argent for an Order (the "**Initial Order**") pursuant to the CCAA, among other things:

   (a) declaring that the Applicants are entities to which the CCAA applies;

   (b) staying all proceedings and remedies taken or that might be taken in respect of the Applicants or any of their property, except as otherwise set forth in the Initial Order or otherwise permitted by law;

   (c) authorizing the Applicants to carry on business in a manner consistent with the preservation of their property and business;

   (d) appointing FTI Consulting Canada Inc. as the Monitor (the "**Monitor**") of the Applicants in these proceedings;

   (e) granting the Administration Charge (as defined below), the Directors' Charge (as defined below), the Interim Lender's Charge (as defined below), and the KERP and KEIP Charge (as defined below);

(f) authorizing Argent US to borrow funds under the Interim Loan (as defined below);

(g) approving the Applicants' Key Employee Retention Plan ("**KERP**") and Key Employee Incentive Plan ("**KEIP**"), each as described herein;

(h) authorizing the Applicants to, with the consent of the Monitor and the Syndicate (as defined below), pay for certain goods and services supplied to the Applicants prior to the date of the Initial Order;

(i) approving a proposed sale solicitation process (the "**Sale Solicitation Process**") and authorizing and directing The Oil & Gas Asset Clearinghouse, LLC ("**OGAC**"), the Monitor and the Applicants to perform their obligations thereunder;

(j) approving the Letter Agreement entered into between OGAC, Argent US and Argent Canada dated January 15, 2016;

(k) requesting the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to the Initial Order;

(l) authorizing FTI Consulting Canada Inc. to act as the foreign representative in respect of the within proceedings for the purposes of having the CCAA proceedings of Argent US and Argent Canada recognized in the United States pursuant to Chapter 15 of Title 11 of the United States Bankruptcy Code ("**Chapter 15**");

(m) sealing on the Court file certain confidential information referred to herein; and

(n) deeming service of the Application for the Initial Order to be good and sufficient.

6. The Syndicate, which is the Applicants' only secured creditor, supports the relief sought in this application, including the charges proposed to be granted herein.

II. BACKGROUND

A. Corporate Structure

7. An organization chart of the Applicants is attached as **Exhibit "1"** to this Affidavit.

B. The Trust

8. The Trust, which is the parent entity in the Argent structure, is an unincorporated limited purpose open-ended trust established under the laws of Alberta on January 31, 2012.

9. The Trust was formed pursuant to a Trust Indenture dated January 31, 2012 between Computershare Trust Company of Canada, as trustee (the "**Trustee**"), and AEL (as amended and restated from time to time, the "**Trust Indenture**"). A copy of the Trust Indenture is attached as **Exhibit "2"** to this Affidavit.

10. The Trustee has been notified of the Applicants' intention to bring this application and has reviewed, and has had the opportunity to comment upon, the materials.

11. The Trust was established to indirectly acquire an interest in Argent US though its acquisition of the shares of Argent Canada. The Trust currently constitutes a "mutual fund trust" under the *Income Tax Act*.

12. The Trust's units (the "**Units**") are currently listed for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "AET.UN" and the Trust's Subordinated Debentures (as defined and described below) are traded on the TSX under the symbol "AET.DB" and "AET.DB.A". On February 2, 2016, the TSX issued a notice that the TSX is reviewing the Units and the Subordinated Debentures with respect to the meeting of the TSX's continued listing requirements. A copy of the TSX notice is attached as **Exhibit "3"** to this Affidavit.

13. The beneficiaries of the Trust are the holders of the Units (the "**Unitholders**"). The Unitholders are entitled to receive non-cumulative distributions from the Trust if, as and when declared by the Trust. As described below, the last distribution declared and paid

was in respect of the period from and including March 1, 2015 to March 31, 2015 for Unitholders of record on March 31, 2015.

14. While the Trustee is the trustee of the Trust, pursuant to the terms of an administrative services agreement dated May 9, 2012 between the Trustee and AEL (the "**Administrative Services Agreement**"), the Trustee has delegated a number of the management, administrative and governance duties relating to the Trust to AEL, as the administrator of the Trust. As a result, the directors of AEL fulfill the majority of the oversight and governance role for the Trust, with the balance of those duties remaining with the Trustee. A copy of the Administrative Services Agreement is attached as **Exhibit "4"** to this Affidavit.

C. Argent Canada

15. Argent Canada is a corporation incorporated under the laws of the Province of Alberta on May 4, 2012. A copy of Argent Canada's certificate of incorporation is attached as **Exhibit "5"** to this Affidavit.

16. Argent Canada is a direct wholly-owned subsidiary of the Trust. It was created to form, acquire, and hold all of the issued and outstanding shares of Argent US and to pass distributions from Argent US through to the Trust, to the extent available. Argent Canada is a holding company, and does not carry on any operations.

17. The principal and head office of the Trust and Argent Canada is located at Suite 500, 321 – 6th Avenue S.W. Calgary, Alberta, T2P 3H3. The registered office of Argent Canada is located at 4500 Bankers Hall East, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4K7.

D. Argent US

18. Argent US is a corporation incorporated under the laws of the State of Delaware on May 4, 2012. The sole shareholder of Argent US is Argent Canada. Argent US was created to acquire, operate and manage long-life petroleum properties in the United States. A copy of Argent US's certificate of incorporation is attached as **Exhibit "6"** to this Affidavit.

19. Argent US is the only Applicant that has active operations, and it directly owns all of the Applicants' petroleum properties.

20. The principal office of Argent US is located at 909 Fannin Street, 10th Floor, Houston, Texas 77010. Its registered office is located at The Corporate Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware, 19801.

E. Directors and Executive Officers

21. The officers of each of AEL (and therefore effectively the Trust) and Argent Canada are:

(a) Sean Bovingdon – President & Chief Financial Officer;

(b) R. Steven Hicks – Chief Operating Officer; and

(c) Mathew Wong - Vice President of Finance.

22. The officers of Argent US are the same individuals as for AEL and Argent Canada; however, Mr. Wong also holds the title of Secretary for Argent US.

23. The directors of each of Argent Canada and Argent US are myself and Mr. Hicks.

24. The Trust does not have directors; the Trustee is the trustee of the Trust, and as discussed above, the Trustee has delegated a number of the management, administrative and governance duties relating to the Trust to AEL. The directors of AEL are John Brussa, William D. Robertson, and Glen C. Schmidt.

F. Employees

25. The Applicants have 46 employees. With the exception of 2 employees that are employed by AEL and the Trust, all of the employees are employed by Argent US.

26. Argent previously had more than 75 employees but it has proactively reduced its workforce over the past 12 months in connection with cost-reduction measures to reduce ongoing operating, general and administrative expenses.

27. Argent does not operate a pension plan for its employees.

III. BUSINESS OF THE APPLICANTS

A. General

28. The Trust is an energy trust created to provide investors with a publicly traded, oil and natural gas focused, distribution-producing investment. The strategy of the Trust is to acquire, exploit, and develop, indirectly through Argent US, long-life crude oil and natural gas reserves in established producing basins located primarily in the US.

B. Oil and Gas Properties

29. Argent owns interests in oil and gas assets (the "**Assets**") in three states: Texas, Wyoming and Colorado. The Assets include: (i) the Austin Chalk and Eagle Ford Shale Oil Assets, (ii) the South Texas Natural Gas Assets, (iii) the South Texas Oil Assets, (iv) the Wyoming Oil Assets, and (v) the Colorado Assets.

i. Austin Chalk and Eagle Ford Shale Oil Assets

30. The Austin Chalk and Eagle Ford Shale Oil Assets include interests in approximately 16,376 gross (10,319 net) acres in the Austin Chalk and Eagle Ford Shale oil formation in Texas, mainly in Fayette and Gonzales Counties. As per Argent's 2014 Reserve Report, proved plus probable reserves attributed to the Austin Chalk and Eagle Ford Shale Oil Assets totalled 3,283 Mboe.

31. Argent operates 8 producing horizontal oil wells in the Austin Chalk oil formation and 12 producing horizontal oil wells in the Eagle Ford Shale oil formation, all of which were drilled prior to 2015. Argent owns a 100% interest in the 20 wells.

32. In December 2015, production from the Austin Chalk and Eagle Ford Shale Oil Assets averaged 576 boe/d to Argent's working interest before royalties.

ii. South Texas Natural Gas Assets

33. The South Texas Natural Gas Assets include interests in 4,388 gross (3,472 net) acres located in South Texas. These assets are primarily natural gas weighted and are anchored

by the South Escobas Field in Zapata County, Texas. Proved plus probable reserves attributed to the South Texas Natural Gas Assets in Argent's 2014 Reserve Report totalled 10,478 Mboe.

34. The South Texas Natural Gas Assets consist of 23 producing wells, 16 of which are operated by Argent, with various working interests of between 20% and 100%. Most of these assets produce from the Wilcox/Lobo formations, with some of the production from the Frio/Vicksburg formation.

35. Production from the South Texas Natural Gas Assets in December 2015 averaged approximately 966 boe/d before royalties.

iii. South Texas Oil Assets

36. The South Texas Oil Assets are comprised of the Newton, Livingston, Double A Wells North, Baffin Bay and Peeler Ranch Fields in southern Texas. The South Texas Oil Assets include operated interests in 25,333 gross (16,947 net) acres. All of the leases are held by production with an average working interest for Argent US of 100% in Newton, 99.25% in Livingston, 61% in Double A Wells North, and between 9% and 43% for the Baffin Bay and Peeler Ranch Fields. Proved plus probable reserves to Argent's gross working interest attributed to the South Texas Oil Assets in Argent's 2014 Reserve Report total 9,077 Mboe.

37. There are 73 producing wells in the South Texas Oil Assets, and 11 active water disposal wells. In December 2015, the average production attributable to Argent's working interest before royalties was approximately 1,078 boe/d.

iv. Wyoming Oil Assets

38. The Wyoming Oil Assets are comprised of high operated working interests in the Mellott Ranch, Reno, Reel and certain other minor fields and non-operated interests at House Creek and House Creek North fields in Wyoming. The Wyoming Oil Assets include operated interests in approximately 66,000 gross (46,850 net) acres. Proved plus probable

reserves to Argent's gross working interest attributed to the Wyoming Oil Assets in Argent's 2014 Reserve Report total 9,141 Mboe.

39. Argent operates 51 gross producing wells and 21 gross active injection wells in Wyoming. Argent owns further interests in approximately 216 gross non-operated wells in the Wyoming Oil Assets. In December 2015, the average production attributable to Argent's working interest before royalties was approximately 1,073 boe/d.

v. Colorado Assets

40. The Colorado Assets consist of 17 gross active producing wells and 2 gross active injection wells in the non-operated Mull Unit, and 3,546 gross (1,855 net) acres of land in Cheyenne County. Argent has a 19% working interest in the Mull Unit which is operated by Mull Drilling Company. Proved plus probable reserves to Argent's gross working interest attributed to the Colorado Assets in Argent's 2014 Reserve Report total 395 Mboe.

41. In December 2015, the average production attributable to Argent's working interest before royalties from the Colorado Assets was approximately 86 boe/d.

C. Bank Accounts and Cash Management

42. All of the Applicants' bank accounts are either with a member of the Syndicate or an affiliate of a member of the Syndicate. Each of the Applicants has a bank account in Canada.

43. All of Argent's revenues are received by Argent US, which, together with funds borrowed under the Credit Facility (as defined below) and the Intercompany Notes (as defined below), are used to pay all of Argent US's operating and administrative costs and expenses.

IV. CURRENT CIRCUMSTANCES

44. Argent prepares its public financial disclosure on a going concern basis in accordance with International Financial Reporting Standards ("**IFRS**"), which assumes that Argent

will continue in operation and will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements are prepared on a consolidated basis in accordance with IFRS.

45. A copy of Argent's audited financial statements for the year ended December 30, 2014 are attached as **Exhibit "7"** to this Affidavit. Argent's most recent interim unaudited financial statements, as at September 30, 2015, are attached as **Exhibit "8"** to this Affidavit.

A. Assets

46. As at September 30, 2015, Argent had total assets with a book value of $262,210,000. The assets included current assets with a book value of $33,608,000 and non-current assets with a book value of $228,602,000.

47. Current assets included cash ($1,334,000), trade and other receivables ($11,150,000), risk management (representing the then mark-to-market value of hedges) ($19,981,000) and prepaid expenses and deposits ($1,143).

48. Non-current assets included primarily the Applicants' oil and gas properties ($222,624,000).

49. As referred to above, the asset value is substantially owned by Argent US.

50. With respect to the oil and gas property assets, I do not believe that the current book values of the assets bears any resemblance to the realistic realization value of those assets as a result of the significant deterioration of commodity prices that has occurred since September 30, 2015.

B. Liabilities

51. As at September 30, 2015, Argent had total liabilities of $180,790,000. Although that is less than the book value of Argent's assets, I believe that it is materially higher than the realizable value of Argent's assets today.

52. Of those liabilities, $80,067,000 was in respect of the Credit Facility (as defined below) and $44,625,000 was in respect of the Subordinated Debentures (as defined below) (representing the then mark-to-market value of the Subordinated Debentures).

53. Given that, as described below, Argent is in default under its Credit Facility and its Subordinated Debentures, I believe that the full amount of the Credit Facility (which is now approximately USD $51.9 million) and the Subordinated Debentures (which is now approximately $153.44 million, inclusive of due but unpaid interest), as opposed to just the current portions, should be considered current liabilities.

54. Other significant liabilities as at September 30, 2015 included trade and other payables ($30,792,000) and a decommissioning liability ($19,081,000).

i. Credit Facility

55. Pursuant to the Amended and Restated Credit Agreement dated October 25, 2012 (as amended from time to time, the "**Credit Agreement**"), Argent US entered into a credit facility with a lending syndicate comprised of The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, and Wells Fargo Bank, N.A., Canadian Branch (collectively, the "**Syndicate**"), with The Bank of Nova Scotia acting as the Administration Agent. A copy of the Credit Agreement (without exhibits and schedules) is attached as **Exhibit "9"** to this Affidavit.

56. The Credit Agreement provides for two tranches of financings which rank *pari passu* to one another:

(a) a revolving term credit facility provided by the Syndicate for acquisition, exploration, development, and production of oil and gas properties in the United States; and

(b) a revolving operating term credit facility provided by The Bank of Nova Scotia for general corporate purposes (collectively, the "**Credit Facility**").

57. The Credit Facility is subject to a borrowing base valuation of Argent US's oil and gas assets, and may be drawn in either US or Canadian dollars.

58. The Credit Facility is guaranteed by the Trust and Argent Canada. It is secured by a first priority security interest on substantially all of the property and assets of Argent US, including all of its oil and natural properties, and substantially all of the property and assets of the Trust and Argent Canada, including the shares of Argent US owned by Argent Canada.

59. The current amount owing under the Credit Facility is approximately USD $51.9 million.

60. The Credit Agreement is governed by the laws of the Province of Alberta.

ii. Convertible Subordinated Debenture Indenture

61. The Trust issued $75 million of 6.00% convertible debentures on June 4, 2013 and an additional $11.25 million of 6.00% convertible debentures on June 12, 2013 (collectively, the "**6.00% Subordinated Debentures**"). On October 31, 2013, the Trust issued $60 million of 6.50% convertible debentures and an additional $3 million of 6.50% convertible debentures on November 29, 2013 (collectively, the "**6.50% Subordinated Debentures**", and together with the 6.00% Subordinated Debentures, the "**Subordinated Debentures**"). The interest payable on the Subordinated Debentures is payable in equal installments semi-annually on June 30 and December 31 in each year, and the Subordinated Debentures mature on December 31, 2018.

62. The 6.00% Subordinated Debentures were issued pursuant to a convertible debenture indenture dated as of June 4, 2013 between the Trust and Computershare Trust Company of Canada (the "**Debenture Indenture**"). The 6.50% Subordinated Debentures were issued pursuant to a first supplemental indenture dated as of October 31, 2013 (the "**Supplemental Debenture Indenture**"). Copies of the Debenture Indenture and the Supplemental Debenture Indenture are attached as **Exhibit "10"** to this Affidavit.

63. The Subordinated Debentures are unsecured obligations of the Trust and rank equally with one another. Neither Argent Canada nor Argent US is an obligor in respect of the Subordinated Debentures.

64. On July 9, 2014, $500,000 of the 6.00% Subordinated Debentures were converted at the option of the debentureholder into 35,971 Units.

65. Pursuant to the Debenture Indenture, (i) the Subordinated Debentures are subordinate to the full and final payment of the Credit Facility and all other Senior Indebtedness (as defined in the Debenture Indenture, which includes ordinary trade debt of the Trust), and (ii) in the event of a default under the Credit Facility, the holders of the Subordinated Debentures are prohibited by the terms of the Debenture Indenture from taking any enforcement proceedings against the Trust until the default under the Credit Facility has been cured, waived or ceases to exist.

66. The closing prices of the 6.00% Subordinated Debentures and the 6.50% Subordinated Debentures on February 12, 2016 were $1.20 per $100.00 and $1.50 per $100.00, respectively.

67. The Debenture Indenture and the Supplemental Debenture Indenture are governed by the laws of the Province of Alberta.

iii. Intercompany Notes

68. Argent US issued four series of intercompany notes (the "**Intercompany Notes**") to Argent Canada from time to time in 2012. As at the date hereof, the total principal amount of Intercompany Notes outstanding is approximately $183.1 million.

69. Although the Intercompany Notes were initially issued to Argent Canada, they were distributed to the Trust concurrently or immediately following each issuance, such that, at all material times, the indebtedness owing under the Intercompany Notes has been owing by Argent US to the Trust.

70. The Intercompany Notes mature ten years after issuance with principal payments amortized over the ten year period. They bear interest at the rate of 9.50%, payable monthly, in arrears.

