

CLERK OF THE COURT
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JUDICIAL CENTRAL
OF CALGARY

COURT FILE NUMBER 1901- 16293
COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY
PLAINTIFF WHITE OAK GLOBAL ADVISORS, LLC, IN ITS
CAPACITY AS ADMINISTRATIVE AGENT UNDER
THAT CERTAIN CREDIT AGREEMENT DATED
MARCH 13, 2017, AS AMENDED
RESPONDENTS EAGLE ENERGY INC., EAGLE ENERGY TRUST,
EAGLE ENERGY HOLDINGS INC., AND EAGLE
HYDROCARBONS INC.

DOCUMENT FIRST REPORT OF FTI CONSULTING CANADA
INC., IN ITS CAPACITY AS COURT APPOINTED
RECEIVER AND MANAGER OF EAGLE ENERGY
INC., EAGLE ENERGY TRUST, EAGLE ENERGY
HOLDINGS INC, AND EAGLE HYDROCARBONS
INC.

February 11, 2020

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FIRST REPORT OF THE RECEIVER

Table of Contents

INTRODUCTION.....	3
TERMS OF REFERENCE.....	5
BACKGROUND.....	6
RECEIVER’S ACTIVITIES	9
RETAINING THE SALE AGENTS.....	12
PROPOSED SALES AND SOLICITATION PROCESS.....	14
SUMMARY OF RECEIPTS AND DISBURSEMENTS	20
SECURITY REVIEW	23
RECEIVER’S RECOMMENDATIONS	23

Appendix A – SSP Procedures

Appendix B – Redacted Sale Agent Engagement Letters

INTRODUCTION

1. On November 19, 2019 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all of the assets undertakings and properties (the “**Assets**”) of Eagle Energy Inc. (“**Eagle Energy**”), Eagle Energy Trust (“**Eagle Trust**”), Eagle Energy Holdings Inc. (“**Eagle Holdings**”) and Eagle Hydrocarbons Inc. (“**Eagle US**”) (collectively, the “**Eagle Group**” or the “**Debtors**”) pursuant to an Order of this Honourable Court (the “**Receivership Order**”).
2. The Receivership Order authorized the Receiver, among other things, to manage, operate and carry on the business of the Debtors, to market any or all of the Assets including advertising and soliciting offers to purchase the Assets and to make such arrangements or agreements as deemed necessary by the Receiver.
3. On November 22, 2019, the Receiver filed a notice of application before the US Bankruptcy Court for the Northern District of Texas Dallas Division (the “**US Bankruptcy Court Texas**”) for the following orders:
 - a. an order (the “**Initial Recognition Order**”) providing, *inter alia*, that the Receivership Proceeding be recognized as the “foreign main proceeding” as defined in Section 1502(4) of the US Bankruptcy Code; and
 - b. an order (the “**TRO Order**”) providing a temporary restraining order and relief pursuant to sections 105(A) and 1519 of the US Bankruptcy Code in with respect to the Receivership Proceedings for fourteen days or until the application for the Initial Recognition Order could be heard on December 5, 2019.
4. On November 22, 2019, the TRO was granted by the US Bankruptcy Court Texas and on December 5, 2019, the Initial Recognition Order was granted by the US Bankruptcy Court Texas.

5. The Receiver's reports and other publicly available information in respect of these proceedings (the "**Receivership Proceedings**") are posted on the Receiver's website at <http://cfcanda.fticonsulting.com/EagleEnergy> (the, "**Receiver's Website**").

6. The purpose of this report (the "**First Report**"), is to inform the Court as to the following:
 - a. the status of various aspects of the Receivership Proceedings including the Receiver's activities since the Date of Appointment;

 - b. a summary of the Receiver's receipts and disbursements since the Date of Appointment;

 - c. the Receiver's comments and recommendations on the process undertaken to engage sale agents to market and solicit offers to purchase the Assets;
and

 - d. the Receiver's comments and recommendations with respect to a proposed sales and solicitation process (the "**SSP**"). The procedures for the SSP (the "**SSP Procedures**") outlining timelines and participation requirements for interested parties to participate are attached as Appendix A.

7. The Receiver is requesting the following relief from this Honourable Court:
 - a. approval the activities of the Receiver since the Date of Appointment;

 - b. approval of the Receiver's statement of receipts and disbursements for the period from November 19, 2019 to January 31, 2020; and

 - c. approval of the proposed SSP Procedures;

- d. Approval of the engagement letter between the Receiver and CB Securities Inc. dated February 5, 2020 (“**CB Securities Engagement Letter**”) and the engagement letter between the Receiver and EnergyNet.com Inc. dated February 6, 2020 (“**EnergyNet Engagement Letter**”) (collectively “**Sale Agent Engagement Letters**”); and
 - e. Granting of a sealing Order to ensure confidential and commercially sensitive terms of the Sale Agent Engagement Letters remain confidential.
8. On February 11, 2020, the Receiver filed a notice of application (the “**Application**”) for a hearing to be heard on February 19, 2020 to advise of the engagement of the Sale Agents and seeking an Order approving the proposed SSP Procedures (the “**SSP Procedures Approval Order**”).

TERMS OF REFERENCE

9. In preparing this First Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Debtors’ books and records and discussions with various parties (collectively, the “**Information**”).
10. Except as described in this First Report:
- a. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
 - b. The Receiver has not examined or reviewed financial forecasts and projections referred to in this First Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

11. Future oriented financial information reported or relied on in preparing this First Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
12. The Receiver has prepared this First Report in connection with the Application dated February 19, 2020 and it should not be relied upon for any other purposes.
13. Information and advice described in this First Report that has been provided to the Receiver by its legal counsel, Norton Rose Fulbright Canada LLP (the “**Receiver’s Counsel**”), was provided to assist the Receiver in considering its course of action, and is not intended as legal or other advice to, and may not be relied upon by, any other person.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Receivership Order and application motion materials filed in support of the Application (the “**Application Materials**”).

BACKGROUND

CORPORATE STRUCTURE

15. Eagle Energy is a public corporation incorporated under the laws of the Province of Alberta with its registered office in Calgary, Alberta.
16. The shares of Eagle Energy Inc. are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “EGL”.
17. Eagle Energy is the trustee and sole unitholder of Eagle Trust, an unincorporated open-ended limited purpose trust formed under the laws of the Province of Alberta, which does not carry on business other than to own all of the shares of Eagle Holdings.

18. Eagle Holdings is a corporation incorporated pursuant to the laws of the Province of Alberta with its registered and head office in Calgary, Alberta. Eagle Holdings is a direct wholly owned subsidiary of Eagle Trust. Eagle Holdings does not carry on any business other than to own all of the shares of Eagle US.
19. Eagle US is a company incorporated pursuant to the laws of the State of Delaware, United States, with an office in Houston, Texas. Eagle US is a wholly owned subsidiary of Eagle Holdings.
20. The Eagle Group's principal line of business is the acquisition, exploration, development and production of petroleum and natural gas assets in Alberta, Texas and Oklahoma.
21. The Eagle Group's production is derived from the following regions:
- a. oil and gas producing properties near Peace River, AB (the "**Dixonville Property**");
 - b. non-operated working interest and royalty production ("**Non-Op Royalty Assets**") from various Alberta properties. The Dixonville Property and the Non-Op Royalty Assets are collectively referred to as the "**Canadian Property**";
 - c. oil and gas producing properties near Hardeman County, TX (the "**Hardeman Property**"); and
 - d. other minor miscellaneous oil and gas producing properties near Jackson, Oklahoma and Palo Pinto, Texas ("**Other US Properties**"). The Hardeman Property and the Other US Properties are collectively referred to as the "**US Property**").

22. The Eagle Group's average daily production of 1,422 boe is substantially oil weighted (83% for the Canadian Property and 86% for the US Property). The Canadian Property produces approximately 960 boe/day or 68% of the Eagle Group's production, while the US Property produces approximately 462 boe /day.
23. Prior to the Date of Appointment, the Eagle Group was experiencing financial difficulties due to the substantial and extended decline in commodity prices. The Eagle Group was unsuccessful in generating sufficient proceeds from previous asset divestitures to repay the loan provided by White Oak Global Advisors, LLC, as administrative agent under certain loan and security agreement dated March 13, 2017, as amended (the "**Lender**").
24. As at September 30, 2019, the Eagle Group's unaudited consolidated financial statements indicated the following:
- a. book value of assets of \$137.6 million;
 - b. liabilities of \$41.3 million including the following amounts:
 - i. accounts payable and accrued liabilities of \$894,000; and
 - ii. indebtedness to the Lender of \$40.4 million.
25. As of November 15, 2019, the total indebtedness owing to the Lender for amounts advanced to the Eagle Group under a term loan dated March 31, 2017, as amended (the "**Term Loan**") is approximately \$39.8 million not including interest accruing thereafter and all legal and other costs and expenses incurred by the Lender.

26. On November 17, 2019, the Lender issued demand letters and notices of intention to enforce its security in accordance with section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”) as described in the Affidavit of Barbara McKee sworn on November 18, 2019.
27. As a result of the Eagle Group’s distressed financial position the officers and directors were unable to secure directors and officer’s insurance beyond November 23, 2019. As a result, the directors and officers intended to resign prior to November 23, 2019, requiring the immediate appointment of the Receiver to preserve and realize on the Assets in an orderly fashion.

RECEIVER’S ACTIVITIES

CUSTODY AND CONTROL

28. On the Date of Appointment, the Receiver attended the Eagle Group’s leased premises in Calgary, AB at Suite 2710, 500 – 4th Ave SW to meet with its management, employees and consultants to advise them that the Receivership Order had been granted and to take possession of the Assets. The Receiver indicated its intent to facilitate an orderly sale of the Assets to optimize the return for all of the Eagle Group’s stakeholders.
29. On the Date of Appointment, the Receiver met with the Eagle Group’s executive team and management in person in Canada and by way of conference call in the US (collectively, “**Management**”) in order to ensure the continued service from suppliers and contract operators. With assistance of Management, the Receiver has maintained operations without any material disruptions since the Date of Appointment.

30. On November 20, 2019, the Receiver travelled to the Eagle Group's leased premises in Houston, Texas to meet in person with the US staff and take possession of the US Property. The Receiver also advised the US staff of the November 22, 2019, and December 5, 2019 applications for the granting of the TRO Order and the Initial Recognition Order.
31. The Receiver, with the assistance of Management, prepared a cash flow statement to determine the immediate liquidity needs of the Eagle Group. At the Date of Appointment, the Eagle Group held approximately \$3.0 million in cash. In connection with the foregoing, the Receiver determined that it had sufficient cash on hand at the Date of Appointment to operate the Eagle Group without needing to borrow additional funds.
32. On or around the Date of Appointment, the Receiver also completed the following administrative tasks:
- a. froze all of the Eagle Group's pre-Receivership bank accounts and transferred all cash to trust accounts opened by the Receiver in both Canadian and US dollars;
 - b. contacted the Alberta Energy Regulator (the "AER") to discuss the Receiver's intentions with respect to the Assets in order to maintain transparency through the Receivership Proceedings and avoid any regulatory interruptions as the Receiver endeavours to divest the Assets;
 - c. notified the Eagle Group's oil and gas marketers of the Receivership and to facilitate the payment of oil and gas revenue to the Receiver's trust account going forward;
 - d. investigated the status of the Eagle Group's insurance coverage; and

- e. communicated with numerous creditors and stakeholders regarding the Receivership Proceedings.

STATUTORY COMPLIANCE

33. On November 19, 2019, the Receiver established the Receiver's Website, where it will post periodic updates on the progress of the Receivership Proceedings, materials filed in connection with the Receivership Proceedings and other relevant information for the Eagle Group's stakeholders.

- a. the Receiver posted its Calgary office contact information including its phone number 403-454-6035 and a dedicated email address, eagle.energy@fticonsulting.com, for which creditors, interested parties and other stakeholders can use to contact the Receiver.

34. On November 20, 2019, the Receiver mailed its notice and statement of receiver in accordance with subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 to the Superintendent of Bankruptcy and to all known creditors of the Eagle Group in addition to posting all relevant documents to the Receiver's Website.

35. The Receiver notified the Canada Revenue Agency (the "CRA") of the Receiver's appointment and established a new remittance account for the goods and sales services tax and employee related obligations arising subsequent to the Date of Appointment;

INSURANCE

36. On December 3, 2019, Management advised the Receiver that the existing insurance policy for the Canadian Property will expire on January 17, 2020 and the insurance policy for the US Property would expire on August 31, 2020.

37. The Receiver contacted the Eagle Group's insurance broker to request the Receiver be identified as the loss payee under the Eagle Group's insurance policies and to facilitate conversations to extend the Eagle Group's Canadian insurance.
38. Subsequently, Eagle Group's insurance broker obtained and presented insurance quotes and the Receiver subsequently accepted and bound an insurance policy for the Canadian Property expiring on February 19, 2021.

EMPLOYEES

39. On the Date of Appointment, the Eagle Group had 25 staff members including 11 employees in Canada, 6 employees in the US, 6 Canadian consultants and 2 US consultants (collectively, the "Staff")
40. After conducting meetings with Management, the Receiver determined all of the Staff would be necessary to maintain ongoing operations, prepare information for and execute the marketing of the Assets and to provide continuity in the event of interest in a corporate sale.

RETAINING THE SALE AGENTS

41. The Receiver, in consultation with the Lender, determined that selling agents should be retained to market the Assets in order to optimize the return for all stakeholders. Furthermore, the Receiver determined that the Canadian Property and US Property should be marketed by sale agents located near and familiar with the different asset packages.

42. The Eagle Group previously ran a competitive sales process beginning in 2018 (the “**Pre-Receivership Marketing Process**”) to reduce the Eagle Group’s indebtedness to the Lender. The Pre-Receivership Marketing Process resulted in two completed transactions and the reduction of the Term Loan by \$47.7 million. The Eagle Group has continued to attempt to divest of its remaining assets through 2019 and although multiple offers of interest were received no further transactions were closed.
43. The Receiver contacted the two sale agents retained by the Eagle Group that ran the Pre-Receivership Marketing Process and requested proposals to market the Assets as part of the Receivership Proceedings.
44. In addition, on or around December 15, 2019, the Receiver requested proposals from two additional selling agents to market the Canadian Property and an additional selling agent to market the US Property (the “**Sale Agent Proposals**”). The Receiver contacted parties with the local expertise, experience and resources required to sell the respective assets. The Receiver spoke with Management during the selection process to discuss their views on potential advisors and to determine which agents would be most appropriate to market the Canadian Property and the US Property.
45. The Receiver reviewed the Sale Agent Proposals and discussed them with the Lenders. The Receiver believed that CB Securities Inc. (“**CB Securities**”) and EnergyNet.com. Inc (“**EnergyNet**”) (collectively, the “**Sale Agents**”) were best positioned to market the Canadian Property and the US Property, respectively. The Receiver’s decision to engage CB Securities and EnergyNet was based on the following:

- a. comparison of the proposals submitted;
- b. fee structure;

- c. Management's guidance;
- d. familiarity with assets of similar nature and in similar locations to the Canadian Property and the US Property; and
- e. overall proposed sales strategy for the SSP.

46. The Receiver entered into the CB Securities Engagement Letter and the EnergyNet Engagement Letter subject to approval by this Honourable Court. Redacted copies of the Sale Agent Engagement Letters are attached as Appendix B. The Receiver is of the view that the CB Securities Engagement Letter and the EnergyNet Engagement Letter contain confidential and commercially sensitive terms that should be kept confidential in order to avoid any potential harm to the SSP Procedures or the Sale Agents. Accordingly, the Receiver is seeking a sealing Order in respect of the Sale Agent Engagement Letters and will file unredacted copies with this Honourable Court attached to a confidential supplemental report.

PROPOSED SALES AND SOLICITATION PROCESS

47. Appendix A contains the detailed SSP Procedures that set out the timelines and parameters pursuant to which the Sale Agents, on behalf of, and in consultation with the Receiver, will market and solicit offers to purchase the Eagle Group's Assets. The SSP was developed in consultation with the Receiver, the Sale Agents, the Receiver's Counsel and the Lender and has been designed to set broad parameters allowing interested parties to advance any sort of purchase proposal for consideration by the Receiver with the goal of maximizing value to the Eagle Group's stakeholders.
48. Generally, the SSP contemplates 4 weeks from formal launch to non-binding bids and an additional 3 weeks to obtain binding restructuring agreements or offers to purchase, for a 7 week process.

49. The Receiver has reserved time for an application with the US Bankruptcy Court Texas on February 24, 2020 to recognize the approval of the SSP and SSP Procedures. It is the Receiver's intention to have the same timeline for the SSP processes in Canadian and the US.

50. The following summarizes the proposed timelines for the major steps contemplated in the SSP:

- a. February 11 to 24, 2020 – collect data to update virtual data room (“VDR”) and prepare marketing presentations; prepare marketing materials, teaser and confidential information memorandum such that process can be launched shortly following Court approval;
- b. February 25, 2020 - formally launch the SSP, targeted phone calls, e-mail blast, post teaser, open VDR;
- c. February 26 to March 26, 2020 – work with interested parties to facilitate submitting bids, complete management presentations, field questions from interested parties;
- d. March 27, 2020 – Phase 1 bid deadline for non-binding letters of intent by no later than 5:00pm (Mountain Standard Time) (the “**Phase 1 Bid Deadline**”);
- e. March 28 to April 16, 2020 – negotiate formal binding purchase and sale agreement or restructuring proposal with interested parties, assist with final due diligence;
- f. April 17, 2020 – Phase 2 bid deadline to submit binding offers or restructuring proposals with deposit;
- g. May 1-8, 2020 – seek Court approval and close transaction;

51. The Receiver believes that the SSP timeline is sufficient to fully market the assets of the Eagle Group for the purposes of a sale. As the Eagle Group has been previously marketed, an argument could be made that an expedited SSP timeline could be implemented, however, the above-noted timeline has been proposed to ensure the market is fully re-canvassed and to provide sufficient time for all interested parties to complete due diligence and provide expressions of interest.

MARKETING AND ADVERTIZING

52. The SSP contemplates that as soon as reasonably practicable after obtaining Court approval in the respective countries the Sale Agents shall formally launch the SSP by:

- a. posting marketing materials on the Receiver's and Sale Agents' websites;
- b. distributing a teaser by way of e-mail blast to the Sale Agents' data base of potential interested parties;
- c. posting advertisements in the Daily Oil Bulletin for the Canadian Property and the Houston Chronicle for the US Property;
- d. initiating targeted phone calls; and
- e. establishing confidential VDRs describing the opportunity that will be made available by the Sale Agents to prospective purchasers that have executed a non-disclosure agreement with the Receiver. The VDR will be available by February 25, 2020 upon launch.

PARTICIPATION REQUIREMENTS

53. In order to participate in the SSP, each potential bidder must deliver to the respective sale agent an executed non-disclosure agreement in form and substance satisfactory to the Receiver and the respective sale agent at which time the potential bidder shall be deemed a qualified bidder ("**Qualified Bidder**").

54. The respective sale agent shall provide any person deemed to be a Qualified Bidder with access to the VDR.

WHITE OAK GLOBAL ADVISORS PARTICIPATION IN THE SSP

55. The Lender has advised the Receiver that it wishes to preserve its ability to participate in both the Canadian SSP and the US SSP and submit offers to purchase some of or all of both the Canadian Property and the US Property by way of a credit bid (“**Credit Bid**”).

56. A Credit Bid must meet all of the requirements of a Qualified Bid (as defined below), including being submitted by the Phase 1 Bid Deadline, in addition to

a. not exceeding the following threshold amounts:

i. CAD \$21,000,000 for the Canadian Property; and/ or

ii. USD \$11,000,000 for the US Property; and

b. including a cash component sufficient to pay any credit bid success fees of the Sale Agents.

57. The Receiver and Sale Agents may grant the Lender access to information pertaining to bids received in the SSP, provided that the Lender maintains the confidentiality of the information provided pursuant to an NDA and does not communicate, directly or indirectly, with other parties regarding the SSP and any such bids.

58. The Receiver and the Sale Agents have discussed the potential participation in the SSP by the Lender and are of the view that it will not negatively impact the process for the following reasons:

- a. the threshold maximum credit bid amounts are outlined in the SSP and will be known by potential bidders from the beginning of the SSP and these threshold amounts effectively set a floor for a Qualified Bidder. Additionally, the Lender may not increase their credit bid above the threshold amount in Phase 2; and
- b. the Lender must submit a Qualified Bid by the Phase 1 Bid Deadline in order to participate in Phase 2.

TIMING AND STATUS

Phase 1 – Qualified Bids

59. A Qualified Bidder wishing to submit a bid, will deliver written copies of a non-binding proposal (a “**Qualified Bid**”) by the Phase 1 Bid Deadline.
60. A Qualified Bid will be considered as such only if the Qualified Bid complied at a minimum with the following:
 - a. it includes the purchase price (“**Purchase Price**”), in Canadian dollars in the case of bids for the Canadian Property submitted to CB Securities, and in US dollars in the case of bids for the US Property submitted to EnergyNet; if a Qualified Bidder wishes to acquire assets owned by more than one of the Debtors, a price must be allocated for each such Property as between the Debtors;
 - b. a description of each asset that is expected to be included in the proposed transaction and any assets expected to be excluded (or any liabilities to be assumed);
 - c. a specific indication of the financial capability, together with evidence of such capability, of the Qualified Bidder and the expected structure and financing of the proposed transaction;

- d. a description of the conditions and approvals required for a final and binding offer;
 - e. any other terms or conditions of the sale proposal that the Qualified Bidder believes are material to the transaction; and
 - f. it is received by the Phase 1 Bid Deadline (as defined in the SSP Procedure).
61. The Receiver, in consultation with the Sale Agents, 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 before determining whether any of the Qualified Bids may advance to Phase 2.
62. The Receiver may waive any of the Qualified Bid requirements outlined above and advance any bidder to Phase 2 if the Receiver determines it appropriate.

Phase 2 – Due Diligence and Definitive Purchase Agreement

63. Once a Qualified Bid has been chosen to advance to Phase 2, the bidders (the “**Phase 2 Bidders**”) will be informed that their bids were selected and will be invited to participate in Phase 2. Phase 2 Bidders will be granted continued access to the VDR, due diligence materials, management presentations and site visits.
64. Phase 2 Bidders that wish to present a binding offer to purchase (collectively, “**Binding Phase 2 Bid**”) will be required to present their Phase 2 Bid to the respective sale agent by April 17, 2020 at 5:00PM (Mountain Standard Time).
65. Except in the case of a Credit Bid, the Binding Phase 2 Bid must be accompanied by a 10% deposit or other amount acceptable to the Receiver (“**Deposit**”) and comply with all of the requirement in paragraph 38 of the SSP Procedures.

66. The Deposit will only be refundable if the Phase 2 Bidder's Phase 2 Bid is not selected or, if selected, Court approval is not obtained.
67. The Receiver reserves the right to request that Phase 2 Bidders revisit their offers in the event several competitive Binding Phase 2 Bids are received.
68. The Receiver will review the Binding Phase 2 Bids in consultation with the Sale Agents. If a Binding Phase 2 Bid is determined to be acceptable ("**Successful Bid**"), the successful bidder (the "**Successful Bidder**") will be notified by the Receiver who will seek Court approval for the Successful Bid. Deposits received from Phase 2 Bidders who are not selected as the Successful Bidder will have their deposits refunded according to the SSP Procedures.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

69. The Receiver's receipts and disbursements from the Date of Appointment to January 31, 2020 are summarized as follows:

Schedule of Receipts and Disbursements
For the period of Nov. 19, 2019 to Jan.31, 2020
\$000's CAD

Receipts	
Production Revenue	\$ 6,629
Transfer from Pre-Receivership Bank Accounts	3,005
Joint Venture Billing Receipts	2,357
Other Miscellaneous Receipts	15
Net Taxes Received / (Paid)	41
Bank Interest & Charges	6
Total - Receipts	12,053
Disbursements	
Operating Expenses	2,780
Term Loan Interest Payments	1,038
Royalties Paid	881
G&A Expenses	1,003
Property Taxes Paid	162
Insurance	179
Legal Fees	211
Receiver's Fees	165
Transfer between accounts / FX Loss	1
Total - Disbursements	6,421
Net Cash on Hand	\$ 5,632

- a. Production Revenue - receipts collected relating the crude oil, natural gas, natural gas liquids, royalty revenue and hedging revenue;
- b. Transfer from Pre-Receivership Bank Accounts – amounts in the Eagle Group’s pre-Receivership bank accounts transferred to the Receiver’s trust account on the Date of Appointment;
- c. Joint Venture Billing Receipts – collection of expenses paid by the Eagle Group for its joint interest working partners share of operating expenses;
- d. Other Miscellaneous Receipts – refunds on account and other operating receipts not relating to Eagle Group’s core oil and gas operations;

- e. Net Taxes Received / (Paid) – goods and services collected and paid during the Receivership Proceedings;
- f. Bank Interest & Charges – interest collected on balances in the Receiver’s trust accounts and bank fees charged;
- g. Operating Expenses – expenses to operate the oil and gas properties, including but not limited to transportation and market charges, contract operator’s salaries, well repairs and maintenance;
- h. Term Loan Interest Payments – amounts paid to the Lender as fulfillment of the monthly interest due under the Term Loan;
- i. G&A Expenses – expenses relating to corporate overhead, including but not limited to, office staff salaries, payroll source deductions, occupant rent, utilities;
- j. Property Taxes Paid – annual amounts paid in respect of oil and gas properties;
- k. Insurance – insurance costs including operators insurance and general liability;
- l. Legal Fees – Receiver’s Counsel fees and disbursements in respect of the Receivership Proceedings;
- m. Receiver’s Fees – Receiver’s fees and disbursements in respect of the Receivership Proceedings; and
- n. Transfer Between Trust Accounts – change in cash due to changes in USD and CAD on transfers between the Receiver’s trust accounts.

70. As at January 31, 2020, the Receiver holds \$5.6 million in cash on hand.

SECURITY REVIEW

71. The Receiver's Counsel has received the Term Loan including amendments thereto (collectively, the "**Loan Documents**") and related security documents (the "**Security Documents**") to determine if the Lender has a valid and enforceable security over the Eagle Group's assets.

72. After completing their review, the Receiver's Counsel determined that the Loan Documents constitute a legal, valid and binding obligation of the Eagle Group, enforceable against the Eagle Group and the Security Documents create a valid security in favor of the Lender.

73. Based on the above, the Receiver has determined that the Lender has a valid and enforceable first secured charge against the Eagle Group's assets.

RECEIVER'S RECOMMENDATIONS

74. The Receiver respectfully requests that this Honourable Court grant Orders:

- a. approving the Receiver's actions, conduct and activities since the Date of Appointment;
- b. approving of the Receiver's statement of receipts and disbursements for the period of November 19, 2019 to January 31, 2020; and
- c. approving the proposed SSP Procedures;
- d. approving the CB Securities Engagement Letter and the EnergyNet Engagement Letter; and


- e. sealing certain terms of the CB Securities Engagement Letter and the EnergyNet Engagement Letter.

All of which is respectfully submitted this 11th day of February 2020.

FTI Consulting Canada Inc.
in its capacity as receiver and manager
of the assets, undertakings and properties of
Eagle Energy Inc., Eagle Energy Trust,
Eagle Energy Holdings Inc. and Eagle Hydrocarbons Inc.



Deryck Helkaa
Senior Managing Director



Dustin Olver
Senior Managing Director

Appendix "A"

Appendix A

PROCEDURES FOR THE SOLICITATION AND SALE PROCESS

EAGLE ENERGY INC., EAGLE ENERGY TRUST, EAGLE ENERGY HOLDINGS INC., and EAGLE HYDROCARBONS INC.

I. Introduction

1. On November 19, 2019, FTI Consulting Canada Inc. (the **Receiver**) was appointed as Receiver over the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc. by order of Justice R.A. Neufeld (the **Receivership Order**).
2. Eagle Energy Inc. and Eagle Energy Holdings Inc. are corporations incorporated under the laws of the Province of Alberta. Eagle Energy Trust is an unincorporated open-ended limited purpose trust formed under the laws of the Province of Alberta. Eagle Energy Inc., Eagle Energy Holdings Inc. and Eagle Energy Trust will be referred to collectively as the **Canadian Entities**. Eagle Energy Hydrocarbons Inc. is a company incorporated under the laws of the State of Delaware, United States, and will be referred to as the **US Entity**. Together, the Canadian Entities and the US Entity will be referred to as the **Companies**.
3. The Receiver has determined that a sale solicitation process (**Sale Process**), as set out herein, is the best and most effective way to realize on the Companies' assets.
4. The Receiver intends to seek a Court order approving the engagement of CB Securities and EnergyNet as sale agents for the assets of the Companies and approving of this Sale Process (the **Sale Process Order**). Shortly thereafter, the Receiver will apply to the US Court for an order recognizing the Sale Process Order (the **Recognition Order**).
5. Set forth below are the procedures to be followed with respect to the Sale Process.

II. Defined Terms

6. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Receivership Order. Further, in this Sale Process, the following definitions shall apply:
 - a. **AER** means the Alberta Energy Regulator.
 - b. **Business Day** means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - c. **CB Securities** means CB Securities Inc.
 - d. **Court** means the Court of Queen's Bench of Alberta.
 - e. **EnergyNet** means EnergyNet.com, Inc.
 - f. **Sale Agents** means CB Securities and EnergyNet collectively, and **Sale Agent** means either or both of them, as the context requires (CB Securities, with respect to the Canadian Property, and EnergyNet with respect to the US Property).
 - g. **Secured Creditor** means White Oak Global Advisors, LLC, in its capacity as Administrative Agent under a certain Loan and Security Agreement dated March 13, 2017, as amended.
 - h. **US Court** means the Bankruptcy Court for the Northern District of Texas.

III. Summary of Sale Process

7. The Sale Process is intended to solicit interest in, and opportunities for a sale of all or part of, the Companies' business and property, which primarily consists of oil and gas assets located near Dixonville, Alberta, and Hardeman County, Texas.
8. To maximize interest and participation in this opportunity, the Sale Process will provide for:
 - a. the sale of the Canadian Entities' interest in all or substantially all of their assets located near Dixonville, and elsewhere in Alberta (the **Canadian Property**); and
 - b. the sale of the US Entity's interest in all or substantially all of its assets located near Hardeman County, and elsewhere in Texas (the **US Property**) (the Canadian Property and US Property are referred to collectively as the **Property**).
9. The Receiver intends to use CB Securities as Sale Agent for the Canadian Property, and EnergyNet as Sale Agent for the US Property, who will each carry out their respective responsibilities concurrently.
10. Except to the extent otherwise set forth in a determinative sale agreement with a successful bidder, any sale proposal will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature or description by the Receiver or the Sale Agents.
11. Solicitation of interest for sale proposals will be on an unpriced basis whereby no set asking price will be stipulated. However, the Secured Creditor's right to make a "credit bid" for the assets of the Canadian Property or the US Property shall be preserved to the extent that the sale proposals do not meet the credit bid threshold amounts set out in paragraphs 31.a and 31.b.
12. The major stages of the Sale Process will be comprised of:
 - a. **Pre-Marketing**: preparation of marketing material, assembly of relevant due diligence material, establishment of a confidential virtual data room (**VDR**) and preparation of potential buyer lists by each of the Sale Agents;
 - b. **Marketing**: advertising, contacting potential buyers, responding to requests for information and disseminating marketing material to potential buyers; and
 - c. **Offer Submission and Evaluation**: solicitation, receipt of, evaluation and negotiation of offers from potential buyers.
13. The Offer Submission and Evaluation stage of the Sale Process will be comprised of a two-phase process: **Phase 1** involves the submission of non-binding letters of intent (**LOI**) from qualified bidders, and **Phase 2** involves the submission of formal binding offers from those parties that submitted an LOI and are invited by the Sale Agent and Receiver to participate in Phase 2 (Qualified Bidders, as defined in paragraph 23).
14. Following selection of the Successful Bid(s), the Receiver will bring an application to the Court for a sale approval and vesting order (**SAVO**) in connection therewith. Where the Successful Bid(s) involves a proposed sale of all or part of the US Property, the application for a SAVO would be followed by a further application to the US Court for recognition of the SAVO (the **SAVO Recognition Order**).

IV. Timeline

15. The following table sets out key milestones and anticipated deadlines for the Sale Process:

Milestone	Date
Sale Process Order Application – Court of Queen’s Bench of Alberta	February 19, 2020
Sale Process Recognition Order Hearing – Bankruptcy Court for the Northern District of Texas	February 24, 2020
Launch VDR and Sale Process	February 25, 2020
Phase 1 Bid Deadline	March 27, 2020
Binding Offers Due	April 17, 2020
SAVO Application – Canada	May 1, 2020
SAVO Recognition Order Hearing – US	May 8, 2020

V. Sale Process and Timeline

16. The Sale Process set forth herein describes the manner in which prospective bidders may gain access to due diligence materials concerning the Companies and the Property and ultimately make sale proposals for the assets of the Companies. The Receiver shall supervise the Sale Process and the Sale Agents in connection therewith. In the event there is disagreement as to the interpretation or application of the Sale Process, the Court will have jurisdiction to hear and resolve such a dispute.

Pre-Marketing

17. The Pre-Marketing stage will proceed as follows:
- a. As soon as reasonably practicable, but in any event no later than February 25, 2020 (the **Commencement Date**), the Sale Agents will each prepare: (i) a teaser letter (the **Teaser Letter**) describing the opportunity, outlining the Sale Process and inviting recipients to express their interest pursuant to the Sale Process; (ii) a non-disclosure agreement (**NDA**); and (iii) a confidential information memorandum (the **CIM**). The Teaser Letter, NDA and CIM shall be in a form and substance satisfactory to the Receiver. The CIM will specifically state that the Sale Agents, the Receiver and their respective advisors make no representation or warranty as to the accuracy or completeness of the information contained in the CIM and the VDR, or otherwise made available pursuant to the Sale Process, and further state that the Sale Process is limited to the sale of the Companies’ rights, interests and undertakings with respect to the Property.
 - b. The Sale Agents, with the assistance of the Receiver, will gather and review all required due diligence material to be provided to interested parties and shall each establish a VDR, which will be maintained and administered by each respective Sale Agent during the Sale Process.
 - c. The Receiver, in consultation with the Sale Agents and Secured Creditor, will develop a draft form of non-binding LOI and a purchase and sale agreement for use during the Sale Process (the **PSA**).
 - d. The Sale Agents, in consultation with the Receiver, will each prepare a list of potential bidders, including: (i) parties that have approached one or more of the Sale Agents,

the Receiver or the Companies indicating an interest in the Property; and (ii) local, national and international strategic parties who the Sale Agent and the Receiver believe may be interested in purchasing all or part of the Property (**Known Potential Bidders**).

Marketing

18. The Marketing stage will proceed as follows:
19. On the Commencement Date, or as soon as reasonably practicable after the Commencement Date, the Sale Agent shall:
 - a. cause a notice of the Sale Process (the **Notice**) and other relevant information that the Sale Agent, in consultation with the Receiver, considers appropriate, to be published in the Daily Oil Bulletin, in the case of CB Securities, and the Houston Chronicle, in the case of EnergyNet, with CB Securities utilizing Canada Newswire to designate dissemination in major financial centres in Canada and the United States; and
 - b. send the Teaser Letter and NDA to all Known Potential Bidders and to any other party who responds to the Notice as soon as reasonably practicable after such identification or request, as applicable.
20. The Sale Agent will send the CIM and grant access to the VDR to all those parties who have executed and delivered the NDA to the Sale Agent as soon as reasonably practicable after such execution and delivery.
21. Requests for information and access to the VDR will be directed to the Sale Agent, at the address and to the attention of the persons listed in Appendix "A" hereto (including by email).
22. Any party that wishes to participate in the Sale Process (a **Potential Bidder**) must deliver to the Sale Agent, with a copy to the Receiver, at the addresses specified in Appendix "A" hereto (including by email):
 - a. an executed NDA; and
 - b. a letter setting out the identity and contact information of the Potential Bidder, and disclosure of the direct and indirect principals and owners of the Potential Bidder.
23. A Potential Bidder that has delivered an NDA and letter as described above at paragraph 22 will be deemed a **Qualified Bidder** and will be promptly notified of such by the Sale Agent.

Offer Submission and Evaluation

Phase 1

Due Diligence

24. The Sale Agent, in consultation with the Receiver, will afford each Qualified Bidder such access to due diligence materials through the VDR and information regarding the Property as it deems appropriate. Due diligence access may further include on-site inspections and other matters that a Qualified Bidder may reasonably request and to which the Sale Agent, with the approval of the Receiver, may agree. Neither the Sale Agent nor the Receiver will be obligated to furnish any information relating to the Property to any person other than Qualified Bidders. Further, selected due diligence materials may be withheld from any Qualified Bidder if the Receiver, in consultation with the Sale Agent, determines as necessary in its sole discretion.

25. Potential Bidders must rely solely on their own independent due diligence and investigation of the Property in connection with their participation in the Sale Process and any transaction they may ultimately enter into with the Receiver with respect to the Property.

LOI Submission

26. Qualified Bidders that advise the Sale Agent that they wish to submit an offer will be provided with a copy of the LOI.
27. The Qualified Bidder wishing to make a bid must deliver an executed LOI, identifying each specific asset the Qualified Bidder is interested in, to the Sale Agent, with a copy to the Receiver, at the address(es) specified in Appendix "A" (including by email), so as to be received no later than March 27, 2020 (**Phase 1 Bid Deadline**).
28. An LOI so submitted in accordance with paragraph 27 will be considered a qualified LOI (**Qualified LOI**) only if:
- a. it is submitted on or before the Phase 1 Bid Deadline by a Qualified Bidder;
 - b. it indicates the following:
 - i. the purchase price, in Canadian dollars in the case of bids for the Canadian Property submitted to CB Securities, and in US dollars in the case of bids for the US Property submitted to EnergyNet; if a Phase 1 Qualified Bidder wishes to acquire assets owned by more than one of the Companies, a price must be allocated for each such Property as between the Companies;
 - ii. a description of each asset that is expected to be included in the proposed transaction and any assets expected to be excluded;
 - iii. a specific indication of the financial capability, together with evidence of such capability, of the Phase 1 Qualified Bidder and the expected structure and financing of the proposed transaction;
 - iv. a description of the conditions and approvals required for a final and binding offer; and
 - v. any other terms or conditions of the sale proposal that the Phase 1 Qualified Bidder believes are material to the transaction.
29. The Receiver, in its discretion, may waive compliance with any one or more of the requirements specified in paragraph 28 above and deem such non-complaint bids to be a Qualified LOI.

Credit Bidding

30. The Receiver, in consultation with the Sale Agents, will consider any bid on behalf of the Secured Creditor, under which all or a portion of the consideration being offered under the bid includes the compromise of all or a portion of indebtedness owing by the Companies to the Secured Creditor (a **Credit Bid**), provided the Credit Bid is submitted in accordance with this Sale Process, including, but not limited to, paragraphs 31, 32 and 33.
31. A Credit Bid put forward by the Secured Creditor shall meet the requirements of Qualified LOIs pursuant to paragraph 27 and 28 and shall not be in excess of the following threshold amounts:
- a. CAD \$21,000,000 for the Canadian Property; and/or

- b. USD \$11,000,000 for the US Property.
32. A Credit Bid put forward by the Secured Creditor must include a cash component sufficient to pay any credit bid success fees of either or both of the Sale Agents that would be due and owing to the Sale Agents in the event the Credit Bid transaction closed, as applicable.
 33. A Credit Bid put forward by the Secured Creditor must be submitted on or before the Phase 1 Bid Deadline in order to participate in Phase 2; provided, if a Credit Bid is so submitted, the Secured Creditor shall not be obligated to participate in and/or submit a Phase 2 bid.
 34. A Credit Bid submitted in accordance with paragraphs 31, 32 and 33 shall be considered a Qualified LOI.
 35. The Receiver and Sale Agents may grant the Secured Creditor access to information pertaining to bids received in the Sale Process prior to the Phase 1 Bid Deadline, provided that the Secured Creditor maintains the confidentiality of the information provided pursuant to an NDA and does not communicate, directly or indirectly, with other parties regarding the Sale Process and any such bids.

Preliminary Assessment of Phase 1 Bids

36. Following the Phase 1 Bid Deadline, the Receiver will assess the Qualified LOIs in consultation with the Sale Agents and Secured Creditor, provided the terms of the Sale Process are complied with. If the Receiver determines that a Phase 1 Qualified Bidder, or Secured Creditor that has submitted a Credit Bid, that has submitted a Qualified LOI has (i) a *bona fide* interest in completing a transaction, and (ii) the financial capability to consummate such a transaction based on the financial information provided, then such Phase 1 Qualified Bidder, or Secured Creditor that has submitted a Credit Bid, will be deemed a **Phase 2 Qualified Bidder**. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the Sale Process.
37. In the event that no Qualified LOIs are submitted by the Phase 1 Bid Deadline, then the Receiver may terminate the Sale Process.
38. The Receiver and Sale Agents will prepare a bid process letter for Phase 2 (the **Bid Process Letter**), which will include a draft PSA. The Sale Agents will send the Bid Process Letter to all Phase 2 Qualified Bidders who are invited to participate in Phase 2.

Phase 2

Binding Offers

39. Phase 2 Qualified Bidders that wish to make a sale proposal shall submit to the Sale Agent a sealed binding offer that complies with all of the following requirements at the address(es) specified in Schedule "A" hereto, with a copy to the Receiver (including by email), so as to be received by the Sale Agent not later than 12:00 PM (MST) on April 17, 2020 (the **Phase 2 Bid Deadline**):
 - a. The bid shall comply with all of the requirements set forth in respect of Phase 1 Qualified LOIs.
 - b. The bid shall take the form of the PSA, together with a blackline showing any deviations, and shall include a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the proposed transaction set out in the Successful Bid (as defined in paragraph 48) is approved of by the Court and, where applicable, the US Court, and the transaction is closed.

- c. The bid includes such key economic terms and duly authorized and executed transaction documents as listed in the PSA. Such key economic terms shall include, but not be limited to, the purchase price or Credit Bid amount, expressed in, in the case of the Canadian Property, Canadian Dollars, and in the case of the US Property, US dollars (the **Purchase Price**), the identity of the party that will be entering into the transaction, or that is participating or benefiting from such transaction, and the name or names of the ultimate direct or indirect beneficial owner(s) of the Phase 2 Qualified Bidder, including their respective percentage interests.
- d. To the extent the bid is conditional upon new or amended agreements being entered into with other parties, the interested parties shall provide the proposed terms of such amended or new agreements and identify how such agreements may differ from existing agreements to which any of the Companies may be a party. A Phase 2 Qualified Bidder's willingness to proceed without such conditions and, where such conditions are included in the bid, the likelihood of satisfying such conditions, shall be important factors in evaluating the bid.
- e. The bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, including the timetable for obtaining financing.
- f. The bid should not be conditional on the outcome of unperformed due diligence by the Phase 2 Qualified Bidder.
- g. The bid, except in the case of a Credit Bid, is accompanied by a refundable deposit (other than in the case of a Successful Bidder, whose deposit will be non-refundable in accordance with paragraph 60) in the amount of not less than 10% of the purchase price, and in the form of a certified cheque or wire transfer (to a bank account specified by the Receiver), payable to the order of the Receiver, in trust, which Deposit is to be held and dealt with in accordance with this Sale Process (the **Deposit**).
- h. The bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Property prior to making its offer; (ii) it understands that the Property includes only the Companies' rights, interests and obligations in relation to the Property; (iii) it has relied solely on its own independent review, investigation or inspection of any documents and/or assets in making its bid; and (iv) it did not rely upon any written or oral statements, representations, warranties, or guarantees made whatsoever by the Sale Agents, the Companies or the Receiver, whether express or implied, statutory or otherwise, regarding the Property or the accuracy or completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction document(s) signed by the Receiver.
- i. All required corporate approvals of the Phase 2 Qualified Bidder will have been obtained prior to the submission of the bid.
- j. The Phase 2 Qualified Bidder shall be, with respect to any bid submitted for the Canadian Property, an eligible licensee in good standing with the AER.
- k. The bid shall identify any material conditions in favour of the buyer to be resolved prior to closing the transaction.
- l. The bid is received by the Phase 2 Deadline.

- m. The bid contemplates Court approval of a SAVO and, where applicable, US Court approval of a SAVO Recognition Order.
- 40. Following the Phase 2 Bid Deadline, the Receiver will assess the Phase 2 sale proposals received with respect to the Property, in consultation with the Sale Agents and Secured Creditor, where appropriate. The Receiver will designate the most competitive bids that comply with the foregoing requirements to be **Phase 2 Qualified Bids**. Only Phase 2 Qualified Bidders whose bids have been designated as Phase 2 Qualified Bids are eligible to become the Successful Bidder(s).
- 41. The Receiver may waive strict compliance with any one or more of the requirements specified at paragraph 39 and deem such non-compliant bids to be Phase 2 Qualified Bids.
- 42. The Sale Agents, upon receiving instructions from the Receiver, shall promptly notify each Phase 2 Qualified Bidder in writing as to whether its bid constituted a Phase 2 Qualified Bid.
- 43. If the Receiver is not satisfied with the number or terms of the Phase 2 Qualified Bids, the Receiver, in consultation with the Sale Agents and the Secured Creditor, may extend the Phase 2 Bid Deadline without Court approval.
- 44. The Receiver may terminate further participation in the Phase 2 bid process by any interested party, or modify dates or procedures in this Sale Process as deemed appropriate or necessary, or terminate the Sale Process altogether.
- 45. The Receiver may aggregate separate bids from unaffiliated Phase 2 Qualified Bidders to create one or more Phase 2 Qualified Bids.

Evaluation of Competing Bids

- 46. A Phase 2 Qualified Bid will be evaluated based on several factors, including, without limitation, Purchase Price and the net value and form of consideration to be paid, the ability of the Phase 2 Qualified Bidder to successfully complete the transaction, including any conditions attached to the bid and the feasibility of such conditions, the proposed transaction documents, factors affecting the certainty and value of the transaction, the assets included or excluded from the bid, any related restructuring costs, compliance, eligibility or other matters with respect to AER or other regulatory authority requirements and/or approvals, the likelihood and timing of closing such transactions, and the ability of the bidder to finance and close the proposed transaction within the timelines established by the Receiver.
- 47. The Receiver shall have no obligation to select a Successful Bid, and the Receiver reserves the right to reject any or all Phase 2 Qualified Bids.

Selection of Successful Bid(s)

- 48. The Receiver will: (i) review and evaluate each Phase 2 Qualified Bid with the applicable Phase 2 Qualified Bidder, and such bid may be amended, modified or varied as a result of such negotiations; and (ii) identify the best bid or bids (the **Successful Bid**), and the Phase 2 Qualified Bidder making such Successful Bid (the **Successful Bidder**) for any Property in whole or in part. The determination by the Receiver shall be subject to receipt of a SAVO and, as applicable, SAVO Recognition Order.
- 49. The Sale Agents, upon receiving instructions from the Receiver, shall promptly notify the Successful Bidder in writing as to whether its bid constituted a Successful Bid.

Court Approval and Recognition; AER Matters

50. At the hearing of the application to approve any transaction with a Successful Bidder, the Receiver shall seek approval of the Court to close any Successful Bid. In the case of a Successful Bid as related to the US Property, the Receiver will seek approval of the Court, followed by recognition by the US Court. All the Phase 2 Qualified Bids, other than the Successful Bid(s), if any, shall be deemed rejected by the Receiver on and as of the date that the transaction with the Successful Bidder is closed.
51. The Receiver shall apply to the Court for a SAVO with respect to the Successful Bid(s). The SAVO application will be held on a date to be scheduled by the Receiver and confirmed by the Court upon application by the Receiver, who shall use its reasonable efforts to schedule the SAVO application on or before May 1, 2020. The SAVO application may be adjourned or rescheduled by the Receiver without further notice, by an announcement of the adjourned date at the SAVO application or in a notice to the Receiver's service list prior to the SAVO application. As soon as practicable after the SAVO is granted, the Receiver, as foreign representative, shall apply for the SAVO Recognition Order or such further and other orders as may be necessary to give effect to the SAVO in the United States.
52. In addition to Court approval and any recognition required by the US Court, the closing of any Successful Bid for any of the Property may be subject to approval of a regulatory authority. With respect to the Canadian Property, mechanisms and timing in relation to the application(s) to the AER for approval of the transfer of any AER-licensed assets comprising part of the Canadian Property will be confirmed and/or addressed as required in the PSA and SAVO, and are subject to, among other things, the nature of such assets and the characteristics of the Successful Bidder. Whether or not such license transfers are approved by the AER, and if so approved, the timing and any conditions associated with same, are at the discretion of the AER; and further, the AER's rules and regulations are subject to change.

Confidentiality and Access to Information

53. Unless otherwise set out herein, participants and prospective participants in the Sale Process shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Phase 1 Qualified Bidders, LOIs, Phase 2 Qualified Bidders, Phase 2 Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Receiver and such other bidders or Potential Bidders in connection with the Sale Process. The Receiver may, however, disclose such information to other bidders for the purpose of seeking to combine separate bids. Further, the Receiver may disclose such information to the Secured Creditor in accordance with the terms of this Sale Process.

Supervision of Sale Process

54. The Receiver will participate in the Sale Process in the manner set out in this Sale Process and is entitled to receive all information related to the Sale Process.
55. This Sale Process does not, and will not be interpreted to create, any contractual or other legal relationship between the Receiver, the Sale Agents, and any Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, or any other party, except as specifically set forth in a definitive agreement among such parties as agreed to by the Receiver and approved by the Court.
56. Neither the Receiver nor the Sale Agents shall have any liability whatsoever to any person or party, including any bidders described in this Sale Process, or any other creditor or stakeholder of the Companies, for any act or omission related to the Sale Process. By submitting a bid, each bidder

shall be deemed to have agreed that it has no claim against the Receiver or Sale Agents for any reason whatsoever.

57. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 1 Bid, Phase 2 Bid, due diligence activities and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
58. The Receiver shall have the right to modify the Sale Process and deadlines set out herein (including, without limitation, pursuant to the Bid Process Letter) if it believes, in its judgment and discretion, that such modification will enhance or better achieve the objectives of the Sale Process.

Deposits

59. All Deposits shall be retained by the Receiver and deposited in a trust account.
60. The Deposit paid by any Successful Bidder whose PSA is approved by the Court and, as applicable, recognized by the US Court, shall be applied to the Purchase Price to be paid by the Successful Bidder upon closing of the approved transaction, and shall be non-refundable.
61. The Deposit paid by any Phase 2 Qualified Bidder that is not selected as a Successful Bidder shall be returned to such bidder upon the granting of Court approval, and as applicable, recognition by the US Court.

“As Is, Where Is”

62. Any sale of Property shall be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Receiver or any of its agents, except to the extent otherwise agreed to by the Receiver in accordance with the terms of a PSA with a Successful Bidder. Without limiting the generality of the foregoing, the Receiver makes no representations or warranties as to the accuracy or completeness of information in the Teaser Letter or the VDR, except to the extent otherwise provided under a PSA with a Successful Bidder.

Free Of Any And All Claims And Interests

63. In the event of a sale of Property, to the extent permitted by law, all of the rights, title and interests of the Receiver 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 on or against the Property (collectively, **Claims and Interests**) and such Claims and Interests shall 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 a PSA with a Successful Bidder.

Further Orders

64. At any time during the Sale Process, the Receiver may apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

SCHEDULE A – ADDRESSES FOR NOTICE

Receiver

FTI Consulting Canada Inc., in its capacity as Receiver of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc.

520 5th Ave SW, Suite 1610

Calgary AB T2P 3R7

T: 403.454.6041

E: dustin.olver@fticonsulting.com

Attn : Dustin Olver, Corporate Finance & Restructuring

Canadian Sale Agent

CB Securities Inc.

Suite 1720, 505 3rd Street SW

Calgary AB T2P 3E6

T: 403.781.7040

E: dderouin@cbsecurities.com

Attn : Darryl Derouin, President

US Sale Agent

EnergyNet.com, Inc.

7201 I-40 West, Ste. 319

Amarillo, TX 79106

T: (713) 861-1866

E: Cody.Felton@energynet.com

Attn: Cody Felton, Vice President of Business Development

Appendix "B"



SUITE 1720, 505 – 3RD STREET SW
CALGARY, ALBERTA T2P 3E6
T 403.781.7040
WWW.CBSECURITIES.COM
INFO@CBSECURITIES.COM

February 5, 2020

FTI Consulting Canada Inc. Suite 1610
520 – 5th Avenue S.W. Calgary, Alberta T2P 3R7

Attention: Dustin Olver, Corporate Finance & Restructuring

Re: **Advisory Engagement Contract**

We acknowledge that FTI Consulting Canada Inc. (“FTI”) was appointed as Receiver and Manager of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Hydrocarbons Inc. (collectively, “Eagle”) on November 19, 2019 pursuant to a Court Order granted by the Court of Queen’s Bench of Alberta (the “Court”). The purpose of this Engagement Contract is to confirm our mutual understanding and agreement regarding the scope and terms of the engagement of CB Securities Inc. (“CB Securities”) by FTI, solely in its capacity as Receiver and Manager (the “Receiver”) of Eagle, for the purpose of assisting the Receiver as its sales advisor in connection with the divestiture of Eagle’s Canadian oil and gas assets, on an as is where is basis.

1. **DEFINED TERMS:** In this Engagement Contract, including the Schedules attached hereto, the following terms shall have the indicated meanings:
 - (a) “Confidential Information” shall mean, except for marketing materials prepared by CB Securities to be disseminated to the public in accordance with the terms of this Engagement Contract, all information and material which is conveyed, delivered, provided, made available to or communicated to CB Securities or its agents by the Receiver or its agents and includes this Engagement Contract subject to the Receiver’s requirement to disclose same to the Court.
 - (b) “Dixonville Property” shall mean that portion of the Property located at or near Dixonville, Alberta.
 - (c) “Engagement Contract” shall mean this letter agreement and all Schedules attached hereto.
 - (d) “Funds Raised” shall mean the purchase price (including any assumption of debt) paid by the purchaser and received by the Receiver for the Property, including cash and any non-cash components of the purchase price, the value for such non-cash component to be determined by the Receiver and the purchaser of the Property, or mutually determined by the Receiver and CB Securities, excluding any sales taxes.
 - (e) “Introduction Letter” shall mean the initial letter describing the Property and selling process that is delivered by CB Securities to potential purchasers of the Property.
 - (f) “Marketing Commencement” shall mean the mailing of the Introduction Letter to potential purchasers of the Property.

- (g) "Offering Circular" shall mean the circular containing detailed information concerning the Property such as land maps, property overviews, historical and forecast production and cash flows, third party engineering summaries, and well lists.
- (h) "Property" shall mean all of Eagle's Canadian oil and gas assets to be marketed by CB Securities under the terms of this Engagement Contract, or as the context requires, any of it.
- (i) "Program" shall mean the Receiver's divestiture of the Property as set out in this Engagement Contract.
- (j) "Services" shall mean the services to be performed by CB Securities hereunder, as specifically described in Schedule A attached hereto.
- (k) "Success Fees" shall mean the fees set forth in Clause 4(b).
- (l) [REDACTED]
- (m) "Transaction" shall mean the sale, swap, exchange, or other disposition of the Property which is approved by the Court and ultimately closed. CB Securities acknowledges that all Transactions are subject to Court approval and that any Success Fees are only payable by the Receiver upon the closing of a Transaction(s) approved by the Court and in accordance with Clause 4(b) and Clause 4(c).

1.1 Words imparting the singular shall be construed as plural and vice versa. The insertion of headings in this Engagement Contract is for convenience of reference and shall not affect its interpretation.

2. **ENGAGEMENT AND DESCRIPTION OF SERVICES:** Subject to the terms and conditions of this Engagement Contract and the approval of this Engagement Contract by the Court, the Receiver hereby appoints CB Securities to act as its sales advisor in connection with the marketing of the Property, and in consideration of the mutual covenants and agreements contained herein, CB Securities accepts such appointment and agrees to perform the Services.

3. **TERM:** The engagement of CB Securities shall be effective on the date of the Court's approval of this Engagement Contract and shall terminate on the earlier of the discharge of the Receiver, [REDACTED] (the "Term"). Notwithstanding the foregoing, the Receiver shall have the right to terminate the Program, including the engagement of CB Securities and this Engagement Contract, by way of written notice provided to CB Securities at any time and for any reason, subject to payment of any Success Fees that are outstanding as at the date of such termination notice.

4. **FEES:**

(a) **Marketing Fee:** CB Securities will charge an up-front marketing fee of [REDACTED] (the "Marketing Fee") to be invoiced after execution of this Engagement Contract by the Receiver.

(b) **Success Fees:**

Notwithstanding the prior termination of the Program, CB Securities will be entitled to Success Fees for any Transaction(s) not relating to a creditor bid by a secured creditor that is entered into and ultimately closed during the Term or the six month period immediately thereafter, calculated as [REDACTED]

[REDACTED]
In the case where publicly traded shares comprise all or any portion of the Funds Raised, the value of such shares so offered shall be the cash equivalent of [REDACTED]

[REDACTED] If all or any portion of the Funds Raised consists of shares in a non-public company or a property other than shares for which there is no active trading market, the fair market value thereof shall be determined by using a methodology determined by CB Securities and the Receiver, both parties acting reasonably.

Should the Receiver agree to accept conditional or future payments as part of the Funds Raised for any Transaction, CB Securities will be entitled to receive a proportionate amount of any Success Fee on account of the conditional or future payments portion of the Funds Raised when the proceeds representing such portion are actually realized by the Receiver.

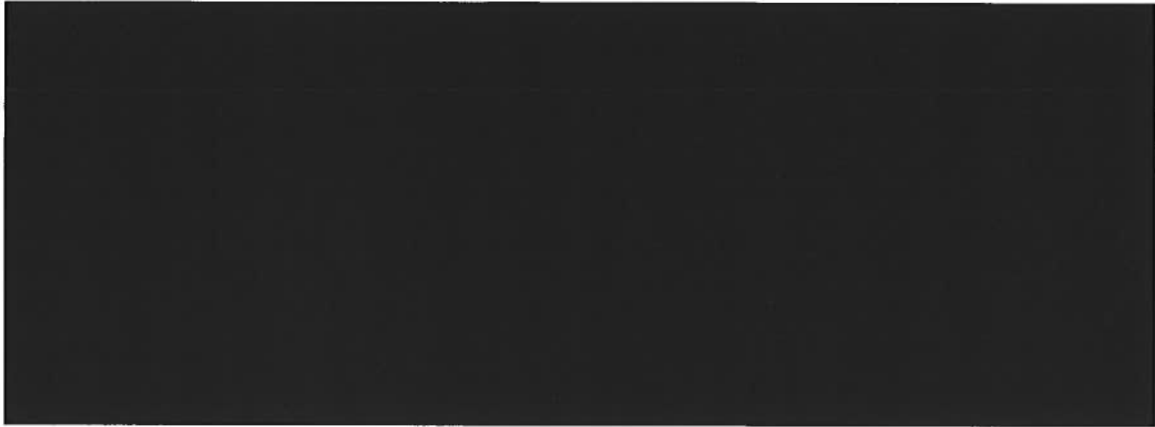
In the case whereby a secured creditor submits a creditor bid in relation to any Transaction(s) for the Dixonville Property that is ultimately closed, the Success Fee would be [REDACTED]. Any other Transaction would be subject to the Success Fees above.

(c) Fees Payment Timing:

The Marketing Fee payable to CB Securities shall be paid within 15 days of the invoice date.

Success Fees payable to CB Securities shall be considered as part of closing costs for each Transaction, and shall be paid by the Receiver to CB Securities out of the Funds Raised following the receipt of same by the Receiver. Notwithstanding anything to the contrary contained herein, Success Fees and the payment thereof to CB Securities will be subject to Court approval.

5. **TAXES:** All fees are subject to the federal goods and services tax and such taxes shall be added to any fees payable by the Receiver hereunder.
6. **VERIFICATION OF INFORMATION:** CB Securities shall take no responsibility for conclusions expressed in any marketing materials or advice CB Securities may give to the Receiver acting fairly and reasonably based on erroneous or incomplete data supplied by the Receiver to CB Securities. Information and data will be provided by the Receiver or will be obtained from publicly available information or from files of CB Securities. CB Securities will not necessarily be required to create or commission the creation of new information or data. CB Securities will be entitled to rely upon information and data provided by the Receiver or obtained from public files as being complete and accurate and CB Securities shall be under no obligation to independently verify the accuracy or completeness of such information or data or to investigate changes which may have occurred to such information or data since its effective date, unless CB Securities has knowledge of same or has reason to question or doubt the accuracy or completeness of same.
7. **CONTINUOUS DISCLOSURE:** Until the termination of this Engagement Contract, the Receiver will use reasonable efforts to provide CB Securities all necessary information available to the Receiver with respect to the proposed sale of the Property and the Receiver will also notify CB Securities of any material change of fact in connection with the Property of which the Receiver has knowledge. Notwithstanding the foregoing, the Receiver shall determine in its sole discretion, acting reasonably, what data and information relating to the Property or the Transaction(s) shall be provided to CB Securities in respect of its engagement.
8. **INDEMNITY:** [REDACTED]



9. CONFIDENTIALITY:

- (a) Except for disclosure to the Court, the Receiver's legal counsel and its other advisors, secured creditors of Eagle and their respective legal counsel and other advisors, without the prior approval of CB Securities, not to be unreasonably withheld, the Receiver agrees not to release to any parties the written or oral advice and opinions of CB Securities, and any background or supporting materials or analyses, and shall keep confidential the names of each potential purchaser and the contacts within each potential purchaser solicited by CB Securities under the Program.
- (b) CB Securities and the Receiver agree that some marketing material pertaining to the Property will be distributed by CB Securities to potential purchasers without the requirement of a confidentiality agreement; however, the Receiver's consent will be obtained prior to making this distribution. Confidential Information will only be distributed by CB Securities to potential purchasers, except as instructed by the Receiver, upon receiving an executed confidentiality agreement from a potential purchaser for the Program, which will be in form and substance satisfactory to the Receiver. CB Securities agrees not to release to any third party any Confidential Information after termination of the engagement of CB Securities hereunder, except as instructed by the Receiver. Otherwise, CB Securities agrees that the Confidential Information shall not be sold, traded, published, discussed, disclosed or otherwise disseminated to anyone, without the Receiver's prior consent, except for:
 - (i) information that is already in CB Securities' possession at the time of disclosure without obligation of confidentiality to the Receiver or a third party that had the right to disseminate the information;
 - (ii) information that is already in the public domain or becomes part of the public domain other than through an act or omission of CB Securities; or
 - (iii) information required to be disclosed by law or governmental authority, or a stock exchange or other regulatory authority having jurisdiction, provided that CB Securities notifies the Receiver prior to disclosure so that the Receiver can seek a protective order.

Upon termination of the engagement of CB Securities hereunder, CB Securities shall return to the Receiver, upon its request, the Confidential Information.

- (c) Notwithstanding the prior termination of the Program or the engagement of CB Securities, the confidentiality obligations contained in this Clause 9 shall not terminate until two years following the date of this Engagement Contract except for the Engagement Contract which

will be available publicly upon the discharge of the Receiver.

10. **EXCLUSIVITY:** Prior to termination of this Engagement Contract, the Receiver shall not engage any other advisory firm or agent to advise and assist it in connection with matters for which CB Securities is engaged pursuant to this Engagement Contract with respect to the Program during the term of this Engagement Contract. Notwithstanding the foregoing, the Receiver retains the sole and complete discretion to sell directly or through agents and market properties that are not included as the Property within the Program.
11. **RETENTION RIGHTS:** The Receiver reserves the right to reject any offers received for the Property, and CB Securities acknowledges that the Receiver will have the sole discretion to determine whether to engage in or enter into a Transaction and to approve the terms and conditions thereof. All offers received for the Property are subject to approval by the Court, and CB Securities acknowledges that the decision by the Receiver to enter into a Transaction will be subject to Court approval.
12. **MISCELLANEOUS PROVISIONS:**
 - (a) **Assignment:** Neither this Engagement Contract nor any claim against the Receiver arising directly or indirectly out of or in connection with this Engagement Contract shall be assignable by CB Securities, nor shall CB Securities subcontract any obligations hereunder without the prior written consent of the Receiver.
 - (b) **Parties Entitled to Benefit:** This Engagement Contract is solely for the benefit of the Receiver and CB Securities, except as expressly provided for herein.
 - (c) **Applicable Law:** This Engagement Contract shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
 - (d) **Advertisements:** Subject to obtaining prior written consent of the Receiver, if not previously publicized, as to the form, content and timing of the same, CB Securities shall have the right to advertise in the financial press, at its own option and expense, the successful conclusion of any Transaction which might occur pursuant to this Engagement Contract, subject to prior written consent from the Receiver, which consent shall not be unreasonably withheld.
 - (e) **Notice:** Any and all notification, reports and other communications shall be directed as follows:

CB SECURITIES:	CB Securities Inc. Darryl Derouin, President 403.781.7041 (direct office) 403.618.1515 (cellular) dderouin@cbsecurities.com (email)
RECEIVER:	FTI Consulting Canada Inc., in its capacity as Receiver and Manager of Eagle Energy Inc. Dustin Olver, Corporate Finance & Restructuring 403.454.6032 (direct office) 403.519.3485 (cellular) dustin.olver@fticonsulting.com (email)
 - (f) **Time:** Time is of the essence herein.
 - (g) **Entirety of Agreement:** The preceding clauses and the Schedule attached hereto contain

the entire agreement between the Receiver and CB Securities in respect of the subject matter herein. All previous proposals and communications relative to the Services to be provided by CB Securities, oral and written, are hereby superseded, except to the extent that they have been expressly incorporated into this Engagement Contract.

CB Securities trusts this letter correctly reflects your understanding of our mutual rights and obligations. Would you kindly sign and return a copy of this letter which shall then represent the Engagement Contract between us in respect of this matter.

Yours very truly,

CB SECURITIES INC.



Darryl Derouin
President

Accepted and agreed to this 5 day of FEBRUARY, 2020

**FTI CONSULTING CANADA INC., SOLELY IN ITS CAPACITY AS
RECEIVER AND MANAGER OF EAGLE ENERGY INC., EAGLE ENERGY
TRUST, EAGLE ENERGY HOLDINGS INC., AND EAGLE
HYDROCARBONS INC., AND NOT IN ITS PERSONAL OR CORPORATE
CAPACITY**



Schedule A
to
Advisory Engagement Contract
For the Eagle Energy – In Receivership Property Divestiture Program

SERVICES

The Services CB Securities will, as required by the Receiver, provide include:

- i) **Personnel:** CB Securities will provide sufficient personnel experienced with the subject matter of the engagement to advise and consult with the Receiver as reasonably requested and properly perform the duties in this Engagement Contract.
- ii) **Engineering Evaluations:** CB Securities can assist the Receiver in dealing with the third-party engineering firm that prepared the evaluation of the Property to be used in the Program.
- iii) **Data Assembly:** CB Securities will work with the Receiver to assemble all required information and data including land schedules, well lists, accounting reports, engineering analysis, operating agreements and correspondence, and other information and data as required for an offering circular and data room.
- iv) **Preparation of Marketing Materials:** CB Securities will be responsible for the preparation of marketing materials for the Program including the Introduction Letter (describing the company, its assets and the selling process) and the Offering Circular containing detailed information on the company and its assets (such as corporate information, land maps, property overviews, historical and forecast production and cash flows, third party engineering summaries, and well lists). Information will also be posted on CB Securities website located at www.cbsecurities.com.
- v) **Distribution of Marketing Materials:** CB Securities will identify and contact potential purchasers of the Property. CB Securities will be responsible for the distribution of marketing materials and receiving and responding to (with the Receiver's assistance an/or instructions, as required) all inquiries from potential purchasers and directing parties to the Receiver as necessary. Nothing in this Schedule A or the Engagement Contract shall prevent the Receiver from communicating directly with a potential purchaser.
- vi) **Data Room:** CB Securities will assemble information and data for an electronic data room, and will assist in preparing and managing access to the electronic data room for potential purchasers.
- vii) **Documents:** CB Securities will assist the Receiver and its legal counsel in developing forms of a confidentiality agreement to be signed by prospective purchasers who request access to the data room. CB Securities does not purport to give the Receiver legal advice in connection with these documents and the Receiver will be responsible for obtaining its own legal counsel.
- viii) **Communication with the Receiver:** CB Securities will be in frequent contact with the Receiver to keep them apprised of major developments respecting the Program. CB Securities will be available to meet with the Receiver and its advisors to provide updates and to discuss on-going strategy. CB Securities will provide regular weekly updates outlining the parties contacted. CB Securities will also include, if appropriate, its comments on the Program based on discussions with potential purchasers.
- ix) **Evaluating the Offers:** CB Securities will use its best efforts to assist the Receiver in evaluating and selecting acceptable (as applicable) offers for the Property and in negotiating with potential purchasers (including negotiating any Transaction(s)).

- x) **Closing the Transaction(s):** CB Securities will assist the Receiver in all reasonable aspects to close the Transaction(s) in a timely and efficient manner.

**Schedule B
to
Advisory Engagement Contract
For the Eagle Energy – In Receivership Property Divestiture Program**





440 Louisiana, Suite 600
Houston TX 77002
(713) 861-1866

ENGAGEMENT AGREEMENT

Between

FTI Consulting Canada Inc., solely in its capacity as Receiver and Manager of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Hydrocarbons Inc., and not in its personal or corporate capacity

And

EnergyNet.com, Inc.

Contract No. 1970-EAGL

ENGAGEMENT AGREEMENT

This ENGAGEMENT AGREEMENT (this “**Agreement**”) is dated the 6 day of FEBRUARY, 2020 and made between EnergyNet.com, Inc. (“**EnergyNet**”), with a business address at 7201 I-40 W., Ste. 319, Amarillo, TX, 79106, and FTI Consulting Canada Inc. (“**FTI**”), solely in its capacity as Receiver and Manager (the “**Receiver**”) of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Hydrocarbons Inc. (collectively, “**Eagle**”), and not in its personal or corporate capacity (“**Seller**”) with a business address at 1610, 520 – 5th Ave SW Calgary, AB T2P 3R7 Canada. EnergyNet and Seller may be referred to herein individually as a “**Party**” and collectively as the “**Parties.**” This Agreement is effective upon Court approval in the US Proceedings (defined below) (the “**Effective Date**”).

WHEREAS, on November 19, 2019, in Alberta Court of Queen’s Bench File No. Court File No. 1901-16293 (“**Canadian Proceedings**”) Honorable Justice R.A. Neufeld granted a Receivership Order (the “**Receivership Order**”) appointing FTI as the Receiver of Eagle pursuant to section 243 of the Canadian Bankruptcy and Insolvency Act (the “**BIA**”), RSC 1985 c B-3 and section 13(2) of the Alberta Judicature Act, RSA 2000 c J-2;

WHEREAS, on December 5, 2019, the United States Bankruptcy Court for the Northern District of Texas, in jointly administered case number 19-33868 (“**US Proceedings**”), entered an *Order (I) Granting Expedited Petition For Recognition As Foreign Main Proceeding Pursuant To Sections 1515 And 1517 Of The United States Bankruptcy Code And Related Relief And (II) Authorizing Receiver’s Limited Use Of Cash Collateral* (“**Recognition Order**”) recognizing the Receiver as a foreign representative for Eagle under Chapter 15 of the United States Bankruptcy Code;

WHEREAS, EnergyNet has knowledge and professional experience in the area of oil and gas marketing, acquisitions, and divestitures;

WHEREAS, Seller desires to retain EnergyNet to perform certain sales brokerage and consulting services in connection with the proposed sale of certain oil and gas properties in the United States;

NOW, THEREFORE, in consideration of the mutual promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 – TERM; SALE TERM. This Agreement shall commence on the Effective Date and shall continue in full force and effect until 180 days from the Effective Date or until terminated in accordance with this Agreement.

Each Property List (as defined in Article 3) shall commence on the effective date set forth in the Property List and shall continue in effect until the expiration date set forth in the Property List, which is 180 days, unless earlier terminated in accordance with this Agreement (“**Sale Term**”).

ARTICLE 2 – EXCLUSIVE APPOINTMENT. In connection with Seller’s proposed sale of the Properties (as defined in Article 3), Seller hereby appoints EnergyNet as its sole and exclusive agent during the Sale Term to undertake sales brokerage and consulting services as are customary and appropriate in a transaction of this type that Seller reasonably requests, including, but not limited to, those tasks set forth in Exhibit A (the “**Services**”).

For the avoidance of doubt, the exclusivity during the Sale Term of a particular Property List will only apply to the Properties identified in that Property List. For further avoidance of doubt, the Properties

under this Agreement do not include properties located outside the United States, and EnergyNet acknowledges that the Seller has engaged other agent(s) to market and sell such properties located outside the United States.

ARTICLE 3 – PROPERTIES TO BE SOLD. EnergyNet is being contracted to market and sell, on behalf of Seller, the properties of Seller identified on each “Property Listing Agreement” (hereinafter “**Property List**”) submitted by Seller to EnergyNet (hereinafter “**Property**” or “**Properties**” whether used in the singular or plural tense or properties making up a lot). The Property includes the “**Hardeman County Property,**” defined as Hardeman County Property, as well as other properties located in the United States. A sample of a Property List is attached to this Agreement as **Exhibit B.**

Each Property List shall be uniquely numbered for reference purposes and, once signed by both Parties, shall be incorporated by reference into this Agreement.

Prior to the consummation of a sale of some or all of the Properties (“**Property Sale**”), the Parties shall execute a final approval agreement (“**Final Approval**”). A sample of a Final Approval is attached to this Agreement as **Exhibit C.** The Final Approval shall reference the Property List being amended or replaced. To the extent that additional terms and conditions are set forth in the Final Approval, the terms and conditions of the Final Approval executed by both Seller and EnergyNet will control over the provisions of this Agreement.

ARTICLE 4 – SELLER’S RIGHTS. EnergyNet acknowledges and agrees that Seller may:

- (a) decline or accept any and all advice, recommendations, or Services offered or performed by EnergyNet hereunder;
- (b) determine (in its sole discretion) the list of assets to be sold in any particular Property Sale;
- (c) decline or accept any and/or all proposed Property Sales; and
- (d) subject to Article 7, terminate this Agreement at any time.

Seller reserves the right to reject any offers received. EnergyNet acknowledges that Seller has the sole discretion to determine whether to engage in or enter into a Property Sale, the sale process and methodology, and to approve the terms and conditions thereof. At the Seller’s sole discretion, sales of the Property may be “as is, where, is, without warranty,” or with similar limitations.

All offers received for the Property are subject to Court approval in the US Proceedings, and EnergyNet acknowledges that the decision by Seller to enter into a Property Sale will be subject to Court approval in the US Proceedings.

This Agreement and any sales process for the Property is subject to Court approval in the US Proceedings.

Any or all of the Property may be the subject of a sale by Credit Bid. In this Agreement, “**Credit Bid**” shall mean a process whereby the holder of a secured claim on property bids on such property at a sale of such property and, if the holder of such secured claim purchases such property, such holder offsets such claim against the purchase price of such property within the meaning of 11 U.S.C. § 363(k).

ARTICLE 5 – SELLER INFORMATION.

In this Agreement, the term “**Seller Information**” means the information provided by Seller to EnergyNet pursuant to this Article 5.

Seller shall use reasonable efforts to furnish or arrange to furnish to EnergyNet such information as EnergyNet reasonably requests in connection with its engagement hereunder (“**Property Information Sheet**”).

Upon the reasonable request of EnergyNet, Seller agrees to cooperate and furnish other records and instruments relating to the Properties, if reasonably obtainable, including, without limitation, title opinions, title reports and curative materials, gas purchase contracts, gathering and transportation agreements, processing agreements, gas balancing agreements, operating agreements, joint venture agreements, well data, production, pricing and operating expense data or other files maintained by Seller covering such Properties. Notwithstanding the foregoing, Seller shall determine in its sole discretion, acting reasonably, what data and information relating to the Property shall be provided to EnergyNet in respect of its engagement.

Seller agrees to update the Seller Information as appropriate.

Seller will review all information and well data posted by Seller and/or EnergyNet and notify EnergyNet of any corrections or clarifications to be made by EnergyNet.

Seller represents that it shall use reasonable efforts to ensure all Seller Information shall, to Seller’s knowledge, be complete and accurate in all material respects.

Seller further acknowledges that EnergyNet:

- (i) will be relying on information and data provided to EnergyNet and available from generally recognized public sources, without having independently verified the accuracy or completeness thereof,
- (ii) does not assume responsibility for the accuracy or completeness of any such information and data,
- (iii) has not made, and will not make, any physical inspection or appraisal of the Properties, assets or liabilities (contingent or otherwise) of the Seller.

Seller further agrees that, during the Sale Term, Seller shall forward all inquiries regarding the Properties to EnergyNet.

SELLER, SOLELY IN ITS CAPACITY AS RECEIVER, HEREBY INDEMNIFIES AND AGREES TO HOLD ENERGINET AND ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AGENTS AND REPRESENTATIVES HARMLESS FROM AND AGAINST ANY LIABILITY, CLAIM, DAMAGE, HARM, COST OR EXPENSES (INCLUDING REASONABLE ATTORNEY’S FEES AND COURT COSTS) THAT ENERGINET MAY SUFFER OR INCUR IN THE PERFORMANCE OF SELLING THE PROPERTIES, INCLUDING ENTERING AND POSTING WELL DATA AND OTHER INFORMATION RELATING TO THE PROPERTIES, INCLUDING PERSONAL INFORMATION, PROVIDED BY THE SELLER TO ENERGINET FOR POSTING ON THE WEBSITE ON BEHALF OF SELLER. NOTWITHSTANDING THE FOREGOING, THIS INDEMNITY AND HOLD HARMLESS AGREEMENT SHALL BE LIMITED AS FOLLOWS:

(A) THE SOURCE OF ANY INDEMNITY AND HOLD HARMLESS COMPENSATION SHALL BE LIMITED SOLELY TO AN UNSECURED CLAIM IN THE PENDING CANADIAN PROCEEDINGS OR US PROCEEDINGS, AND

(B) SELLER SHALL HAVE NO DUTY TO INDEMNIFY OR HOLD HARMLESS FOR ACTS OR OMISSIONS THAT ARE THE RESULT OF (1) NEGLIGENCE BY ENERGYNET, (2) WILLFUL MISCONDUCT BY ENERGYNET, OR (3) BREACHES OF THIS AGREEMENT BY ENERGYNET.

ARTICLE 6 – TERMINATION.

a) Termination for Convenience. Seller may, at any time, terminate this Agreement or any Property List effective immediately upon written notice to EnergyNet.

EnergyNet may, at any time, terminate this Agreement or any Property List effective immediately upon written notice to Seller.

b) Seller Termination for Cause. This Agreement or any Property List may be terminated by Seller in the event of a material breach by EnergyNet of any term or condition of this Agreement and EnergyNet fails to cure such breach within thirty (30) days after written notice of such breach is given by Seller to EnergyNet.

c) EnergyNet Termination for Cause. This Agreement or any Property List may be terminated by EnergyNet at any time upon the occurrence of any of the following events of default and the failure of Seller to cure such default within thirty (30) days after written notice of such default has been given:

(a) if any undisputed sum of money owed by Seller is not paid when due;

(b) if any material breach by Seller occurs as to any other term or condition of this Agreement;

(c) Seller and EnergyNet are unable to agree on a marketing strategy for the Properties; or

(d) Seller has insisted that EnergyNet engage in conduct that would, in the opinion of EnergyNet's legal counsel, violate EnergyNet's then effective corporate policies or laws applicable to EnergyNet.

ARTICLE 7 – EFFECT OF TERMINATION.

Upon the expiration or earlier termination of this Agreement, the rights and obligations of the Parties hereunder shall terminate, except for the obligations set forth in Articles 7, 8, 10, 11, and 18, which shall survive such expiration or earlier termination. Following the expiration or earlier termination of a Property List for any reason, Seller must:

a) within thirty (30) days of receipt of a final invoice, reimburse EnergyNet for any third party professional costs pursuant to Article 8(b) incurred prior to the date of expiration or termination; and

b) pay the Sale Success Fee referred to in Article 8(a) within ten (10) days of the consummation of a sale of any Property contained in such Property List that is sold within one (1) year of the expiration or termination of the Property List if:

i) EnergyNet introduced the Buyer to Seller during the Sale Term; or

ii) EnergyNet had negotiations about the Property with the Buyer during the Sale Term.

For purposes of this Article 7(b), the term "**Buyer**" shall include the person or entity that purchases the Property, any affiliates of such person or entity, or any third parties acting on behalf of such person or entity.

Notwithstanding the provisions of this Article 7(b), EnergyNet shall not be entitled to the Sale Success Fee in the event of a termination of the applicable Property List by Seller for cause pursuant to Article 6(b).

ARTICLE 8 – COMPENSATION.

a) Sale Success Fee. Upon consummation of a Property Sale during the Sale Term (and thereafter as provided in Article 7), Seller will promptly pay to EnergyNet a “Sale Success Fee” based on the commission schedule set forth in Exhibit A.

[REDACTED]

(“Total Net Sales Price”).

b) Third Party Professional Costs. EnergyNet shall not engage the services of any third party for whom expenses or costs will be billed to Seller without Seller’s prior written consent authorizing the engagement of such third party. Solely to the extent Seller has authorized EnergyNet to engage such third party professional in writing in connection with this Agreement, Seller shall promptly reimburse EnergyNet for the cost of such third party professional, without markup. If EnergyNet engages any third party professional without Seller’s prior written consent, then EnergyNet agrees that EnergyNet will be solely responsible for all costs and expenses of such third party professional and shall not bill Seller for any such costs and expenses.

c) Closing Fees. Seller is responsible for Seller’s legal fees incurred as part of the Property Sale, including the title work, review of closing documentation, such as purchase and sale agreements, and other documentation instrumental to the closing.

Seller’s obligation to promptly pay the Sale Success Fee and reimburse EnergyNet for approved third party expenses in accordance with this Article 8 will survive the expiration or earlier termination of this Agreement.

The Sale Success Fee and all other payments to EnergyNet shall be made by check or wire payment of immediately available funds from the consummation of a Property Sale. If such payment is made by check, then it shall be sent to EnergyNet at its place of business in Potter County, Texas, which address is set forth in Article 12 hereof. If EnergyNet desires that such payment be made by wire transfer, then EnergyNet shall so notify Seller in writing at least three (3) business days prior to the consummation of the relevant Property Sale, which notice shall include the wire instructions to which such payment is to be made.

For purposes of this Agreement, “promptly” (when used in connection with a Sale Success Fee or expense reimbursement authorized by this Agreement) shall mean within ten (10) business days after Seller’s receipt of an invoice from EnergyNet.

Notwithstanding anything else to the contrary, the Sale Success Fee shall be limited as follows:

[REDACTED]

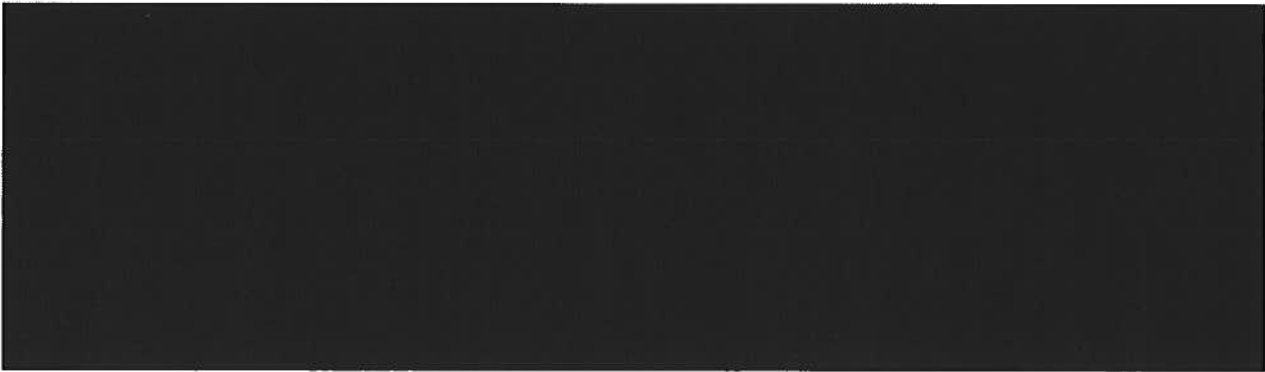
ARTICLE 9 – LESSER INTEREST. INTENTIONALLY OMITTED.

ARTICLE 10 – INDEPENDENT CONTRACTOR.

In performing Services under this Agreement, EnergyNet shall be, at all times, an independent contractor. EnergyNet shall not make any commitment or incur any charge or expense in the name of Seller, except as specifically authorized by Seller. Seller shall have no direct control or supervision of EnergyNet or its employees, subcontractors or agents in providing the Services. The actual performance and supervision of all Services hereunder shall be by EnergyNet.

ARTICLE 11 – INDEMNITY





ARTICLE 12 – LIMITATION OF LIABILITY

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY LOSS OF PROFITS OR LOSS OF BUSINESS OPPORTUNITIES; AND EACH PARTY DOES HEREBY WAIVE ANY RIGHT THAT IT MAY HAVE TO COLLECT SUCH DAMAGES FROM THE OTHER PARTY. THE WAIVER SET FORTH IN THIS ARTICLE 12 SHALL APPLY WITHOUT REGARD TO THE NEGLIGENCE (WHETHER SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE), STRICT LIABILITY, STATUTORY LIABILITY, INTENTIONAL ACTIONS OR OMISSIONS, OR OTHER FAULT OF ANY PERSON OR PARTY (INCLUDING THE PARTIES).

ARTICLE 13 – NOTICES

Any notice provided or permitted to be given under this Agreement shall be in writing, and may be served by personal delivery including, without limitation by facsimile or by depositing same in the United States mail, addressed to the Party to be notified, postage prepaid, and registered or certified with a return receipt requested, mailed by next-day delivery using a nationally-recognized overnight courier, or transmitted by electronic mail in “portable document format” (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature. Signatures to this Agreement or notices deposited in the mail in the manner herein above described shall be deemed to have been given and received upon the date of delivery as shown on the return receipt. Signatures to this Agreement or notice served in any other manner shall be deemed to have been given and received only if and when actually received by the addressee. For purposes of notice, the addresses of the Parties shall be as follows:

If to EnergyNet:

EnergyNet.com, Inc.
7201 I-40 West, Ste. 319
Amarillo, TX 79106
Attn: Registered Principal

If to Seller:

SELLER TAX IDENTIFICATION NUMBER: _____

FTI Consulting Canada Inc.
520, 5th Ave SW, Ste. 1610
Calgary, AB T2P 3R7
Attn: Dustin Olver, Corporate Finance & Restructuring

The address of any Party for notice purposes may be changed by such Party by giving two days' written notice of such change to the other Party.

ARTICLE 14 – AMENDMENTS

This Agreement may not be amended, modified, varied, supplemented or otherwise changed, except by a written amendment executed by duly authorized representatives of each Party.

ARTICLE 15 – ENTIRE AGREEMENT

This Agreement, together with the Exhibits hereto, constitutes the entire, complete and exclusive agreement and understanding of the Parties in respect of the subject matter hereof and thereof and expressly supersedes all prior understandings, agreements, or representations by or among the Parties, written or oral, with respect thereto.

ARTICLE 16 – HEADINGS

Headings used throughout this Agreement are for administrative convenience only and shall be disregarded for the purpose of construing and enforcing this Agreement.

ARTICLE 17 – WAIVER AND SEVERABILITY

- (a) *Waiver.* A failure or delay by a Party to exercise any right or remedy provided under this Agreement or applicable law, whether by conduct or otherwise, shall not constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict any further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy provided under this Agreement or by applicable law, whether by conduct or otherwise, shall preclude or restrict the further exercise of that or any other right or remedy. A waiver of any right or remedy under this Agreement shall only be effective if given in writing and shall not be deemed to be a waiver of any subsequent breach or default.
- (b) *Severability.* Each Party acknowledges and agrees that if any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced under any applicable rule or law, such provision will be ineffective only to the extent of such invalidity, illegality or unenforceability and all other conditions and provisions of this Agreement shall, nevertheless, remain in full force and effect so long as the economic or legal substance of the transaction contemplated hereby is not affected in a materially adverse manner with respect to either Party.

ARTICLE 18 – PUBLICITY

EnergyNet may, after public announcement of a Property Sale and at EnergyNet's own expense, place announcements or advertisements in financial newspapers, journals, and marketing materials describing EnergyNet's Services hereunder, in each case subject to the prior written consent of Seller.

ARTICLE 19 – CONFIDENTIALITY

EnergyNet shall maintain in strict confidence any information provided by Seller to EnergyNet that Seller has marked as “**Confidential Information.**” EnergyNet shall not disclose any Confidential Information to any person (including any potential party to a Property Sale) without Seller’s prior written consent and the prior execution of a confidentiality agreement with respect to such Confidential Information between the Seller and such person. Unless otherwise agreed to in writing by Seller, the confidentiality of such Confidential Information shall be maintained for a period of two (2) years after the termination of this Agreement.

Seller hereby consents and acknowledges that any Seller Information furnished to EnergyNet that is not marked as Confidential Information will be made available to third parties, including prospective buyers, and may be circulated, published, and distributed by EnergyNet. Seller further consents and agrees to EnergyNet’s use of such Seller Information in accordance with EnergyNet’s Privacy Policy, available at www.energynet.com/page/Privacy_Policy. In no event will Seller be required or obligated to deliver to any third party, including any Buyer, Confidential Information, including but not limited to geology, geophysical, seismic, or other information, that, in Seller’s reasonable determination, it is prohibited from disclosing by contract.

ARTICLE 20 – ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. Neither Party may assign this Agreement or any of its rights under this Agreement or delegate any or its performance obligations under this Agreement without the other Party’s prior written consent. Any such purported assignment or delegation is void.

ARTICLE 21 – GOVERNING LAW

This Agreement, the obligations of the Parties under this Agreement and all other matters arising out of or relating to this Agreement and the transactions it contemplates, will be governed by and construed in accordance with the laws of the State of Texas, without giving effect to any conflicts of law principles that would cause the laws of another jurisdiction to apply.

Each Party acknowledges and agrees that a substantial portion of the Services provided by EnergyNet shall be performed in Dallas County, Texas. Each Party further acknowledges and agrees that the exclusive venue for any action related to or concerning this Agreement shall be in Dallas County, Texas.

Each Party further acknowledges and agrees that the state or federal courts (including the United States Bankruptcy Court for the Northern District of Texas in the US Proceedings) sitting in Dallas County, Texas shall have exclusive personal and subject matter jurisdiction for the resolution of any dispute, claim or controversy arising out of, in relation to, or in connection with this Agreement.

ARTICLE 22 – THIRD PARTY BENEFICIARIES

No person other than the Parties and their respective successors and permitted assigns has any rights or remedies under this Agreement or is an intended beneficiary of this Agreement.

ARTICLE 23 – NON-COMPETITION OF SELLER

Seller hereby acknowledges and agrees that neither Seller nor its employees, directors, officers, shareholders, affiliates, representatives, assigns and agents will participate in the bidding or in any subsequent negotiations by making bids or offers on its Properties posted for sale with EnergyNet.

ARTICLE 24 – DISQUALIFICATION EVENT: INTENTIONALLY OMITTED.

ARTICLE 25 - MISCELLANEOUS

25.1 ASSIGNMENT TO CONTROL. Seller hereby acknowledges and agrees that the assignment to be prepared by Seller is the controlling document over this Agreement as to what interest is conveyed by the Seller. As between Seller and Buyer the terms and conditions of the assignment provided by the Seller and displayed in the due diligence materials and on the EnergyNet Website with each of Seller's Properties shall supersede and control over any conflicting terms and conditions in this Agreement. Both Buyer and Seller have a duty to determine any discrepancies between the assignment and what is represented in the due diligence materials and on the EnergyNet Website .

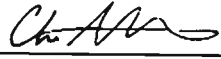
25.2 NO OTHER SALES PROFESSIONALS. Seller is not aware of any person (other than EnergyNet) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of Properties.

25.3 EXECUTION. This Agreement and Property Lists and Final Approvals may be executed in multiple original counterparts, each of which shall be deemed an original for all purposes. No single counterpart of this Agreement need be executed by each party so long as each party shall have executed at least one counterpart. Facsimile and electronically transmitted signatures shall be valid.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the Effective Date.

EnergyNet.com, Inc.

By: 

Name: Chris Atherton

Title: President

Date: 02 / 10 / 2020

Seller

FTI Consulting Canada Inc., solely
in its capacity as Receiver and Manager
of Eagle Energy Inc., Eagle Energy Trust,
Eagle Energy Holdings Inc., and
Eagle Hydrocarbons Inc.,
and not in its personal or corporate capacity

By: 

Name: Rob Kleebaum


Title: Sr. Consultant, FTI Consulting Canada Inc.

Date: FEB. 6/2020


Exhibit A
Services; Sale Success Fee

Sale Success Fee:



All monetary figures in this Agreement are in United States dollars. Sale Success Fees are calculated and paid by Seller on the aggregate sales proceeds from all of the Properties listed on any Property List or final approval referencing the Seller's agreement which are sold during the calendar month. 



Notwithstanding anything else to the contrary, the Sale Success Fee shall be limited as follows: EnergyNet shall not be entitled to a Sale Success Fee for any sale of any of the Property sold by Credit Bid except that EnergyNet shall be entitled to a Sale Success Fee of  for the Credit Bid sale of the Hardeman County Property only if the entirety of the Hardeman County Property is sold by Credit Bid.



There is no sales tax on commissions.

Notwithstanding anything in this Agreement to the contrary, all Sale Success Fees (including the amount and payment thereof) are subject to Court approval in the US Proceedings.

Services:

EnergyNet shall perform such sales brokerage and consulting services for Seller in connection with the proposed Property Sale as are customary and appropriate in a transaction of this type that Seller reasonably requests from time to time, including, without limitation:

- Assist Seller to analyze properties for divestiture and develop a marketing strategy designed to achieve Seller's goals;
- Assist Seller to identify, collect and organize information needed to prepare offering materials;
- Facilitate, to the degree desired for sale presentation by Seller, internal and third party coordination to finalize engineering, including evaluation of upside value;
- Establish timeline goals and identify sale issues;
- Advise on market value estimates based on final engineering and price and timing assumptions;

- **Draft marketing materials and Information Memorandum and organize data for marketing and internet or other data room presentation, in each case in collaboration with Seller, and Seller's other advisors;**
- **Subject to Seller's prior consent, distribute teasers and/or publish select advertising (website, EnergyNet Online Market Report) for broad market exposure and personally contact, as practical, select recipients to gauge interest level and ensure offering attention;**
- **Coordinate the execution of confidentiality agreements (in a form provided and approved by Seller) by each potential buyer prior to the receipt of any confidential Seller Information by each such potential buyer;**
- **Manage buyer activity throughout marketing and assist with buyer data needs;**
- **Receive bids and advise on bid evaluations;**
- **Facilitate negotiation of bids to the extent desired by Seller; and**
- **Provide buyer due diligence and closing support as requested by Seller.**

Exhibit B

Lessor	Lessee	LeaseDate	County	State	LeaseLegal
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Exhibit B

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Exhibit B

Lessor	Lessee	LeaseDate	County	State	LeaseLegal
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**Exhibit C
Final Approval (Example)**

This Final Approval is for the purpose of authorizing EnergyNet to grant EnergyNet the exclusive rights to sell the below named Properties pursuant to and subject to the ENGAGEMENT AGREEMENT dated ___ day of ___, 20__ (the "Agreement") by and between Seller and EnergyNet. Except as specifically stated herein, all other terms and conditions of the Agreement govern the rights and obligations of Seller and EnergyNet.

This Final Approval is being entered into with respect to SOME or ALL (select one) of the Properties listed in the Property Listing Agreement ("Property List") dated _____, 20__. If this Final Approval covers less than ALL Properties in the Property List, the Property List shall remain in full force and effect for the remainder of the Sale Term with respect to the Properties not included in this Final Approval.

Lot Information

EnergyNet Lot Number: _____
Lot Reserve Price: \$ _____ or No Reserve Price or Sealed Bid Sale
Closing Date: _____

List of Properties

Well or Property Name: _____ State and County: _____
Well or Property Name: _____ State and County: _____
Well or Property Name: _____ State and County: _____
Well or Property Name: _____ State and County: _____
Well or Property Name: _____ State and County: _____
Well or Property Name: _____ State and County: _____
Well or Property Name: _____ State and County: _____

Seller

EnergyNet.Com, Inc.

By: _____

By: _____

Printed or Typed Name and Title

Printed or Typed Name and Title