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JUDICIAL CENTRE CALGARY

APPLICANTS IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 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

**BENCH BRIEF OF THE LENDING SYNDICATE**

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Table of Contents

	Page
<b>I.</b>	<b>BACKGROUND AND OVERVIEW</b> ..... 1
<b>A.</b>	Argent’s long road to the CCAA ..... 3
<b>B.</b>	The Sale Solicitation Process ..... 5
<b>II.</b>	<b>THE CRITICAL ISSUES</b> ..... 7
<b>III.</b>	<b>ARGUMENT</b> ..... 8
<b>A.</b>	<i>The Sale Solicitation Process Must Continue</i> ..... 8
<b>B.</b>	<i>Market conditions are not a relevant factor in the timing of the CCAA sale process</i> ..... 10
<b>C.</b>	<i>Interim Financing should remain in place and other amendments rejected</i> ..... 12
<b>IV.</b>	<b>CONCLUSION</b> ..... 13

## I. BACKGROUND AND OVERVIEW

1. This Bench Brief is submitted on behalf of The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Wells Fargo Bank, N.A., Canadian Branch (collectively, the “**Syndicate**”) in support of the application by Argent (defined below) extending the stay of proceedings granted pursuant to the initial order of the Honourable Mr. Justice D. B. Nixon (the “**Initial Order**”).

2. On February 17, 2016, Argent Energy Trust (the “**Trust**”), Argent Energy Canada (Holdings) Inc. (“**Argent Canada**”), and Argent Energy (US) Holdings Inc. (“**Argent US**”, and together with the Trust and Argent Canada, the “**Applicants**” or “**Argent**”) were granted protection under the *Companies’ Creditor Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).

3. As part of the Initial Order, this Court approved a sale solicitation process (the “**Sale Solicitation Process**”), authorizing and directing The Oil & Gas Asset Clearinghouse, LLC as sales agent (“**OGAC**”), FTI Consulting Canada Inc. (the “**Monitor**”), and Argent to implement a broad solicitation process to solicit proposals for either the business or assets of Argent with the goal of maximizing value for Argent’s stakeholders.

4. As Argent’s only secured creditors, the Syndicate supported the relief sought by Argent, and has agreed to provide interim financing (the “**Interim Financing**”) to allow Argent sufficient time to run the Sale Solicitation Process with the oversight of the Monitor.

5. At this comeback hearing, Argent seeks an extension of the Stay Period (as defined in the Initial Order) up to and including May 17, 2016 (the “**Stay Extension Period**”) to further advance its restructuring efforts. As a result of the extended decline in commodity prices, Argent faces a severe liquidity crisis and is in need of a restructuring solution – the Sale Solicitation Process provides the best avenue to find such a solution given failed refinancing efforts.

6. Despite a clear need to restructure Argent’s business, one stakeholder group, the ad hoc committee (“**Ad Hoc Committee**”) of the holders of unsecured subordinated debentures (“**Subordinated Debentures**”) seeks to derail Argent’s restructuring and, among other things,

opposes continuing the Sale Solicitation Process. The Ad Hoc Committee has raised a litany of objections — principal among those is a request to (i) halt the Sale Solicitation Process until some unknown point in time after the determination of Argent US's and Argent Canada's hearing for recognition (the "**Recognition Hearing**") before the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division, or alternatively, (ii) terminate the already active Sale Solicitation Process in favour of approving an amended sale and investment solicitation process (that has yet to be proposed or agreed to by the parties) at some future date.

7. The Ad Hoc Committee also asserts that the Interim Financing provided by the Syndicate permits the Syndicate to unduly control these CCAA proceedings, and asks this Court to require Argent to expend further resources to solicit alternate financing to supplement or replace the interim financing, if needed. The Syndicate rejects this assertion. The Monitor has compared the terms of the Interim Financing to other publicly disclosed financings approved by Canadian Courts, and found the fees and terms contained therein to be reasonable and comparable to other similar transactions.<sup>1</sup>

8. It is the Syndicate's position that with potential bidders showing significant interest in Argent's business, the Sale Solicitation Process should be continued to allow the appropriate window of time for its proper administration. The proposed timing will allow the Sale Solicitation Process to be completed while Argent has sufficient liquidity as a result of Interim Financing from the Syndicate. No other party, including the Ad Hoc Committee, has proposed or offered an alternative that effectively addresses the urgent liquidity crisis facing Argent nor offered a viable solution to the rapid deterioration and decline in Argent's petroleum and natural gas assets (in the order of magnitude of approximately 20%-25% per annum)<sup>2</sup>, the Syndicate's only valuable collateral.