71. Payment of the principal amount and interest on the Intercompany Notes is subordinated in right of payment to the prior payment in full of the principal of and accrued and unpaid

interest on, all other amounts owing in respect of all senior indebtedness, which is defined as all indebtedness, liabilities and obligations of Argent US (other than trade payables) that, by the terms of the instrument creating or evidencing such indebtedness, is not expressed to rank in right of payment in subordination to or *pari passu* with the Intercompany Notes. The Intercompany Notes rank *pari passu* with Argent US's trade payables.

72. Effective as of October 1, 2015, the Trust, in its capacity as holder of the Intercompany Notes, executed a Waiver pursuant to which the Trust waived, in advance, all future interest that would have otherwise, but for the Waiver, accrued and become payable under each Intercompany Note. Pursuant to the Waiver, the Trust has no legal right to any accrual or payment of such waived interest and interest will no longer accrue and be payable on the indebtedness evidenced by the Intercompany Notes until the date the Trust provides a notice to Argent US that the Waiver is no longer in effect. In all other respects, the Trust expressly reserved all of its rights under each Intercompany Note, and the indebtedness evidenced by the Intercompany Notes remains in full force and effect.

iv. No Equipment Lessors or Other Secured Parties

73. The Syndicate is the only secured creditor of the Applicants. Alberta Personal Property Security Act registrations ("**PPSA Registrations**") do not reveal the existence of any Canadian secured equipment lessors or other secured interests. The PPSA Registrations, which are attached as **Exhibit "11"** to this Affidavit, do not list any secured creditors of the Applicants apart from the Syndicate.

74. Searches were also conducted under the Uniform Commercial Code (**"UCC"**) in Delaware, Texas and Wyoming, and the only registrations are in respect of the Syndicate. Copies of the UCC searches are attached as **Exhibit "12"** to this Affidavit.

C. Commodity Hedges

75. As part of Argent US's strategy to mitigate the impact of fluctuating commodity prices on its funds flowing from operations, it from time to time entered into various hedging

agreements with The Bank of Nova Scotia and Wells Fargo Bank, N.A., both of which are members of the Syndicate.

76. Given the recent plummeting of commodity prices, the hedges provided significant and important cash flow to Argent. At current prices, Argent remained cash flow positive from operations with the hedges in place, but cash flow negative without them.

77. On January 28, 2016, in accordance with the terms of the hedge agreements, each of The Bank of Nova Scotia and Wells Fargo Bank, N.A. terminated the hedges. The aggregate termination payment that was owing to Argent US as a result of the terminations was approximately USD $12.38 million, which amount was set-off by the Syndicate against the Credit Facility. Copies of the termination notices received are attached as **Exhibit "13"** to this Affidavit.

78. Accordingly, as at the date hereof, Argent no longer has any hedges and is cash flow negative.

D. Legal Proceedings

79. To the best of my knowledge, the Applicants are not parties to any lawsuits, claims, or proceedings.

V. EVENTS LEADING TO THE APPLICANTS' CURRENT CIRCUMSTANCES

A. Decline in the Oil Industry

80. The global decline of oil and gas prices is what has caused Argent to become insolvent. The severe decline in commodity prices has led to a significant reduction in the value of Argent's reserves, such that the current market value of the assets is now significantly less than Argent's outstanding liabilities.

81. In addition, the oversupply of global oil production, coupled with weakened demand for fuel in the global economy, has compressed the margins that oil and gas suppliers like Argent can command. Consequently, earnings are down for historically profitable oil and

gas companies, leading to a reduction in drilling activity, payroll cuts, and in some instances, insolvency.

B. Strategic Review Process, Asset Sales and Other Initiatives

82. On October 1, 2014, Argent announced a decision to initiate a process to explore a range of strategic alternatives (the "**Strategic Review Process**"). BMO Capital Markets was engaged to assist Argent with that process. A copy of the October 1, 2014 press release announcing the Strategic Review Process is attached as **Exhibit "14"** to this Affidavit.

83. As part of the Strategic Review Process, Argent considered all alternatives, including (i) a sale of a material portion of Argent's assets, (ii) a sale of Argent, either in one transaction or in a combination of transactions, (iii) a merger or other business combination, (iv) or a joint venture or a farmout on a material portion of Argent's assets.

84. As a result of the Strategic Review Process, effective January 1, 2015 Argent sold its interests in the Manvel Field, Texas for gross proceeds of USD $20.5 million, which proceeds were used to pay down the Credit Facility.

85. On March 31, 2015, Argent announced that the Strategic Review Process was a well-attended process which resulted in the receipt of a significant number of bids ranging from individual fields to the entire set of assets. However, with the then-recent plunge in commodity prices, bid levels failed to achieve an acceptable level and the Strategic Review process was concluded. The March 31, 2015 press release also announced that in order to preserve cash and maintain compliance and liquidity in the low commodity price environment, the Trust was suspending all monthly distributions to Unitholders commencing with the month of April, 2015. A copy of the March 31, 2015 press release is attached as **Exhibit "15"** to this Affidavit.

86. Notwithstanding the conclusion of the Strategic Review Process, Argent continued to market a combination of certain assets with the goal to utilize proceeds to pay down the Credit Facility. On July 1, 2015, Argent announced the sale of its interests in Oklahoma and Kansas for gross proceeds of USD $20 million. The proceeds of the sale were used to further pay down the Credit Facility.

87. In addition to the asset sales completed, Argent implemented various other cost-savings initiatives, including:

(a) reducing its technical and administrative staff by approximately 30% between April, 2015 and August, 2015;

(b) reducing its capital expenditure budget for 2015 to USD $12 million from an original amount of USD $39.5 million announced in November 12, 2014;

(c) reducing its operating costs from USD $12.57 per boe in Q3, 2014 to USD $9.37 per boe in Q3, 2015; and

(d) the members of AEL's board of directors agreed to, and did, defer all of their compensation since March 2014. The directors of Argent Canada and Argent US were never entitled to, and never received, compensation in their capacities as directors.

88. In or around August, 2015, Argent and its counsel began to engage with an ad hoc committee of holders of Subordinated Debentures (the "**Ad Hoc Committee**") and its counsel with respect to various alternatives, including a potential debt-for-equity transaction and different sale alternatives.

89. Argent proposed certain transactions which had the support of Argent and the Syndicate, but Argent and the Ad Hoc Committee were not able to agree on any transaction.

90. Argent has continued to have discussions with the Ad Hoc Committee and its counsel from time to time, but the Ad Hoc Committee has to date not been prepared to provide further financing to Argent in order to provide additional liquidity and runway to the Applicants.

C. Defaults under the Credit Agreement and the Debenture Indenture

91. On November 27, 2015, Argent US received a notice from The Bank of Nova Scotia, as administration agent under the Credit Agreement, that the borrowing base had been re-determined in accordance with the Credit Agreement to be USD $45.0 million, effective

immediately. That was an immediate reduction in the borrowing base, in the amount of USD $35.0 million. At such time, Argent US's borrowings were USD $66.3 million (inclusive of a letter of credit), which meant that there was a borrowing base shortfall of USD $21.3 million. Argent US had 60 days to cure the borrowing base shortfall, failing which there would be an Event of Default under the Credit Agreement.

92. On December 31, 2015, the Trust failed to make its semi-annual interest payments due in respect of the Subordinated Debentures. As a result of Argent's borrowing base shortfall under the Credit Facility, the Trust was prohibited by the terms of the Credit Agreement from making the interest payments in respect of the Subordinated Debentures. The Debenture Indenture provides for a 30 day cure period in which the Trust may make the interest payments.

93. The 60 day cure period under the Credit Agreement expired on January 26, 2016 without the borrowing base shortfall having been cured. The 30 day cure period under the Debenture Indenture expired on January 31, 2016 without the interest payments having been made. Accordingly, there is now an Event of Default under both the Credit Agreement and the Debenture Indenture.

D. Re-financing Process

94. In anticipation of the borrowing base redetermination that Argent received formal notice of on November 27, 2015, the Trust sought proposals in or around October, 2015, from a number of investment bankers to assist Argent in seeking new financing to either (i) refinance the Credit Facility in full, or (ii) provide a new second lien facility that would, among other things, cure the borrowing base shortfall.

95. After considering various proposals and consulting with the Ad Hoc Committee, the Trust engaged Durham Capital Canada Corporation ("**Durham**") for that role pursuant to an agreement dated October 30, 2015.

96. Durham ran a targeted process and contacted approximately 36 parties regarding the potential refinancing, and 16 of those parties signed non-disclosure agreements and conducted significant due diligence.

97. However, there has been significant volatility in oil prices since the start of the Durham process (when oil was at approximately USD $46/bbl). Almost immediately after the announcement from OPEC in early-December that it would not cut production, all but one of the parties in the Durham process lost interest in the refinancing opportunity and declined to make a proposal.

98. The Durham process has not resulted in any satisfactory refinancing offers to date, but Durham remains engaged and available to assist Argent if circumstances change such that a re-financing becomes a viable option again.

99. Given the inability to sell assets or refinance the Credit Facility, and the fact that Argent is now cash flow negative at current commodity prices (after the termination of the hedges), Argent has no ability to continue to operate without additional funding, which the Syndicate has said that it is not willing to provide other than in the context of a sales process within the contemplated insolvency proceedings. As provided above, the Ad Hoc Committee has not expressed any interest in providing additional funding.

100. In an effort to preserve option value for the Subordinated Debentures and other stakeholders that rank junior to the Syndicate, and notwithstanding Argent's recognition of the Syndicate's legal rights, Argent, along with its legal and financial advisors, attempted to convince (i) The Bank of Nova Scotia and Wells Fargo Bank, N.A. not to terminate the hedges, and (ii) the Syndicate to forbear from exercising remedies until commodity prices improve and/or to provide a non-confirming tranche to the Credit Facility to cure the borrowing base shortfall. But the Syndicate, in accordance with my understanding of its legal rights, was not prepared to do so.

101. Instead, the Syndicate has worked co-operatively with Argent with respect to these consensual CCAA proceedings, including agreeing to fund the process by way of the Interim Loan.

102. On February 16, 2016, the Syndicate accelerated the Credit Facility, demanded repayment thereof, and issued notices of intention to enforce security to the Trust and Argent Canada. As at that date approximately USD $51.9 million is outstanding under

the Credit Facility, and Argent is unable to repay the amounts owing. Attached as **Exhibit "16"** to this Affidavit are copies of the demand letters and the notices of intention to enforce security received by the Applicants.

103. If the Applicants did not bring this CCAA application, the Syndicate would be in a position to initiate enforcement steps to sell the Assets in accordance with its legal rights, and I believe that such an enforcement would have resulted in worse recoveries for Argent's creditors than the process being proposed in this CCAA application. Accordingly, given the current circumstances, I believe the Applicants had no choice but to initiate these proceedings and attempt to complete a sale transaction.

VI. SUMMARY OF THE APPLICANTS' EXPECTED CCAA PROCEEDING

104. The Applicants have been working cooperatively with their first-ranking creditor (the Syndicate) in order to best maximize value in the circumstances. The Applicants of course would have preferred to keep the hedges in place and not to be attempting to realize on the assets in this environment; however, Argent acknowledges that it is in default under the Credit Facility (and in respect of the Subordinated Debentures) and that it has no available option to cure those defaults.

105. The Applicants are therefore proposing to run a comprehensive and transparent sale process through coordinated insolvency proceedings in Canada and the United States that is intended to yield the best offer(s) available in these difficult circumstances.

106. The immediate objective of the proceeding is to repay the Syndicate in full, and Argent is hopeful that there could be value for other junior creditors.

VII. THE APPLICANTS MEET THE CCAA STATUTORY REQUIREMENTS

A. The Applicants are "Companies" under the CCAA

107. The Trust is an "income trust" to which the CCAA applies, and Argent Canada is a corporation incorporated under the ABCA. Accordingly, both the Trust and Argent Canada are "companies" to which the CCAA applies. Lastly, Argent US is a corporation incorporated in Delaware and has assets in Canada.

B. The Applicants have Claims Against them in Excess of $5 Million

108. As discussed above, each of the Trust, Argent Canada and Argent US have claims against them well in excess of $5 million.

C. The Applicants are Insolvent

109. I am advised by Sean Zweig of Bennett Jones LLP that under section 2 of the *Bankruptcy and Insolvency Act* ("**BIA**"), an insolvent person is one whose liabilities to creditors exceeds $1,000 and (i) is for any reason unable to meet his obligations as they generally become due, (ii) has ceased paying his current obligations in the ordinary course of business as they generally become due, or (iii) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due.

110. As a result of the Credit Facility becoming due and owing (in addition to other liabilities), each of the Applicants is unable to meet its obligations as they come due.

VIII. URGENT NEED FOR RELIEF UNDER THE CCAA

111. The Applicants do not have sufficient liquid assets to repay all amounts owing in respect of the Credit Facility, which is now due and owing. Accordingly, a stay of proceedings is essential to maintain the *status quo* in order to preserve the value of the Applicants' business and assets, and to ensure that no creditor of the Applicants obtains preferred treatment relative to other creditors.

112. On February 16, 2016, the respective directors of the Applicants (and the directors of AEL in the case of the Trust), resolved to grant authority to management to, among other things, approve the commencement of these proceedings under the CCAA.

A. Stay of Proceedings

113. The Applicants need a stay of proceedings to (i) maintain the *status quo* in order to preserve the value of the Applicants and to ensure that no creditor of the Applicants

obtains preferred treatment relative to other creditors, and (ii) provide the Applicants with the opportunity to complete the Sale Solicitation Process for the benefit of all of the Applicants' stakeholders.

B. Appointment of Monitor

114. I believe that FTI Consulting Canada Inc. is qualified and competent to act as Monitor in the CCAA proceedings of the Applicants and as the foreign representative for Argent US and Argent Canada in the Chapter 15 proceedings.

115. Attached as **Exhibit "17"** to this Affidavit is a copy of a Consent to Act as Monitor signed by FTI Consulting Canada Inc.

116. I understand that FTI Consulting Canada Inc. will be filing a Pre-Filing Report with this Honourable Court as proposed Monitor in conjunction with the Applicants' request for relief under the CCAA.

C. Payments During CCAA Proceeding

117. During the course of this CCAA proceeding, the Applicants intend to make payments for goods and services supplied post-filing as set out in the cash flow projections referred to below and as permitted by the Initial Order.

118. Additionally, the Applicants seek the Court's approval to pay certain critical suppliers for the provision of goods and services prior to the date of the Initial Order in an aggregate amount not to exceed USD $315,000. Any such payments would only be made with the consent of the Monitor and the Syndicate.

119. There are a small number of goods and services suppliers that are critical to the ongoing operations of the Applicants, and whose continued, uninterrupted provision of goods and services is crucial to allowing the Applicants to continue their business operations and preserve the value of the business operations.

120. In my view, given the importance of these critical suppliers in allowing the Applicants to continue operations, the potential disruption to the business operations should they not

continue to be paid in the ordinary course (and possibly withhold their goods and services while C.O.D. terms or other arrangements were put in place) could be material and could affect the cash flow forecast in a very material and negative way.

121. The Interim Lender and the Syndicate are prepared to support such payments being made, if required and approved by the Monitor.

D. Administration Charge

122. It is contemplated that the Monitor, counsel to the Monitor, counsel to the Applicants and the Syndicate's advisors would be granted a first priority Court-ordered charge on the assets, property and undertakings of the Applicants in priority to all other charges (the "**Administration Charge**") up to the maximum amount of USD $500,000 in respect of their respective fees and disbursements in connection with these proceedings. The Applicants believe the Administration Charge is fair and reasonable in the circumstances.

123. The Applicants require the expertise, knowledge and continuing participation of the proposed beneficiaries of the Administration Charge in order to complete a successful restructuring. I believe the Administration Charge is necessary to ensure their continued participation.

E. Interim Financing & Interim Lender's Charge

124. As set out in the cash flow forecast attached as **Exhibit "18"** to this Affidavit, the Applicants' principal use of cash during these proceedings will consist of the payment of ongoing day-to-day operational expenses, office related expenses, and the professional fees and disbursements in connection with the CCAA and Chapter 15 proceedings. As indicated in the cash flow forecast, it is projected that the Applicants will require additional credit during the CCAA proceedings, notwithstanding that the Applicants are seeking to complete these proceedings as quickly as reasonably possible in order to minimize costs and maximize recoveries for their stakeholders.

125. Argent US proposes to obtain such additional credit pursuant to an interim financing loan facility (the "**Interim Loan**") from the Syndicate, including The Bank of Nova Scotia, in

its capacity as agent for and on behalf of the Syndicate (collectively, in such capacities, the "**Interim Lender**") pursuant to the Interim Financing Credit Agreement attached as **Exhibit "19"** to this Affidavit (the "**Interim Financing Credit Agreement**"), the material terms of which include, among other things:

(a) An initial maximum credit amount of up to USD $7,300,000 (the "**Maximum Amount**");

(b) An interest rate equal to the U.S. Base Rate (as defined in the Credit Agreement) plus 4.00%;

(c) A maturity date of June 3, 2016;

(d) An upfront fee equal to 200 bps of the Maximum Amount; and

(e) Secured guarantees provided by each of the Trust and Argent Canada.

126. It is contemplated that the Interim Lender would be granted a second priority Court-ordered charge on the assets, property and undertakings of the Applicants in priority to all other charges other than the Administration Charge (the "**Interim Lender's Charge**"). I have been advised by the Interim Lender that it will not provide the Interim Loan if the Interim Lender's Charge is not granted.

127. The financing provided by the Interim Lender is essential to a successful restructuring of the Applicants. Given the current financial situation of the Applicants (including its cash position and the lack of availability of alternate financing), the Applicants believe the Interim Loan is the best alternative for the Applicants and its stakeholders in the circumstances. Accordingly, the directors of the Applicants (including the directors of AEL in respect of the Trust) exercised their business judgment to accept the terms in the Interim Financing Credit Agreement. The Applicants believe the Interim Financing Credit Agreement and the Interim Lender's Charge is fair and reasonable in the circumstances.

F. Directors' Charge

128. It is contemplated that the Applicants' directors and officers (including the directors of AEL given their role, as discussed above) would be granted a third priority Court-ordered charge (the "**Directors' Charge**") on the assets, property and undertakings of the Applicants in priority to all other charges other than the Administration Charge and the Interim Lender's Charge up to the maximum amount of USD $200,000. The Applicants believe the Directors' Charge is fair and reasonable in the circumstances.

