

COURT FILE NUMBER 1601-01675

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

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

DOCUMENT **FOURTH REPORT OF FTI CONSULTING CANADA INC., IN
ITS CAPACITY AS MONITOR OF ARGENT ENERGY
TRUST, ARGENT ENERGY (CANADA) HOLDINGS INC. and
ARGENT ENERGY (US) HOLDINGS INC.**

August 25, 2016

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INTRODUCTION

1. On February 17, 2016, Argent Energy Trust (the “Trust”), Argent Energy (Canada) Holdings Inc. (“Argent Canada”) and Argent Energy (US) Holdings Inc. (“Argent US”) (collectively the “Applicants” or “Argent”) sought and obtained protection under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “CCAA”) pursuant to an order granted by this Honourable Court (the “Initial Order”).
2. The Initial Order granted, inter alia, a stay of proceedings against Argent until March 18, 2016 (the “Initial Stay Period”), appointed FTI Consulting Canada Inc. (“FTI”) as Monitor (the “Monitor”) and approved a sale solicitation process (the “Sale Solicitation Process”). The proceedings commenced by the Applicants under the CCAA will be referred to herein as the CCAA proceedings (the “CCAA Proceedings”).
3. Also on February 17, 2016, the Monitor as duly appointed Foreign Representative for Argent Canada and Argent US (the “Chapter 15 Debtors”) filed petitions under Chapter 15 (the “US Proceedings”) in the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division (the “US Court”).
4. In connection with the US Proceedings, the Monitor also filed, among other pleadings, an Emergency Application for Provisional Relief Pursuant to Sections 105(a) and 1519 of the US Bankruptcy Code (the “Application for Provisional Relief”) and an Expedited Petition for Recognition as a Foreign Main Proceeding, or in the Alternative Foreign Non Main Proceeding, Pursuant to Sections 1515 and 1517 of the Bankruptcy Code and Related Relief (the “Petition for Recognition”). A hearing on the Application for Provisional Relief and to consider the Monitor’s expedited request for a hearing on the Petition for Recognition was originally set by the US Court for February 19, 2016 (the “Chapter 15 Recognition Hearing”) and was ultimately heard on February 22, 2016.

5. On February 22, 2016, the US Court held a hearing to consider the Monitor's Application for Provisional Relief and the Ad Hoc Group's objection thereto. At that hearing, the Monitor, the Chapter 15 Debtors, the Syndicate, and the Ad Hoc Committee negotiated the terms of an agreed Order Granting Emergency Application for Provisional Relief Pursuant to Sections 105(a) and 1519 of the Bankruptcy Code (the "Provisional Relief Order"), which was ultimately entered by the US Court on February 24, 2016.
6. On March 9, 2016, this Honourable Court granted an Order (the "Stay Extension Order") extending the Initial Stay of Proceedings to and including May 17, 2016. Also on March 9, 2016, counsel for an Ad Hoc Committee of unsecured debenture holders objected to certain relief that was granted in the Initial Order. As a result of the Ad Hoc Committee's request that its legal fees be covered by a charge against the assets of Argent, the Initial Order was amended and restated on March 17, 2016 (the "Amended and Restated Initial Order").
7. On March 11, 2016, the U.S. Bankruptcy Court entered an Order Granting Reconviction as a Foreign Main Proceeding, or, in the Alternative, as a Foreign Nonmain Proceeding (the "Reconviction Order"), recognizing the CCAA Proceeding as a Foreign Fain Proceeding, and authorizing the Foreign Representative and the Chapter 15 Debtors to implement the terms of the Initial Order and Amended and Restated Initial Order.
8. On May 6, 2016, the Court granted an Order (the "Second Stay Extension Order") extending the Stay of Proceedings to and including June 30, 2016.
9. On May 10, 2016, the Court of Queen's Bench of Alberta ("Court") approved the sale transaction set out in a purchase and sale agreement between Argent US and BXP Partners IV, L.P. ("BXP") dated April 14, 2016. The US Court similarly approved that sale transaction the next day, on May 11, 2016. The transaction with BXP closed on May 17, 2016, as discussed in further detail below.