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<sup>1</sup> Pre-Filing Report of FTI Consulting Canada Inc., in its capacity as proposed Monitor of Argent Energy Trust, Argent Energy (Canada) Holdings Inc. and Argent Energy (US) Holdings Inc. dated February 16, 2016 at para. 29. [the "Pre-Filing Report of the Proposed Monitor"].

<sup>2</sup> Letter from FTI Consulting Canada Inc. (the "Monitor") dated February 22, 2016 p. 4, Exhibit "13" to the Bovingdon Affidavit No. 2.

9. Accordingly, the Sale Solicitation Process proposed by Argent, which is supported by the Monitor and the Syndicate, represents the best path forward and should be continued for the benefit of all stakeholders.

**A. Argent's long road to the CCAA**

10. At this point in time, the struggles facing the oil and gas industry cannot be characterized as new or short-lived. As described in detail in the affidavits of Sean Bovingdon sworn on February 16, 2016 and February 29, 2016 (the "**Bovingdon Affidavit No. 1**" and the "**Bovingdon Affidavit No. 2**", respectively), for a period of over 17-months Argent has undertaken significant efforts to find strategic alternatives to assist it with its financial difficulties, including:

- (a) **October 1, 2014:** Argent publicly announces the engagement of BMO Capital Markets, as an external financial advisor, to initiate a process to explore a range of strategic alternatives (the "**Strategic Review**"). Strategic alternatives include, among others, a sale of material portions of the assets of the Trust; or a sale of the Trust, either in one transaction or a combination of transactions;<sup>3</sup>
- (b) **March 31, 2015:** Argent publicly announces the conclusion of its 6-month Strategic Review with no bids reaching an acceptable level. Although concluded, Argent indicates that it will continue to market a combination of certain assets with the goal to utilize proceeds to pay down the existing credit facility<sup>4</sup>;
- (c) **April, 2015:** Argent publicly announces the sale of its interest in Manvel Field, Texas, representing the first sale arising from the Strategic Review<sup>5</sup>;
- (d) **July 1, 2015:** Argent publicly announces its second sale of assets in Oklahoma and Kansas arising from the Strategic Review<sup>6</sup>;

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<sup>3</sup>Argent Press Release dated October 1, 2014, para. 82 and Exhibit "14" to the Bovingdon Affidavit No. 1.

<sup>4</sup>Argent Press Release dated March 31, 2015, Exhibit "15" to the Bovingdon Affidavit No. 1.

<sup>5</sup>Bovingdon Affidavit No. 1 at para. 84.

<sup>6</sup>Bovingdon Affidavit No. 1 at para. 86.

- (e) **August 2015:** Argent engages with members of the Ad Hoc Committee and its counsel with respect to various alternatives for Argent, including potential debt-for-equity transaction and different sale alternatives. No solution is proposed by the Ad Hoc Committee<sup>7</sup>;
- (f) **October 2015:** After consultation with the Ad Hoc Committee and in anticipation of a borrowing base redetermination by the Syndicate, Argent engages a second financial advisor, Durham Capital Canada Corporation (“**Durham**”), to assist it in seeking new or alternative financing<sup>8</sup>;
- (g) **Fall, 2015:** With the assistance of Durham, interest is shown in the potential refinancing of Argent (16 parties sign non-disclosure agreements and conduct significant due diligence)<sup>9</sup>;
- (h) **October 31, 2015.** Argent receives a letter of intent from a third party (the “**Wapiti Offer**”) seeking to acquire the shares of Argent US or its assets. The offer is acceptable to Argent and the Syndicate (and would pay the Syndicate out in full, result in partial recovery for the debentureholders, and allow the business to continue as a going concern), but is rejected by the Ad Hoc Committee<sup>10</sup>;
- (i) **Early December 2015:** OPEC announces it will not cut oil production. Following this announcement, only one party (“**Melody**”) makes a refinancing proposal to Argent (the “**Melody Offer**”). The Syndicate had discussions with Melody regarding alternative deal structures; however, against the backdrop of the precipitous decline in oil prices and the continued market volatility, Melody was no longer interested in pursuing the transaction with Argent<sup>11</sup>;
- (j) **January 15, 2016:** After reviewing several proposals, Argent publicly announces the engagement of its third industry advisor, OGAC, to undertake a broad

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<sup>7</sup> Bovingdon Affidavit No. 1 at para. 88.

<sup>8</sup> Bovingdon Affidavit No. 1 at para. 94-95.

<sup>9</sup> Bovingdon Affidavit No. 1 at para. 95.

<sup>10</sup> Bovingdon Affidavit No. 2 at para 18(a).

<sup>11</sup> Bovingdon Affidavit No. 1 at para. 97; Bovingdon Affidavit No. 2 at para 18(c).

marketing process to maximize value for Argent and its stakeholders.<sup>12</sup> Led by industry expert, Mr. Harrison Williams, OGAC has been in the oil and gas divestiture business since 1993 and completed over 32,000 sales in the oil and gas industry.<sup>13</sup>

11. Argent's search for a restructuring solution was not a secret. Many of the above-described events were publicly announced by the company through press releases that were available to the public, including the Ad Hoc Committee. Despite extensive efforts by Argent extending almost a year and a half, Argent defaulted under the secured credit facility provided by the Syndicate and the Subordinated Debentures on January 26 and 31, 2016, respectively.<sup>14</sup> With the support of the Syndicate, Argent has entered into creditor protection proceedings to provide it with the necessary breathing room and liquidity in order to explore restructuring solutions. Argent must find a restructuring solution now – it has run out of time to wait for better times.

#### **B. The Sale Solicitation Process**

12. Drawing on the expertise of its advisors, Argent has developed a clear and structured process to pursue restructuring alternatives that it believes will optimize the chances of securing the best possible transaction for the benefit of all Argent's stakeholders.

13. Specifically, OGAC has worked with Argent and the Monitor to create a process specifically tailored to Argent's situation and utilized in the oil and gas industry in order to attract more participants and offers, rather than using the typical insolvency process to sell assets.<sup>15</sup>

14. Despite assertions to the contrary, several important reasons exist for continuing the Sale Solicitation Process now:

- (a) Argent has undertaken significant efforts (dating back to 2014) in order to restructure its affairs, all of which has been unsuccessful. At this critical juncture,

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<sup>12</sup> Bovingdon Affidavit No. 1 at para. 144.

<sup>13</sup> Affidavit of Harrison Williams sworn February 29, 2016 at para. 4 ("Williams Affidavit").

<sup>14</sup> Bovingdon Affidavit No. 1 at para. 93.

<sup>15</sup> Williams Affidavit at para. 16.

Argent has exhausted all remedies available to it other than a Court-supervised sale process;

- (b) early results of the current Sale Solicitation Process have been very positive with over 80 potential bidders executing confidentiality agreements, and of those over 70 bidders have visited the virtual data room and 11 potential bidders have received or requested data room presentations.<sup>16</sup> To date, no potential bidder has expressed any concern with respect to the timelines or any other aspect of the Sale Solicitation Process<sup>17</sup>;
- (c) Argent urgently requires interim financing in order to continue to operate. The interim financing offered by the Syndicate is predicated on the Sale Solicitation Process that was approved at the initial application not being varied in a way that adversely impacts the Syndicate<sup>18</sup>;
- (d) without the Interim Financing (which is only available if the Sale Solicitation Process is continued), it is estimated that Argent will be in a cash deficit position of approximately \$2.57 million by March 18, 2016 and approximately \$8.27 million by June 3, 2016.<sup>19</sup> In addition, production at Argent's petroleum and natural gas properties is declining at an exceptionally fast rate (approx. 20%-25% per annum)<sup>20</sup>, thereby eroding the value of the business and potentially reducing recoveries that would otherwise be available for creditors;
- (e) Argent's interim financing expires on June 3, 2016, at the latest.<sup>21</sup> Implementing the Sale Solicitation Process now increases the likelihood of achieving a successful transaction prior to the expiry of its interim financing; and

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<sup>16</sup> Williams Affidavit at para. 14.

<sup>17</sup> Williams Affidavit at para. 17.

<sup>18</sup> Interim Financing Credit Agreement, Exhibit "19" to the Bovingdon Affidavit No. 1.

<sup>19</sup> Pre-Filing Report of the Proposed Monitor at para. 16.

<sup>20</sup> Letter from the Monitor dated February 22, 2016 at p.4, Exhibit "13" to the Bovingdon Affidavit No. 2.

<sup>21</sup> Bovingdon Affidavit No. 1 at para. 125(c)



- (f) despite numerous opportunities, no other party (whether a creditor or third party) has proposed any other viable alternative to alleviate Argent's urgent liquidity crisis and address the underlying business issues facing Argent.

15. The Sale Solicitation Process has been designed to provide Argent with sufficient flexibility to solicit and assess a wide variety of transactional structures that may be proposed by interested parties, including a sale of (i) all of the equity interests of Argent US held by Argent Canada, or (ii) some or all of Argent US's oil and gas properties.<sup>22</sup> Provided the Ad Hoc Committee satisfies the requirements set out in the Sale Solicitation Process, it is permitted to participate in the Sale Solicitation Process, and thus, are not prejudiced by the approval of a process that advances this CCAA proceeding. To the contrary, failure to continue Argent's marketing process on schedule is likely to have a significant chilling effect on potential bidders and prejudice Argent's stakeholders, including the Syndicate.<sup>23</sup>

## II. THE CRITICAL ISSUES

16. Second only to the granting of the stay extension requested by Argent, the most critical issues to be determined in this application are whether the Court should permit the continuation of the Sale Solicitation Process or vary the terms of the Interim Financing provided by the Syndicate.

17. It is the Syndicate's position that:

- (a) the Sale Solicitation Process sets out a robust and commercially efficient process to seek to secure the best transaction for the benefit of Argent's stakeholders, and must be continued. In light of the liquidity crisis facing Argent, it is not appropriate to defer a formal process indefinitely to an unknown date in the future; and
- (b) the terms of the Interim Financing are fair and reasonable and should not be varied or altered in any way. The Interim Financing does not unduly restrict

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<sup>22</sup> Bovingdon Affidavit No. 1 at para. 144.

<sup>23</sup> Williams Affidavit at para. 17.

Argent's ability to restructure rather it provides Argent with the breathing room to find a restructuring solution while it faces a severe liquidity crisis.

18. The Amended and Restated Initial Order proposed by the Ad Hoc Committee ought to be rejected by this Court. The relief approved by this Court in the Initial Order provides appropriate parameters for Argent to restructure its business, and ought to remain in place. With respect to the other issues raised in this application and by the Ad Hoc Committee, the Syndicate will speak to those issues at Argent's application before this Court.

### III. ARGUMENT

#### A. *The Sale Solicitation Process Must Continue*

19. A broad solicitation and marketing process should be undertaken in a proper and disciplined manner that considers all reasonable transactions for the benefit of Argent's stakeholders. Such process requires oversight by the Monitor and firm milestone dates.

20. This Court has the broad discretion under the CCAA to approve marketing and solicitation processes, and routinely does so, including as part of an Initial Order at the outset of a CCAA proceeding in the appropriate circumstances.

- *Poseidon Concepts Corp. Et al (Re)* (April 9, 2013), Calgary, Court File No. 1301-04364 at para. 41-42, Book of Authorities of the Syndicate, Tab 1.
- *Skope Energy Partners, Skope Energy Inc., and Skope Energy International Inc. (Re)* (November 28, 2012), Calgary, Court File No. 1201-14864 at para. 10, Book of Authorities of the Syndicate, Tab 2.
- *Arctic Glacier Income Fund et al (Re)* (February 22, 2012), Winnipeg, File No. CI 12-01-76323 at para. 19, Book of Authorities of the Syndicate, Tab 3.
- *Tamerlane Ventures Inc. and Pine Point Holding Corp. (Re)*, 2013 ONSC 5461 at para. 22, Book of Authorities of the Syndicate, Tab 4.
- *Terrace Bay* (January 25, 2012), Toronto, File No. CV-12-9566-00CL at para. 39, Book of Authorities of the Syndicate, Tab 5.

21. Moreover, in circumstances where a debtor is facing severe liquidity constraints and has conducted an extensive marketing and soliciting process prior to initiating CCAA proceedings, Courts have found it appropriate to approve an expedited sale process.

- *PCAS Patient Care Automation Services Inc. (Re)* 2012 ONSC 2840 at paras. 18-19, Book of Authorities of the Syndicate, Tab 6.

22. In the circumstances of this case, the test to approve the Sale Solicitation Process has been met. Simply put, a Sale Solicitation Process is (i) warranted at the time, (ii) will benefit the whole economic community of Argent (in particular if a going concern solution is found), (iii) there is no *bona fide* reason to object to a sale (as discussed below, the “wait and see” approach is not relevant for determining whether to approve a marketing process), and (iv) there is no better alternative available to Argent.

- *Re Nortel Networks Corp*, 2009 O.J. 3169 (S.C.J.) at paras. 49, Book of Authorities of the Syndicate, Tab 7. See also paragraph 62 of Argent Bench Brief from Initial Order Hearing.

23. The views of the Syndicate, as the only secured creditor with first lien priority on the assets of Argent, must be given due consideration. As recognized by Justice Morawetz (as he was then) in *Windsor Machine & Stamping Limited (Re)*:

There is no basis, in my view, for the argument that somehow the absence of a statutory distribution scheme entitles unsecured creditors to obtain enhanced priority over secured creditors for pre-filing obligations. To give effect to this argument would result in a situation where secured creditors would be prejudiced by participating in CCAA proceedings as opposed to receivership/bankruptcy proceedings. This could very well result in a situation where secured creditors would prefer the receivership/bankruptcy option as opposed to the CCAA option as it would recognize their priority position. Such an outcome would undermine certain key objectives of the CCAA, namely, (i) maintain the status quo during the proceedings; and (ii) to facilitate the ability of a debtor to restructure its affairs. In my view, it is essential, in a court supervised process, to give due consideration to the priority rights of secured creditors.

- *Windsor Machine & Stamping Limited (Re)*, 2009 CanLII 39771 (ON SC) at para. 43, Book of Authorities of the Syndicate, Tab 8.

24. As described above, the Syndicate supports Argent's restructuring efforts. Had creditor protection proceedings not been commenced, the Syndicate was legally entitled to initiate enforcement steps, such as the appointment of a receiver, which could have worsened recoveries for Argent's creditors and disrupted the status quo. Had it done so, the Syndicate would not have required the approval of the Ad Hoc Committee to sell or otherwise dispose of the Trust's assets as a result of the subordination provisions in Article 5 of the Debenture Indenture and Article 2.1(e) of the Supplemental Debenture Indenture (as such terms are

defined in the Bovingdon Affidavit No. 1). Article 5 provides, in the event of insolvency proceedings (including a reorganization):

The Senior Creditors [which includes the Syndicate] or a receiver or a receiver-manager of the Trust or all or part of its assets or any other enforcement agent may sell, mortgage, or otherwise dispose of the Trust's assets in whole or in part, free and clear of all Debenture Liabilities and without the approval of the Debentureholders or the Trustee or any requirement to account to the Trustee or the Debentureholders.<sup>24</sup>

25. The Ad Hoc Committee is comprised of long-standing, sophisticated investors of Argent.<sup>25</sup> As a sophisticated group, it should not be able to use these CCAA proceedings to obtain enhanced rights superior to those they bargained for pre-filing simply because the restructuring process is debtor-led. The CCAA proceedings are intended to preserve the status quo, even where that status quo results in certain creditors being treated in accordance with the terms of the agreements they entered into prior to the commencement of the proceedings.

26. A marketing process will be the ultimate arbiter of the realizable value in Argent's business and assets. It is precisely for this reason that it must proceed – it is the only way to meaningfully and in a transparent manner, under supervision of the Monitor, explore the options available to Argent to maximize value for all stakeholders.

**B. *Market conditions are not a relevant factor in the timing of the CCAA sale process***

27. It has been suggested that the current market for North America oil and gas assets is weak and a recovery will take some time. The Syndicate submits that the unknown and uncertain timing of any market recovery should not dictate the implementation of the Sale Solicitation Process.

28. A fundamental tenet of the CCAA is to protect the interests of creditors and to permit an orderly administration of the debtor's affairs. A creditor is not to bear the burden of market circumstances when a debtor files for CCAA protection.

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<sup>24</sup>See Exhibit 10 to the Bovingdon Affidavit No. 1: Article 5.2(c) of the Debenture Indenture. See also Article 2.1(e) of the Supplemental Debenture Indenture provides that “The 6.50% Debentures will be subordinated to the Senior Indebtedness [which includes the secured credit facility provided by the Syndicate] in accordance with provisions of Article 5 [of the Debenture Indenture]”.

<sup>25</sup> Bench Brief of the Ad Hoc Committee at para 16.

29. Market circumstances do not preclude the Court from ordering a marketing process. It would be unfair to allow the debtor to be inactive at the expense of the creditor who is trying to recover value, particularly where that value is eroding. Such an approach of "doing nothing" in the hopes that market circumstances change has no legislative or jurisprudential basis; despite the cyclical nature of many industries, courts have not ordered lenders against their wishes to "wait and see" for an indeterminate period whether market conditions may improve.

- *Kerr Interior Systems Ltd, Re*, 2011 ABQB 214 at para 62, Book of Authorities of the Syndicate, Tab 9.
- *Nelson Education Limited (Re)*, 2015 ONSC 5557 at para 38(e), Book of Authorities of the Syndicate, Tab 10
- *Stelco Inc. (Re)* 2006 CanLII 17773 (S.C.J.) at paras. 17 and 18, Book of Authorities of the Syndicate, Tab 11

30. In particular, downturns in the market, especially in the boom and bust economy of Alberta, have been considered to be foreseeable and an ordinary business risk, such that it should not necessitate special considerations in CCAA proceedings.

- *Kerr Interior Systems Ltd, Re*, 2011 ABQB 214 ("*Kerr*") at para 62, Book of Authorities of the Syndicate, Tab 9.

31. As has been recognized by this Court, the public's confidence in the CCAA process is necessarily grounded in fairness and stability for all of the stakeholders.

- *Kerr* at para 64, Book of Authorities of the Syndicate, Tab 8.

32. The Syndicate submits that such stability would not be achieved if the primary secured stakeholder was forced to bear the risk of the uncertainty of whether market conditions will improve in the future, while subsequent creditors who are not bearing the costs of the proceedings or bearing any of the risk, attempt to benefit from any delay in the hopes of a dramatic correction in the market. Prejudice as a result of "waiting for better days" has already been experienced by the Syndicate when the Ad Hoc Committee rejected the Wapiti Offer, leaving Argent susceptible to further market deterioration and mounting liquidity pressures. It is not appropriate in the circumstances to delay any further, in particular when no tangible alternatives exist.

C. *Interim Financing should remain in place and other amendments rejected*

33. The Ad Hoc Committee's suggestion that the Syndicate unduly controls these CCAA proceedings and that the Interim Financing should be replaced is inaccurate and misguided.

34. As mentioned above, the Syndicate supports the Sale Solicitation Process developed by industry experts. The Sale Solicitation Process includes timelines which were specifically tailored to meet Argent's needs and are considered customary in the oil and gas industry. Accordingly, it is not the Interim Financing that dictates the timelines of Argent's restructuring, nor is there any evidence that the Interim Financing dictated the terms of the Sale Solicitation Process, rather the Interim Financing provides Argent with the necessary runway to implement a marketing process which is designed to maximize value for Argent's stakeholders. It is noteworthy that in the case relied on by the Ad Hoc Committee (*Essar Steel Algoma Inc.*), the Court approved the interim financing which included timelines for the entire process, including strict timelines for a sales process.

- *Re Essar Steel Algoma Inc. et al*, 2015 ONSC 7675 at para. 1, Book of Authorities of the Syndicate, Tab 12

35. Further, to require Argent to expend time and divert resources to solicit alternate financing to supplement or replace the Interim Facility is not appropriate in the circumstances. Absent the Interim Financing provided by the Syndicate, Argent is cash flow negative. It simply does not have the resources to undertake the process proposed by the Ad Hoc Committee, and the Ad Hoc Committee has committed no additional funding to support such a process and there is no basis to do so. Argent is at a critical juncture in its restructuring. Any distraction from its restructuring goals is unwarranted and could undermine the process.

36. In its proposed Amended and Restated Initial Order, the Ad Hoc Committee seeks to remove the provision permitting the payment of interest and certain other costs to the Syndicate due under the Credit Agreement (as defined in the Initial Order). The Syndicate notes that similar provisions relating to interest payments to lenders have been approved by this Court in recent CCAA proceedings.

- *COGI Limited Partnership and Canadian Oil & Gas International Inc.* (August 28, 2015), Calgary, Court File No. 1501-09807 at para. 10, Book of Authorities of the Syndicate, Tab 13.

- *Laricina Energy Ltd., Laricina GP Holdings Ltd., and 1276158 Alberta Inc. (Re)* (March 30, 2015), Calgary, Court File No. 1501-03351 at para. 10, Book of Authorities of the Syndicate, Tab 14.

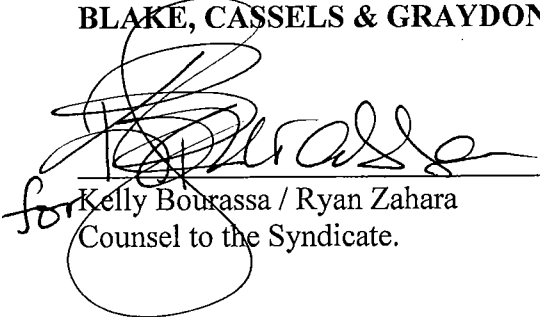
37. The Ad Hoc Committee also seeks a direction from the Court in its proposed Amended and Restated Initial Order that all information provided by the Applicants to the Syndicate pursuant to the Interim Financing also be provided to counsel to the Ad Hoc Committee. Paragraph 27 of the current Initial Order provides a mechanism for any creditor to ask the Monitor for information (provided the request is reasonable). Additionally, section 23(d) of the CCAA requires the Monitor to file a report with the Court without delay in the event of material adverse change in Argent's projected cash-flow or financial circumstances. Accordingly, it is the Syndicate's view that the Ad Hoc Committee already has avenues to obtain information, which keep it on the same footing as other ordinary creditors of Argent.

#### IV. CONCLUSION

38. For the reasons set out above, the Syndicate requests that this Honourable Court not vary the Initial Order, including the Sale Solicitation Process set out therein, and grant the extension of Stay Period requested by Argent so that it can further its restructuring efforts.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 4<sup>th</sup> day of March, 2016.

**BLAKE, CASSELS & GRAYDON LLP**

  
for Kelly Bourassa / Ryan Zahara  
Counsel to the Syndicate.

## LIST OF AUTHORITIES

1. *Poseidon Concepts Corp. Et al (Re)* (April 9, 2013), Calgary, Court File No. 1301-04364
2. *Skope Energy Partners, Skope Energy Inc., and Skope Energy International Inc. (Re)* (November 28, 2012), Calgary, Court File No. 1201-14864
3. *Arctic Glacier Income Fund et al (Re)* (February 22, 2012), Winnipeg, File No. CI 12-01-76323
4. *Tamerlane Ventures Inc. and Pine Point Holding Corp, (Re)*, 2013 ONSC 5461 (S.C.J.)
5. *Terrace Bay* (January 25, 2012), Toronto, File No. CV-12-9566-00C
6. *PCAS Patient Care Automation Services Inc. (Re)* 2012 ONSC 2840 (S.C.J)
7. *Re Nortel Networks Corp*, 2009 O.J. 3169 (S.C.J.)
8. *Windsor Machine & Stamping Limited (Re)*, 2009 CanLII 39771 (ON SC)
9. *Kerr Interior Systems Ltd, Re*, 2011 ABQB 214
10. *Nelson Education Limited (Re)*, 2015 ONSC 555 (S.C.J.)
11. *Stelco Inc. (Re)* 2006 CanLII 17773 (S.C.J.)
12. *Re Essar Steel Algoma Inc. et al* 2015 ONSC 7656 (S.C.J.)
13. *COGI Limited Partnership and Canadian Oil & Gas International Inc.* (August 28, 2015), Calgary, Court File No. 1501-09807 (ABQB)
14. *Laricina Energy Ltd., Laricina GP Holdings Ltd., and 1276158 Alberta Inc. (Re)* (March 30, 2015), Calgary, Court File No. 1501-03351 (ABQB)