

COURT FILE NUMBER 1601-11552  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF NATIONAL BANK OF CANADA IN ITS  
CAPACITY AS ADMINISTRATIVE AGENT  
UNDER THAT CERTAIN AMENDED AND  
RESTATED CREDIT AGREEMENT DATED  
JANUARY 15, 2016, AS AMENDED

DEFENDANT TWIN BUTTE ENERGY LTD.

IN THE MATTER OF THE RECEIVERSHIP  
OF TWIN BUTTE ENERGY LTD.

APPLICANT FTI CONSULTING CANADA INC. in its  
capacity as Court-appointed Receiver of the  
current and future assets, undertakings and  
properties of TWIN BUTTE ENERGY LTD.

DOCUMENT **ORDER**  
**(Ad Hoc Committee Application re:  
Subordination)**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT **Norton Rose Fulbright Canada LLP**  
400 3rd Avenue SW, Suite 3700  
Calgary, Alberta T2P 4H2

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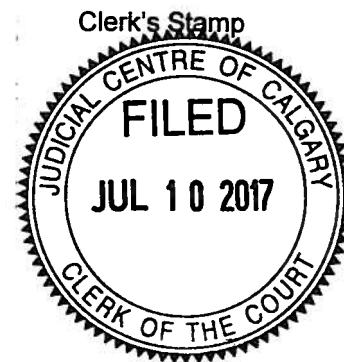
Attention: Howard A. Gorman, Q.C. / Aditya M. Badami  
File No.: 01020497-0005

BOX 11

DATE ON WHICH ORDER WAS PRONOUNCED: June 30, 2017

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice Jeffrey



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

Dated this 10 day of July 2017

  
for Clerk of the Court

**UPON THE APPLICATION** of the *Ad Hoc* Committee (as defined in the Funding Order granted in the within proceedings on April 27, 2017), seeking: (i) certain declaratory relief in connection with the Twin Butte Energy Ltd. (**Twin Butte**) 6.25% Convertible Unsecured Subordinated Debentures due December 31, 2018 (**Subordinated Debentures**); (ii) the Court's direction to FTI Consulting Canada Inc. in its capacity as receiver and manager of Twin Butte (the **Receiver**) to make any and all distributions to the unsecured creditors of Twin Butte with Proven Claims (as defined in the Claims Procedure Order

granted in the within proceedings on April 27, 2017 (**Proven Claims**)) on a *pari passu* basis; and (iii) leave to the *Ad Hoc* Committee to apply to bankrupt Twin Butte;

**AND UPON HAVING READ** the Application dated June 7, 2017; the Written Brief of Argument and Book of Authorities of the *Ad Hoc* Committee dated June 7, 2017; the Brief and Book of Authorities of the Receiver dated June 20, 2017; the Written Brief and Authorities of Argo Partners and Husky Oil Operations Limited dated June 23, 2017; the Written Brief and Authorities of CRG Financial LLC dated June 26, 2017; the Affidavit of Joseph Brosnan sworn June 26, 2017; the Reply Brief of Argument of the *Ad Hoc* Committee dated June 26, 2017; and the Bench Brief and Authorities of Balanced Energy Oilfield Services Inc.; **AND UPON HAVING READ** Receiver's Eighth Report dated June 6, 2017; and the Receiver's Ninth Report dated June 21, 2017; **AND UPON** hearing counsel for the *Ad Hoc* Committee; the National Bank of Canada, in its capacity as administrative agent under that certain amended and restated credit agreement dated January 15, 2016, as amended; CRG Financial LLC; Argo Partners and Husky Oil Operations Limited; the Receiver; and other interested parties that were present; **AND UPON IT APPEARING** that all interested and affected parties have been served with notice of this Application; **AND UPON** having read the pleadings, proceedings, orders and other materials filed in this action; **AND UPON** noting the approval as to form of the parties endorsed hereon;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and to the extent it is required, time for service of this application is abridged to that actually given.

**APPLICATION DISMISSED**

2. The *Ad Hoc* Committee's application seeking declaratory relief with respect to the Subordinated Debentures is dismissed.
3. The *Ad Hoc* Committee's application seeking the authorization of and direction to the Receiver to make any and all distributions on a *pari passu* basis to the unsecured creditors of Twin Butte with Proven Claims, including holders of the Subordinated Debentures with such Proven Claims, is dismissed.
4. The *Ad Hoc* Committee's application seeking leave to make an application to bankrupt Twin Butte is dismissed as that relief is unnecessary.

## **DEBENTURE DEBT CLAIM AND DEBENTURE DAMAGES CLAIM ARE SUBORDINATE**

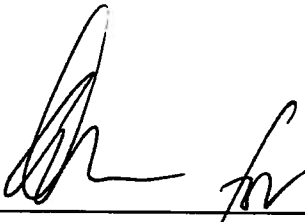
5. The Debenture Debt Claim and the Debenture Damages Claim (as both are defined in the Written Brief of Argument of the *Ad Hoc* Committee), are both subordinated in right of repayment to the indebtedness of holders of Senior Indebtedness (as defined in the Convertible Debenture Indenture between Twin Butte and Valiant Trust Company dated December 13, 2013), which have Proven Claims.
6. Any claims for dividends or distributions in respect of equity securities or investments in Twin Butte shall not constitute "Senior Indebtedness" and are thereby not entitled to the benefit of any subordination.
7. The issue of whether the following types of claims constitute "Senior Indebtedness" and are thereby entitled to the benefit of subordination is not being determined at this time and that issue may be brought forward for determination by the Receiver or the *Ad Hoc* Committee on notice to such claimants:
  - a) the claims of landlords for damages respecting the termination of leases;
  - b) tax claims; and
  - c) the claims of employees or officers for severance or damages respecting the termination or cessation of their employment.

## **COSTS**

8. Costs are payable to the Receiver from the Twin Butte estate.
9. Party and party costs related to the attendance at this application and the submission of written briefs for this application, as applicable, to be calculated in accordance with Column 1 of Schedule C of the *Alberta Rules of Court* may be claimed by the following parties by filing a Bill of Costs to be delivered to the Receiver by no later than 5:00 P.M. Calgary time on Friday, July 7, 2017, subject thereafter to determination by the Receiver pursuant to the provisions of the Claims Procedure Order granted herein on April 27, 2017:
  - a) Argo Partners/Husky Oil Operations Limited;
  - b) CRG Financial LLC;
  - c) Balanced Energy Oilfield Services Inc.;
  - d) Sutton Energy Ltd./GeoCap Energy Corporation;
  - e) Xtreme Oilfield Technology Ltd./Baker Hughes Canada Company; and
  - f) Workin'er Oilfield Services/MTM Energy Services Inc.

**MISCELLANEOUS MATTERS**

10. This Order may be approved as to form and executed in separate counterparts, by facsimile, in other electronic format, or by original document. All executed counterparts together shall constitute one Order. Where execution is effected or transmitted by one party to another party by facsimile or electronic means, the executing or transmitting party will provide to the other parties an originally executed document as soon as practicable thereafter.
  
11. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

  
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for J. Jeffrey J.C.Q.B.A.

Agreed as the Order granted by:



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Ad Hoc Committee by its counsel  
Bennett Jones LLP

Agreed as the Order granted by:

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Argo Partners and Husky Oil Operations Limited  
by its counsel Gowling WLG (Canada) LLP

Agreed as the Order granted by:

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CRG Financial LLC by its counsel  
McMillan LLP

Agreed as the Order granted by:

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Balanced Energy Oilfield Services Inc. by its counsel  
MacLachlan McNab Hembroff LLP

Agreed as the Order granted by:

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Xtreme Oilfield Technology Ltd. and  
Baker Hughes Canada Company by its counsel  
DLA Piper Canada LLP

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Sutton Energy Ltd. and GeoCap Energy Corporation  
by its counsel Miles Davison LLP

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Workin'er Oilfield Services and  
MTM Energy Services Inc. by its counsel Bishop & McKenzie LLP

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Argo Partners and Husky Oil Operations Limited  
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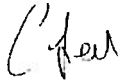
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MacLachlan McNab Hembroff LLP

Agreed as the Order granted by:

 - as Student At Law

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DLA Piper Canada LLP

~~Agreed as the Order granted by:~~

~~National Bank of Canada by its counsel  
Blake Cassels & Graydon LLP~~

Agreed as the Order granted by:

  
Sutton Energy Ltd. and GeoCap Energy Corporation  
by its counsel Miles Davison LLP

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Agreed as the Order granted by:

 Student-at-Law  
\_\_\_\_\_  
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