10. Also on May 10, 2016, the Court approved an Interim Distribution Order (the “Interim Distribution Order”) that provided for a distribution to the Bank of Nova Scotia as administrative agent (the “Agent”) for the syndicate of lenders to Argent (the “Syndicate”), subject to the maintenance of a holdback of funds (the “Holdback”) for the following:
 - (a) Completions Costs (as defined in the Interim Distribution Order);
 - (b) Amounts necessary to satisfy claims or potential claims under the court-ordered Charges (as defined in the Amended and Restated Initial Order);
 - (c) Lien amounts registered against the assets sold by Argent US to BXP on or before the closing date;
 - (d) Cure Costs (as defined in the Interim Distribution Order); and
 - (e) Tax Claims (as defined in the Interim Distribution Order).
11. The Interim Distribution Order provided that the Monitor, on instruction from the Applicants, is authorized to disburse amounts from the Holdback, subject to notification to the Agent.
12. On June 27, 2016 the Court entered an Order (“June 27 Order”), among other things, extending the stay of proceedings to August 31, 2016, approving the Monitor’s intention to make an additional interim distribution to the Syndicate (the “Second Interim Distribution”), expanding the Monitor’s powers with respect to the Trust to assist in administering remaining tasks required to complete the CCAA Proceedings, and directing the Monitor to wind-up the Trust by way of bankruptcy once the Monitor deemed it appropriate to do so.

PURPOSE

13. The Purpose of this report is to:
 - (a) Provide an update on the recent activities of the Applicants and the Monitor and the remaining steps to be completed in connection with completing these CCAA Proceedings;
 - (b) Provide an updated statement of receipts and disbursements with respect to funds held by the Monitor;
 - (c) Support Argent's request to extend the stay of proceedings up to and including March 31, 2017 and various other relief sought; and
 - (d) Seek approval for the Monitor's and its counsel's fees.

14. Further background and information regarding the Applicants and these CCAA Proceedings can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/argent/>.

TERMS OF REFERENCE

15. In preparing this report, the Monitor has relied upon unaudited financial information of the Applicants, the Applicants' books and records, certain financial information prepared by the Applicants and discussions with various parties, including senior management ("Management") of the Applicants (collectively the "Information").

16. The Monitor 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.

17. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook. Future oriented financial information reported or relied on in preparing this report is based on Management's assumptions regarding future events and actual results may vary from forecast and such variations may be material.
18. The Monitor has prepared this report in connection with the Applicants' application scheduled for August 30, 2016. This report should not be relied on for other purposes.
19. Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. dollars. All capitalized terms not otherwise defined herein have the meanings given to them in prior reports of the Monitor.

ACTIVITIES OF THE APPLICANTS AND THE MONITOR

Closing of the sale to BXP

20. On May 10, 2016, the Court issued an order ("Sale Approval Order") approving the sale agreement ("Sale Agreement") dated April 14, 2016 between Argent US and BXP. On May 17, 2016, the sale transaction closed.
21. The Sale Agreement outlined various post-closing matters that would have to be completed in the months following the closing of the sale. Argent has been working diligently in consultation with the Monitor, BXP and various government agencies to complete the post-closing matters, including:

- (a) Completing a final statement of adjustments. Section 9.02 of the Sale Agreement outlines the procedures and timelines necessary to finalize the statement of adjustments which required Argent US to prepare a final statement of adjustments within 90 days after closing. Argent US has prepared the final statement of adjustments and delivered it to BXP. The final statement of adjustments showed Argent US owing BXP \$43,289 (“Final Settlement Amount”). BXP reviewed the final statement of adjustments and on August 23, 2016, returned the signed final settlement statement advising that it was in agreement with the Final Settlement Amount. Argent US is in the process of paying the Final Settlement Amount and is working to have the \$500,000 held in escrow to secure the obligation released.

- (b) Transferring operational and financial records related to the assets purchased by BXP. Argent US has completed the transfer of all required records to BXP; and

- (c) Assisting in transferring ownership and operatorship of oil and gas assets to BXP. Argent US in consultation with the Monitor continues to work with BXP and various government agencies to complete the transfer of ownership and operatorship to BXP. The majority of the transfers have been completed; however, certain administrative tasks remain outstanding. Argent US, the Monitor and BXP continue to work to complete these tasks. Once completed it is expected that various bonds/letters of credits held by government agencies will be released.

Administrative wind-down

22. Since closing the BXP sale, Argent continues its efforts to wind-up its operations from an administrative stand point. Argent has downsized staffing levels to a minimal level to assist with post-closing matters and administrative wind-down. Currently Argent US has two employees and the Trust has two employees. By August 30, 2016, the Trust and Argent US intend to terminate all employees. Going forward, it is intended that the Monitor's powers with respect to Argent US will be enhanced to assist with the remaining administrative tasks as described in further detail below. The Monitor intends to work with former employees on a part-time consulting basis as needed to complete remaining administrative tasks.
23. On May 31, 2016, Argent US exited its large office space and downsized to a small temporary office space. The Trust continued to operate out of its existing sub-lease in Calgary, Alberta. By August 31, 2016 Argent US and the Trust intend to exit all currently occupied office space.

Liens

24. The Monitor's Third Report identified an amount of \$160,737 ("Lien Holdback") to be held back pending review of various liens that had been filed against the property of Argent US. The Monitor in consultation with its counsel and the Applicants have substantially completed the review of liens for which funds were heldback and is in a position to reduce the amount of the Lien Holdback. The following is a summary of lien review that has been completed and liens that are pending:

- (a) Basic Energy Services, L.P. (“Basic”) asserted four liens (the “Basic Liens”) against the property of Argent US. The Monitor, in consultation with the Applicants, reviewed such liens and determined that the Basic Liens were valid, binding and enforceable; however, the inception date of the liens occurred subsequent to the date of perfection of the security granted to the Syndicate in relation to the Pre-Filing Credit Facility, and accordingly, the Syndicate’s security ranked in priority to the Basic Liens. On July 19, 2016, Basic signed a stipulation agreeing to the Monitor’s position. Given the proceeds from the sale of Argent US’ assets are insufficient to repay the Pre-Filing Credit Facility, no further holdback for the Basic Liens is required and Basic has stipulated such release of funds to the Syndicate.
- (b) Key Energy Services, LLC (“Key”) asserted nine liens (“Key Liens”) against the property of Argent US. The Monitor, in consultation with the Applicants, reviewed the liens and determined that the Key Liens were valid, binding and enforceable; however, the inception date of the Key Liens occurred subsequent to the date of perfection of the security granted to the Syndicate in relation to the Pre-Filing Credit Facility, and accordingly, the Syndicate’s security ranked in priority to the Key Liens. On July 19, 2016 Key signed a stipulation agreeing to the Monitor’s position. Given the proceeds from the sale of Argent US’ assets are insufficient to repay the Pre-Filing Credit Facility, no further holdback for the Key Liens is required and Key has stipulated to such release of funds to the Syndicate.

- (c) Liberty Lift Solutions, LLC (“Liberty”) asserted two liens (the “Liberty Liens”) against the property of Argent US. The Monitor, in consultation with the Applicants, reviewed the liens and determined that the Liberty Liens were valid, binding and enforceable; however, the inception date of the Liberty Liens occurred subsequent to the date of perfection of the security granted to the Syndicate in relation to the Pre-Filing Credit Facility, and accordingly, the Syndicate’s security ranked in priority to the Liberty Liens. On July 19, 2016, Liberty signed a stipulation agreeing to the Monitor’s position. Given the proceeds from the sale of Argent US’ assets are insufficient to repay the Pre-Filing Credit Facility, no further holdback for the Liberty Liens is required and Liberty has stipulated to such release of funds to the Syndicate.
- (d) Baker Hughes Oilfield Operations, Inc. (“Baker Hughes”) asserted four liens (the “Baker Hughes Liens”) against the property of Argent US. The Monitor in consultation with the Applicants reviewed the liens and determined that the Baker Hughes Liens were valid, binding and enforceable; however, the inception date of the Baker Hughes Liens occurred subsequent to the date of perfection of the liens granted to the Syndicate in relation to the Prefiling Credit Agreement and accordingly the Syndicate’s security ranked in priority to the Baker Hughes Liens. The Monitor’s counsel has spoken with counsel for Baker Hughes, and has prepared a draft stipulation similar to those of Liberty, Basic and KES that would resolve the Baker Hughes Liens. The Monitor’s counsel intends to follow up with counsel for Baker Hughes to resolve the Baker Hughes Liens, which total \$16,800.28. The Monitor proposes to continue to hold back the full amount of the Baker Hughes Lien pending further discussions with counsel for Baker Hughes.

- (e) Archrock Services LP (“Archrock”) asserted four liens (the “Archrock Liens”) against the property of Argent US in the aggregate amount of \$47,025.25. Archrock subsequently acknowledged that the amount actually owed to it was \$39,231.63. The Monitor in consultation with the Applicants reviewed the liens and determined that the Archrock Liens were valid, binding and enforceable and the inception date of the Archrock Liens occurred prior to the date of perfection of the liens granted to the Syndicate in relation to the Prefiling Credit Agreement. Accordingly, on June 29, 2016, counsel for Archrock, Argent US, the Monitor and the Syndicate signed a stipulation agreeing the Monitor’s assessment and agreeing that the Monitor may release \$39,231.63 to Archrock in full and final satisfaction of the Archrock Liens.

25. Based on the above lien review work, the Monitor intends to reduce the amount of the Lien Holdback to \$16,800.28 as the Baker Hughes Liens are the only liens that continue to require holdback of funds. The Monitor understands that Argent US' US counsel has received notice of numerous additional liens filed by Baker Petrolite LLC ("Late Liens")—an affiliate of Baker Hughes Oilfield Operations, Inc.—against the former property of Argent US. The Monitor's US counsel was recently provided with copies of these Late Liens. The Late Liens were only recently filed (and filed after the closing date of the BXP sale). Furthermore, as detailed in the Monitor's Third Report, the Monitor's counsel completed a security review of the Syndicate Prefiling Credit Agreement which included reviewing all of Argent US' properties for liens. At the time of that security review, the Late Liens were not filed in the county records and such Late Liens did not appear on Argent US' property. Thus, even if such Late Liens are valid and enforceable, they were filed after perfection of the liens granted to the Syndicate in relation to the Prefiling Credit Agreement. Accordingly, the Monitor does not intend to hold back any additional funds for the Late Liens (or any other liens that may be asserted by in the future) nor spend any resources reviewing the validity of such liens. In this respect, the Monitor would also highlight that the sale order entered by the US Court expressly provides: "Except as expressly permitted or otherwise specifically provided in the PSA or this Order, all persons or entities holding Liens in all or any portion of the Sale Property located in the United States arising under or out of, in connection with, or in any way relating to the Debtors, the Sale Property, the operation of the Debtors' business prior to the Closing Date, or the transfer of the Sale Property to the Purchaser, are hereby forever prohibited and permanently enjoined from asserting such Liens, whether by payment, setoff, or otherwise, against the Purchaser, their successors or assigns, the property of such successors or assigns, or the Sale Property."

Other holdbacks

26. The Monitor continues to work in consultation with the Applicants to settle remaining cure amounts and the final tax reserve holdbacks. This review has not yet been completed however is well in progress, and accordingly the Monitor intends to continue to hold the funds associated with the remaining cure reserve and tax reserve. The only remaining cure amount is with respect to one counter party (BLM) who is currently reviewing a reconciliation provided by Argent US.

DISTRIBUTIONS OF NET PROCEEDS

27. In accordance with the Monitor's Third Report and the June 27 Order, the Monitor made an additional \$500,000 distribution to the Syndicate. This is the only significant distribution made from the funds held by the Monitor since the Monitor's Third Report.
28. The following table provides a summary of receipts and disbursements made by the Monitor to August 23, 2016 and the balance of net proceeds currently held by the Monitor.

Receipts and Disbursements (USD)	
<u>Receipts</u>	
Gross Purchase Price	\$ 45,575,000
Interim statement of adjustments	722,952
Other Receipts	860
Net received by Monitor	<u>46,298,812</u>
<u>Disbursements</u>	
OGAC success fee	(505,750)
Escrow fund for final statement of adjustments held by Wells Fargo	(505,025)
KERP/KEIP payments	(1,435,041)
Cure payments	(1,033,247)
Lien Payment	(39,232)
Wind-down funds	(1,129,194)
Interim distribution to Syndicate	(39,600,000)
Total distributed	<u>(44,247,489)</u>
Cash currently held by Monitor	<u>\$ 2,051,323</u>

29. The Monitor is continuing to hold back funds for items that have not yet been fully resolved or have not yet been incurred (completion costs). Revised estimated holdbacks for these amounts have been identified in the table below. Accordingly, the Monitor is proposing to make a third interim distribution (“Third Interim Distribution”) to the Syndicate in the amount of \$600,000 pursuant to the Interim Distribution Order granted on May 10, 2016.

Proposed Third Interim Distribution and Holdbacks (USD)	
Cash currently held by Monitor	<u>\$ 2,051,323</u>
<u>Holdbacks</u>	
Remaining Completion Costs	(887,575)
Admin Charge	-
Ad-Hoc Charge	(300,000)
Director Charge	(200,000)
Lien reserve	(16,800)
Tax reserve	(4,650)
Remaining Cure reserve	(42,298)
Proposed Third Interim Distribution to Syndicate	<u>\$ 600,000</u>

30. The Monitor continues to hold back funds for completion costs according to the Applicants original estimate accordingly there has been no revision to the completion cost estimate.

REMAINING TASKS AND WIND-DOWN INITIATIVES

31. There are several post-closing and administrative wind-down tasks that remain outstanding (collectively “Remaining Tasks”), including but not limited to:
- (a) Releasing escrow funds held to secure statement of adjustments;
 - (b) Work on remaining BXP post-closing transfers of ownership and operatorship to BXP and release of various bonds/letters of credit held by government agencies. These items are in process however have not been fully completed;

- (c) Complete final remaining analysis of Lien Claims, Tax Claims and Cure Payments;
- (d) Assist in completing and collecting on various tax refunds (“Tax Refunds”) that have been filed by Argent US with assistance from a tax consulting firm, Tax Consultants of Texas, Inc. (“TCOT”). The Monitor understands that the Tax Refunds are currently being processed by various government agencies and may be subject to government audit requests, accordingly the timing to receive the refunds is difficult to predict and could take 6 to 12 months;
- (e) Commence bankruptcy proceedings for the Trust and Argent Canada; and
- (f) Dissolve Argent US and administer its plan of dissolution, in accordance with the laws of the State of Delaware, once the Monitor deems appropriate to do so.

STATUS OF CCAA PROCEEDINGS

32. The Applicants are requesting that the CCAA Proceedings be terminated with respect to Argent Canada and the Trust and that the Trust and Argent Canada be placed into bankruptcy upon the termination of the CCAA Proceedings. The Monitor supports these actions as the sales proceeds from the sale of the Applicants' assets were not sufficient to repay the Syndicate's pre-filing secured debt. Accordingly, a CCAA plan of arrangement is not feasible, and there is no further benefit to the stakeholders of the Trust or Argent Canada from the CCAA Proceedings.

33. The Applicants have requested that the CCAA Proceedings remain active with respect to Argent US with a stay of proceedings in place as described in further detail below. The Monitor supports this position as there are several remaining post-closing and administrative tasks that remain outstanding. Completion of the Remaining Tasks as described above will result in an overall benefit to the stakeholders of Argent US.
34. Despite the requested termination of the CCAA Proceedings related to Argent Canada and the Trust the Applicants are seeking to have the Monitor maintain certain residual powers to deal with matters ancillary or incidental to the CCAA Proceedings. The Monitor agrees that various ancillary or incidental matters may arise and authorizing the Monitor to deal with these matters is appropriate.

ENHANCED POWERS OF THE MONITOR

35. As further set out in the Affidavit of Mr. Sean Bovingdon sworn August 23, 2016, the Directors of Argent US and Argent Canada intend to resign effective August 30, 2016. All employees will be terminated on August 30, 2016. Argent is seeking an Order to enhance the powers of the Monitor in respect of Argent US to assist in completing the Remaining Tasks. The Monitor supports the Applicants' position that in the absence of any directors and/or employees of Argent US, enhancing the powers of the Monitor will ensure the ability to preserve, protect and maintain control of the property of Argent US, receive funds on behalf of Argent US, make distributions on behalf of Argent US, sign documents on behalf of Argent US and instruct advisors to assist in completing the Remaining Tasks, as well as dissolving Argent US at such time as the Monitor deems appropriate.

D&O CLAIMS PROCESS

36. Argent has requested that a claims procedure be established for the identification of claims against the current and former Directors and Officers of the Applicants and of Argent Energy Limited (the administrator of the Trust) (the "D&O Claims Process").

37. The Monitor has reviewed the proposed D&O Claims Process and believes that the proposed D&O Claims Process and related D&O Claims Process Order are reasonable and appropriate in the circumstances and provides for a timely review of all potential claims against the directors and officers of Applicants and Argent Energy Limited. Additionally the proposed D&O Claims Process allows the Applicants to deal with the D&O Charge in an efficient timely manner. The Monitor believes the various timelines set out in the D&O Claims Procedures Order provide sufficient notice for all potential claimants to file claims.

CCAA CHARGES

38. The Amended and Restated Initial Order provided for various charges. Certain charges will be eliminated along with the termination of the CCAA Proceedings relating to Argent Canada and the Trust, while others are contemplated to remain in existence due to the ongoing Argent US CCAA Proceedings and the proposed D&O Claims Process.
39. Charges to be eliminated (collectively “Eliminated Charges”) are as follows:
- (a) Interim Lenders’ Charge - has been paid in full and accordingly is no longer required;
 - (b) KERP and KEIP Charge - has been paid in full and accordingly is no longer required;
 - (c) Ad Hoc Committee First Charge – at the time of writing this Report, has not been repaid in full; however the Monitor has corresponded with the beneficiary of this charge and anticipates receiving a statement of account prior to the August 30, 2016 Court application, and accordingly expects this Ad Hoc Committee First Charge to have been paid in full by that time. If it is not paid in full by the August 30, 2016 Court date, the Applicants have sought an Order authorizing and directing the Monitor to pay those funds into Court; and

- (d) Ad Hoc Committee Second Charge – is subordinate to the Syndicate’s pre-filing security. As there are insufficient funds to satisfy the debt owing to the Syndicate, there are no funds available to satisfy the Ad Hoc Committee Second Charge.
40. Charges to be remain in existence are as follows:
- (a) Administration Charge – shall continue to remain in existence for all purposes with respect to Argent US in accordance with the terms of the Amended and Restated Initial Order over funds held by the beneficiaries of the Administration Charge as retainers for professional fees. Given the professionals benefitting from the Administration Charge will be involved with completing the Remaining Tasks, the Monitor supports maintaining the Administration Charge; and
 - (b) D&O Charge - shall remain in place and the Monitor is directed to maintain funds in the amount of US \$200,000 to secure the Directors’ Charge, in accordance with the proposed D&O Claims Process. Given the proposed D&O Claims Process, the Monitor supports the Applicants' request directing the Monitor to hold the funds securing the Directors' Charge.

EXTENSION OF STAY PERIOD

41. On June 27, 2016, this Honourable Court extended the Stay Period until August 31, 2016. The Applicants are seeking a further extension to the Stay Period in respect of Argent US only, up to and including March 31, 2017, in order to provide sufficient time to complete the Remaining Tasks outlined above. In particular, where the U.S. taxing authorities may take several months to process the Tax Refunds, it is anticipated that the Tax Refunds will have been made by March 31, 2017.

42. To the extent that all of the Remaining Tasks (including the receipt of the Tax Refunds) are completed prior to March 31, 2017, the Monitor expects that the CCAA Proceedings of Argent US will be terminated prior to March 31, 2017. However, extending to that date will hopefully avoid the expense of any further stay extension applications.
43. The Monitor supports the requested stay extension.

APPROVAL OF FEES

44. Invoices rendered by the Monitor from the Date of Appointment to July 31, 2016 total \$392,865 for fees and expenses inclusive of GST (the “Monitor’s Fees”). The accounts will be made available upon request.
45. Invoices rendered by McCarthy Tétrault LLP, the Monitor’s Canadian Counsel, from the Date of Appointment to July 31, 2016 total \$171,737 for fees and expenses inclusive of GST (the “Monitor’s Canadian Counsel Fees”). The accounts will be made available upon request.
46. Invoices rendered by Norton Rose Fullbright LLP, the Monitor’s U.S. Counsel from the Date of Appointment to August 25, 2016 total \$467,160 for fees and expenses (the “Monitor’s U.S. Counsel Fees”). The accounts will be made available upon request.
47. The Monitor is of the opinion that the Monitor’s Fees and the Monitor’s Canadian and U.S. Counsel’s Fees are appropriate and reasonable in the circumstances.
48. The Monitor and its Canadian and U.S Counsel expects to bill additional fees associated with work already completed in August 2016 and with future work associated with the Remaining Tasks associated with the ongoing Argent US CCAA Proceedings. The Monitor will report further to this Honourable Court with respect to these fees in due course.

CONCLUSIONS AND RECOMMENDATIONS

49. The Monitor respectfully recommends that this Honourable Court grant the Applicants' request for:
- (a) an extension of the stay of proceedings to March 31, 2017 with respect to the CCAA Proceedings of Argent US;
 - (b) an Order authorizing Argent Canada to make an assignment into bankruptcy and authorizing FTI Consulting Canada Inc. to act as Trustee of Argent Canada and the Trust;
 - (c) an Order terminating the CCAA Proceedings for Argent Canada and the Trust, discharging the Monitor in its capacity as Monitor of the Trust and of Argent Canada, and discharging the trustee of the Trust and terminating the Trust;
 - (d) an Order approving the activities of the Monitor;
 - (e) an Order approving the fees and disbursements of the Monitor and of its counsel up to and including July 31, 2016;
 - (f) an Order authorizing the continuation of the Administration Charge over retainers for professional fees held by beneficiaries of the Administration Charge;
 - (g) an Order authorizing and directing the Monitor to pay the funds held by it to secure the Ad Hoc Committee First Charge into Court, in the event that those funds have not been paid out to the beneficiary of that charge in advance of August 30, 2016;

- (h) an Order granting enhanced powers to the Monitor with respect to Argent US, including an Order authorizing and directing the Monitor to dissolve Argent US at such time as the Monitor deems appropriate;
- (i) an Order granting residual powers to the Monitor with respect to the CCAA Proceedings in relation to the Trust and Argent Canada; and
- (j) an Order authorizing the Monitor to hold funds to secure the Directors' Charge, establishing the proposed D&O Claims Process, and authorizing the Monitor to make distributions in relation to the Director's Charge in accordance with the D&O Claims Process or alternatively, if claims made in the D&O Claims Process cannot be resolved without further Court processes and Orders, or if the claims made in the D&O Claims Process amount to a total, in the aggregate, of over US \$200,000, authorizing the Monitor to pay the funds securing the Directors' Charge into Court.

All of which is respectfully submitted this 25th day of August, 2016.

FTI Consulting Canada Inc.
in its capacity as the Monitor of Argent Energy
Trust, Argent Energy (US) Holdings Inc. and
Argent Energy (Canada) Holdings Inc.



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