129. A successful restructuring of the Applicants will only be possible with the continued participation of the beneficiaries of the Directors' Charge. These individuals have specialized expertise and relationships with Argent's stakeholders. In addition, the directors and officers have gained significant knowledge that cannot be easily replicated or replaced.

130. The Applicants maintain an insurance policy in respect of the potential liability of their directors and officers (the "**D&O Insurance Policy**"). Although the D&O Insurance Policy insures the directors and officers for certain claims that may arise against them in their capacity as directors and/or officers, coverage is subject to several exclusions and limitations and there is a potential for insufficient coverage in respect of potential director and officer liabilities. The directors and officers have expressed their desire for certainty with respect to potential personal liability if they continue in their current capacities in the context of a CCAA proceeding.

G. KERP, KEIP and KERP and KEIP Charge

131. In connection with my appointment as President and Mr. Hicks's appointment as Chief Operating Officer, on April 19, 2015, we were each entitled to a retention payment that would be payable on July 1, 2016.

132. In addition, in or around June, 2014, the Trust and Argent US put in place a key employee retention plan for other Canadian and US employees (which for certainty does not include myself or Mr. Hicks).

133. The retention plans were designed to incentivize key employees to remain in their employment during an anticipated restructuring. Without the retention of key employees, the Applicants' ability to successfully maintain their business operations and preserve asset value while they restructure, would be seriously compromised.

134. The total amount of retention payments that could become payable under the retention plans put in place in June, 2014 and April, 2015 to all current employees (including myself and Mr. Hicks) is approximately USD $840,000.

135. In addition, pursuant to employment agreements for each of myself, Mr. Hicks and Mr. Wong entered into upon commencement of our respective employments, and separate severance agreements entered into on or around June, 2015 by Argent US with certain other US employees, severance amounts are payable in the event of termination for any reason other than cause.

136. In anticipation of the Applicants' insolvency proceedings, the Applicants and the Syndicate agreed to the following KERP and KEIP to replace the Applicants' current retention and severance programs.

137. The key elements of the KERP are:

(a) eligible participants will receive a specific cash retention payment on the earlier of June 1, 2016, the date on which they are terminated without cause, and the date on which there is a sale of a material portion of the Applicants' assets;

(b) employees who resign or who are terminated with cause are not eligible to participate;

(c) the maximum aggregate amount of cash retention payments to all beneficiaries is USD $840,000, and if an employee quits or is terminated for cause, such employee's retention payment will be re-allocated to other beneficiaries of the KERP in recognition of the additional work that will be required of the remaining employees;

(d) the Applicants will fund their insurance provider to provide health benefits for the 90 days following the termination of each of Argent US's employees, the amount of which shall not exceed USD $90,000; and

(e) the directors of AEL will be entitled to certain payments in respect of part of their previously deferred fees (as described below) and their ongoing duties and support of Argent in the CCAA proceedings, to a maximum amount of USD $105,000 in the aggregate.

138. The KEIP provides a percentage recovery to the beneficiaries of the KEIP based on the proceeds obtained by Argent through the Sale Solicitation Process, a completed refinancing or any similar transaction. The percentage ranges from 2% - 4%, and there is a minimum threshold of sale or other proceeds that must be obtained before any amount is payable under the KEIP.

139. Now shown to me and marked as **Exhibit "20"** to this Affidavit is a copy of a spreadsheet that contains further details about the KEIP and details of the names of key employees, their annual salaries and the payments that will be made to them under the KERP (the "**Confidential Summary**"). The Confidential Summary contains sensitive commercial information, the disclosure of which would be very harmful to the Applicants' commercial interests, the Sale Solicitation Process, and the privacy interests of the Applicants' employees. Therefore, the Applicants are asking that the Confidential Summary in **Exhibit "20"** be sealed on the Court file.

140. The Syndicate and the Monitor have indicated their support for the KERP and KEIP.

141. It is contemplated that the beneficiaries under the KERP and KEIP would be granted a fourth priority Court-ordered charge on the assets, property and undertakings of the Applicants in priority to all other charges other than the Administration Charge, the Interim Lender's Charge and the Directors' Charge up to the maximum amount of USD $1,035,000 in respect of the KERP plus any additional amounts that become payable under the KEIP (the "**KERP and KEIP Charge**"). The Applicants believe the KERP and KEIP Charge is fair and reasonable in the circumstances.

142. Based on the books and records of the Applicants and the PPSA Registrations and UCC searches conducted by counsel to the Applicants, the only secured creditor which is likely to be affected by the Administration Charge, the Interim Lender's Charge, the Directors' Charge and the KERP and KEIP Charge is the Syndicate, which in the circumstances supports the charges being sought.

H. Sale Solicitation Process

143. In or around mid-December, 2015, Argent contacted eight parties who specialize in acquisition and divestiture services to solicit proposals to assist Argent with a potential sale process to be run either in or outside of a formal insolvency proceeding. Three parties declined to submit proposals due to Argent's size. The other five parties submitted proposals.

144. Argent considered all proposals received and on or about January 15, 2016, Argent US, Argent Canada and The Oil & Gas Asset Clearinghouse, LLC ("**OGAC**") entered into a letter agreement whereby OGAC will assist Argent in soliciting and evaluating offers for a sale of (i) all of the equity interests of Argent US held by Argent Canada, or (ii) some or all of Argent US's oil and gas properties. A copy of the letter agreement is attached as **Exhibit "21"** to this Affidavit.

145. The Sale Solicitation Process will include broad marketing to all potential purchasers.

146. I believe it is critically important that the Sale Solicitation Process be approved at this time, primarily because the Applicants' financing under the Interim Financing Credit Agreement is conditional on the Sale Solicitation Process being approved at this time and Argent has no alternative source of financing or liquidity.

147. The Sale Solicitation Process will be a fair and transparent process run by OGAC, under the oversight of the Monitor. It is intended to maximize value for the Applicants and all of their stakeholders.

148. The marketing of the assets began formally on February 11, 2016, with initial bids due to be received by OGAC on or before March 17, 2016. The timeline contemplated by the Sale Solicitation Process is as follows:

March 17, 2016	Initial bid deadline
March 24, 2016	Final bid deadline
March 25, 2016 – April 13, 2016	Confirmatory title and environmental diligence
April 14, 2016	Sign purchase and sale agreement(s)
On or around April 25, 2016	Obtain CCAA sale approval order
On or around May 10, 2016	Obtain order in Chapter 15 proceeding recognizing CCAA sale approval order
On or around May 13, 2016	Close sale transaction(s)

149. I am advised by Harrison Williams of OGAC, who has over 25 years of experience selling oil and gas assets, that the timeline for the Sale Solicitation Process is reasonable and consistent with other current sale processes in the US oil and gas market.

150. I also understand that the Monitor, who had input into the development of the Sale Solicitation Process, believes it is reasonable in the circumstances.

I. Chapter 15 Proceedings

151. Argent US and Argent Canada anticipate seeking a recognition order under Chapter 15 in the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division (the "**US Court**") to ensure that they are protected from creditor actions in the United States and elsewhere and to assist with the implementation of any sale transaction to be completed pursuant to these CCAA proceedings. Given that substantially all of Argent's assets are in the United States, the Applicants expect that a purchaser will likely require approval from the US Court to be comfortable that it is getting good and clean title to the assets.

152. The Applicants are accordingly seeking authorization in the Initial Order under the CCAA for FTI Consulting Canada Inc. to act as a foreign representative for the purposes of having the proceedings of Argent US and Argent Canada recognized in the United States pursuant to Chapter 15.

153. The Applicants intend that the initial relief that would be requested in the Chapter 15 proceeding will include, among other things:

(a) recognition of each of the CCAA proceedings of Argent US and Argent Canada as a "Foreign Main Proceeding", or in the alternative as a "Foreign Non-Main Proceeding";

(b) confirmation of FTI Consulting Canada Inc. as foreign representative;

(c) a stay of execution;

(d) interim recognition of the DIP Loan and the DIP Lender's Charge; and

(e) recognition of the Initial Order in the United States.

IX. CASH FLOW PROJECTIONS

154. As set out in the cash flow forecast previously attached, the Applicants' principal uses of cash during the next 13 weeks will consist of the payment of ongoing day-to-day operational expenses, such as payroll and office related expenses, and professional fees and disbursements in connection with the CCAA and Chapter 15 proceedings.

155. As at February 16, 2016, the Applicants had approximately USD $1.1 million available cash on hand. The Applicants' cash flow forecast projects that, subject to obtaining the relief outlined herein (including approval of the Interim Loan), it will have sufficient cash to fund its projected operating costs until the end of the stay period.

156. The Monitor has reviewed the cash flow forecast and I expect that the Monitor will report on the forecast in its Pre-Filing Report.

X. CONCLUSION

157. I swear this Affidavit in support of an application for the relief set out in paragraph 5 of this Affidavit.

SWORN (OR AFFIRMED) BEFORE ME)
at Calgary, Alberta this 16th)
day of February, 2016.)
)
)
A Commissioner for Oaths)
in and for the Province of Alberta)
)

Kelsey Meyer
Barrister & Solicitor

SEAN BOVINGDON

EXHIBIT 2

THIS IS EXHIBIT " 2 "
referred to in the Affidavit of ~~Declaration~~
Sean Bovingdon No. 4
Sworn before me this 17th
day of June A.D. 20 16

A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

FORM 49
[RULE 13.19]

CLERK'S STAMP
CLERK OF THE COURT
FILED
FEB 29 2016
JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER	1601 - 01675
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF ARGENT ENERGY TRUST, ARGENT ENERGY (CANADA) HOLDINGS INC. and ARGENT ENERGY (US) HOLDINGS INC.
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500 Bankers Hall East 855 – 2nd Street SW Calgary, Alberta T2P 4K7 Attention: Kelsey Meyer / Sean Zweig Telephone No.: 403.298.3323 / 416.777.6254 Fax No.: 403.265.7219 / 416.863.1716 Client File No.: 68859.14

AFFIDAVIT NO. 2 OF SEAN BOVINGDON

Sworn on February 29, 2016

I, SEAN BOVINGDON, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the President and Chief Financial Officer of each of the Applicants, Argent Energy Trust (the "**Trust**"), Argent Energy (Canada) Holdings Inc. ("**Argent Canada**"), and Argent Energy (US) Holdings Inc. ("**Argent US**", and together with the Trust and Argent Canada, the "**Applicants**" or "**Argent**"). As such, I have personal knowledge of the

matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true.

2. I previously swore an Affidavit in this Action on February 16, 2016 (my "**First Affidavit**"). Where I use capitalized terms in this Affidavit No. 2, but do not define them, I intend them to bear their meanings as defined in my First Affidavit. Attached hereto as **Exhibit "1"** is a copy of my First Affidavit, without exhibits.

3. All references to dollar amounts contained herein are to Canadian Dollars unless otherwise stated.

I. EXTENSION OF THE STAY

4. I make this Affidavit No. 2 in support of an application to extend the stay of proceedings granted in favour of Argent in the Initial Order granted by this Honourable Court on February 17, 2016 (the "**Initial Order**") to May 17, 2016, and for other relief as set out in the application filed herewith.

5. I am advised by the Monitor and do verily believe that the Monitor supports this application to extend the stay of proceedings. Further, I am advised by counsel for the Syndicate and do verily believe that the Syndicate also supports this application to extend the stay of proceedings.

6. Since the commencement of these CCAA proceedings, the Applicants have been actively engaged in advancing the restructuring proceedings for the benefit of all stakeholders. Among other things, the Applicants and/or their counsel have:

   (a) cooperated with the Monitor to facilitate its monitoring of the Applicants' business and operations;

   (b) communicated, in some cases very extensively, with various stakeholder groups and/or their advisors, including the Syndicate, the ad hoc committee of holders of Subordinated Debentures (the "**Ad Hoc Committee**"), critical suppliers, trade creditors, employees, contractors and others;

(c) worked with the Monitor and OGAC to pursue the sale solicitation process which was approved in the Initial Order;

(d) liaised with U.S. counsel and attended in Court in the U.S. regarding the Chapter 15 proceedings under the U.S. Bankruptcy Code that were commenced in respect of Argent Canada and Argent US; and

(e) continued to operate and manage Argent's business in the ordinary course, subject to the terms of the Initial Order.

7. I believe that the Applicants have been acting in good faith and with due diligence in these proceedings and I believe it is in the best interests of the Applicants and all their stakeholders that the Stay Period be extended to May 17, 2016, and that such an extension is appropriate in the circumstances.

8. Attached hereto as **Exhibit "2"** are true copies of press releases issued by Argent on or after February 17, 2016, the date that the Initial Order was applied for and granted.

9. On February 23, 2016, the TSX wrote to counsel for the Trust to advise that it has determined to delist the Units and the Subordinated Debentures effective at the close of market on March 24, 2016 for failure by the Trust to meet the continued listing requirements of the TSX. Attached hereto as **Exhibit "3"** is a true copy of the letter from the TSX.

II. COMMUNICATIONS WITH COUNSEL FOR THE AD HOC COMMITTEE

10. As is set out below in this my Affidavit No. 2, counsel for the Ad Hoc Committee has advised of its intent to oppose the granting of the Initial Order at the hearing of Argent's application to extend the stay of proceedings.

Service

11. I attended Argent's application in this Honourable Court on February 17, 2016 for the Initial Order that was granted on that date. At that time, counsel for Argent advised this

Honourable Court that the Ad Hoc Committee had not been served with notice of the application:

(a) the Syndicate, being the sole secured creditor of Argent, had been served, and supported the application;

(b) the Trust issued a press release prior to markets opening on the morning of February 17, 2016, advising of the application that morning; and

(c) as a courtesy, counsel for Argent contacted counsel for the Ad Hoc Committee to advise of the press release regarding the application that morning and to invite discussion of the same.

Attached hereto at the first 3 pages of **Exhibit "2"** is a true copy of the press release issued at 6:00 a.m. MST on February 17, 2016. Attached hereto as **Exhibit "4"** is a true copy of email correspondence exchanged between counsel for Argent and counsel for the Ad Hoc Committee on the morning of February 17, 2016. I am advised by Argent's counsel that counsel for the Ad Hoc Committee did not speak to Argent's counsel in advance of the application, despite the fact that Argent's counsel offer twice to speak, nor did counsel for the Ad Hoc Committee seek to appear at the application by way of telephone. Attached hereto as **Exhibit "5"** is a true copy of the transcript of the hearing of the application for the CCAA Initial Order on February 17, 2016, page 15, lines 6-22 of which include the submissions of Argent's counsel on this point.

Correspondence between Counsel

12. I believe that Argent disclosed all of the pertinent facts in relation to its application for the Initial Order, by way of my First Affidavit. Notwithstanding that, I am advised by counsel for Argent and do verily believe that since the granting of the Initial Order on February 17, 2016, counsel for the Ad Hoc Committee has raised a number of complaints regarding the Initial Order. I am advised by counsel for Argent and do verily believe that as at today's date, counsel for Argent and counsel for the Ad Hoc Committee have had the following communications since the Initial Order was granted on February 17, 2016

(along with a letter from counsel for the Monitor as described below and attached hereto as **Exhibit "13"**):

(a) email correspondence from counsel for Argent to counsel for the Ad Hoc Committee, attaching the Originating Application, my First Affidavit, the Monitor's First Report, the draft form of CCAA Initial Order, and the Bench Brief, as well as confirmation of the filing of the same, dated February 17, 2016, attached hereto as **Exhibit "6"** (without enclosures);

(b) email correspondence from counsel for Argent to counsel for the Ad Hoc Committee, attaching a service letter and the issued Initial Order, dated February 17, 2016, attached hereto as **Exhibit "7"**;

(c) email correspondence attaching a letter from counsel for the Ad Hoc Committee to the Monitor, its counsel, and Argent's counsel dated February 17, 2016, attached hereto as **Exhibit "8"**;

(d) counsel for Argent contacted counsel for the Ad Hoc Committee by telephone on the morning of February 18, 2016, to discuss the CCAA filing and the concerns of the Ad Hoc Committee. Argent's counsel reiterated that Argent is interested in seeking a consensual resolution if possible, and invited specific comments regarding the Initial Order or the Argent insolvency process generally. I am advised by Argent's counsel and do verily believe that to date, they have not received any specific suggestions or proposals from counsel for the Ad Hoc Committee that would, with certainty, effectively address Argent's immediate and urgent liquidity crisis.

