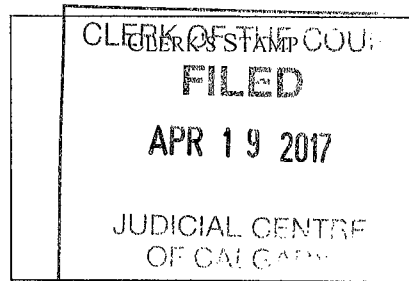


FORM 27
[RULES 6.3 AND 10.52(1)]



COURT FILE NUMBER 1601-11552
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

APPLICANT **NATIONAL BANK OF CANADA, IN ITS CAPACITY AS ADMINISTRATIVE AGENT UNDER THAT CERTAIN AMENDED AND RESTATED CREDIT AGREEMENT DATED JANUARY 15, 2016, AS AMENDED**

RESPONDENT **TWIN BUTTE ENERGY LTD.**

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 -- 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard / Alexis Teasdale
Tel No.: 403-298-4485 / 3067
Fax No.: 403-265-7219
Client File No.: 76739-1

NOTICE TO RESPONDENT

This application is made against you. You are a respondent.
You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: April 27, 2017
Time: 2:00 p.m.
Where: Calgary Courts Centre, 601 -- 5th Street SW, Calgary, Alberta
Before Whom: The Honourable Madam Justice K. M. Horner
in Commercial Chambers

Go to the end of this document to see what else you can do and when you must do it.

All capitalized terms used but not defined in this Application shall bear their meanings as defined in the Affidavit of Mike Maguire, sworn April 19, 2017 (the "**Maguire Affidavit**").

Remedy claimed or sought:

1. An Order substantially in the form attached as Schedule "A" hereto:
 - (a) abridging the time for service, if necessary, and deeming service of notice of this Application to be good and sufficient;
 - (b) setting out the disbursement of the professional fees incurred by the *Ad Hoc* Committee to their legal counsel Bennett Jones LLP ("**Bennett Jones**") and their financial advisor Macquarie Capital Markets Canada Ltd. ("**Macquarie Capital**");
 - (c) directing the Professionals to provide copies of all of their invoices to the Receiver; and
 - (d) directing that Confidential Exhibits "3", "4", and "13" to the April 19, 2017 Affidavit of Mike Maguire (collectively, the "**Confidential Exhibits**") be sealed on the Court file, kept confidential and not form part of the public record, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*.
2. Such further and other relief as this Honourable Court deems appropriate.

Grounds for making this application:

Funding Order

3. The *Ad Hoc* Committee is comprised of an independent group of Canadian private investors, fund managers and investment advisors who organized to successfully oppose Twin Butte's proposed Reignwood Transaction or seek other alternatives that would offer fair consideration to Debentureholders.
4. The *Ad Hoc* Committee engaged Macquarie Capital as its financial advisor, and Bennett Jones as its legal advisor, to assist it in carrying out this work.

5. During Twin Butte's attempts to obtain approval of the Reignwood Transaction, the *Ad Hoc* Committee undertook significant work with the assistance of their financial and legal advisors to oppose the Reignwood Transaction and propose alternative transactions, in light of the improving energy pricing environment.
6. After the successful opposition of Twin Butte's CBCA arrangement and the appointment of FTI Consulting Canada Inc. as Receiver of Twin Butte, the focus of the *Ad Hoc* Committee shifted to ensuring that the maximum possible value was recovered from Twin Butte's assets in the receivership, for the benefit of all Debentureholders.
7. Leading up to and during the Receivership SISP, the *Ad Hoc* Committee continued to protect and defend the interest of all Debentureholders by, among other things:
 - (a) taking steps in the Court process that led to the Receiver recommending two co-financial advisors to run the Receivership SISP, rather than a single sales agent;
 - (b) discussing the Twin Butte business and assets with various parties, to assess and generate interest for a purchase transaction or for other alternative transactions, and certain parties who were contacted by or well known to Macquarie Capital before and during the Receivership SISP made bids in that process; and
 - (c) obtaining confidential information from the Receiver relative to the successful bid and considering whether to oppose or support the bid.
8. The *Ad Hoc* Committee believes there are further opportunities to maximize the recovery of all Debentureholders, and that the ongoing involvement of Macquarie Capital and Bennett Jones will provide additional substantial benefit to all the holders of Debentures by, among other things:
 - (a) providing additional financial and legal advice to the *Ad Hoc* Committee regarding the claims of other creditors in the anticipated claims process;
 - (b) advising on and conducting further negotiations and/or litigation to take all necessary steps to enhance the position and recovery of all holders of the

Debentures including, among other things, the issue of the potential subordination of the Debentureholders' claims *vis-à-vis* other creditors' claims; and

- (c) exploring whether the remaining Twin Butte corporate shell has value that can be realized for stakeholders.
9. Each Debentureholder's *pro rata* share of the aggregate cost of the *Ad Hoc* Committee's legal and financial advisory services is a small percentage of the estimated improvement to each Debentureholder's recovery resulting from the involvement of the *Ad Hoc* Committee.
 10. It is therefore just and equitable for the Debentureholders together to share the costs incurred to date and to be incurred hereafter for the assistance of Macquarie Capital and Bennett Jones.

Sealing Order

11. Confidential Exhibits "3" and "4" to the Maguire Affidavit contain sensitive commercial information, and their terms are required to be kept confidential.
12. Confidential Exhibit "13" to the Maguire Affidavit contains sensitive commercial information which the *Ad Hoc* Committee holds subject to confidentiality provisions and cannot publicly disclose.

Miscellaneous

13. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

Material or evidence to be relied on:

14. The Affidavit of Mike Maguire, sworn April 19, 2017, filed.
15. Such further and other material or evidence as counsel may advise and this Honourable Court may permit.

Applicable rules:

16. Part 6 of the Alberta *Rules of Court*.

Applicable Acts and regulations:

17. The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and the regulations thereto as amended.
18. The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

Any irregularity complained of or objection relied on:

19. Not applicable.

How the application is proposed to be heard or considered:

20. In person, with the Applicants and any interested parties present before the Honourable Madam Justice Horner in Commercial List Chambers.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes.

If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

COURT FILE NUMBER 1601-11552
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY

**NATIONAL BANK OF CANADA, IN ITS
 CAPACITY AS ADMINISTRATIVE AGENT
 UNDER THAT CERTAIN AMENDED AND
 RESTATED CREDIT AGREEMENT DATED
 JANUARY 15, 2016, AS AMENDED**

TWIN BUTTE ENERGY LTD.

DOCUMENT **ORDER (Funding Order)**

ADDRESS FOR SERVICE AND
 CONTACT INFORMATION OF
 PARTY FILING THIS
 DOCUMENT

BENNETT JONES LLP
 Barristers and Solicitors
 4500, 855 – 2nd Street S.W.
 Calgary, Alberta T2P 4K7

Attention: Chris Simard / Alexis Teasdale
 Tel No.: 403-298-4485 / -3067
 Fax No.: 403-265-7219
 Client File No.: 76739-1

DATE ON WHICH ORDER WAS April 27, 2017
PRONOUNCED:

LOCATION WHERE ORDER WAS Calgary, Alberta
PRONOUNCED:

NAME OF JUSTICE WHO MADE The Honourable Madam Justice K. M. Horner
THIS ORDER:

UPON the application of the *Ad Hoc* Committee (as defined in the April 19, 2017 Affidavit of Mike Maguire, hereinafter the "**Maguire Affidavit**"); **AND UPON** having read the Maguire Affidavit, filed; **AND UPON** hearing from counsel for the *Ad Hoc* Committee, counsel for FTI Consulting Canada Inc., in its capacity as the Receiver (the "**Receiver**") of Twin Butte Energy Ltd. ("**Twin Butte**"), and from any other affected parties that may be present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of notice of this application and supporting materials is hereby abridged, if necessary, and service of such notice is deemed good and sufficient.

FUNDING

2. The professional fees incurred by the *Ad Hoc* Committee to their legal counsel Bennett Jones LLP and their financial advisor Macquarie Capital Markets Canada Ltd. (collectively, the "**Professionals**"), including the fees incurred prior to the granting of this Order (the "**Professional Fees**"), shall be payable first from any distribution or distributions by the Receiver to or on behalf of any of the holders of the Twin Butte 6.25% Convertible Unsecured Subordinated Debentures due December 31, 2018 (the "**Debentures**" and the "**Debentureholders**"). For certainty, all of the Professional Fees shall be borne by all of the Debentureholders collectively, *pro rata*, based on each Debentureholder's proportionate share of the aggregate amount outstanding under the Debentures.
3. The Professionals shall provide copies of all their invoices to the Receiver, subject to such redactions to the invoices as are necessary to maintain solicitor/client privilege.

SEALING

4. Confidential Exhibits "3", "4", and "13" to the Maguire Affidavit (collectively, the "**Confidential Exhibits**") shall be sealed on the Court file, kept confidential and not form part of the public record, notwithstanding Division 4 of Part 6 of the Alberta *Rules of Court*.
5. The Clerk of the Court shall file the Confidential Exhibits in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED IN COURT FILE NO. 1601-11552. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER ISSUED BY THE HONOURABLE MADAM JUSTICE HORNER ON APRIL 27, 2017.

MISCELLANEOUS

6. This Order need only be served on those parties in attendance at the hearing of this application, and this Order may be served by regular mail, facsimile, or as an attachment to an email transmission.

J.C.Q.B.A.