

COURT FILE NUMBER 1901-16293
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PROCEEDINGS IN THE MATTER OF THE RECEIVERSHIP OF
EAGLE ENERGY INC., EAGLE ENERGY
TRUST, EAGLE ENERGY HOLDINGS INC.,
and EAGLE HYDROCARBONS INC.
APPLICANT FTI CONSULTING CANADA INC., in its capacity
as Court-appointed Receiver of the current and
future assets, undertakings and properties of
Eagle Energy Inc., Eagle Energy Trust, Eagle
Energy Holdings Inc. and Eagle Hydrocarbons
Inc.
DOCUMENT **SALE APPROVAL AND VESTING ORDER**
(Sale by Receiver)



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Norton Rose Fulbright Canada LLP
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Lawyers for FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Hydrocarbons Inc.
File no.: 1001023920

DATE ON WHICH ORDER WAS PRONOUNCED: June 2, 2020
NAME OF JUDGE WHO MADE THIS ORDER: the Honourable Justice Grosse
LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Hydrocarbons Inc. (**EHI** and together with Eagle Energy Inc., Eagle Energy Trust, and Eagle Energy Holdings Inc., the **Debtors**) for an order approving the sale transaction (the **Transaction**) contemplated by an agreement of purchase and sale (the **Sale Agreement**) between the Receiver and Aguila Energy, LLC (the **Purchaser**), a copy of which is appended

to the Supplement to the Receiver's Second Report, filed May 29, 2020 (the **Supplemental Report**), and vesting in the Purchaser (or its nominee) EHI's right, title and interest in and to the assets described in the Sale Agreement (the **Assets**);

AND UPON HAVING READ the Receivership Order granted by the Honourable Justice R.A. Neufeld and dated November 19, 2019 (the **Receivership Order**), the Receiver's Second Report, filed May 12, 2020, the Supplemental Report, and the Affidavit of Service, filed;

AND UPON HEARING the submissions of counsel for the Receiver and the Purchaser and UPON no other parties seeking to be heard

AND UPON IT APPEARING that service has been effected;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.
2. Unless otherwise defined in this Order, all capitalized terms used in this Order shall have the meanings given to them in the Sale Agreement.

APPROVAL OF TRANSACTION

3. The Transaction is hereby approved and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Assets to the Purchaser (or its nominee).
4. The Debtors and the Receiver are each authorized and directed to take all such steps, perform, consummate, implement, execute and deliver all such conveyance documents, bills of sale, assignments, conveyances, transfers, deeds, representations, indicia of title, tax elections, documents and instruments of whatsoever nature or kind as may be reasonably necessary or desirable to consummate the Transaction in accordance with the terms of the Sale Agreement.
5. The Transaction and Sale Agreement are commercially reasonable and in the best interest of the Debtors and their Stakeholders.

VESTING OF PROPERTY

6. Upon delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the **Receiver's Certificate**), all of the EHI's right, title and interest in and to the Assets shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgments, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, **Claims**) including, without limiting the generality of the foregoing:
- (a) any encumbrances or charges created by the Receivership Order;
 - (b) any charges, liens, security interests or claims, whether evidenced by registrations pursuant to the Uniform Commercial Code (United States) or any other personal, mineral or real property registry system, or otherwise;
 - (c) any liens or claims of lien under the *Builders' Lien Act* (Alberta); and
 - (d) those Claims listed in **Schedule "B"** hereto
- (all of which are collectively referred to as the **Encumbrances**), all Claims, including Encumbrances other than the encumbrances, caveats, interests, easements, and restrictive covenants listed in **Schedule "C"** (the **Permitted Encumbrances**), affecting or relating to the Assets are hereby expunged, discharged and terminated as against the Assets.
7. Upon delivery of the Receiver's Certificate, and upon filing a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, **Governmental Authorities**) are hereby authorized, requested and directed to accept delivery of such Receiver's Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Assets subject only to Permitted Encumbrances.
8. The aid and assistance of the officials of the public registries of any Province or Territory in Canada or in the United States is requested to give effect to this Order by transferring each of the registrations identified in the Sale Agreement to the name of the Purchaser (or its nominee), irrespective of whether the registration stands in the name of the EHI or some other third party.

9. The Receiver is hereby authorized and directed to take all necessary steps and execute any and all documents to effect any and all discharges, and the registrars and all other persons in control or otherwise supervising such offices of registration or recording shall forthwith remove and discharge all such registrations.
10. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Assets from and after delivery of the Receiver's Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Assets and may be asserted against the net proceeds from sale of the Assets with the same priority as they had with respect to the Assets immediately prior to the sale, as if the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.
11. Except as expressly provided for in the Sale Agreement, the Purchaser (or its nominee) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtors.
12. Upon completion of the Transaction, the Debtors and all persons who claim by, through or under the Debtors in respect of the Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
13. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Assets for its own use and benefit without any interference of or by the Debtors, or any person claiming by, through or against the Debtors.

14. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.
15. The Receiver is directed to file with the Court a copy of the Receiver's Certificate forthwith after delivery thereof to the Purchaser (or its nominee).
16. The Purchaser (or its nominee) shall be authorized (but not obligated), as of the closing of the Transaction and in accordance with the Sale Agreement, to be substituted for EHI, or to become the successor operator to EHI, in relation to operations under any Governmental Authority, licence, permit, registration and authorization or approval of or given to EHI with respect to the Assets, and the Purchaser (or its nominee) shall be authorized (but not obligated) to take whatever steps necessary to effect the same.
17. Notwithstanding paragraph 16 above, to the extent that the said paragraph 16 and any other paragraph of this Order vests or purports to vest any unexpired leases, licenses, permits or mineral interests granted to EHI by the United States Government, including any leases, licenses, permits or mineral interests granted to EHI by any American Indian interests for which the United States Government acts as a trustee, this Honourable Court's approval of the vesting of such rights in the Purchaser is subject to the recognition and further determination of the "Bankruptcy Court" as that term is defined in the Sale Agreement, pursuant to the United States Bankruptcy Code, of this Order. This Order does not release any party from any environmental or plugging and abandonment obligations to the United States.
18. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) (i) any personal information of customers of EHI and users of EHI's Property, including all persons or entities who had or continue to have any interface with the Assets in the course of EHI's businesses; and (ii) all human resources and payroll information in EHI's records pertaining to EHI's past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use (of such information) to which EHI was entitled.

MISCELLANEOUS MATTERS

19. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the **BIA**) or United

States Bankruptcy Code, in respect of the Debtors, and any bankruptcy order issued pursuant to any such applications;

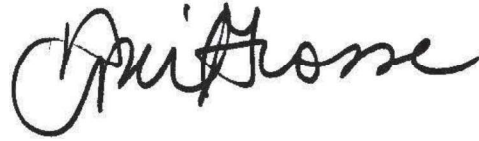
- (c) any assignment in bankruptcy made in respect of the Debtors; and
- (d) the provisions of any federal or provincial statute:

the vesting of the Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- 20. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
- 21. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
- 22. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) Posting a copy of this Order on the Receiver's website at: <http://cfcanada.fticonsulting.com/EagleEnergy/>

and service on any other person is hereby dispensed with.

23. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

A handwritten signature in black ink, appearing to read "Paul Hesse". The signature is written in a cursive style with a large initial "P".

Justice of the Court of Queen's Bench of Alberta

Schedule "A": Form of Receiver's Certificate

COURT FILE NUMBER 1901-16293
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY

Clerk's stamp

IN THE MATTER OF THE RECEIVERSHIP OF
 EAGLE ENERGY INC., EAGLE ENERGY TRUST,
 EAGLE ENERGY HOLDINGS INC., and EAGLE
 HYDROCARBONS INC.

APPLICANT FTI CONSULTING CANADA INC., in its capacity as
 Court-appointed Receiver of the current and future
 assets, undertakings and properties of Eagle Energy
 Inc., Eagle Energy Trust, Eagle Energy Holdings Inc.
 and Eagle Hydrocarbons Inc.

DOCUMENT **RECEIVER'S CERTIFICATE**

ADDRESS FOR SERVICE AND
 CONTACT INFORMATION OF
 PARTY FILING THIS
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Lawyers for FTI Consulting Canada Inc., in its capacity as Court-
 appointed Receiver of the current and future assets, undertakings
 and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle
 Energy Holdings Inc., and Eagle Hydrocarbons Inc.
 File no.: 1001023920

RECITALS

- A. Pursuant to an Order of the Honourable Justice Neufeld of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the **Court**) dated November 19, 2019, FTI Consulting Canada Inc. was appointed as the receiver and manager (the **Receiver**) of certain undertakings, property, and assets of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Hydrocarbons Inc. (the **Debtors**).
- B. Pursuant to an Order of the Court dated **[Date]**, the Court approved the agreement of purchase and sale and certain assets made as of **[Date of Agreement]** (the **Sale Agreement**) between the Receiver and Aguila Energy, LLC (the **Purchaser**) and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective

with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

- 1 The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
- 2 The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
- 3 The Transaction has been completed to the satisfaction of the Receiver.
- 4 This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

FTI CONSULTING CANADA INC., in its capacity as receiver of certain of the undertakings, property and assets of **EAGLE ENERGY INC., EAGLE ENERGY TRUST, EAGLE ENERGY HOLDINGS INC., AND EAGLE HYDROCARBONS INC.**, and not in its personal capacity

Per: _____

Name:

Title:

Schedule "B": Encumbrances

General

Any and all obligations, liabilities and Claims of any kind or character, known or unknown, to the extent that they are attributable to, arise out of, are based upon or are otherwise related to the ownership or operation of (a) the Purchased Assets prior to the closing of the Transaction or (b) the Excluded Assets and the Excluded Contracts (each as defined in the Sale Agreement)¹ prior to, on or after the closing of the Transaction and any and all other obligations and liabilities of Debtors, including those obligations and liabilities as are set forth in the Sale Agreement in the definition of "Retained Liabilities,"² other than the Assumed Liabilities (as defined in the Sale Agreement).

Specific Alberta Encumbrances

<p>Registration Number: 17030922602 Registration Type: SECURITY AGREEMENT Registration Date: 2017-Mar-09 Expiry Date: 2027-Mar-09 23:59:59 Debtor(s): EAGLE HYDROCARBONS INC. Secured Party / Parties: WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT</p> <p>Collateral: General: 1. Each account of the Debtor maintained with The Bank of Nova Scotia in Canada (such accounts, including in each case, any replacement account thereof, collectively, the "Accounts"), all monies, investment property or other property now or at any time or from time to time hereafter deposited therein, credited thereto, or payable thereon, all proceeds thereof, and all investments made from time to time therewith from any of the Accounts, including all renewals thereof, accretions thereto, substitutions thereof, and all interest, income, receivables and revenue arising therefrom or by virtue thereof. 2. Proceeds: goods, investment property, documents of title, chattel paper, instruments, money and intangibles.</p>	<p>Registration Number: 17080410109 Registration Type: SECURITY AGREEMENT Registration Date: 2017-Aug-04 Expiry Date: 2022-Aug-04 23:59:59 Debtor(s): EAGLE HYDROCARBONS INC. Secured Party / Parties: THE BANK OF NOVA SCOTIA</p> <p>Collateral: General: All of the right, title and interest of the Debtor in, to and under the following property, whether now owned or existing or hereafter from time to time acquired or coming into existence (collectively, the "Collateral"): (a) an account of the Debtor held with the Secured Party (the "Account"), all funds held therein or credited thereto, all rights to renew or withdraw the same, and all certificates and instruments, if any, from time to time representing or evidencing the Account; (b) any notes, certificates of deposit, guaranteed investment certificates, instruments, financial assets or investment property evidencing or arising out of investment of any funds held in or credited to the Account; (c) any interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Collateral; and (d) all proceeds of any and all of the Collateral.</p>
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¹ The Excluded Assets and Excluded Contracts include without limitation (a) all employment contracts with any of the Debtors and (b) that certain Lease dated as of September 22, 2017 by and between Energy Tower IV Investments LTD and EHI.

² Retained Liabilities include, without limitation, all Claims and causes of action against any of the Debtors in that certain lawsuit styled: *Billy J. Perryman, Inc., Plaintiffs, v. Eagle Hydrocarbons, Inc., Salt Flat Acquisition LLC, and North South Oil LLC, Defendants*, Case No. 18-O-547, 421st Judicial District Court, Caldwell County, Texas.

Schedule "C": Permitted Encumbrances

At the closing of the Transaction, Purchaser or its nominee will be conveyed clear title to the Purchased Assets subject to Permitted Encumbrances as are set forth in the Sale Agreement in the definition of "Permitted Encumbrances."

Purchaser will also assume certain liabilities relating to the Purchased Assets, including (a) all liabilities and obligations (including all liabilities and obligations of EHI under the Assigned Contracts (as defined in the Sale Agreement)) arising from the possession, ownership, use and/or operation of the Purchased Assets, to the extent such liabilities and obligations arise from and after the closing of the Transaction, (b) all Abandonment and Reclamation Obligations (as defined in the Sale Agreement) and all Environmental Liabilities (as defined in the Sale Agreement) and (c) such other liabilities set forth in the Sale Agreement in the definition of "Assumed Liabilities."