

FORM 27
[RULES 6.3 AND 10.52(1)]

CLERK'S STAMP

COURT FILE NUMBER 1601-03113
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, as amended

AND IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF QUICKSILVER
RESOURCES CANADA INC., 0942065 B.C.
LTD. and 0942069 B.C. LTD.

DOCUMENT **APPLICATION BY QUICKSILVER**
RESOURCES CANADA INC. (Various Relief)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7
Attention: Chris Simard / Kevin Zych
Tel No.: 403-298-4485 / 416-777-5738
Fax No.: 403-265-7219 / 416-863-1716
Client File No.: 39944.88

NOTICE TO RESPONDENT

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

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

Date: June 28, 2016
Time: 9:00 a.m.
Where: Calgary Courts Centre, 601 – 5th Street SW, Calgary, Alberta
Before Whom: The Honourable Madam Justice J. Streckf
in Commercial Chambers

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

Remedy claimed or sought:

1. An Order abridging the time for service, if necessary, and deeming service of notice of this Application to be good and sufficient.
2. An Order in the form attached as Schedule "A" hereto:
 - (a) authorizing Quicksilver Resources Canada Inc. ("**Quicksilver Canada**") to, by way of a shareholder resolution, assign Makarios Midstream Inc. ("**MMI**") into bankruptcy;
 - (b) declaring that Fortune Creek Gathering & Processing Partnership (the "**Partnership**") has, for all purposes pursuant to the Claims Procedure Order granted on May 26, 2016 herein, an unsecured claim against Quicksilver Canada in the amount of \$155,099,000, without requiring the Partnership to file any proof of claim or take any other steps in the Claims Procedure with respect to such claim;
 - (c) authorizing Quicksilver Canada to pay the unpaid balance of the Required Additional Compressor Licence Deposit (as defined in the June 21, 2016 Affidavit of J. David Rushford, hereinafter the "**June 21 Rushford Affidavit**") to the Oil and Gas Commission of British Columbia, and granting a first ranking priority charge in favour of Quicksilver Canada to secure the amount of such payment, over the assets of the Partnership; and
 - (d) authorizing Quicksilver Canada to transfer, and directing the British Columbia Oil and Gas Commission (the "**OGC**") to register the transfer of, the following licences and permits (which are beneficially still registered in the name of Quicksilver Canada):
 - (i) of OGC Facility License BCCS0007828 – Fortune Creek Compressor Station (Surface Location A-66-A/94-O-15), to the Partnership;
 - (ii) of OGC Facility License BCDH0007828 – Fortune Creek Dehydrator (Surface Location A-66-A/94-O-15), to the Partnership;

- (iii) of OGC Pipeline Permit File 9704844 – insofar as it relates to the Maxhamish 20” Pipeline Segment 001 (Surface Location B-66-A/94-O15 to A-59-A/94-O-14) to the Partnership; and
- (iv) of OGC Pipeline Permit File 9704844 – insofar as it relates to the Maxhamish 10" Pipeline Segment 002 (Surface Location B-66-A/94-O-15 to C-68-B/g4-O-15 to Rockyview Resources Ltd. (or issue a new permit in respect of Segment 002 to Rockyview Resources Ltd.)

(collectively, the "**Licenses**").

- 3. An Order in the form attached as Schedule "B" hereto appointing Miles Davison LLP as Representative Counsel for the Represented Group (all as defined in the June 21 Rushford Affidavit) and extending to August 5, 2016 the Claims Bar Date for the Represented Group.
- 4. Such further and other relief as this Honourable Court deems appropriate.

Grounds for making this application:

- 5. Because of the extended depressed natural gas price environment, Quicksilver Canada's obligations under the KKR arrangements associated with its Horn River assets in Northeastern B.C. (as described in the June Rushford Affidavit) are financially onerous and not economically viable. As a result, Quicksilver Canada has disclaimed in these proceedings a number of the agreements related to this arrangement.
- 6. MMI is a wholly-owned subsidiary of Quicksilver Canada, is a partner in the Partnership, has minimal assets and no ability to perform its contractual obligations under the KKR arrangements. Bankrupting MMI is the most efficient way to wind-up its business operations.
- 7. Because of the unviable nature of the KKR arrangements, Quicksilver Canada has been and is unable to perform its contractual obligations to the Partnership, many of which have been disclaimed in these proceedings. Quicksilver Canada has, in consultation with the Monitor, quantified the Partnership's unsecured claim against Quicksilver

Canada to be \$155,099,000. In order to avoid the cost and delay associated with requiring the Partnership (or its trustee in bankruptcy) to file a proof of claim and for such claim to be determined in the Claims Procedure herein, Quicksilver Canada seeks an Order admitting the claim of the Partnership in such amount in these proceedings.

8. The Required Additional Compressor Licence Deposit to protect, preserve and maintain the assets of the Partnership.
9. The Partnership has insufficient funds to pay the Required Additional Compressor Licence Deposit in full. Quicksilver Canada is obligated to pay the Required Additional Compressor Licence Deposit, both pursuant to the March 21, 2016 Asset Purchase Agreement entered into between Quicksilver Canada and 1069130 B.C. Ltd., and also pursuant to its contracts with MMI and the Partnership.
10. Quicksilver Canada has sufficient funds to pay the balance of the Required Additional Compressor Licence Deposit, but should be granted a charge over the assets of the partnership to secure the repayment of such sum, for the benefit of Quicksilver Canada's stakeholders.
11. It is reasonable and appropriate in the circumstances to appoint Miles Davison LLP as Representative Counsel for the Represented Group, in accordance with the terms of the draft Order attached hereto as Schedule "B". Such appointment is of benefit to Quicksilver Canada because a multiplicity of retainers will be avoided and the administration of the claims of the Represented Group will be made more efficient.
12. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

Material or evidence to be relied on:

13. The June Rushford Affidavit.
14. The Fifth Report of FTI Consulting Canada Inc., Monitor of the Applicants.

Applicable rules:

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

Applicable Acts and regulations:

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

Any irregularity complained of or objection relied on:

18. Not applicable.

How the application is proposed to be heard or considered:

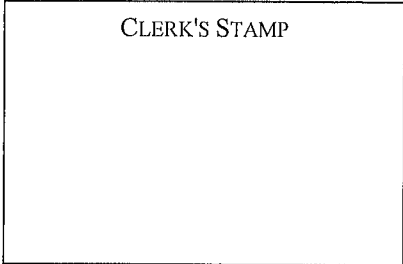
19. In person, with the Applicants and any interested parties present before the Honourable Madam Justice Streckf in Commercial List Chambers.

WARNING

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

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

SCHEDULE "A"



COURT FILE NUMBER 1601-03113
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, as amended

AND IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF QUICKSILVER
RESOURCES CANADA INC., 0942065 B.C. LTD.
and 0942069 B.C. LTD.

DOCUMENT **ORDER (Various Relief)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT **BENNETT JONES LLP**
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard / Kevin Zych
Tel No.: 403-298-4485 / 416-777-5738
Fax No.: 403-265-7219 / 416-863-1716
Client File No.: 39944.88

DATE ON WHICH ORDER WAS PRONOUNCED: June 28, 2016
LOCATION OF HEARING: Calgary
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice J. Strekaf

UPON the application of Quicksilver Resources Canada Inc. ("**Quicksilver Canada**" or the "**Applicant**"); **AND UPON** having read the Affidavit of J. David Rushford sworn June 21, 2016 (the "**June 21 Rushford Affidavit**"), filed; **AND UPON** having read the Fifth Report of FTI Consulting Canada Inc., Monitor of the Applicants (the "**Monitor**"); **AND UPON** hearing from counsel for the Applicant, counsel for the Monitor, proposed Representative Counsel (as defined below) and from any other affected parties that may be present;

IT IS HEREBY ORDERED AND DECLARED THAT:

DEFINED TERMS

1. Capitalized terms not defined herein shall have the meanings ascribed to them in the Initial Order granted in the within proceedings on March 8, 2016 (the "**Initial Order**").

SERVICE

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

ASSIGNMENT OF MAKARIOS MIDSTREAM INC. ("MMI") INTO BANKRUPTCY

3. Quicksilver Canada is hereby authorized to assign MMI into bankruptcy by way of a shareholder resolution.

PARTNERSHIP CLAIM

4. It is hereby declared that Fortune Creek Gathering & Processing Partnership (the "**Partnership**") has, for all purposes pursuant to the Claims Procedure Order granted on May 26, 2016 herein, an unsecured claim against Quicksilver Canada in the amount of \$155,099,000, without requiring the Partnership to file any proof of claim or take any other steps in the Claims Procedure with respect to such claim.

LICENCES

5. Quicksilver Canada is hereby authorized to pay to the British Columbia Oil and Gas Commission (the "**OGC**") the unpaid balance of the Required Additional Compressor Licence Deposit (as defined in the June 21 Rushford Affidavit) and Quicksilver Canada is hereby granted a first ranking priority charge in favour of Quicksilver Canada to secure the amount of such payment, over the assets of the Partnership.
6. Quicksilver Canada is hereby authorized to transfer, and the OGC is hereby directed to register the transfer of, the following licenses and permits, as follows:
 - (i) OGC Facility License BCCS0007828 – Fortune Creek Compressor Station (Surface Location A-66-A/94-O-15), to the Partnership;

- (ii) OGC Facility License BCDH0007828 – Fortune Creek Dehydrator (Surface Location A-66-A/94-O-15), to the Partnership;
- (iii) OGC Pipeline Permit File 9704844 – insofar as it relates to the Maxhamish 20" Pipeline Segment 001 (Surface Location B-66-A/94-O15 to A-59-A/94-O-14) to the Partnership; and
- (iv) OGC Pipeline Permit File 9704844 – insofar as it relates to the Maxhamish 10" Pipeline Segment 002 (Surface Location B-66-A/94-O-15 to C-68-B/g4-O-15 to Rockyview Resources Ltd. (or issue a new permit in respect of Segment 002 to Rockyview Resources Ltd.)

J.C.Q.B.A.

SCHEDULE "B"

CLERK'S STAMP

COURT FILE NUMBER

1601-03113

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF QUICKSILVER RESOURCES CANADA INC., 0942065 B.C. LTD. and 0942069 B.C. LTD.

DOCUMENT

ORDER (Representation Order)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BENNETT JONES LLP

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

Attention: Chris Simard / Kevin Zych
Tel No.: 403-298-4485 / 416-777-5738
Fax No.: 403-265-7219 / 416-863-1716
Client File No.: 39944.88

DATE ON WHICH ORDER WAS PRONOUNCED: June 28, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice J. Strekof

UPON the application of Quicksilver Resources Canada Inc. ("**Quicksilver Canada**" or the "**Applicant**"); AND UPON having read the Affidavit of J. David Rushford sworn June 21, 2016 (the "**June 21 Rushford Affidavit**"), filed; AND UPON hearing from counsel for the

Applicant, counsel for FTI Consulting Canada Inc., in its capacity as Court appointed monitor of the Applicant (the "**Monitor**"), proposed Representative Counsel (as defined below) and from any other affected parties that may be present;

IT IS HEREBY ORDERED AND DECLARED THAT:

DEFINED TERMS

1. Capitalized terms not defined herein shall have the meanings ascribed to them in the Initial Order granted in the within proceedings on March 8, 2016 (the "**Initial Order**").

SERVICE

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

REPRESENTATION ORDER

3. Miles Davison LLP ("**Representative Counsel**") is hereby appointed as counsel to all terminated employees of Quicksilver Canada who were not offered employment with CPC Resources (collectively, the "**Represented Group**" and individually a "**Represented Group Individual**") with respect to these CCAA Proceedings, unless and until written notice is provided by a particular Represented Group Individual to Representative Counsel that such Represented Group Individual does not wish to be represented by the Representative Counsel or, alternatively, a particular Represented Group Individual does not respond to Representative Counsel by a reasonable deadline set by Representative Counsel.
4. Represented Group Individuals Doreen Rempel, Clark Dickson and Mick Somerwil (collectively, the "**Steering Committee**") are hereby authorized, and have full authority to take all steps and to do all acts necessary or desirable to carry out the terms of this Order, by themselves or through Representative Counsel, as appropriate, including, without limitation:
 - (a) providing instruction to the Representative Counsel on behalf of the Represented Group in regard to all matters pertaining to these CCAA Proceedings, and in particular, shall have full authority to make all decisions required to be made by or

on behalf of the Represented Group in regard to all aspects of these CCAA Proceedings, and all Represented Group Individuals shall be bound by such instructions and decisions given while they are members of the Represented Group.

- (b) taking such steps in the discretion of the Steering Committee as are necessary to protect and advance the interests of the Represented Group in these proceedings;
 - (c) advising the Represented Group of the recommendations made by the Steering Committee on any restructuring plan;
 - (d) advising the Applicant, the Monitor or other stakeholders of the position of the Represented Group on any restructuring plan;
 - (e) making application(s) to the Court in respect of any matters relating to the operation, rights or duties of the Steering Committee or Representative Counsel; and
 - (f) assisting the Represented Group with the filing of claims.
5. The Applicant shall pay the Representative Counsel their reasonable fees based on their standard hourly rates in force from time to time from April 19, 2016, up to an initial amount of \$50,000.00 (which shall be pre-funded by way of a retainer (the "**Retainer**")), plus applicable taxes and reasonable disbursements and out-of-pocket expenses (the "**Representative Counsel Allowance**") subject to any subsequent increases to the Representative Counsel Allowance being agreed to by Quicksilver Canada and the Monitor, or ordered by this Court. The Representative Counsel shall be paid from the Retainer in a timely manner for fulfilling its mandate in accordance with this Order, upon the provision of invoices to the Applicant and the Monitor, subject to such redactions to the invoices as are necessary to maintain solicitor/client privilege between the Representative Counsel, the Steering Committee and the Represented Group.
6. The Steering Committee, and its Representative Counsel, are hereby authorized to develop and constitute guidelines in respect of the governance, constitution, matters of procedure and activities of the Steering Committee in these CCAA Proceedings.

7. The Steering Committee and Representative Counsel shall have no personal liability or obligations as a result of the performance of their duties in carrying out the provisions of this Order, save and except for liability arising out of gross negligence or wilful misconduct. No action or other proceeding may be commenced against such parties in respect of the performance of their duties under this Order without leave of the Court obtained on seven days' notice to Representative Counsel.
8. The Applicant shall provide the Representative Counsel with the last known email address for each Represented Group Individual (to the extent possible) or other available contact information within seven days of the granting of this Order (the "**Individual Information**"). The Representative Counsel shall provide the Represented Group with a copy of this Order which shall constitute sufficient notice to the Represented Group of this Order and the appointment of the Representative Counsel.
9. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and section 20(e) of the *Alberta Personal Information Protection Act*, the Applicant is authorized and permitted to disclose and transfer to Representative Counsel the Represented Group's Individual Information. Representative Counsel shall maintain and protect the privacy of such information.
10. The Monitor shall make this Order publicly available by posting a copy on its website, and shall post on its website notices and other communications to the Represented Group, as reasonably requested by the Representative Counsel.

CLAIMS BAR DATE

11. The Claims Bar Date (as defined in the Claims Procedure Order granted in the within proceedings on May 26, 2016, the "**Claims Procedure Order**") is hereby extended to August 5, 2016 for claims of the Represented Group and Represented Group Individuals. If any Represented Group Individual has filed a proof of claim prior to or after the granting of this Order, such claim may be amended or replaced at any time prior to August 5, 2016. The Represented Group may file proofs of claim claiming any and all claims, pre-filing or post-filing and of whatever priority claimed. The filing of such claims is without prejudice

to the determination of the validity of such claims, which shall be determined in accordance with the Claims Procedure Order.

MISCELLANEOUS

12. The Steering Committee and/or the Representative Counsel may from time to time apply to this Court for advice and direction in respect of the discharge of their powers and duties.
13. Any interested party may apply to this Court to vary or amend this Order on not less than seven days' notice to any other party or parties likely affected by the Order sought.
14. This Order need only be served on those parties in attendance at the hearing of this application, and this Order may be served by regular mail, facsimile, or as an attachment to an email transmission.

J.C.Q.B.A.