(e) email correspondences between counsel for the Ad Hoc Committee and counsel for Argent wherein: (i) on February 18, 2016, counsel for the Ad Hoc Committee requested a copy of Confidential Exhibit "20" to my First Affidavit, being the KERP/KEIP summary; (ii) counsel negotiated and, on February 19, 2016, counsel for the Ad Hoc Committee entered into a non-disclosure agreement such that Confidential Exhibit "20" could be provided to counsel for the Ad Hoc

Committee; and (iii) on February 20, 2016, counsel for Argent provided counsel for the Ad Hoc Committee with a copy of Confidential Exhibit "20", as well as a filed copy of the Notice of Confidential Exhibit confirming the filing of the same;

(f) email correspondence dated February 18, 2016 between counsel for the Ad Hoc Committee and counsel for Argent wherein (i) counsel for Argent confirmed that the hearing on March 8, 2016 would be a "true comeback" hearing, and (ii) it was debated whether Argent should continue to pursue the Sale Solicitation Process in accordance with the Initial Order in advance of the March 8 hearing, attached hereto as **Exhibit "9"**;

(g) email correspondence attaching a letter from counsel for the Ad Hoc Committee to the Monitor, its counsel, and Argent's counsel dated February 18, 2016, attached hereto as **Exhibit "10"**;

(h) email correspondence attaching a letter from Argent's counsel to counsel for the Ad Hoc Committee dated February 19, 2016, attached hereto as **Exhibit "11"**;

(i) email correspondence attaching a letter from counsel for the Ad Hoc Committee to Argent's counsel dated February 19, 2016, attached hereto as **Exhibit "12"**;

(j) email correspondence attaching a letter from the Monitor's counsel to counsel for the Ad Hoc Committee dated February 22, 2016, which was copied to Argent's counsel, attached hereto as **Exhibit "13"**;

(k) email correspondence from Argent's counsel to counsel for the Ad Hoc Committee dated February 22, 2016, attached hereto as **Exhibit "14"**;

(l) email correspondence attaching a letter from Argent's counsel to counsel for the Ad Hoc Committee dated February 23, 2016, with enclosures, attached hereto as **Exhibit "15"**;

(m) email correspondence attaching a letter from counsel for the Ad Hoc Committee to Argent's counsel dated February 24, 2016, attached hereto as **Exhibit "16"**;

(n) email correspondence attaching a letter from Argent's counsel to counsel for the Ad Hoc Committee dated February 25, 2016, attached hereto as **Exhibit "17"** (without enclosures);

(o) email correspondences exchanged between counsel for the Ad Hoc Committee and Argent's counsel dated February 26, 2016, attached hereto as **Exhibit "18"**;

(p) email correspondence attaching a letter from Argent's counsel to counsel for the Ad Hoc Committee dated February 26, 2016, attached hereto as **Exhibit "19"**; and

(q) email correspondence from US counsel to the Ad Hoc Committee to US counsel for Argent Canada and others, attaching requests for documents, interrogatories and depositions in the Chapter 15 proceedings; attached hereto as **Exhibit "20"**.

13. I also had a without prejudice call with the members of the Ad Hoc Committee and a representative of the administration agent for the Syndicate on February 25, 2016.

14. In addition, I am advised by the Monitor and do verily believe that the Monitor and its counsel have had at least three discussions with counsel for the Ad Hoc Committee since the Initial Order was granted, in response to the letters and other emails and calls from counsel for the Ad Hoc Committee to the Monitor and its counsel. Counsel for the Syndicate and a representative of the administration agent for the Syndicate were also present for one of those discussions.

15. As is confirmed in the correspondence attached hereto as **Exhibit "13"**, as a result of the concerns raised by counsel to the Ad Hoc Committee, and its request that Argent not proceed with the Chapter 15 proceedings under the U.S. Bankruptcy Code (the "**Chapter 15 Proceedings**") without consultation with the Ad Hoc Committee and a comeback hearing before this Court, the Monitor (being the foreign representative for the purpose of the Chapter 15 Proceedings), Argent and the Syndicate agreed to delay the initial hearing in the Chapter 15 Proceedings from Friday, February 19, 2016 to the following week, to give the Ad Hoc Committee time to discuss its concerns. I am advised by the Monitor's

counsel that the only day the Judge in the Chapter 15 Proceedings had available during that next week was Monday, February 22, 2016.

16. I am further advised by the Monitor and by counsel for Argent that despite conference calls between the Monitor, its counsel, and counsel for the Ad Hoc Committee, and a conference call between the Monitor, its counsel, counsel for the Syndicate, the administration agent for the Syndicate, and counsel for the Ad Hoc Committee during that time, the Ad Hoc Committee did not (and still has not) put forward any specific proposals that provide certainty that Argent's urgent liquidity situation will be addressed.

The Chapter 15 Proceedings

17. On February 22, 2016, I attended at the application in the U.S. Bankruptcy Court for the Southern District of Texas, Corpus Christi Division, for initial recognition of the Initial Order. On the morning of February 22, 2016, in advance of the hearing of the application, U.S. counsel for the Ad Hoc Committee filed an Objection to the Chapter 15 Proceedings. Attached hereto as **Exhibit "21"** is a true copy of the Objection filed in the U.S. Bankruptcy Court on behalf of the Ad Hoc Committee. As a result of the filing of the Objection, and upon negotiations between Argent, the Monitor, the Syndicate, and the Ad Hoc Committee, the U.S. Bankruptcy Court granted an Order for interim recognition of part, but not all, of the Initial Order (the "**Interim Recognition Order**"), with the Objection and the application for final recognition of the Initial Order to be heard on March 9, 2016. Attached hereto as **Exhibit "22"** is a true copy of the Interim Recognition Order, entered February 24, 2016.

18. US Counsel for the Ad Hoc Committee made submissions during the hearing in the Chapter 15 Proceedings on February 22, 2016 that the urgency of Argent's situation is "manufactured", which at best reflects a complete misunderstanding of the facts. As described in detail in my First Affidavit (see paragraphs 76, 77 and 91 – 103 in particular):

(a) On or around October 30, 2015, Argent received a letter of intent from a third party to acquire the shares of Argent US or the assets thereof (the "**Wapiti**

Offer"), which was acceptable to Argent and the Syndicate (as it would have paid the Syndicate in full), but which the Ad Hoc Committee rejected. That offer, if consummated, would have resulted in the Subordinated Debentures owning a significant percentage of the equity in a restructured Argent and would have permitted the business to continue as a going concern (an earlier and less favourable offer from the same offeror had also been made and rejected by the Ad Hoc Committee on October 10, 2015);

(b) The Wapiti Offer (and the earlier offer on less favourable terms from the same offeror) are the only offers for the purchase of shares or assets of Argent that Argent has received in the last six months, other than an offer from another third party in the same structure as the Wapiti Offer but for a lower amount, which was rejected by Argent in favour of the Wapiti Offer;

(c) My First Affidavit addresses, at paragraphs 94 to 98, the Durham process to seek re-financing for Argent. As stated therein, only one participant in the Durham process made a refinancing proposal (the "**Melody Offer**"). The Melody Offer was unacceptable to the Syndicate, due to a number of terms that were problematic. In addition, the offer was for approximately US $55 Million, whereas the Syndicate was owed approximately US $65 Million at that time. Despite that, a representative of the administration agent for the Syndicate spoke with the offeror (with a representative of Argent present) to determine if the offer could be structured in a way that would be acceptable to the Syndicate; however, despite those efforts, no solution was found. The Melody Offer was conditional upon the hedges remaining in place; those hedges were terminated on or about January 26, 2016. At that point, the Melody Offer was no longer available, and there had been a precipitous decline in WTI since the Melody Offer had been made, along with continued volatility in the market, which caused the Syndicate concern in the circumstances where further due diligence remained to be conducted in that volatile market. In those circumstances, the offeror was no longer interested in pursuing a transaction with Argent;

(d) On November 27, 2015, in accordance with the terms of the Credit Agreement, the borrowing base for the Credit Facility was re-determined to be USD $45.0 million, which reflected the natural deterioration of the assets over time, and the plummeting of commodity prices. At that time, Argent US's borrowings were USD $66.3 million (inclusive of a letter of credit), resulting in a borrowing base shortfall;

(e) In November, 2015, I had discussions with representatives of members of the Ad Hoc Committee, and asked whether the Ad Hoc Committee would cure the borrowing base shortfall. They advised that they "were not prepared to put more money in" and that the Syndicate "should be prepared to fund or forbear the shortfall", while waiting for prices to recover;

(f) On December 31, 2015, the Trust failed to makes its scheduled interest payments due in respect of the Subordinated Debentures. The Trust was contractually prohibited from making the interest payments as a result of the borrowing base shortfall. Further, even if the Trust had not been contractually prohibited from making the interest payments and had, in fact, made the interest payments, that would not have addressed the borrowing base shortfall and would have further contributed to the liquidity crisis;

(g) Argent, with the assistance of Durham, attempted to (i) refinance the Credit Facility in full, or (ii) raise a new second lien facility that would, among other things, cure the borrowing base shortfall. Argent was not successful in doing so at that time (when commodity prices were higher than they are today);

(h) Argent and its advisors attempted to convince (i) the hedge lenders not to terminate the hedges, and (ii) the Syndicate to forbear from exercising remedies until commodity prices improve and/or to provide a non-conforming tranche to the Credit Facility;

(i) On January 28, 2016, in accordance with the terms of the hedge agreements, Argent US's hedges were terminated. As a result, Argent became cash flow negative in this commodity environment;

(j) In accordance with its rights, the Syndicate would not provide Argent with additional funding other than in the context of a sales process within formal insolvency proceedings. The Ad Hoc Committee has to date not expressed any interest to Argent or its counsel in providing additional funding; and

(k) On February 16, 2016, the Syndicate accelerated the Credit Facility, demanded repayment thereof, and issued notices of intention to enforce security to the Trust and Argent Canada. As at that date, approximately USD $51.9 million was outstanding under the Credit Facility, and Argent is unable to repay the amounts owing.

19. As such, Argent had no option available to it that would allow it to continue to operate and carry on business, other than to seek the Initial Order, including approval of the Sale Solicitation Process.

20. The Subordinated Debentureholders (including the members of the Ad Hoc Committee) are unsecured creditors of the Trust only. They are not creditors of Argent US or of Argent Canada, the two entities that are subject to the Chapter 15 Proceedings.

Argent's Response to Complaints Raised by the Ad Hoc Committee

21. On reviewing the emails and letters attached hereto as **Exhibits "6" to "20"**, in addition to the Objection attached hereto as **Exhibit "21"**, it appears to me that the complaints of the Ad Hoc Committee can be summarized as follows:

(a) the Ad Hoc Committee was not served with advance notice of the application for the Initial Order;

(b) the Ad Hoc Committee does not believe that the Sale Solicitation Process (attached as Schedule "A" to the Initial Order) protects and balances the interests of stakeholders and should not have been granted as part of the Initial Order;

(c) The Chapter 15 Proceedings are not the appropriate forum;

(d) The KERP and KEIP should not have been approved in the Initial Order; and

(e) Argent's objective is to provide a "quick exit for secured lenders at the expense of unsecured creditors".

22. With respect to the issue of service of the Ad Hoc Committee, I am advised by counsel for Argent and do verily believe that there was no requirement under the CCAA for Argent to serve notice of the application for the Initial Order upon the Subordinated Debentureholders or the Ad Hoc Committee. In addition, given that the Trust is a reporting issuer and was publicly traded as at February 17, 2016, Argent had serious disclosure concerns about serving the Ad Hoc Committee members or their counsel, none of which were subject to an ongoing non-disclosure agreement with Argent.

23. I refer specifically to paragraphs 143 to 150 of my First Affidavit regarding the need for, and the appropriateness of, the Sale Solicitation Process. I am advised by Argent's counsel and do verily believe that despite the complaints of counsel for the Ad Hoc Committee that the Sale Solicitation Process does not protect and balance the interests of stakeholders, there have been no proposals or suggestions by the Ad Hoc Committee that provide a commitment to finance Argent for any alternative processes. That is despite numerous requests for proposals by Argent's counsel, the Monitor and counsel to the Syndicate. The approval of the Sale Solicitation Process in the Initial Order was a condition of the Interim Financing, which Argent desperately needs to continue its business and operations during this restructuring process. I am advised by Argent's counsel and do verily believe that Canadian courts have approved sale processes as part of initial orders granted in other CCAA proceedings, without notice to unsecured creditors of the applicants.

24. I also understand from Harrison Williams at OGAC, and do verily believe, that he always believed that the Sale Solicitation Process (including the timelines therein) is fair and reasonable in the circumstances, and that the early results of the Sale Solicitation Process have been very positive. More than 60 parties have executed a confidentiality agreement,

and no party has expressed any concern with respect to the timelines or any other aspect of the Sale Solicitation Process. I understand that Mr. Williams will be swearing an Affidavit in support of this application with additional details regarding the Sale Solicitation Process and the results to date.

25. The Sale Solicitation Process is intended to be a fair and transparent process run by the OGAC, under the oversight of the Monitor, to maximize value for Argent and all of its stakeholders. In terms of value available to the Subordinated Debentureholders from the sale of Argent's assets, I note that there has been a significant decline in the value of oil and gas assets over the past year, and notably in the last five months as the forward curve pricing has decreased. Attached hereto as **Exhibit "23"** is a true copy of the price deck used by GLJ Petroleum Consultants in preparation of their draft reserve report effective December 31, 2015. This can be compared to GLJ's redraft of the reserve report, effective December 31, 2015, using a price deck as at February 1, 2016. A true copy of that price deck is attached hereto as **Exhibit "24"**. A comparison of those price decks demonstrates the significant difference in price, particularly in the years going forward.

26. With respect to the Ad Hoc Committee's complaint that the Chapter 15 Proceedings are not the appropriate forum, the Subordinated Debentureholders are not even creditors of either of the companies that are subject to the Chapter 15 Proceedings (Argent US and Argent Canada). The Subordinated Debentureholders are creditors of the Trust, only.

27. Regarding the KERP and KEIP, I refer to paragraphs 131 to 142 of my First Affidavit. I am advised by Argent's counsel and do verily believe that Canadian courts have approved KERPs and KEIPs and KERP and KEIP priority charges as part of initial orders granted in other CCAA proceedings, without notice to unsecured creditors of the applicants, and that notice to unsecured creditors is not required.

28. With respect to the suggestion that Argent is attempting to provide a "quick exit for secured lenders at the expense of unsecured creditors", that is simply not substantiated by the facts. Argent has been diligently working on restructuring efforts since October 2014, as is addressed in my First Affidavit (paragraphs 82 to 103). Argent is in default with the Syndicate and has no ability to repay the significant amounts that are now owing

under the Credit Facility. Accordingly, Argent engaged OGAC to run a robust sale process that is designed to maximize value in the circumstances. As I said in my First Affidavit, the objective of these proceedings is to repay the Syndicate and to create value for junior creditors if possible. I believe that if there is value for junior creditors (including the Ad Hoc Committee and the other Subordinated Debentureholders), the Sale Solicitation Process is the best method to realize that value in the circumstances.

29. Argent is committed to discussing and, where possible, resolving the concerns of its stakeholders. However, despite the repeated requests of Argent's counsel that counsel for the Ad Hoc Committee contact them to discuss any proposals that the Ad Hoc Committee has, none of the letters or emails from counsel for the Ad Hoc Committee disclose, nor am I aware of counsel for the Ad Hoc Committee otherwise communicating to Argent's counsel, any proposals to address, with certainty, Argent's urgent liquidity and cash flow crises that precipitated the application for the Initial Order. As a result, it appears as though the Ad Hoc Committee is simply disappointed with the situation, which I understand and can appreciate, but has nothing constructive to add to the process. Of course, if the Ad Hoc Committee does have anything constructive to add, Argent would be pleased to discuss that in the hope of finding a consensual resolution.

III. CONCLUSION

30. I swear this Affidavit in support of an application for the relief set out in paragraph 4 of this Affidavit.

SWORN (OR AFFIRMED) BEFORE ME)
at Calgary, Alberta this 29th)
day of February, 2016.)
)
)
A Commissioner for Oaths)
in and for the Province of Alberta)
)
Kelsey Meyer)
Barrister & Solicitor)

SEAN BOVINGDON

EXHIBIT 3

THIS IS EXHIBIT " 3 "
referred to in the Affidavit of ~~Declaration~~
Sean Bovingdon No. 4
Sworn before me this 17th
day of June A.D. 2016

A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

FORM 49
[RULE 13.19]

CLERK'S STAMP
CLERK OF THE COURT
FILED
APR 15 2016
JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER	1601 - 01675
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF ARGENT ENERGY TRUST, ARGENT ENERGY (CANADA) HOLDINGS INC. and ARGENT ENERGY (US) HOLDINGS INC.
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500 Bankers Hall East 855 – 2nd Street SW Calgary, Alberta T2P 4K7 Attention: Kelsey Meyer / Sean Zweig Telephone No.: 403.298.3323 / 416.777.6254 Fax No.: 403.265.7219 / 416.863.1716 Client File No.: 68859.14

AFFIDAVIT OF SEAN BOVINGDON No. 3

Sworn on April 14, 2016

I, SEAN BOVINGDON, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the President and Chief Financial Officer of each of the Applicants, Argent Energy Trust (the "**Trust**"), Argent Energy (Canada) Holdings Inc. ("**Argent Canada**"), and Argent Energy (US) Holdings Inc. ("**Argent US**", and together with the Trust and Argent Canada, the "**Applicants**" or "**Argent**"). As such, I have personal knowledge of the

matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true.

2. I previously swore Affidavits in this Action on February 16, 2016 (my "**First Affidavit**") and on February 29, 2016 (my "**Second Affidavit**"). Where I use capitalized terms in this Affidavit No. 3, but do not define them, I intend them to bear their meanings as defined in my First Affidavit or my Second Affidavit, as applicable. Attached hereto as **Exhibits "1" and "2"**, respectively, are copies of my First Affidavit and my Second Affidavit, without exhibits.

3. All references to dollar amounts contained herein are to Canadian Dollars unless otherwise stated.

Relief Sought

4. I make this Affidavit No. 3 in support of an Application:

   (a) for a Sale Approval and Vesting Order, in relation to the sale and vesting of assets of Argent US to BXP Partners IV, L. P. **("BXP" or the "Purchaser")**;

   (b) for an Order distributing the proceeds of the sale or otherwise reserving the proceeds of the sale for distribution at a later date;

   (c) An order extending the Stay of Proceedings granted in favour of Argent to June 30, 2016; and

   (d) Such further and other relief as set out in the Application filed herewith.

5. I am advised by the Monitor and do verily believe that the Monitor supports this Application.

Stay Extension

6. Since the commencement of these CCAA proceedings, and of particular relevance in this Application, since the Amended and Restated Initial Order was granted in these CCAA proceedings on March 9, 2016, the Applicants have been actively engaged in advancing

the restructuring proceedings for the benefit of all of their stakeholders. Among other things, the Applicants and/or their counsel have:

(a) cooperated with the Monitor to facilitate its monitoring of the Applicants' business and operations;

(b) communicated, in some cases very extensively, with various stakeholder groups and/or their advisers, including the Syndicate, the Ad Hoc Committee, critical suppliers, trade creditors, employees, contractors and others;

(c) worked with the Monitor and OGAC to pursue the Sale Solicitation Process which was approved in the Initial Order granted in the CCAA proceedings on February 17, 2016, and further approved and confirmed in the Amended and Restated Initial Order granted March 9, 2016;

(d) entered into a letter of intent and purchase and sale agreement with BXP for sale of the assets of Argent US to BXP, in accordance with the terms of the Court-approved Sale Solicitation Process;

(e) continued to investigate alternative financing with Durham Capital as Argent's advisor;

(f) liaised with US counsel and attended in Court in the US regarding the Chapter 15 Proceedings under the U.S. Bankruptcy Code that were commenced in respect of Argent Canada and Argent US, including obtaining an Order for recognition of the CCAA proceedings from the U.S. Bankruptcy Court, which recognition Order, among other things, recognized the approval of the Sale Solicitation Process; and

(g) continued to operate and manage Argent's business in the ordinary course, subject to the terms of the Initial Order and the Amended and Restated Initial Order.

7. I believe that the Applicants have been acting in good faith and with due diligence in these proceedings and believe it is in the best interest of the Applicants and all of their

stakeholders that the Stay Period be extended to June 30, 2016, and that such an extension is appropriate in the circumstances.

Chapter 15 Proceedings

8. On March 11, 2016, the U.S. Bankruptcy Court for the Southern District of Texas, Corpus Christi Division, granted Argent Canada and Argent US an Order, among other things, recognizing the CCAA Proceedings as a foreign main proceeding, or, in the alternative, as a foreign non-main proceeding. Attached hereto and marked as **Exhibit "3"** is a true copy of the Order.

The Sale Solicitation Process

9. The Sale Solicitation Process has continued in accordance with the Sale Solicitation Process as set out in Schedule "A" of the Amended and Restated Initial Order granted by this Honourable Court on March 9, 2016.

10. I am advised by Harrison Williams, CEO of OGAC, that the Sale Solicitation Process was a success. In total:

    (a) over 10,000 potentially interested parties were contacted by OGAC and were sent the teaser;

    (b) over 100 interested parties entered into confidentiality agreements allowing them to access the virtual data room ("VDR");

    (c) over 100 interested parties entered into the VDR; and

    (d) 7 potential bidders received data room presentations (at which OGAC engineers and geologists took the potential bidder through the data to explain the assets and the potential value); and

    (e) 19 interested parties submitted conforming bids in accordance with the Sale Solicitation Process, six of which were for all (or substantially all) assets of Argent US.

Bids Received

11. The deadline for bids pursuant to the Sale Solicitation Process was March 17, 2016 at 5:00 p.m. Central time (the **"Bid Deadline"**). Bids were received and reviewed by OGAC, the Monitor and Argent at that time.

12. In accordance with the Sale Solicitation Process, Argent and OGAC worked with the bidders to maximize the value to Argent. Attached hereto as **Confidential Exhibit "4"** is a true copy of a summary chart showing, on an anonymous basis, the initial bids received through the Sale Solicitation Process and the revised bid amounts, as a result of the efforts of Argent and OGAC in working with the bidders. Due to the commercially sensitive and competitive nature of the information contained in Confidential Exhibit "4", Argent seeks a Sealing Order in relation to Confidential Exhibit "4".

Communications with the Syndicate

13. Pursuant to the Interim Financing Credit Facility between Argent and the Syndicate, Argent has provided the Syndicate with regular (and at least weekly) updates regarding these CCAA proceedings and the Sale Solicitation Process, and otherwise in accordance with the terms of the Interim Financing Credit Facility.

14. Further, in accordance with the Sale Solicitation Process, Argent, along with OGAC and the Monitor, consulted with the Syndicate regarding the bids received through that process, and regarding the selection of the Successful Bid, as defined in the Sale Solicitation Process.

Communications with the Ad Hoc Committee

15. On March 18, 2016, counsel for the Ad Hoc Committee requested that the Monitor provide information regarding potential bids that were received by the Bid Deadline. Attached hereto as **Exhibit "5"** is a true copy of an email from counsel for the Monitor to Argent's counsel dated March 18, 2016 forwarding the request of counsel for the Ad Hoc Committee dated March 18, 2016.

16. The following day, on March 19, 2016, Argent's counsel wrote to counsel for the Monitor and advised that provided that counsel for the Ad Hoc Committee (i) confirmed that the Ad Hoc Committee would not attempt to bid or participate in any bid or otherwise attempt to directly or indirectly acquire the assets of Argent; and (ii) executed a non-disclosure agreement satisfactory to Argent to deal with non-disclosure of the information, Argent was prepared to send counsel for the Ad Hoc Committee a redacted summary of the bids received through the Sale Solicitation Process, which redacted summary would show the proposed purchase price and purchase assets for each bid, but would not identify the names of any bidders. Attached hereto as **Exhibit "6"** is a true copy of the email dated March 19, 2016. Similar terms were also agreed to by the Syndicate, including in the Court-approved Sale Solicitation Process.

17. On March 21, 2016, counsel for the Monitor advised Argent's counsel by email that the Ad Hoc Committee had advised that it would agree to the confidentiality restriction but that it would not agree to the restriction on participation. Attached hereto as **Exhibit "7"** is a true copy of the email from counsel to the Monitor dated March 21, 2016.

18. On March 23, 2016, counsel for Argent emailed counsel for the Ad Hoc Committee directly to set out its position regarding disclosure of information regarding the bids received through the Court-approved Sale Solicitation Process. Up until that time, all communications on this issue had flowed through the Monitor, due to the fact that counsel for the Ad Hoc Committee had communicated through the Monitor. Attached hereto as **Exhibit "8"** is a true copy of the email dated March 23, 2016.

19. Counsel for Argent, counsel for the Monitor, the Monitor and counsel for the Ad Hoc Committee had a conference call to discuss the disclosure of information received through the Sale Solicitation Process on March 24, 2016.

20. On March 25, 2016 (Good Friday), counsel for the Ad Hoc Committee emailed counsel for the Monitor and counsel for Argent to follow up on the conference call the previous day with regard to the disclosure of information regarding the bids, and information on the recent work of Durham Capital, pursuant to the Durham Capital refinancing process described in my First Affidavit. Counsel for Argent responded later that morning via

email advising that Argent was prepared to disclose to counsel for the Ad Hoc Committee the amount of the highest bid received in the Sale Solicitation Process, subject to the following two conditions:

(a) counsel for the Ad Hoc Committee was required to enter into a non-disclosure agreement satisfactory to Argent with respect to the said information. Further, to the extent any of the Ad Hoc Committee members wanted to see the said information as well, they were also required to enter into a non-disclosure agreement satisfactory to Argent; and

(b) counsel for the Ad Hoc Committee was required to confirm, on behalf of his clients, that the Ad Hoc Committee members would not participate as bidders in the Sale Solicitation Process.

21. Attached hereto as **Exhibits "9" and "10"** are true copies of email correspondence exchanges between counsel for Argent and counsel for the Ad Hoc Committee regarding the terms of disclosure of the highest bid amount. Counsel for Argent provided a form of non-disclosure agreement to counsel for the Ad Hoc Committee that same day, (Good Friday, March 25, 2016). Counsel for Argent next heard from counsel for the Ad Hoc Committee on March 28, 2016, at which time it provided an executed non-disclosure agreement and, by subsequent email, confirmation on behalf on the members of the Ad Hoc Committee that they would not participate as Bidders in the Sale Solicitation Process (each as defined in the Amended and Restated Initial Order). Attached hereto and marked as **Exhibit "11" and "12"** are true copies of the email correspondence exchanges between counsel for the Ad Hoc Committee and counsel for Argent on March 28, 2016.

22. Upon receipt of the signed non-disclosure agreement and the confirmation that the Ad Hoc Committee members would not participate as Bidders in the Sale Solicitation Process, counsel for Argent provided counsel for the Ad Hoc Committee with the amount of the highest bid received in the Sale Solicitation Process, and confirmed that the bid did not contain any material deviations from the terms in the Sale Solicitation Process, and that the only material condition would be court approval. Further, and in accordance with

the Sale Solicitation Process, once the Purchase and Sale Agreement was signed, that agreement would no longer be conditional on environmental or title diligence. Attached hereto as **Confidential Exhibit "13"** is a true copy of the email from counsel for Argent to counsel for the Ad Hoc Committee dated March 28, 2016. As the email includes the purchase price for the assets, Argent seeks a Sealing Order in relation to that Confidential Exhibit "13".

23. Counsel for the Ad Hoc Committee then requested further information regarding amounts owed to the Syndicate, including a sources and uses summary sheet, and again requested further information regarding the progress of the Durham Capital Process. Attached hereto as **Exhibit "14"** is a true copy of the email correspondence exchanges between counsel for the Ad Hoc Committee and counsel for Argent on March 28, 2016.

24. Two of the members of the Ad Hoc Committee also signed non-disclosure agreements, and were thereby permitted access to the confidential information that had been provided to their counsel.

25. On March 29, 2016, counsel for Argent responded to the requests of counsel for the Ad Hoc Committee for information regarding how the Purchase Price was expected to be allocated, and updated counsel for the Ad Hoc Committee regarding the Durham Capital Process seeking re-financing for Argent. Attached hereto as **Confidential Exhibit "15"** is a true copy of the email from counsel for Argent to counsel for the Ad Hoc Committee dated March 29, 2016. As the allocation summary includes the purchase price for the assets, Argent seeks a Sealing Order in relation to that Exhibit.

26. On March 29, 2016, counsel for the Ad Hoc Committee requested that counsel for Argent provide updated reserve runs based on current strip pricing as well as actual interim financing amounts utilized versus budgeted period. Attached hereto and marked as **Exhibit "16"** is a true copy of the email correspondence from counsel for the Ad Hoc Committee dated March 29, 2016.

27. On March 30, 2016, Argent emailed counsel for the Ad Hoc Committee and provided the latest reserve run, using pricing as at March 17, which was close to the current strip, and

using an effective date of April 1. The email also indicated the amounts drawn on the interim financing compared to the expected budget. Attached hereto as **Confidential Exhibit "17"** is a true copy of the email from Argent to counsel for the Ad Hoc Committee dated March 30, 2016, which includes the requested reserve run. Confidential Exhibit "17" contains commercially sensitive and confidential information, and accordingly, Argent seeks a sealing order in relation to this Confidential Exhibit. Argent and its counsel also confirmed that counsel for the Ad Hoc Committee could provide the reserve run to its clients, in accordance with and subject to the non-disclosure agreements executed by them.

28. Argent has accordingly made all efforts to respond to the queries and requests of the Ad Hoc Committee since the Amended and Restated Initial Order was granted on March 9, 2016. Further, counsel for Argent responded to most of these requests the same day they were made. Despite the comments from counsel to the Ad Hoc Committee that the confidential information provided to him and to certain of his clients was required in order for them to propose a restructuring plan, I am advised by counsel for Argent and by the Monitor and do verily believe that from March 30, 2016 until April 12, 2016, neither counsel for Argent nor the Monitor heard anything further from counsel for the Ad Hoc Committee. I am further advised by counsel for Argent, Sean Zweig, that on April 12, 2016, he left a voice mail message for counsel for the Ad Hoc Committee to follow up with him with respect to the proposed transaction and whether the Ad Hoc Committee has any proposed alternatives. After Mr. Zweig and counsel for the Ad Hoc Committee exchanged further emails in an attempt to find a time to speak, counsel for the Ad Hoc Committee responded, in a chain of emails, summarized as follows:

- That there has been no dialogue between Argent and the Ad Hoc Committee (as set out in this my Affidavit, there have been considerable communications between Argent's counsel and counsel for the Ad Hoc Committee, and repeated offers by Argent's counsel to discuss any proposed alternatives that the Ad Hoc Committee may have);

- That Argent should not be entering into a sale agreement without having meaningful discussions with the Ad Hoc Committee (as set out in this my Affidavit, and in my Second Affidavit, Argent and its counsel have made numerous attempts to communicate with the Ad Hoc Committee, and have repeatedly invited discussions; however, not once has the Ad Hoc Committee responded with any proposal that would address Argent's urgent liquidity situation, and in fact, since the Amended and Restated Initial Order was granted, and despite all information requested by counsel for the Ad Hoc Committee being provided to it, in a timely manner, the Ad Hoc Committee has not put forth any proposals whatsoever); and

- That Argent is obligated to pursue other paths and has done nothing to create value for stakeholders (along with pursuing the Sale Solicitation Process and the Durham Capital process to seek refinancing, as described herein, as well as all of the alternatives pursued by Argent prior to the filing of these CCAA proceedings as described in my First Affidavit, Argent has repeatedly advised counsel for the Ad Hoc Committee that it is willing to consider alternative proposals, none of which have been forthcoming).

Further, counsel for the Ad Hoc Committee continues to object to the Sale Solicitation Process and objects to this Application proceeding on April 25th. The Ad Hoc Committee has had all information requested by it from Argent since March 30, 2016, but has failed to present or discuss any viable alternatives to it. Attached hereto as **Exhibit "18"** is a true copy of the emails exchanged between counsel for Argent and counsel for the Ad Hoc Committee between April 12 and 14, 2016.

The Durham Capital Process

29. My First Affidavit addresses the process run by Durham Capital, beginning in the fall of 2015, to seek refinancing for Argent. That process has been ongoing since that time. Since the granting of the Initial Order in these CCAA Proceedings on February 17, 2016:

(a) Durham Capital has continued to reach out to potential financing parties – both those contacted in advance of the filing of the CCAA application (the **"CCAA Filing"**) and others. On the morning of March 29th, Argent signed another non-disclosure agreement with a party identified by Durham Capital;

(b) After the CCAA filing, Durham Capital contacted all parties that were contacted prior to the filing to advise of the filing, that the process permitted Argent to seek debt financing alternatives, and that parties should contact Durham Capital, Argent, the Monitor or OGAC if they had any interest in a debt re-financing or an asset purchase transaction;

(c) Several parties indicated to Durham Capital that they were working with third parties who were considering purchasing the assets through the Sale Solicitation Process;

(d) Durham Capital has had recent and repeated contact with multiple potential financing parties;

(e) On April 1, 2016, another potential financing party signed a non-disclosure agreement, and has since expressed interest in providing hedges to the Purchaser through the Sale Solicitation Process;

(f) According to Durham Capital, the feedback is that since the hedges were terminated, potential financing parties are only willing to loan on an amount less than the PDP PV-10 value, even if they obtain a significant equity stake as well;

(g) Notwithstanding that, Durham Capital continues to be in regular contact with potential financing parties and is continuing to try to find debt solutions for Argent despite the challenging low commodity price and forward curve outlook.

The Successful Bid

30. BXP was the Successful Bidder pursuant to the Sale Solicitation Process. Attached hereto and marked as **Confidential Exhibit "19"** is a true executed copy of the letter of intent between Argent US and BXP. As the letter of intent includes confidential

information regarding the purchase price for the Argent US assets, Argent seeks a Sealing Order in relation to that Exhibit.

31. Attached hereto as **Confidential Exhibit "20"** is a true copy of the Purchase and Sale Agreement between BXP and Argent US, which was executed by the parties on April 14, 2016 (the "PSA"). The PSA includes confidential information regarding the value of the assets, and accordingly, Argent seeks a Sealing Order in relation to that Confidential Exhibit "19".

32. Attached hereto as **Exhibit "21"** is a true copy of a redacted version of the Purchase and Sale Agreement between BXP and Argent US, without exhibits and schedules (the confidential information therein has been redacted).

Factors in Support of Approval of the Sale

33. The process leading to the proposed sale of the assets of Argent US was the Sale Solicitation Process which was approved by this Honourable Court on February 17, 2016 in the Initial Order, and again on March 9, 2016.

34. The Monitor and the Syndicate both supported the approval of the Sale Solicitation Process.

35. I am advised by the Monitor and do verily believe that the Monitor supports the proposed sale, and is of the opinion that the proposed sale would be more beneficial to the creditors of Argent than a sale or disposition under a bankruptcy.

36. Creditors, including the Syndicate (being the sole secured creditor of Argent) and the Ad Hoc Committee were consulted and actively engaged with respect to and during the Sale Solicitation Process. Argent has reported to and been in communication with the Syndicate at least weekly since the Amended and Restated Order was granted. Further, in addition to the communications with the Ad Hoc Committee and its counsel as referenced in this my Affidavit No. 3, Argent provided information regarding the bids received through the Sale Solicitation Process to the Syndicate and its advisors, in

accordance with the express terms of the Sale Solicitation Process and of the Interim Financing Credit Agreement.

37. In the circumstances where Argent undertook a thorough Sale Solicitation Process that had been approved by the Court and that generated considerable interest and participation, I believe that the proposed sale will maximize the value of the assets of Argent.

38. In consideration of the competitive and confidential negotiated bid process undertaken by Argent through the Sale Solicitation Process, and the number of bids received by way of that process, it is my opinion that the consideration to be received for the assets pursuant to the PSA is reasonable and fair, taking into account fair market value.

39. The Syndicate, which, based on the results of the Sale Solicitation Process, is Argent's fulcrum creditor, is supportive of the transaction between BXP and Argent US (the "**Transaction**"), notwithstanding that the Syndicate will not be repaid in full as a result of the Transaction.

40. Given that the Transaction is a going concern sale of all of Argent's business, it is a positive outcome for many of Argent's counterparties and other parties with which Argent has a commercial relationship.

41. BXP is not a related person to Argent, as defined in subsection 36(5) of the CCAA.

42. The boards of directors of Argent US has approved the Transaction. Attached hereto as **Exhibit "22"** is a true copy of the resolution of the board of directors of Argent US.

43. As described in paragraphs 73 and 74 of my First Affidavit and Exhibits "11" and "12" thereto, the Syndicate was the sole secured creditor of Argent. Counsel for Argent recently became aware of mines and minerals liens that have been registered against certain assets of Argent US, in the months of March and April, 2016. Attached hereto as **Exhibit "23"** is a summary of the lien registrations. As the validity, amounts, and priority of these liens has not been determined, Argent seeks to reserve funds from the proceeds of sale of the assets in the amount of the lien claims (the total amount of the lien

claims set out on Exhibit "23" hereto is US $96,114.47), and to seek determinations of the validity, amounts and priority of the lien claims from the U.S. Court.

44. Following the commencement of these CCAA proceedings, the Syndicate became the Applicants' Interim Lender pursuant to the Interim Financing Credit Agreement, which was approved by the Court.

45. Pursuant to the Interim Financing Credit Agreement, the Maturity Date of the Interim Financing Credit Agreement (as defined in Section 1.1 therein) is the earlier of five dates, the earliest of which is anticipated to be the closing of the Transaction. Pursuant to Section 4.1 of the Interim Financing Credit Agreement, Argent US is required to pay all Borrowings, as defined in Section 1.1 of the Interim Financing Credit Agreement, and all accrued and unpaid interest and fees then outstanding, on the Maturity Date. As such, Argent seeks an Order authorizing and directing the Monitor to distribute the net sale proceeds from the Transaction, in accordance with the Amended and Restated Initial Order, and otherwise to reserve funds from the net sale proceeds to be distributed at a later date, as set out in the draft form of Order attached as a Schedule to Argent's Application filed herewith.

46. I make this Affidavit in support of an Application for a Sale Approval and Vesting Order, a Distribution Order, and to extend the Stay of Proceedings in this Action.

SWORN BEFORE ME)
at Houston, Texas this 14th)
day of April, 2016.)

A Notary Public)
in and for the State of Texas)

SEAN BOVINGDON

ROSE MARY ELLIS
290389-8
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
OCT. 16, 2016

EXHIBIT 4

THIS IS EXHIBIT " 4 *"*
referred to in the Affidavit of ~~*Declaration*~~
Sean Bovingdon No. 4
Sworn before me this 17th
day of June *A.D. 20* 16

A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

ENTERED
05/11/2016

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION

In re:	§	
	§	**CASE NO. 16-20060**
ARGENT ENERGY (CANADA) HOLDINGS, INC., *et al.*[1]	§	**Chapter 15**
	§	
Debtors in a foreign proceeding.	§	**(Jointly Administered)**
	§	

ORDER GRANTING EXPEDITED JOINT MOTION OF THE FOREIGN REPRESENTATIVE AND DEBTORS FOR ENTRY OF AN ORDER (I) RECOGNIZING THE CANADIAN SALE ORDERS, (II) AUTHORIZING AND APPROVING THE SALE FREE AND CLEAR OF LIENS, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF

(Docket No. 92)

Before the Court is the *Expedited Joint Motion of the Foreign Representative and Debtors for Entry of an Order (I) Recognizing the Canadian Sale Orders, (II) Authorizing and Approving the Sale Free and Clear of Liens, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* (the "Motion"), jointly filed by Argent Energy (Canada) Holdings, Inc. and Argent Energy (US) Holdings, Inc. (the "Debtors") and FTI Consulting Canada, Inc. (the "Monitor," and collectively with the Debtors, the "Movants"), in its capacity as the monitor and authorized foreign representative of the Debtors in a proceeding (the "Canadian Proceeding") commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and pending before the Court of Queen's Bench, Judicial Centre of Calgary (the "Canadian Court"). The Court has considered the Motion, the applicable law, the evidence in the record, and the arguments made at the hearing on the Motion (the "Sale Hearing"), and well as

[1] The Debtors in these chapter 15 cases are Argent Energy (Canada) Holdings, Inc. and Argent Energy (US) Holdings, Inc.

the record of and docket filings in these chapter 15 cases, of which the Court takes judicial notice. After proper notice and a hearing, the Court finds that the Motion is well-taken and that the requested relief is in the best interests of the Debtors, their estates, their creditors, and other parties in interest. Accordingly, the Court HEREBY FINDS THAT:

Jurisdiction, Final Order, and Statutory Bases

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

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

C. The statutory predicates for the relief requested in the Motion and granted herein are, *inter alia*, 11 U.S.C. §§ 105(a), 363, 365 and Federal Rules of Bankruptcy Procedure 2002, 6004, 9007, and 9014.

Notice

D. Notice of the Motion, the relief granted herein, and an opportunity to be heard in connection with any of the foregoing was provided to all parties in interest and was good,

sufficient, and appropriate under the circumstances, and no other or further notice of the Motion, the relief granted herein, or the Sale Hearing is required.

E. The Debtors and the Monitor conducted a sale process that afforded a full and fair opportunity for any person or entity to make its highest and best offer to purchase the Sale Property.[2] The sale process was duly noticed and conducted in a non-collusive, fair, and good faith manner, and a reasonable opportunity has been given to any interested party to make its highest and best offer for the Sale Property.

F. The Movants have served a notice (as amended, modified, or otherwise supplemented from time to time, the "Cure Notice," attached hereto as **Exhibit C**) of the potential assumption and assignment of the Assigned Agreements and of the Cure Costs upon each nondebtor counterparty to an Assigned Agreement. As evidenced by the affidavits of service and publication previously filed with this Court, and based upon the representations of Movants' counsel at the Sale Hearing, the service and provision of the Cure Notice was good, sufficient, and appropriate under the circumstances and no further notice is or shall be required in respect of assumption and assignment of the Assigned Agreements or establishing a Cure Cost for the respective Assigned Agreements.

G. Nondebtor counterparties to the Assigned Agreements have had an adequate opportunity to object to or be heard regarding assumption and assignment of the applicable Assigned Agreements and the Cure Cost set forth in the Cure Notice (including objections related to the adequate assurance of future performance and objections based on whether applicable law excuses the nondebtor counterparty from accepting performance by, or rendering performance to, the Purchaser for purposes of section 365(c)(1) of the Bankruptcy Code). The

[2] All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion and PSA.

deadline to file an objection to the assumption and assignment to the Purchaser of any Assigned Agreement (a "Contract Objection") has expired, and to the extent any such party timely filed a Contract Objection, all such Contract Objections have been resolved, withdrawn, overruled, or continued to a later hearing by agreement of the parties. To the extent that any such party did not timely file a Contract Objection by the Contract Objection deadline, such party is deemed to have consented to: (i) the assumption and assignment of the Assigned Agreement pursuant to the terms of this Order; and (ii) the proposed Cure Cost set forth in the Cure Notice.

Validity of Transfer

H. The Debtors have full corporate power and authority to execute and consummate the Proposed Sale, delivering all documents contemplated thereby, and no further consents, approvals, or conditions precedent are required for the Debtors or the Monitor to consummate the Proposed Sale.

I. The sale, transfer, and assignment of the Sale Property to the Purchaser will be, as of the closing date of the Proposed Sale (the "Closing Date"), a legal, valid, and effective sale, transfer, and assignment of such assets, and such sale, transfer, and assignment vests or will vest the Purchaser with all right, title, and interest of the Debtors to the Sale Property, subject to the Assumed Obligations, free and clear of all liens, claims, encumbrances, liabilities, and interests of any kind or nature whatsoever against the Monitor, the Debtors, their estates, or any of the Sale Property located in the United States accruing, arising, or related to facts or circumstances existing as of or at any time prior to the Closing Date (collectively, "Free and Clear").

Good Faith of the Purchaser

J. The Purchaser is not an "insider" of any of the Debtors, as defined in 11 U.S.C. § 101(31).

K. The Debtors and the Monitor have demonstrated compelling circumstances and a good and sufficient business purpose and justification for the sale.

L. The Purchaser is purchasing the Sale Property in good faith and is a good faith buyer within the meaning of 11 U.S.C. § 363(m). The Purchaser is therefore entitled to the full protections of section 363(m) and has proceeded in good faith in all respects in connection with this proceeding.

M. The price to be paid for the Sale Property by the Purchaser was not controlled by any agreement among potential bidders at such sale and neither the Debtors, the Monitor, nor the Purchaser engaged in any collusion or any other conduct that would cause or permit the Proposed Sale to be avoidable under 11 U.S.C. § 363(n).

N. The Proposed Sale was negotiated at arms' length and in good faith and represents a fair and reasonable offer to purchase the Sale Property under the circumstances of these chapter 15 bankruptcy cases. The Purchase Price being paid by the Purchaser represents the highest and best offer for the Sale Property resulting from the sale process.

O. Approval of the Motion and the Proposed Sale, and the consummation of the Proposed Sale is in the best interest of the Debtors, their creditors, their estates, and all other parties-in-interest.

Satisfaction of 11 U.S.C. § 363(f)

P. The Purchaser would not have entered into the Proposed Sale and would not consummate the Proposed Sale if the sale of the Sale Property to the Purchaser was not Free and Clear of all pre-petition and post-petition liens, claims (as "claim" is defined in 11 U.S.C. § 101(5)), and encumbrances, including but not limited to security interests of whatever kind or nature, mortgages, pledges, charges, suits, licenses, options, rights-of-recovery, judgments,

orders and decrees of any court or foreign or domestic governmental entity, interests, taxes (including foreign, state, and local taxes), covenants, restrictions, indentures, instruments, leases, options, contracts, agreements, setoffs, recoupments, claims for reimbursement, contribution, indemnity or exoneration, successor, product, environmental, tax, labor, ERISA, CERCLA, *alter ego*, and other liabilities, causes of action known or unknown, free and clear of all contract rights and claims, to the fullest extent of the law, in each case, of any kind or nature, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, perfected or unperfected, liquidated or unliquidated, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown, statutory or non-statutory, matured or unmatured, legal or equitable relating to, accruing or arising any time prior to the Closing Date (collectively, the "Liens"). The Debtors and the Monitor on behalf of the Debtors may sell the Sale Property located in the United States Free and Clear of Liens because, in each case, one or more of the standards set forth in 11 U.S.C. § 365(f)(1)-(5) has been satisfied. Those holders of Liens against the Debtors, their estates, or any of the Sale Property located in the United States, who did not object, or who withdrew their objections, to the Proposed Sale or the Motion are deemed to have consented thereto pursuant to section 363(f)(2). Those holders of Liens who did object fall within one or more of the other subsections of section 363(f) and are adequately protected by having their Liens, if any, in each instance against the Debtors, their estates, or any of the Sale Property, attach to the Proceeds received ultimately attributable to the Sale Property in which such creditor alleges an interest, in the same order of priority, with the same validity, force, and effect that such creditor had prior to the Proposed Sale, and subject to any claims and defenses the Debtors and their estates may possess with respect thereto.

Q. The transfer of the Sale Property to the Purchaser Free and Clear of Liens will not result in any undue burden or prejudice to any holders of Liens. Except as expressly permitted or otherwise specifically provided by the Proposed Sale or this Order, all such Liens of any kind or nature whatsoever shall attach to the Proceeds received ultimately attributable to the Sale Property in which such creditor alleges an interest, in the same order of priority, with the same validity, force, and effect that such creditor had prior to the Proposed Sale, and subject to any claims and defenses the Debtors and their estates may possess with respect thereto. All persons or entities having Liens against or in any of the Debtors or Sale Property shall be forever barred, estopped, and permanently enjoined from pursuing or asserting such Liens, if any, whether by payment, setoff, or otherwise, against the Purchaser, any Sale Property, or any successors or assigns.

Assumption and Assignment of the Assigned Agreements

R. The assumption and assignment of the Assigned Agreements (as such Assigned Agreements may be amended, supplemented, or otherwise modified prior to assumption without further order of the Court with the consent of the Debtors, the contract counterparty, and the Purchaser) that are designated for assumption and assignment pursuant to the terms of this Order and the PSA is integral to the PSA, does not constitute unfair discrimination, is in the best interests of the Debtors, their estates, their creditors, and all other parties in interest, and represents the reasonable exercise of sound and prudent business judgment by the Debtors and the Monitor.

S. The Debtors have met all requirements of section 365(b) of the Bankruptcy Code for each of the Assigned Agreements. The Debtors, pursuant to the PSA, have: (a) cured and/or provided adequate assurance of cure of any default existing prior to the Closing Date under all of

the Assigned Agreements, within the meaning of section 365(b)(1)(A) of the Bankruptcy Code; and (b) provided compensation or adequate assurance of compensation to any counterparty for actual pecuniary loss to such party resulting from a default prior to the Closing Date under any of the Assigned Agreements, within the meaning of section 365(b)(1)(B) of the Bankruptcy Code. Each of the Assigned Agreements is Free and Clear of all Liens against the Purchaser.

T. The Purchaser has demonstrated adequate assurance of future performance under the relevant Assigned Agreements within the meaning of section 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code. Pursuant to section 365(f) of the Bankruptcy Code, the Assigned Agreements to be assumed and assigned under the PSA shall be assigned and transferred to, and remain in full force and effect for the benefit of, the Purchaser, notwithstanding any provision in the contracts or other restrictions prohibiting their assignment or transfer.

U. No monetary or non-monetary defaults exist in the Debtors' performance under the Assigned Agreements as of the date of this Order other than the failure to pay amounts equal to the Cure Costs or defaults that are not required to be cured as contemplated in section 365(b)(1)(A) of the Bankruptcy Code. In accordance with the terms set forth in the PSA and this Order, the Debtors shall pay the Cure Costs for each of the Assigned Agreements.

Compelling Circumstances for Immediate Sale

V. To maximize the value of the Sale Property to the Debtors, their estates, creditors, and parties in interest, it is essential that the Closing Date of the Proposed Sale occur within the time constraints set forth in the Motion. Time is of the essence in consummating the Proposed Sale as set forth in the Motion.

W. Given all of the circumstances in these chapter 15 cases and the adequacy and fair value of the price to be paid for the Sale Property, the Proposed Sale constitutes a reasonable exercise of the Debtors' and Monitor's business judgment and should be approved.

X. The consummation of the Proposed Sale is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, including, without limitation, 11 U.S.C. §§ 105(a), 363(b), (f), and (m), and 365 and, with respect to the Proposed Sale, all of the applicable requirements of such sections have been complied with. Accordingly, the Court **HEREBY ORDERS THAT**:

General Provisions

1. The relief requested in the Motion is **GRANTED**. The Proposed Sale contemplated by the Motion is approved as set forth in this Order.

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

3. The Canadian Sale Orders entered in the Canadian Proceeding, copies of which are attached to this Order as Exhibit A-1 and Exhibit A-2, are hereby recognized and given full force and effect in the United States.

Approval of the Proposed Sale

4. Given all of the circumstances of these Chapter 15 bankruptcy cases and the adequacy and fair value to be paid for the Sale Property, the Proposed Sale constitutes a reasonable exercise of the Debtors' and Monitor's business judgment and is hereby approved. The Proposed Sale described in the PSA attached to this Order as Exhibit B and any other

ancillary agreements and documents thereto, and all of the terms and conditions thereof, are hereby approved.

5. Pursuant to 11 U.S.C. § 363(b) and (f) and the Recognition Order, the Debtors and Monitor are authorized and empowered to take any and all actions necessary or appropriate to: (a) consummate the Proposed Sale pursuant to and in accordance with the terms and conditions of the sale documents relating thereto; (b) close the Proposed Sale as contemplated in the Motion and this Order; and (c) execute and deliver, perform, consummate, implement, and close the Proposed Sale, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Proposed Sale, including any other ancillary documents, or as may be reasonably necessary appropriate to the performance of the obligations as contemplated by the Proposed Sale and other ancillary documents.

6. This Order shall be binding in all respects upon the Monitor, the Debtors, and the Debtors' creditors, all holders of equity interests in any of the Debtors, all holders of any claim(s), whether known or unknown, against any Debtor, debentureholders, bondholders, any holders of Liens against or on all or any portion of the Sale Property, any parties in interest, all contract counterparties, the Purchaser, and all successors and assigns of the Purchaser, and any trustees, examiners, responsible officers, estate representatives, or similar entities for any of the Debtors, if any, subsequently appointed in any of the Debtors' chapter 15 bankruptcy cases or upon a subsequent filing of each or any of the Debtors under chapter 7 or 11 of the Bankruptcy Code. This Order and the Proposed Sale shall inure to the benefit of the Monitor, the Debtors, the Purchaser, and their respective successors and assigns.

Transfer of Purchased Assets

7. Pursuant to 11 U.S.C. §§ 105(a) and 363(b) and (f), the Debtors and the Monitor are authorized to transfer the Sale Property on the Closing Date, and the Purchaser is directed to pay the agreed Purchase Price to the Monitor on the Debtors' behalf as provided in the PSA. Except as otherwise provided in the Proposed Sale, the Sale Property shall be transferred to the Purchaser "as is, where is" with all faults in accordance with the sale documents upon and as of the Closing Date. Such transfer shall constitute a legal, valid, binding, and effective transfer of such Sale Property and, upon the Monitor's receipt of the Purchase Price, shall be Free and Clear of all Liens. Upon the consummation of the Proposed Sale on the Closing Date, the Purchaser shall take title to and possession of the Sale Property as provided in the PSA.

8. All persons or entities other than the Debtors, if any, that are in possession of some or all of the Sale Property and any certificates of title, instruments, or other indicia of title representing or evidencing ownership of the Sale Property located in the United States that have been pledged as security in respect of the Sale Property (the "Indicia of Ownership") are directed to surrender possession of such Sale Property and Indicia of Ownership. The Monitor and the Debtors shall exercise commercially reasonable efforts to assist the Purchaser in assuring that all persons or entities will surrender possession of the Sale Property and Indicia of Ownership to (i) the Debtors before the Closing Date or (ii) the Purchaser on or after the Closing Date. All persons or entities are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Monitor and the Debtors to sell and transfer the Sale Property located in the United States to the Purchaser in accordance with the terms of the Proposed Sale and this Order.

9. Pursuant to 11 U.S.C. § 363(f), the transfer of title to the Sale Property located in the United States shall be Free and Clear of any and all Liens.

10. The Purchaser is not a successor (*de facto*, by alter ego, by veil piercing, as continuing business enterprise, or otherwise) and shall not be liable as successors under any theory of successor liability for Liens that encumber or relate to the Sale Property located in the United States. Further, the Purchaser is relying on such a determination that it is not subject to successor liability. All Liens shall attach solely to the Proceeds received with the same validity, priority, force, and effect that they now have as against the Sale Property located in the United States, and subject to any claims and defenses the Debtors and their estates may possess with respect thereto.

11. On the Closing Date, each party in interest is authorized and directed to execute such documents and take all other actions as may be necessary to release Liens on the Sale Property located in the United States, if any, as provided for herein, as such Liens may have been recorded or may otherwise exist.

12. This Order shall be effective as a determination that, as of the Closing Date, all Liens of any kind or nature whatsoever existing as to the Sale Property prior to the Closing Date, other than the Assumed Obligations, have been unconditionally released, discharged, and terminated and that the Free and Clear conveyances described herein have been effected, with such Liens to attach to the Proceeds received by the Monitor on behalf of the Debtors in the same priority that existed prior to the Petition Date.

13. If any person or entity that has filed statements or other documents or agreements evidencing Liens on or in, all of any portion of the Sale Property (a "Claim Holder") has not delivered to the Debtors or Purchaser prior to the Closing Date, in proper form for filing and

executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and any other documents necessary or desirable to the Purchaser for the purpose of documenting the release of all Liens that such Claim Holder has or may assert with respect to all or any portion of the Sale Property, then the Debtors, the Monitor, or the Purchaser are authorized to execute and file such statements, instruments, releases, and other documents on behalf of such Claim Holder with respect to the Sale Property and each and every filing office, agency, clerk, or recorder is authorized and directed to accept the same. The Purchaser is authorized to file, register, or otherwise record a certified copy of this Order with the appropriate filing office, agency, clerk, or recorder which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the sale of the Sale Property located in the United States, Free and Clear, including the release of all Liens in the Sale Property located in the United States as of the Closing Date of any kind or nature whatsoever.

14. Except as expressly permitted or otherwise specifically provided in the PSA or this Order, all persons or entities holding Liens in all or any portion of the Sale Property located in the United States arising under or out of, in connection with, or in any way relating to the Debtors, the Sale Property, the operation of the Debtors' business prior to the Closing Date, or the transfer of the Sale Property to the Purchaser, are hereby forever prohibited and permanently enjoined from asserting such Liens, whether by payment, setoff, or otherwise, against the Purchaser, their successors or assigns, the property of such successors or assigns, or the Sale Property.

15. This Order is and shall be binding upon and govern the acts of all persons and entities, including, without limitation, all county clerks, filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative

agencies, governmental departments, secretaries of state, federal and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease, and each of the foregoing entities is hereby directed to and shall accept for filing any and all of the documents and instruments necessary and appropriate to consummate, effectuate, or reflect the transactions contemplated in this Order or the Proposed Sale.

16. Notwithstanding anything to the contrary stated herein, any ad valorem taxes due on the Sale Properties will be paid in the normal course. All ad valorem taxing authorities shall retain their liens as against the Sale Property that secure all amounts ultimately owed for tax year 2016 and all prior years until the taxes are paid. Upon closing of the Proposed Sale, the Monitor shall pay 2015 ad valorem taxes to Polk County, Texas in the amount of $4,649.76 plus post-petition § 506(b) interest thereon from the Proceeds.

Treatment of Executory Contracts and Unexpired Leases

17. Pursuant to sections 105(a) and 365 of the Bankruptcy Code, the Debtors are authorized and directed to assume and assign to the Purchaser each of the Assigned Agreements upon the closing of the Proposed Sale. The payment of the Cure Costs under this Order: (a) cures all monetary defaults existing thereunder as of the Closing Date; (b) compensates the applicable non-debtor counterparties for any actual pecuniary loss resulting from such default; and (c) together with the assumption of the Assigned Agreements by the Debtors and the assignment of the Assigned Agreements to the Purchaser constitutes adequate assurance of future performance thereof.

18. To the extent that any counterparty to an Assigned Agreement did not timely file a Contract Objection by the Contract Objection deadline, such counterparty is deemed to have consented to: (i) the assumption and assignment of the Assigned Agreement pursuant to the terms of this Order; and (ii) the proposed Cure Cost set forth in the Cure Notice. To the extent any counterparty to an Assigned Agreement failed to timely object to a Cure Cost, such Cure Cost shall be deemed to be finally determined and any such counterparty shall be prohibited from challenging, objecting to, or denying the validity and finality of the Cure Cost at any time, and such Cure Cost, when paid, shall completely revive any Assigned Agreement to which it relates

19. Any provision in any Assigned Agreement that prohibits or conditions the assignment of such Assigned Agreement or allows the non-debtor counterparty to such Assigned Agreement to impose any penalty, fee, rent increase, profit sharing arrangement, or other condition on renewal or extension, or to modify any term or condition upon the assignment of such Assigned Agreement, constitutes an unenforceable anti-assignment provision that is void and of no force and effect in connection with the Proposed Sale. All other requirements and conditions under section 363 and 365 of the Bankruptcy Code for the assumption by the Debtors and assignment to the Purchaser of the Assigned Agreements have been satisfied. Upon the closing of the Proposed Sale, in accordance with sections 363 and 365 of the Bankruptcy Code, the Purchaser shall be fully and irrevocably vested with all right, title, and interest of the Debtors under the Assigned Agreements, and such Assigned Agreements shall remain in full force and effect for the benefit of the Purchaser.

20. Any assumption and/or assignment of any interest in any federal oil and/or gas leases ("Federal Leases") pursuant to the Sale shall be subject to the approval and consent of the

applicable government agency of the United States pursuant to existing regulatory requirements and applicable law.

21. The Purchaser shall assume all plugging and abandonment obligations under Title 43 of the Code of Federal Regulations in connection with the Federal Leases acquired pursuant to the Sale.

22. Promptly after closing, the Debtors shall pay all amounts owed to the United States under the Federal Leases. Other than the $119,298.16 plus interest accrued to the date of payment currently asserted to be owed, the United States is not aware of any other obligations or amounts unpaid as of date of the entry of this Sale Order. Notwithstanding the foregoing, any other amounts owed to the United States under any Federal Leases shall be paid in full when due in the ordinary course and nothing in this Sale Order or any document implementing the Sale shall be interpreted to set cure amounts or require the United States to approve of and consent to the assumption and/or assignment of any of the Federal Leases except pursuant to existing regulatory requirements and applicable law.

23. Notwithstanding any other provision in this Order or any document implementing the Sale, Interior shall retain the right to perform any audit and/or compliance review on the Federal Leases, and if appropriate, collect from the Purchaser any additional monies owed by the Debtors on the Federal Leases, without those rights being adversely affected by these bankruptcy proceedings. Such rights shall be preserved in full as if this bankruptcy had not occurred. The Purchaser will retain all defenses, other than defenses arising from the bankruptcy; provided, however, that any challenge based on a defense must be raised in the United States' administrative review process.

24. Each non-debtor counterparty to an Assigned Agreement is forever barred, estopped, and permanently enjoined from asserting against the Monitor, the Debtors, or the Purchaser, or their respective property (including, without limitation, the Sale Property) in connection with this transaction: (i) any assignment fee, acceleration, default, breach, or claim or pecuniary loss, or condition to assignment existing, arising, or accruing as of the Closing Date or arising by reason of the closing, including any breach related to or arising out of change-in-control in such Assigned Agreements, or any purported written or oral modification to the Assigned Agreements; or (ii) any claim, counterclaim, defense, breach, default, condition, setoff, or other claim asserted or capable of being asserted against the Debtors or the Monitor existing as of the Closing Date or arising by reason of the closing, except for the Assumed Obligations.

25. Sheridan Production Co., LLC ("Sheridan") and Debtors have agreed (i) $40.63 as a cure payment under the Unit Operating Agreement for the House Creek Field; and (ii) $300,893.78 as a cure payment under the Savageton (Lower Parkman) Unit Operating Agreement (collectively, the "Sheridan Cure Payments"). After receipt of the Sheridan Cure Payments, Sheridan shall immediately pay any and all production proceeds held in suspense on account of the Debtors' interests under either operating agreement to the Debtors (presently estimated at $113,000). Upon payment of the Sheridan Cure Payment any lien held by Sheridan on property of the Debtors under either the Unit Operating Agreement for the House Creek Field and/or the Unit Operating Agreement for the Savageton (Lower Parkman) field with regard to the Sheridan Cure Payment shall be released. In the event the Sheridan Cure Payments are not made, Sheridan may (i) continue to withhold payment of production proceeds on account of the Debtors' interest pending further order of this Court, and (2) with regard to the Sheridan Cure Payments, Sheridan reserves all its rights concerning such production proceeds, including but not

limited to, rights of setoff and/or recoupment and the Debtors likewise reserve their rights. For the avoidance of doubt, any liens provided for or that may arise in favor of Sheridan under the terms of the Unit Operating Agreement for House Creek Field and/or the Unit Operating Agreement for the Savageton (Lower Parkman) Unit Operating Agreement for amounts that become due and owing on or after the date the Sheridan Cure Payments are received shall not be impaired in any way notwithstanding anything in this Order.

26. Nothing in this order shall be construed to authorize or permit: (i) the transfer of any seismic data owned by Seitel Data, Ltd. or (ii) the assumption and/or assignment of any master license agreement and/or supplemental agreements between Seitel Data, Ltd. and any Debtor.

Other Provisions

27. For avoidance of doubt, the Court recognizes and gives full force and effect to the Proceeds Order. The Debtors and the Monitor shall accordingly distribute the Proceeds in accordance with the Proceeds Order.

28. Except as otherwise expressly set forth in this Order or the PSA, the Purchaser shall not have any liability or other obligation to the Debtors or the Monitor arising under or related to any of the Sale Property located in the United States.

29. The Purchaser shall not be liable for any Liens of any kind or nature whatsoever in or against the Debtors, the Monitor, or any of their predecessors or affiliates, and the Purchaser shall have no successor or vicarious liabilities of any kind or character including, but not limited to, liabilities on account of any tax arising, accruing, or payable under, out of, in connection with, or in any way relating to the ownership or operation of any of the Sale Property

located in the United States prior to the Closing Date of the sale, except as agreed to in the PSA or auxiliary documents executed in connection therewith.

30. Following the Closing Date, no Claim Holder shall interfere with the Purchaser's title to or use and enjoyment of the Sale Property based on or related to such Lien, or any actions that the Monitor or the Debtors may take in these chapter 15 bankruptcy cases.

31. The Proposed Sale is undertaken by the Purchaser without collusion and in good faith, as that term is defined in 11 U.S.C. § 363(m), and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the sale shall not affect the validity of the Proposed Sale, unless such authorization and consummation of the Proposed Sale are duly stayed pending appeal. The Purchaser is a good faith buyer within the meaning of 11 U.S.C. § 363(m) and, as such, is entitled to the full protections of section 363(m).

32. The Proposed Sale may not be avoided, and no party shall be entitled to damages or other recovery, pursuant to 11 U.S.C. § 363(n).

33. Nothing contained in any plan of reorganization or liquidation, or any order of any type or kind entered in (a) these chapter 15 bankruptcy cases; (b) any subsequent chapter 7 or 11 bankruptcy case of each or any of the Debtors; or (c) any related proceeding subsequent to entry of this Order, shall affect, conflict with, or derogate from the provisions of the Proposed Sale or the terms of this Order.

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

35. Any laws regarding bulk sales, or similar laws, are not applicable to the sale of the Sale Property. As the assignment, transfer, and/or sale of the Sale Property: (i) is in exchange for the Purchase Price paid by the Purchaser, no withholding of U.S. federal income tax pursuant to section 1441 or 1442 of the Internal Revenue Code is required, and (ii) as the sale of the entire operating assets of the Debtors' business located in Texas, constitutes an occasional sale, it is exempt from Texas sales and use tax pursuant to Texas Comptroller's Sales Tax Rule 34, Tex. Admin. Code § 3.316, and Texas Tax Code § 151.304 and any other similar applicable state law.

36. To the extent this Order is inconsistent with any prior order or pleading in these chapter 15 bankruptcy cases, the terms of this Order shall govern.

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

38. The Monitor and the Debtors are authorized to take all actions necessary to effect the relief granted pursuant to this Order.

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

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

related to this Order, including, but not limited to, the power to adjudicate any objections or disputes concerning payment of tax claims or liens.

Signed: May 11, 2016.

DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 5

Argent Energy
Proposed Interim Distribution and Final Distribution (estimated)

Proposed Interim Distribution (USD)		
Purchase Price	$ 45,575,000	
Adjustments		
OGAC success fees	$ (505,750)	Paid
Net Purchase Price	**$ 45,069,250**	
Statement of adjustment	$ 723,593	netted off purchase price
Lien reserve	$ (160,737)	
Cure amounts	$ (1,075,504)	Mostly paid
Tax reserve	$ (4,650)	
Net Proceeds after adjustments	**$ 44,551,952**	
Holdbacks		
Escrow amount (holdback) held by WF	$ (500,000)	Paid
Outstanding Interim Loan	$ (4,900,000)	Paid
KERP Charge	$ (982,500)	Paid
KEIP Charge	$ (452,770)	Paid
Estimated wind up costs (see attached)	$ (2,000,000)	
Admin Charge	$ (500,000)	
Ad-Hoc Charge	$ (300,000)	
Director Charge	$ (200,000)	
Rolling Stock Holdback	$ (525,000)	
Total - Holdbacks	**$ (10,360,270)**	
Net Distribution	**$ 34,191,682**	
Proposed Initial Payment to Syndicate		
DIP	$ (4,900,000)	Paid
Interim Distirbution on Credit Agreement	$ (34,200,000)	Paid
	$ (39,100,000)	Paid

THIS IS EXHIBIT " 5 "
referred to in the Affidavit of ~~Declaration~~
Sean Bovingdon No. 4
Sworn before me this 17th
day of June A.D. 20 16

A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

EXHIBIT 6

SSP Sources and Uses- Argent
May 18, 2016

		$USD		
Sales Proceeds	Gross	$45,575,000.00	FIXED	
	OGAC Fees	($505,750.00)	FIXED	Selling fee
	Net Proceeds	$45,069,250.00		
	Pre-March 31 SOA	($729,561.00)		As of 5/17/2016
	Post March 31 SOA	$1,453,154.00		As of 5/17/2016
		$45,792,843.00		
Distributions	Cure Amounts	($1,075,504.15)		As of 5/17/2016, per Order less BLM recovery
	Lien Reserve	($160,736.91)		As of 5/17/2016
	Tax Reserve	($4,649.76)		As of 5/17/2016
Charges	SOA Reserve	($500,000.00)	FIXED	Any residual to syndicate after Aug 17
	Wind-Up Budget	($2,000,000.00)	FIXED	Per schedule and discussion with FTI, any residual to syndicate
	DIP Facility	($4,900,000.00)		DIP draw to May 17
	KERP Charge	($982,500.00)	FIXED	($52.5 already paid to directors per agreement) Incl. COBRA
	KEIP Charge	($452,770.00)		Based on Net Proceeds above
	Admin Charge	($500,000.00)	FIXED	Any residual to syndicate
	Director Charge	($200,000.00)	FIXED	Any residual to syndicate
	Ad-Hoc Charge	($300,000.00)	FIXED	Any residual to syndicate
Net Distribution		**$34,716,682.18**		

Gross Purchase Price	$45,575,000.00
Total SOA	$723,593.00
Adjusted Purchase Price	$46,298,593.00

THIS IS EXHIBIT " 6 "
referred to in the Affidavit of ~~Declaration~~
Sean Byington No. 4
Sworn before me this 17th
day of June A.D. 20 16

A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

EXHIBIT 7

THIS IS EXHIBIT " 7 *"*
referred to in the Affidavit of ~~*Declaration*~~
Sean Bovingdon No. 4
Sworn before me this 17th
day of June *A.D. 20* 16

A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

ENTERED
02/24/2016

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION

In re:	§	
	§	**CASE NO. 16-20060**
ARGENT ENERGY (CANADA) HOLDINGS, INC.,	§	**Chapter 15**
	§	
Debtor in a foreign proceeding.	§	
	§	
In re:	§	**CASE NO. 16-20061**
	§	
ARGENT ENERGY (US) HOLDINGS, INC.,	§	**Chapter 15**
	§	
	§	
Debtor in a foreign proceeding.	§	

ORDER GRANTING EMERGENCY APPLICATION FOR PROVISIONAL RELIEF PURSUANT TO SECTIONS 105(a) AND 1519 OF THE BANKRUPTCY CODE

(Docket No. 4)

On February 17, 2016, FTI Consulting Canada Inc., the court-appointed monitor ("FTI", or the "Monitor") and authorized foreign representative of the above-captioned Debtors (the "Debtors"), filed the *Emergency Application for Provisional Relief Pursuant to Section 105(a) and 1519 of the Bankruptcy Code* (the "Application") in the above-numbered and styled chapter 15 cases.

The Court finds that notice was proper (or to the extent that notice was insufficient, this Order should be issued without notice to avoid irreparable harm to the Debtors), and further finds that the relief requested in the Application should be granted on a provisional basis.

Having considered and reviewed: (i) the Application; (ii) the *Expedited Petition for Recognition as a Foreign Main Proceeding, or in the Alternative Foreign Nonmain Proceeding, Pursuant to Sections 1515 and 1517 of the Bankruptcy Code and Related Relief* (the "Petition"); (iii) the *Notice of Filing of Documents in Support of First Day Motions* and exhibits thereto; (iv) the Initial Order entered in the Canadian Proceeding; and (v) all other documents filed in support

thereof, and this Court having heard the parties on February 22, 2016, and based upon the representations made on the record at such hearing, this Court finds and concludes as follows:

A. The "Debtors" are the following two entities: Argent Energy (Canada) Holdings, Inc. ("Argent Canada") and Argent Energy (US) Holdings, Inc. ("Argent US").

B. On February 17, 2016, the Debtors, along with Argent Energy Trust (the "Trust"), filed an Application for the Commencement of Reorganization Proceedings (the "CCAA Application") pursuant to the Canada's Companies' Creditors Arrangement Act (the "CCAA") in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the "Canadian Court").

C. On February 17, 2016, the Canadian Court entered an order (the "Initial Order") granting the CCAA Application, initiating the reorganization proceeding (the "Canadian Proceeding"), and appointing the Monitor as the foreign representative of the Debtors.

D. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a) and (b) and 1334(a) and (b) and 11 U.S.C. § 109 and 1501. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P).

E. Venue is proper in this district pursuant to 28 U.S.C. § 1410(3).

F. The Monitor is a foreign representative within the meaning of 11 U.S.C. § 101(41) and is the duly appointed foreign representative of the Debtors within the meaning of 11 U.S.C. § 101(24).

G. This case was properly commenced pursuant to 11 U.S.C. §§ 1504 and 1515. The notice of the Application was sufficient given the circumstances of these cases and potential for irreparable harm to the Debtors.

H. Relief is urgently needed to protect the assets of the Debtors or the interests of the creditors pursuant to 11 U.S.C. § 1519(a). Therefore, the Monitor is entitled to the provisional relief afforded under 11 U.S.C. § 1519.

I. The relief granted is necessary and appropriate, in the interest of the public and international comity, consistent with United States public policy, and will not cause any hardship to any party in interest that is not outweighed by the benefits of granting the requested relief.

J. There is a substantial threat of irreparable injury if the injunction does not issue.

K. Any threatened injury to the Debtors outweighs any damage the injunction might cause to the opponents.

L. The injunction will not disserve the public interest.

M. The Monitor, in its role as foreign representative of the Debtors, and the Debtors, are entitled to the full protections and rights available pursuant to 11 U.S.C. § 1519(a).

N. In the Initial Order, the Canadian Court authorized Argent US to obtain and borrow under a secured credit facility (the "DIP Facility") pursuant to the terms of the U.S. $7,300,000 Interim Non-Revolving Credit Facility Credit Agreement (the "DIP Credit Agreement") among Argent US, as Borrower, Trust and Argent Canada, as Guarantors, The Bank of Nova Scotia, Wells Fargo Bank, N.A., Canadian Branch, Canadian Imperial Bank of Commerce, Royal Bank of Canada, and each such other financial institution which becomes a signatory thereto, as Lenders (the "DIP Lenders"), and The Bank of Nova Scotia, as Sole Lead Arranger, Administrative and Collateral Agent for the DIP Lenders (the "DIP Agent").

O. In the Initial Order, the Canadian Court also granted the DIP Lenders a charge (the "Interim Lender's Charge") on all present and after-acquired real and personal property of the Debtors and Trust (collectively, the "DIP Collateral") to secure all obligations under the DIP Credit Agreement and any mortgages, charges, hypothecs and security documents, guarantees and other definitive documents related thereto (collectively, the "DIP Loan Documents"). The Interim Lender's Charge has the priority set forth in paragraphs 40 and 42 of the Initial Order.

P. Permitting the current cash management system to continue pursuant to existing agreements between the Debtors and their existing depository and disbursement banks (collectively, the "Banks") will facilitate the continued operations of the Debtors as a going concern.

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. All relief granted herein is on an provisional basis, subject to this Court's recognition of the above-captioned bankruptcy cases as a foreign proceeding.

2. The certain terms and provisions of the Initial Order that (i) concern the Interim Financing Credit Agreement, the Interim Financing, and the Interim Lender's Charge, and/or (ii) correspond to specific relief granted in this Order, are given full force and effect in the United States. The validity and priority of the Administration Charge, Interim Lender's Charge, and Directors' Charge as set forth in the Initial Order are given full force and effect.

3. The commencement or continuation of any action or proceeding concerning the assets, rights, obligations, or liabilities of the Debtors, including any action or proceeding against the Monitor in its capacity as foreign representative of the Debtors, is hereby stayed in a manner coextensive with 11 U.S.C. § 362.

4. Execution against the assets of the Debtors is hereby stayed, provided, however, that nothing in paragraphs 3 or 4 of this Order shall limit, abridge, or otherwise affect the rights afforded the DIP Agent and the DIP Lenders under the DIP Credit Agreement and the Initial Order or the Debtors' authorization to make certain payments as permitted in, and subject to the terms and conditions of, the Initial Order.

5. The administration or realization of all or part of the assets of the Debtors within the territorial jurisdiction of the United States is hereby entrusted to the Debtors, and the terms of the Initial Order to the extent set forth herein shall apply to the Debtors, its creditors, the Monitor, and any other parties-in-interest.

6. The right of any person or entity, other than the Debtors, to transfer or otherwise dispose of any assets of the Debtors, is hereby suspended unless authorized in writing by the Debtors or by Order of this Court.

7. As provisional relief in aid of the Initial Order, the Interim Lender's Charge and priorities as set forth in the Initial Order, including paragraphs 32-37 and 40-44 of the Initial Order, are hereby enforced against the DIP Collateral in accordance with the terms of the Initial Order.

8. Upon the occurrence of and during the continuance of an Event of Default (as defined in the DIP Credit Agreement) under the DIP Loan Documents, the DIP Agent and the DIP Lenders are entitled to exercise rights and remedies under the DIP Loan Documents and

take any other action or exercise any other right or remedy permitted to the DIP Agent or the DIP Lender under the DIP Loan Documents or by operation of law in accordance with the terms of the Initial Order without further relief from the automatic stay pursuant to section 362(a) of the Bankruptcy Code, or further order of or application to this Court. Nothing in this Order or by operation of law, including section 362(a) of the Bankruptcy Code, shall prejudice, impair or otherwise affect the rights of the DIP Agent and the DIP Lenders, as provided in the DIP Loan Documents, to suspend or terminate the making of loans or other advances under the DIP Loan Documents.

9. Subject to the terms and conditions of the DIP Facility as approved by the Canadian Court, the Debtors are authorized to execute all necessary documentation related to the DIP Facility and to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the DIP Agent and the DIP Lenders when the same become due and are to be performed; provided, however, that the Debtors agree not to request draws in excess of an aggregate amount of $650,000 prior to the Petition Hearing (as defined below). The DIP Agent, in its discretion, may (but is not required to in order for the Interim Lender's Charge and priorities to be enforceable) file a photocopy of this Order and/or the Initial Order as a financing statement, notice of lien, or similar document with any recording officer designated to file financing statements, notices of lien or similar documents in any U.S. jurisdiction, and in such event, the subject filing or recording officer shall be authorized to file or record such copy of this Order and/or the Initial Order.

10. If any of the provisions of this Order related to the DIP Facility or the Interim Lender's Charge shall subsequently be stayed, modified, amended, reversed or vacated in whole or in part (collectively, a "Modification") whether by subsequent order of this Court or on appeal

from this Order, such Modification shall not impair, limit or diminish the Interim Lender's Charge, or the protections, rights or remedies of the DIP Agent and the DIP Lenders, whether under this Order (as entered prior to the Modification) or under any of the documentation delivered pursuant hereto, including with respect to any advances made prior to entry of the Modification.

11. Notwithstanding Federal Rule of Bankruptcy Procedure 7062, made applicable to this case by Federal Rule of Bankruptcy Procedure 1018, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry and, upon its entry, shall become final and appealable.

12. Nothing in this Order shall be deemed to entrust or otherwise vest the Debtors or its assets to the Monitor, with the terms of the Initial Order to expressly govern the rights and responsibilities of the Monitor as foreign representative in this proceeding.

13. The Monitor may undertake the examination of witnesses, the taking of evidence, the production of documents, or the delivery of information concerning the assets, affairs, rights, obligations or liabilities of the Debtors.[1]

14. Those certain existing deposit agreements between the Debtors and its Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Banks, and that all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect. The Debtors and the Banks may, without further Order of this Court, agree to and implement changes to the cash management systems and procedures in the ordinary course of business, including, without limitation, the opening and closing of bank accounts.

[1] 11 U.S.C. §§ 1519(a)(3); 1521(a)(4).

15. Each of the Debtor's Banks is authorized to debit the Debtors' accounts in the ordinary course of business without the need for further order of this Court for: (i) all checks drawn on the Debtors' accounts which are cashed at such Bank's counters or exchanged for cashier's checks by the payees thereof prior to the Commencement Date; (ii) all checks or other items deposited in one of Debtors' accounts with such Bank prior to the Commencement Date which have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtor was responsible for such items prior to the Commencement Date; and (iii) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

16. Any of the Debtors' Banks may rely on the representations of a Debtor with respect to whether any check or other payment order drawn or issued by the Debtor prior to the Commencement Date should be honored pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the Debtor as provided for herein.

17. The Debtors are authorized to honor and maintain the WF Credit Card Arrangements (as defined in the DIP Credit Agreement) pursuant to the terms of the WF Credit Card Documents (as defined in the DIP Credit Agreement) between the Debtors and Wells Fargo Bank, N.A. ("Wells Fargo"), including maintaining their deposits under the WF Credit Card Arrangements as collateral to secure the WF Credit Card Obligations (as defined in the DIP Credit Agreement).

18. The Debtors are authorized to honor and maintain their credit card agreements with WEX Inc. pursuant to the terms of such agreements, including maintaining their deposits under the agreements as collateral to secure the credit card obligations.

19. This Court shall retain jurisdiction with respect to the enforcement, amendment, or modification of this Order, any request for additional relief or adversary proceeding brought in and through these Chapter 15 proceedings, and any request by an entity for relief from the provisions of this Order, for cause shown, that is properly commenced and within the jurisdiction of this Court.

20. The security provision provided in Federal Rule of Civil Procedure 65(c), made applicable through Federal Rule of Bankruptcy Procedure 7065, is unnecessary in this case and is therefore waived.

21. This Order applies to all parties in interest in this Chapter 15 case and all of their agents, employees, and representatives, and all those who act in concert with them who receive notice of this Order.

22. A hearing to consider preliminary and permanent relief as requested by the Application and the Petition is set for March 9, 2016 at 11:15 a.m., at Corpus Christi (the "Petition Hearing"). Counsel for the Monitor must serve this Order on parties in interest in this Chapter 15 case and provide notice of hearing.

23. Any party seeking relief from, or modification of, this Order or objecting to the Petition must file any such objection not less than three (3) business days prior to the Petition Hearing and serve such objection on the Monitor's U.S. counsel, William R. Greendyke, Norton Rose Fulbright US LLP, 1301 McKinney, Suite 5100, Houston, Texas 77010, william.greendyke@nortonrosefulbright.com and the Debtors' US counsel, Philip G. Eisenberg,

Locke Lord LLP, 600 Travis, Suite 2800, Houston, Texas 77002, and Canadian counsel, Sean Zweig, Bennet Jones LLP, 3400 One First Canadian Place, P.O. Box 130, Toronto, Ontario M5X-1A4.

24. The notice required in paragraph 23 on objections, if any, must be made in writing describing the basis therefore, filed with the Court, and served on the U.S. Counsel in a manner whereby such notice or objections are actually received by U.S. counsel at least three (3) business days prior to (i) any hearing scheduled on any motion seeking relief from or modification of this Order, or (ii) the hearing date scheduled in paragraph 22 above.

25. If no objections to the Monitor's request for a preliminary and permanent injunction are made as herein provided, the Court may enter an order granting the preliminary and permanent injunction requested in the Application and Petition without holding a hearing.

Signed: February 24, 2016

DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 8

THIS IS EXHIBIT " 8 *"*
referred to in the Affidavit of ~~*Declaration*~~
Sean Bovingdon No.4
Sworn before me this 17th
day of June *A.D. 20* 16

A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

ENTERED
03/11/2016

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION

In re:	§	
	§	**CASE NO. 16-20060**
ARGENT ENERGY (CANADA)	§	
HOLDINGS, INC., *et al.*[1]	§	**Chapter 15**
	§	
Debtors in a foreign proceeding.	§	**(Jointly Administered)**

ORDER GRANTING RECOGNITION AS A FOREIGN MAIN PROCEEDING, OR, IN THE ALTERNATIVE, AS A FOREIGN NONMAIN PROCEEDING

(Docket No. 5)

Upon consideration of the *Petition for Recognition as a Foreign Main Proceeding Pursuant to Sections 1515 and 1517 of the Bankruptcy Code and Related Relief* (the "Petition") filed by FTI Consulting Canada Inc. ("FTI"), in its capacity as Monitor and authorized foreign representative (the "Foreign Representative") of the above-captioned debtors (the "Petitioners"), and all the evidence and argument of the parties, and after due deliberation and consideration of this Court's powers and discretion under 11 U.S.C. §§ 1515, 1517, 1520, and 1521, and sufficient cause appearing therefor, including for the reasons set forth on the record by the Court, the Court finds and concludes as follows:[2]

A. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a) and (b) and 1334(a) and (b), and 11 U.S.C. §§ 109 and 1501. Venue is proper in this district pursuant to 28 U.S.C. § 1410.

B. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P).

C. This Court has constitutional authority to enter final orders on this matter under *Stern v. Marshall*, 131 S. Ct. 2594 (2011), or, in the alternative, by consent of the parties.

D. The Petitioners are the following two entities: Argent Energy (Canada) Holdings, Inc. ("Argent Canada") and Argent Energy (US) Holdings, Inc. ("Argent US").

[1] The "Petitioners" in these chapter 15 cases are Argent Energy (Canada) Holdings, Inc. and Argent Energy (US) Holdings, Inc.

[2] All capitalized terms not defined herein are ascribed the meanings given to them in the Petition or the Initial Order as applicable.

E. On February 17, 2016, the Petitioners, along with Argent Energy Trust (collectively, the "Canadian Debtors"), filed an Application for the Commencement of Reorganization Proceedings (the "CCAA Application") pursuant to Canada's Companies' Creditors Arrangement Act (the "CCAA") in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the "Canadian Court").

F. On February 17, 2016, the Canadian Court entered an order (the "Initial Order"), provisionally granting the CCAA Application, initiating the reorganization proceeding (the "Canadian Proceeding"), and appointing FTI to act as a foreign representative in these cases.

G. On March 9, 2016, the Canadian Court held a second hearing (the "Comeback Hearing") to determine whether to grant final approval to the terms of the Initial Order.

H. On March 10, 2016, the Canadian Court announced its intention to grant the terms of the Initial Order on a final basis (the "Amended and Restated Initial Order").

I. The Canadian Proceeding is entitled to recognition by this Court pursuant to 11 U.S.C. § 1517.

J. The Foreign Representative is a person within the meaning of 11 U.S.C. § 101(41) and is the duly appointed foreign representative of the Petitioners within the meaning of 11 U.S.C. § 101(24).

K. This case was properly commenced pursuant to 11 U.S.C. §§ 1504 and 1515.

L. The Canadian Proceeding is a foreign proceeding within the meaning of 11 U.S.C. § 101(23).

M. Analyzing the Canadian Debtors in the aggregate, the Court finds that the center of main interest for both Argent Canada and Argent US is Canada. Accordingly, the Court finds that the Canadian Proceeding is a foreign main proceeding with respect to both Argent Canada and Argent US.

N. In the alternative, to the extent that the Court is required to analyze the Canadian Debtors independently, the Court finds: (i) the Canadian Proceeding is a foreign main proceeding with respect to Argent Canada; and (ii) the Canadian Proceeding is a foreign nonmain proceeding with respect to Argent US, based on the evidence presented at the Recognition Hearing and for the reasons announced on the record.

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. The Canadian Proceeding is hereby recognized as a foreign main proceeding pursuant to 11 U.S.C. § 1517 with respect to Argent Canada and Argent US, the Petitioners.

2. In the alternative, to the extent that recognition of the Canadian Proceeding should be viewed independently as to each Petitioner, the Canadian Proceeding is recognized as a foreign main proceeding under 11 U.S.C. § 1517 with respect to Argent Canada; and the Canadian Proceeding is recognized as a foreign nonmain proceeding under 11 U.S.C. § 1517 with respect to Argent US.

3. The Foreign Representative is granted all of the relief afforded under 11 U.S.C. § 1520, including the following:

> (a) sections 361 and 362 apply with respect to the debtor and the property of the debtor that is within the territorial jurisdiction of the United States;
>
> (b) sections 363, 549, and 552 apply to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States to the same extent that the sections would apply to property of an estate;
>
> (c) unless the court orders otherwise, the foreign representative may operate the debtor's business and may exercise the rights and powers of a trustee under and to the extent provided by sections 363 and 552; and
>
> (d) section 552 applies to property of the debtor that is within the territorial jurisdiction of the United States;

4. To the extent the Canadian Proceeding is recognized as a foreign nonmain proceeding with respect to Argent US, the Court exercises its discretion under 11 U.S.C. § 1521 to grant Argent US all the relief afforded under 11 U.S.C. § 1520(a)(1)-(4).

5. All prior relief granted in the *Order Granting Emergency Application for Relief Pursuant to Section 105(a) and 1519 of the Bankruptcy Code* [Docket No. 30] is hereby extended on a final basis, to the extent not inconsistent with the relief granted under this Order.

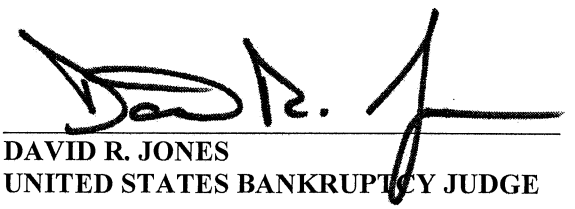
6. The Foreign Representative and the Petitioners are authorized to implement the terms of the Initial Order and Amended and Restated Initial Order, as amended by the Canadian Court.

7. The Petitioners are authorized to maintain and enter into any addendums and/or extensions of the Client Service Agreement by and between the Petitioners and Insperity PEO Services, L.P. and perform any obligations under the same.

8. This Court shall retain jurisdiction with respect to the enforcement, amendment, or modification of this Order, any request for additional relief or any adversary proceeding brought in and through these chapter 15 bankruptcy cases and any request by an entity for relief from the provisions of this Order, for cause shown, that is properly commenced and within the jurisdiction of this Court. The relief provided herein shall survive the termination of the Canadian Proceeding subject to further order of this Court after notice and hearing.

9. This Order applies to all parties in interest in these chapter 15 cases and all of their agents, employees, and representatives, and all those who act in concert with them who receive notice of this Order.

Signed: March 11, 2016.



DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE