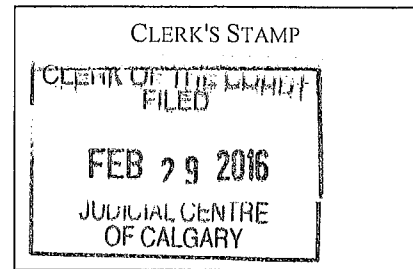


FORM 49
[RULE 13.19]



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 make 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

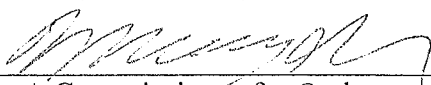
under the Credit Facility. Accordingly, Argent engaged OGAC to run a robust sale process that is designed to maximize value in the circumstances. As I said in my First Affidavit, the objective of these proceedings is to repay the Syndicate and to create value for junior creditors if possible. I believe 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

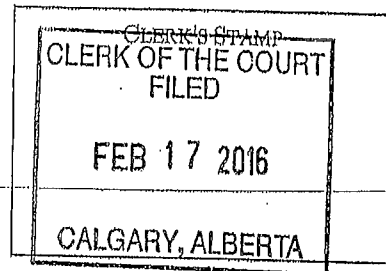


SEAN BOVINGTON

THIS IS EXHIBIT " 1 "
referred to in the (~~Declaration~~, Affidavit) of
Sean Bovingdon
Sworn
Declared) before me this 29th
day of February A.D. 20 16
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

FORM 49
[RULE 13.19]



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

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 through 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 Bovington – 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

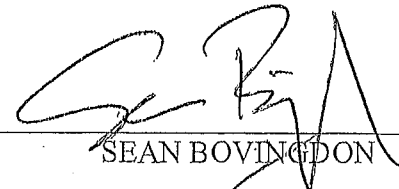
154. As set out in the cash flow forecast previously attached, the Applicants' principal uses of cash during the next 13 weeks will consist of the payment of ongoing day-to-day operational expenses, such as payroll and office related expenses, and professional fees and disbursements in connection with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


SEAN BOVINGTON)

Kelsey Meyer
Barrister & Solicitor



THIS IS EXHIBIT " 2 "
referred to in the (^{Affidavit}~~Declaration~~) of
Sean Bowington
Sworn
Declared) before me this 29th
day of February A.D. 2016
M. ...
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor



ARGENT ENERGY TRUST TO FILE FOR PROTECTION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT

FOR IMMEDIATE RELEASE

Calgary, Alberta, February 17, 2016 – Argent Energy Trust (the "Trust") (TSX: AET.UN) announces that the Trust and its direct and indirect subsidiaries, Argent Energy (Canada) Holdings Inc. ("Argent Canada") and Argent Energy (U.S.) Holdings Inc. ("Argent U.S.", and together with the Trust and Argent Canada, the "Applicants" or "Argent"), are initiating proceedings today at the Court of Queen's Bench of Alberta to seek creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"). The application for creditor protection under the CCAA is supported by Argent's lending syndicate, its only secured creditor.

As a result of, among other things, Argent's lending syndicate accelerating payment under its credit facility and demanding repayment thereof, depressed petroleum and natural gas prices, negative operating results, limited access at the present time to capital markets for issuers such as the Applicants and the inability of the Applicants to obtain a suitable offer for the purchase of the assets of the Applicants after a number of formal and informal strategic alternative processes in an effort to satisfy existing financial obligations, both secured and unsecured, the Applicants were unable to restructure their affairs in an adequate manner. After careful consideration of all other available alternatives and stakeholders interests, the board of directors of each of the Applicants has determined that it is in best interests of the Applicants, as applicable, to file for an application for creditor protection under the CCAA.

As part of the CCAA application, the Applicants will seek the appointment of FTI Consulting Canada Ltd. as the Monitor to oversee the CCAA proceedings and report to the Court.

If the Applicants are granted creditor protection under the CCAA, it is expected that proceedings will be commenced under Chapter 15 of Title 11 of the United States Bankruptcy Code to obtain creditor protection and recognition of the CCAA proceedings in the United States in respect of Argent Canada and Argent U.S.

During the CCAA proceedings, it is expected that the Applicants' operations will continue uninterrupted in the ordinary course of business and that every day obligations to employees, key suppliers of goods and services and the Applicants' customers will, after the filing date, continue to be met on an ongoing basis. While under CCAA protection, management of the Applicants will remain responsible for the day-to-day operations of the respective Applicants under the general oversight of the Monitor. At this time, there are no intended changes to the management team or the composition of the board of directors of the Applicants and the Applicants anticipate that such individuals will continue in their respective roles throughout the CCAA process.

Further news releases in respect of the CCAA process will be provided on an ongoing basis as may be determined necessary.

Note About Forward-Looking Statements

This press release includes forward-looking information within the meaning of applicable Canadian and United States securities legislation. All statements, other than statements of historical facts, that address activities, circumstances, events, outcomes and other matters that the Trust forecasts, plans, projects, expects, believes, assumes or anticipates (and other similar expressions) will, should or may occur in the future, are considered forward-looking information.

In particular, forward-looking information contained in this press release includes, but is not limited to, the commencement by the Applicants of proceedings under the CCAA and Chapter 15 of Title 11 of the United States Bankruptcy Code, the Applicants' business operations and the satisfaction of their ongoing obligations to employees, key suppliers and customers during the CCAA proceedings and the composition of the management team and the boards of directors of the Applicants during the CCAA proceedings. The forward-looking information contained in this news release is based on management's current beliefs, expectations and assumptions, based on currently available information as to the outcome and timing of future events. The forward-looking information contained in this news release involves risks and uncertainties which may cause actual results or performance to be materially different from any future results or performance expressed or implied herein. These risks and uncertainties include, but are not limited to, the uncertainty involved in the proceedings expected to be commenced under CCAA and Chapter 15 of Title 11 of the United States Bankruptcy Code, the liquidity and level of indebtedness of the Applicants, the business and financial affairs of the Applicants, the cooperation of the creditors of the Applicants, the Applicants' ability to meet their ongoing obligations during the CCAA proceedings and thereafter, the ability of the Applicants to maintain relationships with key suppliers, customers, employees and other third parties in light of the events leading up to and including the CCAA proceedings, and other general assumptions regarding, among other things, industry activity, the general stability of the economic and political environment, the effect of market conditions on commodity prices and exchange rates, the ability to obtain goods and services in a timely and cost-efficient manner, and the ability to maintain current production levels.

Forward-looking information is subject to a number of risks and uncertainties, including those mentioned above, that could cause actual results to differ materially from the expectations set forth in the forward-looking information. Forward-looking information is not a guarantee of future results or performance or an assurance that our current assumptions and projections are valid. All forward-looking information speaks only as of the date of this news release, and the Trust assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking information, except as required by law. You should not place undue reliance on forward-looking information. You are encouraged to closely consider the additional disclosures and risk factors contained in the Trust's periodic filings on SEDAR that discuss in further detail the factors that could cause future results to be different than contemplated in this press release.

About Argent Energy Trust

Argent is a mutual fund trust under the *Income Tax Act* (Canada). Argent's objective is to create stable, consistent returns for investors through the acquisition and development of oil and natural gas reserves and production with low risk exploration potential, located primarily in the United States. Material information pertaining to Argent Energy Trust may be found on www.sedar.com or www.argentenergytrust.com.

For further information concerning this press release, please contact:

Sean Bovingdon
President & Chief Financial Officer
Argent Energy Trust
(403) 770-4809

Steve Hicks
Chief Operating Officer
Argent Energy Trust
(281) 847-1888



ARGENT ENERGY TRUST GRANTED INITIAL ORDER UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT

FOR IMMEDIATE RELEASE

Calgary, Alberta, February 17, 2016 – Argent Energy Trust ("Argent" or the "Trust") (TSX: AET.UN) announces that, further to the news release issued by it earlier today, the Trust and its direct and indirect subsidiaries, Argent Energy (Canada) Holdings Inc. ("**Argent Canada**") and Argent Energy (U.S.) Holdings Inc. ("**Argent U.S.**", and together with the Trust and Argent Canada, the "**Applicants**"), have obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") pursuant to an initial order (the "**Initial Order**") granted on February 17, 2016 by the Court of Queen's Bench of Alberta (the "**Court**"). The Court appointed FTI Consulting Canada Ltd. as the Monitor (the "**Monitor**") of each of the Applicants.

The Court granted protection under the CCAA for an initial period expiring on March 18, 2016, to be extended thereafter as the Court deems appropriate. The Initial Order, among other things, provides a stay of certain creditor claims and the exercise of contractual rights, and approves the continuation of the previously announced sale solicitation process (the "**Sale Solicitation Process**"). As previously announced, The Oil & Gas Clearinghouse, LLC will act as sales agent in connection with the Sale Solicitation Process. The Sale Solicitation Process is intended to generate interest in either the business or the assets of Argent U.S. with the goal of maximizing the return in respect of the assets of the Applicants.

During the CCAA proceedings, it is expected that the Applicants' operations will continue uninterrupted in the ordinary course of business and that everyday obligations to employees, key suppliers of goods and services and the Applicants' customers will, after the filing date, continue to be met on an ongoing basis. While under CCAA protection, management of the Applicants will remain responsible for the day-to-day operations of the respective Applicants under the general oversight of the Monitor. At this time, there are no intended changes to the management team or the composition of the board of directors of the Applicants and the Applicants anticipate that such individuals will continue in their respective roles throughout the CCAA process.

Argent U.S. has received commitments from its existing lending syndicate for up to U.S.\$7.3 million in interim financing to support its continued operations, which interim financing was approved by the Court in the Initial Order. The interim financing, with cash generated from ongoing operations, is expected to provide sufficient liquidity to support the business of the Applicants during the CCAA proceedings.

A copy of the Initial Order will be made available, and additional details relating to the CCAA proceedings will be accessible, on the Monitor's website at <http://cfcanada.fticonsulting.com/argent>. The Monitor has also established an information hotline for enquiries regarding the CCAA process at 1-877-754-5840.

Pursuant to the Initial Order, the Monitor was authorized to, and is expected to very shortly, file petitions under Chapter 15 of Title 11 of the United States Bankruptcy Code to obtain creditor protection and recognition of the CCAA proceedings in the United States in respect of Argent Canada and Argent U.S.

The trading on the Toronto Stock Exchange (the "TSX") of the units of the Trust, the 6.00% convertible unsecured subordinated debentures due June 30, 2018 and the 6.50% convertible unsecured subordinated debentures due December 30, 2018 have been halted and it is anticipated that the trading thereof will continue to be halted. As previously announced on February 2, 2016, the TSX is undertaking a review of the eligibility of the Trust for the continued listing of its securities on the TSX. Argent expects that review to be expedited and the securities of the Trust to be suspended from trading on the TSX indefinitely.

Further news releases will be provided on an ongoing basis through the CCAA process as may be determined necessary.

Note About Forward Looking Statements

This press release includes forward-looking information within the meaning of applicable Canadian and United States securities legislation. All statements, other than statements of historical facts, that address activities, circumstances, events, outcomes and other matters that Argent budgets, forecasts, plans, projects, estimates, expects, believes, assumes or anticipates (and other similar expressions) will, should or may occur in the future, are considered forward-looking information.

Forward-looking information contained in this news release includes, but is not limited to, statements concerning the CCAA proceedings, the Sale Solicitation Process, the Applicants' business operations and the satisfaction of their ongoing obligations to employees, key suppliers and customers during the CCAA proceedings, the composition of the management team and the boards of directors of the Applicants during the CCAA proceedings, the filing of petitions under Chapter 15 of Title 11 of the United States Bankruptcy Code and the TSX's review of the eligibility of the Trust's securities for trading on the TSX. The forward-looking information contained in this news release is based on management's current beliefs, expectations and assumptions, based on currently available information as to the outcome and timing of future events. The forward-looking information contained in this news release involves risks and uncertainties which may cause actual results or performance to be materially different from any future results or performance expressed or implied herein. These risks and uncertainties include, but are not limited to, the uncertainty involved in the CCAA proceedings and the proceedings expected to be commenced under Chapter 15 of Title 11 of the United States Bankruptcy Code, the liquidity and level of indebtedness of the Applicants, the success of the Sale Solicitation Process, the business and financial affairs of the Applicants, the cooperation of the creditors of the Applicants, the Applicants' ability to meet their ongoing obligations during the CCAA proceedings and thereafter, the ability of the Applicants to maintain relationships with key suppliers, customers, employees and other third parties in light of the events leading up to and including the CCAA proceedings, and other general assumptions regarding, among other things, industry activity, the general stability of the economic and political environment, the effect of market conditions on commodity prices and exchange rates, the ability to obtain goods and services in a timely and cost-efficient manner, and the ability to maintain current production levels.

Forward-looking information is subject to a number of risks and uncertainties, including those mentioned above, that could cause actual results to differ materially from the expectations set forth in the forward-looking information. Forward-looking information is not a guarantee of future results or performance or an assurance that our current assumptions and projections are valid. All forward-looking information speaks only as of the date of this news release, and the Trust assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking information, except as required by law. You should not place undue reliance on forward-looking information. You are encouraged to closely consider the additional disclosures and risk factors contained in the Trust's periodic filings on SEDAR that discuss in further detail the factors that could cause future results to be different than contemplated in this press release.

About Argent Energy Trust

Argent is a mutual fund trust under the *Income Tax Act* (Canada). Argent's objective is to create stable, consistent returns for investors through the acquisition and development of oil and natural gas reserves and production with low risk exploration potential, located primarily in the United States. Material information pertaining to Argent Energy Trust may be found on www.sedar.com or www.argentenergytrust.com.

For further information concerning this press release, please contact:

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Steve Hicks
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(281) 847-1888



ARGENT ENERGY TRUST CONTINUES SALE SOLICITATION PROCESS

FOR IMMEDIATE RELEASE

Calgary, Alberta, February 19, 2016 – Argent Energy Trust (the "Trust") (TSX: AET.UN) announces that, as part of the initial order (the "Initial Order") granted on February 17, 2016 by the Court of Queen's Bench of Alberta (the "Court"), the Trust and its direct and indirect subsidiaries, Argent Energy (Canada) Holdings Inc. ("Argent Canada") and Argent Energy (U.S.) Holdings Inc. ("Argent U.S."), and together with the Trust and Argent Canada, the "Applicants" or "Argent"), have received court approval for the continuation of the previously announced sale solicitation process (the "Sale Solicitation Process") to be conducted within the CCAA proceedings by The Oil & Gas Clearinghouse, LLC ("OGAC") under the supervision of FTI Consulting Canada Inc. (the "Monitor"). The Court also approved the continued engagement of OGAC as sales agent in connection with the Sale Solicitation Process. The Sale Solicitation Process is intended to generate interest in either the business or the assets of Argent U.S. with the goal of maximizing the return in respect of the assets of the Applicants.

The Sale Solicitation Process procedures attached as Schedule "A" to the Initial Order (the "Sale Procedures") describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent U.S. and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (as each term is defined under the Sale Procedures), respectively, the receipt and negotiation of Qualified Bids received, the ultimate selection of the successful bidder(s) and the approval thereof by the Court, the Applicants and Argent's lending syndicate.

The Monitor will supervise the Sale Solicitation Process. Qualified Bidders, if they wish to submit a bid, are required to deliver written copies of a binding proposal for the acquisition of Argent U.S. or its assets, business or undertaking, or any portion or combination thereof, to OGAC, with a copy to the Monitor, at the addresses specified in the Sale Procedures, no later than 5:00 p.m. (Central Standard Time) on March 17, 2016, or such other date or time as may be agreed to by OGAC, in consultation with the Monitor, the Applicants and Argent's lending syndicate. Late bids will not be considered. The bid proposal must be in a form such that the acceptance thereof by the Applicants will result in a binding agreement.

Parties interested in participating in the Sale Solicitation Process, and obtaining information with respect to the business and assets of Argent U.S., should contact Pat Dapra, Manager – Negotiated Transactions of OGAC, at (832) 631-7655 or pdapra@ogclearinghouse.com, or visit <http://www.ogclearinghouse.com>.

Additional details relating to the CCAA proceedings and the Sale Solicitation Process, including the Sale Procedures, are available on the Monitor's website at <http://cfcanada.fticonsulting.com/argent>. The Monitor has also established an information hotline for enquiries regarding the CCAA process at 1-877-754-5840.

Further news releases in respect of the CCAA process and the Sale Solicitation Process will be provided on an ongoing basis as may be determined necessary.

For further information concerning this press release, please contact:

Sean Bovingdon
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ARGENT ENERGY TRUST ANNOUNCES UPDATE TO TORONTO STOCK EXCHANGE LISTING ELIGIBILITY REVIEW

FOR IMMEDIATE RELEASE

Calgary, Alberta, February 24, 2016 – Argent Energy Trust ("Argent" or the "Trust") (TSX: AET.UN) announces that, further to the news releases issued by it on February 2, 2016 and February 17, 2016, it has been advised by the Toronto Stock Exchange (the "TSX") that the units of the Trust (TSX: AET.UN), the 6.00% convertible unsecured subordinated debentures due June 30, 2018 (TSX: AET.DB) and the 6.50% convertible unsecured subordinated debentures due December 30, 2018 (TSX: AET.DB.A) will be delisted effective at the close of market on March 24, 2016 for failure by the Trust to meet the continued listing requirements of the TSX. Trading in the securities of the Trust will remain suspended from trading on the TSX until the delisting date.

Note About Forward Looking Statements

This press release includes forward-looking information within the meaning of applicable Canadian and United States securities legislation. All statements, other than statements of historical facts, that address activities, circumstances, events, outcomes and other matters that Argent budgets, forecasts, plans, projects, estimates, expects, believes, assumes or anticipates (and other similar expressions) will, should or may occur in the future, are considered forward-looking information.

Forward-looking information contained in this news release includes, but is not limited to, statements concerning the delisting of the Trust's securities on the TSX. The forward-looking information contained in this news release is based on management's current beliefs, expectations and assumptions, based on currently available information as to the outcome and timing of future events.

Forward-looking information is subject to a number of risks and uncertainties that could cause actual results to differ materially from the expectations set forth in the forward-looking information. Forward-looking information is not a guarantee of future results or performance or an assurance that our current assumptions and projections are valid. All forward-looking information speaks only as of the date of this news release, and the Trust assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking information, except as required by law. You should not place undue reliance on forward-looking information. You are encouraged to closely consider the additional disclosures and risk factors contained in the Trust's periodic filings on SEDAR that discuss in further detail the factors that could cause future results to be different than contemplated in this press release.

For further information concerning this press release, please contact:

Sean Bovingdon
President & Chief Financial Officer
Argent Energy Trust
(403) 770-4809

Steve Hicks
Chief Operating Officer
Argent Energy Trust
(281) 847-1888

THIS IS EXHIBIT " 3 "
referred to in the (Affidavit
Declaration) of
Sean Bavingdon
Sworn
Declared) before me this 29th
day of February A.D. 20 16

Meyer
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor



February 23, 2016

VIA EMAIL ONLY

basrah@bennettjones.com

Harinder Basra
Bennett Jones LLP
4500 Bankers Hall East
855 Second Street SW
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T2P 4K7

Scott Ainslie
Senior Manager
Compliance & Disclosure
Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, Canada
M5X 1J2
T (416) 947-4767
F (416) 947-4547
Scott.ainslie@tmx.com

Dear Mr. Basra:

Re: Argent Energy Trust (the "Trust")

This letter is to confirm that the Continued Listings Committee of Toronto Stock Exchange ("TSX") has determined to delist the Trust's securities effective at the close of market on March 24, 2016. The delisting decision was made for failure by the Trust to meet the continued listing requirements of TSX, as detailed in Part VII of the *Toronto Stock Exchange Company Manual* (the "Manual") and the attached Review Worksheet. Trading in the Trust's securities will remain suspended from trading on TSX until the delisting date.

Section 718 of the Manual states that a listed issuer whose securities are delisted must remedy all of the conditions, which resulted in the delisting, and must meet TSX's requirements for original listing in order to qualify for reinstatement or be reconsidered for listing. The listed issuer must submit a complete listing application with the required supporting documentation and TSX will consider each application individually on the basis of all relevant facts and circumstances.

You may refer to the appeal process set out in Section 719 of the Manual should the Trust wish to appeal the delisting decision, TSX will require that the Appeal Committee render its decision before the scheduled delisting date of March 24, 2016. As such, please:

- Advise TSX within five (5) business days of this letter of the Trust's intent to appeal this decision; and
- Submit written arguments within ten (10) business days of this letter.

TSX will schedule an appeal hearing for the week of March 21, 2016 and the Appeal Committee will render its decision no later than March 24, 2016.

If you have any questions, feel free to contact the undersigned.

Sincerely,

/s/ Scott Ainslie

Scott Ainslie

Attachment: Review Worksheet



Toronto Stock Exchange

**CONTINUED LISTING REQUIREMENTS
REVIEW WORKSHEET**

The following table summarizes the continued listing requirements and related sections of The Toronto Stock Exchange Company Manual. An "X" denotes the requirement(s) determined to be applicable to the Trust, based on a review of available information.

Company Name: **Argent Energy Trust**

Symbol: **AET.UN; AET.DB; AET.DB.A**

REQUIREMENTS	APPLICABLE
General	
Insolvency or bankruptcy proceedings (S.708)	X
Financial condition and/or operating results (S.709, 710(a)(i))	X
Ceased to be actively engaged in ongoing business (S.710(a)(ii))	
Discontinued or divested a substantial portion of operations (S.710(a)(iii))	
Industrial Companies	
Total assets of \$3.0 million OR annual revenue from ongoing operations of \$3.0 million in the most recent year (S. 710(b))	
\$1.0 million on acceptable research and development in the most recent year (R&D companies only) (S. 710(b))	
Resource Companies	
Expenditures of \$350,000 on exploration and/or development work OR \$3.0 million from the sale of commodities in the most recent year (S.710(c)(i))	
Adequate working capital and appropriate capital structure (S.710(c)(ii))	X
Market Value & Public Distribution	
Public distribution, price , or trading activity of the Trust's securities has been so reduced as to not warrant continued listing (S.711)	X
Market Value of listed securities of \$3.0 million for 30 previous consecutive trading days (S.712(a))	X
Market Value of publicly held listed securities of \$2.0 million for 30 previous consecutive trading days (S.712(b))	
500,000 freely tradeable, publicly held securities (S.712(c))	
150 public security holders of a board lot or more (S.712(d))	
Management, Corporate Governance and Other Issues	
Compliance with Listing Agreement (S.713)	
Disclosure Issues (S.714)	
Payment of Fees (S.715)	
Management or Corporate Governance Deficiencies (S.716)	
Change of Business (717)	

THIS IS EXHIBIT " 4 "
referred to in the (Affidavit
Declaraton) of
Sean Bovington
Sworn
Declared) before me this 29th
day of February A.D. 2016
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

From: Sean Zweig
Sent: 17 February 2016 7:55 AM
To: 'Chadwick, Robert'
Subject: RE: Argent

I am not going to debate the service point with you over email, although I'm happy to speak by phone if you want. The hearing is at 10am Mountain.

 Sean Zweig
Bennett Jones LLP

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
P. 416 777 6254 | F. 416 863 1716
E. zwelgs@bennettjones.com

From: Chadwick, Robert [<mailto:rchadwick@goodmans.ca>]
Sent: 17 February 2016 7:31 AM
To: Sean Zweig
Subject: Re: Argent

We saw the release. What time is hearing? It is against the practice direction not to provide a key stakeholder draft materials or to allow us the opportunity to be in attendance. I would have expected more from you and Bennett Jones. We will need to speak to the Court asap.

From: Sean Zweig
Sent: Wednesday, February 17, 2016 9:01 AM
To: Chadwick, Robert
Subject: Argent

Rob,

In case you haven't seen the press release issued this morning, here is the link -
<http://www.stockhouse.com/news/press-releases/2016/02/17/argent-energy-trust-to-file-for-protection-under-the-companys-creditors>

Let me know if you want to talk.

Sean Zweig
Bennett Jones LLP
(416) 777-6254
zwelgs@bennettjones.com

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Argent Energy Trust to file for protection under the Companies' Creditors Arrangement Act

T.AET.UN (/companies/quote?symbol=T.AET.UN) | 17 days ago

Canada NewsWire

CALGARY, Feb. 17, 2016

CALGARY, Feb. 17, 2016 /CNW - Argent Energy Trust (the "Trust") (TSX: AET.UN) announces that the Trust and its direct and indirect subsidiaries, Argent Energy (Canada) Holdings Inc. ("Argent Canada") and Argent Energy (U.S.) Holdings Inc. ("Argent U.S."), and together with the Trust and Argent Canada, the "Applicants" or "Argent"), are initiating proceedings today at the Court of Queen's Bench of Alberta to seek creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"). The application for creditor protection under the CCAA is supported by Argent's lending syndicate, its only secured creditor.

As a result of, among other things, Argent's lending syndicate accelerating payment under its credit facility and demanding repayment thereof, depressed petroleum and natural gas prices, negative operating results, limited access at the present time to capital markets for issuers such as the Applicants and the inability of the Applicants to obtain a suitable offer for the purchase of the assets of the Applicants after a number of formal and informal strategic alternative processes in an effort to satisfy existing financial obligations, both secured and unsecured, the Applicants were unable to restructure their affairs in an adequate manner. After careful consideration of all other available alternatives and stakeholders interests, the board of directors of each of the Applicants has determined that it is in best interests of the Applicants, as applicable, to file for an application for creditor protection under the CCAA.

As part of the CCAA application, the Applicants will seek the appointment of FTI Consulting Canada Ltd. as the Monitor to oversee the CCAA proceedings and report to the Court.

If the Applicants are granted creditor protection under the CCAA, it is expected that proceedings will be commenced under Chapter 15 of Title 11 of the United States Bankruptcy Code to obtain creditor protection and recognition of the CCAA proceedings in the United States in respect of Argent Canada and Argent U.S.

During the CCAA proceedings, it is expected that the Applicants' operations will continue uninterrupted in the ordinary course of business and that every day obligations to employees, key suppliers of goods and services and the Applicants' customers will, after the filing date, continue to be met on an ongoing basis. While under CCAA protection, management of the Applicants will remain responsible for the day-to-day operations of the respective Applicants under the general oversight of the Monitor. At this time, there are no intended changes to the management team or the composition of the board of directors of the Applicants and the Applicants anticipate that such individuals will continue in their respective roles throughout the CCAA process.

Further news releases in respect of the CCAA process will be provided on an ongoing basis as may be determined necessary.

Note About Forward-Looking Statements

This press release includes forward-looking information within the meaning of applicable Canadian and United States securities legislation. All statements, other than statements of historical facts, that address activities, circumstances, events, outcomes and other matters that the Trust forecasts, plans, projects, expects, believes, assumes or anticipates (and other similar expressions) will, should or may occur in the future, are considered forward-looking information.

In particular, forward-looking information contained in this press release includes, but is not limited to, the commencement by the Applicants of proceedings under the CCAA and Chapter 16 of Title 11 of the United States Bankruptcy Code, the Applicants' business operations and the satisfaction of their ongoing obligations to employees, key suppliers and customers during the CCAA proceedings and the composition of the management team and the boards of directors of the Applicants during the CCAA proceedings. The forward-looking information contained in this news release is based on management's current beliefs, expectations and assumptions, based on currently available information as to the outcome and timing of future events. The forward-looking information contained in this news release involves risks and uncertainties which may cause actual results or performance to be materially different from any future results or performance expressed or implied herein. These risks and uncertainties include, but are not limited to, the uncertainty involved in the proceedings expected to be commenced under CCAA and Chapter 16 of Title 11 of the United States Bankruptcy Code, the liquidity and level of indebtedness of the Applicants, the business and financial affairs of the Applicants, the cooperation of the creditors of the Applicants, the Applicants' ability to meet their ongoing obligations during the CCAA proceedings and thereafter, the ability of the Applicants to maintain relationships with key suppliers, customers, employees and other third parties in light of the events leading up to and including the CCAA proceedings, and other general assumptions regarding, among other things, industry activity, the general stability of the economic and political environment, the effect of market conditions on commodity prices and exchange rates, the ability to obtain goods and services in a timely and cost-efficient manner, and the ability to maintain current production levels.

Forward-looking information is subject to a number of risks and uncertainties, including those mentioned above, that could cause actual results to differ materially from the expectations set forth in the forward-looking information. Forward-looking information is not a guarantee of future results or performance or an assurance that our current assumptions and projections are valid. All forward-looking information speaks only as of the date of this news release, and the Trust assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking information, except as required by law. You should not place undue reliance on forward-looking information. You are encouraged to closely consider the additional disclosures and risk factors contained in the Trust's periodic filings on SEDAR that discuss in further detail the factors that could cause future results to be different than contemplated in this press release.

About Argent Energy Trust

Argent is a mutual fund trust under the *Income Tax Act* (Canada). Argent's objective is to create stable, consistent returns for investors through the acquisition and development of oil and natural gas reserves and production with low risk exploration potential, located primarily in the United States. Material information pertaining to Argent Energy Trust may be found on www.sedar.com (<http://www.sedar.com/>) or www.argentenergytrust.com (<http://www.argentenergytrust.com/>).

SOURCE Argent Energy Trust

THIS IS EXHIBIT " 5 "
referred to in the (~~Affidavit~~
~~Declaration~~) of
Sean Boringdon
Sworn
Declared) before me this 29th
day of February A.D. 2016
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

Action No.: 1601-01675
E-File No.: CVQ16ARGENT
Appeal No.: _____

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

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

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

P R O C E E D I N G S

Calgary, Alberta
February 17, 2016

Transcript Management Services, Calgary
Suite 1901-N, 601-5th Street SW
Calgary, Alberta T2P 5P7
Phone: (403) 297-7392 Fax: (403) 297-7034

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1 Proceedings taken in the Court of Queen’s Bench of Alberta, Calgary Courts Centre, Calgary,
2 Alberta

3 _____
4 February 17, 2016 Morning Session

5
6 The Honourable Court of Queen’s Bench
7 Mr. Justice D. B. Nixon of Alberta

8
9 K.J. Meyer For Argent Energy Trust, Argent Energy
10 (Canada) Holdings Inc., and Argent Energy
11 (US) Holdings Inc.

12 S. Zweig For Argent Energy Trust, Argent Energy
13 (Canada) Holdings Inc., and Argent Energy
14 (US) Holdings Inc.

15 P. Eisenberg (By Telephone) For Argent Energy Trust, Argent Energy
16 (Canada) Holdings Inc., and Argent Energy
17 (US) Holdings Inc.

18 K.J. Bourassa For the Lending Syndicate

19 S.F. Collins For the Monitor

20 W.W. MacLeod For the Monitor

21 P. Zavala Court Clerk

22 _____
23
24 THE COURT: Counsel.

25
26 MS. MEYER: Good morning, My Lord. Kelsey Meyer from
27 Bennett Jones on behalf of the applicants today, Agent Energy Trust, Argent Energy
28 (Canada) Holdings Inc., and Argent Energy (US) Holdings Inc.

29
30 In the courtroom today we also have my colleague, Mr. Sean Zweig, from our Toronto
31 office. On the telephone we have Mr. Phillip Eisenberg from Locke Lord in Houston.
32 He is US counsel to the applicants. And --

33
34 THE COURT: Mr. Eisenberg, can you hear us okay?

35
36 MR. EISENBERG: I can hear very, very well, Your Honour.
37 Thank you very much for the -- for the privilege of listening in.

38
39 THE COURT: Thank you, sir. Continue.

40
41 MS. MEYER: Thank you. Also in the courtroom is Mr. Sean

1 Bovingdon, He is the CFO and president of Argent Energy Limited and Argent (Canada).
2
3 From Blakes we have Ms. Kelly Bourassa. She is counsel for the Syndicate of Lenders.
4 Counsel for FTI Consulting, Mr. Sean Collins and Walker MacLeod. And also in the
5 courtroom today is Mr. Deryck Helkaa, who is the proposed monitor from FTI
6 Consulting. From Ernst & Young in the courtroom we have Ms. Cassie Riglin. She is
7 acting on the -- with Ernst & Young as the financial advisory to the Syndicate.
8

9 **Submissions by Ms. Meyer**

10

11 MS. MEYER: My Lord, we had provided you draft materials
12 last week. We now have filed materials which are in the document folders there on your
13 desk. Those were filed just this morning. I will go through the materials to make sure
14 you have everything there. They include a filed copy of the originating application.
15

16 THE COURT: Yeah, (INDISCERNIBLE). Okay, go ahead.
17

18 MS. MEYER: There is an affidavit of Sean Bovingdon, which
19 is two volumes cerloxed together.
20

21 THE COURT: Right, which -- I have the affidavit, but not a
22 lot of the exhibits --
23

24 MS. MEYER: Right.
25

26 THE COURT: -- is the way I'll phrase that.
27

28 MS. MEYER: From the draft copies we had sent. That's --
29

30 THE COURT: Right.
31

32 MS. MEYER: -- correct. I should let you know, My Lord, as
33 well, that this package of document folders also includes blacklines to what we had sent
34 you last week for your --
35

36 THE COURT: Okay, thank you.
37

38 MS. MEYER: -- reference, and I'll highlight some of the
39 changes there. There's also a filed copy of our bench brief and a filed copy of the
40 pre-filing report of the proposed Monitor, FTI Consulting Canada. The materials also
41 include the proposed form of initial order.

- 1
2 THE COURT: Mmm hmm.
3
- 4 MS. MEYER: And I should note that this includes the sale
5 process attached as appendix A to the initial order. So that is one change from the draft
6 previously provided to you. The draft previously provided to you didn't have that
7 attachment yet.
8
- 9 My Lord, you'll see also in those packages that there are the various blacklines that I've
10 mentioned. I wanted to highlight the changes to the affidavit in particular. Do you have
11 the blackline of the affidavit, My Lord?
12
- 13 THE COURT: Just let me flip here. Okay, I have lots of
14 blacklines. I just don't see the blackline for the affidavit. Just bear with me for a second.
15 You're talking about the affidavit of Sean Bovington?
16
- 17 MS. MEYER: Yes, that's correct. And I can take you through
18 the -- the final affidavit as well, just to let you know what the changes are. The blackline
19 should be in that package as well.
20
- 21 THE COURT: Initial order -- okay, I do have it.
22
- 23 MS. MEYER: Great. On page 13 --
24
- 25 THE COURT: Go ahead.
26
- 27 MS. MEYER: -- paragraph 66, you'll see that the closing
28 prices of the debentures are simply inserted there. If you then turn to page 20, My Lord.
29
- 30 THE COURT: Mmm hmm.
31
- 32 MS. MEYER: Paragraphs 1 and -- 102 speak to the fact that
33 the demands have not been issued by the Syndicate on the credit facility --
34
- 35 THE COURT: Noted, thank you.
36
- 37 MS. MEYER: -- through the trust. Sorry, pardon me, My
38 Lord?
39
- 40 THE COURT: I said, "Noted, thank you."
41

1 MS. MEYER: Thank you. Just some slight wording
2 paragraphs to paragraph 103 on that same page.

3
4 On page 24, paragraph 125, that simply indicates that the Bank of Nova Scotia is acting
5 as agent for and on behalf of the Syndicate with respect to the interim financing loan.

6
7 And, finally, on page 1 -- or 27, pardon me, paragraph 137, subparagraph (e) just notes
8 that the directors with respect to the KERP would be continuing their ongoing duties and
9 support of Argent in the *CCAA* proceedings that are proposed here today.

10

11 THE COURT: Okay.

12

13 MS. MEYER: Also paragraph 124 on page 24 -- or 25, sorry,
14 sets out the amount of the proposed interim loan at --

15

16 THE COURT: At 7.3 --

17

18 MS. MEYER: -- 7.3 million dollars US. That's correct.

19

20 THE COURT: Yeah, I noted that.

21

22 MS. MEYER: Okay.

23

24 THE COURT: Okay. Anything else?

25

26 MS. MEYER: No, My Lord. There is also a blackline of the
27 proposed form of the initial order to both the draft that we had previously sent to you and
28 to the model order. What I intend to do is highlight the differences between the proposed
29 form of order today compared to the model template order as I go through my
30 submissions today.

31

32 THE COURT: Okay. Let's go through that. I've already gone
33 through the order -- the draft that you provided.

34

35 MS. MEYER: You'll see, My Lord, that the blackline
36 comparison to the *CCAA* template order has a Post-it note on the front of it just to
37 identify that.

38

39 THE COURT: I see it. Yeah.

40

41 MS. MEYER: Okay. Great. My Lord, if you turn to

1 paragraph 5.

2
3 THE COURT: I'm there.

4
5 MS. MEYER: The change there is that Argent is -- we
6 propose to be entitled to pay critical suppliers for goods and services actually supplied
7 prior to the date of the initial order. These are critical suppliers which are necessary to
8 allow Argent to continue on its operations. The Monitor and the Syndicate are in support
9 of that relief, and we submit that it is reasonable and appropriate in the circumstances and
10 will allow Agent to maximize the value of the sale and the sale process that we're also
11 seeking approval of in that it allows continued operations.

12
13 At paragraph 10, which is on page 6 of the blackline, this change indicates that the
14 applicants are to be authorized and directed to pay the Syndicate any interests, costs,
15 expenses due and owing under the credit agreement, including the reasonable costs and
16 expenses of its legal counsel and other advisors. And so that is essentially, both before
17 and after the making of this order, confirmation that those expenses and interest will
18 continue to be paid.

19
20 THE COURT: There was a cashflow, a very superficial one,
21 that was in one of the documents I reviewed, and I -- I actually didn't see any interest
22 line on it.

23
24 MS. MEYER: The cash is Exhibit 18 to Mr. Bovingdon's
25 affidavit.

26
27 THE COURT: Let's just have a quick look at that.

28
29 MS. MEYER: And you'll see under "Cash Receipts, Cash
30 Disbursements" --

31
32 THE COURT: The bank debt --

33
34 MS. MEYER: -- a couple lines --

35
36 THE COURT: -- interest payments?

37
38 MS. MEYER: Yeah. A couple lines above "Total Operating
39 Disbursements", it refers to --

40
41 THE COURT: I see it here. The one I was looking at was a

1 much abbreviated one. It was not as extensive as that.
2

3 MS. MEYER: Okay.
4

5 THE COURT: Okay, noted.
6

7 MS. MEYER: Okay.
8

9 THE COURT: I just wanted to -- I looked for that
10 specifically. That's the only reason I'm asking.
11

12 MS. MEYER: Okay.
13

14 THE COURT: Okay. Thank you.
15

16 MS. MEYER: All right. I think that takes us then to
17 paragraph 12. The change here is simply to indicate that Argent is to pursue all avenues
18 of refinances and also offers and sales in addition to refinancing.
19

20 THE COURT: Mmm hmm.
21

22 MS. MEYER: Paragraph 22 is on page 10. The change here
23 is that we're seeking that the stay of proceedings be included as against the directors and
24 officers of Argent Energy Limited regarding any claims that arose before the date of the
25 initial order, and that relates to obligations of Argent Energy Limited.
26

27 THE COURT: So just -- this ties into a question that I had.
28 Why -- we have applicants for Argent Energy Limited.
29

30 MS. MEYER: Argent Energy Limited is not an applicant to
31 these --
32

33 THE COURT: I --
34

35 MS. MEYER: -- proceedings.
36

37 THE COURT: I realize that.
38

39 MS. MEYER: Right. Yes.
40

41 THE COURT: And I was wondering why it was added in in

1 this paragraph, just so --

2

3 MS. MEYER: Right.

4

5 THE COURT: -- the Court --

6

7 MS. MEYER: And --

8

9 THE COURT: -- understands that.

10

11 MS. MEYER: Certainly. My Lord, the inherent jurisdiction of
12 the Court does allow the Court to impose a stay where just and reasonable, and where the
13 circumstances are a *CCAA* proceeding such as this, where there is a close relationship
14 between the non-applicant and the applicants, and where their operations are so
15 intertwined that irreparable harm would result if there wasn't a stay imposed.

16

17 I do have some cases on that point that I can hand up to Your Lordship, should you wish
18 to review them. But essentially there is the *Lehndorff* decision, a 1993 Ontario case,
19 where the Court found that there was inherent jurisdiction to impose a stay where it was
20 just and reasonable and where there was a close relationship between the applicants, that
21 in a situation where there was a non-applicant that was seeking a stay.

22

23 The *Canwest Publishing* case, which I'll also hand up. In fact, why don't I hand up a
24 copy now, My Lord.

25

26 THE COURT: Sure. I -- I'm -- I'm listening as you're talking.

27

28 MS. MEYER: Sure.

29

30 THE COURT: One of the things I didn't have, which is, of
31 course, included in the materials, is the corporate chart here, and I was just wondering
32 how AEL, if I can refer to it as such --

33

34 MS. MEYER: Right. There is a flow chart at Exhibit 1 of
35 Mr. --

36

37 THE COURT: Yeah.

38

39 MS. MEYER: -- Bovingdon's affidavit.

40

41 THE COURT: It's -- I'm there.

1
2 MS. MEYER: And so Argent Energy Limited is the -- has
3 management and administration duties under the trust. So the trust, of course, is -- the
4 trustee is Computershare, and Computershare has entered into an administrative services
5 agreement with Argent Energy such that Argent Energy essentially manages and
6 administers the trust. So for that reason, the operations or business of Argent Energy
7 Trust is very much intertwined with that of Argent Energy Limited, and so it's for that
8 reason that we are seeking that the directors and officers of Argent Energy Limited be
9 included in the stay of proceedings.

10
11 THE COURT: And thanks for those cases. That now makes
12 sense to me. I just wanted to make sure we were touching on that.

13
14 MS. MEYER: Okay. Certainly.

15
16 THE COURT: Thank you.

17
18 MS. MEYER: And the cases to address the point, My Lord, I
19 can go through them in more detail, if you'd like, but if you're content to --

20
21 THE COURT: It think -- I -- the Court's satisfied now that I
22 see the corporate --

23
24 MS. MEYER: Okay.

25
26 THE COURT: -- chart.

27
28 MS. MEYER: Thank you. I believe that takes us down to
29 paragraph 23 to 28 of the draft initial order comparison to the template order. That is on
30 page 11, and that relates to the directors and officers indemnification and charge, which
31 includes an indemnification of the Argent Energy Limited entity --

32
33 THE COURT: Mmm hmm.

34
35 MS. MEYER: -- directors and officers.

36
37 Paragraph 30(j), which is on page 13, indicates that the Monitor is to report to and
38 respond to inquiries of the Syndicate, being the Lending Syndicate, and so that specific
39 relief has been included there in the form of order.

40
41 Paragraph 33 on page 14 just for certainty confirms the Monitor's rights and protections

1 under the *CCAA* or as an Officer of the Court, as well as confirming that there is no
2 liability on the Monitor.
3

4 Paragraph 34 indicates that the fees of the Syndicate's advisors are to be paid by the
5 applicants on a regular basis, along with the fees of the Monitor, its counsel, and the
6 counsel to the applicants. The Syndicate's advisors, of course, are Ernst & Young.
7

8 Paragraph 36 on page 15, again just confirming that the administration charge that is
9 proposed includes the Syndicate's advisors, and our brief does address the case law in
10 support of that, My Lord.
11

12 THE COURT: Any further comments on that?
13

14 MS. MEYER: Just with -- since we're speaking about the
15 administration charge anyway --
16

17 THE COURT: Mmm hmm.
18

19 MS. MEYER: -- let me just address that. At paragraph 43 of
20 the brief it sets out that the applicants are seeking an administration charge relating to
21 professional fees and disbursements of counsel to the applicants, the Monitor, counsel to
22 the Monitor, and the Syndicates' financial advisors. Section 11.52 of the *CCAA* expressly
23 permits such charges on notice to the secured creditors who are likely affected by the
24 charge or security. The only secured creditor is the Syndicate, and, of course,
25 Ms. Bourassa is here today.
26

27 THE COURT: Mmm hmm.
28

29 MS. MEYER: And we submit at paragraph 45 of the brief that
30 the administrative charge is appropriate in the circumstances, where it is a sufficiently
31 large and complex restructuring and sale process which warrants the charge, we submit;
32 that the professionals that are to be beneficiaries of the charge have and will continue to
33 contribute to the restructuring of the applicants; that there is no duplication of roles
34 between the beneficiaries of the administration in charge; and notice has been given to the
35 secured creditor and the Monitor; and the secured creditor are in support of that relief.
36

37 THE COURT: Noted. Thank you for that.
38

39 MS. MEYER: Thank you. Okay, I believe that takes us to
40 paragraphs 39 to 45 of the comparison to the template order. This is in relation to -- the
41 only changes here to the template order are that it refers to an actual agreement, an

1 interim financing credit agreement, rather than just a commitment letter. And so my
2 understanding is that the signature pages of that credit agreement are held in escrow and
3 will be released upon the granting of the initial order today --
4

5 THE COURT: Okay.

6
7 MS. MEYER: -- should Your Lordship grant it, and so there is
8 a finalized agreement ready to go.
9

10 Paragraphs 47 to 48 on page 17 relate to the KERP and KEIP and the KERP and KEIP
11 charge. So that is the Key Employee Retention Program and the Key Employee Incentive
12 Program, both of which are described in the Bovingdon affidavit.
13

14 My Lord, with respect to the KERP and the KEIP, I think it's important to note that
15 this -- the KERP, in any event, was already approved by the company back in June 2015.
16 So the \$840,000 amount of the KERP was approved at that time. Employees of the
17 company who were beneficiaries of the KERP at that time have continued to be employed
18 by the company, Argent (US), with respect to 22 of the 24 employees, until -- well, they
19 continue to be employed now on the basis of their understanding that they will receive
20 these retention payments. And so I think it is important to note that that was something
21 the company had already agreed to prior to these proceedings beginning, and so it's just a
22 matter of then continuing on with that understanding and building it into this form of
23 order.
24

25 Sorry, My Lord, do you have --
26

27 THE COURT: No, I'm just waiting for you to finish up. The
28 question I was going to ask is this is with the agreement of the Syndicate, I presume?
29

30 MS. MEYER: Yes, that's right. My Lord, the package of
31 materials I've handed up to you includes the confidential Exhibit 20 to Mr. Bovingdon's
32 affidavit. That exhibit has not been served on the other parties because of its confidential
33 nature, and so I -- I did want to point out as well that we are seeking a sealing order on
34 that confidential exhibit. It's just a one-page sheet in the document separate from the
35 affidavit itself, but that's the actual summary.
36

37 THE COURT: And -- and just I noted that in the materials that
38 I was reviewing. The question I had is does it meet the -- in terms of the confidentiality,
39 which the Court doesn't have a problem with, but wanted to pose the question, does it
40 meet the tests that we need to deal with?
41

1 MS. MEYER: Yes. The brief actually discusses a decision of
2 the Supreme Court of Canada. That is at paragraph 69 of the brief.

3
4 THE COURT: Mmm hmm.

5
6 MS. MEYER: And that includes the test for sealing a
7 document. It's the *Sierra Club of Canada* case, which is at tab 19 of the brief, Supreme
8 Court of Canada in 2002. The case sets out at paragraph -- oh, actually, I don't have the
9 exact paragraph, but I'll get that for you, My Lord. Essentially that: (as read)

10
11 (a) an order must be necessary in order to prevent a serious risk to
12 an important interest, including a commercial interest, in the
13 context of litigation because reasonably alternative measures will
14 not prevent the risk; and

15
16 (b) the salutary effects of the confidentiality order outweigh its
17 deleterious effects. . .

18
19 And I'll just get that paragraph reference for you, My Lord.

20
21 THE COURT: And just for the record, the only reason I ask
22 the question is just to make sure that we always address the *Sierra* case in terms of
23 meeting the test.

24
25 MS. MEYER: Yes, and to apply it to the facts here. In fact,
26 there isn't a specific paragraph reference because it's just throughout the case itself. But
27 here I would submit that there are serious risks to the employees of their personal and
28 financial information being disclosed if the exhibit is not sealed, and no deleterious effects
29 are anticipated, and both the Syndicate and the Monitor are in support of this aspect of the
30 application.

31
32 THE COURT: Thank you for that.

33
34 MS. MEYER: Thank you. We were speaking about the KERP
35 and the KEIP, and so I'll continue my submissions with respect to that. Paragraph 54 of
36 our brief and tabs 9, 11, and 12 include the decisions in the *Grant Forest*, *Canwest*
37 *Global*, *Lone Pine*, and *Laricina Energy* cases. Actually --

38
39 THE COURT: Mmm hmm.

40
41 MS. MEYER: -- with *Lone Pine* and *Laricina Energy*, it's

1 copies of the actual orders where key employee retention and key employee incentive
 2 plans have been recognized by the courts, and so there is authority for the Court to do
 3 that, including authority in Alberta in the *Lone Pine* and *Laricina* cases.
 4

5 With respect to the *Grant Forest* case, which is at tab 11 and paragraph 57 of the brief,
 6 the decision states that the Court is to consider the business acumen of the board of
 7 directors, and their business judgment cannot be ignored. And the test is whether the
 8 Monitor supports the KERP. In this case, of course, that is -- the answer is yes. Whether
 9 the beneficiaries are likely to consider other opportunities, Mr. Bovingdon's affidavits sets
 10 out that the Houston -- or the Texas job market is quite different from that in Calgary and
 11 that that is a risk in this case.
 12

13 That the beneficiaries are crucial to successful restructuring, Mr. Bovingdon's affidavit
 14 sets out that that is the case. The KERP summary indicates that there are 22 employees
 15 at Argent (US) as well as Mr. Bovingdon and Steve Hicks, another officer of Argent
 16 Energy Limited, who are beneficiaries of the KERP. With respect to them to being
 17 crucial to the successful restructuring, their involvement would be necessary to maximize
 18 the benefits of the sale through the sale process that is proposed, in that they'll allow the
 19 company to continue operating during that process. And certainly if a beneficiary were to
 20 terminate their employment or their employment were to be terminated, that would require
 21 training a new person during that time period, which would be time-consuming and take
 22 away from those individuals' other duties. And so we submit that it's appropriate that
 23 those key employees be retained during this process.
 24

25 I should note there is one clarification to the affidavit here. Paragraph 137 of
 26 Mr. Bovingdon's affidavit states -- I'll give you a moment to turn to that, My Lord.
 27

28 THE COURT: 131, you said?

29
 30 MS. MEYER: 137.

31
 32 THE COURT: 137?

33
 34 MS. MEYER: On page 26.

35
 36 THE COURT: I'm there.

37
 38 MS. MEYER: Subparagraph (a) states that: (as read)

39
 40 Eligible participants will receive a specific cash retention payment
 41 on the earlier of June 1st, 2016, the date on which they are

1 terminated without cause, and the date on which there is a sale of
2 a material portion of the applicant's assets.

3
4 After swearing the affidavit last night, Mr. Bovington noted that unless there actually is a
5 sale before June 1st, 2016, there actually will be no funds available for Argent to pay the
6 KERP, or the may not be funds available to pay the KERP, if that occurs on June 1st,
7 2016. And so the correction is that the amount will become payable on that date.

8
9 THE COURT: All right. Thank you.

10
11 MS. MEYER: Thank you, My Lord. Did you have any
12 further questions on the KERP or the KEIP?

13
14 THE COURT: I did not. I -- I actually read that stuff with
15 great interest, just because it -- number 1, it was highlighted, and I wanted to understand
16 what was going on there. So I appreciate the comments you've made just to further
17 clarify matters for the Court.

18
19 MS. MEYER: Okay. Thank you. Continuing on with the
20 blackline of the initial order, if --

21
22 THE COURT: Okay.

23
24 MS. MEYER: -- you have that, My Lord.

25
26 THE COURT: Yes.

27
28 MS. MEYER: Page 18, paragraphs 49 and 50, relating, of
29 course, to the KERP and the KEIP, part of the application is that those charges be a
30 fourth-priority charge, with the first three priorities being the administration charge, the
31 interim lending charge, and the director and officers charge.

32
33 Paragraphs 54 to 57 of the blackline on page 20 refer to the sale solicitation process that
34 is proposed. The applicant seeks -- or the applicants, pardon me, seek approval to
35 proceed with a sale solicitation process for Argent (US)'s shares or assets. And I should
36 point out, of course, that we're seeking only approval of the sale process at this stage.
37 We're not seeking approval of an actual sale.

38
39 THE COURT: Mmm hmm.

40
41 MS. MEYER: Paragraph 62 of the brief addresses this issue,

1 and there are cases at tabs 17 and 18 confirming that the Court has the jurisdiction to
2 authorize a sale under the *CCAA* in the absence of a plan. Here there is no proposed plan
3 at this stage, and we submit that a sale is efficient and expedient. And, additionally, the
4 Syndicate, we understand, is unwilling to fund the interim loan unless the sale process
5 proceeds, and that is set out in Mr. Bovingdon's affidavit. The purpose, of course, of the
6 sale process is to satisfy as many of the applicants' creditors' claims as possible, and the
7 Syndicate and the Monitor are in support of that.

8
9 That takes us to paragraph 59 of the blackline, which is the sealing of the confidential --

10
11 THE COURT: Mmm hmm.

12
13 MS. MEYER: -- Exhibit 20, which we've already spoken
14 about, My Lord.

15
16 THE COURT: Right.

17
18 MS. MEYER: Appendix A to the draft initial order is the sale,
19 investment, and solicitation process itself. I don't believe it's actually attached --

20
21 THE COURT: It's -- it's not.

22
23 MS. MEYER: -- to the blackline because it wasn't there to
24 begin with, but there is a form of order that has the sale, investment, solicitation process
25 attached. It's also attached to the originating application at the very end. And so, My
26 Lord, essentially --

27
28 THE COURT: Okay.

29
30 MS. MEYER: -- that sets out what the sale process will be. It
31 involves due diligence, a 10 percent deposit, and, of course, court approval both in
32 Canada and the US.

33
34 That then leads to the next point in the blackline, which is -- or the next point I should
35 address anyway, which is that of a foreign representative being appointed. It really isn't
36 addressed in the blackline itself in that we've just inserted a name because it is in the
37 template order.

38
39 THE COURT: Mmm hmm.

40
41 MS. MEYER: But part of this application involves coordinated

1 proceedings in the US pursuant to chapter 15 of the Bankruptcy Code, and we propose
2 that the Monitor, FTI Canada Consult -- or Consulting Canada, be the representative for
3 the purposes of a foreign proceeding under Chapter 15, and we seek approval of that
4 today.

5
6 One point I did want to note as well, My Lord, that we haven't touched on so far, is with
7 respect to service, we did as a courtesy this morning make a phone call to counsel for the
8 subordinated debenture -- debenture holders. And they are unsecured creditors, so there's
9 no requirement under the legislation to provide them with notice, including in relation to
10 each of the priority charges that we are seeking approval of today. The sections of the
11 *CCAA* in relation to each of the administrative charge, the interim lender's loan charge,
12 the directors and officers charge, and the KERP and KEIP charge specifically states that
13 notice is required to secured creditors, whereas the subordinated debenture holders are
14 unsecured creditors. That being said, the courtesy phone call has been made, and a press
15 release was issued this morning, advising that the companies were seeking this protection
16 today, and they've been made aware of the --

17
18 THE COURT: Okay.

19
20 MS. MEYER: -- application.

21
22 THE COURT: Noted, thank you.

23
24 MS. MEYER: My Lord, that addresses the template order.
25 We've touched on some of the aspects of the application through that process. I can
26 certainly review the facts, but it appears that Your Lordship has reviewed them --

27
28 THE COURT: I've read --

29
30 MS. MEYER: -- already.

31
32 THE COURT: I've read everything that you've --

33
34 MS. MEYER: Okay.

35
36 THE COURT: -- provided, so you can take that under
37 advisement in terms of what you want to say.

38
39 MS. MEYER: Okay. Certainly. And I'm happy to address
40 any clarifications that Your Lordship may need on that.

41

- 1 THE COURT: You've touched on a number of things. Let's
2 just hit a few things that I queried. And this may just be by way of explanation for the
3 Court --
4
- 5 MS. MEYER: Okay.
6
- 7 THE COURT: -- but in the pre-filing report of FTI Consulting,
8 in paragraph 30 we have the outline of certain completion dates and days from launch.
9 The only question I wanted to pose is in the order, at paragraph - let me just find it here -
10 paragraph 15, we have until and including -- I'm just looking at the blackline copy. And,
11 of course --
12
- 13 MS. MEYER: Right.
14
- 15 THE COURT: -- there's a maximum of 30 days, and we've
16 got the March 18th date. How do we coordinate -- how do we -- how do you propose to
17 deal with matters in terms of no proceedings under paragraph 15 and this time line that's
18 outlined in this report?
19
- 20 MS. MEYER: Right. We have a stay extension application
21 already booked with Your Lordship --
22
- 23 THE COURT: Okay, just --
24
- 25 MS. MEYER: -- for the week prior to that. So we would be
26 seeking a stay extension at that time.
27
- 28 THE COURT: That addresses that question. I'm just flipping
29 through my notes here. We've talked about *Sierra Club*. We've talked about AEL. Just
30 to make sure it's on the record, we've got a trust here --
31
- 32 MS. MEYER: Right.
33
- 34 THE COURT: -- and whenever I see a trust in one of these
35 applications, I just query myself as to whether or not a trust falls within the scope.
36
- 37 MS. MEYER: Right.
38
- 39 THE COURT: Comments on that?
40
- 41 MS. MEYER: Yes. It is addressed in the -- in the brief, My

1 Lord. If you turn to paragraph 5 of the brief --

2
3 THE COURT: Mmm hmm.

4
5 MS. MEYER: -- it sets out that under section 3(1) of the
6 *CCAA* that the *Act* applies in respect of a debtor company or affiliated debtor companies
7 where the total claims against the debtor are -- or its affiliates exceed \$5,000,000. And
8 then under paragraph 6, the definition of:

9
10 "company" means any company, corporation or legal person
11 incorporated by or under an Act of Parliament or of the legislature
12 of a province, any incorporated company having assets or doing
13 business in Canada, wherever incorporated, and any income trust,
14 but does not include banks, authorized foreign banks . . .

15
16 And continuing on.

17
18 THE COURT: Yeah, and --

19
20 MS. MEYER: Oh, it --

21
22 THE COURT: And --

23
24 MS. MEYER: -- does except, "companies to which the *Trust*
25 *and Loan Companies Act* applies," and I can advise, My Lord, that that is not the case
26 with respect to this trust company. Argent Energy Trust is incorporated pursuant to the
27 laws of the Province of Alberta --

28
29 THE COURT: Yeah.

30
31 MS. MEYER: -- and it is an income trust, so it falls within the
32 meaning of "company" --

33
34 THE COURT: Yeah, and --

35
36 MS. MEYER: -- under the *CCAA*.

37
38 THE COURT: And that's the only reason I ask the question.
39 You know, is -- is this -- are we comfortable this is an income trust? It's referred to in
40 another document as a mutual fund trust, and, again, I just wanted to make sure I was
41 raising it for the purposes of identifying any concerns you might have.

1
2 MS. MEYER: I don't have any concerns about that, My Lord,
3 and my understanding is it's an --
4
5 THE COURT: Okay.
6
7 MS. MEYER: -- income trust, and that's --
8
9 THE COURT: And the Court -- subject to any other comments
10 from counsel, the Court doesn't have a problem --
11
12 MS. MEYER: Okay.
13
14 THE COURT: -- with it falling into income trust. I'm never
15 sure what an income trust is. I understand what a mutual fund trust is because it's
16 defined. "Income trust" to my mind probably captures most every trust other than what's
17 excluded.
18
19 MS. MEYER: And I think that's correct, My Lord. I think
20 that --
21
22 THE COURT: I just find the -- I always pose to myself the
23 question because I've never quite understood why they used the term "income trust" in
24 the -- in the legislation.
25
26 MS. MEYER: And "income trust" is also defined in the
27 *CCAA*, which you will --
28
29 THE COURT: Yeah.
30
31 MS. MEYER: -- have seen in the brief, My Lord.
32
33 THE COURT: I -- I noticed.
34
35 MS. MEYER: It is the same structure as the parallel *CCAA*
36 proceeding --
37
38 THE COURT: Mmm hmm.
39
40 MS. MEYER: -- which also involved the trust.
41

1 THE COURT: Yes.
2

3 MS. MEYER: And so there is precedent for that.
4

5 THE COURT: Yeah, and -- and I'm well aware of the
6 precedent that does exist.
7

8 MS. MEYER: Okay.
9

10 THE COURT: Thank you. And thanks for that, counsel.
11

12 MS. MEYER: Also the income trust definition in the *Act* sets
13 out that "its units are listed on a prescribed stock exchange".
14

15 THE COURT: Mmm hmm.
16

17 MS. MEYER: Which is the case. This trust has its units listed
18 on the Toronto --
19

20 THE COURT: Right.
21

22 MS. MEYER: -- Stock Exchange, and, "the majority of its
23 units are held by a trust whose units are listed on a --" oh, sorry. That's subparagraph (b)
24 of the same definition, that either its units are listed or the majority of its units are listed.
25 That is the case here, and so based on the definition of "income trust" under the *CCAA*,
26 Argent Energy Trust falls within that definition and therefore is a company under the
27 *CCAA* which --
28

29 THE COURT: Okay.
30

31 MS. MEYER: -- the *CCAA* --
32

33 THE COURT: Yeah.
34

35 MS. MEYER: -- applies to.
36

37 THE COURT: Yeah. The analysis you just went through is
38 what I went through last night, so I'm comforted by that.
39

40 MS. MEYER: Okay.
41

- 1 THE COURT: For purposes of the Court.
2
- 3 MS. MEYER: Great. Thank you, My Lord.
4
- 5 THE COURT: So everything -- everything else you've touched
6 on in terms of what I had tabbed and noted, I believe. Just give me another couple of
7 minutes.
8
- 9 MS. MEYER: And just one point to raise, My Lord --
10
- 11 THE COURT: Go ahead.
12
- 13 MS. MEYER: -- just because we haven't --
14
- 15 THE COURT: I'll listen while --
16
- 17 MS. MEYER: -- touched on it, is simply that I should note
18 that the only two applicants to the US coordinated proceeding will be Argent Energy
19 (Canada) and Argent Energy (US), not the trust. And the reason for that being that
20 Argent Energy (US) is the one with the operating assets which are in the US and is
21 incorporated in the US. Argent (Canada) is the sole shareholder of --
22
- 23 THE COURT: Mmm hmm.
24
- 25 MS. MEYER: -- Argent (US), and to the extent that the sale
26 process involves a sale of shares as compared to assets, Argent (Canada) would be a
27 necessary party to that.
28
- 29 THE COURT: Thank you for that. Paragraph 13 in the --
30 originally in the application, a note to draft, "This will be updated for the hearing." This is
31 just dealing with, "The Syndicate will accelerate --" I think you've touched on this
32 already --
33
- 34 MS. MEYER: Yeah.
35
- 36 THE COURT: "-- the credit facility and demand repayment
37 thereof."
38
- 39 MS. MEYER: Yes, and the actual demands are appended to
40 the affidavit at paragraph -- or pardon me, Exhibit 16.
41

1 THE COURT: 16?

2

3 MS. MEYER: And those were received yesterday.

4

5 THE COURT: Okay. Thank you.

6

7 MS. MEYER: My Lord, I think that takes us through a portion
8 of the statutory requirements of the *CCAA* with respect to the fact that the *CCAA* does
9 apply to these applicants. The applicants are insolvent, and that is covered in the
10 demands, first of all --

11

12 THE COURT: Mmm hmm. Yes.

13

14 MS. MEYER: -- that we've just referenced, as well as the fact
15 that there is also unsecured debt to the subordinated debenture holders. It does meet the
16 test of insolvency in that the entities are for any reason unable to meet their obligations as
17 they generally become due, they have ceased paying their current obligations in the
18 ordinary course of business as they generally become due, or the aggregate of the entities
19 properties are not at a fair value -- valuation sufficient or if disposed of at a
20 fairly-conducted sale under legal process would not be sufficient to enable payment of all
21 obligations due and accruing due.

22

23 And that is the test set out in the *Stelco* case of the Ontario Supreme Court, 2004, leave to
24 appeal having been refused to both the Court of Appeal and the Supreme Court of
25 Canada, and that case is at tab 4 of the brief.

26

27 THE COURT: I noticed that. Thank you.

28

29 MS. MEYER: I can note as well that as set out in the
30 affidavit, the applicants have investigated and pursued other options, that they are unable
31 to sell assets other than outside of a court -- or within a court process in the circumstances
32 that they're in, and they're unable to refinance the credit facility, and that they are
33 cashflow negative at the current commodity prices after determination of hedges, and
34 therefore require additional funding. The Syndicate is willing to provide additional
35 funding to Argent, but it must be in the context of a sale process within the contemplated
36 proceedings, and the affidavit sets out that Argent is -- Argent -- by -- by "Argent" I
37 mean all three of the applicants, are unable to obtain additional funding otherwise.

38

39 THE COURT: Can I just --

40

41 MS. MEYER: Yeah.

1
2 THE COURT: -- pause and -- this is just for information for
3 the Court because that doesn't really have an impact otherwise. But in terms of the
4 context, the hedges were terminated. Were they just terminated because they came to an
5 end, or were they terminated for another reason?
6

7 MS. MEYER: My understanding is there's another reason and
8 that the bank was entitled to do -- or the Syndicate was entitled to do that under the terms
9 of the agreement.
10

11 THE COURT: Okay. I gleaned that from what I read, but I
12 didn't see any -- any analysis there, and I just was curious.
13

14 **Submissions by Ms. Bourassa**
15

16 MS. BOURASSA: My Lord, I can speak to that now, or I can't
17 speak to that later.
18

19 THE COURT: Why don't you --
20

21 MS. BOURASSA: Whatever you'd like.
22

23 THE COURT: -- speak to it now, while -- just while --
24

25 MS. BOURASSA: The --
26

27 THE COURT: -- we're here.
28

29 MS. BOURASSA: As you will see from the affidavit, there was a
30 redetermination of the borrowing base in November, which then had resulted in a pure
31 amount being payable, and that was payable on I believe it was January 26th. Failure to
32 pay that amount on January 26th was an event of default under the credit agreement,
33 which resulted in a cross-default under the hedges, leaving the two hedge lenders, who are
34 also members in the Syndicate, in the position that they were able to terminate those
35 hedges. They did do that, and I think the total amount which was owing to Argent in the
36 circumstances was approximately \$12,000,000. And so pursuant to provisions of the
37 credit agreement - I'll say it simply - effectively there was a setoff of amounts owing. It
38 was much more complicated than that --
39

40 THE COURT: Yeah.
41

1 MS. BOURASSA: -- from a financial --

2
3 THE COURT: That -- that's a --

4
5 MS. BOURASSA: -- point of view.

6
7 THE COURT: -- sufficient explanation for the Court in terms
8 of a bit of a narrative. Again, I just wanted the context to be understood by the Court.
9 Thank you, Ms. Bourassa.

10

11 **Submissions by Ms. Meyer**

12

13 MS. MEYER: Essentially, My Lord, the applicants seek a stay
14 of proceedings to preserve the status quo and to continue on their operations and business
15 to allow a sale process to proceed. They do not have sufficient liquid assets to repay all
16 amounts owing under the credit facility.

17

18 We have spoken about the administration charge and the interim lender's charge. For
19 more detail regarding the interim lender's charge --

20

21 THE COURT: Yeah, that's -- is that the 315, or is that --

22

23 MS. MEYER: No, the interim --

24

25 THE COURT: -- the five --

26

27 MS. MEYER: -- lender's charge is the charge in favour of the
28 Syndicate to allow the applicants to continue operating essentially.

29

30 THE COURT: Okay.

31

32 MS. MEYER: The DIP --

33

34 THE COURT: Noted.

35

36 MS. MEYER: -- funding.

37

38 THE COURT: Yeah.

39

40 MS. MEYER: Right.

41

1 THE COURT: Continue. I'm listening.

2

3 MS. MEYER: Sure. Paragraph 44 -- or pardon me, 46 of the
4 brief refers to section 11.2(4) of the *CCAA*, which sets out factors to be considered in
5 granting an interim financing charge. In this case, it will not be a lengthy process. It is
6 just time to complete the sales process, essentially. That the business continues to operate
7 on a going concern basis. I should mention with respect to the length of process that
8 there is a slight cushion within the DIP, but the maturity date is June 3rd, so it -- it's
9 fairly tight in terms of closing a sale in that time frame.

10

11 Argent's management has the confidence of its major creditor, the Syndicate, which is
12 also part of the factors set out in section 11.2(4). And that the interim loan is absolutely
13 essential, we submit, to carry -- carrying on business, essentially to keeping the lights on
14 and to function during that sales process, which is also one of the factors considered
15 under the *Act*. The Syndicate is the only secured party affected and supports this aspect
16 of the application, and, in fact, the evidence is that the Syndicate will only provide the
17 interim loan if the charge is approved. And the Monitor has stated that the terms are fair
18 and reasonable.

19

20 THE COURT: Anything else?

21

22 MS. MEYER: I'm bouncing around a little bit, but just to
23 make sure we've covered the Director's charge, it's at paragraph 49 of the brief, section
24 11.51 of the *CCAA*, on notice to secured creditors, which is the case here, the *Act* permits
25 indemnification of the directors or officers against obligations or liabilities that they may
26 incur as a director or officer of the company after the commencement of the proceedings
27 under the *CCAA*, and as we've seen from our review of the model template order, it is
28 included in that --

29

30 THE COURT: Mmm hmm.

31

32 MS. MEYER: -- order.

33

34 THE COURT: Noted, thank you.

35

36 MS. MEYER: I think we've addressed the comments that I
37 had with respect to the KERF and the KEIP charge, so I won't review that again, as well
38 as the sealing of confidential Exhibit 20.

39

40 THE COURT: And the Court will note just for the record that
41 it's satisfied the tests from the *Sierra* case are met in that regard.

1
2 MS. MEYER: For the confidential --

3
4 THE COURT: For --

5
6 MS. MEYER: -- exhibit?

7
8 THE COURT: For the confidentiality.

9
10 MS. MEYER: Okay. And I believe we've actually addressed
11 all of the submissions that I had with respect to this application, My Lord, subject to any
12 further questions you may have.

13
14 THE COURT: That's most of them. I may have one or two in
15 a minute. I'll just ask counsel if they have response -- maybe let's deal with counsel on
16 the phone, just so we don't forget.

17
18 Sir, any comments that you would like to add for the benefit of the Court?

19
20 **Submissions by Mr. Eisenberg**

21
22 MR. EISENBERG: No, Your Honour. I'm -- that was a very
23 comprehensive presentation.

24
25 THE COURT: Thank you. Ms. Bourassa?

26
27 **Submissions by Ms. Bourassa**

28
29 MS. BOURASSA: My Lord, I'll be brief. As my friend has
30 indicated, the lenders support this application. The company went through a long process
31 of looking at alternatives. Those are set out in paragraphs 94 to 103 of Mr. Bovingdon's
32 affidavit. Effectively, they were not able to find any alternative frankly that the unsecured
33 debentures would agree to. They did bring forward proposals or solutions that were
34 acceptable to the Lending Syndicate and the company, but the unsecured creditors, the
35 debenture holders were not prepared to participate in those solutions. What is being
36 proposed by the applicants today is a consensual restructuring process which is intended
37 to be run in a streamlined fashion with a view to maximizing value for all stakeholders.

38
39 There were just a couple points I wanted to -- one point I wanted to clarify, and one point
40 I just wanted to address a second time. The first is my friend referenced the provisions in
41 the initial order with respect to payment of fees and disbursements of the Syndicate's

1 advisors, and I just wanted to be clear for the Court. My friend seemed to indicate that it
2 was simply the financial advisor, Ernst & Young, but, in fact, "Syndicate's advisors" is
3 defined in the order to --

4
5 THE COURT: Right.

6
7 MS. BOURASSA: -- include Blakes and also US counsel, who is
8 Haynes Boone, and they're not present at this hearing, but they will be present and taking
9 a -- a -- a predominant role in the Chapter 15 on behalf of the lenders.

10
11 THE COURT: Mmm hmm.

12
13 MS. BOURASSA: As well as EY. So it's those three advisors at
14 present, and there's no current indication that there'd be anyone else, but obviously there
15 are -- there's an ability under the credit agreement and also under the DIP credit
16 agreement that, you know, other experts be retained, if necessary. So I just wanted to
17 make it clear that it was those three firms that are being covered for that Syndicate's
18 advisor piece, and that is built into the cashflows.

19
20 And then the other point that my friend made and I just wanted to reiterate was that in
21 fact there are various conditions precedent to the funding under the interim financing
22 credit agreement. We did a full credit agreement, My Lord, as opposed to a term sheet,
23 which would be more common in Canadian courts, because our friends in the US had
24 advised us that the US courts are not as comfortable with a term sheet and prefer to see a
25 fully-baked credit agreement. So we tried to keep it as slim as possible, but at 80 pages,
26 that's kind of where we are. But there is a full-fledged credit agreement, and one of the
27 conditions precedent, of course, is that the order be granted, that the order contain the
28 interim lending charge, and also that the sale process be approved. Because, as my friend
29 stated, the company is experiencing negative cash flow, and so effectively it is the interim
30 loan and the senior secured lenders who are funding this entire process, you know, with a
31 hope that there will be recoveries beyond the senior secured debt, but no certainty of that

32
33 So subject to any questions -- I know some of the provisions in the order do relate to the
34 lenders, so if you had any questions on those, I'm happy to address them. Otherwise, I
35 had no other submissions, My Lord.

36
37 THE COURT: Now, number 1, just in terms of the parties that
38 will be payable, the Court read that in a broad context and didn't narrow it down when
39 your friend made submissions. So it understands that. And in terms of the condition
40 precedents, those make imminent sense, actually, to the Court. So my only question
41 really is are you comfortable -- and I think it's implicit, given the comments that have

1 already been made. Are you comfortable with the sales process and the controls, if you
2 will?

3
4 MS. BOURASSA: The -- the lenders were involved in negotiating
5 the sale process, and while we didn't always get everything that we wanted, we are
6 satisfied that, particularly given the advice of the companies experts, including Oil and
7 Gas Asset Clearinghouse, we're confident that it's an appropriate process, and we do
8 support it.

9
10 THE COURT: And you're comfortable with the time line
11 that's set out, and -- and -- and the reason the Court asks that question, it's pretty tight.
12 And there's pluses and minuses to that, but is there enough time for appropriate --

13
14 MS. BOURASSA: Yeah.

15
16 THE COURT: -- due diligence?

17
18 MS. BOURASSA: My Lord, there pluses and minuses to it. I
19 would say these are oil and gas assets which, while, you know, recognizing that there is
20 diligence both on the environmental side and on the title side, they're fairly simple assets.

21
22 THE COURT: Mmm hmm.

23
24 MS. BOURASSA: You know, it's not like an entity with a
25 significant portion of good will. It -- it's not particularly difficult due diligence, oil and
26 gas assets. The process has already commenced. The data room is -- is far along. Oil
27 and Gas Asset Clearinghouse have been engaged for a few weeks now, and, in fact, the
28 company has been gearing up towards this since January. We're comfortable that the
29 time lines are appropriate, and, frankly, given the negative cashflow, the lenders aren't
30 prepared to go beyond June 3rd, which is the maturity date of --

31
32 THE COURT: Mmm hmm.

33
34 MS. BOURASSA: -- the interim financing credit agreement, so it's
35 necessary that this be done in that time frame. Both the lender's financial advisor, the
36 proposed Monitor, and the investment banker for the company all believe they can do a
37 transaction within this time, and so we're satisfied with that.

38
39 THE COURT: Okay. There's actually -- I just had marked in
40 the margin here, "environmental and title", which you've just touched on. That's the
41 reason I asked --

1
2 MS. BOURASSA: Yeah, My Lord.

3
4 THE COURT: -- the questions.

5
6 MS. BOURASSA: That was, in fact, one of the most
7 highly-negotiated points in the sale process, because, of course, in Canada it would be
8 quite common to have the letters of intent or the offers put in together with a deposit, and
9 there was some concern that that was not the norm in not a restructuring sale in the US
10 but an outside-of-court M & A deal in the US. And so we essentially came to a happy
11 medium, where there will be a successful bidder selected, that bidder will put their deposit
12 down, and then they will have an additional period of time to do that title and
13 environmental diligence. And if there are defects that hit whatever the threshold is set out
14 in a particular LOI that's selected as the successful bidder, then the deposit will be
15 refundable.

16
17 THE COURT: Okay.

18
19 MS. MEYER: So, again, we were satisfied with that, and that
20 was a matter that -- that was a -- a solution that was come to among all the parties
21 working together.

22
23 THE COURT: I just pose that as -- you know, just to make
24 sure the Court's comfortable that these matters have been dealt with. The brief answer
25 you've given and that your friend provided in terms of, you know, the overview, the
26 Court's comfortable with it. But myself, I just want to make sure we're not setting
27 ourselves up for failure, and I think the Court's comfortable we're not in terms of those
28 time lines.

29
30 I think those are my only questions, counsel. Thank you.

31
32 MS. BOURASSA: Thank you.

33
34 THE COURT: Sir?

35
36 **Submissions by Mr. Collins**

37
38 MR. COLLINS: Good morning, My Lord. Collins, initial S, for
39 the record, with McCarthy Tetrault. With me, MacLeod, initial W. We're counsel for the
40 proposed Monitor, FTI Consulting Canada Inc. And, My Lord, you should've received a
41 copy of the Monitor's -- the proposed Monitor's pre-filing report.

- 1
2 THE COURT: Yes, and I've read that.
3
4 MR. COLLINS: And --
5
6 THE COURT: Thank you.
7
8 MR. COLLINS: And then there were certain changes made to
9 it. I believe there's a blackline contained in the package. I've reviewed the changes. I
10 don't view them as being particularly material, My Lord. We can go through them, if
11 you would like, but they were -- they were largely in the nature of conforming --
12
13 THE COURT: I'm just flipping through the blackline as we
14 speak. Is there anything --
15
16 MR. COLLINS: If you look at paragraph -- what was paragraph
17 19, My Lord, it --
18
19 THE COURT: Yes.
20
21 MR. COLLINS: I don't know if it -- I don't know if it's
22 substantive or not, but we -- we made the observation that under the *CCAA* the proposed
23 Monitor doesn't comment on cashflows, and the Monitor, once appointed, does. So we --
24 we removed that statement. And -- and then the -- the -- the --
25
26 THE COURT: I -- I actually found that interesting when I read
27 it in the first instance, so --
28
29 MR. COLLINS: Yeah.
30
31 THE COURT: -- the removal makes sense to me.
32
33 MR. COLLINS: Yeah. Absolutely. And then -- but having said
34 that, we've added in paragraphs 26 and 20 -- paragraph 26, which -- which are the
35 proposed Monitor's view on the assumptions and projections that underlie the cashflow
36 projections.
37
38 THE COURT: Mmm hmm.
39
40 MR. COLLINS: And -- and -- and the view of the proposed
41 Monitor that those are reasonable. Now, that statement isn't being made in accordance

1 with the *CCAA*. It's just being made by the proposed Monitor as -- as a licenced trustee in
2 bankruptcy and subject to, among other things, the oversight of -- of the Canadian
3 Association of Insolvency and Restructuring Practitioners.

4
5 And then I -- I'll just quickly flip through, My Lord. The -- on -- on paragraph 39 there
6 was some additional detail, and, again, this -- this is what I've referred to as the
7 conforming detail, My Lord, that -- that sort of dealt with as the -- the sales process got
8 fleshed out over the course of the past week.

9
10 And then at paragraph 45, adding the information in subparagraph (e) with respect to the
11 directors of Argent Energy Limited being entitled to payment of their previously deferred
12 directors' fees under and pursuant to the KERP.

13
14 THE COURT: So the different between (e) and -- I remember
15 reading (e) in the first instance in 105. So is the addition, "and their ongoing duties and
16 support", in effect?

17
18 MR. COLLINS: I'm -- I'm sorry, My Lord?

19
20 THE COURT: Well, I'm looking at 45.

21
22 MR. COLLINS: 45(e).

23
24 THE COURT: (e).

25
26 MR. COLLINS: Yes.

27
28 THE COURT: Which you just brought to the Court's
29 attention. I say --

30
31 MR. COLLINS: Yeah.

32
33 THE COURT: -- the Court recalls reading it in the context of
34 previously-deferred fees in the amount of 105. It looks like new (e) is virtually the same
35 but for the additional words, "and their ongoing duties and support".

36
37 MR. COLLINS: That -- that's --

38
39 THE COURT: Is that correct?

40
41 MR. COLLINS: -- correct. The -- the payment's premised on --

- 1
2 THE COURT: Well, I just want to make sure --
3
4 MR. COLLINS: -- on --
5
6 THE COURT: -- the Court understands that.
7
8 MR. COLLINS: Yeah. Yeah. The -- the -- the directors will
9 then continue to --
10
11 THE COURT: Yeah. And --
12
13 MR. COLLINS: -- to serve in that capacity --
14
15 THE COURT: And it does make sense to the Court.
16
17 MR. COLLINS: -- and to assist in the restructuring.
18
19 THE COURT: Okay.
20
21 MR. COLLINS: So those are the material changes that -- that
22 have been made to the draft that was provided to Your Lordship last week.
23
24 THE COURT: Just bear with me. I'm just quickly skimming
25 it. Okay, thank you. Anything else, counsel?
26
27 MR. COLLINS: My Lord, you will have noted from the report
28 that the proposed Monitor has been working closely with the applicants and taking
29 comments as well from the Syndicate in connection with the relief that's sought today.
30 It's highly-negotiated relief as between those two parties. The proposed Monitor has
31 provided its view with respect to the various heads of relief being sought and has
32 provided for this Court's assistance its review and assessment of that relief, and in all
33 instances the Monitor has formed the view and concludes and reports to this Court that it
34 believes the relief that's being sought by the applicants today is reasonable. Because we
35 could take you, My Lord, through the provisions of the proposed Monitor's report, but
36 that's the -- the high-level summary of -- of -- of -- of what the Monitor -- the proposed
37 Monitor has been doing to date.
38
39 THE COURT: Thank you. Anything --
40
41 MR. COLLINS: And unless --

- 1
2 THE COURT: -- else?
3
- 4 MR. COLLINS: -- you have any questions arising from the
5 proposed Monitor's report, My Lord, those would be --
6
- 7 THE COURT: Let me just take a quick glance at -- just bear
8 with the Court for a second here.
9
- 10 MR. COLLINS: Certainly. Counsel, I think we've addressed the
11 issues that I had queried in my own mind on the Monitor's report in particular. And just
12 for the record, I had focussed on the time line, which has already been addressed. I had
13 focussed on the Key Employee Retention Program and Incentive Program, just to see
14 what the Monitor had to say about them, and again was satisfied, given the overall
15 comments that were made, that things are appropriate in that context.
16
- 17 What I hadn't picked up, and again just for the record, is the fact that it had been
18 negotiated prior to this process commencing I think you mentioned June.
19
- 20 MS. MEYER: June 2015 --
21
- 22 THE COURT: June --
23
- 24 MS. MEYER: -- for the KERP.
25
- 26 THE COURT: -- 2015.
27
- 28 MS. MEYER: Yes.
29
- 30 THE COURT: So that was the -- the one point of interest that
31 the Court picked up on, but the Court is Satisfied with the Monitor's status here in terms
32 of what's being proposed.
33
- 34 Any other submissions from counsel?
35
- 36 MR. COLLINS: Thank you --
37
- 38 THE COURT: Thank you --
39
- 40 MR. COLLINS: -- My Lord.
41

- 1 THE COURT: -- very much. Any other --
2
- 3 **Submissions by Ms. Meyer**
4
- 5 MS. MEYER: My Lord, just one quick point with respect to --
6
- 7 THE COURT: Sure.
8
- 9 MS. MEYER: -- your question about the tight time line for the
10 sales process.
11
- 12 THE COURT: Yes.
13
- 14 MS. MEYER: I just wanted to note as well that Oil and Gas
15 Clearinghouse has been extensively involved in the discussion and negotiation of the sales
16 process, and so being that they are the experts running the sale process --
17
- 18 THE COURT: Right.
19
- 20 MS. MEYER: -- they believe this is appropriate.
21
- 22 THE COURT: Okay. And the last and final question, and I
23 think just part of the narrative, any issues -- I mean, we deal with this all the time, "we"
24 being the collective in respect of both US and Canadian components here. Everyone
25 satisfied that we've ticked off all the boxes we have to deal with there and --
26
- 27 MS. MEYER: Right. The --
28
- 29 THE COURT: -- matters --
30
- 31 MS. MEYER: -- initial order recognition process in the US is
32 set for Friday morning.
33
- 34 THE COURT: Okay.
35
- 36 MS. MEYER: At that time, US counsel will proceed with their
37 application to have the initial order granted by this Court, assuming Your Lordship grants
38 it, recognized by the Court. And the foreign representative, being the Monitor, will
39 participate in that proceeding.
40
- 41 **Order**

- 1
2 THE COURT: Thank you. Based on the Court's review of the
3 file in preparation for today, which included the key affidavit without exhibits, based on
4 the submissions that were made this morning by various counsel, including the attendance,
5 but the concurrence, if I can use that term, of counsel in the US, and its review of the
6 various documents which the Court has been led through in terms of changes on a
7 blackline basis, the Court is satisfied that the various tests that we need to meet here have
8 been met in this instance and that matters in terms of the economic approach are being
9 addressed in a fashion that is fair and reasonable in the circumstances, accordingly the
10 orders will be granted.
11
12 Perhaps we can just page through what the Court needs to sign, unless you have clean or
13 new --
14
15 MS. MEYER: I do. I'll just hand up a new --
16
17 THE COURT: -- copies.
18
19 MS. MEYER: -- copy, My Lord, so that you know exactly
20 what's being signed. And this is the exact version that's been sent to all counsel this
21 morning and included in the package for Your Lordship.
22
23 THE COURT: Thank you
24
25 MS. MEYER: Page 22 --
26
27 THE COURT: And -- and -
28
29 MS. MEYER: -- is the signature page.
30
31 THE COURT: I -- I -- I'm just going to speak to that. The
32 reason I flip through it, I'm not reading -- speeding reading it this quickly, I was going
33 through an order earlier this week where people hadn't filled in some blanks. And I do it
34 as a matter of course because not all counsel are as thorough as you people, and it's --
35 and that's for the protection of all, including the Court, if I can --
36
37 MS. MEYER: Oh, all right.
38
39 THE COURT: -- use that phrase.
40
41 MS. MEYER: I hope we've got them all, My Lord.

1
2 THE COURT: It's just habit. Again, based on your
3 submissions, the evidence before the Court, this document is executed as drafted, and I'll
4 have it -- hand it back to madam clerk. Is there anything else that we need to attend to
5 today?

6
7 MS. MEYER: No, My Lord. Thank you.

8
9 THE COURT: Thank you. That being the case, I will ask
10 madam clerk to adjourn. Thank you.

11
12 _____
13 PROCEEDINGS CONCLUDED

14 _____
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1 **Certificate of Record**

2

3 I, Paulina Zavala, certify that this recording -- the -- that this recording is the record made
4 of the evidence in the proceedings in Court of Queen's Bench, held in Courtroom 1702, at
5 Calgary, Alberta, on the 17th day of February of 2016, and that I was the court official in
6 charge of the sound-recording machine during the proceedings.

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1 **Certificate of Transcript**

2

3 I, Christopher Rumary, certify that

4

5 (a) I transcribed the record, which was recorded by a sound-recording machine, to the best
6 of my skill and ability and the foregoing pages are a complete and accurate transcript of
7 the contents of the record, and

8

9 (b) the Certificate of Record for these proceedings was included orally on the record and
10 is transcribed in the transcript.

11

12

13

Digitally Certified: 2016-02-19 10:48:45

14

Christopher Rumary, Transcriber

15

Order No. 2340-16-1

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35 Pages: 39
36 Lines: 1623
37 Characters: 50480

38

39 File Locator: e0cee99ad71711e589a60017a4770810
40 Digital Fingerprint: 6e303c91635fec9c1232e56f9d5036f2ab829598409b3ef87a34d34aa3489330

41

Detailed Transcript Statistics	
Order No. 2340-16-1	
Page Statistics	
Title Pages:	1
ToC Pages:	1
Transcript Pages:	37
Total Pages:	39
Line Statistics	
Title Page Lines:	52
ToC Lines:	11
Transcript Lines:	1560
Total Lines:	1623
Visible Character Count Statistics	
Title Page Characters:	624
ToC Characters:	242
Transcript Characters:	49614
Total Billable Characters:	50480
Multi-Take Adjustment: (-) Duplicated Title Page Characters	49856

THIS IS EXHIBIT " 6 "
referred to in the (^{Affidavit}~~Declaration~~) of
Sean Bovingdon
Sworn
(Declared) before me this 29th
day of February A.D. 20 16
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public


Kelsey Meyer
Barrister & Solicitor

From: Sean Zweig
Sent: 17 February 2016 2:33 PM
To: Chadwick, Robert <rchadwick@goodmans.ca>
Subject: Argent

Rob,

Attached are the CCAA materials that were filed today, along with the stamped pages evidencing filing. I will send you the granted Initial Order shortly.

Once you've had a chance to review and digest all of this, I think it would be helpful for us to discuss. Let me know when you'd like to do that.


 Sean Zweig
Bennett Jones LLP

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
P. 416 777 6254 | F. 416 863 1716
E. zwelgs@bennettjones.com

Kelsey Meyer

From: Sean Zweig
Sent: 25 February 2016 7:48 AM
To: Kelsey Meyer
Subject: FW: Argent
Attachments: Originating Application - Filed Page.pdf; Affidavit - Filed Pages.pdf; Bench Brief - Filed Page.pdf; Monitor's Report - Filed Page.pdf; FINAL Argent Originating Application.pdf; FINAL Draft Initial Order.pdf; Comparison of final draft Initial Order to Alberta CCAA Template Order.pdf; Bench Brief - February 17, 2016.pdf; Exhibits to the Draft Bench Brief of the Applicant.pdf; Argent Proposed Monitors Report_FINAL_Feb16_2016.pdf; Affidavit of Sean Bovingdon, February 16, 2016.pdf; Exhibits to the Affidavit of Sean Bovingdon, sworn February 17, 2016.pdf

This is one of the emails for the Affidavit.

 Sean Zweig
Bennett Jones LLP


3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
P. 416 777 6254 | F. 416 863 1716
E. zweigs@bennettjones.com

From: Sean Zweig
Sent: 17 February 2016 2:33 PM
To: Chadwick, Robert <rchadwick@goodmans.ca>
Subject: Argent

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Once you've had a chance to review and digest all of this, I think it would be helpful for us to discuss. Let me know when you'd like to do that.

 Sean Zweig
Bennett Jones LLP

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
P. 416 777 6254 | F. 416 863 1716
E. zweigs@bennettjones.com

THIS IS EXHIBIT " 7 "
referred to in the (~~Affidavit~~
~~Declaration~~) of
Sean Bowington
Sworn
Declared) before me this 29th
day of February A.D. 20 16
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

Kelsey Meyer

From: Allison Gillett
Sent: 17 February 2016 2:31 PM
To: rchadwick@goodmans.ca
Cc: Kelsey Meyer
Subject: Argent Energy Trust, Argent Energy (Canada) Holdings Inc. and Argent Energy (US) Holdings Inc. [BJ-L.FID3387720]
Attachments: CCAA Initial Order, filed February 17, 2016.PDF; Letter to Service List enclosing Filed CCAA Initial Order - February 17, 2016.PDF

Mr. Chadwick,

Please see attached correspondence from Ms. Meyer.



Allison Gillett

Assistant to Andrea Froese and Kelsey Meyer, Bennett Jones SLP

4500 Bankers Hall East, B55 - 2nd Street SW, Calgary, AB, T2P 4K7

P. 403 298 4481 | F. 403 265 7219

E. gilletta@bennettjones.com



Plug into [Bennett Jones](#)



Kelsey Meyer
Partner
Direct Line: 403.298.3323
e-mail: meyerk@bennettjones.com
Our File No.: 68859.14

February 17, 2016

SEE ATTACHED SERVICE LIST

Dear Sirs and Mesdames:

Re: Action No.: 1601-01675

In the Matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended

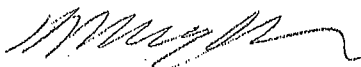
And in the Matter of a Plan of Arrangement of Argent Energy Trust, Argent Energy (Canada) Holdings Inc. and Argent Energy (US) Holdings Inc.

Please find attached, for service upon you, a certified copy of the CCAA Initial Order granted in the above-noted action on February 17, 2016.

The filed materials in relation to this matter will soon be available on the website of the Monitor, FTI Consulting Canada Inc., at <http://cfcanada.fticonsulting.com/argent>.

Please note also that the application to extend the Stay Period, as it is defined in paragraph 14 of the attached Initial Order, is scheduled to be heard on Tuesday, March 8, 2016, at 10:00 a.m. before the Honourable Mr. Justice Nixon. We will serve you with materials in relation to that application closer to the date thereof.

Yours truly,



Kelsey Meyer

KM/ag
Enclosure

Cc: Karen Dawson, Bennett Jones LLP (via email)
Noriko Shimura, Bennett Jones LLP (via email)

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

SERVICE LIST

NAME AND CONTACT INFORMATION	COUNSEL FOR
<p>Argent Energy Trust Argent Energy (Canada) Holdings Inc. Argent Energy (US) Holdings Inc.</p> <p>Suite 500 321 6th Avenue SW Calgary, AB T2P 3H3</p> <p>2 Houston Center 10th Floor 909 Fannin Street Houston, TX 77010</p> <p>Attention: Sean Bovington sbovington@argentenergytrust.com Phone: 403-770-4803</p> <p>Steve Hicks shicks@argentenergytrust.com Phone: 832-320-9223</p> <p>Fax: 281-847-1898</p>	
<p>Bennett Jones LLP 4500 Bankers Hall East 855-2nd Street SW Calgary, AB T2P 4K7</p> <p>Attention: Kelsey Meyer meyerk@bennettjones.com Phone: 403-298-3323</p> <p>Attention: Harinder Basra basrah@bennettjones.com Phone: 403-298-4494</p> <p>Fax: 403-265-7219</p>	<p>Argent Energy Trust, Argent Energy (Canada) Holdings Inc., Argent Energy (US) Holdings Inc.</p>

<p>Bennett Jones LLP Suite 3400, 1 First Canadian Place Toronto, ON M5X 1A4</p> <p>Attention: Sean Zweig zweigs@bennettjones.com Phone: 416-777-6254</p> <p>Fax: 416-863-1716</p>	<p>Argent Energy Trust, Argent Energy (Canada) Holdings Inc., Argent Energy (US) Holdings Inc.</p>
<p>FTI Consulting Canada Inc. Ernst & Young Tower 440 2nd Avenue SW, Suite 720 Calgary, AB, T2P 5E9 Canada</p> <p>Attention: Deryck Helkaa Deryck.Helkaa@fticonsulting.com Phone: 403-232-6100</p> <p>Dustin Olver Dustin.Olver@fticonsulting.com Phone: 403-444-5383</p> <p>Fax: 403-232-6116</p>	<p>Proposed Monitor (not counsel)</p>
<p>McCarthy Tétrault Suite 4000, 421 7th Avenue SW Calgary, AB T2P 4K9</p> <p>Attention: Sean Collins scollins@mccarthy.ca Phone: 403-260-3531</p> <p>Walker Macleod wmacleod@mccarthy.ca Phone: 403-260-3710</p> <p>Fax: 403-260-3501</p>	<p>FTI Consulting Canada Inc. (Proposed Monitor)</p>

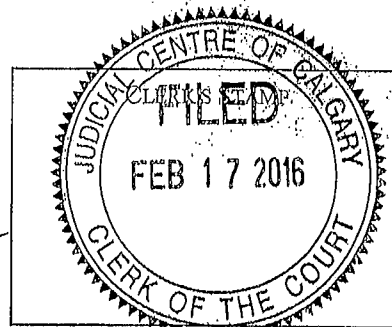
<p>Norton Rose Fulbright, LLP 2200 Ross Avenue Suite 3600 Dallas, TX 75201-7932</p> <p>Attention: Louis R. Strubeck, Jr. louis.strubeck@nortonrosefulbright.com Phone: 214-855-8040</p> <p>Fax: 214-855-8200</p>	<p>FTI Consulting Canada Inc. (Proposed Monitor)</p>
<p>Blake, Cassels & Graydon LLP Suite 3500 Bankers Hall East Tower 855-2nd Street SW Calgary, AB T2P 4J8</p> <p>Attention: Kelly Bourassa kelly.bourassa@blakes.com Phone: 403-260-9697</p> <p>Ryan Zahara ryan.zahara@blakes.com Phone: 403-260-9628</p> <p>Fax: 403-260-9700</p>	<p>The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, and Wells Fargo Bank, N.A.</p>
<p>Haynes and Boone, LLP 1221 McKinney Street Suite 2100 Houston, TX 77010 United States of America</p> <p>Attention: Charles Beckham Charles.Beckham@haynesboone.com Phone: 713.547.2243</p> <p>Kelli Stephenson Kelli.Stephenson@haynesboone.com Phone: 713.547.2630</p> <p>Fax: 713.547.2600</p>	

<p>Borden Ladner Gervais LLP Suite 1900 520 3rd Avenue SW Calgary, AB T2P 0R3</p> <p>Attention: Kent Kufeldt kkufeldt@blg.com Phone: 403-232-9727</p> <p>Pat McCarthy pmccarthy@blg.com Phone: 403-232-9441</p> <p>Fax: 403-266-1395</p>	<p>Computershare Trust Company of Canada</p>
<p>Ernst & Young Suite 1000, 440 2nd Avenue SW Calgary, AB T2P 5E9 Attention: Neil Narfason Neil.narfason@ca.ey.com Phone: 403-206-5067</p> <p>Cassie Riglin Cassie.riglin@ca.ey.com Phone: 403-206-5139</p> <p>Fax: 403-206-5075</p>	
<p>Computershare Trust Company of Canada 600, 530 - 8th Avenue SW Calgary, Alberta T2P 3S8</p> <p>Attention: Manager Corporate Trust and Laura Leong laura.leong@computershare.com</p> <p>Fax: (403) 267-6598</p>	

<p>Locke Lord LLP 2800 JPMorgan Chase Tower 600 Travis Houston, TX 77002</p> <p>Attention: Philip Eisenberg <u>peisenberg@lockelord.com</u> Phone: 713-226-1304</p> <p>David Patton <u>dpatton@lockelord.com</u> Phone: 713-226-1254</p> <p>W. Steven Bryant <u>sbryant@lockelord.com</u> Phone: 713-226-1489</p> <p>Steven W. Golden <u>steven.golden@lockelord.com</u> Phone: 713-226-1281</p> <p>Fax: 713-223-3717</p>	<p>Argent Energy (US) Holdings Inc.</p>
<p>The Oil & Gas Clearinghouse P.O. Box 671787 Houston, TX 77267-1787</p> <p>Attention: Harrison Williams <u>hwilliams@ogclearinghouse.com</u> Phone: 281.873.4600</p> <p>Fax: 281.873.0055</p>	
<p>Goodmans LLP Bay Adelaide Centre Suite 3400 333 Bay St Toronto ON M5H 2S7</p> <p>Attention: Robert Chadwick <u>rchadwick@goodmans.ca</u></p> <p>Phone: 416.597.4285</p> <p>Fax: 416.979.1234</p>	

I hereby certify this to be a true copy of
the original Order

Dated this 17 day of February 2016
Avard
for Clerk of the Court



1601-01675

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

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

CCAA INITIAL ORDER

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

**DATE ON WHICH ORDER WAS
PRONOUNCED:**

Wednesday, February 17, 2016

**LOCATION WHERE ORDER WAS
PRONOUNCED:**

Calgary

**NAME OF JUSTICE
WHO MADE THIS ORDER:**

The Honourable Mr. Justice D. B. Nixon

UPON the application of 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"), **AND UPON** having read the Originating Application, the Affidavit of Sean Bovington sworn February 16, 2016 (the "Bovington Affidavit"); the consent of FTI Consulting Canada Inc. to act as Monitor (the "Monitor"); and the pre-filing report of FTI Consulting Canada Inc., all filed; **AND UPON** noting that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application and either do not oppose or alternatively consent to the charges created herein; **AND UPON** hearing counsel to the Applicants, counsel to the Monitor and counsel to the Syndicate (as defined in the Bovington Affidavit) who advanced funds under a credit agreement dated October 25, 2012 (as amended from time to time, the "Credit Agreement");

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. The Applicants are entities to which the CCAA applies.

PLAN OF ARRANGEMENT

3. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall:
 - (a) remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property");

- (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "Business") and the Property; and
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.
5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
 - (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges; and
 - (c) payment for goods or services actually supplied to the Applicants prior to the date of this Order by those parties deemed by the Applicants (with the consent of the Monitor and the Syndicate) to be critical suppliers, provided that the total of all such payments shall not exceed USD \$315,000.
6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account

of insurance (including directors and officers insurance), maintenance and security services; and

- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

- (i) employment insurance,
- (ii) Canada Pension Plan, and
- (iii) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured

creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.
9. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:
 - (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order;
 - (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and
 - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.
10. Notwithstanding the provisions of paragraph 9 hereof, the Applicants are authorized and directed to pay to the Syndicate any interest and other costs and expenses which may become due and owing under the terms of the Credit Agreement, including the reasonable costs and expenses of the Syndicate's legal counsel and other advisors (the "Syndicate's Advisors") arising both before and after the making of this Order.

RESTRUCTURING

11. The Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined in paragraph 34), have the right to:

- (a) with the consent of the Interim Lender (as hereinafter defined in paragraph 32), permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$500,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and
- (c) pursue all avenues of refinancing and offers for their Business or the Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a) above),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

12. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA,

and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

13. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
 - (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and
 - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

14. Until and including March 18, 2016, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively

being "Persons" and each being a "Person"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

- (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;
- (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
- (c) prevent the filing of any registration to preserve or perfect a security interest; or
- (d) prevent the registration of a claim for lien.

16. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

17. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. During the Stay Period, all persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or

- (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

19. Notwithstanding anything else contained in this Order, no creditor of the Applicants shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 16 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants or of Argent Energy Limited (the "Directors and Officers") with respect to any claim against the Directors and Officers that arose before the date hereof and that relates to any obligations of the Applicants or Argent Energy Limited whereby the Directors and Officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the

Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. The Applicants shall indemnify the Directors and Officers against obligations and liabilities that they may incur as directors and or officers of the Applicants and Argent Energy Limited after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or willful misconduct.
22. The Directors and Officers shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of USD \$200,000, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 42 herein.
23. Notwithstanding any language in any applicable insurance policy to the contrary:
 - (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
 - (b) the Directors and Officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

APPOINTMENT OF MONITOR

24. FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs and the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall cooperate fully with the Monitor in the exercise of its powers and discharge of its

obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

25. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;
 - (c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the Interim Lender and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and the Interim Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Interim Lender;
 - (d) advise the Applicants in the preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the Interim Lender;
 - (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
 - (f) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
 - (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of

the Applicants to the extent that is necessary to adequately assess the Applicants' Property, Business and financial affairs or to perform its duties arising under this Order;

- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person;
- (j) report to and respond to inquiries of the Syndicate (or its designated financial advisor) with respect to the CCAA proceedings, with or without the presence or the consent of the Applicants; however copies of any written reports provided to the Syndicate by the Monitor shall be provided to the Applicants; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

26. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

27. The Monitor shall provide any creditor of the Applicants and the Interim Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
28. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or willful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
29. The Monitor, counsel to the Monitor, counsel to the Applicants and the Syndicate's Advisors shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Applicants and the Syndicate's Advisors on a regular basis.
30. The Monitor and its legal counsel shall pass their accounts from time to time.
31. The Monitor, counsel to the Monitor, the Applicants' counsel, and the Syndicate's Advisors, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of USD \$500,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor, such counsel and such other advisors of the Syndicate, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

INTERIM FINANCING

32. Argent US is hereby authorized and empowered to obtain and borrow under a credit facility from the Syndicate, including The Bank of Nova Scotia, in its capacity as agent for and on behalf of the Syndicate (collectively, in such capacity, the "Interim Lender") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$7,300,000.00 unless permitted by further order of this Court.
33. Such credit facility shall be on the terms and subject to the conditions set forth in the Interim Financing Credit Agreement agreed between the Applicants and the Interim Lender dated as of February 17, 2016 (the "Interim Financing Credit Agreement"), as attached to the Bovingdon Affidavit.
34. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Interim Financing Credit Agreement or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Interim Financing Credit Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
35. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "Interim Lender's Charge") on the Property to secure all obligations under the Definitive Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Definitive Documents. The Interim Lender's Charge shall have the priority set out in paragraphs 40 and 42 hereof.
36. Notwithstanding any other provision of this Order:

- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon three days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Interim Financing Credit Agreement, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Interim Financing Credit Agreement, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

37. The Interim Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

KERP, KEIP AND THE KERP AND KEIP CHARGE

38. The KERP and the KEIP (each as defined in the Bovingdon Affidavit) are hereby authorized and approved and the Applicants (and any other person that may be appointed to act on behalf of the Applicants, including without limitation, any trustee, liquidator, receiver, interim receiver, receiver and manager or other person acting on behalf of any

such person) are authorized and directed to perform the obligations under the KERP and KEIP, including making all payments to the beneficiaries of the KERP and KEIP of amounts due and owing under the KERP and KEIP at the time specified and in accordance with the terms of the KERP and KEIP.

39. The beneficiaries of the KERP and KEIP are hereby granted a charge (the "KERP and KEIP Charge") on the Property, which charge shall not exceed an aggregate amount of USD \$1,035,000 in respect of the KERP plus any additional amounts that become payable under the KEIP, to secure all obligations under the KERP and KEIP. The KERP and KEIP Charge shall have the priority set out in paragraphs 40 and 42 hereof.

VALIDITY AND PRIORITY OF CHARGES

40. The priorities of the Directors' Charge, the Administration Charge, the Interim Lender's Charge and the KERP and KEIP Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of USD \$500,000);

Second – Interim Lender's Charge;

Third – Directors' Charge (to the maximum amount of USD \$200,000); and

Fourth – KERP and KEIP Charge (to the maximum amount of USD \$1,035,000 in respect of the KERP, plus any additional amounts that become payable under the KEIP).

41. The filing, registration or perfection of the Directors' Charge, the Administration Charge, the Interim Lender's Charge, or the KERP and KEIP Charge (collectively, the "Charges") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
42. Each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims

of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

43. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the applicable Charges, or further order of this Court.
44. The Charges, the Interim Financing Credit Agreement and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Interim Financing Credit Agreement or the Definitive Documents,

shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;

- (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the Applicants entering into the Interim Financing Credit Agreement, or execution, delivery or performance of the Definitive Documents; and
- (iii) the payments made by the Applicants pursuant to this order, including the Interim Financing Credit Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

45. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Charges amongst the various assets comprising the Property.

SALE SOLICITATION PROCESS

46. The letter agreement dated January 15, 2016 between The Oil & Gas Asset Clearinghouse, LLC ("OGAC"), Argent US and Argent Canada is hereby approved and Argent US and Argent Canada are authorized and directed to continue the engagement of OGAC as an Assistant thereunder and to comply with all of their obligations thereunder.
47. The sale solicitation process (the "Sale Solicitation Process") attached as Schedule "A" to this Order be and is hereby approved, and OGAC, the Monitor and the Applicants are authorized and directed to perform each of their obligations thereunder and to do all things reasonably necessary to perform their obligations thereunder.
48. Each of the Monitor and OGAC, and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and

all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Sale Solicitation Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor or OGAC, as applicable, in performing its obligations under the Sale Solicitation Process (as determined by this Court).

49. In connection with the Sale Solicitation Process and pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), the Applicants, OGAC and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sale transactions (each, a "Transaction"). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Applicants, OGAC or the Monitor, as applicable; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants, OGAC or the Monitor, as applicable, or ensure that all other personal information is destroyed.

SERVICE AND NOTICE

50. The Monitor shall (i) without delay, publish in the Calgary Herald and the Houston Chronicle a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated

amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

51. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall establish and maintain a website in respect of these proceedings at <http://cfcanada.fticonsulting.com/argent> and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders or other materials filed in these proceedings by or behalf of the Monitor, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

SEALING

52. The Confidential Summary (Exhibit "20" of the Bovingdon Affidavit) shall be sealed on the Court file, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Confidential Summary shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

GENERAL

53. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
54. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
55. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.
56. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding of Argent US and Argent Canada, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
57. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as the foreign representative of Argent US and Argent Canada in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
58. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or

parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

59. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Time on the date of this Order.

"D. B. Nixon"
The Honourable Mr. Justice B. Nixon
J.C.C.Q.B.A.

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

DEFINED TERMS

60. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
- (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto.
 - (d) "**Syndicate**" means the syndicate of lenders pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, the Administrative Agent of which is The Bank of Nova Scotia.

SALE SOLICITATION PROCESS

61. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
62. The Sale Solicitation Process will proceed as follows:
- (a) As soon as reasonably practicable after the granting of the Initial Order:

- (i) the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin* and the *Houston Chronicle*; and
 - (ii) in any event no later than February [19], 2016, the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17];
 - (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
 - (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
 - (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
 - (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR. The VDR shall contain a proposed Letter of Intent ("**LOI**") and Purchase and Sale Agreement ("**PSA**");
 - (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any portion or combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a sale proposal (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with the Monitor, the Applicants and the

Secured Creditor (the "**Bid Deadline**"). The Sale Proposal shall include a binding LOI and a form of PSA which the Qualified Bidder is willing to execute if it is the Successful Bidder and shall also include a marked version showing edits to the original form of PSA provided in the VDR. The LOI, but not the PSA, shall provide for due diligence for title and environmental defects and potential purchase price adjustments therefor subject to the terms of the LOI.

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
 - (i) it contains a duly executed Sale Proposal;
 - (ii) it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - (iii) it is not conditional upon:
 - (A) the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(n);
 - (B) obtaining financing; and/or
 - (C) any other material conditions other than the receipt of the Approval Order and the Recognition Order (each as defined below).
 - (iv) it is received by the Bid Deadline; and
 - (v) it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "**Successful Bid(s)**").

- (l) Once the Successful Bid(s) has been determined pursuant to Section 30, the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "**Successful Bidder(s)**", and OGAC shall provide notice of the determination of the Successful Bid(s) to the Successful Bidder(s).
- (m) Upon the Successful Bidder(s) receiving notice from OGAC of the determination of the Successful Bid(s) pursuant to Section 30, the Successful Bidder(s) shall pay a deposit (the "**Deposit**") in the form of certified cheque or wire transfer (to a bank account specified by the Monitor), payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;
- (n) The PSA in respect to the Successful Bid(s) pursuant to Section 3(l) must be executed no later than April [14], 2016, and which shall be conditional only upon the receipt of the Approval Order and the Recognition Order and shall provide for a closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The PSA in respect to the Successful Bid(s) shall not be conditional on any unperformed due diligence.
- (o) The Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (p) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s) shall become non-refundable in the event the approved transaction is not completed;
- (q) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

DEPOSIT

63. The Deposit:

- (a) shall be retained by the Monitor and invested in an interest bearing trust account;

- (b) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order, plus accrued interest, shall be applied to the purchase price to be paid by the applicable Successful Bidder(s) upon closing of the approved transaction;
- (c) shall be non-refundable, subject only to the following exceptions:
 - (i) the Successful Bidder(s) provides notice to OGAC and the Monitor, on or before April 8, 2016, of material defects in the title and environmental due diligence in accordance with the LOI;
 - (ii) either or both of the Approval Order and the Recognition Order are not granted on or before May 17, 2016 or such later date as agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants.

APPROVALS

64. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"AS IS, WHERE IS"

65. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

FREE OF ANY AND ALL CLAIMS AND INTERESTS

66. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "**Claims and Interests**") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

THE SECURED CREDITOR

67. The Secured Creditor and each member of the Syndicate have advised that they do not intend to participate as a Bidder in the Sale Solicitation Process, and therefore they will be entitled to have full access to the contents of all Qualified Bids, including copies thereof. No Qualified Bid that is less than an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such

consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

NO OBLIGATION TO CONCLUDE A SALE

68. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal, but shall not do so without first consulting with the Secured Creditor.

FURTHER ORDERS

69. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc.
720, 440 – 2nd Ave. S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 4000
421 – 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

THIS IS EXHIBIT " 8 "
referred to in the (~~Declaration~~) ^{Affidavit} of
Sean Baringdon
Sworn ~~Declared~~) before me this 29th
day of February A.D. 2016
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

From: Chadwick, Robert [mailto:rchadwick@goodmans.ca]
Sent: 17 February 2016 1:05 PM
To: Sean Zweig; Harinder Basra; Deryck Helkaa (deryck.helkaa@fticonsulting.com); 'scollins@mccarthy.ca'
Cc: Baulke, Ryan
Subject: Argent

Please see attached letter. Regards, Rob Chadwick

***** Attention *****

This communication is intended solely for the named addressee(s) and may contain information that is privileged, confidential, protected or otherwise exempt from disclosure. No waiver of confidence, privilege, protection or otherwise is made. If you are not the intended recipient of this communication, or wish to unsubscribe, please advise us immediately at privacyofficer@goodmans.ca and delete this email without reading, copying or forwarding it to anyone. Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, ON, M5H 2S7, www.goodmans.ca.

Goodmans^{LLP}

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Direct Line: 416.597.4285
rohachwlok@goodmans.ca

February 17, 2016

VIA EMAIL

McCarthy Tétrault LLP
Suite 4000, 421 7th Avenue SW
Calgary AB T2P 4K9
Attention: Sean F. Collins

FTI Consulting
1000, 888-3rd Street SW
Calgary, AB T2P 5C5
Attention: Deryck Helkaa

Bennett Jones LLP
4500 Bankers Hall East
855 2nd Street SW
Calgary, AB T2P 4K7
Attention: Harinder S. Basra / Sean Zweig

Dear Sirs

Re: Argent Energy Trust ("Argent" or the "Trust")

We write to you in connection with the Trust's commencement of proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA") this morning. As you know, we represent an *ad hoc* committee (the "Ad Hoc Committee") of holders (the "Debentureholders") of Argent's convertible unsecured debentures (the "Debentures"), who are key stakeholders of the Trust.

The Ad Hoc Committee and its advisors have been engaged with the Trust since August in an effort to find consensual solutions and transactions to address its liquidity needs for the benefit of the Trust and all of its various stakeholders. Despite this and the significant interests of our clients, we received no advance notice of Argent's commencement of CCAA proceedings this morning and have not been provided with the Trust's materials in connection with such proceedings. You also were aware that we were located in Toronto and would need to travel for any CCAA initial hearing. We request that you provide the Trust's CCAA materials to us as soon as possible (which materials was just received concurrently with delivery of this letter).

Our clients would expect that the relief sought by Argent this morning would be limited to a stay of proceedings. In addition, it has come to our attention that a sales process in respect of the

Trust's assets was commenced and a timeline set prior to the CCAA filing and without consultation. This is an unacceptable path for a Company seeking CCAA protection from the Court. No further material steps should be taken, including, without limitation, the commencement of any ancillary Chapter 15 proceedings in the United States or the approval of a sale process, without prior consultation with the Ad Hoc Committee and in advance of a comeback hearing before the CCAA Court. Subject to our review of the Trust's CCAA materials, we will attend the comeback hearing to inform the court of the significant concerns of the Ad Hoc Committee. We would like to discuss with the Monitor a proper comeback hearing date.

We expect that the Trust and the Monitor will take all available time and means to ensure that the best path is fully analyzed and considered with the Ad Hoc Committee and its advisors, and that the Trust will not take – and the Monitor will not support – any unilateral action that could prejudice or impair the interests of the Debentureholders. We request a meeting with the Monitor and its counsel to discuss these matters immediately, and we look forward to hearing from you as soon as possible.

Yours very truly,

GOODMANS LLP

Robert J. Chadwick

THIS IS EXHIBIT " 9 "
referred to in the (Affidavit
Declaration) of
Sean Bavingdon
Sworn
Declared) before me this 29th
day of February A.D. 2016
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

From: Chadwick, Robert [mailto:rchadwick@goodmans.ca]
Sent: 18 February 2016 11:52 AM
To: Sean Zweig <ZweigS@bennettjones.com>
Cc: Sean F. Collins (scollins@mccarthy.ca) <scollins@mccarthy.ca>; Helkaa, Deryck <Deryck.Helkaa@fticonsulting.com>; Baulke, Ryan <rbaulke@goodmans.ca>; Kelsey Meyer <MEYERK@bennettjones.com>
Subject: RE: Argent


We will speak to the Monitor. We disagree with your analysis outlined below. Rob

From: Sean Zweig [mailto:ZweigS@bennettjones.com]
Sent: Thursday, February 18, 2016 11:48 AM
To: Chadwick, Robert
Cc: Sean F. Collins (scollins@mccarthy.ca); Helkaa, Deryck; Baulke, Ryan; Kelsey Meyer
Subject: RE: Argent

Rob,

Notwithstanding that the Initial Order is a "true comeback", the Initial Order was granted yesterday and is in full force and effect. The Applicants (and presumably OGAC, the Monitor and anyone else) will therefore continue to comply with the terms of it, including running the sale process in accordance with the procedures approved by the Initial Order.

I understand that Deryck is reaching out to you to discuss the scheduling of the Ch. 15 hearing and scheduling further discussions with you and your clients. To the extent the Applicants can be helpful in that process, please let us know.

 Sean Zweig
Bennett Jones LLP

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
P. 416 777 6254 | F. 416 863 1716
E. zweigS@bennettjones.com

From: Chadwick, Robert [<mailto:rchadwick@goodmans.ca>]
Sent: 18 February 2016 11:30 AM
To: Sean Zweig <ZweigS@bennettjones.com>
Cc: Sean F. Collins (scollins@mccarthy.ca) <scollins@mccarthy.ca>; Helkaa, Deryck <Deryck.Helkaa@fticonsulting.com>; Baulke, Ryan <rbaulke@goodmans.ca>
Subject: RE: Argent


Nothing should be acted upon on initial order which could be subject to the comeback hearing and no dates should be communicated to any purchasers until matters are addressed at the comeback hearing. Based on the information we have been provided, the sales process will be challenged at the comeback hearing. We are reviewing other matters. The initial cca hearing should have been for only lights on matters (as you know). Rob

**** Attention ****

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From: Sean Zweig [<mailto:ZweigS@bennettjones.com>]
Sent: Thursday, February 18, 2016 11:25 AM
To: Chadwick, Robert
Cc: Sean F. Collins (scollins@mccarthy.ca); Helkaa, Deryck
Subject: Argent

I can confirm that the March 8 hearing will be a "true comeback" from the Applicants' perspective.

 Sean Zweig
Bennett Jones LLP

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
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THIS IS EXHIBIT " 10 "
referred to in the (Affidavit Declaration) of
Sean Bavington
Sworn (Declared) before me this 29th
day of February, A.D. 2016
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

From: Chadwick, Robert <rchadwick@goodmans.ca>
Sent: Thursday, February 18, 2016 7:00 PM
To: Sean Zweig; Deryck Helkaa (deryck.helkaa@fticonsulting.com); scollins@mccarthy.ca; Harinder Basra
Cc: Baulke, Ryan
Subject: A

Please see attached letter. Rob Chadwick

***** Attention *****

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Goodmans^{LLP}

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Direct Line: 416.597.4285
rehadwick@goodmans.ca

February 18, 2016

VIA EMAIL

McCarthy Tétrault LLP
Suite 4000, 421 7th Avenue SW
Calgary AB T2P 4K9
Attention: Sean F. Collins

FTI Consulting
1000, 888-3rd Street SW
Calgary, AB T2P 5C5
Attention: Deryck Helkaa

Bennett Jones LLP
4500 Bankers Hall East
855 2nd Street SW
Calgary, AB T2P 4K7
Attention: Harinder S. Basra / Sean Zweig

Dear Sirs

Re: Argent Energy Trust ("Argent" or the "Trust")

We write to you further to our letter and discussions of yesterday to confirm and again express the significant concerns of the Ad Hoc Committee with the unacceptable path the Trust has taken in connection with its commencement of restructuring proceedings, including its stated intention to seek the commencement of ancillary Chapter 15 proceedings before the United States Bankruptcy Court for the Southern District of Texas tomorrow, now adjourned until next week. The Ad Hoc Committee was not provided with any draft Chapter 11 materials and, despite our request yesterday, we were only provided with copies of the Chapter 15 materials this afternoon after they were filed with the Texas Court last night.

Our view based on our knowledge of Argent, and which we expressed to Argent's counsel prior to the commencement of the CCAA proceedings, is that a Chapter 15 proceeding is not appropriate in the circumstances. This view is supported by the following information contained in Argent's public filings and in its CCAA materials provided to us late yesterday:

- substantially all of Argent's assets are in the United States with no material assets in Canada;

- Argent US, the only CCAA Applicant with ongoing operations and the owner of all of the Applicants' petroleum properties, is a Delaware corporation with its head office located in Texas;
- Argent's stated strategy is to acquire, exploit and develop oil and gas properties through its US subsidiary;
- Argent's operations are substantially affected by US federal, state and local laws and regulators;
- substantially all of Argent's expenses are incurred in the US to fund the operations of Argent US;
- all of Argent's revenues are generated and received by Argent US, and are used, along with the borrowings under the Credit Facility and the intercompany notes, to fund the US operations;
- all of the Argent's trade debt is located in the US;
- substantially all of Argent's employees (including its Chief Operating Officer) are employed by Argent US and located in the United States, with only two employees in Canada;
- Argent US owes significant intercompany obligations to the Trust; and
- in previous discussions with the Trust, the CEO confirmed to us that the Trust was of the view that the US obligations could only be dealt with in a full US proceeding outside of a consensual resolution with the stakeholders.

These are only certain preliminary matters which have been publicly outlined by Argent. We expect there are more significant additional factors and circumstances relevant to such matters.

Despite the fact that the Trust is a Canadian entity, it is clear from the foregoing that Argent's true seat and principal place of business actually is, consistent with the expectations of those stakeholders who dealt with it, in the United States. In these circumstances, a Chapter 15 is not the appropriate forum for a contested proceeding, including to address the significant intercompany obligations of Argent US.

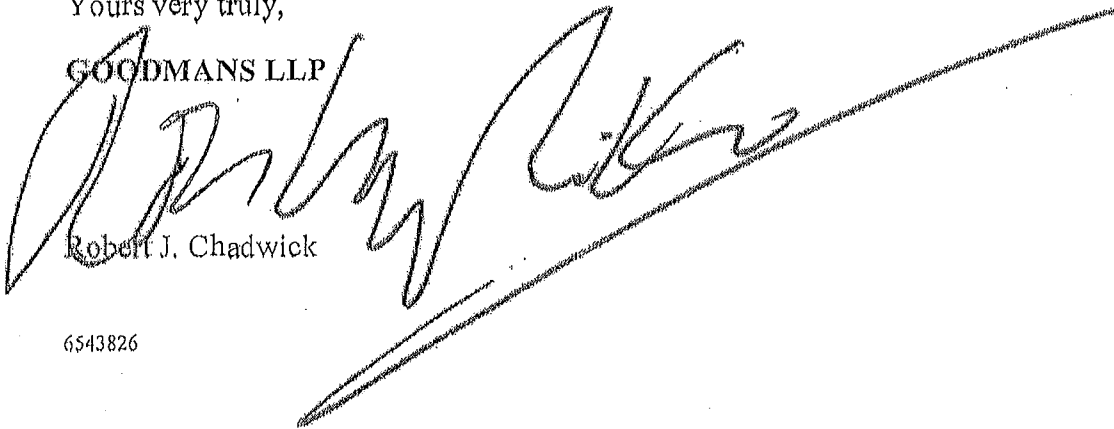
We expect that the Monitor, as the proposed foreign representative under any Chapter 15, will carefully consider the concerns we have outlined herein. Our clients are prepared to take all necessary steps to protect their significant interests and ensure the Trust follows the proper path in the circumstances.

Yours very truly,

GOODMANS LLP

Robert J. Chadwick

6543826

A large, handwritten signature in black ink, appearing to read "Robert J. Chadwick", is written over the typed name and extends across the page.

THIS IS EXHIBIT " 11
referred to in the (Affidavit
Declaration) of
Sean Bavingdon

Sworn
Deeclared) before me this 29th
day of February A.D. 20 16

[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

Kelsey Meyer

From: Allison Gillett
Sent: 19 February 2016 11:26 AM
To: rchadwick@goodmans.ca
Cc: Kelsey Meyer
Subject: Argent Energy Trust, Argent Energy (Canada) Holdings Inc. and Argent Energy (US) Holdings [BJ-L.FID3387720]
Attachments: Letter to Mr. Chadwick - February 19, 2016.PDF

Mr. Chadwick,

Please see attached correspondence from Ms. Meyer.

 Allison Gillett
Assistant to Andrea Froese and Kelsey Meyer, Bennett Jones SLP

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7
P. 403 298 4481 | F. 403 265 7219
E.gillette@bennettjones.com



Plug into [Bennett Jones](#)



Kelsey Meyer
Partner
Direct Line: 403.298.3323
e-mail: meyerk@bennettjones.com
Our File No.: 68859.14

February 19, 2016

VIA EMAIL

Mr. Robert Chadwick
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Dear Mr. Chadwick:

Re: 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 (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, "Argent")

We are in receipt of your letters of February 17 and 18, 2016. As a preliminary matter, please advise of the current membership (i.e. number of members and their aggregate holdings) of the *ad hoc* committee of unsecured subordinated debentureholders that your office represents.

Your letters refer to, among other things, your concern that you were not provided with formal notice of our clients' application for an Initial Order pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA"). Please be advised that, as we have communicated to you a number of times already since the Initial Order was granted two days ago, we would welcome any comments or proposals that your clients may have with regard to those proceedings. We and our clients are also available to discuss any specific concerns your clients might have.

We do not intend to specifically address each of the comments in your letters, as we think a meeting or call would be much more productive than a letter writing campaign if a consensual resolution is truly what your clients are seeking, but we do wish to note the following:

1. As you know, there is no requirement pursuant to the CCAA to serve notice of an application for a CCAA Initial Order upon the unsecured creditors of the applicants, nor is that common practice. Indeed, the explanatory notes to the Alberta template CCAA Order explicitly contemplate a CCAA Initial Order being obtained *ex parte* in appropriate

circumstances. In the present case, Argent faced a liquidity crisis that left it with no option but to seek a stay of proceedings pursuant to the CCAA and, in order to obtain the critical interim financing to allow it to continue to operate, to seek court approval of a sale process. Notice of the application was provided to our clients' secured creditor. In addition, the Trust is a public entity and needed to be mindful of its disclosure and other obligations under applicable securities laws. As a result of your clients' unwillingness to extend the term of the non-disclosure agreements they previously entered into with the Trust, neither you nor your clients are subject to an ongoing non-disclosure agreement with the Trust. Lastly, you did not request to receive notice of any potential CCAA application, which, as you know, is a request that is often made in these circumstances.

2. Notwithstanding that there was no requirement to serve your client with notice of the application for the Initial Order, as a courtesy, my colleague Sean Zweig emailed you prior to the filing of the application on February 17th to notify you of the same, to bring the related press release to your attention, and to offer to speak with you. Mr. Zweig's email was sent to you approximately 3 hours before the application was scheduled to be heard, and you responded shortly after that. As you know, the Court is able to accommodate telephonic appearances; you did not request to appear at the application by telephone.
3. At the court application on February 17th, I advised Mr. Justice Nixon that we had not served your client with notice of the application, and of Mr. Zweig's email to you as a courtesy, as referenced above. Mr. Justice Nixon was also made aware, through the materials filed in support of the application and by way of submissions made in court, that the subordinated debentureholders were unsecured creditors of the Trust. Having considered those materials and submissions, His Lordship proceeded to grant the Initial Order.
4. Mr. Zweig contacted you again by telephone on the morning of February 18th to discuss the CCAA filing and to try to understand your clients' concerns. Mr. Zweig reiterated to you that Argent is interested in a consensual resolution, if possible, and invited you to share any specific comments you might have with respect to the Initial Order or the process generally. We have not heard from you in that regard.
5. Your letter of February 17th states that "The Ad Hoc Committee and its advisors have been engaged with the Trust since August in an effort to find solutions and transactions to address it [*sic*] liquidity needs for the benefit of the Trust and all of its various stakeholders." With respect, it is our understanding that this is not quite accurate. We understand that there have been no negotiations between your clients and the Trust since December, 2015. Further, on or about January 26, 2016, after Argent's hedges were terminated, Mr. Zweig invited you to advise us if your client had any ideas or proposals that it wished to discuss regarding Argent's financial situation, and in particular its liquidity needs. No further proposals from you or your clients were forthcoming, despite your and your clients' knowledge of Argent's very limited liquidity.
6. Based on, among other things, discussions between our respective offices and our respective clients, and the Trust's press releases issued on November 30, January 1, January



27. and January 29, it should not have come as a shock to you or your clients that Argent needed to seek insolvency protection. An Event of Default had occurred under Argent's senior secured credit facility, and Argent was running out of liquidity following the termination of its hedges.

7. You have advised that you intend to oppose the applications of Argent US and Argent Canada pursuant to Ch. 15 of the U.S. Bankruptcy Code, notwithstanding the fact that your client is not a creditor of either of those entities. Your client is an unsecured creditor of the Trust, which is not an applicant in the U.S. proceedings. As has been previously communicated to you, Argent's position is that your clients therefore have no standing in the proposed U.S. proceedings.
8. Your letter of February 17th requested a meeting with the Monitor and its counsel to discuss the matters raised in your letter. We understand that at least three such meetings, by telephone conference call, have now occurred, and that one of such meetings was attended (by telephone) by counsel for Argent's secured creditor. It is our understanding that the Monitor and the secured creditor also communicated to you that they welcome any proposals or comments that your clients may wish to put forward for consideration.
9. In consideration of the concerns you have raised, the Monitor (who is the foreign representative for Argent Canada and Argent US) and Argent agreed to delay the U.S. Chapter 15 hearing until Monday afternoon, rather than proceed this morning as planned, in order to accommodate your request for time to discuss your clients' concerns. As has been communicated to you, no further extensions are possible, primarily because Argent requires access to the interim financing that was approved in the Initial Order, and the granting of the Chapter 15 recognition order is a pre-condition to the financing being available.
10. We wish to reiterate that Argent remains receptive to any proposals or suggestions that your clients may have, and we again invite you to contact us to discuss this. A consensual resolution is in Argent's best interests, and we and Argent are committed to continue working with you to see if that is possible in the circumstances.
11. With respect to the last bullet point in your February 18 letter, we assume you are referring to Sean Bovingdon (who is the President and Chief Financial Officer; not the CEO), and if so, please note that you have (presumably inadvertently) misconstrued or misunderstood Mr. Bovingdon's comments. In addition, as you well know, Mr. Bovingdon is not a lawyer and is not qualified to provide legal advice. As discussed with you, there is ample precedent that a Chapter 15 proceeding can deal with U.S. claims. We would be pleased to have Argent's counsel discuss that (and any other questions or concerns you may have with respect to the proposed Chapter 15 proceeding) with your clients' U.S. counsel.



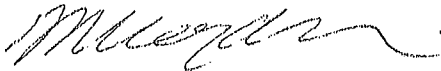
February 19, 2016

Page 4

As such, while it remains our view that the course of action taken by Argent has been reasonable, appropriate, and necessary in the circumstances, we are prepared to consider your clients' comments and/or proposals, and to discuss them with you in greater detail. We are available today and over the weekend in that regard.

Yours truly,

BENNETT JONES LLP



Kelsey Meyer

cc: Bennett Jones LLP, Attention: Harinder Basra and Sean Zweig
Argent Energy Trust, Attention: Sean Bovington
FTI Consulting Canada Inc., Attention: Deryck Helkaa and Dustin Olver
McCarthy Tétrault LLP, Attention: Sean Collins and Walker Macleod
Locke Lord LLP, Attention: Philip Elsenberg



THIS IS EXHIBIT " 12 "
referred to in the (Affidavit
Declaration) of
Sean Bovington
Sworn
Declared) before me this 29th
day of February A.D. 20 16
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

From: Chadwick, Robert [mailto:rchadwlck@goodmans.ca]
Sent: 19 February 2016 5:03 PM
To: Sean Zwelg <ZwelgS@bennettjones.com>
Cc: Deryck Helkaa (deryck.helkaa@fticonsulting.com) <deryck.helkaa@fticonsulting.com>; scollins@mccarthy.ca;
Baulke, Ryan <rbaulke@goodmans.ca>
Subject: Argent

Please see attached letter. Rob Chadwick



Barristers & Solicitors

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.597.4285
rchadwick@goodmans.ca

February 19, 2016

VIA EMAIL

Bennett Jones LLP
4500 Bankers Hall East
855 2nd Street SW
Calgary, AB T2P 4K7
Attention: Sean Zweig

Dear Sirs

Re: Argent Energy Trust ("Argent" or the "Trust")

We write to you further to our discussions of yesterday regarding the Trust and its commencement of CCAA proceedings on an *ex parte* basis and without notice to us or our clients. We understand that a comeback hearing has been scheduled before the CCAA Court for March 8, 2016.

As you know, the fundamental purpose of the CCAA is to preserve the status quo to develop a process that will benefit all concerned stakeholders. In this context, first day orders in CCAA proceedings are intended to provide for a basic stay of proceedings and certain other "lights on" relief only. This particularly the case in where an *ex parte* application is made without notice to a significant stakeholder group. In our view, it is highly irregular for a CCAA debtor to obtain approval of a KERP, approval to commence a sale solicitation process (especially with such protracted timelines) and to commence ancillary Chapter 15 proceedings, all at an initial *ex parte* hearing and despite the significant concerns we raised to you in advance.

Despite the actions of the Trust to date, the Ad Hoc Committee remains available to advance solutions with the Trust and ensure that it is on a proper track. We would like to avoid the need for an examination in advance of the comeback hearing, and therefore request the following information from the Trust:

1. Copies of all e-mails and other correspondence or communication between the Trust and its advisors and the lending syndicate and its advisors in the last 3 months;
2. Copies of all e-mails and correspondence between the Trust and its advisors and The Oil & Gas Asset Clearinghouse LLC (which, as you know, are not privileged);
3. Copies of all e-mails, correspondence and other documentation exchanged between the Trust and its advisors and any parties regarding ancillary US proceedings;

4. Information supporting the quantum of each of the Administration Charge, the Directors' Charge and the KERP and KEIP Charge;
5. Copies of board meeting minutes (redacted as necessary) for each of the CCAA Applicants and for Argent Energy Ltd, for the last six months;
6. Information regarding the Canadian assets of Argent US;
7. Copies of any offers received by the Trusts for its assets and/or financing or joint venture proposals in the last 12 months (including any DIP financing proposals);
8. Copies of any valuations, appraisals and/or reports on the nature or quality of any of the CCAA Applicants' assets in the last 12 months;
9. Information underlying the Trust's cash flow forecast, including the strip pricing used to formulate the forecast; and
10. All drafts and exchange of all documents, protocol and the sale solicitation process.

Please be advised that the foregoing list is our preliminary list and we reserve all of our rights but wanted to try to address matters in an efficient matter. Please provide this information to us as soon as possible such that we can avoid the need for an examination or other action in advance of the comeback hearing.

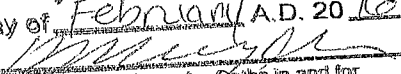
Yours very truly,

GOODMAN'S LLP



Robert J. Chadwick

cc: Sean F. Collins (McCarthy Tétrault)
Deryck Helkaa (FTI Consulting)

THIS IS EXHIBIT " 13 " referred to in the (Affidavit Declaration) of Sean Bovingdon Sworn Declared) before me this 29th day of February A.D. 2016

A Commissioner for Oaths in and for the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

Kelsey Meyer

From: Collins, Sean F. <scollins@MCCARTHY.CA>
Sent: 22 February 2016 10:55 AM
To: 'Chadwick, Robert'
Cc: Helkaa, Deryck; Olver, Dustin (Dustin.Olver@fticonsulting.com); MacLeod, Walker W.; Sean Zweig; Kelsey Meyer; Louis Strubeck (louis.strubeck@nortonrosefulbright.com); Greendyke, William (william.greendyke@nortonrosefulbright.com); Bob Bruner (bob.bruner@nortonrosefulbright.com); Boland, Jason
Subject: Argent Energy Trust
Attachments: DOCS-#15309004-v1-2_22_16_-_Letter_to_Goodmans_LL.PDF

Rob, please see attached letter.

Regards,



Sean Collins
Partner | Associé
Bankruptcy & Restructuring | Faillite et restructuration

T: 403-260-3531
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Email: scollins@mccarthy.ca

Assistant: Smith, Marcia A
Direct Line: (403) 260-3546
Email: marclasmith@mccarthy.ca

February 22, 2016

Via Email (rchadwick@goodmans.ca)

Robert J. Chadwick
Partner
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto ON M5H 2S7

Dear Sirs:

Re: Companies' Creditors Arrangement Act proceedings in respect of Argent Energy Trust et al (collectively, "Argent")

As you are aware, we are counsel to FTI Consulting Canada Inc. in its capacity as monitor ("**Monitor**") of Argent. We acknowledge receipt of Goodmans LLP's letters on behalf of the ad hoc Committee (the "Ad Hoc Committee") of holders of Argent's convertible unsecured debentures dated February 17, 2016 (the "**First Letter**") and February 18, 2016 (the "**Second Letter**") addressed to us, the Monitor and counsel to Argent.

This letter sets out the Monitor's written advice in respect of and in response to the letters under reply. Having said this, in the real-time environs of the early days of these proceedings, the Monitor's resources are required to assist Argent with the operational and other issues that have arisen since the commencement of the CCAA proceedings. As such, the Monitor does not propose to respond "chapter and verse" to each and every issue that has been raised by the Ad Hoc Committee. We shall highlight in this correspondence the Monitor's position with respect to what it understands the Ad Hoc Committee's major points of contention to be. If an issue that has been raised by the Ad Hoc Committee is not addressed herein and for which the Ad Hoc Committee wishes to hear from the Monitor, then please advise and the Monitor will do its best to respond.

Preliminary Information Requests

The Ad Hoc Committee has made certain information and document requests of the Monitor. Specifically, the Ad Hoc Committee has requested that the Monitor provide:

- (a) Non-consolidated CCAA cash-flows;
- (b) Details surrounding Argent US' Assets in Canada; and
- (c) A transcript of the Court proceedings in connection with Argent's application for the initial order on February 17, 2016.

In this regard, we respond as follows:

- (a) The rationale for the request for non-consolidated cash-flows appears to the Monitor, at least, to be driven by the Ad Hoc Committee's position that Chapter 15 proceedings are inappropriate in this case given that Argent's revenue producing petroleum and natural gas properties (the "**P&NG Properties**") are located in the United States and the desire on the part of the Ad Hoc Committee to have the evidentiary basis to make such assertion in court. If this is in fact the case, then we suggest that the Monitor facilitate an agreement by and between the parties that would have the effect of Argent agreeing to a factual stipulation that Argent US's revenue is derived solely from US based assets. If, on the other hand, the Monitor is mistaken and there is a different reason for seeking a non-consolidated cash-flow, then please advise and the Monitor will give further consideration to the request;
- (b) The Monitor notes that a request has been made by your office directly to Canadian counsel to Argent by way of a letter dated February 19, 2016 for "information regarding the Canadian assets of Argent US." We understand from counsel to Argent that they will respond to such request but, as in the case of the non-consolidated cash-flow, query if the rationale for the request is to provide the evidentiary foundation for the Ad Hoc Committee's Chapter 15 argument and, if that is the case, we reiterate the offer to facilitate a factual stipulation that would have Argent agree that the Canadian asset of Argent US is a nominal sum on deposit in a Canadian bank account; and
- (c) A copy of the transcript of proceedings from February 17, 2016 has been ordered and we will provide a copy to the service list upon receipt of same.

The First Letter demands that "no further material steps should be taken, including, without limitation, the commencement of ancillary Chapter 15 proceedings in the United States or the approval of a sales process, without prior consultation with the Ad Hoc Committee and in advance of a comeback hearing before the CCAA Court." As you are aware, the Monitor considered the Ad Hoc Committee's request to defer the commencement of the Chapter 15 Proceedings. In the first instance, the Monitor agreed to adjourn the Chapter 15 application from the original return date of February 19, 2016 in order to permit further dialogue between Argent, the Syndicate and the Ad Hoc Committee. While the Monitor had hoped to adjourn the Chapter 15 application until mid-week of February 22, 2016 to facilitate further dialogue, the Monitor's US counsel advised that the only return date available in Houston is Monday, February 22, 2016 at 3:00 p.m local time.

The adjournment of the Chapter 15 application nevertheless created the opportunity for the Ad Hoc Committee, Argent and the Syndicate to have discussions in an attempt to facilitate a consensual resolution. The Monitor participated in and observed the discussions and it is evident that, at this time, the matters in issue are incapable of a consensual resolution. As the case advances, doubtless there will be further opportunity for the parties to consider whether an agreed upon path forward presents and the Monitor will be pleased to attempt to facilitate further dialogue in this regard.

The Monitor has considered the admonition of the Ad Hoc Committee as articulated in the First Letter that it not "support any unilateral action that could prejudice or impair the interests of the

DOCS 15306857

debenture holders" as well as the assertion in the Second Letter that "a Chapter 15 proceeding is not appropriate in the circumstances" together with the Ad Hoc Committee's demand that the Monitor "carefully consider the concerns [the Ad Hoc Committee has] outlined [in the Second Letter]."

The Monitor has considered the concerns of the Ad Hoc Committee and, as advised on February 19, 2016, is proceeding to seek recognition of the CCAA proceedings under and pursuant to Chapter 15. In the exercise of its judgment and in determining to proceed in this fashion the Monitor notes the following:

1. The Monitor is acting in accordance with the authority conferred upon it under and pursuant to the duly entered CCAA initial order. The initial order is in full force and effect. The Monitor has taken cognizance of the fact that the Ad Hoc Committee has advised that it will seek to set aside certain provisions of the initial order at the comeback hearing scheduled for March 8, 2016. The Monitor will abide by any further orders or directions provided by the CCAA Court following the hearing of the comeback application, or otherwise. In the meantime, however, given the exigencies of this case (in particular, Argent's immediate need for access to drawings under the interim financing facility) the Monitor has determined it is necessary and advisable to seek recognition by the US Bankruptcy Court of the CCAA proceedings;
2. The sales process that is underway was designed by Argent in consultation with The Oil & Gas Asset Clearing House, LLC ("OGAC"). The Monitor has formed the view that the sales process will yield the best possible value for Argent's assets in the circumstances of this case. The Monitor's view has in part been informed by OGAC who has advised the Monitor that, in OGAC's experience (including recent experience in dealing with disposition of distressed P&NG Assets located in the United States), the sales process represents the optimal way to proceed. In particular, OGAC has advised the Monitor;
 - (a) The one month timeframe within which to select the successful bid is reasonable. In this regard, OGAC notes the fact that Argent's P&NG Assets have been on the market in public M&A processes since October 1, 2014. This fact leads to the conclusion that the universe of potential purchasers is relatively well acquainted with the assets to be acquired. OGAC advises that 30 days is a sufficient period of time for prospective purchasers to evaluate the data in the data room and to form an opinion as to the purchase price;
 - (b) Affording the successful bidder the opportunity to complete confirmatory title and environmental due diligence in the one month following being selected as successful bidder is a market practice being utilized in the sale of distressed oil and gas producing assets located in the United States. Far from chilling the sales process or circumscribing the universe of potential bidders, OGAC advises that its experience in this deal-space is such that potential bidders are reluctant to enter a process that requires them to expend material resources on performing confirmatory title and environmental due diligence unless and until such potential bidders have been selected as the presumptive purchaser.

It is noteworthy that preliminary interest in the sales process has been robust. OGAC advises that since the formal launching of the process on February 17, 2016 over 60 parties have made enquiries, over 50 parties have executed confidentiality agreements, 40 parties have accessed the virtual data room, and 2 parties are currently attending in the physical data room and have attended at OGAC for a presentation. The Monitor enquired of OGAC whether any party has expressed concern over the timelines in the sales process and OGAC has confirmed that no such concern has been expressed. The Monitor has requested OGAC to immediately advise the Monitor of any concern that may be articulated by any participant in the sales process and OGAC has assured the Monitor that it will do so.

The Monitor will be pleased to provide further information relative to the process that Argent undertook to select OGAC in addition to facilitating a meeting between OGAC and the Ad Hoc Committee in an attempt to answer any questions and assuage concerns that the Ad Hoc Committee may have.

3. It is a condition precedent to the availability of draws under the interim financing facility that the Chapter 15 recognition order is granted. Argent urgently requires access to the interim lending facility given its cash-flow position in order to meet its post-filing obligations.
4. Argent has encountered operational issues with creditors, suppliers and counter-parties in the immediate aftermath of announcing that it had obtained relief under the CCAA. Recognition of the initial order in the United States will stabilize Argent's US operations;
5. Production is declining in Argent's producing petroleum and natural gas properties at an exceptionally fast rate (i.e. in the order of magnitude of approximately 20% - 25% per annum). The current pricing environment when combined with the decline rate mandates that offers be solicited as soon as practically possible together with imperative that an executable transaction be entered into with an effective date occurring within the next quarter; and
6. The Ad Hoc Committee's proposal seemingly is to defer the sales process for an undefined period of time on the hope that commodity prices will rebound. The Ad Hoc Committee has not proposed or offered an alternative to address the urgent liquidity crisis that Argent finds itself in nor has the Ad Hoc Committee offered a solution to the rapidly deteriorating and decline in Argent's producing petroleum and natural gas assets.

The Monitor joins issue with the Ad Hoc Committee's contention that a Chapter 15 process will not provide adequate safeguards to participants in the process. Stakeholders on both sides of the border have recourse to sophisticated and responsive bankruptcy courts located in Calgary and Houston. As it pertains to the interest of the Ad Hoc Committee, the Ad Hoc Committee is a creditor of Argent Trust. The plenary CCAA proceedings involving Argent Trust have been duly commenced in Canada and the Ad Hoc Committee has access to the Calgary Court to seek relief and redress with respect to the matters in issue.

In conclusion, the Monitor has always been and remains of the view that the process that has been undertaken by Argent will maximise recovery available to Argent stakeholders under the factual circumstances that present in relation to this case. Notwithstanding the fact that the Monitor and the Ad Hoc Committee are in disagreement with respect to the current process, the Monitor assures the Ad Hoc Committee that it will continue to make itself available to hear

further concerns of the Ad Hoc Committee and, where possible, the Monitor will attempt to address such concerns.

Yours truly,

McCarthy Tétrault LLP



Sean F. Collins

SFC/ac

c: **FTI Consulting Canada Inc.** – Attention: Deryck Helkaa / Dustin Olver
Bennett Jones LLP – Attention: Sean H. Zweig / Kelsey J. Meyer
Norton Rose Fullbright LLP – Attention: Louis R. Strubeck, Jr / William Greendyke /
Bob Bruner / Jason Lee Boland

THIS IS EXHIBIT " 14 "

referred to in the (Affidavit
Declaration) of

Sean Bovingdon

Sworn
Declared-) before me this 29th

day of February A.D. 20 16

Kelsey Meyer

A Commissioner for Oaths in and for
the Province of Alberta

A Notary Public

Kelsey Meyer
Barrister & Solicitor


Kelsey Meyer

From: Kelsey Meyer
Sent: 22 February 2016 8:35 AM
To: Chadwick, Robert
Cc: Sean Zweig; 'Baulke, Ryan'
Subject: Argent Energy Trust et al. [BJ-L.FID3785772]

We have your letter of February 19th, and are working on a response to your information requests.

We look forward to a response to our letter to you of the same date, wherein we offered to discuss with you any proposals that your clients may have, and requested that you advise of the current membership of the Ad Hoc Committee that you represent.

Regards,

 Kelsey Meyer
Partner*, Bennett Jones LLP

*Denotes Professional Corporation
4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7
P. 403 298 3323 | F. 403 265 7219
E. meyerk@bennettjones.com

Plug into [Bennett Jones](#)



THIS IS EXHIBIT " 15 "
referred to in the (Affidavit Declaration) of
Sean Bovingdon
Sworn Declared before me this 29th
day of February A.D. 20 16
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public


Kelsey Meyer
Barrister & Solicitor

Kelsey Meyer

From: Kelsey Meyer
Sent: 23 February 2016 4:58 PM
To: 'Chadwick, Robert'
Cc: Sean Zweig; Sean Bovingdon; Harinder S. Basra (basrah@bennettjones.com); Helkaa, Deryck; Olver, Dustin (Dustin.Olver@fticonsulting.com); 'Collins, Sean F.'; MacLeod, Walker W.; Eisenberg, Philip
Subject: FW: Argent Energy [BJ-L.FID3785772]
Attachments: Letter to Mr Chadwick - February 23, 2016.pdf; Minutes of the Board of Directors Meeting - October 23 2015.pdf; Schedule A.pdf

Tracking:	Recipient	Delivery
	'Chadwick, Robert'	
	Sean Zweig	Delivered: 23/02/2016 4:58 PM
	Sean Bovingdon	
	Harinder S. Basra (basrah@bennettjones.com)	Delivered: 23/02/2016 4:58 PM
	Helkaa, Deryck	
	Olver, Dustin (Dustin.Olver@fticonsulting.com)	
	'Collins, Sean F.'	
	MacLeod, Walker W.	
	Eisenberg, Philip	
	'ARGENT ENERGY TRUST _ STRATEGIC ALTERNATIVES_068859_00014_ Kelsey _ Email'	

Please see the attached letter and enclosures.

 Kelsey Meyer
Partner*, Bennett Jones LLP

*Denotes Professional Corporation
4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7
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Plug Into [Bennett Jones](#)



From: Allison Gillett
Sent: 23 February 2016 4:41 PM
To: Kelsey Meyer <MEYERK@bennettjones.com>
Subject: Argent Energy

As requested.

Kelsey Meyer
Partner
Direct Line: 403.298.3323
e-mail: meyorik@bennettjones.com
Our File No.: 68859.14

February 23, 2016

VIA EMAIL

Mr. Robert Chadwick
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Dear Mr. Chadwick:

Re: In the Matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "CCAA")

And in the Matter of a Plan of Arrangement of 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, "Argent")

We are writing in response to your letter of February 19, 2016. Please include me and Mr. Zweig on future correspondence to Bennett Jones LLP regarding this matter.

Your letters and, we understand, other communications with the Monitor and its counsel, have raised a number of complaints regarding the CCAA proceedings, and state that your clients are "available to advance solutions with the Trust". However, despite our repeated invitations to discuss any proposals that your clients may have, you have not made any proposals whatsoever, nor have your clients offered any interim financing to Argent that would allow it to continue to operate in an alternative manner to that now approved by the Court of Queen's Bench of Alberta. Without any specific proposals or suggestions from your client, presenting realistic alternatives that will allow Argent to resolve its liquidity and cash flow issues, your complaints do not add anything constructive to this process. We understand that you have commented to the Monitor and its counsel that the CCAA proceedings and the sale process should be put off indefinitely until the market improves; this simply is not realistic and offers no alternatives to Argent's urgent situation. In addition, your clients' assertion in the Chapter 15 proceeding that Argent's liquidity crisis was "manufactured" shows a complete disregard and/or misunderstanding of the facts. We believe that the Affidavit of Mr. Bovingdon in support of the Initial Application is clear in that regard, but if you wish to discuss that further, please contact us or the Monitor at your convenience.

February 23, 2016

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Your letter opines on the proper content of "first day orders in CCAA proceedings", and Argent does not disagree that the fundamental purpose of the CCAA is to preserve the status quo to develop a process that will benefit all concerned stakeholders. However, Argent, like all debtors, can only act and operate within the realm of the possible. As provided in Mr. Bovingdon's Affidavit, Argent would have liked very much to have its hedge lenders and lending syndicate (the "Syndicate") leave the hedges in place and forbear from acting on the default, but the hedge lenders and Syndicate were not willing to do so, in accordance with their rights. As a result, Argent was facing an immediate liquidity crisis and required interim financing, and the only available financing required, among other things, the commencement of a sale solicitation process and recognition of CCAA proceedings in the U.S. under Chapter 15. In addition, we invite you to review the Alberta template CCAA Order, which contemplates interim financing, requests the assistance of foreign courts in recognition of the Initial Order, and contemplates the monitor acting as foreign representative. The Alberta template CCAA Order also contemplates notice of the application being provided to secured creditors, not to subordinated unsecured creditors such as your clients. As you also know, the relief in the Initial Order in this case was obtained on notice to Argent's secured creditors, and not *ex parte* as your letter states. Further, as you are no doubt aware, and as is set out in our Bench Brief filed in support of the application for the Initial Order, there is ample precedent for key employee retention plans and sales processes to be included in an Initial Order.

As per my previous correspondence, the application to extend the stay of proceedings in this matter is scheduled for March 8th at 10:00 a.m. Please advise if you intend to file evidence or other materials in relation to that hearing. Any such materials should be filed in accordance with the timelines set out in the Booking Procedures for the Calgary Commercial Duty List; as such, we expect to receive any materials you intend to file on or before February 29, 2016.

With respect to your requests for information, a number of your requests are overly broad, vague, and seek information that is neither relevant nor material to these proceedings. Given that Argent's key employees are working to stabilize business operations and maximize value in the sale solicitation process, and that Argent's cash flow is limited, neither Argent nor we can spend the significant time or professional fees that would be required to respond to such requests, nor is it in anyone's interest for Argent to incur professional fees in order to compile irrelevant information. With that caveat, our responses are below, in the order as set out in your letter of February 19:

1. We will not be producing copies of "all e-mails and other correspondence or communication between the Trust and its advisors and the lending syndicate [*sic*] and its advisors in the last 3 months". The relevant correspondence is attached to Mr. Bovingdon's Affidavit. This request is overly broad, vague, and seeks information that is neither relevant nor material to these proceedings. If you have a more specific request, we are willing to consider it.
2. We will not be producing copies of "all e-mails and correspondence between the Trust and its advisors and The Oil & Gas Asset Clearinghouse LLC ("OGAC"). A copy of the letter agreement with OGAC is attached as Exhibit 21 to Mr. Bovingdon's Affidavit. This request is overly broad, vague, and seeks information that is neither relevant nor material to these proceedings. If you have a more specific request, we are willing to consider it.



3. Your request for "copies of all e-mails, correspondence and other documentation exchanged between the Trust and its advisors and any parties regarding ancillary US proceedings" is overly broad and vague. If you have a more specific request, we are willing to consider it.
4. With respect to your request for information supporting the quantum of the Administration Charge and the Directors' Charge, both of which have been approved by the Court on notice to the secured creditors of Argent (in accordance with the provisions of the CCAA), we note the following, which has been reviewed with the Monitor:
 - The Administration Charge of \$500,000 covers Argent's US and Canadian legal counsel, the Monitor and its US and Canadian legal counsel, and the Syndicate's advisor and its US and Canadian legal counsel. Professional fees from the start of the CCAA proceedings to the estimated date of approval of a sale in accordance with the Sale Solicitation Process average approximately \$821,000 per month for all firms involved (with February being the highest month due to the expected level of activity). It is intended that the Administration Charge will cover approximately two weeks' exposure, estimated to be approximately \$500,000. The amounts included in the calculation of the Administration Charge are summarized in the table below:

	Feb-16	Mar-16	Apr-16	May-16	Average	Highest Month
Syndicate	(450)	(150)	(130)	(250)	(248)	
Monitor	(300)	(175)	(150)	(300)	(231)	
Company	(380)	(270)	(610)	(110)	(343)	
Total	(1,130)	(595)	(890)	(670)	(821)	(1,130)

- The Directors' Charge of \$200,000 was determined by estimating one bi-monthly gross payroll. The U.S. gross payroll is approximately \$185,000 and the Canadian is \$12,500, totaling approximately \$197,500.

Further, Confidential Exhibit "20" to Mr. Bovingdon's Affidavit, which you have now received subject to the Non-Disclosure Agreement entered into by your office, includes all relevant information regarding the quantum of the KERP and KEIP Charge.

5. We assume you are seeking those portions of board meeting minutes for Argent and for Argent Energy Ltd. for the last six months that relate to Argent's liquidity crisis and the CCAA proceedings. The approved minutes for Argent Energy Ltd. (redacted) are enclosed here. Redacted minutes of the board meetings for Argent US and Argent Canada will be sent to you under separate cover. The minutes for the board meetings held on February 16, 2016 have not yet been approved by the applicable boards.



6. As set out in the Affidavit of Mr. Bovingdon, Argent US has a Canadian bank account. We acknowledge that the bank account is the sole asset of Argent US located in Canada. Our Bench Brief filed in support of the application for the Initial Order confirms that Canadian courts have held that a US company with bank accounts in Canada comes within the definition of "company" pursuant to the CCAA. It is immaterial what percentage the Canadian assets bear to the overall assets of the company, or the importance of those assets: *Re Cadillac Fairview Inc.*, (1995), 30 C.B.R. (3d) 29 (Ont. Gen. Div.) at para. 6, and *Re Global Light Telecommunications Inc.* (2004), 2 C.B.R. (5th) 210 (B.C. S.C.) at paras. 16-18.
7. With respect to your request for "any offers received by the Trusts [*sic*] for its assets and/or financing or joint venture proposals in the last 12 months (including any DIP financing proposals)", there were no proposals for interim financing, other than the interim financing that has now been approved by the Court in the Initial Order. As you are aware, your client has not proposed any interim financing. Further, in granting the Initial Order, the Court accepted the Monitor's view that the interim financing provided by the Syndicate was reasonable. We note that the interim financing is provided at a rate of 8% interest, on market terms, which is not at all egregious or prejudicial to the unsecured creditors of Argent, particularly in comparison to interim financing priority charges on much less favourable terms that are approved in many CCAA proceedings.

With respect to offers for assets, the Bovingdon Affidavit sets out the details of assets that were sold as a result of a process entered into with The Bank of Montreal; that process concluded in May 2015. Offers received during that process were made in an entirely different commodity price market, and are therefore irrelevant to the current proceedings. There have been no offers or joint venture proposals received by the Trust, other than a letter of intent received from DW Partners, LP and Wapiti Energy, LLC, dated October 30, 2015, to acquire the shares of Argent US or the assets thereof (the "Wapiti Offer"), which was acceptable to Argent and the Syndicate, but which your clients rejected, despite the fact that the offer, if accepted, would have allowed Argent to pay the Syndicate in full. A September 2015 offer from CCI Oil and Gas, LLC in the same structure, but for a lesser dollar amount, was rejected by Argent in favour of the Wapiti Offer. We note that both of those offerors are actively participating in the current court-approved sale process.

Regarding proposals for financing, the Bovingdon Affidavit sets out, at part D, the Durham process whereby Argent sought refinancing. Only one offer was received (the "Melody Offer") and was unsatisfactory to the Syndicate, in that the offer was for approximately US \$55 Million, whereas the Syndicate was owed approximately US \$65 Million at that time. 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 as the offeror was not prepared to satisfy the debt owing to the Syndicate in full, and the Syndicate was not prepared to take a discount at that time. Further, the Melody Offer was conditional upon the hedges remaining in place, and as you know, those hedges were terminated on or about January 26, 2016. At that point, the Melody Offer was no longer available, and the offeror was no longer interested in pursuing a transaction with Argent.



8. You have requested "copies of any valuations, appraisals and/or reports on the nature or quality of any of the CCAA Applicants' assets in the last 12 months." There have been no independent valuations, appraisals or reports in the last 12 months, other than a reserve report issued on February 27, 2015, effective December 31, 2014. Please see http://www.argentenergytrust.com/news_release/451; however, we note that due to the significant global decline of oil and gas prices since the end of 2014, this reserve report does not reflect the current value of the reserves. Argent expects to file a further reserve report effective December 31, 2015 in the near term, which will be made publicly available in the ordinary course.
9. Your letter requests information underlying the Trust's cash flow forecast, including the strip pricing used to formulate the forecast. We are aware of your request to the Monitor for non-consolidated cash flows, and the response of counsel for the Monitor to that request, querying as to whether the reason for that request is your client's desire for evidence that Argent's revenue-producing properties are located in the U.S. Argent does acknowledge that the revenue of Argent US is derived solely from US-based assets. If this does not address the underlying reason for your request, please advise. In that case, we anticipate that any specific requests that your client has for information underlying the cash flow forecast are likely best addressed by way of a discussion between you and the Monitor. We understand that the Monitor has already offered to discuss this with you.
10. Regarding your request for "All drafts and exchange of all documents, protocol and the sale solicitation process", the sale solicitation process is attached as Schedule "A" to the Initial Order. We do not understand your request for "exchange of all documents, protocol", and to the extent that refers to all documentation relating to the development of the sale solicitation process, the request is overly broad and unnecessary.

The Canadian court has approved the sale solicitation process. Copies of drafts of that document are attached; please note that our client does not, in providing these drafts which were discussed with other parties, waive any applicable privilege. As you will see from the drafts of the sale solicitation process, the only substantive change throughout the negotiation of the same was the timing of payment of a deposit. As set out in Mr. Bovingdon's Affidavit at para. 149, Harrison Williams, the CEO of OGAC, has over 25 years of experience selling oil and gas assets and has advised that the timeline for the sale solicitation process is reasonable and consistent with other current sale processes in the US oil and gas market.

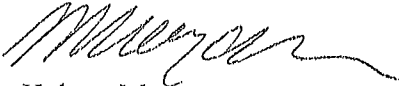


February 23, 2016
Page 6

We look forward to your early response regarding the timing of any materials that you intend to file for the purpose of the application on March 8th. We remain available to discuss any specific proposals or suggestions from your clients that address Argent's real and severe liquidity situation.

Yours truly,

BENNETT JONES LLP



Kelsey Meyer

Enclosures.

cc: Bennett Jones LLP, Attention: Sean Zweig
Argent Energy Trust, Attention: Sean Bovingdon
FTI Consulting Canada Inc., Attention: Deryck Helkaa and Dustin Olver
McCarthy Tétrault LLP, Attention: Sean Collins and Walker Macleod
Locke Lord LLP, Attention: Philip Eisenberg

MINUTES OF THE BOARD OF DIRECTORS MEETING
OF ARGENT ENERGY LTD. (the "CORPORATION")
Held on October 23, 2015 at 9:30 am

PRESENT:	Richard Loudon (by phone) Bill Robertson	John Brussa (by phone) Glenn Schmidt
BY INVITATION:	Sean Bowlingdon Harinder Basra, Bennett Jones (by phone) Gilbert Bong (Scotiabank) Drew Ross (Scotiabank) Theresa Devost	Steven Hicks (by phone) Sean Zweig, Bennett Jones (by phone) David Baboneau (Scotiabank) Victor Wong (Scotiabank)

QUORUM

Mr. Loudon acted as Chair of the meeting and declared quorum calling the meeting to order. Ms. Devost acted as Secretary thereto.

1.0 CONVERTIBLE DEBENTURES

The Chairman reported efforts to reduce operation cost targets is coming along well, and provided an update in that regard. Management has been working diligently on a deal with the convertible debentureholders, and Mr. Bowlingdon provided an update with respect thereto.

Review of Scotiabank Report

The Board queried counsel on the independence of the fairness opinion provided by Scotiabank ("Scotia") (the "Advisor") given the banking syndicate is led by Scotia, and includes Wells Fargo, CIBC and RBC. Scotia confirmed that their fairness opinion does not affect nor advance the banks position, further confirming a Chinese wall exists between banking and investment banking. Counsel advised the fairness opinion provided by Scotia is considered independent from a legal perspective.

Argent is negotiating with an ad hoc committee of the convertible debentures, which is comprised of two investors representing approximately 32% of the outstanding convertible debentures (represented by Goodmans law firm). Argent and the ad hoc committee have been working on finalization of a debt-for-equity transaction term sheet. Scotia was engaged to provide a fairness opinion on the potential transaction.

Report from Scotiabank

Scotia gave a detailed presentation. A review of the background, strategic alternative process and the credit facility at its current level and estimated level at the end of November 2015 was provided. Scotiabank summarized the proposed debenture conversion, which would result in the debentureholders owning 93.9% of the pro forma outstanding units (~94.2% including the 5% incentive units for consenting debentureholders) and consenting Debentureholders shall agree to customary support agreement and consent to a stay of existing and potential defaults under the Convertible Debentures. Debt obligations will remain in place and the credit facilities will be extended or refinanced in each case on terms acceptable to the Trust and majority Consenting Debentureholders. The transaction requires approval by Debentureholder vote only.

On completion of the due diligence performed for the transaction, a summary of observations was presented with Scotia concluding that the Conversion Transaction is beneficial to all stakeholders involved. Scotia reports from a corporate perspective there is a high risk of default within the current capital structure. Recapitalization via the conversion transaction would improve Argent's ability to continue as a going concern and enhances the Trust's ability to execute other strategic alternatives including further capital injection or a sale transaction. Scotiabank feels this is positive for the Unitholders since the Debentureholders are converting at a

discount to face value; while the Conversion Transaction would be significantly dilutive, Unitholders will still own a portion of pro forma entity allowing them to participate in any upside. Scotia summarized the split of equity ownership and convertible ownership in detail at the meeting. At the proposed 93.9% pro forma Debentureholder ownership (94.2% including Incentive units), Debentureholders will receive value above current market value of Convertible Debentures, though still at discount to face value. A pro forma trading range of \$0.03 to \$0.05 was noted. Implied option value of equity was reviewed in detail with the meeting. The conversion price is above current unit trading price and paying off convertible debentures at 95% of market price at the time of maturity would dilute Unitholders more severely. From a Debentureholder perspective, due to the negative cash flow, likelihood of receiving continued interest payments let alone full principal payment is low. The conversion allows debtholders to participate in the upside moving forward. Removal of cash interest will improve Argent's ability to continue as a going concern.

On conclusion, and subject to review of definitive legal agreements, Scotia is of the opinion, as of the date hereof, that the Conversion Transaction, if approved, is fair, from a financial point of view, to the holders of the Convertible Debentures and Trust Units.

Procedures and timeline was tabled. Management advised that, should the Conversion Transaction move ahead, approval from the Board would be required within a 10 day period. Completion would occur in early December. There being no further questions, Scotiabank left the meeting.

Management and counsel provided the meeting full disclosure on the complicated negotiations. The Board noted their confidence in Management to secure the best deal. The Board further addressed Unitholder value and securing the best deal for the Trust and the Unitholders as a priority. Discussion ensued surrounding the Wapiti offer and support agreements. The expected shortfall in the credit facility and impairment were tabled and discussed at length. The Board noted their fiduciary duty to review and assess all alternatives, and as such, directs Management to confirm if Wapiti offer still available and if so to approach Goodmans/debentureholders to present the Wapiti offer, disclosing the expected shortfall in the credit facility and impairment. Management to apprise the Board accordingly.

Following discussion the Board determined that more support will be required surrounding the Conversion Transaction, including Support Agreements from the consenting debentureholders prior to the directors determination of the Transaction. The Board endorses the Term Sheet as recommended.

[Redacted]

3. OTHER

Bennett Jones left the meeting.

It was noted that should the Conversion Transaction receive Board approval, upon completion, the ad hoc committee is considering the appointment of two or three directors on the Board.

[Redacted]

TERMINATION

There being no further business the meeting terminated.

MINUTES OF THE BOARD OF DIRECTORS MEETING
OF ARGENT ENERGY LTD. (the "CORPORATION")
Held on November 11, 2015

PRESENT: Richard Loudon, Chair (by phone) Bill Robertson
Glenn Schmidt

UNAVAILABLE: John Brussa

BY INVITATION: Sean Bovington • Steven Hicks (by phone)
Theresa Devost

QUORUM

Mr. Loudon acted as Chair of the meeting and declared quorum calling the meeting to order. Ms. Devost acted as Secretary thereto.

1.0 MINUTES

ON MOTION MADE AND SECONDED IT WAS UNANIMOUSLY RESOLVED THAT the minutes of the Board of Directors meeting held on August 11, 2015 be approved.

[Redacted]

3.0 STRATEGIC REVIEW AND FINANCING

Management provided an update on the debenture conversion and bank redetermination providing full disclosure on recent discussions held with the Bank and Debentureholders. The Board was advised that the Debentureholders commitment to convert is based on the bank extension and the support agreements have not been presented as Management is waiting for comfort from the bank on the extension. Discussion continued on contingencies. Argent has been given a two week extension on the non-disclosure and received verbal confirmation that the new bank facility would be approximately \$45-55 million, resulting in shortfall from the \$65mm drawn. The meeting discussed cleansing disclosure on nature of shortfall and reviewed the 2016 liquidity forecast in detail.

The Bank indicated their need for comfort and wishes to engage an independent Advisor to gain an independent understanding of the Trust's current financial position and future business prospects. Ernst & Young has been approached to assist in assessing its position regarding the Trust's indebtedness to the Syndicate. The Bank has indicated this is required for redetermination. Management has reviewed the E&Y Advisor letter and the scope of the engagement. Costs associated will assumed by Argent. Contingencies in the EY agreement discussed at length. Management advised that the only contention now in place between the bank and the Debentureholders is the \$3.5 million interest payable in December, and if put in a shortfall Argent will be unable to pay the interest. The Bank requires comfort before they talk to the Debentureholders. Following lengthy discussion and the Bank's requirement for comfort of an Independent Advisor, Management proposes the Board of Directors consent to the Bank's engagement of E&Y.

Alternative financing process was discussed, with the meeting advised that Management anticipates feedback from Durham next week, as well two other groups have indicated interest. Conforming and non-conforming rates, timing and costs discussed. Management advised the 1st lien money is likely there however the 2nd lien money is not there. Scotiabank's position on CCAA discussed.

Following discussions, the Board of Directors consented to the engagement of E&Y by Scotiabank endorsing Management to sign the E&Y engagement letter.

[Redacted]

TERMINATION

There being no further business ON MOTION MADE AND SECONDED IT WAS UNANIMOUSLY RESOLVED THAT the meeting terminated.

MINUTES OF THE BOARD OF DIRECTORS MEETING
OF ARGENT ENERGY LTD, (the "CORPORATION")
Held on January 11, 2016

PRESENT: Richard Loudon, Chair (by phone) Bill Robertson
Glenn Schmidt John Brussa

BY INVITATION: Sean Boylendon Steven Hicks (by phone)
Harinder Basra (Bennett Jones -- by phone) Sean Zweig (Bennett Jones -- by phone)
Theresa Devost

QUORUM

Mr. Loudon acted as Chair of the meeting and declared quorum calling the meeting to order. Ms. Devost acted as Secretary thereto.

1.0 MINUTES

ON MOTION MADE AND SECONDED IT WAS UNANIMOUSLY RESOLVED THAT the minutes of the Board of Directors meeting held on November 12, 2015 be approved.

2.0 STRATEGIC REVIEW AND FINANCING

Management provided an update on the Bank syndicate discussions, advising the Bank would like to begin a formal process with Argent engaging an Advisor. Alternatives put before the Board for consideration, include financing proposal, potential sale process, potential sales advisor and forbearance.

Potential refinancing alternative reviewed. 36 parties were contacted for a potential refinancing by Durham with one term sheet received to date. Management summarized the term sheet, the expected timing of 3 months and a cost of \$1-2M. The Trust structure would be collapsed to a corporate structure within 90 days of closing. The term sheet is non-binding and highly conditional.

Sales process alternative discussed. Benefits of running a sale outside of a formal insolvency process would maximize potential value, significantly reduce professional fees and would allow the syndicate and Trust to better understand options and value before finalizing next steps. Process for completion of a transaction is dependent upon the purchase price, the proposed structure, conditions and requirements of the purchaser and the ability to negotiate creditor claims. Significant discussions ensued surrounding the sales process. Details and highlights were discussed at length surrounding a sale transaction (i) outside of an insolvency process (ii) through a CCAA (with or without Chapter 15); and (iii) through CCAA with Chapter 11. Other considerations addressed included the creditors not forcing a filing, the debenture holders being subject to a contractual standstill, and all other creditors being paid in the ordinary course. It was noted CCAA with Chapter 11 is not an option for consideration at this time.

Forbearance discussed. Management advised the cure period ends January 26. The cash flow forecast indicates, with hedges, positive cash and no increase in secured debt position. Minimum sales process timeline to close will end in April. Forbearance is required from the syndicate and will provide certainty of position to market, all creditors and prospective purchasers.

Asset sale value and cash flow summarized. The company is projecting to be cash flow positive as a result of 2016 hedges, generating approximately \$1.2 million of cash to June 2016 with limited capital spending.

Counsel advised that E&Y lead discussions for the Bank but have not completed a timeline or how the process will work. Would have CCAA in Canada and Chapter 15 in the US running the sale in the US and distribute to the Bank.

Discussion ensued on the likelihood of collapsed hedges, negative cash flow and negotiation of conditions (retention and severance) prior to CCAA. The need for a DIP facility was discussed with Management noting the need for a timeline to determine the DIP facility, however anticipate minimum of approximately \$3-5M including the cost of the process. Dependent on whether hedges remain.

The Board reviewed and had fulsome discussions surrounding efforts to obtain the best arrangement for its stakeholders. In conclusion the decision to proceed to engage an Independent Advisor to explore sale alternatives, with the Bank, was determined to be the best course of action. Management was assigned to pre-negotiate the KERP and the severance piece (full severance anticipated to be \$2.6M). The Board has not resolved that CCAA will be filed but is working on progress. Counsel advised it is not necessary at this time for Board members to seek independent counsel as it is a cooperative process that is engaged.

A&D proposals reviewed. Of the eight parties contacted five proposals were received. Management recommends engaging the Oil and Gas Clearinghouse to assist in the identification, evaluation and negotiation of a potential transaction of a sale of the shares of Argent Energy US Holdings Inc., the borrower under the credit facility, or a sale of some or all of the assets of Argent Energy US Holdings Inc. No objections were raised to the engagement of the Oil and Gas Clearinghouse to act as Independent Advisor.

Management notes the Trust may receive notice from TSX in the near term regarding de-listing. Management further reports 60% of corporate goals were achieved (\$370K representing the corporate portion) with a \$0.5M payable to employees in April. \$110K in Director fee's have been accrued to date.

Management left the meeting. An in-camera session was held.

TERMINATION

There being no further business the meeting terminated.

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto, as amended from time to time.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:

- (a) As soon as reasonably practicable after the granting of an order approving the Sale Procedures, but in any event no later than February [·], 2016, the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the [*Daily Oil Bulletin* and the *Houston Chronicle*]. As soon as reasonably practicable thereafter, the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17] (the "**Teaser**");
- (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [18];
- (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email or fax transmission), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
- (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
- (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR;
- (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a final and binding agreement (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email or fax transmission) so as to be received by it not later than 5:00 p.m. (Central Standard Time) on March 17, 2016, or such other date or time as may be agreed by OGAC, in consultation with the Monitor, the Applicants and the Secured Creditor (the "**Bid Deadline**");

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is accompanied by a non-refundable deposit (the "**Deposit**") in the form of a certified cheque or wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to [10]% of the total consideration in the Qualified Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;
 - iv. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(k) ;
 2. obtaining financing; and/or
 3. any material conditions other than the receipt of the Approval Order and the Recognition Order (as described below).
 - v. it is received by the Bid Deadline; and
 - vi. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may in its sole and unfettered discretion, waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "**Successful Bid(s)**") and shall, with the assistance of the Monitor and OGAC, then proceed to

negotiate and settle the terms of a definitive agreement(s) in respect of the Successful Bid(s), which must be executed no later than April [14], 2016, and which shall be conditional upon Court approval and also conditional on closing on or before May [14], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The definitive agreement(s) in respect of the Successful Bid(s) shall not be conditional on any unperformed due diligence.

- (l) Once definitive agreement(s) have been negotiated and executed in respect of the Successful Bid(s), the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "**Successful Bidder(s)**";
- (m) The Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Motion, Argent US, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (n) Upon such definitive agreement(s) being negotiated and settled and the Successful Bid(s) being approved by the Court at the Approval Motion and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s), shall become non-refundable in the event the approved transaction is not completed;
- (o) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposits

4. All Deposits shall be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is subject of the Approval and Order and Recognition Order shall be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder shall be returned to such bidders on or before [·], 2016 [NTD- **To be discussed given the expected length of time between the date bids/deposits are due and closing.**]. If there is no Successful Bid, all Deposits shall be returned to the bidders within five Business Days of the date upon which the Sale Solicitation Process is terminated in accordance with these procedures.

Approvals

5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "Claims and Interests") pursuant to section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

8. The Secured Creditor has advised that it does not intend to participate as a Bidder in the Sale Solicitation Process, and therefore it will be entitled to have full access to the contents of all Qualified Bids. No Qualified Bid that is less than an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor (if any), will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor (if any), the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto, as amended from time to time.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:
 - (a) As soon as reasonably practicable after the granting of the Initial Order, but in any event no later than February [19], 2016:

- i. the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the [*Daily Oil Bulletin* and the *Houston Chronicle*]; and
 - ii. the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17] (the "**Teaser**");
- (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
- (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
- (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
- (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR;
- (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a final and binding agreement (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with the Monitor, the Applicants and the Secured Creditor (the "**Bid Deadline**");

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(k) ;
 2. obtaining financing; and/or
 3. any other material conditions other than the receipt of the Approval Order and the Recognition Order (as described below).
 - iv. it is received by the Bid Deadline; and
 - v. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may in its sole and unfettered discretion, waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "**Successful Bid(s)**") and shall, with the assistance of the Monitor and OGAC, then proceed to negotiate and settle the terms of a definitive agreement(s) in respect of the Successful Bid(s), which must be executed no later than April [14], 2016, and which shall be conditional upon Court approval and also conditional on closing on or before May [14], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The definitive agreement(s) in respect of the Successful Bid(s) shall not be conditional on any unperformed due diligence.

- (l) Once definitive agreement(s) have been negotiated and executed in respect of the Successful Bid(s), the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "**Successful Bidder(s)**";
- (m) The definitive agreement(s) referred to in Section 3(k) are to be accompanied by non-refundable deposits (the "**Deposits**") in the form of certified cheques or wire transfers (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;
- (n) The Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (o) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s), shall become non-refundable in the event the approved transaction is not completed;
- (p) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposits

- 4. The Deposits shall be retained by the Monitor and invested in an interest bearing trust account. The Deposits (plus accrued interest) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order shall be applied to the purchase price to be paid by the applicable Successful Bidder upon closing of the approved transaction and will be non-refundable.

Approvals

- 5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "**Claims and Interests**") pursuant to section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

8. The Secured Creditor has advised that it does not intend to participate as a Bidder in the Sale Solicitation Process, and therefore it will be entitled to have full access to the contents of all Qualified Bids. No Qualified Bid that is less than an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor (if any), will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor (if any), the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc.
720, 440 – 2nd Ave. S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 400
421 – 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto, as amended from time to time.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:
 - (a) As soon as reasonably practicable after the granting of the Initial Order, but in any event no later than February [19], 2016;

- i. the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the [*Daily Oil Bulletin* and the *Houston Chronicle*]; and
 - ii. the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17] (the "**Teaser**");
 - (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
 - (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
 - (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
 - (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR;
 - (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a final and binding agreement (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with the Monitor, the Applicants and the Secured Creditor (the "**Bid Deadline**");

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following [NTD; include requirement for deposit]:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(k);
 2. obtaining financing; and/or
 3. any other material conditions other than the receipt of the Approval Order and the Recognition Order (as described below).
 - iv. it is received by the Bid Deadline; and
 - v. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "Successful Bid(s)") and shall, with the assistance of the Monitor and OGAC, then proceed to negotiate and settle the terms of a definitive agreement(s) in respect of the Successful Bid(s), which must be executed no later than April [14], 2016, and which shall be conditional only upon Court approval and provide for closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The definitive agreement(s) in respect of the Successful Bid(s) shall not be conditional on any unperformed due diligence.

- (l) Once definitive agreement(s) have been negotiated and executed in respect of the Successful Bid(s), the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "**Successful Bidder(s)**";
- (m) The Qualified Bid(s) referred to in Section 3(k) are to be accompanied by non-refundable deposits (the "**Deposits**") in the form of certified cheques or wire transfers (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures [**NTD: consider including as clause to sub-paragraph 3(h)**];
- (n) The Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (o) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s), shall become non-refundable in the event the approved transaction is not completed;
- (p) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposits

- 4. The Deposits shall be retained by the Monitor and invested in an interest bearing trust account. The Deposits (plus accrued interest) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order shall be applied to the purchase price to be paid by the applicable Successful Bidder upon closing of the approved transaction and will be non-refundable.

Approvals

- 5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "**Claims and Interests**") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

8. The Applicants shall provide copies of all Qualified Bids to the Secured Creditor. No Qualified Bid that is less than an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor (if any), will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor (if any), the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right, with consent of the Secured Creditor, and unfettered discretion to reject any offer or proposal.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc.
720, 440 – 2nd Ave. S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 4000
421 – 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto, as amended from time to time.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:
 - (a) As soon as reasonably practicable after the granting of the Initial Order, but in any event no later than February [19], 2016:

- i. the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin* and the *Houston Chronicle*; and
 - ii. the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17];
- (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
- (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
- (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
- (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR;
- (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a final and binding agreement (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with the Monitor, the Applicants and the Secured Creditor (the "**Bid Deadline**");

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(k);
 2. obtaining financing; and/or
 3. any other material conditions other than the receipt of the Approval Order and the Recognition Order (each as defined below).
 - iv. it is received by the Bid Deadline; and
 - v. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "Successful Bid(s)").
- (l) Once the Successful Bid(s) has been determined pursuant to Section ~~3(k)~~, the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "Successful Bidder(s)", and OGAC shall provide notice of the determination of the Successful Bid(s) to the Successful Bidder(s).
- (m) Upon the Successful Bidder(s) receiving notice from OGAC of the determination of the Successful Bid(s) pursuant to Section ~~3(l)~~, the Successful Bidder(s) shall

pay a non-refundable deposit (the "**Deposit**") in the form of certified cheque or wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;

- (n) Upon receipt by the Monitor of the Deposit pursuant to Section ~~5(m)~~, the Successful Bidder(s) shall, with the assistance of the Monitor and OGAC, then proceed to negotiate and settle the terms of a definitive agreement(s) in respect of the Successful Bid(s), which must be executed no later than April [14], 2016, and which shall be conditional only upon the receipt of the Approval Order and the Recognition Order and shall provide for a closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The definitive agreement(s) in respect of the Successful Bid(s) shall not be conditional on any unperformed due diligence.
- (o) The Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (p) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s) shall become non-refundable in the event the approved transaction is not completed;
- (q) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposits

- 4. The Deposits shall be retained by the Monitor and invested in an interest bearing trust account. The Deposits (plus accrued interest) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order shall be applied to the purchase price to be paid by the applicable Successful Bidder upon closing of the approved transaction and will be non-refundable.

Approvals

5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "**Claims and Interests**") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

8. The Secured Creditor and each member of the Syndicate have advised that they do not intend to participate as a Bidder in the Sale Solicitation Process, and therefore they will be entitled to have full access to the contents of all Qualified Bids, including copies thereof. No Qualified Bid that is less than an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal, but shall not do so without first consulting with the Secured Creditor.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc.
720, 440 – 2nd Ave. S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 4000
421 – 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto, as amended from time to time.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:
 - (a) As soon as reasonably practicable after the granting of the Initial Order, but in any event no later than February [19], 2016:

- i. the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin* and the *Houston Chronicle*; and
 - ii. the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17];
 - (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
 - (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
 - (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
 - (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR;
 - (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a final and binding agreement (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with the Monitor, the Applicants and the Secured Creditor (the "**Bid Deadline**");

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(k);
 2. obtaining financing; and/or
 3. any other material conditions other than the receipt of the Approval Order and the Recognition Order (each as defined below).
 - iv. it is received by the Bid Deadline; and
 - v. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "Successful Bid(s)").
- (l) Once the Successful Bid(s) has been determined pursuant to Section ~~3(k)~~, the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "Successful Bidder(s)", and OGAC shall provide notice of the determination of the Successful Bid(s) to the Successful Bidder(s).
- (m) Upon the Successful Bidder(s) receiving notice from OGAC of the determination of the Successful Bid(s) pursuant to Section ~~3(l)~~, the Successful Bidder(s) shall

pay a deposit (the "**Deposit**") in the form of certified cheque or wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;

- (n) Upon receipt by the Monitor of the Deposit pursuant to Section 3(m), the Successful Bidder(s) shall, with the assistance of the Monitor and OGAC, then proceed to negotiate and settle the terms of a definitive agreement(s) in respect of the Successful Bid(s), which must be executed no later than April [14], 2016, and which shall be conditional only upon the receipt of the Approval Order and the Recognition Order and shall provide for a closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The definitive agreement(s) in respect of the Successful Bid(s) shall not be conditional on any unperformed due diligence.
- (o) The Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (p) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s) shall become non-refundable in the event the approved transaction is not completed;
- (q) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposit

4. The Deposit:

- (a) shall be retained by the Monitor and invested in an interest bearing trust account;
- (b) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order, plus accrued interest, shall be applied to the

purchase price to be paid by the applicable Successful Bidder(s) upon closing of the approved transaction;

- (c) shall be non-refundable, subject only to the following exceptions:
- i. the Successful Bidder(s) provides notice to OGAC and the Monitor, on or before April [14], 2016, of material defects in the title and environmental due diligence, which material defects are in excess of [**• NTD: what is the threshold?**];
 - ii. either or both of the Approval Order and the Recognition Order are not granted on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. [**NTD: this date mirrors the wording in section 3(n)**]

Approvals

5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "**Claims and Interests**") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

8. The Secured Creditor and each member of the Syndicate have advised that they do not intend to participate as a Bidder in the Sale Solicitation Process, and therefore they will be entitled to have full access to the contents of all Qualified Bids, including copies thereof. No Qualified Bid that is less than an amount sufficient to fully discharge the

Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal, but shall not do so without first consulting with the Secured Creditor.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc.
720, 440 – 2nd Ave. S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 4000
421 – 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto, as amended from time to time.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:
 - (a) As soon as reasonably practicable after the granting of the Initial Order, but in any event no later than February [19], 2016:

- i. the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin* and the *Houston Chronicle*; and
 - ii. the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17];
 - (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
 - (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
 - (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
 - (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR. The VDR shall contain a proposed Letter of Intent ("**LOI**") and Purchase and Sale Agreement ("**PSA**");
 - (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets or any portion thereof, business or undertaking, or any combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a final and binding agreement (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with

the Monitor, the Applicants and the Secured Creditor (the "**Bid Deadline**"). The Sale Proposal shall include a form of Letter of Intent and PSA which the Qualified Bidder is willing to execute if it is the Successful Bidder and shall also include a marked version showing edits to the original provided in the VDR. The LOI, but not the PSA, shall provide for due diligence for title and environmental defects and potential purchase price adjustments therefor subject to the terms of the LOI.

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(n);
 2. obtaining financing; and/or
 3. any other material conditions other than the receipt of the Approval Order and the Recognition Order (each as defined below).
 - iv. it is received by the Bid Deadline; and
 - v. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "**Successful Bid(s)**").

- (l) Once the Successful Bid(s) has been determined pursuant to Section 3(k) and definitive agreements have been negotiated and executed in respect of the Successful Bid(s), the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "**Successful Bidder(s)**", and OGAC shall provide notice of the determination of the Successful Bid(s) to the Successful Bidder(s).
- (m) Upon the Successful Bidder(s) receiving notice from OGAC of the determination of the Successful Bid(s) pursuant to Section 3(i) and the negotiation and execution of the LOI and agreement as to the form of the PSA and any other definitive agreements, the Successful Bidder(s) shall pay a deposit (the "**Deposit**") in the form of certified cheque or wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;
- (n) The PSA in respect to the Successful Bid(s) pursuant to Section 3(l) must be executed no later than April [14], 2016, and which shall be conditional only upon the receipt of the Approval Order and the Recognition Order and shall provide for a closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The PSA in respect of the Successful Bid(s) shall not be conditional on any unperformed due diligence except for title and environmental defect purchase price adjustment, if any, as to be more particularly set forth in the definitive agreement(s).
- (o) Upon completion of any due diligence period provided by the LOI and in accordance with other definitive agreements, the Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (p) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s) shall become non-refundable in the event the approved transaction is not completed;

- (q) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposit

4. The Deposit:

- (a) shall be retained by the Monitor and invested in an interest bearing trust account;
- (b) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order, plus accrued interest, shall be applied to the purchase price to be paid by the applicable Successful Bidder(s) upon closing of the approved transaction;
- (c) shall be non-refundable, subject only to the following exceptions:
- i. the Successful Bidder(s) provides notice to OGAC and the Monitor, on or before April [___], 2016, of material defects in the title and environmental due diligence; [NTD: This date should be at least 5 days prior to execution of the definitive agreement(s).
 - ii. either or both of the Approval Order and the Recognition Order are not granted on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. [NTD: this date mirrors the wording in section 3(n)]

Approvals

5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "Claims and Interests") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims

and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

8. The Secured Creditor and each member of the Syndicate have advised that they do not intend to participate as a Bidder in the Sale Solicitation Process, and therefore they will be entitled to have full access to the contents of all Qualified Bids, including copies thereof. No Qualified Bid that is less than an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal, but shall not do so without first consulting with the Secured Creditor.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc.
720, 440 – 2nd Ave. S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 4000
421 – 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto, as amended from time to time.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:
 - (a) As soon as reasonably practicable after the granting of the Initial Order, but in any event no later than February [19], 2016:

- i. the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin* and the *Houston Chronicle*; and
 - ii. the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17];
- (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
- (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
- (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
- (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR. The VDR shall contain a proposed Letter of Intent ("**LOI**") and Purchase and Sale Agreement ("**PSA**");
- (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets or any portion thereof, business or undertaking, or any combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a final and binding agreement (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with

the Monitor, the Applicants and the Secured Creditor (the "**Bid Deadline**"). The Sale Proposal shall include a form of Letter of Intent and PSA which the Qualified Bidder is willing to execute if it is the Successful Bidder and shall also include a marked version showing edits to the original provided in the VDR. The LOI, but not the PSA, shall provide for due diligence for title and environmental defects and potential purchase price adjustments therefor subject to the terms of the LOI.

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(n);
 2. obtaining financing; and/or
 3. any other material conditions other than the receipt of the Approval Order and the Recognition Order (each as defined below).
 - iv. it is received by the Bid Deadline; and
 - v. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "**Successful Bid(s)**").

- (l) Once the Successful Bid(s) has been determined pursuant to Section 3(l), the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "**Successful Bidder(s)**", and OGAC shall provide notice of the determination of the Successful Bid(s) to the Successful Bidder(s).
- (m) Upon the Successful Bidder(s) receiving notice from OGAC of the determination of the Successful Bid(s) pursuant to Section 3(l) and the negotiation and execution of the LOI and agreement as to the form of the PSA, the Successful Bidder(s) shall pay a deposit (the "**Deposit**") in the form of certified cheque or wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;
- (n) The PSA in respect to the Successful Bid(s) pursuant to Section 3(l) must be executed no later than April [14], 2016, and which shall be conditional only upon the receipt of the Approval Order and the Recognition Order and shall provide for a closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The PSA in respect of the Successful Bid(s) shall not be conditional on any unperformed due diligence.
- (o) In accordance with the PSA, the Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (p) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s) shall become non-refundable in the event the approved transaction is not completed;
- (q) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposit

4. The Deposit:
- (a) shall be retained by the Monitor and invested in an interest bearing trust account;
 - (b) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order, plus accrued interest, shall be applied to the purchase price to be paid by the applicable Successful Bidder(s) upon closing of the approved transaction;
 - (c) shall be non-refundable, subject only to the following exceptions:
 - i. the Successful Bidder(s) provides notice to OGAC and the Monitor, on or before April 8, 2016, of material defects in the title and environmental due diligence in accordance with the LOI;
 - ii. either or both of the Approval Order and the Recognition Order are not granted on or before May 17, 2016.

Approvals

5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "**Claims and Interests**") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

8. The Secured Creditor and each member of the Syndicate have advised that they do not intend to participate as a Bidder in the Sale Solicitation Process, and therefore they will be entitled to have full access to the contents of all Qualified Bids, including copies thereof. No Qualified Bid that is less than an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal, but shall not do so without first consulting with the Secured Creditor.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc.
720, 440 – 2nd Ave. S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 4000
421 – 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto, as amended from time to time.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:
 - (a) As soon as reasonably practicable after the granting of the Initial Order, but in any event no later than February [19], 2016:

- i. the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin* and the *Houston Chronicle*; and
 - ii. the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17];
- (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
- (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
- (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
- (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR. The VDR shall contain a proposed Letter of Intent ("**LOI**") and Purchase and Sale Agreement ("**PSA**");
- (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any portion or combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a sale proposal (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with the Monitor, the Applicants and the

Secured Creditor (the "**Bid Deadline**"). The Sale Proposal shall include a binding LOI and a form of PSA which the Qualified Bidder is willing to execute if it is the Successful Bidder and shall also include a marked version showing edits to the original form of PSA provided in the VDR. The LOI, but not the PSA, shall provide for due diligence for title and environmental defects and potential purchase price adjustments therefor subject to the terms of the LOI.

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(n);
 2. obtaining financing; and/or
 3. any other material conditions other than the receipt of the Approval Order and the Recognition Order (each as defined below).
 - iv. it is received by the Bid Deadline; and
 - v. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "**Successful Bid(s)**").

- (l) Once the Successful Bid(s) has been determined pursuant to Section 3(d), the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "**Successful Bidder(s)**", and OGAC shall provide notice of the determination of the Successful Bid(s) to the Successful Bidder(s).
- (m) Upon the Successful Bidder(s) receiving notice from OGAC of the determination of the Successful Bid(s) pursuant to Section 3(d), the Successful Bidder(s) shall pay a deposit (the "**Deposit**") in the form of certified cheque or wire transfer (to a bank account specified by the Monitor), payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;
- (n) The PSA in respect to the Successful Bid(s) pursuant to Section 3(l) must be executed no later than April [14], 2016, and which shall be conditional only upon the receipt of the Approval Order and the Recognition Order and shall provide for a closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The PSA in respect to the Successful Bid(s) shall not be conditional on any unperformed due diligence.
- (o) The Applicants shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "**Approval Order**"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "**Recognition Order**");
- (p) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s) shall become non-refundable in the event the approved transaction is not completed;
- (q) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposit

4. The Deposit:

- (a) shall be retained by the Monitor and invested in an interest bearing trust account;

- (b) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order, plus accrued interest, shall be applied to the purchase price to be paid by the applicable Successful Bidder(s) upon closing of the approved transaction;
- (c) shall be non-refundable, subject only to the following exceptions:
 - i. the Successful Bidder(s) provides notice to OGAC and the Monitor, on or before April 8, 2016, of material defects in the title and environmental due diligence in accordance with the LOI;
 - ii. either or both of the Approval Order and the Recognition Order are not granted on or before May 17, 2016 or such later date as agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants.

Approvals

- 5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

- 6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

- 7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "**Claims and Interests**") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

- 8. The Secured Creditor and each member of the Syndicate have advised that they do not intend to participate as a Bidder in the Sale Solicitation Process, and therefore they will be entitled to have full access to the contents of all Qualified Bids, including copies thereof. No Qualified Bid that is less than an amount sufficient to fully discharge the

Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal, but shall not do so without first consulting with the Secured Creditor.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc.
720, 440 – 2nd Ave. S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 4000
421 – 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto.
 - (d) "**Syndicate**" means the syndicate of lenders pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, the Administrative Agent of which is The Bank of Nova Scotia.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:

- (a) As soon as reasonably practicable after the granting of the Initial Order, but in any event no later than February [19], 2016:
- i. the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin* and the *Houston Chronicle*; and
 - ii. the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "**Property**") for distribution to potential bidders by no later than February [17];
- (c) A Confidential virtual data room ("**VDR**") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
- (d) In order to participate in the Sale Solicitation Process, each person (a "**Potential Bidder**") must deliver to OGAC at the address specified in **Appendix "A"** hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
- (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by OGAC;
- (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR. The VDR shall contain a proposed Letter of Intent ("**LOI**") and Purchase and Sale Agreement ("**PSA**");
- (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "**Qualified Bid**") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any portion or combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a sale proposal (a "**Sale Proposal**") to OGAC, with a copy to the Monitor, at the addresses specified in **Appendix "A"** hereto (including by email) so as to be received by them not later than 5:00 p.m.

(Central Standard Time) on March [17], 2016, or such other date or time as may be agreed by OGAC, in consultation with the Monitor, the Applicants and the Secured Creditor (the "**Bid Deadline**"). The Sale Proposal shall include a binding LOI and a form of PSA which the Qualified Bidder is willing to execute if it is the Successful Bidder and shall also include a marked version showing edits to the original form of PSA provided in the VDR. The LOI, but not the PSA, shall provide for due diligence for title and environmental defects and potential purchase price adjustments therefor subject to the terms of the LOI.

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(n);
 2. obtaining financing; and/or
 3. any other material conditions other than the receipt of the Approval Order and the Recognition Order (each as defined below).
 - iv. it is received by the Bid Deadline; and
 - v. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as

such bids may have been modified pursuant to Section 3(j) (collectively, the "Successful Bid(s)").

- (l) Once the Successful Bid(s) has been determined pursuant to Section 3(k), the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "Successful Bidder(s)", and OGAC shall provide notice of the determination of the Successful Bid(s) to the Successful Bidder(s).
- (m) Upon the Successful Bidder(s) receiving notice from OGAC of the determination of the Successful Bid(s) pursuant to Section 3(l), the Successful Bidder(s) shall pay a deposit (the "Deposit") in the form of certified cheque or wire transfer (to a bank account specified by the Monitor), payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;
- (n) The PSA in respect to the Successful Bid(s) pursuant to Section 3(l) must be executed no later than April [14], 2016, and which shall be conditional only upon the receipt of the Approval Order and the Recognition Order and shall provide for a closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The PSA in respect to the Successful Bid(s) shall not be conditional on any unperformed due diligence.
- (o) The Applicants shall apply to the Court (the "Approval Motion") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "Approval Order"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "Recognition Order");
- (p) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s) shall become non-refundable in the event the approved transaction is not completed;
- (q) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposit

4. The Deposit:
- (a) shall be retained by the Monitor and invested in an interest bearing trust account;
 - (b) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order, plus accrued interest, shall be applied to the purchase price to be paid by the applicable Successful Bidder(s) upon closing of the approved transaction;
 - (c) shall be non-refundable, subject only to the following exceptions:
 - i. the Successful Bidder(s) provides notice to OGAC and the Monitor, on or before April 8, 2016, of material defects in the title and environmental due diligence in accordance with the LOI;
 - ii. either or both of the Approval Order and the Recognition Order are not granted on or before May 17, 2016 or such later date as agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants.

Approvals

5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "Claims and Interests") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

8. The Secured Creditor and each member of the Syndicate have advised that they do not intend to participate as a Bidder in the Sale Solicitation Process, and therefore they will be entitled to have full access to the contents of all Qualified Bids, including copies thereof. No Qualified Bid that is less than an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal, but shall not do so without first consulting with the Secured Creditor.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc.
720, 440 – 2nd Ave. S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 4000
421 – 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

SCHEDULE "A"

Procedures for the Sale Solicitation Process

On February [17], 2016, 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**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**"). The Initial Order, among other things, approved the Sale Solicitation Process (the "**Sale Solicitation Process**") set forth herein to determine whether a Successful Bid (as defined below) can be obtained. FTI Consulting Canada Inc. (the "**Monitor**"), as the foreign representative of the Applicants pursuant to the Initial Order, will take the necessary steps to have the Sale Solicitation Process and these procedures (the "**Sale Procedures**") recognized under chapter 15 of the *United States Bankruptcy Code* ("**Ch. 15**").

Defined Terms

1. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition:
 - (a) "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - (b) "**OGAC**" means The Oil & Gas Clearinghouse, LLC.
 - (c) "**Secured Creditor**" means The Bank of Nova Scotia, as Administrative Agent, pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, between Argent US and the lenders thereto.
 - (d) "**Syndicate**" means the syndicate of lenders pursuant to the Amended and Restated Credit Agreement dated October 25, 2012, as amended from time to time, the Administrative Agent of which is The Bank of Nova Scotia.

Sale Solicitation Process

2. The Sale Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning Argent US and its assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the approval thereof by the Court. The Monitor shall supervise the Sale Solicitation Process and in particular shall supervise OGAC in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and OGAC as provided for herein. In the event that there is disagreement as to the interpretation or application of these Sale Procedures, the Court will have jurisdiction to hear and resolve such dispute.
3. The Sale Solicitation Process will proceed as follows:

- (a) As soon as reasonably practicable after the granting of the Initial Order:
- i. the Monitor shall cause a notice of the Sale Solicitation Process contemplated by these Sale Procedures and such other relevant information which the Monitor, in consultation with OGAC and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin* and the *Houston Chronicle*; and
 - ii. in any event no later than February [19], 2016, the Trust shall issue a press release setting out the notice and such other relevant information as it may consider appropriate in form and substance satisfactory to the Monitor, following consultation with OGAC, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
- (b) OGAC shall prepare and distribute a teaser with respect to Argent US's business and assets (the "Property") for distribution to potential bidders by no later than February [17];
- (c) A Confidential virtual data room ("VDR") describing the opportunity to acquire all or a portion of the Property will be made available by OGAC to prospective purchasers that have executed a non-disclosure agreement with the Applicants. The VDR will be available by February [17];
- (d) In order to participate in the Sale Solicitation Process, each person (a "Potential Bidder") must deliver to OGAC at the address specified in Appendix "A" hereto (including by email), and prior to the distribution of any confidential information by OGAC to a Potential Bidder (including access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, OGAC and the Applicants, which shall inure to the benefit of any purchaser of the Property;
- (e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "Qualified Bidder" and will be promptly notified of such classification by OGAC;
- (f) OGAC shall provide any person deemed to be a Qualified Bidder with access to the VDR. The Monitor, OGAC and the Applicants make no representation or warranty as to the information contained in the VDR. The VDR shall contain a proposed Letter of Intent ("LOI") and Purchase and Sale Agreement ("PSA");
- (g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a binding proposal (a "Qualified Bid") in the form of an agreement for the acquisition of Argent US or its assets, business or undertaking, or any portion or combination thereof, which agreement must be in a form such that acceptance thereof by the Applicants will result in a sale proposal (a "Sale Proposal") to OGAC, with a copy to the Monitor, at the addresses specified in Appendix "A" hereto (including by email) so as to be received by them not later than 5:00 p.m. (Central Standard Time) on March [17], 2016, or such other date or time as may

be agreed by OGAC, in consultation with the Monitor, the Applicants and the Secured Creditor (the "Bid Deadline"). The Sale Proposal shall include a binding LOI and a form of PSA which the Qualified Bidder is willing to execute if it is the Successful Bidder and shall also include a marked version showing edits to the original form of PSA provided in the VDR. The LOI, but not the PSA, shall provide for due diligence for title and environmental defects and potential purchase price adjustments therefor subject to the terms of the LOI.

- (h) A Qualified Bid will be considered as such only if the Qualified Bid complies at a minimum with the following:
- i. it contains a duly executed Sale Proposal;
 - ii. it provides written evidence of financial commitment or other evidence of the ability to consummate the sale satisfactory to OGAC, in consultation with the Monitor and the Applicants;
 - iii. it is not conditional upon:
 1. the outcome of any unperformed due diligence, except the Qualified Bid may be conditional upon the Qualified Bidder completing confirmatory title and environmental due diligence provided that such condition is waived prior to the execution of a definitive agreement contemplated in Section 3(n);
 2. obtaining financing; and/or
 3. any other material conditions other than the receipt of the Approval Order and the Recognition Order (each as defined below).
 - iv. it is received by the Bid Deadline; and
 - v. it remains irrevocably open for acceptance until April [14], 2016.
- (i) OGAC, in consultation with the Applicants, the Monitor and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;
- (j) The Applicants, in consultation with the Monitor and OGAC, may, following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid prior to determining the most favourable Qualified Bid as contemplated in Section 3(k).
- (k) The Applicants, in consultation with the Monitor, OGAC and the Secured Creditor, shall determine the most favourable Qualified Bid or Qualified Bids, as such bids may have been modified pursuant to Section 3(j) (collectively, the "Successful Bid(s)").

- (l) Once the Successful Bid(s) has been determined pursuant to Section 3(k), the person(s) who made the Successful Bid(s) shall be referred to hereunder as the "Successful Bidder(s)", and OGAC shall provide notice of the determination of the Successful Bid(s) to the Successful Bidder(s).
- (m) Upon the Successful Bidder(s) receiving notice from OGAC of the determination of the Successful Bid(s) pursuant to Section 3(l), the Successful Bidder(s) shall pay a deposit (the "Deposit") in the form of certified cheque or wire transfer (to a bank account specified by the Monitor), payable to the order of the Monitor, in trust, in an amount equal to 10% of the total consideration in the applicable Successful Bid, which deposit is to be held and dealt with in accordance with these Sale Procedures;
- (n) The PSA in respect to the Successful Bid(s) pursuant to Section 3(l) must be executed no later than April [14], 2016, and which shall be conditional only upon the receipt of the Approval Order and the Recognition Order and shall provide for a closing on or before May [13], 2016, or such longer period as shall be agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants. The PSA in respect to the Successful Bid(s) shall not be conditional on any unperformed due diligence.
- (o) The Applicants shall apply to the Court (the "Approval Motion") for an order approving the Successful Bid(s) and vesting title to the purchased property in the name of the Successful Bidder(s) (the "Approval Order"). The Approval Motion will be held on a date to be scheduled by the Applicants and confirmed by the Court upon application by the Applicants, who shall use their best efforts to schedule the Approval Motion on or before April [30], 2016. The Approval Motion may be adjourned or rescheduled by the Applicants without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion. As soon as practicable after the Approval Order is granted, the Monitor, as foreign representative pursuant to the Initial Order, shall apply for an order recognizing the Approval Order or such further and other orders as may be necessary to give effect to the Approval Order in the United States (the "Recognition Order");
- (p) Upon such definitive agreement(s) being negotiated and settled and the Approval Order and the Recognition Order being granted, the Deposit paid in respect of the Successful Bid(s) shall become non-refundable in the event the approved transaction is not completed;
- (q) All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date the Recognition Order is granted.

Deposit

4. The Deposit:

- (a) shall be retained by the Monitor and invested in an interest bearing trust account;

- (b) paid by the Successful Bidder(s) whose bid(s) are subject of the Approval and Order and Recognition Order, plus accrued interest, shall be applied to the purchase price to be paid by the applicable Successful Bidder(s) upon closing of the approved transaction;
- (c) shall be non-refundable, subject only to the following exceptions:
 - i. the Successful Bidder(s) provides notice to OGAC and the Monitor, on or before April 8, 2016, of material defects in the title and environmental due diligence in accordance with the LOI;
 - ii. either or both of the Approval Order and the Recognition Order are not granted on or before May 17, 2016 or such later date as agreed to by the Monitor, in consultation with OGAC, the Secured Creditor and the Applicants.

Approvals

5. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, Ch. 15 or any other statute or as otherwise required at law in order to implement a Successful Bid.

"As is, Where is"

6. The sale of the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, OGAC or the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale agreement entered into between one or more Applicants and a Successful Bidder.

Free Of Any And All Claims And Interests

7. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "Claims and Interests") pursuant to section 36(6) of the CCAA and section 363 of the United States *Bankruptcy Code*, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

The Secured Creditor

8. The Secured Creditor and each member of the Syndicate have advised that they do not intend to participate as a Bidder in the Sale Solicitation Process, and therefore they will be entitled to have full access to the contents of all Qualified Bids, including copies thereof. No Qualified Bid that is less than an amount sufficient to fully discharge the

Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, will be capable of becoming a Successful Bid without the prior written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor. Should, however, any Qualified Bid exceed an amount sufficient to fully discharge the Secured Creditor's indebtedness, together with any priority claims and security interests ranking ahead of the Secured Creditor, the consent of the Secured Creditor shall not be required in order for the Applicants to be able to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid.

No Obligation to Conclude a Sale

9. The Applicants have no obligation to conclude a sale arising out of this Sale Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal, but shall not do so without first consulting with the Secured Creditor.

Further Orders

10. At any time during the Sale Solicitation Process, the Monitor may, following consultation with OGAC and the Applicants, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

TO OGAC:

The Oil & Gas Asset Clearinghouse
500 N Sam Houston Pkwy W, Suite 1500
Houston TX 77067

Attention: Patrick DaPra

Phone: 832-601-7655
E-Mail: pdapra@ogclearinghouse.com

TO THE MONITOR:

FTI Consulting Canada Inc,
720, 440 -- 2nd Ave, S.W.
Calgary AB T2P 5E9

Attention: Deryck Helkaa

Phone: 403-454-6031
E-Mail: Deryck.Helkaa@fticonsulting.com

WITH A COPY TO:

McCarthy Tétrault LLP
Suite 4000
421 - 7th Ave. S.W.
Calgary Alberta T2P 4K9

Attention: Sean Collins

Phone: 403-260-3531
E-Mail: scollins@mccarthy.ca

THIS IS EXHIBIT " 16 "
referred to in the (Affidavit
Declaration) of
Sean Bovingdon
Sworn
Deelared) before me this 29th
day of February A.D. 20 16

[Signature]
A Commissioner for Oaths in and for
the Province of Alberta

A Notary Public
Kelsey Meyer
Barrister & Solicitor

Kelsey Meyer

From: Chadwick, Robert <rchadwick@goodmans.ca>
Sent: 24 February 2016 2:39 PM
To: Sean Zweig; Kelsey Meyer; scollins@mccarthy.ca; Deryck Helkaa
(deryck.helkaa@fticonsulting.com)
Cc: Baulke, Ryan
Subject: Argent
Attachments: Letter to Bennett Jones - February 24, 2016.PDF

Please see attached. Rob Chadwick

February 24, 2016

VIA EMAIL

Bennett Jones LLP
4500 Bankers Hall East
855 2nd Street SW
Calgary, AB T2P 4K7
Attention: Kelsey Meyer / Sean Zweig

Dear Sirs/Mesdames:

Re: The Companies' Creditors Arrangement Act (the "CCAA") proceedings of 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, "Argent")

We write to you in response to your letter of February 23, 2016.

Our clients' concerns and issues with the conduct of Argent are known to you, the lending syndicate and the Monitor, as they have been communicated by us numerous times. We do not intend to repeat all of our clients' concerns in this letter. We are available to meet to discuss all issues in order to try to find ways to reach consensual resolution (which should be the goal of the CCAA Debtors).

Your letter asserts that we commented to the Monitor and its counsel that "the CCAA proceedings and the sale process should be put off indefinitely until the market improves." This is incorrect and mischaracterizes our statements and our clients' concerns with respect to the action taken by Argent. Our clients are concerned with process, timing and steps taken to date by Argent. The Ad Hoc Committee supports an approach to Argent's restructuring proceedings that enables Argent, through a fair and reasonable process, to protect the value of its business for the benefit of all stakeholders. However, the relief obtained in the Initial Order, including the approval of the Procedures for the Sale Solicitation Process in their current form, does not protect and balance the interests of Argent's stakeholders.

We find your letter self-serving and written with different agendas. We do not require your views or any editorial on the issues, but require disclosure of facts and documents and we will make our own determinations after our review of all relevant facts and documents. We would request that you provide us the details required in our letter of February 19, 2016 in order to see if we can move matters forward in an efficient and effective way.

As requested in your letter, we confirm to you that the Ad Hoc Committee intends to appear at the comeback hearing and that we will file materials in due course. As you know, the CCAA debtor bears the onus on a comeback motion of satisfying the Court that the terms of the Initial Order should be upheld. As such, we will file our responding materials following our receipt and opportunity to review Argent's materials in connection with its comeback and stay extension motion. In connection with our preparation of our responding materials, we request that you provide copies of all blacklines that were provided to the Court at the hearing for the Initial Order.

We reserve all of our rights to examine Mr. Bovingdon (or others) in the event that we are not satisfied with the delivery of information or our review of the information.

Yours very truly,

GOODMANS LLP



Robert J. Chadwick

cc: Sean F. Collins and Walker Macleod (McCarthy Tétrault)
Deryck Helkaa (FTI Consulting)

THIS IS EXHIBIT " 17 "
referred to in the (Affidavit
Declaration) of
Sean Bovingdon
Sworn
Declared) before me this 29th
day of February A.D. 20 16
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

Kelsey Meyer

From: Allison Gillett
Sent: 25 February 2016 3:22 PM
To: rchadwick@goodmans.ca
Cc: Kelsey Meyer
Subject: Argent Energy Trust, Argent Energy (Canada) Holdings Inc. and Argent Energy (US) Holdings Inc. [BJ-L.FID3387720]
Attachments: Comparison of final draft Initial Order to Alberta CCAA Template Order.PDF; Comparison of draft Brief sent to Justice Nixon to final Brief.PDF; Comparison of draft Affidavit sent to Justice Nixon to final Affidavit.PDF; Comparison of draft Initial Order sent to Justice Nixon to final draft Initial Order.PDF; Comparison of draft Originating Application sent to Justice Nixon to filed version.PDF; Argent Proposed Monitors Report_Blackline_Feb16_2016.pdf; Letter to Mr. Chadwick - February 25, 2016.PDF

Mr. Chadwick,

Please see the attached correspondence and enclosures from Ms. Meyer.



Allison Gillett
Assistant to Andrea Froese and Kelsey Meyer, Bennett Jones SLP

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7
P. 403 298 4481 | F. 403 265 7219
E. gilletta@bennettjones.com



Plug into [Bennett Jones](#)



Kelsey Meyer
Partner
Direct Line: 403.298.3323
e-mail: meyorke@bennettjones.com
Our File No.: 68859.14

February 25, 2016

VIA EMAIL

Mr. Robert Chadwick
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Dear Mr. Chadwick:

Re: In the Matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "CCAA")

And in the Matter of a Plan of Arrangement of 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, "Argent")

We are writing in response to your letter of February 24, 2016.

Argent would certainly prefer a practical consensual resolution to all issues, but its primary focus is on maximizing value in these challenging circumstances. We and Argent have acted consistently in that regard, and, as we have said previously, we would be pleased to meet with you (by telephone in my case; Mr. Zweig can meet with you in person) to further discuss your clients' concerns and issues and to explore whether a practical consensual resolution can be reached that creates value above the process currently underway.

As to your assertion that your clients' concerns and issues are known to Argent, we agree. But in previous correspondence between our firms (both emails and a phone call), we have asked for any viable proposals (i.e. solutions, as opposed to just concerns and issues) that your clients may have. We have not heard anything from you in that regard. In any event, as a further attempt to reach a consensual resolution, we suggest a meeting tomorrow (i.e. February 26) during the window between 3pm and 5pm Eastern. Please let us know if there is a time in that window that works for you, and if not, please suggest some alternatives. When we do meet, in order to make the meeting productive, we would hope that you will at least be able to share your clients' specific detailed suggestions with respect to the Sale Solicitation Process, including a proposal as to how any extension of the process will be financed.

February 25, 2016

Page 2

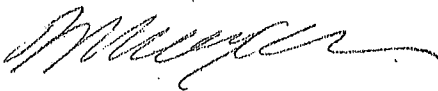
With respect to your February 19 letter (and our response of February 23, which was neither self-serving nor "written with different agendas"), Argent is attempting to be as responsive to your information requests as possible, while balancing the reality that Argent's key employees are working to stabilize business operations and maximize value in the sale solicitation process, and that Argent's cash flow is very limited. You have our responses to your information requests, and with the exception of the information we said would be provided under separate cover, we do not intend to provide anything further. To the extent you wish to examine Mr. Bovingdon, please advise as soon as possible as Mr. Bovingdon splits his time between Calgary and Houston and has other commitments between now and March 8, so it would be best to schedule the examination as far in advance as possible to ensure a mutually satisfactory time can be found.

The blacklines you requested are enclosed. Argent does not currently intend to file any additional materials strictly in support of the Initial Order, and intends to file its stay extension application materials on February 29, 2016. In accordance with the Alberta Commercial List booking procedures, we therefore expect that you will file any materials in opposition to the Initial Order and the stay extension application by February 29, 2016 and March 3, 2016, respectively.

We look forward to hearing from you with respect to the foregoing, including whether you are available to meet tomorrow afternoon.

Yours truly,

BENNETT JONES LLP



Kelsey Meyer

Enclosures

cc: Bennett Jones LLP, Attention: Sean Zweig
Argent Energy Trust, Attention: Sean Bovingdon
FTI Consulting Canada Inc., Attention: Deryck Helkaa and Dustin Olver
McCarthy Tétrault LLP, Attention: Sean Collins and Walker Macleod
Locke Lord LLP, Attention: Philip Eisenberg



THIS IS EXHIBIT " 18 "
referred to in the (Affidavit
Declaration) of
Sean Bavingdon
Sworn
Declared) before me this 29th
day of February A.D. 20 16
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

Kelsey Meyer

From: Chadwick, Robert <rchadwick@goodmans.ca>
Sent: 26 February 2016 9:57 AM
To: Sean Zweig; Kelsey Meyer
Cc: Baulke, Ryan
Subject: Re: Argent Energy

Follow Up Flag: Follow up
Flag Status: Flagged


Makes no sense on disclosure of information or documents. We will deal with it as appropriate.

From: Sean Zweig
Sent: Friday, February 26, 2016 11:48 AM
To: Chadwick, Robert; Kelsey Meyer
Cc: Baulke, Ryan
Subject: RE: Argent Energy

Rob,

We have reconsidered your request, and our position remains the same. We do not believe you will be entitled to your unanswered information and document requests on cross-examination for the same reasons cited in our letter. If you choose to cross-examine Mr. Bovingdon, that will need to take place in Calgary. This is a Calgary proceeding, and Calgary is where Mr. Bovingdon resides and will be working between now until March 8. It is not reasonable to ask him to travel to Toronto for cross-examination in the circumstances.

We will wait to hear from you as to when a meeting or call makes sense.

 Sean Zweig
Bennett Jones LLP

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
P. 416 777 6254 | F. 416 863 1716
E. zweigs@bennettjones.com

From: Chadwick, Robert [mailto:rchadwick@goodmans.ca]
Sent: 26 February 2016 10:16 AM
To: Kelsey Meyer <MEYERK@bennettjones.com>
Cc: Sean Zweig <ZweigS@bennettjones.com>; Baulke, Ryan <rbaulke@goodmans.ca>
Subject: Re: Argent Energy

We are speaking to our clients again today and will circle back. I don't expect a call or meeting today makes sense but over the weekend or Monday. We would ask that you reconsider and provide us the emails and documents we requested as we will get them all on cross examination. Let's try to be more efficient. If we need cross examinations, we would ask you to consider toronto (Sean who has a lot of the details is here). We will file our materials once ready and don't agree with your views on filing time periods. Rob

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THIS IS EXHIBIT " 19 "
referred to in the (^{Affidavit}~~Declaration~~) of
Sean Bovingdon
~~Sworn~~
~~Declared~~) before me this 29th
day of February A.D. 20 16
Meyer
A Commissioner for Oaths in and for
the Province of Alberta
A Notary Public

Kelsey Meyer
Barrister & Solicitor

Allison Gillett

From: Allison Gillett
Sent: 26 February 2016 9:19 AM
To: 'rchadwick@goodmans.ca'
Cc: Kelsey Meyer
Subject: Argent Energy Trust, Argent Energy (Canada) Holdings Inc. and Argent Energy (US) Holdings Inc. [BJ-L.FID3387720]
Attachments: Letter to Mr Chadwick - February 26 2016.pdf

Mr. Chadwick,

Please see the attached correspondence from Ms. Meyer.



Allison Gillett

Assistant to Andrea Froese and Kelsey Meyer, Bennett Jones SLP

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7

P. 403 298 4481 | F. 403 265 7219

E. gilletta@bennettjones.com



Plug into [Bennett Jones](#)



Kelsey Meyer
Partner
Direct Line: 403.298.3323
e-mail: meyerk@bennettjones.com
Our File No.: 68859.14

February 26, 2016

VIA EMAIL

Mr. Robert Chadwick
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Dear Mr. Chadwick:

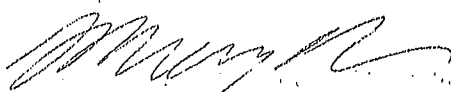
Re: In the Matter of the Companies' Creditors Arrangement Act, R.S.C. 1985, c.C-36, as amended (the "CCAA")

And in the Matter of a Plan of Arrangement of 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, "Argent")

We write further to our letter of February 23, 2016, wherein we advised that we would provide to you the approved board meeting minutes for Argent US and Argent Canada for the last six months, redacted other than with respect to those portions that relate to Argent's liquidity crisis and the CCAA proceedings. We have now determined that there are no such approved board meeting minutes for Argent US or Argent Canada over the last six months that relate to Argent's liquidity crisis and the CCAA proceedings.

Yours truly,

BENNETT JONES LLP



Kelsey Meyer

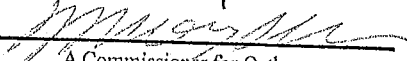
cc: Bennett Jones LLP, Attention: Sean Zweig
Argent Energy Trust, Attention: Sean Bovingdon
FTI Consulting Canada Inc., Attention: Deryck Holkaq and Dustin Olver
McCarthy Tétrault LLP, Attention: Sean Collins and Walker Macleod
Locke Lord LLP, Attention: Philip Eisenberg

THIS IS EXHIBIT " 20 "
referred to in the Affidavit of Declaration

Sean Bovington

Sworn before me this 29th

day of February A.D. 2016


A Commissioner for Oaths:
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

From: Michael Friedman [mailto:friedman@chapman.com]
Sent: Sunday, February 28, 2016 7:02 PM
To: Eisenberg, Phillip; Golden, Steven
Cc: Sparacno, John J.; Steven Willamowsky; Chadwick, Robert
Subject: Argent Energy -- Ad Hoc Committee's Discovery Requests

Gentlemen:

Please see attached:

1. Notice of Rule 7030(b)(6) Deposition
2. First Set of Interrogatories to Petitioner Argent Energy (Canada) Holdings. Inc.
3. First Set of Interrogatories to Petitioner Argent Energy (US) Holdings. Inc.
4. First Set of Requests for Production of Documents to Petitioner Argent Energy (Canada) Holdings. Inc.
5. First Set of Requests for Production of Documents to Petitioner Argent Energy (US) Holdings. Inc.

Given the timing of the hearing on Petitioners' Applications, please confirm as soon as possible the identity of the designee of Argent Energy (US) Holdings, Inc. and his or her availability to appear for a deposition at the

time and place indicated in the notice.

Should you have any questions or wish to discuss, please don't hesitate to contact me.

Sincerely,

Michael Friedman

Please consider the Environment before printing this email.

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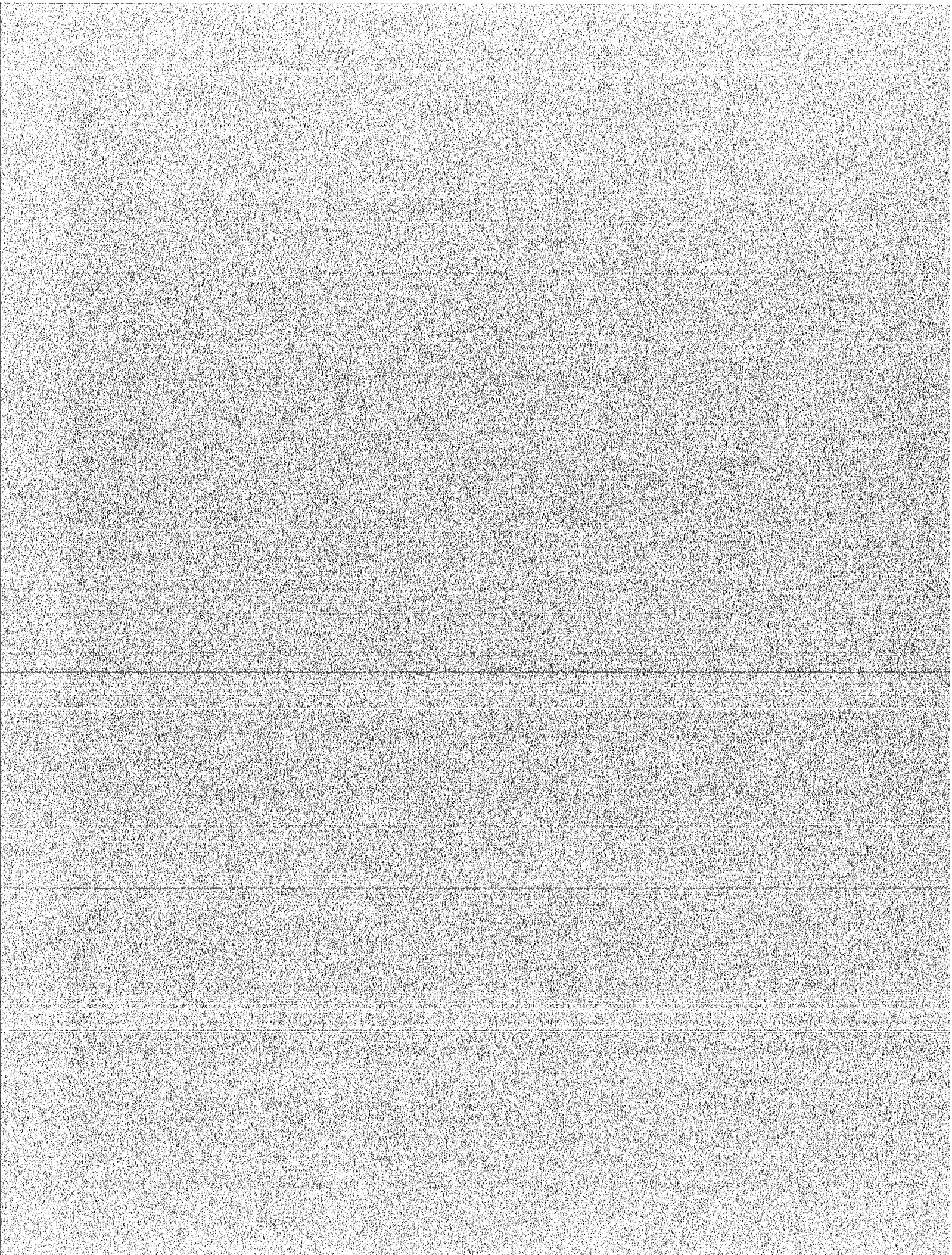


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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION**

IN RE:)	
	)	Chapter 15
ARGENT ENERGY (CANADA))	
HOLDINGS, INC.,	)	Case No. 16-20060
)	
Debtor in a foreign proceeding.)	
<hr/>		
In re:)	
	)	Chapter 15
ARGENT ENERGY (US) HOLDINGS,)	
INC.,	)	Case No. 16-20061
)	
Debtor in a foreign proceeding.)	
<hr/>		

NOTICE OF RULE 7030(b)(6) DEPOSITION

PLEASE TAKE NOTICE that the Ad Hoc Committee of Debenture Holders (the "*Ad Hoc Committee*") will take the deposition of Petitioner, Argent Energy (US) Holdings pursuant to 7030(b)(6) of the Federal Rules of Bankruptcy Procedure, on March 1, 2016, starting at 9:30 a.m. at 700 Louisiana Street, Suite 4100, Houston, TX 77002 and continuing until completed. The deposition will be taken before a certified court reporter pursuant to Rule 7030 of the Federal Rules of Bankruptcy Procedure.

PLEASE TAKE FURTHER NOTICE that pursuant to Rule 7030(b)(6) of the Federal Rules of Bankruptcy Procedure, Petitioner Argent Energy (US) Holdings is required to designate one or more person(s) who can testify on its behalf regarding the issues identified on Schedule A hereto.

Dated: February 28, 2016

Respectfully submitted,

THE AD HOC COMMITTEE OF DEBENTURE
HOLDERS

By: /s/ Michael Friedman
One of Its Attorneys

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State Bar No. 18873700
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Michael Friedman (*pro hac vice*)
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Steven Wilamowsky (*pro hac vice*
forthcoming)
wilamowsky@chapman.com
CHAPMAN AND CUTLER LLP
1270 Avenue of the Americas
30th Floor
New York, NY 10020
Tel: 212.655.6000
Fax: 212.697.7210

CERTIFICATE OF SERVICE

I, Michael Friedman, an attorney, hereby certify that on the 28th day of February, 2016, I caused a true and correct copy of the Ad Hoc Committee of Debenture Holders' Notice of 7030(b)(6) Deposition to Petitioner Argent Energy (US) Holdings, Inc. to be served by electronic transmission on the persons shown below.

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R. Andrew Black
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/s/ Michael Friedman

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Tel: 212.655.6000

Fax: 212.697.7210

Attorneys for the Ad Hoc Committee of
Debenture Holders

SCHEDULE A

DEFINITIONS

1. “*Petitioner*,” “*Argent US*,” or “*You*” and/or “*Your*” shall mean Petitioner Argent Energy (US) Holdings, Inc., and all related entities, predecessors, successors, subsidiaries, divisions, and/or affiliates thereof, and all past or present officers, members, directors, agents, employees, consultants, accountants, attorneys, representatives, and any other person or entity acting on behalf of any of the foregoing, directly or indirectly.

2. “*Argent Canada*” means Argent Energy (Canada) Holdings, Inc. and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

3. The “*Trust*” means Argent Energy Trust and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

4. The term “*Chapter 15 Proceeding*” or “*Chapter 15 Proceeding*” means any of the cases filed in the U.S. Bankruptcy Court for the Southern District of Texas and subsequently consolidated into *In re: Argent Energy (Canada) Holdings, Inc., et al.*, Case No. 16-20060 (DRJ).

5. “*Petition*” means the 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 filed by Argent Canada in this matter on February 17, 2016.

6. “*Canadian Proceeding*” refers to Argent Canada’s filed application for Canadian judicial reorganization proceedings under the Companies’ Creditors Arrangement Act (“*CCAA*”).

7. “*KERP*” shall mean the Key Employee Retention Plan approved in the Canadian Proceeding as described in the Affidavit of Sean Bovingdon, Case No. 16-20061, Dkt. No. 6-7.

8. “*KEIP*” shall mean the Key Employee Incentive Program approved in the Canadian Proceeding as described in the Affidavit of Sean Bovington, Case No. 16-20061, Dkt. No. 6-7.

9. “*Sale Solicitation Process*” shall mean that certain sale solicitation process attached as Schedule A to the Initial Order entered in the Canadian Proceeding, filed as Dkt. No. 7-1 in Case No. 16-20060.

10. “*Person*” and “*Individual*” are defined as any natural person or any business, legal or government entity or association.

11. “*Argent Entities*” refers to any entity owned in whole or in part or otherwise controlled by the Trust, including but not limited to Argent Canada and Argent US.

12. “*Third party*” means and includes any person or persons other than Petitioner and the Ad Hoc Committee.

13. “*Canadian Proceeding*” refers to Argent US’s filed application for Canadian judicial reorganization proceedings under the Companies’ Creditors Arrangement Act (“*CCAA*”).

14. “*Document*” is synonymous in meaning and equal in scope to the usage of this term in Fed. R. Civ. P. 34(a). By way of illustration and without limitation, documents include at least the following: originals, drafts and all non-identical copies of memoranda, reports, notes, graphs, laboratory notebooks, correspondence, interoffice communications, letters, diaries, calendars, photographs, motion pictures, sketches, drawings, promotional material, technical papers, printed publications, patents, and all other writings, as well as all non-paper information storage means such as sound reproductions, computer inputs and outputs, tape, film and computer memory devices, as well as tangible things such as models, modules, prototypes, and commercially saleable products.

15. The terms "*Identity*" and "*Identification*" shall mean, as the context shall make appropriate: (a) with respect to a person, the name, present or last known address, telephone number, occupation and employer; and (b) with respect to a corporation, partnership, association or other entity, its full name, form of organization, and its present or last known address and telephone number.

16. "*Concern*," "*concerning*," "*relate*," "*related*" or "*relating*" shall mean referring to, relating to, describing, evidencing, constituting, or otherwise discussing in any way the subject matter identified in a Topic.

17. The term "*role*" means the level of involvement of a person in an activity, the tasks performed by a person in an activity, whether a person was the primary person in charge of an activity, and whether a person had a supervisory or day-to-day responsibility for an activity.

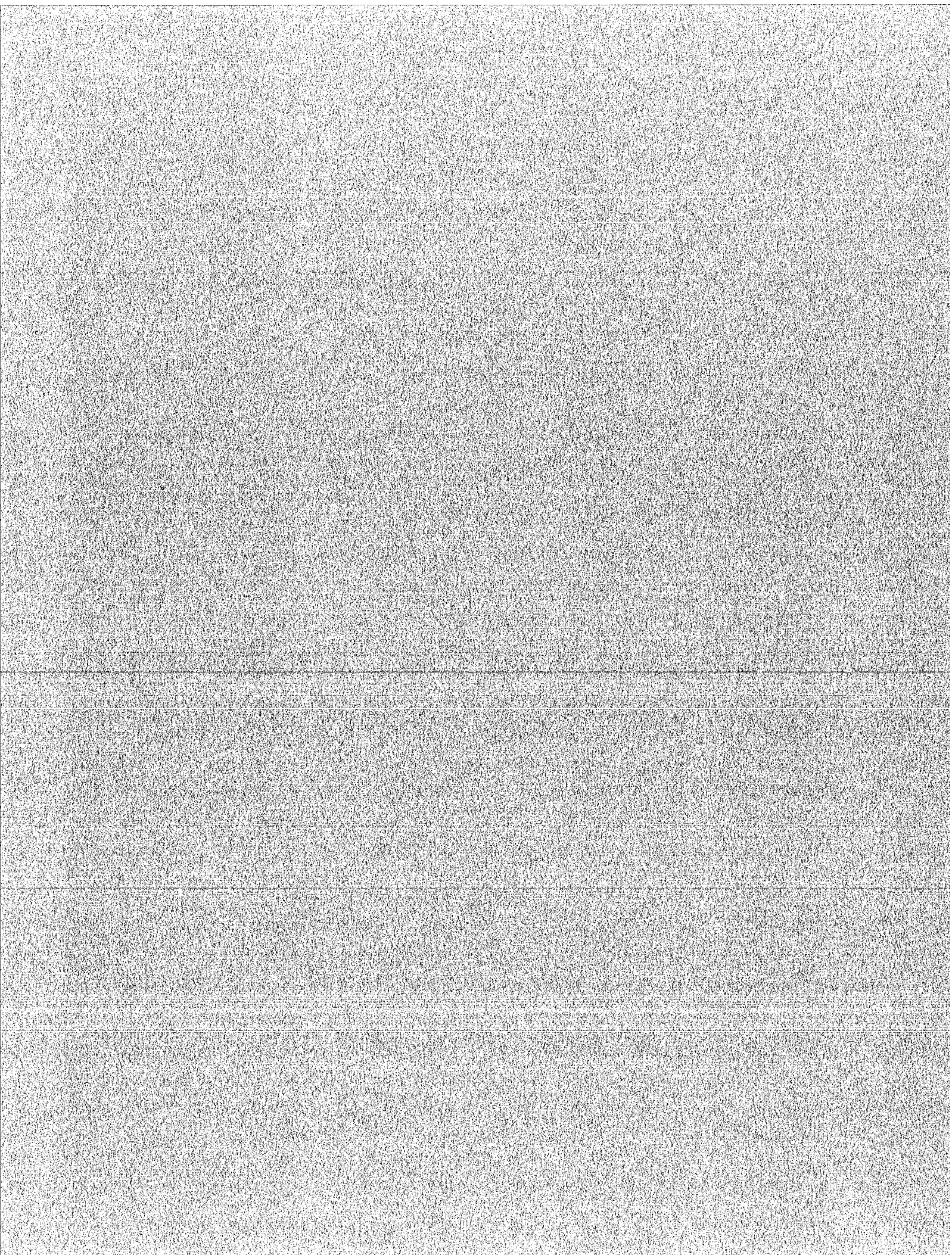
18. The terms "*and*" and "*or*" whenever used herein shall be understood in both the conjunctive and disjunctive sense, synonymous with "and/or."

19. The terms "*any*" and "*all*" whenever used herein shall be understood to mean "any and all" and "each and every."

20. Any noun used in the singular form shall be construed and applied so as to also include the plural form, and vice versa.

DEPOSITION TOPICS

1. The facts underlying the decision to file the Chapter 15 Proceeding.
2. The facts underlying the Canadian Proceeding and subsequent events that have occurred during the Canadian Proceeding.
3. The facts underlying the members of the Board of Directors and their approval of the Chapter 15 Proceeding and any documents relied on by the Board of Directors in making such a decision.
4. The facts underlying the members of the Board of Directors and their approval of the Canadian Proceeding and any documents relied on by the Board of Directors in making such a decision.
5. Identification of the individuals and who made the decision to file the Chapter 15 Proceeding, and their respective roles.
6. Identification of all assets held by Argent US.
7. The facts underlying your choice to retain and subsequent retention of The Oil & Gas Asset Clearinghouse, LLC.
8. The facts underlying your KEIP and its subsequent formulation, negotiation, drafting, editing, and approval.
9. The facts underlying your KERP and its subsequent formulation, negotiation, drafting, editing, and approval.
10. Identification of all offices of the Argent Entities.
11. Details concerning the day-to-day management of Argent US.
12. Details concerning the decisionmaking process at Argent US.
13. Details concerning Argent US as it relates to the Trust.
14. The facts underlying and details concerning efforts to procure DIP financing.



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

IN RE:)	
	)	Chapter 15
ARGENT ENERGY (CANADA))	
HOLDINGS, INC.,	)	Case No. 16-20060
)	
Debtor in a foreign proceeding.)	

In re:)	
	)	Chapter 15
ARGENT ENERGY (US) HOLDINGS,)	
INC.,	)	Case No. 16-20061
)	
Debtor in a foreign proceeding.)	

**THE AD HOC COMMITTEE OF DEBENTURE HOLDERS'
FIRST SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS TO PETITIONER
ARGENT ENERGY (US) HOLDINGS, INC.**

The Ad Hoc Committee of Debenture Holders (the "*Ad Hoc Committee*"), by its attorneys, Vorys, Sater, Seymour and Pease LLP and Chapman and Cutler LLP, submits its First Requests for Production of Documents ("*Document Requests*") to Argent Energy (US) Holdings, Inc. ("*Argent US*"), pursuant to Federal Rules of Bankruptcy Procedure 7026 and 7034, and requests that Argent Canada, within 3 days of the date of service of these Requests, produce documents responsive to the Document Requests.

The following definitions and instructions are applicable to these Document Requests.

DEFINITIONS

1. "*Communication*" includes any written correspondence or oral utterance made, heard, or overheard, whether in person or by telephone, by email, or otherwise, as well as every document and every other mode of intentionally conveying meaning, whether in writing or otherwise.

2. "Document" or "Documents" includes any writing or record of any type or description including, but not limited to, records, letters, telegrams, correspondence, e-mails, notes, memoranda, telephone messages, diaries, desk calendars, worksheets, computations, financial statements, spreadsheets, bank statements, notes, drafts, checks and stubs thereof, reports, instructions, notebooks, scrapbooks, contracts, agreements, minutes, photographs, videotapes, photocopies, charts, descriptions, invoices, purchase orders, receipts, evidences of payments, account statements, time sheets, motion pictures, recordings, published or unpublished speeches or articles, reports filed with governmental administrators, regulatory, or quasi-governmental bodies, transcripts of telephone conversations and/or other retrievable data (whether encoded, taped, or coded electrically, electromagnetically, or otherwise), whether originals or copies (including, but not limited to, carbon, handwritten, typewritten, microfilm, photostatic, or xerographic copies) and including any non-identical copies (whether different from the original because of any alterations, notes, comments, or other material contained thereon or attached thereto, or otherwise), wherever located, however produced or reproduced, and in whatever language, and all other things on which words, figures, notations, and writings are affixed or sounds are recorded in writing or by other means, and any such material underlying, supporting, or used in preparation thereof.

3. The term "*relate to*" and its derivatives shall mean, in addition to its usual and customary meaning, having any relationship or connection to, concerning, being connected to, commenting on, responding to, referring to, containing, evidencing, showing, memorializing, describing, analyzing, reflecting, pertaining to, comprising, constituting, or otherwise establishing any reasonable, logical, or causal connection.

4. “*And*” as well as “*or*” shall be construed either disjunctively or conjunctively as necessary to bring within the scope of these Discovery Requests any documents or information that may otherwise be construed to be outside of their scope.

5. As used herein, the terms “*you*” and “*your*” refer to Argent Energy (US) Holdings, Inc. and its present and former representatives, or to person(s) acting on its behalf as well as present and former representatives or persons acting on behalf of its parent company, Argent Energy Trust.

6. “*Ad Hoc Committee*” means the group of unsecured creditors all holding interests in certain subordinated debentures (the “*Debentures*”) issued by the Trust and include (1) Twin Lake Total Return Partners LP, (2) Twin Lake Total Return Partners QP, LP, (3) Iron Road Multi-Strategy Fund LP, (4) Iron Road Diversified Fund LP, and (5) Anson Catalyst Master Fund LP.

7. “*Argent US*” means Argent Energy (US) Holdings Inc. and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

8. “*Argent Canada*” means Argent Energy (Canada) Holdings, Inc. and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

9. The “*Trust*” means Argent Energy Trust and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

10. “*Argent Entities*” refers to any entity owned in whole or in part or otherwise controlled by the Trust, including but not limited to Argent Canada and Argent US.

11. “*Petition*” means the 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 filed by Argent Canada in this matter on February 17, 2016.

12. “*Canadian Proceeding*” refers to Argent Canada’s filed application for Canadian judicial reorganization proceedings under the Companies’ Creditors Arrangement Act (“*CCAA*”).

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14. “*KEIP*” shall mean the Key Employee Incentive Program approved in the Canadian Proceeding as described in the Affidavit of Sean Bovingdon, Case No. 16-20061, Dkt. No. 6-7.

15. “*Sale Solicitation Process*” shall mean that certain sale solicitation process attached as Schedule A to the Initial Order entered in the Canadian Proceeding, filed as Dkt. No. 7-1 in Case No. 16-20060.

INSTRUCTIONS

1. In answering these Document Requests, you are required to conduct a thorough investigation and produce all Documents in your possession, custody, and control including all Documents in the possession, custody, and control of your attorneys, investigators, experts, officers, directors, employees, agents, representatives, and anyone acting on your behalf. Thus, you must furnish information that is known by or in the possession of your employees, your agents, including your attorneys, or any agent or investigator for you or your attorneys, unless privileged, and any information contained in any records, documents, writings, e-mails, recordings, tapes, computers, computer discs, or other documents or items of whatever sort under your possession or control, or under the possession or control of any such agent, employee, or attorney.

2. If you cannot answer a Document Request fully after exercising due diligence to make inquiry and secure information to do so, please so state and answer each such Request to the extent deemed possible, specifying that portion of each such Document Request you are

unable to answer fully and completely, and further specifying those facts upon which you rely to support your contention that you are unable to answer fully and completely. In addition, specify what knowledge, information, or belief you have concerning the unanswered portion of any such Document Request, and describe fully and in detail the acts done and inquiries made by you to show that you have exercised due diligence to make inquiry and to secure the information necessary to answer such portions of any such Document Request.

3. Unless otherwise indicated, each Document Request shall be answered for the period January 1, 2014, to the present.

4. Each of the following Document Requests is intended to be continuing pursuant to the Federal Rules of Bankruptcy Procedure, and if at a later date you obtain any additional responsive information, you should amend your responses promptly and sufficiently.

5. With respect to any response to a Document Request based in whole or in part upon a claim of privilege (whether based on common law, statute, or otherwise), you shall provide a statement signed by one of your attorneys setting forth each and every fact or basis on which you claim privilege, with sufficient specificity to permit the Court to make a full determination as to whether the claim of privilege is valid.

6. If any Document Request is answered by reference to a group of documents you shall identify the specific document or documents containing the requested information and, if such information is contained in any document exceeding one page in length, include in its identification of the document the number of the particular page or pages (or other descriptive aid) and of the particular line or lines thereof upon which the information referred to in the Request and in your response thereto appears.

7. You shall promptly deliver an index of any documents that you decline to produce or make available because of a claim of privilege. Such index shall include, for each document not produced or made available, the following information:

- (a) the subject matter (*e.g.*, letter, memorandum);
- (b) the date;
- (c) the author;
- (d) all persons who received the document;
- (e) all persons to whom the contents have been disclosed, orally or in writing;
- (f) the nature of the privilege asserted; and
- (g) the basis for the assertion of the privilege.

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REQUESTS FOR PRODUCTION OF DOCUMENTS

1. Copies of all communications between Argent US, on the one hand, and any of its, consultants or investment advisors on the other hand, related to the decision to file proceedings under the CCAA or Chapter 15 of the United States Bankruptcy Code from December 1, 2015 through the present;
2. Copies of all communications between Argent US, on the one hand, and any of its consultants and investment advisors on the other hand, related to the KERP;
3. Copies of all communications between Argent US, on the one hand, and any of its, consultants and investment advisors on the other hand, related to the KEIP;
4. Copies of all communications between Argent US, on the one hand, and any potential or actual lenders, including agents, directors, officer, and employees of such lenders, on the other hand, related to the Canadian proceedings or the Petition, including but not limited to communications related to any interim or debtor in possession financing, the KERP, and/or the KEIP, from December 1, 2015 through the present;
5. Copies of all communications regarding the engagement of an investment bank, broker, clearinghouse, auction house or any professional firm related to potential sale of company or assets, including but not limited to The Oil & Gas Asset Clearinghouse LLC;
6. Copies of all communications between the Argent US, on the one hand, and any of its, consultants, investment advisors, directors, or officers, on the other hand, regarding requisite corporate authorization to file for chapter 15 relief;
7. Copies of the February 16, 2016 board meeting minutes for Argent US;
8. Copies of documents related to the location and quantum of U.S. and Canadian assets of Argent US;
9. Copies of documents related to solicitations made by any of the Argent Entities for assets and/or financing or joint venture proposals in the previous 12 months (including any debtor in possession financing proposals);
10. Copies of the further reserve report effective December 31, 2015.
11. Copies of documents related to the residency and citizenship of all Argent US employees and board members.
12. Copies of all documents related to the location of all Argent US board meetings;

CERTIFICATE OF SERVICE

I, Michael Friedman, an attorney, hereby certify that on the 28th day of February, 2016, I caused a true and correct copy of the Ad Hoc Committee of Debenture Holders' First Set of Requests for Production of Documents to Petitioner Argent Energy (US) Holdings, Inc. to be served by electronic transmission on the persons shown below.

Attorneys for Argent Canada

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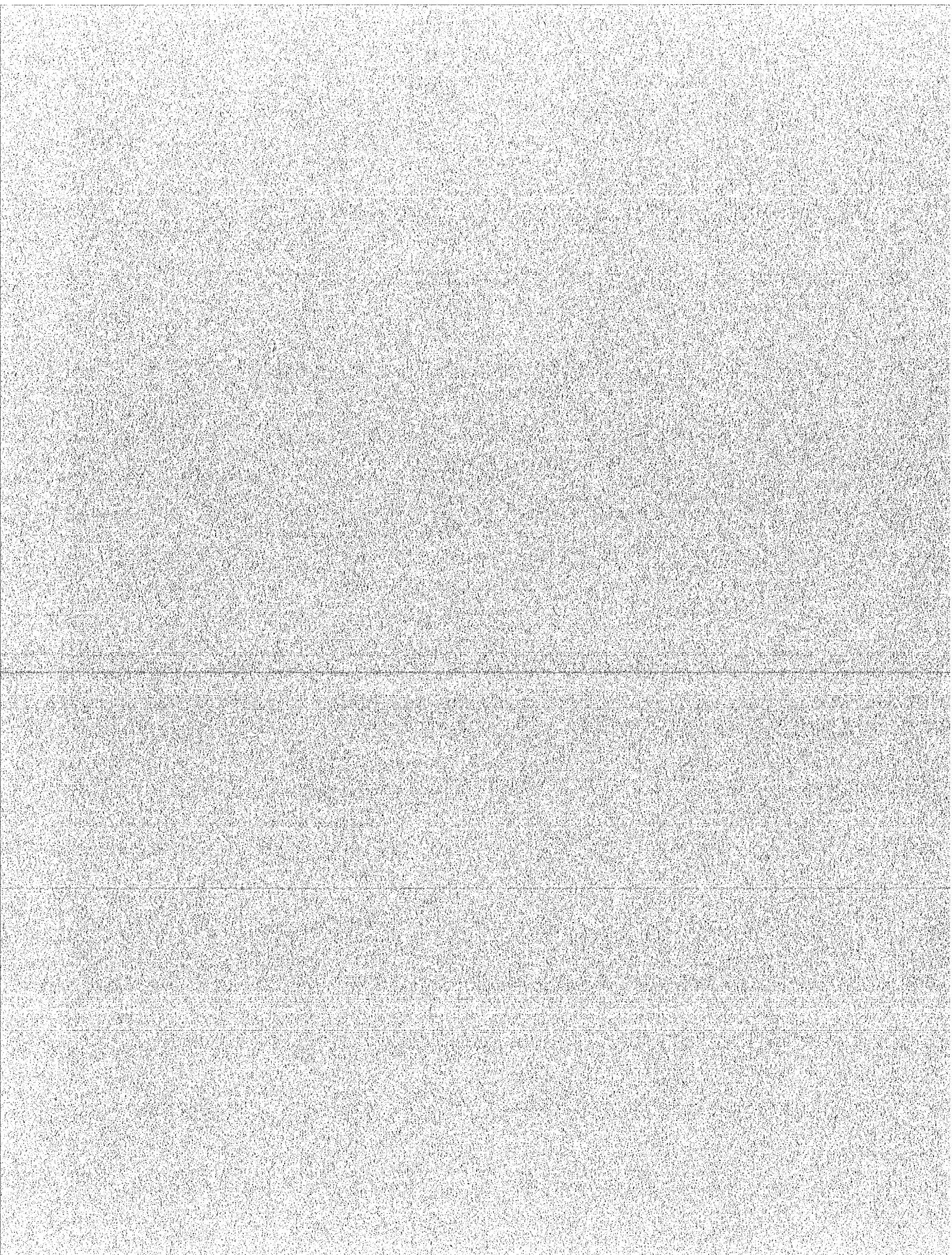
/s/ Michael Friedman

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Attorneys for the Ad Hoc Committee of
Debenture Holders



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

IN RE:)	
)	Chapter 15
ARGENT ENERGY (CANADA))	
HOLDINGS, INC.,)	Case No. 16-20060
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Debtor in a foreign proceeding.)	

In re:)	
)	Chapter 15
ARGENT ENERGY (US) HOLDINGS,)	
INC.,	)	Case No. 16-20061
)	
Debtor in a foreign proceeding.)	

**THE AD HOC COMMITTEE OF DEBENTURE HOLDERS'
FIRST SET OF INTERROGATORIES TO PETITIONER ARGENT
ENERGY (US) HOLDINGS, INC.**

The Ad Hoc Committee of Debenture Holders (the "*Ad Hoc Committee*"), by its attorneys, Vorys, Sater, Seymour and Pease LLP and Chapman and Cutler LLP, submits its First Set of Interrogatories ("*Interrogatories*") to Argent Energy (US) Holdings, Inc. ("*Argent US*"), pursuant to Federal Rules of Bankruptcy Procedure 7026 and 7033, and requests that Argent Canada, within 3 days of the date of service of these Interrogatories, respond fully and separately to the following interrogatories.

The following definitions and instructions are applicable to these Interrogatories.

DEFINITIONS

1. "*Communication*" includes any oral utterance made, heard, or overheard, whether in person or by telephone or otherwise, as well as every document and every other mode of intentionally conveying meaning, whether in writing or otherwise.

2. "*Document*" or "*Documents*" includes any writing or record of any type or description including, but not limited to, records, letters, telegrams, correspondence, e-mails,

notes, memoranda, telephone messages, diaries, desk calendars, worksheets, computations, financial statements, spreadsheets, bank statements, notes, drafts, checks and stubs thereof, reports, instructions, notebooks, scrapbooks, contracts, agreements, minutes, photographs, videotapes, photocopies, charts, descriptions, invoices, purchase orders, receipts, evidences of payments, account statements, time sheets, motion pictures, recordings, published or unpublished speeches or articles, reports filed with governmental administrators, regulatory, or quasi-governmental bodies, transcripts of telephone conversations and/or other retrievable data (whether encoded, taped, or coded electrically, electromagnetically, or otherwise), whether originals or copies (including, but not limited to, carbon, handwritten, typewritten, microfilm, photostatic, or xerographic copies) and including any non-identical copies (whether different from the original because of any alterations, notes, comments, or other material contained thereon or attached thereto, or otherwise), wherever located, however produced or reproduced, and in whatever language, and all other things on which words, figures, notations, and writings are affixed or sounds are recorded in writing or by other means, and any such material underlying, supporting, or used in preparation thereof.

3. The term "*relate to*" and its derivatives shall mean, in addition to its usual and customary meaning, having any relationship or connection to, concerning, being connected to, commenting on, responding to, referring to, containing, evidencing, showing, memorializing, describing, analyzing, reflecting, pertaining to, comprising, constituting, or otherwise establishing any reasonable, logical, or causal connection.

4. The words "identify," "identity," or "identification," when used in reference to a natural person, shall mean to state his or her full name and present or last known address and telephone number, as well as his or her present or last known position and business affiliation; when used in reference to a business entity, shall mean to state its full name and present or last

known address, and the general business engaged in; when used in reference to a document, shall mean to state its date, its author, the type of document (*e.g.*, letter, memorandum, e-mail, chart, photograph, sound reproduction, etc.) or, if the responsive information is not available, some other means of identifying the document, its present location, and the name of each of its present custodians. If any such document was, but is no longer, in your possession, subject to your control, or in existence, state whether the document: (a) is missing or lost, (b) has been destroyed, (c) has been transferred, voluntarily or involuntarily, to others, or (d) has been otherwise disposed of.

5. The term “describe in detail” shall mean to specify the date, time, place, manner, and identity of the person, persons, or entities involved, including the present residential or business address of such person, persons, or entities. Whenever it is required that you “describe in detail” the subject matter of a document, they may attach a copy of said document to their answers to these interrogatories in lieu of describing in detail the subject matter of such document. Whenever it is required that you “describe in detail” a conversation, telephone conversation, contact, meeting, correspondence, or other instance of communication, you shall state, identify, and describe:

- (a) its date, time, and place;
- (b) the manner in which it took place;
- (c) the participants in each such conversation, telephone conversation, contact, meeting, correspondence, or instance of communication or correspondence; and
- (d) what was said and done (chronologically) by each participant in such conversation, communication, contact, or meeting (as best as can be recollected by each respondent to these interrogatories).

Whenever it is required that you “describe in detail” an action taken, you shall state, identify and describe:

- (a) its date, time, and place;
- (b) the participants in each such action; and
- (c) what was said and done (chronologically) by each participant in such action (as best as can be recollected by each respondent to these interrogatories), along with a list of any documents pertaining to the action taken.

6. “*and*” as well as “*or*” shall be construed either disjunctively or conjunctively as necessary to bring within the scope of these Discovery Requests any documents or information that may otherwise be construed to be outside of their scope.

7. As used herein, the terms “*you*” and “*your*” refer to Argent Energy (US) Holdings, Inc. and its present and former representatives, or to person(s) acting on its behalf as well as present and former representatives or persons acting on behalf of its parent company, Argent Energy Trust.

8. “*Ad Hoc Committee*” means the group of unsecured creditors all holding interests in certain subordinated debentures (the “*Debentures*”) issued by the Trust and include (1) Twin Lake Total Return Partners LP, (2) Twin Lake Total Return Partners QP, LP, (3) Iron Road Multi-Strategy Fund LP, (4) Iron Road Diversified Fund LP, and (5) Anson Catalyst Master Fund LP.

9. “*Argent Canada*” means Argent Energy (Canada) Holdings, Inc. and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

10. “*Argent US*” means Argent Energy (US) Holdings Inc. and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

11. The “*Trust*” means Argent Energy Trust and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

12. “*Argent Entities*” refers to any entity owned in whole or in part or otherwise controlled by the Trust, including but not limited to Argent Canada and Argent US.

13. “*Petition*” means the 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 filed by Argent US in this matter on February 17, 2016.

14. “*Canadian Proceeding*” refers to Argent US’s filed application for Canadian judicial reorganization proceedings under the Companies’ Creditors Arrangement Act (“*CCAA*”).

15. “*KERP*” shall mean the Key Employee Retention Plan approved in the Canadian Proceeding as described in the Affidavit of Sean Bovingdon, Case No. 16-20061, Dkt. No. 6-7.

16. “*KEIP*” shall mean the Key Employee Incentive Program approved in the Canadian Proceeding as described in the Affidavit of Sean Bovingdon, Case No. 16-20061, Dkt. No. 6-7.

17. “*Sale Solicitation Process*” shall mean that certain sale solicitation process attached as Schedule A to the Initial Order entered in the Canadian Proceeding, filed as Dkt. No. 7-1 in Case No. 16-20060.

19. “*Electronically Stored Information*” or “*ESI*” shall have the meaning ascribed to it in United States Federal Rules of Bankruptcy Procedure 7016, 7026, and 7034.

20. Each of the following interrogatories is intended to be a continuing interrogatory request. The Ad Hoc Committee hereby demands that, in the event that, at a later date, you discover or obtain any additional facts, or form any conclusions, opinions, or intentions different from those set forth in your answers to such interrogatories, you shall amend their answers to these interrogatories promptly and sufficiently in advance of any trial to fully set forth such matters.

21. Unless otherwise indicated, each Interrogatory shall be answered for the period January 1, 2014 to the present.

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INTERROGATORIES

Interrogatory No. 1 Identify the person or persons answering these Interrogatories and all those who contributed information used in answering these Interrogatories. If more than one person provided the answers or contributed such information, identify the specific Interrogatories answered by each person and the information provided.

ANSWER:

Interrogatory No. 2 Identify all persons with or likely to have knowledge or information pertaining to any of the circumstances or events discussed in the Petition or any discoverable information that you may use to support your Petition, along with a brief statement as to the subject(s) of his or her knowledge or information.

ANSWER:

Interrogatory No. 3 Identify all persons, agents, employees, directors, officers, or executives who have the authority to sign agreements, including financing agreements, on behalf of Argent US.

ANSWER:

Interrogatory No. 4 Describe in detail Argent US's process of formulating, negotiating, drafting, editing, and approving the KERP.

ANSWER:

Interrogatory No. 5 Describe in detail Argent US's process of formulating, negotiating, drafting, editing, and approving the KEIP.

ANSWER:

Interrogatory No. 6 Identify with specificity the names, roles, and formulating, negotiating, drafting, editing, and approval responsibilities of all Argent US employees who were involved in formulating, negotiating, drafting, editing, and approving the KERP.

ANSWER:

Interrogatory No. 7 Identify with specificity the names, roles, and formulating, negotiating, drafting, editing, and approval responsibilities of all Argent US employees who were involved in formulating, negotiating, drafting, editing, and approving the KEIP.

ANSWER:

Interrogatory No. 8 Describe in detail the assets owned by Argent US, including but not limited to the name, type, and location of each asset.

ANSWER:

Interrogatory No. 9 Describe in detail the number of employees employed by Argent US, the individual citizenship of each employee, and the office location at which each employee is employed.

ANSWER:

Interrogatory No. 10 Describe in detail the process by which Argent US approved and engaged any investment bank, broker, clearinghouse, auction house or any professional firm in connection with potential sale of company or assets, including but not limited to The Oil and Gas Clearinghouse, LLC with respect to the Sale Solicitation Process.

ANSWER:

Interrogatory No. 11 Describe in detail the process by which Argent US received corporate authorization to file the Petition and the Canadian Proceeding.

ANSWER:

Interrogatory No. 12 Identify with specificity the name, location, and role of each individual involved in procuring corporate authorization Argent US to file the Petition and the Canadian Proceeding.

ANSWER:

Interrogatory No. 13 Describe in detail the internal process by which Argent US found an interested DIP financier, including but not limited to which financial institutions were solicited, the dates of each solicitation, and the response of each financial institution to the solicitation.

ANSWER:

Interrogatory No. 14 Describe in detail where Argent US maintains its records and account books.

ANSWER:

Interrogatory No. 15 Identify with specificity which countries Argent US pays taxes in, if any.

ANSWER:

THE AD HOC COMMITTEE OF DEBENTURE
HOLDERS

By: /s/ Michael Friedman
 One of Its Attorneys

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CERTIFICATE OF SERVICE

I, Michael Friedman, an attorney, hereby certify that on the 28th day of February, 2016, I caused a true and correct copy of the Ad Hoc Committee of Debenture Holders' First Set of Interrogatories to Petitioner Argent Energy (US) Holdings, Inc. to be served by electronic transmission on the persons shown below.

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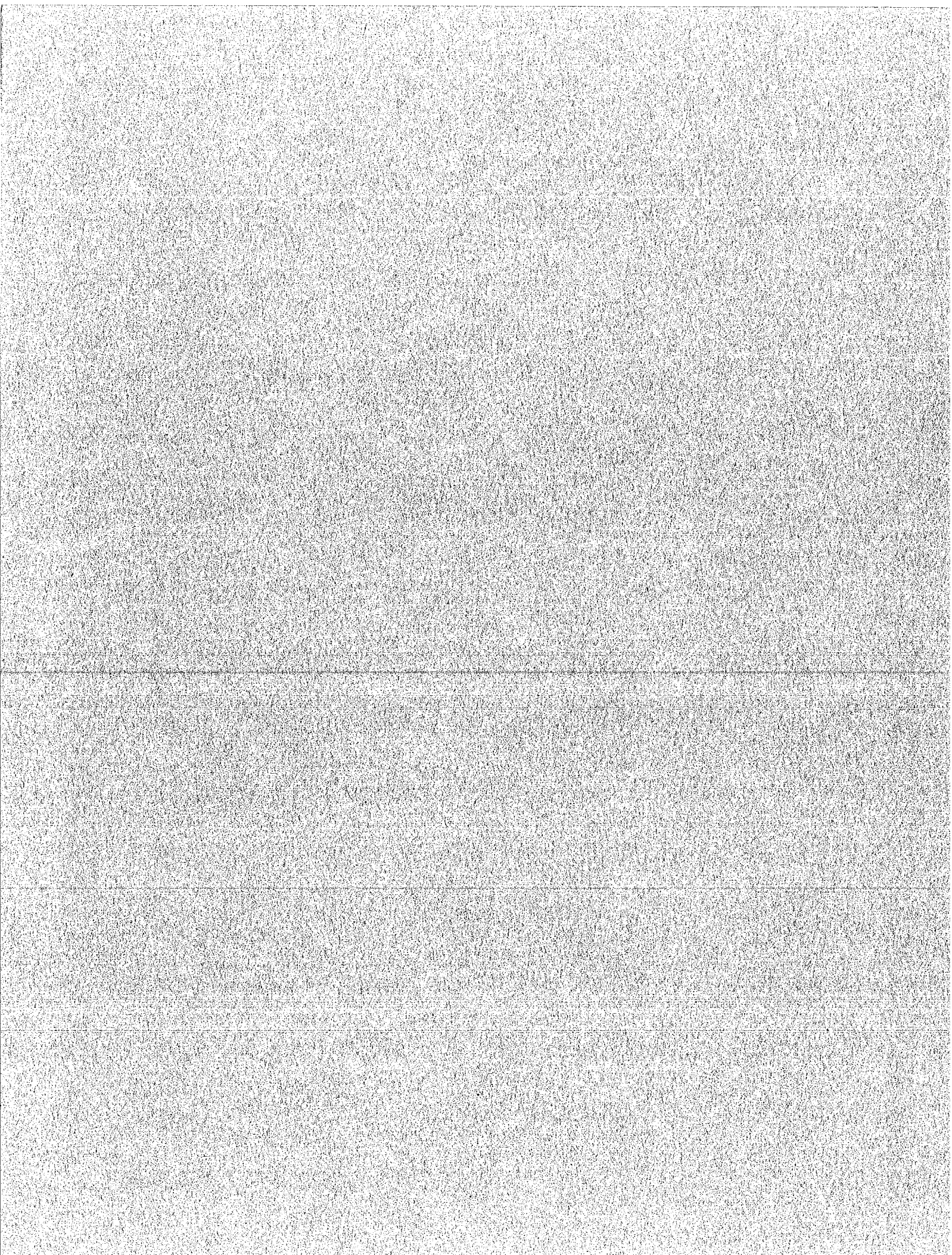
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Attorneys for the Ad Hoc Committee of
Debenture Holders



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

IN RE:)
) Chapter 15
ARGENT ENERGY (CANADA))
HOLDINGS, INC.,) Case No. 16-20060
)
Debtor in a foreign proceeding.)

In re:)
) Chapter 15
ARGENT ENERGY (US) HOLDINGS,)
INC.,) Case No. 16-20061
)
Debtor in a foreign proceeding.)

**THE AD HOC COMMITTEE OF DEBENTURE HOLDERS'
FIRST SET OF INTERROGATORIES TO PETITIONER ARGENT
ENERGY (CANADA) HOLDINGS, INC.**

The Ad Hoc Committee of Debenture Holders (the "*Ad Hoc Committee*"), by its attorneys, Vorys, Sater, Seymour and Pease LLP and Chapman and Cutler LLP, submits its First Set of Interrogatories ("*Interrogatories*") to Argent Energy (Canada) Holdings, Inc. ("*Argent Canada*"), pursuant to Federal Rules of Bankruptcy Procedure 7026 and 7033, and requests that Argent Canada, within 3 days of the date of service of these Interrogatories, respond fully and separately to the following interrogatories.

The following definitions and instructions are applicable to these Interrogatories.

DEFINITIONS

1. "*Communication*" includes any oral utterance made, heard, or overheard, whether in person or by telephone or otherwise, as well as every document and every other mode of intentionally conveying meaning, whether in writing or otherwise.
2. "*Document*" or "*Documents*" includes any writing or record of any type or description including, but not limited to, records, letters, telegrams, correspondence, e-mails,

notes, memoranda, telephone messages, diaries, desk calendars, worksheets, computations, financial statements, spreadsheets, bank statements, notes, drafts, checks and stubs thereof, reports, instructions, notebooks, scrapbooks, contracts, agreements, minutes, photographs, videotapes, photocopies, charts, descriptions, invoices, purchase orders, receipts, evidences of payments, account statements, time sheets, motion pictures, recordings, published or unpublished speeches or articles, reports filed with governmental administrators, regulatory, or quasi-governmental bodies, transcripts of telephone conversations and/or other retrievable data (whether encoded, taped, or coded electrically, electromagnetically, or otherwise), whether originals or copies (including, but not limited to, carbon, handwritten, typewritten, microfilm, photostatic, or xerographic copies) and including any non-identical copies (whether different from the original because of any alterations, notes, comments, or other material contained thereon or attached thereto, or otherwise), wherever located, however produced or reproduced, and in whatever language, and all other things on which words, figures, notations, and writings are affixed or sounds are recorded in writing or by other means, and any such material underlying, supporting, or used in preparation thereof.

3. The term "*relate to*" and its derivatives shall mean, in addition to its usual and customary meaning, having any relationship or connection to, concerning, being connected to, commenting on, responding to, referring to, containing, evidencing, showing, memorializing, describing, analyzing, reflecting, pertaining to, comprising, constituting, or otherwise establishing any reasonable, logical, or causal connection.

4. The words "identify," "identity," or "identification," when used in reference to a natural person, shall mean to state his or her full name and present or last known address and telephone number, as well as his or her present or last known position and business affiliation; when used in reference to a business entity, shall mean to state its full name and present or last

known address, and the general business engaged in; when used in reference to a document, shall mean to state its date, its author, the type of document (*e.g.*, letter, memorandum, e-mail, chart, photograph, sound reproduction, etc.) or, if the responsive information is not available, some other means of identifying the document, its present location, and the name of each of its present custodians. If any such document was, but is no longer, in your possession, subject to your control, or in existence, state whether the document: (a) is missing or lost, (b) has been destroyed, (c) has been transferred, voluntarily or involuntarily, to others, or (d) has been otherwise disposed of.

5. The term “describe in detail” shall mean to specify the date, time, place, manner, and identity of the person, persons, or entities involved, including the present residential or business address of such person, persons, or entities. Whenever it is required that you “describe in detail” the subject matter of a document, they may attach a copy of said document to their answers to these interrogatories in lieu of describing in detail the subject matter of such document. Whenever it is required that you “describe in detail” a conversation, telephone conversation, contact, meeting, correspondence, or other instance of communication, you shall state, identify, and describe:

- (a) its date, time, and place;
- (b) the manner in which it took place;
- (c) the participants in each such conversation, telephone conversation, contact, meeting, correspondence, or instance of communication or correspondence; and
- (d) what was said and done (chronologically) by each participant in such conversation, communication, contact, or meeting (as best as can be recollected by each respondent to these interrogatories).

Whenever it is required that you “describe in detail” an action taken, you shall state, identify and describe:

(a) its date, time, and place;

(b) the participants in each such action; and

(c) what was said and done (chronologically) by each participant in such action (as best as can be recollected by each respondent to these interrogatories), along with a list of any documents pertaining to the action taken.

6. “*And*” as well as “*or*” shall be construed either disjunctively or conjunctively as necessary to bring within the scope of these Discovery Requests any documents or information that may otherwise be construed to be outside of their scope.

7. As used herein, the terms “*you*” and “*your*” refer to Argent Energy (Canada) Holdings, Inc. and its present and former representatives, or to person(s) acting on its behalf as well as present and former representatives or persons acting on behalf of its parent company, Argent Energy Trust.

8. “*Ad Hoc Committee*” means the group of unsecured creditors all holding interests in certain subordinated debentures (the “*Debentures*”) issued by the Trust and include (1) Twin Lake Total Return Partners LP, (2) Twin Lake Total Return Partners QP, LP, (3) Iron Road Multi-Strategy Fund LP, (4) Iron Road Diversified Fund LP, and (5) Anson Catalyst Master Fund LP.

9. “*Argent Canada*” means Argent Energy (Canada) Holdings, Inc. and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

10. “*Argent US*” means Argent Energy (US) Holdings Inc. and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

11. The “*Trust*” means Argent Energy Trust and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

12. “*Argent Entities*” refers to any entity owned in whole or in part or otherwise controlled by the Trust, including but not limited to Argent Canada and Argent US.

13. “*Petition*” means the 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 filed by Argent Canada in this matter on February 17, 2016.

14. “*Canadian Proceeding*” refers to Argent Canada’s filed application for Canadian judicial reorganization proceedings under the Companies’ Creditors Arrangement Act (“*CCAA*”).

15. “*KERP*” shall mean the Key Employee Retention Plan approved in the Canadian Proceeding as described in the Affidavit of Sean Bovingdon, Case No. 16-20061, Dkt. No. 6-7.

16. “*KEIP*” shall mean the Key Employee Incentive Program approved in the Canadian Proceeding as described in the Affidavit of Sean Bovingdon, Case No. 16-20061, Dkt. No. 6-7.

17. “*Sale Solicitation Process*” shall mean that certain sale solicitation process attached as Schedule A to the Initial Order entered in the Canadian Proceeding, filed as Dkt. No. 7-1 in Case No. 16-20060.

18. “*Electronically Stored Information*” or “*ESI*” shall have the meaning ascribed to it in United States Federal Rules of Bankruptcy Procedure 7016, 7026, and 7034.

19. Each of the following interrogatories is intended to be a continuing interrogatory request. The Ad Hoc Committee hereby demands that, in the event that, at a later date, you discover or obtain any additional facts, or form any conclusions, opinions, or intentions different from those set forth in your answers to such interrogatories, you shall amend their answers to these interrogatories promptly and sufficiently in advance of any trial to fully set forth such matters.

20. Unless otherwise indicated, each Interrogatory shall be answered for the period January 1, 2014 to the present.

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INTERROGATORIES

Interrogatory No. 1 Identify the person or persons answering these Interrogatories and all those who contributed information used in answering these Interrogatories. If more than one person provided the answers or contributed such information, identify the specific Interrogatories answered by each person and the information provided.

ANSWER:

Interrogatory No. 2 Identify all persons with or likely to have knowledge or information pertaining to any of the circumstances or events discussed in the Petition or any discoverable information that you may use to support your Petition, along with a brief statement as to the subject(s) of his or her knowledge or information.

ANSWER:

Interrogatory No. 3 Identify all persons, agents, employees, directors, officers, or executives who have the authority to sign agreements, including financing agreements, on behalf of Argent Canada.

ANSWER:

Interrogatory No. 4 Describe in detail Argent Canada's process of formulating, negotiating, drafting, editing, and approving the KERP.

ANSWER:

Interrogatory No. 5 Describe in detail Argent Canada's process of formulating, negotiating, drafting, editing, and approving the KEIP.

ANSWER:

Interrogatory No. 6 Identify with specificity the names, roles, and formulating, negotiating, drafting, editing, and/or approval responsibilities of all Argent Canada employees who were involved in formulating, drafting, editing, and/or approving the KERP.

ANSWER:

Interrogatory No. 7 Identify with specificity the names, roles, and formulating, negotiating, drafting, editing, and/or approval responsibilities of all Argent Canada employees who were involved in formulating, negotiating, drafting, editing, and/or approving the KEIP.

ANSWER:

Interrogatory No. 8 Describe in detail the assets owned by Argent Canada, including but not limited to the name, type, and location of each asset.

ANSWER:

Interrogatory No. 9 Describe in detail the number of employees employed by Argent Canada, the individual citizenship of each employee, and the office location at which each employee is employed.

ANSWER:

Interrogatory No. 10 Describe in detail the process by which Argent Canada approved and engaged any investment bank, broker, clearinghouse, auction house or any professional firm in connection with potential sale of company or assets, including but not limited to The Oil and Gas Clearinghouse, LLC.

ANSWER:

Interrogatory No. 11 Describe in detail the process by which Argent Canada received corporate authorization to file the Petition and the Canadian Proceeding.

ANSWER:

Interrogatory No. 12 Identify with specificity the name, location, and role of each individual involved in procuring corporate authorization of Argent Canada to file the Petition and the Canadian Proceeding.

ANSWER:

Interrogatory No. 13 Describe in detail the internal process by which Argent Canada found an interested DIP financier, including but not limited to which financial institutions were solicited, the dates of each solicitation, and the response of each financial institution to the solicitation.

ANSWER:

Interrogatory No. 14 Describe in detail where Argent Canada maintains its records and account books.

ANSWER:

Interrogatory No. 15 Identify with specificity which countries Argent Canada pays taxes in, if any.

ANSWER:

THE AD HOC COMMITTEE OF DEBENTURE
HOLDERS

By: /s/ Michael Friedman
 One of Its Attorneys

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CERTIFICATE OF SERVICE

I, Michael Friedman, an attorney, hereby certify that on the 28th day of February, 2016, I caused a true and correct copy of the Ad Hoc Committee of Debenture Holders' First Set of Interrogatories to Petitioner Argent Energy (Canada) Holdings, Inc. to be served by electronic transmission on the persons shown below.

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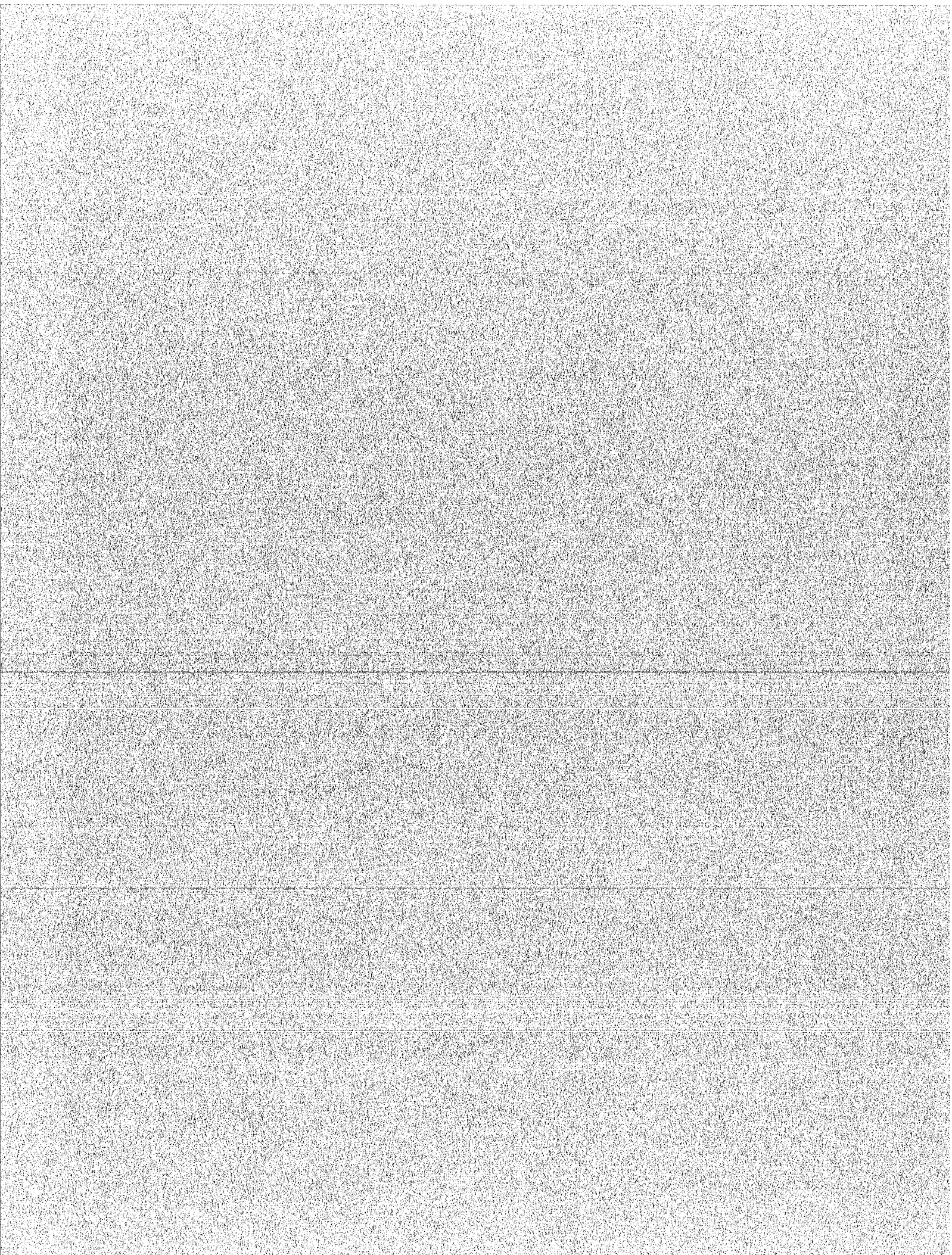
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Attorneys for the Ad Hoc Committee of
Debenture Holders



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

IN RE:)	
	)	Chapter 15
ARGENT ENERGY (CANADA))	
HOLDINGS, INC.,	)	Case No. 16-20060
)	
Debtor in a foreign proceeding.)	

In re:)	
	)	Chapter 15
ARGENT ENERGY (US) HOLDINGS,)	
INC.,	)	Case No. 16-20061
)	
Debtor in a foreign proceeding.)	

**THE AD HOC COMMITTEE OF DEBENTURE HOLDERS’
FIRST SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS TO PETITIONER
ARGENT ENERGY (CANADA) HOLDINGS, INC.**

The Ad Hoc Committee of Debenture Holders (the “*Ad Hoc Committee*”), by its attorneys, Vorys, Sater, Seymour and Pease LLP and Chapman and Cutler LLP, submits its First Requests for Production of Documents (“*Document Requests*”) to Argent Energy (Canada) Holdings, Inc. (“*Argent Canada*”), pursuant to Federal Rules of Bankruptcy Procedure 7026 and 7034, and requests that Argent Canada, within 3 days of the date of service of these Requests, produce documents responsive to the Document Requests.

The following definitions and instructions are applicable to these Document Requests.

DEFINITIONS

1. “*Communication*” includes any written correspondence or oral utterance made, heard, or overheard, whether in person or by telephone, by email, or otherwise, as well as every document and every other mode of intentionally conveying meaning, whether in writing or otherwise.

2. "Document" or "Documents" includes any writing or record of any type or description including, but not limited to, records, letters, telegrams, correspondence, e-mails, notes, memoranda, telephone messages, diaries, desk calendars, worksheets, computations, financial statements, spreadsheets, bank statements, notes, drafts, checks and stubs thereof, reports, instructions, notebooks, scrapbooks, contracts, agreements, minutes, photographs, videotapes, photocopies, charts, descriptions, invoices, purchase orders, receipts, evidences of payments, account statements, time sheets, motion pictures, recordings, published or unpublished speeches or articles, reports filed with governmental administrators, regulatory, or quasi-governmental bodies, transcripts of telephone conversations and/or other retrievable data (whether encoded, taped, or coded electrically, electromagnetically, or otherwise), whether originals or copies (including, but not limited to, carbon, handwritten, typewritten, microfilm, photostatic, or xerographic copies) and including any non-identical copies (whether different from the original because of any alterations, notes, comments, or other material contained thereon or attached thereto, or otherwise), wherever located, however produced or reproduced, and in whatever language, and all other things on which words, figures, notations, and writings are affixed or sounds are recorded in writing or by other means, and any such material underlying, supporting, or used in preparation thereof.

3. The term "*relate to*" and its derivatives shall mean, in addition to its usual and customary meaning, having any relationship or connection to, concerning, being connected to, commenting on, responding to, referring to, containing, evidencing, showing, memorializing, describing, analyzing, reflecting, pertaining to, comprising, constituting, or otherwise establishing any reasonable, logical, or causal connection.

4. “*And*” as well as “*or*” shall be construed either disjunctively or conjunctively as necessary to bring within the scope of these Discovery Requests any documents or information that may otherwise be construed to be outside of their scope.

5. As used herein, the terms “*you*” and “*your*” refer to Argent Energy (Canada) Holdings, Inc. and its present and former representatives, or to person(s) acting on its behalf as well as present and former representatives or persons acting on behalf of its parent company, Argent Energy Trust.

6. “*Ad Hoc Committee*” means the group of unsecured creditors all holding interests in certain subordinated debentures (the “*Debentures*”) issued by the Trust and include (1) Twin Lake Total Return Partners LP, (2) Twin Lake Total Return Partners QP, LP, (3) Iron Road Multi-Strategy Fund LP, (4) Iron Road Diversified Fund LP, and (5) Anson Catalyst Master Fund LP.

7. 10. “*Argent US*” means Argent Energy (US) Holdings Inc. and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

8. “*Argent Canada*” means Argent Energy (Canada) Holdings, Inc. and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

9. The “*Trust*” means Argent Energy Trust and its present and former agents, employees, directors, officers, and any other representatives acting on its behalf.

10. “*Argent Entities*” refers to any entity owned in whole or in part or otherwise controlled by the Trust, including but not limited to Argent Canada and Argent US.

11. “*Petition*” means the 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 filed by Argent Canada in this matter on February 17, 2016.

12. “*Canadian Proceeding*” refers to Argent Canada’s filed application for Canadian judicial reorganization proceedings under the Companies’ Creditors Arrangement Act (“*CCAA*”).

13. “*KERP*” shall mean the Key Employee Retention Plan approved in the Canadian Proceeding as described in the Affidavit of Sean Bovingdon, Case No. 16-20061, Dkt. No. 6-7.

14. “*KEIP*” shall mean the Key Employee Incentive Program approved in the Canadian Proceeding as described in the Affidavit of Sean Bovingdon, Case No. 16-20061, Dkt. No. 6-7.

15. “*Sale Solicitation Process*” shall mean that certain sale solicitation process attached as Schedule A to the Initial Order entered in the Canadian Proceeding, filed as Dkt. No. 7-1 in Case No. 16-20060.

INSTRUCTIONS

1. In answering these Document Requests, you are required to conduct a thorough investigation and produce all Documents in your possession, custody, and control including all Documents in the possession, custody, and control of your attorneys, investigators, experts, officers, directors, employees, agents, representatives, and anyone acting on your behalf. Thus, you must furnish information that is known by or in the possession of your employees, your agents, including your attorneys, or any agent or investigator for you or your attorneys, unless privileged, and any information contained in any records, documents, writings, e-mails, recordings, tapes, computers, computer discs, or other documents or items of whatever sort under your possession or control, or under the possession or control of any such agent, employee, or attorney.

2. If you cannot answer a Document Request fully after exercising due diligence to make inquiry and secure information to do so, please so state and answer each such Request to the extent deemed possible, specifying that portion of each such Document Request you are

unable to answer fully and completely, and further specifying those facts upon which you rely to support your contention that you are unable to answer fully and completely. In addition, specify what knowledge, information, or belief you have concerning the unanswered portion of any such Document Request, and describe fully and in detail the acts done and inquiries made by you to show that you have exercised due diligence to make inquiry and to secure the information necessary to answer such portions of any such Document Request.

3. Unless otherwise indicated, each Document Request shall be answered for the period January 1, 2014, to the present.

4. Each of the following Document Requests is intended to be continuing pursuant to the Federal Rules of Bankruptcy Procedure, and if at a later date you obtain any additional responsive information, you should amend your responses promptly and sufficiently.

5. With respect to any response to a Document Request based in whole or in part upon a claim of privilege (whether based on common law, statute, or otherwise), you shall provide a statement signed by one of your attorneys setting forth each and every fact or basis on which you claim privilege, with sufficient specificity to permit the Court to make a full determination as to whether the claim of privilege is valid.

6. If any Document Request is answered by reference to a group of documents you shall identify the specific document or documents containing the requested information and, if such information is contained in any document exceeding one page in length, include in its identification of the document the number of the particular page or pages (or other descriptive aid) and of the particular line or lines thereof upon which the information referred to in the Request and in your response thereto appears.

7. You shall promptly deliver an index of any documents that you decline to produce or make available because of a claim of privilege. Such index shall include, for each document not produced or made available, the following information:

- (a) the subject matter (*e.g.*, letter, memorandum);
- (b) the date;
- (c) the author;
- (d) all persons who received the document;
- (e) all persons to whom the contents have been disclosed, orally or in writing;
- (f) the nature of the privilege asserted; and
- (g) the basis for the assertion of the privilege.

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REQUESTS FOR PRODUCTION OF DOCUMENTS

1. Copies of all communications between Argent Canada, on the one hand, and any of its, consultants and investment advisors on the other hand, related to the decision to file proceedings under the CCAA or Chapter 15 of the United States Bankruptcy Code from December 1, 2015 through the present;
2. Copies of all communications between Argent Canada, on the one hand, and any of its, consultants and investment advisors on the other hand, related to the KERF;
3. Copies of all communications between Argent Canada, on the one hand, and any of its, consultants and investment advisors on the other hand, related to the KEIP;
4. Copies of all communications between Argent Canada, on the one hand, and any potential or actual lenders, including agents, directors, officer, and employees of such lenders, on the other hand, related to the Canadian proceedings or the Petition, including but not limited to communications related to any interim or debtor in possession financing, the KERF, and/or the KEIP, from December 1, 2015 through the present;
5. Copies of all communications regarding the engagement of an investment bank, broker, clearinghouse, auction house or any professional firm related to potential sale of company or assets, including but not limited to The Oil & Gas Asset Clearinghouse LLC;
6. Copies of all communications between the Argent Canada, on the one hand, and any of its, consultants and investment advisors, on the other hand, regarding requisite corporate authorization to file for chapter 15 relief;
7. Copies of the February 16, 2016 board meeting minutes for Argent Canada;
8. Copies of documents related to the location and quantum of U.S. and Canadian assets of Argent Canada;
9. Copies of documents related to solicitations made by any of the Argent Entities for assets and/or financing or joint venture proposals in the previous 12 months (including any debtor in possession financing proposals);
10. Copies of the further reserve report effective December 31, 2015;
11. Copies of documents related to the residency and citizenship of all Argent Canada employees and board members.
12. Copies of all documents related to the location of all Argent Canada board meetings;

13. Copies of all documents related to contracts between Argent Canada and third parties involving aggregate consideration over \$100,000, including but not limited to documents related to where same were negotiated and the controlling law of same;
14. Copies of any documents that provide, evidence, or effect corporate authority to file the Petition and the Canadian Proceeding.

THE AD HOC COMMITTEE OF DEBENTURE
HOLDERS

By: /s/ Michael Friedman
 One of Its Attorneys

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CERTIFICATE OF SERVICE

I, Michael Friedman, an attorney, hereby certify that on the 28th day of February, 2016, I caused a true and correct copy of the Ad Hoc Committee of Debenture Holders' First Set of Requests for Production of Documents to Petitioner Argent Energy (Canada) Holdings, Inc. to be served by electronic transmission on the persons shown below.

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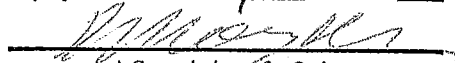
Attorneys for the Ad Hoc Committee of
Debenture Holders

THIS IS EXHIBIT " 21 "
referred to in the Affidavit of Declaration

Sean Bovington

Sworn before me this 29th

day of February A.D. 20 16



A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

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

IN RE:)	
	)	Chapter 15
ARGENT ENERGY (CANADA))	
HOLDINGS, INC.,	)	Case No. 16-20060
)	
Debtor in a foreign proceeding.)	
<hr/>		
In re:)	
	)	Chapter 15
ARGENT ENERGY (US) HOLDINGS,)	
INC.,	)	Case No. 16-20061
)	
Debtor in a foreign proceeding.)	

AD HOC COMMITTEE OF DEBENTURE HOLDERS' OBJECTION TO EMERGENCY APPLICATION FOR PROVISIONAL RELIEF PURSUANT TO SECTIONS 105(A) AND 1519 OF THE BANKRUPTCY CODE

INTRODUCTION

1. This objection to the Petitioners' Emergency Application for Provisional Relief (the "*Emergency Application*") is brought by the Ad Hoc Committee of Debenture Holders (the "*Ad Hoc Committee*"). The Ad Hoc Committee is comprised of debenture holders¹ of certain debt securities issued by Argent Energy Trust (the "*Trust*"), the parent company of the petitioners, Argent Energy (Canada) Holdings, Inc. ("*Argent Canada*") and Argent Energy (US) Holdings Inc. ("*Argent US*") (collectively, the "*Petitioners*" and together with the Trust, the "*Argent Entities*").

2. The notion that the Argent Entities are "foreign" ones that should be liquidating through Canadian proceedings is belied by the undisputed facts, and the Petitioners' attempt to

¹ The Ad Hoc Committee members are: (1) Twin Lake Total Return Partners LP, (2) Twin Lake Total Return Partners QP, LP, (3) Iron Road Multi-Strategy Fund LP, (4) Iron Road Diversified Fund LP, and (5) Anson Catalyst Master Fund LP.

characterize themselves otherwise is an abuse of chapter 15 that should not be countenanced by this Court. The Argent Entities together comprise a U.S. oil and gas enterprise, with a three-tiered corporate structure designed to pass revenues to the Trust's debt holders. Yet, despite the fact that the Argent Entities conduct all of their operations in the United States, all three entities initiated reorganization proceedings in Canada on February 16, 2016, under the Companies' Creditors Arrangement Act (the "CCAA"), a Federal Canadian statute, (the "*Canadian Proceedings*") without notice to the Ad Hoc Committee. Later that day, the Petitioners filed these chapter 15 petitions (the "*Petitions*"). While relief under the United States Bankruptcy Code may well be warranted here, it is hard to see how that reasonably should come in the form of chapter 15 rather than chapter 11.

3. Argent US is a Delaware corporation that conducts the Argent business, owns the assets, employs the labor, and monetizes the oil and gas resources, all of which are located in the United States, and none of which are owned by any of its non-U.S. affiliates. Through its conduit, Argent Canada, Argent US's revenues are passed to the Trust, which then makes distributions based on Argent US's income, and also issues debt securities. In fact, the Trust's stated objective is to "create stable, consistent returns for investors through the acquisition and development of oil and natural gas reserves and production with low risk exploitation potential, *located primarily in the United States.*"² If the Argent Entities are insolvent or otherwise need to be reorganized, it would appear that they are tailor-made for a U.S.-centered process.

4. Moreover, the way in which the Argent Entities have gone about their Canadian and United States processes to date strongly suggests that the Petitioners' primary objective is to provide a quick exit for secured lenders at the expense of unsecured creditors. Notwithstanding the fact that the Ad Hoc Committee has a longstanding relationship with the Trust and has been

² Argent Energy Trust, *Argent Energy Trust Announces a Bought Deal Convertible Debenture Financing*, http://www.argentenergytrust.com/news_release/489 (emphasis added).

engaged in discussions with the Trust as recently as early 2016, both the Canadian Proceedings and these Petitions were initiated without notice to any member of the Ad Hoc Committee, which is inexcusable given the immediate and extraordinary relief sought by the Petitioners. The Initial Order in the Canadian Proceedings, the terms of which the Petitioners now seek to have this Court “give full force and effect,” approved, on an interim basis, substantial retention bonuses for senior management, that no United States Bankruptcy Court could or would ever approve on a first day hearing, if at all. *See* CCAA Initial Order, Case No. 16-20061, Dkt. No. 6-2 [hereinafter the “*Initial Order*”]. With regard to their proposed sale, it is notable that the Petitioners have not hired an investment banker to assist them. The Petitioners seek this Court’s affirmation of the Initial Order’s approval of DIP financing and for the first steps in what amounts to a sale of the Petitioners by a clearinghouse on a rushed basis, without Petitioners providing any showing that such financing is on the best available terms, and without any of the protections for unsecured creditors that would come with a disposition of assets through a U.S. plan of reorganization or under section 363 of the Bankruptcy Code. *See* Emergency Application.

5. As if all of the above was insufficiently brazen, the Emergency Application also calls for, on a “day one” basis, wide-sweeping findings of fact designed to make ultimate recognition of the Canadian Proceedings a foregone conclusion, and thereby render upcoming recognition proceedings under section 1517 of the Bankruptcy Code a mere formality. This threshold issue of recognition cannot be examined on an emergency basis simply because the Petitioners would prefer it, especially given that any emergency here appears to have been designed by the Petitioners to produce exactly that result. Accordingly, the Court should deny the Emergency Application.

FACTS

6. There are two petitioners in this case, but three entities of consequence: the Petitioners, Argent US and Argent Canada, and the Trust. *See* Aff. of Sean Bovington, Case No. 16-20061, Dkt. No. 6-7 [hereinafter "*Bovington Aff.*"]. On February 17, 2016, all three of the Argent Entities filed applications for Canadian judicial reorganization proceedings under the Companies' Creditors Arrangement Act ("*CCAA*"), a Canadian statute. *See* Emergency Application for Provisional Relief, Case No. 16-20061, Dkt. No. 3, p. 11. On the same day, Argent US and Argent Canada filed chapter 15 petitions, which initiated this case.

7. The Ad Hoc Committee is a group of unsecured creditors all holding interests in certain subordinated debentures (the "*Debentures*") issued by the Trust.³ In Canadian CCAA proceedings, ad hoc committees of creditors are of increased significance and importance as there is no equivalent to an official committee of unsecured creditors or the United States Trustee. Therefore, ad hoc committees are routinely recognized by the courts in Canadian restructurings as key and significant stakeholders. To date, the members of the Ad Hoc Committee are owed approximately \$47.673 million CAD under the Debentures, rendering the Ad Hoc Committee the largest stakeholder in these proceedings after the Petitioners' Secured Lenders.

³ Under 11 U.S.C. § 1522(a), "[t]he court may grant relief [to the debtor] . . . only if the interests of the creditors or other interested entities, including the debtor, are sufficiently protected." 11 U.S.C. § 1522(a) (emphasis added). The Bankruptcy Court for the Southern District of New York explained that the purpose of § 1522(a) is: "[T]o ensure a balance between the relief that may be granted to the foreign representative and the interests of the persons potentially affected by such relief" and that "Section 1522 gives the bankruptcy court broad latitude to mold relief to meet specific circumstances, including appropriate response if it is shown the foreign proceeding is seriously and unjustifiably injuring United States creditors." *In re Cozumel Caribe, S.A. de C.V.*, 482 B.R. 96, 108 (Bankr. S.D.N.Y. 2012) (emphasis added; internal marks and citations omitted); *see also In re International Banking Corp., B.S.C.*, 439 B.R. 614, 626 (Bankr. S.D.N.Y. 2010) (noting that the interests of "persons that may be affected" must be considered and that the bankruptcy court has "broad latitude to mold relief to meet specific circumstances"); *In re Zhejiang Topoint Photovoltaic Co., Ltd.*, No. 14-24549 (GMB), 2015 WL 2260647, at *5 (Bankr. D.N.J. May 12, 2015) (discussing the meaning of other interested entities).

8. The Debentures are unsecured obligations of the Trust and rank equally with one another. Bovingdon Aff. ¶ 61. These Debentures are issued under the Amended and Restated Trust Indenture, and then listed on the Toronto Stock Exchange. *Id.* at ¶¶ 12, 61; Amended and Restated Trust Indenture, Case No. 16-20061, Dkt. 6-7. Additionally, there are outstanding intercompany notes (the “*Intercompany Notes*”) owed from Argent US to the Trust in the amount of \$183.1 million. *See* Bovingdon Aff. ¶¶ 68–72. These Intercompany Notes rank *pari passu* with all other unsecured creditors of Argent US. *See id.* The Intercompany Notes also represent the largest unsecured claim against the Petitioners, and represent the primary source for recovery of the Debentures. Although the Debentures are issued by the Trust, the Trust’s income and distributions on the Debentures depend almost entirely on the operations and revenue of Argent US. *See* Bovingdon Aff. ¶ 28. This is because, of the Argent Entities, Argent US is the only entity with any assets or meaningful business activities. *See id.* at ¶¶ 19, 49.

9. Argent US is a Delaware Corporation, formed on May 4, 2012, with a principal office located in Houston, Texas. *See* Bovingdon Aff. ¶¶ 18, 20. The combined assets of all three Argent Entities (reported as \$262,210,000.00 CAD) are “substantially” owned by Argent US. *Id.* at ¶ 49. Argent US employs all but two of the Argent Entities’ 47 employees, including the Chief Operating Officer of the Argent Entities. *Id.* at ¶ 23, 25. Argent US owns all of the Argent Entities oil and gas properties, all located in Texas, Wyoming, and Colorado. *See id.* at ¶ 29. As explained by the Argent Entities President, the “only [entity] that has active operations” is Argent US, which “directly owns all of the Argent Entities’ petroleum properties.” *See* Bench Brief of the Applicants, Dkt. 6-3 ¶ 14; Bovingdon Aff. ¶ 19.

10. The two Canadian entities, Argent Canada and the Trust, were created not for any reason related to the Argent oil and gas operations, but rather solely to route revenues from Argent US into Canada for distribution under Trust-issued financial instruments. Specifically,

Argent Canada “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 the Trust,” and the “Trust was established to indirectly acquire an interest in Argent US through acquisition of the shares of Argent Canada.” See Bench Brief of the Applicants, Dkt. 6-3 ¶ 13; Bovingdon Aff. ¶ 16. Indeed, 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 U.S.” Bovingdon Aff. ¶ 28 (emphasis added).

11. Argent US was the entity that borrowed from the lending syndicate (the “*Syndicate*”) that issued the Argent Entities’ secured credit facility under the Amended and Restated Credit Agreement dated October 25, 2012 (the “*Credit Facility*”). See *id.* at ¶ 55. The borrowing base for that Credit Facility is founded on Argent US’s oil and natural gas assets, and the Credit Facility is secured by a first priority security interest on substantially all of the property and assets of the Argent Entities, including Argent US’s oil and natural gas properties. *Id.* at ¶¶ 57–58. After falling commodity prices precipitated a significant drop in Argent US’s borrowing base, default under the Credit Facility occurred on January 26, 2016 and default under the Debentures followed on January 31, 2016. *Id.* at ¶ 93.

12. A few weeks following those defaults, all three Argent Entities initiated proceedings in Canada under the CCAA on February 16, 2016. On February 17, 2016, the Court of Queen’s Bench of Alberta, Calgary entered its Initial Order. See Initial Order. The Initial Order approved, among other things; interim financing from the Syndicate of up to \$7,300,000.00 (CAD), and certain Key Employee Retention Plans (“*KERP*”) and Key Employee Incentive Programs (“*KEIP*”) contemplating a combined distribution of up to \$1,035,000.00 (CAD), plus 2-4% of the proceeds of any sale. See *id.* at ¶¶ 32–39. Among the terms of the KERP and KEIP are (1) payments to directors of Argent Energy Ltd., an administrative entity for

the Trust, (2) \$90,000.00 USD for health insurance benefits for 90 days, (3) aggregate payments of up to \$840,000.00 USD for all beneficiaries, and 2-4% of the proceeds of any sale of Argent assets after a certain undisclosed threshold. *See id.* at ¶¶ 137–138. Additionally, the Initial Order provides that beneficiaries of the KERP and KEIP are granted a priority charge of up to \$1,035,000 USD. *See* Initial Order at ¶ 39.

13. The Initial Order also provided for a “sale solicitation process” for assets of Argent US and Argent Canada. *See id.* at ¶ 46–49. Evidently, that process is one designed for speed rather than to maximize achievable value, as evidenced by the fact that the Petitioners have not retained an investment banker, and that sale solicitation process is to be completed on an extremely condensed timeline, with initial bids due within a month of filing on March 17, 2016. *Id.* at ¶ 44; Initial Order, Schedule A, at p. 2.

14. Now, Argent US and Argent Canada are requesting that the Court enter an order giving the Initial Order “full force and effect” in the United States. *See* Application, p. 14. This is because 100% of the Argent Entities’ assets are in the United States, and without the approval of a U.S. court, the Initial Order entered in Canada would be meaningless. The Emergency Application also requests that the Court enter relief “in aid of the Initial Order,” including the provisions regarding the KERP and KEIP, as well as approve the sale process. *Id.*; Bovingdon Aff. at ¶ 44. The Emergency Application also requests approval of DIP financing that mirrors the interim financing approved by the Initial Order. Application, p. 14. Moreover, the Emergency Application seeks sweeping findings of fact, including:

1. That there is a substantial likelihood that the CCAA proceeding is entitled to recognition by this Court under 11 U.S.C. § 1517;

2. That there is a substantial likelihood that the Court will find the CCAA proceeding is a “foreign main proceeding” or a “foreign nonmain proceeding” under 11 U.S.C. §§ 1502(4), 1502(5), and 1517(b)(1); and
3. That there is a substantial likelihood that Argent US and Argent Canada are entitled to relief under § 1521(a).

15. The Ad Hoc Committee objects to the Emergency Application as many of the requests therein are both premature and unfounded. It appears as if the Petitioners are deliberately proceeding on an unreasonably expedited basis in an effort to eliminate time for stakeholders to review and react to key issues. Unsecured creditors will be highly prejudiced by the approval of a second priority charge for the DIP financing lender, third and fourth priority charges to management of up to \$1,235,000.00, and liens on assets related to the DIP financing—all of which are requested in the Emergency Application. Furthermore, all of Argent US’s assets are in the United States, and all of Argent US’s business is in the United States, which makes these Petitions a misuse of the chapter 15 process. No emergency is present, the requirements for injunction, as required under § 1519 have not been proven, and, in fact, there is a high likelihood that neither Petitioner is entitled to chapter 15 relief.

ARGUMENT

16. Under 11 U.S.C. § 1519(e)⁴ the Petitioners have the burden of proving that, among other things, there is a high likelihood that the foreign proceedings will be recognized by the Court as either “foreign main proceedings” or “foreign nonmain proceedings.” Petitioners

⁴ Petitioners neglect to note *In re Worldwide Education Services, Inc.*, 494 B.R. 494, 502 (Bankr. C.D. Cal. 2013), which specifically notes that “[t]he statutory language of Section 1519 is plain and does not admit of any exceptions for noninjunctive relief.” Thus, for all relief requested, each individual relief must meet all of the requirements under 1519(e).

fail to prove either one. Even if they could, principles of equity, embodied in section 1522 of the Bankruptcy Code, would mandate denial of recognition. That is because the Bankruptcy Code requires that in granting any pre-recognition relief, the Court must “mold relief to meet specific circumstances, including appropriate response if it is shown that the foreign proceeding is seriously and unjustifiably injuring United States creditors.” *In re Cozumel Caribe, S.A. de C.V.*, 482 B.R. 96, 108 (Bankr. S.D.N.Y. 2012) (citing H.R. REP. NO. 109-31(I) at 116, *reprinted in* 2005 U.S.C.C.A.N. 88, 178). Finally, the requested relief contravenes U.S. policy, which is expressly prohibited under section 1506 of the Bankruptcy Code. For these reasons, and as fully described below, Petitioners’ requested relief should not be granted.

A. RECOGNITION AS A FOREIGN MAIN PROCEEDING IS HIGHLY UNLIKELY.

1. Petitioners are Not Entitled to the COMI Presumption.

17. In order for an insolvency proceeding in a foreign jurisdiction to be recognized as a “foreign main proceeding,” the proceeding must, among other things, be pending in the country where the petitioner has its “center of main interests” (“COMI”). 11 U.S.C. § 1502(4). While there is a presumption in section 1516 of the Code that “[i]n the absence of evidence to the contrary, the debtor’s registered office . . . is presumed to be the center of the debtor’s main interests,” section 1516(c) “does not tie the hands of a court to examine the facts more closely in any instances where the court regards the issues to be sufficiently material to warrant further inquiry.” *In re Basis Yield Alpha Fund (Master)*, 381 B.R. 37, 52 (Bankr. S.D.N.Y. 2008). Here, at least one of the Petitioners faces an initial presumption against a Canadian COMI, based upon, among other things, Argent US’s state of incorporation, which is Delaware. *See In re Tri-Cont’l Exch. Ltd.*, 349 B.R. 627, 635 (Bankr. E.D. Cal. 2006) (“In effect, the registered office (or place of incorporation) is evidence that is probative of, and that may in the absence of other evidence be accepted as a proxy for, “center of main interests.”) And while that presumption

may be rebutted in a particular case if the facts warrant it, as set forth below, the facts certainly do not warrant it here.

2. Factors for Determining COMI Do Not Support Petitioners' Claims.

18. In examining COMI, courts consider a variety of factors, including:

[(1)] the location of the debtor's headquarters; [(2)] the location of those who actually manage the debtor (which, conceivably could be the headquarters of a holding company); [(3)] the location of the debtor's primary assets; [(4)] the location of the majority of the debtor's creditors or of a majority of the creditors who would be affected by the case; [(5)] and/or the jurisdiction whose law would apply to most disputes.

In re Bear Stearns High-Grade Structured Credit Strategies Master Fund, Ltd., 374 B.R. 122, 128 (Bankr. S.D.N.Y. 2007) *aff'd*, 389 B.R. 325 (S.D.N.Y. 2008).

19. Courts have likened a COMI to a "principal place of business under concepts of United States law." *In re Tri-Cont'l Exch. Ltd.*, 349 B.R. 627, 629 (Bankr. E.D. Cal. 2006). A company's principal place of business under U.S. law is its "center of direction, control, and coordination, *i.e.*, the 'nerve center.'" *Hertz Corp. v. Friend*, 559 U.S. 77, 93 (2010). The Petitioners argue that their "nerve center" is in Canada, pointing to details about the ministerial activities and locations of Trust and Argent Canada. *See* Exp. Pet. for Recognition as Foreign Main Proceeding, Case No. 16-20060, Dkt. No. 5, at p. 22-23. An examination of the COMI factors, as well as these policy guidelines, suggests, however, that *Argent US's* COMI is certainly not in Canada, and that, if there is a nerve center for the Argent Entities, it is in the United States.

20. **Location of Headquarters:** Argent US is a Delaware Corporation, with a principal office located in Houston, Texas—both of which only reinforce the presumption under section 1516 that Argent US's COMI is not in Canada. *See* Bovingdon Aff. ¶¶ 18, 20. Indeed

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 U.S.*” Bovingdon Aff. ¶ 28 (emphasis added). Furthermore, the Argent Entities’ own website notes that the Argent Entities have separate headquarters: the Trust can be contacted only in Calgary, while the contact information for Argent US lists only lists an address in Texas.⁵ There is no merit to Petitioners’ argument that these are all offices for the same entity.

21. **Location of the Actual Managers:** Argent US’s Chief Operating Officer is a resident of Houston, Texas. *See* Emergency Application ¶ 8. In fact, Argent US’s Certificate of Incorporation lists not one, but two directors located in Texas. *See* Bovingdon Aff., Ex. 6. Running Argent US’s operations from Texas makes sense, given that Argent US’s business activities take place primarily in the United States. Thus, any management of Argent US is being directed by *persons in the United States*, not in Canada. Moreover, Argent US employs all but two of the Argent Entities’ 47 total employees. *Id.* at ¶ 25.

22. **Location of Primary Assets.** Argent US owns substantially all of Argent Entities’ \$262,210,000.00 in assets, and owns every single one of the exclusively-U.S. oil and natural gas properties. *See* Bovingdon Aff. ¶¶ 29, 49.

23. **Location of Creditors/Jurisdiction Controlling Disputes.** The Petitioners’ creditors are, it would appear, a mix of Canadian and U.S. entities. Given that all of Argent US’s operations take place in the United States, it is highly likely that its trade creditors and counterparties to executory contracts are also based primarily in the United States. On the other hand, the Debentures are governed by the law of Alberta, Canada, as is the Credit Facility established by the October 25, 2012 Amended and Restated Credit Agreement. However, other categories of disputes involving Argent US, *e.g.*, contract disputes and tort claims, would most

⁵ <http://www.argentenergytrust.com/about-us--2>

likely be governed by the laws of the United States because Argent US has purposefully availed itself of the protections and benefits of U.S. law by contracting or otherwise doing business in U.S. jurisdictions. *See Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475-76 (1985).

24. The Petitioners incorrectly argue that “Argent’s COMI is presumed to be Canada,” when, in fact, the opposite is true. *See Exp. Pet. for Recognition as Foreign Main Proceeding*, Case No. 16-20060, Dkt. No. 5, at p. 20. The Argent Entities’ admitted *raison d’être* 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 U.S.” *Bovingdon Aff.* ¶ 28. Argent US’s Chief Operating Officer runs these oil and gas endeavors in the United States. Even if Argent Canada’s status as a Canadian entity would entitle it to the presumption of a Canadian COMI, there is no reason to impute that COMI to Argent US. In fact, it is unclear to what extent the COMI of Argent Canada is even germane to these issues as (1) Petitioners appear satisfied to treat these entities as a single entity with one single “nerve center,” and (2) Argent Canada is a mere pass-through entity.

25. Reviewing analogous facts, the United States Bankruptcy Court for the Southern District of New York held that a chapter 15 proceeding was inappropriate. *See In re Bear Stearns High-Grade Structured Credit Strategies Master Fund, Ltd.*, 374 B.R. 122, 129 (Bankr. S.D.N.Y. 2007). In *Bear Stearns*, the Court found that the petitioner’s COMI was not in the Cayman Islands because “there are no employees or managers in the Cayman Islands, the investment manager for the [petitioner] is located in New York, the Administrator that runs the back-office operations of the [petitioner] is in the United States along with the [petitioner’s] books and records and prior to the commencement of the Foreign Proceeding, all of the [petitioner’s] liquid assets were located in United States. *Id.*

26. Additionally, in a pre-chapter 15 case decided under the old section 304 of the Bankruptcy Code, the United States Bankruptcy Court for the District of Delaware similarly refused to allow U.S. entities to tag along in a Canadian recognition proceeding.⁶ *See In Re Petition of Ernst & Young, Inc. as Monitor of the Teleglobe Holdings (U.S.) Corp., et al.*, Case No. 02-11404(MFW), Dkt. No. 44 (D. Del. May 28, 2002); *see also* May 24, 2002 Hearing Transcript, Case No. 02-11404(MFW), Dkt. No. 76, [hereinafter "*Teleglobe Tr.*"] at 67:1-68:5.

27. In *Teleglobe*, the Court found that eleven of the twenty Teleglobe-related companies that had filed for CCAA relief in Canada (the "*Teleglobe Domestic Corporations*") were ineligible to proceed under chapter 15. The court was not persuaded that the argument that some major business decisions, day-to-day management, and decisions about the Teleglobe Domestic Corporations were being made in Canada made chapter 15 available to the Teleglobe Domestic Corporations. *Teleglobe Tr.* at 25:21-26:8. Ultimately, the evidence presented, namely that the entity that conducted all of the company's business in the United States—Teleglobe USA, Inc.—was headquartered in Virginia, incorporated in Delaware, held assets and owned and leased property in the United States, and owned no property in Canada, confirmed that the Teleglobe Domestic Corporations were suited only for chapter 11 relief. *Teleglobe Tr.* at 27:12-23; 35:5-14; 38:18-22; 44:11-19.

28. Like in *Bear Stearns* and *Teleglobe*, Argent US's circumstances confirm that its COMI is in the United States. Argent US is a Delaware entity that owns oil and gas properties in the United States (and nowhere else), and despite constituting the only U.S.-based Argent entity, employs over 95% of the Argent Entities' employees, presumably to run its operations in the United States. With its assets located in the United States, and its principal offices located in the

⁶ *See In re Int'l Banking Corp. B.S.C.*, 439 B.R. 614, 624 (Bankr. S.D.N.Y. 2010) ("the Court should read Chapter 15 consistently with prior law under section 304").

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United States, these facts compel the conclusion that the Petitioners COMI is not in Canada, but rather here in the United States.

B. RECOGNITION AS A FOREIGN NONMAIN PROCEEDING IS HIGHLY UNLIKELY.

1. The Canadian Proceeding is not a Foreign Nonmain Proceeding.

29. Under the Bankruptcy Code, a foreign nonmain proceeding is a “foreign proceeding other than a foreign main proceeding, pending in a country where the debtor has an establishment.” 11 U.S.C. § 1502(5). “Establishment” is likewise defined in the Code; it means any place of operations where the debtor carries out a nontransitory economic activity. 11 U.S.C. § 1502(2). Accordingly, “establishment” has been described as a “local place of business.” *In re Bear Stearns*, 374 B.R. at 131.

30. Courts have held that to have an establishment in a country, the debtor must conduct business in that country. *See In re British Am. Ins. Co. Ltd.*, 425 B.R. 884, 914 (Bankr. S.D. Fla. 2010); *see also In re Creative Finance Corp.*, Case No. 14-10358 (REG), Dkt. No. 60 (Bankr. S.D.N.Y. Jan. 13, 2016). As such, courts are clear that “[t]he location should constitute a ‘seat for local business activity’ for the debtor.” *Id.* (quoting *In re Bear Stearns*, 374 B.R. at 131). The terms “operations” and “economic activity” require a showing of a local effect on the marketplace, more than mere incorporation and record-keeping and more than just the maintenance of property. *Id.*

31. Argent US is not incorporated in Canada, and does not maintain any property in Canada. It therefore fails to even meet the basic requirements for an establishment, much less satisfy the elaborations on “operations” and “economic activity.” Similarly, Argent Canada conducts absolutely no business whatsoever, let alone business in Canada. It does not impact local business in anyway contemplated by chapter 15 or its animating principles. According to

the architects of the Argent corporate structure, Argent Canada “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 the Trust,” and nothing more. *See* Bovingdon Aff. ¶ 16.

C. EQUITY PROHIBITS RECOGNITION.

32. Section 1522 of the Bankruptcy Code both exemplifies and effectively codifies the importance that U.S. law places on equitable considerations in chapter 15 cases. As the legislative history makes clear, “[section 1522] gives the bankruptcy court broad latitude to mold relief to meet specific circumstances, including appropriate response if it is shown that the foreign proceeding is seriously and unjustifiably injuring United States creditors.” *In re Cozumel Caribe, S.A. de C.V.*, 482 B.R. 96, 108 (Bankr. S.D.N.Y. 2012) (citing H.R. REP. NO. 109-31(I) at 116, *reprinted in* 2005 U.S.C.C.A.N. 88, 178). Thus, at its core, chapter 15 seeks to balance accessibility of foreign corporations to the United States bankruptcy system, while at the same time maintaining equity with respect to United States creditors. *In re Int’l Banking Corp. B.S.C.*, 439 B.R. 614, 626 (Bankr. S.D.N.Y. 2010) (“The idea underlying [§ 1522] is that there should be a balance between relief that may be granted to the foreign representative and the interests of the persons that may be affected by such relief.”)

1. The Requested DIP Financing is Inequitable.

33. Petitioners should not be able to manufacture a crisis for the purpose of taking a Delaware corporation with all its operations in the United States and imposing a process upon it that would never be tolerated in a U.S. proceeding. Petitioners insist that time is of the essence with respect to their DIP financing. However, given the secured lenders’ apparent role in setting the terms of the DIP funding, directing the course of these proceedings, and pursuing a quick liquidation that can only benefit the very same secured lenders, it is obvious that any emergency

here is more apparent than real and, in any event, could have been averted (and may yet be averted) through the U.S. chapter 11 proceedings in which the Petitioners belong.

34. Instead, the Petitioners elected to proceed on an *ex parte* basis through a Canadian process that effectively evaded the strict requirements for DIP financing under 11 U.S.C. § 364. Section 364 specifically requires that a court may grant such financing only after notice has been given and a hearing has been held. *See id.* In addition, the debtor must demonstrate that it made efforts to obtain financing elsewhere on better terms. 11 U.S.C. § 364(c), (d)(1)(A). However, the Canadian proceeding provided no such safeguards, and the Bovingdon Affidavit submitted in support of the Canadian proceeding does not even allege that they did.

35. Petitioners ask the Court to approve a \$7,300,000.00 Interim Non-Revolving Credit Facility Credit Agreement (the "*DIP Credit Agreement*"). However, upon information and belief, the Petitioners never approached any other lender, and have not established that the terms under which the DIP financing will be provided are the best terms available. In addition, Petitioners entered into the DIP Credit Agreement without any notice to the Ad Hoc Committee. While the Ad Hoc Committee does not contest the need for financing of some kind, without showings that would otherwise be required under sections 363 and 364 of the Bankruptcy Code, there is no way for the Court to evaluate the appropriateness of the DIP financing proposed here.

2. Petitioners' Requested Relief Contravenes Established United States Policy.

36. Chapter 15 contains a public policy exception in 11 U.S.C. § 1506. That exception notes that a court may refuse to act under this chapter if a party requests action that is "manifestly contrary to the public policy of the United States." 11 U.S.C. § 1506.

37. Notably, among the relief requested is the approval of Petitioners' Key Employee Retention Plan ("*KERP*") and Key Employee Incentive Plan ("*KEIP*"). As described in the Canadian Proceedings, Argent has adopted a KERP and seeks other benefits that appear to allow

a large number of insiders to receive benefits totaling USD \$1,035,000. Bovingdon Aff. at ¶ 137. The KEIP likewise allows for 2-4% distribution of proceeds⁷ from any sale to the beneficiaries. Bovingdon Aff. at ¶ 138. Additional details regarding the KERP and KEIP were sealed in the Canadian Proceeding's court file, and are not available to this Court to evaluate, but appear to have been designed to purchase senior management's acquiescence to a quick auction sale of the Petitioners that could well put them out of work. Bovingdon Aff. at ¶ 139.

38. Section 503(c)(1) prohibits the allowance and payment of sums to "insiders" "for the purpose of inducing such person to remain" with the business "absent a finding by the court based on the evidence in the record" that (1) the payment is "essential" to the retention of the individual "because the individual has a bona fide job offer from another business at the same or greater rate of compensation;" and (2) the services of that individual are "essential to the survival of the debtor's business." The KERP statute also fixes the measure of acceptable retention bonuses for insiders by linking them to a multiple of bonuses available to non-management employees. *In re Dana Corp. (Dana II)*, 358 B.R. 567, 575 (Bankr. S.D.N.Y. 2006).

39. The intent of § 503(c) is to "limit the scope of 'key employee retention plans' and other programs providing incentives to management of the debtor as a means of inducing management to remain employed by the debtor." 4 COLLIER ON BANKRUPTCY ¶ 503.17 (15th ed. rev. 2007). In addition to limiting payments to insiders for retention purposes, section 503 also limits severance payments to insiders and any transaction outside the ordinary course of business that would benefit "officers, managers, and consultants hired after the date of the filing of the petition." *Id.* The effect of § 503(c) was to put in place "a set of challenging standards" and "high hurdles" for debtors to overcome before retention bonuses could be paid. *In re Glob.*

⁷ The 2-4% proceeds to be calculated only above a certain proceed threshold.

Home Products, LLC, 369 B.R. 778, 785 (Bankr. D. Del. 2007); see also *In re Mesa Air Grp., Inc.*, No. 10-10018 (MG), 2010 WL 3810899, at *2 (Bankr. S.D.N.Y. Sept. 24, 2010).

40. The KERP and KEIP terms, as described by the Petitioners, do not overcome the high hurdles put in place by § 503(c). The Bovingdon Affidavit makes no showing that the payments are “essential.” There is no information in the Bovingdon Affidavit that would indicate to the court that any of the beneficiaries had a bona fide job offer, or that the beneficiaries’ services were essential to the survival of Argent’s business. The only showing the Bovingdon Affidavit makes is that “[t]he Applicants believe the KERP and KEIP Charge is fair and reasonable in the circumstances.” Bovingdon Aff. at ¶ 141. While that may or may not be enough under Canadian law, it is plainly insufficient to carry the requisite evidentiary burden in a United States court. See *In re Glob. Home Products*, 369 B.R. 778. Neither the KERP or KEIP, as described, could ever be approved in a U.S. bankruptcy proceeding. Yet Petitioners would have this Court circumvent well-established U.S. policy in order to enrich their own managers.⁸

⁸ The Ad Hoc Committee is not suggesting that foreign proceedings always need to comply with United States substantive insolvency law in order to be recognized under chapter 15. Rather, the point here is that it is improper for an *American* oil and gas company to avoid the normal operation of American law by misusing a foreign bankruptcy proceeding.

CONCLUSION

41. For the reasons articulated above, Petitioners' Emergency Application for Provisional Relief Pursuant to Sections 105(a) and 1519 of the Bankruptcy Code should be denied.

DATED: February 22, 2016

Respectfully submitted,

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Debenture Holders*

CERTIFICATE OF SERVICE

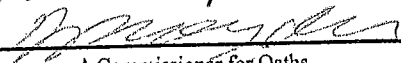
I hereby certify that on February 22, 2016, I electronically filed the foregoing with the Clerk of the Court for the United States Bankruptcy Court for the Southern District of Texas by using the CM/ECF system. I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

/s/ John J. Sparacino

THIS IS EXHIBIT " 22 "
referred to in the Affidavit of Declaration

Sean Bovington
Sworn before me this 29th

day of February 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**

<p>In re:</p> <p>ARGENT ENERGY (CANADA) HOLDINGS, INC.,</p> <p style="text-align: center;">Debtor in a foreign proceeding.</p>	<p>§ § § § § §</p>	<p>CASE NO. 16-20060</p> <p>Chapter 15</p>
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<p>In re:</p> <p>ARGENT ENERGY (US) HOLDINGS, INC.,</p> <p style="text-align: center;">Debtor in a foreign proceeding.</p>	<p>§ § § § § §</p>	<p>CASE NO. 16-20061</p> <p>Chapter 15</p>
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**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

THIS IS EXHIBIT " 23 "
referred to in the Affidavit of Declaration

Sean Bovington

Sworn before me this 29th

day of February A.D. 20 16



A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

Table 1
GLJ, McDaniel, Sproule
Crude Oil and Natural Gas Liquids
3 Consultants' Average (2016-01)
Effective January 01, 2016

Year	Inflation %	CAD/USD Exchange Rate USD/CAD	NYMEX WTI Near Month Futures Contract Crude Oil at Cushing, Oklahoma		Brent Blend Crude Oil FOB North Sea		Light, Sweet Crude Oil (40 API, 0.3% S) at Edmonton		Bow River Crude Oil Stream Quality at Hardisty		WCS Crude Oil Stream Quality at Hardisty		Heavy Crude Oil Proxy (12 API) at Hardisty		Light Sour Crude Oil (35 API, 1.2% S) at Cromer		Medium Crude Oil (29 API, 2.0% S) at Cromer		Alberta Natural Gas Liquids (Then Current Dollars)					
			Constant 2016 \$ USD/bbl	Then Current USD/bbl	Then Current CAD/bbl	Then Current USD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Spec Ethane CAD/bbl	Edmonton Propane CAD/bbl	Edmonton Butane CAD/bbl	Edmonton Stream Quality CAD/bbl
2016	0.7	0.7350	44.67	44.67	45.83	55.89	45.21	44.64	39.20	54.02	51.61	8.35	9.76	38.73	60.16									
2017	1.3	0.7667	54.47	55.20	56.73	66.47	55.20	54.52	48.55	65.26	61.96	10.24	15.88	46.91	70.95									
2018	1.8	0.8017	61.51	63.47	65.33	73.21	61.05	60.32	53.85	71.93	68.27	11.35	24.09	52.58	78.05									
2019	1.8	0.8167	67.57	71.00	72.90	81.35	68.23	67.42	60.36	79.99	75.91	12.41	30.49	59.42	86.58									
2020	1.8	0.8333	69.87	74.77	76.67	84.57	71.34	70.47	63.29	83.15	78.93	13.03	33.69	62.81	90.00									
2021	1.8	0.8417	71.80	78.24	80.17	87.88	74.38	73.50	66.11	86.41	82.01	13.53	34.95	65.25	93.46									
2022	1.8	0.8417	73.67	81.75	83.68	92.01	78.16	77.25	69.59	90.46	85.87	14.10	36.45	68.33	97.79									
2023	1.8	0.8417	75.55	85.37	87.34	96.24	81.92	80.95	73.02	94.62	89.81	14.73	38.06	71.46	102.23									
2024	1.8	0.8417	75.88	87.32	89.46	98.17	84.07	83.09	75.12	96.53	91.63	15.17	38.79	72.90	104.29									
2025	1.8	0.8417	75.87	88.90	91.10	99.94	85.59	84.56	76.49	98.26	93.26	15.49	39.50	74.22	106.16									
2026	1.8	0.8417	75.87	90.54	92.76	101.79	87.16	86.15	77.90	100.09	95.00	15.79	40.23	75.58	108.13									
2027	1.8	0.8417	75.89	92.22	94.50	103.69	88.78	87.76	79.33	101.96	96.76	16.09	40.96	76.98	110.14									
2028	1.8	0.8417	75.88	93.90	96.23	105.55	90.39	89.33	80.78	103.78	98.51	16.40	41.70	78.38	112.12									
2029	1.8	0.8417	75.88	95.62	97.98	107.49	92.05	90.97	82.24	105.69	100.31	16.71	42.45	79.81	114.18									
2030	1.8	0.8417	75.90	97.40	99.82	109.49	93.76	92.67	83.79	107.66	102.20	17.02	43.21	81.31	116.31									
2031+	1.8	0.8417	75.90	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr	+1.8%/yr

Historical futures contract price is an average of the daily settlement price of the near month contract over the calendar month.

THIS IS EXHIBIT " 24 "
referred to in the Affidavit of Declaration

Sean Bovingdon

Sworn before me this 29th

day of February A.D. 20 16

[Signature]

A Commissioner for Oaths
in and for the Province of Alberta

Kelsey Meyer
Barrister & Solicitor

Table 1
GLJ Petroleum Consultants
Crude Oil and Natural Gas Liquids
Escalated Forward Strip (2016-02-01)
Effective January 01, 2016

Year	Inflation %	CAD/USD Exchange Rate USD/CAD	NYMEX WTI Near Month Futures Contract Crude Oil at Cushing, Oklahoma	Breant Blend Crude Oil FOB North Sea	Light, Sweet Crude Oil (40 API, 0.3% S) at Edmonton		Bow River Crude Oil Stream Quality at Hardisty		WCS Crude Oil Stream Quality at Hardisty		Heavy Crude Oil Proxy (12 API) at Hardisty		Light Sour Crude Oil (35 API, 1.2% S) at Cromer		Medium Crude Oil (29 API, 2.0% S) at Cromer		Alberta Natural Gas Liquids (Then Current Dollars)		Edmonton C5+ Stream Quality CAD/bbl		
					Then Current CAD/bbl	Then Current USD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl		Then Current CAD/bbl	Then Current CAD/bbl
2016	2.0	0.7181	36.95	37.28	46.58	35.68	35.22	29.57	44.68	42.35	7.97	34.94	50.72	50.72	50.72	50.72	50.72	50.72	50.72	50.72	50.72
2017	2.0	0.7201	42.36	42.58	53.27	43.15	42.61	37.30	52.20	49.54	13.32	39.95	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00
2018	2.0	0.7232	44.93	46.12	55.22	45.28	44.73	39.42	54.12	51.36	16.57	41.42	59.09	59.09	59.09	59.09	59.09	59.09	59.09	59.09	59.09
2019	2.0	0.7265	46.74	48.62	57.45	47.97	47.40	42.18	56.30	53.43	20.11	43.09	61.47	61.47	61.47	61.47	61.47	61.47	61.47	61.47	61.47
2020	2.0	0.7299	48.07	50.56	59.01	50.15	49.56	44.49	57.83	54.87	20.65	44.25	63.14	63.14	63.14	63.14	63.14	63.14	63.14	63.14	63.14
2021	2.0	0.7318	49.03	51.57	60.19	51.16	50.56	45.38	58.98	55.97	21.06	45.14	64.40	64.40	64.40	64.40	64.40	64.40	64.40	64.40	64.40
2022+	2.0	0.7318	44.41	44.41	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr