

COURT FILE NUMBER 1901-14615
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANTS ORPHAN WELL ASSOCIATION
RESPONDENTS HOUSTON OIL & GAS LTD.
DOCUMENT **APPLICATION BY RECEIVER re:
APPROVAL OF SALE AND VESTING
ORDERS AND RELATED RELIEF**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Robyn Gurofsky/ Jack R. Maslen
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9774/(403) 232-9790
Facsimile: (403) 266-1395
Email: RGurofsky@blg.com/JMAslen@blg.com
File No. 436743.24

NOTICE TO THE ATTACHED SERVICE LIST (SCHEDULE "A")

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

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

Date September 3, 2020
Time 2:00 PM
Where Calgary Courts Centre (Via WebEx Video Conference)
Before Whom The Honourable Madam Justice B.E.C. Romaine

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. BDO Canada Limited ("**BDO**") is the court-appointed receiver and manager (the "**Receiver**") over all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**"), of Houston Oil & Gas Ltd. (the "**Debtor**"), pursuant to a receivership order (the "**Receivership Order**") of the Court of Queen's Bench of Alberta (the "**Court**") pronounced on October 29, 2019, as amended

by an Order of the Court in Action Number 2001-07870 pronounced on June 30, 2020 (the “**Receivership Order**”). Unless otherwise indicated, capitalized terms used herein have the meanings given to them in the Second Report of the Receiver dated and filed on August 24, 2020 (the “**Second Report**”).

2. In this Application, the Receiver seeks from this Honourable Court:

(a) Orders substantially in the form attached hereto as **Schedule “B”**:

- (i) approving the Proposed Transactions, entered into between the Receiver and the Purchasers, as contemplated by the Sale Agreements;
- (ii) vesting all of the Debtor’s right, title and interest in and to the assets purchased pursuant to the Sale Agreements, in the names of the Purchasers, free and clear of all claims (except any permitted encumbrances);
- (iii) without limiting the generality of (ii) above, vesting the purchased assets free and clear of (1) a royalty agreement between the Debtor and Pioneer Oil Well Service Corp. (“**Pioneer**” and the “**Pioneer GORR**”), and (2) certain interests in favour of Inland Development Company Ltd. registered against certain of the Debtor’s Property (“**Inland**” and the “**Inland Interests**”);
- (iv) authorizing and directing the Receiver to make distributions of proceeds generated from one of the Proposed Transactions in satisfaction of certain Crown mineral leases, surface leases, municipal taxes and royalties; and
- (v) authorizing and directing the Receiver to take such further steps, as necessary, to complete the Proposed Transactions;

(b) an Order substantially in the form attached hereto as **Schedule “C”**:

- (i) declaring service of this Application (and all supporting materials) to be good and sufficient, and abridging the time for notice of this Application to the time actually given, if necessary;
- (ii) approving the Receiver’s actions, conduct and activities as more particularly set forth in the First Report of the Receiver filed on December 2, 2019 (the “**First Report**”), in the Second Report and in the Confidential Supplement (defined below);
- (iii) approving the fees and disbursements of the Receiver and its counsel rendered to date, as more particularly set forth in the Second Report; and
- (iv) temporarily sealing the Confidential Supplement to the Second Report dated August 24, 2020 (the “**Confidential Supplement**”).

3. Such further and other relief as counsel may advise and this Honourable Court permit.

GROUNDS FOR MAKING THIS APPLICATION:***Background***

4. The Debtor is a private oil and gas exploration and production company based in Calgary, Alberta. The Debtor's Property substantially comprises natural gas wells located in south eastern Alberta, including approximately 1,426 well licenses, 73 facility licenses and 272 pipeline licenses.
5. On October 29, 2019, the Orphan Well Association ("OWA") made an application to the Court for the appointment of an interim receiver and receiver and manager in respect of the Debtor's Property. Among other things, the OWA commenced these proceedings after the Debtor advised the Alberta Energy Regulator (the "AER") that, due to its financial situation, it intended to or had shut-in all of its operations. The Debtor also owed substantial environmental liabilities. The Court granted the relief sought by the OWA and appointed Hardie & Kelly Inc. ("H&K") as Receiver. On June 30, 2020, pursuant to a merger of H&K with BDO, this Honourable Court granted an Order substituting H&K with BDO as Receiver.
6. The Receivership Order empowers the Receiver to, *inter alia*, (i) market the Property, (ii) sell, convey, transfer, lease or assign the Property, subject to the approval of this Honourable Court for any transaction exceeding \$1,000,000 or the aggregate of multiple transactions exceeding \$5,000,000; and (iii) apply to the Court for any vesting order or other orders (including confidentially or sealing orders) necessary to convey the Property or any part thereof to a purchaser(s).
7. On December 12, 2019, the Receiver applied to the Court for approval of a sale solicitation process (the "SSP") and for approval of the Receiver's engagement of Sayer Energy Advisors ("Sayer") as its sales advisor to administer the SSP. The Court granted the relief (the "SSP Order").

The SSP and the Proposed Transactions

8. As is more fully set out in the Second Report, the Receiver, with the assistance of Sayer, launched the SSP in January 2020. Specifically, the Receiver and Sayer conducted a broad marketing campaign, the Receiver then received non-binding LOI's by the Phase 1 Bid Deadline of February 27, 2020, and ultimately received binding Formal Offers by the Phase 2 Bid Deadline of April 7, 2020.

9. The Receiver evaluated the Formal Offers and began negotiations with relevant parties to arrive at definitive agreements. The AER and OWA were consulted, where appropriate, throughout the negotiation process.
10. The Receiver has now entered into Sale Agreements with nine Purchasers, as detailed in the Second Report and in the Confidential Supplement. The Receiver considers that the Sale Agreements, and the Proposed Transactions contemplated therein, should be approved by this Court since, among other things:
 - (a) the Proposed Transactions were generated as a result of the SSP, which was approved by this Court pursuant to the SSP Order;
 - (b) Sayer is regarded as a well respected sales advisor in the marketplace and has executed many engagements on behalf of receivers;
 - (c) the Debtor's assets were widely advertised by Sayer during the SSP, which Sayer advises received significant interest from potential buyers for an offering of its size;
 - (d) the Receiver and Sayer have undertaken an extensive negotiation process, in addition to the broad marketing process, and the Receiver considers the cash proceeds for the Proposed Transactions to be the best price available;
 - (e) in addition to cash consideration, the consummation of the Proposed Transactions will result in Purchasers assuming responsibility for the related abandonment and reclamation cost associated with the wells, facilities, and pipelines being purchased;
 - (f) one of the Proposed Transactions will result in payments being made to various affected stakeholders, including municipalities (for property taxes), royalty holders, and mineral lessors;
 - (g) the Proposed Transactions are not subject to any material conditions other than Court approval, vesting free and clear of encumbrances excluding any permitted encumbrances, and a lack of legal barriers to consummation of the transaction, such as the ability to transfer licenses;
 - (h) the OWA is supportive of the Proposed Transactions;
 - (i) the global oil and gas industry continues to be in a dire economic condition, and the COVID-19 Pandemic is ongoing, meaning that the costs and delays associated with any further marketing efforts are highly unlikely to generate any more favourable transactions;
 - (j) if the Proposed Transactions are not approved, it is likely that some or all of the relevant assets would ultimately become the responsibility of the OWA;
 - (k) the Receiver considers that there has been no unfairness arising from the SSP; and
 - (l) the Receiver is of the view that the Proposed Transactions were negotiated in good faith and are commercially reasonable in the circumstances.

11. For the same or similar reasons, it is just and equitable for this Court to vest the purchased assets, free and clear of all claims (except any permitted encumbrances) in the names of the Purchasers.

Vesting Off of the Pioneer GORR and Inland Interests

12. As detailed in the Second Report, the Receiver is also seeking specific vesting orders regarding the Pioneer GORR and the Inland Interests.
13. The Pioneer GORR was granted by the Debtor in or around April 2018, which has the apparent effect of granting a 5% royalty on all of the Debtor's production in favour of Pioneer, which is a related party to the Debtor.
14. The Inland Interests comprise various legal or beneficial interests, including royalties, in favour of Inland, that are registered against certain of the Debtor's assets. Inland is a Saskatchewan corporation, but is defunct and has been removed from both the Alberta and Saskatchewan corporate registries.
15. The Receiver considers the vesting off of the Pioneer GORR to be just and equitable since, among other things:
 - (a) Pioneer is related to the Debtor;
 - (b) the Pioneer GORR was granted by the Debtor for no apparent consideration;
 - (c) the Pioneer GORR is, at most, a contractual interest in production revenues and not an interest in land;
 - (d) the Receiver disclaimed the Pioneer GORR, and has received no response or objection from Pioneer; and
 - (e) it is in the interests of stakeholders as a whole for the Pioneer GORR to be vested off title.
16. Similarly, the Receiver considers the vesting off of the Inland Interests to be just and equitable since, among other things:
 - (a) Inland is defunct and/or an unregistered corporation, which currently has no legal standing;
 - (b) the Receiver has attempted to contact Inland at the last three of Inland's known addresses and received no response;
 - (c) the Receiver understands that Inland is indebted to and in default of its contractual obligations to the Debtor;

- (d) there will be a material decrease in the sale proceeds generated from the Sale Agreement with KRC, if the Inland Interests are not extinguished, as detailed in the Confidential Supplement; and
- (e) it is in the interests of stakeholders as a whole for the Inland Interests to be vested off title.

Proposed Distribution

- 17. The Receiver is seeking this Court's approval to make certain distributions out of the proceeds generated from the Proposed Transaction with KRC. Specifically, the Receiver seeks to make certain distributions in satisfaction of Crown mineral leases, surface leases, municipal taxes and royalties.
- 18. The Receiver considers the distributions to be commercially fair and reasonable, since, among other things, they are or may be required to lawfully assign the relevant contracts to KRC and/or reflect satisfaction of priority claims.

Temporary Sealing Order

- 19. The Confidential Supplement contains commercially sensitive information of the Debtor related to the SSP. If this information were disseminated before the Proposed Transactions close, or before the SSP is completed, the Receiver's ability to market and sell the Debtor's property may be significantly prejudiced.
- 20. A Sealing Order for the Confidential Supplement is the least restrictive and prejudicial alternative to prevent dissemination of the Debtor's commercially sensitive information and prejudice therefrom.
- 21. It is fair and just to restrict public access to the Confidential Supplement.

Receiver's Activities and Professional Fees

- 22. The Receiver's activities in respect of this receivership have been carried out fairly, efficiently and in a commercially reasonable manner. The professional fees and disbursements of the Receiver and its legal counsel are fair and reasonable in the circumstances, and commensurate with the work performed to date.
- 23. Such further and other grounds as counsel may advise and this Honourable Court may permit.

MATERIAL OR EVIDENCE TO BE RELIED ON:

24. The Receiver's Second Report, filed.
25. The Receiver's Confidential Supplement to the Second Report, to be filed.
26. The pleadings, affidavits and other materials previously filed in these proceedings.
27. Such further and other material or evidence as Counsel may advise and this Honourable Court may permit.

APPLICABLE RULES:

28. The *Alberta Rules of Court*, AR 124/2010.
29. The *Bankruptcy and Insolvency General Rules*, CRC, c 368.

APPLICABLE ACTS AND REGULATIONS:

30. The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.
31. The *Judicature Act*, R.S.A. 2000, c. J-2.
32. The *Law of Property Act*, RSA 2000, c L-7.
33. Such further and other Acts and regulations as Counsel may advise and this Honourable Court permit.

ANY IRREGULARITY COMPLAINED OF OR OBJECTION RELIED ON:

34. None.

HOW THE APPLICATION IS PROPOSED TO BE HEARD OR CONSIDERED:

35. Via Webex Video Conference, before the Honourable Madam Justice B.E.C. Romaine, with some or all of the parties present.

WARNING

Subject to the Court's procedures having regard for the COVID-19 pandemic, 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 give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

SERVICE LIST

SERVICE LIST

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
Workers Compensation Board/Collection Unit 9925 – 1078 Street, 8 th Floor Edmonton, AB T5J 3S9 Phone: 780-509-1395 Fax: 780-498-7871		Fax
Aeneid Exploration Inc. Attention: Yushen Yuan 604-719-1497 yyuan@aeneidexploration.com		Email
Affinity Credit Solutions Inc. #202, 10217 – 106 Street N.W. Edmonton, AB T5J 1H5 clientservices@affinitycredit.ca	Alberta Boilers Safety Association (ABSA)	Email
BDO Canada Limited 110, 5800 – 2 nd Street SW Calgary, AB T2H 0H2 Attention: Marc Kelly / Charla Smith makelly@bdo.ca chasmith@bdo.ca	BDO Canada Limited	Email
Bennett Jones LLP 4500 Bankers Hall East 855 – 2 nd Street SW Calgary, AB T2P 4K7 Attention: Chris Simard SimardC@bennettjones.com	Heritage Royalty Resource Corp.	Email
Bonavista Energy Corporation Calvin House 403-554-2942 calvin.house@bonavistaenergy.com		Email
Borden Ladner Gervais LLP 1900, 520 – 3rd Ave. SW Calgary, AB, Canada T2P 0R3 Attention: Robyn Gurofsky/Jack Maslen rgurofsky@blg.com jmaslen@blg.com	BDO Canada Limited	Email

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
Brownlee LLP 2200, 10155 102 Street Edmonton, AB T5J 4G8 Attention: Greg Plester gplester@brownleelaw.com	Vulcan County	Email
Canadian Natural Resources Limited Peggy Bradner 403-863-0887 Peggy.Bradner@cnrl.com		Email
Canamax Energy Ltd. Jeremy Yee 587-390-6910 jeremy.yee@canamaxenergy.ca		Email
GRANT THORNTON LIMITED ITF LEXIN RESOURCES LTD. ATTN: JACQUELINE RIX SUITE 900, 833 4 AVE SW CALGARY, AB T2P 3T5 Jacqueline.Rix@ca.gt.com		Email
Hillary Oil Corp. Taylor Merritt 403-461-8225 hillaryinvestmentclub@gmail.com		Email
Jensen Shawa Solomon Duguid Hawkes LLP 800, 304 - 8 Avenue SW Calgary, AB T2P 1C2 Attention: Jordan Bierkos bierkosj@jssbarristers.ca	SemCAMS Midstream ULC	Email
Kiwetinohk Resources Corp. Attention: Kiiki Sitch 587-392-4399 nsitch@kiwetinohk.com		Email
McLeod Law LLP 300, 14505 Bannister Road SE Calgary, AB T2X 3J3 Attention: Randolph W. Mitchell rmitchell@mcleod-law.com	Patriot Energy Marketing Inc. and/or Patriot Power and Alternate Fuels Inc.	Email

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
Miles Davison LLP 900, 517 - 10 Ave. S.W. Calgary, Alberta T2R 0A8 Attention: Terry Czechowsky tczech@milesdavison.com		Email
Municipal District of Taber c/o Reynolds Mirth Richards & Farmer LLP 3200, 10180 – 101 Street Edmonton, AB T5J 3W8 Attention: Benjamin Ferland bferland@rmrf.com		Email
Nuova Strada Ventures Ltd. Ed Mills 403-807-8282 diamondwillowed@gmail.com		Email
Ovintiv Canada ULC 500 Centre Street SE Calgary, AB T2P 2S5 legal.notices@ovintiv.com		Email
Pieridae Alberta Production Ltd. Rich Rowe 403-351-5420 rich.rowe@pieridaenergy.com		Email
Prairie Sky Royalty Ltd. 1700, 350 – 7 th Avenue S.W. Calgary, AB T2P 3N9 matthew.mcmahon@prairiesky.com james.nixon@prairiesky.com		Email
Pro-Find Equipment Inc. Shane Buray 587-586-6612 shane@profindequipment.com		Email
Road 53 Resources Inc. Box 985 Cochrane, AB T2C 1B1 Attention: Daniel Jalbert dan@copperwoodventures.ca		Email

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
SanLing Energy Ltd. Frank Cortese 403-930-3537 frank.cortese@sanlingenergy.com		Email
SEQUOIA OPERATING CORP. c/o PricewaterhouseCoopers Inc. 3100, 111 - 5 Avenue SW Calgary, AB T2P 5L3 paul.j.darby@pwc.com		Email
Stikeman Elliott LLP 4300, 888 – 3 Street S.W. Calgary, AB T2P 5C5 Attention: David M. Price dprice@stikeman.com	Journey Energy Partnership Journey Energy Inc.	Email
Surface Rights Board of Alberta 1229 – 91 Street SW Edmonton, AB T6X 1E9 Attention: Frances Gunraj frances.gunraj@gov.ab.ca		Email
The Alberta Energy Regulator (AER) 1000, 250 – 5 Street SW Calgary, Alberta T2P 0R4 Attention: Maria Lavelle/Candice Ross maria.lavelle@aer.ca , Candice.Ross@aer.ca Insolvency@aer.ca		Email
1017797 ALBERTA LTD BOX 5112 HIGH RIVER, AB T1V 1M3		Courier
1019867 ALBERTA LTD BOX 96 LONGVIEW, AB T0L 1H0		Courier
1767203 ALBERTA LTD. PO BOX 598 PICTURE BUTTE, AB T0K 1V0		Courier
1949871 ALBERTA LTD. 3434 SIERRA MADRE COURT SW CALGARY, AB T3H 3M4		Courier
1950729 ALBERTA LTD. P.O. BOX 102 CARMANGAY, AB T0L 0N0		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
449702 B.C. LIMITED 3475 SMITH DR ARMSTRONG, BC V0E 1B1		Courier
545822 ALBERTA LTD CAROL MARCINOWSKI 192 HUNTWELL ROAD N.E. CALGARY, AB T2K 5S9		Courier
ADRIENNE R. WEILL MARITAL TRUST C/O MURRAY CONSTRUCTION CO. INC. 374 MILLBURN AVENUE, 4TH FLOOR MILLBURN, NJ USA 07041		Courier
ALLARO RESOURCES LTD. 230, 339 - 50TH AVENUE S.E. CALGARY, AB T2G 2B3		Courier
AlphaBow Energy Ltd. 1800, 222 – 3rd Avenue SW Calgary, AB T2P 0B4		Courier
ARC RESOURCES LTD. 1200, 308 - 4TH AVENUE S.W. CALGARY, AB T2P 0H7		Courier
ASCENSUN OIL AND GAS LTD. 910, 800 6TH AVENUE SW CALGARY, AB T2P 3G3		Courier
AVE FARMS LTD BOX 104 PICTURE BUTTE, AB T0K 1V0		Courier
Baker Hughes Canada Company c/o Baker Hughes Engine MLT Aikins LLP 2100, 222 – 3 Avenue SW Calgary, AB T2P 0B4		Courier
BEAGLE FARMS LTD BOX 1 MOSSLEIGH, AB T0L 1P0		Courier
BELLATRIX EXPLORATION LTD. 1920, 800 - 5TH AVENUE S.W. CALGARY, AB T2P 3T6		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
BENCI SEED FARMS INC BOX 102 CARMANGAY, AB T0L 0N0		Courier
BIRCHCLIFF ENERGY LTD. 1000, 600 3 AVE SW CALGARY, AB T2P 0G5		Courier
BOBBY JOE & JOY MARY DONOVAN RR1 BLACKIE, AB T0L 0J0		Courier
BRIAN PAVLIS ENTERPRISES LTD. BOX 957 BEAVERLODGE, AB T0H 0C0		Courier
BURNAY GRAINS INC BOX 93 MOSSLEIGH, AB T0L 1P0		Courier
CANLIN RESOURCES PARTNERSHIP PO BOX 4335 STATION C CALGARY, AB T2T 5N2		Courier
Canpar Holdings Ltd. 400, 144 4th Avenue SW Calgary, AB T2P 3N4		Courier
CAROL LESLIE BOAG 334, 4071 CHATHAM STREET RICHMOND, BC V7E 2Z7		Courier
CAROLAN, DONNA L 24921 MUIRLANDS BOULAVARD, 19 LAKE FOREST, CA USA 92630		Courier
CENOVUS ENERGY INC. 225 6 Ave SW Calgary, AB T2P 0M5		Courier
Chapman Petroleum Engineering Ltd. 700, 1122 - 4 Street SW Calgary, AB T2R 1M1		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
COASTAL RESOURCES LIMITED 1400, 520 - 5TH AVE S.W. CALGARY, AB T2P 3R7		Courier
COGI LIMITED PARTNERSHIP BY ITS RECEIVER MNP LTD. 1500, 640 - 5 AVE SW CALGARY, AB T2P 3G4s		Courier
COMPUTERSHARE TRUST COMPANY OF CANADA RE: HUGHES GADSBY #1 ROYALTY TRUST C/O OIL ROYALTIES DEPT 600, 530 - 8 AVENUE SW CALGARY, AB T2P 3S8		Courier
CONOCOPHILLIPS CANADA OPERATIONS LTD. BOX 4365, STATION C CALGARY, AB T2T 5N2		Courier
CONOCOPHILLIPS CANADA RESOURCES CORP. PO BOX 2566, STN M CALGARY, AB T2P 2H7		Courier
County of Newell PO Box 130 Brooks, AB T1R 1B2		Courier
CRAIG, LORELLI FAY C/O THE VIEW AT LETHBRIDGE 233 - 110 SCENIC DRIVE N LETHBRIDGE, AB T1H 5L9		Courier
D.E.B. Caprice Holdings c/o Baumann Investments Ltd. 1700, 10235 - 101 Street NW Edmonton, AB T5J 3G1		Courier
DANIEL DOWHAN 10 BEECHMONT AVE SPRUCE GROVE, AB T7X 1E6		Courier
DANIEL M. & SHARI C. GREENE PO BOX 64 CARMANGAY, AB T0L 0N0		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
Dark Controls c/o 1895255 Alberta Ltd. Box 914 Athabasca, AB T9S 2A7		Courier
DERRICK HRYCUN PO BOX 157 THORHILD, AB T0A 3J0		Courier
DIANE GEROW 2281 10TH AVENUE S.E. SALMON ARM, BC V1E 2J2		Courier
DONALD FRANK THURBER RR 1 BLACKIE, AB T0L 0J0		Courier
DONNA MAE WAGNESS 108, 923 - 15 AVENUE SW CALGARY, AB T2R 0S2		Courier
DRAKE ENERGY LTD 600, 505 8 AVE SW CALGARY, AB T2P 1G2		Courier
EDWARD LARRY STETTNER 268, 2020 - 32ND STREET SOUTH LETHBRIDGE, AB T1K 7T9		Courier
ELEANOR ROSS 356, 2020 - 32ND STREET SOUTH LETHBRIDGE, AB T1K 7T9		Courier
ELMDALE RESOURCES LTD. BOX 5112 HIGH RIVER, AB T1V 1M3		Courier
Ember Resources Inc. 800, 400 - 3 Avenue SW Calgary, AB T2P 4H2		Courier
Ener-Controls Audit Services Inc. 72 Quarry Gardens SE Calgary, AB T2Z 0E3		Courier
Energetic Services Inc. c/o Heinrich H. Pabst Field LLP 2500, 10175 – 101 Street Edmonton, AB T5J 0H3		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
ENERPLUS CORPORATION 3000, 333 - 7TH AVENUE S.W. CALGARY, AB T2P 2Z1		Courier
ESTATE OF IRENE FLORENCE VOSHALL C/O VERNA MCFADDEN, EXECUTRIX BOX 2161 SUNDRE, AB T0M 1X0		Courier
ESTATE OF ROBERT JOHN WEBER C/O CINDY K. WOLF, EXECUTRIX 908 ARCHWOOD ROAD SE CALGARY, AB T2J 1C4		Courier
EXXONMOBIL CANADA LTD. PO BOX 2480 STATION M CALGARY, AB T2P 3M9		Courier
FIRENZE ENERGY LTD. 900, 207 - 9TH AVENUE SW CALGARY, AB T2P 1K3		Courier
FREEHOLD ROYALTIES LTD. 400, 144 - 4 AVENUE SW CALGARY, AB T2P 3N4		Courier
FREEHOLD ROYALTIES PARTNERSHIP 400, 144 - 4TH AVENUE S.W. CALGARY, AB T2P 3N4		Courier
Frey & Assoc. Ltd (previously Frey & Associates Engineering LTD) Box 6961 Drayton Valley Alberta T7A 1S3		Courier
FRONTIER ENERGY INC. 8 - 10 STREET SYLVAN LAKE, AB T4S 2P3		Courier
GEAR ENERGY LTD. 2600, 240 - 4 AVE SW CALGARY, AB T2P 4H4		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
GOSSEN, DAWN 1242 FRASER AVENUE PORT COQUITLAM, BC V3B 1M2		Courier
GREEN, RETA JEAN 204 SHAWNEE MANOR SW CALGARY, AB T2Y 2V2		Courier
GREENBERG, ARNOLD L. 2990 E. 17TH AVENUE, APT#2507 DENVER, CO USA 80206		Courier
GREENE, DENNIS GERALD 1516 - 15 AVE N LETHBRIDGE, AB T1H 1W3		Courier
GREENE, GORDON 369 LAVAL BLVD LETHBRIDGE, AB T1K 3W7		Courier
GREGORY & STACEY BAJEMA BOX 1091 GIBBONS, AB T0A 1N0		Courier
HALVERSON, CATHERINE ANN 59 COACH MANOR TERRACE SW CALGARY, AB T3H 1C9		Courier
Harmattan Gas Processing Limited Partnership 1700, 355 – 4 Avenue S.W. Calgary, AB T2P 0J1		Courier
HARVEST OPERATIONS CORP. 1500, 700 - 2ND STREET SW CALGARY, AB T2P 2W1		Courier
HERTZSTEIN, EMILY 6111 ROSALIND AVENUE RICHMOND, CA USA 94805		Courier
HUTTERIAN BRETHREN CHURCH OF ALBION RIDGE BOX 828 PICTURE BUTTE, AB T0K 1V0		Courier
HUTTERIAN BRETHREN CHURCH OF ARROWWOOD RR 1 BLACKIE, AB T0L 0J0		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
HUTTERIAN BRETHREN CHURCH OF KEHO LAKE PO BOX 125 BARONS, AB T0L 0G0		Courier
IAN DONOVAN BOX 41 MOSSLEIGH, AB T0L 1P0		Courier
IMPERIAL OIL RESOURCES PO BOX 2480 STATION M CALGARY, AB T2P 3M9		Courier
Inland Development Company Ltd. 3720 - 2 Avenue SW Calgary, AB T3C 0A3		Courier
Insignia Energy Ltd. 800, 520 - 3 Avenue SW Calgary, AB T2P 0R3		Courier
J2 RESOURCES INC. 236 SCHOONER COVE N.W. CALGARY, AB T3L 1Z2		Courier
JAMES BLAINE DAVIES RR 2 HIGH RIVER, AB T1V 1N2		Courier
JOLAR OILS LTD. BOX 15, SITE 7, RR#1 OKOTOKS, AB T1S 1A1		Courier
JUBB, AVERY E. 62 - 34TH AVENUE SW CALGARY, AB T2S 2Z1		Courier
JUDITH D. SNIDER BOX 30 ALDERSYDE, AB T0L 0A0		Courier
JUPITER RESOURCES INC. 1500, 255 - 5TH AVENUE SW CALGARY, AB T2P 3G6		Courier
Kaisen Energy Corp. 400, 522 - 11 Avenue SW Calgary, AB T2R 0C8		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
Karon Resources Inc. 74 Chaparral Grove SE Calgary, AB T2X 3W1		Courier
KATHERINE F. STRICKLAND 2009 TRUST 14 STANWICH LAND GREENWICH, CT USA 06830		Courier
KAY RUSINKO P O BOX 212 THORHILD, AB TOA 3J0		Courier
KEN VAN RAAY INC. BOX 127 PICTURE BUTTE, AB T0K 1V0		Courier
KENNETH HARRY WEBER AND ROSEMARY WEBER RR 1 BLACKIE, AB T0L 0J0		Courier
KENNIBAR RESOURCES LTD. 1 - 3315 RIDEAU PLACE SW CALGARY, AB T2S 2T1		Courier
KIRK BOYKO BOX 203 THORHILD, AB T0J 3J0		Courier
KOPPENSTEIN FARMS LTD 2418 - 6 AVENUE SOUTH LETHBRIDGE, AB T1J 1C4		Courier
L. CALVIN FULENWIDER, III 2009 TRUST and L.C. FULENWIDER JR & CO. 2500, 1125 17TH STREET DENVER, CO USA 80202		Courier
LEGG, TARA ANDREA 23702 COASTAL MEADOW KATY, TX USA 774894		Courier
LEIBEL, LISA CHERYL 7919 WENTWORTH DRIVE SW CALGARY, AB T3H 4P2		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
Lethbridge County 100, 905-4th Ave South Lethbridge, AB T1J 4E4		Courier
Lintus Resources Limited 700, 330 - 5 Avenue SW Calgary, AB T2P 0L4		Courier
Long Run Exploration Ltd. 600, 600 - 3 Avenue SW Calgary, AB T2P 0G5		Courier
LORI VICKERSON 2830 AUTO ROAD SE SALMON ARM, BC V1E 2H4		Courier
LOWE, IDA PO BOX 460 CARDSTON, AB T0K 0K0		Courier
MAGNUS ONE ENERGY CORP. C/O QUESTERRE ENERGY CORPORATION 1650, 801 - 6 AVENUE SW CALGARY, AB T2P 3W2		Courier
MARIE CURRY DONOVAN 205, 105 - 7 AVENUE HIGH RIVER, AB T1V 1T8		Courier
MAX CONSULTING LTD BOX 65 COCHRANE, AB T4C 1A4		Courier
MCRAE, DONNA BELLE & JOHN ANDREW 5720 - 186A STREET SURREY, BC V3S 7N2		Courier
MCWILLIAM FARMS LTD C/O BERNARD & DARLENE MCWILLIAM RR 1 BLACKIE, AB T0L 0J0		Courier
MD Greenview 4806 – 36 Ave Box 1079 Valleyview, AB T0H 3N0		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
MICHAELSON, CATHY S. 200, EAST 71 STREET NEW YORK, NY USA 10021		Courier
MICHAELSON, JOHN & SUSAN APT 12D, 1010 - 5TH AVENUE NEW YORK, NY USA 10028		Courier
MILDRED JOYCE & BRUCE NICHOLAS RUSNAK RM 214, 815 - 9 STREET WEST HIGH RIVER, AB T1V 1C3		Courier
Minister of Finance Provincial Treasurer - Alberta Energy 9945 - 108th Street Edmonton, AB T5K 2G8		Courier
MONTREAL TRUST COMPANY AS AGENT 600, 530 - 8 AVENUE SW CALGARY, AB T2P 3S8		Courier
MONTRICHARD OIL & GAS LTD. 8 SYRACUSE CRESCENT TORONTO, ON M1E 2G6		Courier
MURIEL ELAINE & DONALD THURBER 404 FREEMAN WAY NW HIGH RIVER, AB T1V 1R2		Courier
NELSON, CHRISTIAN A. BOX 37 ARROWWOOD, AB T0L 0B0		Courier
NIEBUHR, CAPRICE LARA AND/OR HANSON, DYLAN KONRAD HAUSER 106 TUSCANY RAVINE BAY NW CALGARY, AB T3L 2S9		Courier
Nor-Alta Environmental Services Ltd. 157, 9768 170th Street NW Edmonton, AB T5T 5L4		Courier
Nova Gas Transmission Ltd. 450 – 1 Street S.W. Calgary, AB T2P 5H1		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
NUVISTA ENERGY 2500, 525 8TH AVENUE S.W. CALGARY, AB T2P 1G1		Courier
Obsidian Energy 200, 207 9 Ave SW Calgary, AB T2P 1K3		Courier
ORLEN Upstream Canada Ltd. 400, 850 - 2 Street SW Calgary, AB T2P 0R8		Courier
PALLISER PRODUCTION MANAGEMENT LTD. and TORXEN ENERGY LTD. 2700, 240 4TH AVENUE S.W. CALGARY, AB T2P 4H4		Courier
PAM DONOVAN P.O. BOX 39, STATION MAIN STRATHMORE, AB T1P 1K5		Courier
PARAMOUNT RESOURCES LTD. 2800, 421 - 7TH AVE SW CALGARY, AB T2P 4K9		Courier
PATRICK MURRAY PALIN & MARLENE A PALIN 46 SPRINGLAND WAY CALGARY, AB T3Z 3N6		Courier
PENGROWTH ENERGY CORPORATION 1900, 222 - 3 AVENUE SW CALGARY, AB T2P 0B4		Courier
Persistence Energy Ltd. 55 Discovery Ridge Crescent SW Calgary, AB T3H 4R4		Courier
Petrolite Corp. c/o 200 Burrard ST, Suite 900 Vancouver, BC V7X 1T2		Courier
PETROMIRA VENTURES LTD 109 SUNBANK WAY S.E. CALGARY, AB T2X 2H9		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
PIONEER OIL WELL SERVICE CORP 53120A-RR13 PARKLAND COUNTY, AB T7Y 2T2		Courier
PLAINS MIDSTREAM CANADA ULC 1400, 607 8TH AVENUE S.W. CALGARY, AB T2P 0A7		Courier
POLLEY, SHELLEY ALYSSA 8 W ANDISON CLOSE COCHRANE, AB T4C 1J5		Courier
PRASKACH, PAUL & MARY ANN BOX 27 PICTURE BUTTE, AB T0K 1V0		Courier
PROSPECT OIL & GAS MANAGEMENT LTD. 90B-2 SLATER ROAD STRATHMORE, AB T1P1V1		Courier
PROVEN OIL ASIA LTD. 500, 340 - 12TH AVENUE SW CALGARY, AB T2R 1L5		Courier
RAEDSCHELDERS, MARC 11015 OAKFIELD DRIVE SW CALGARY, AB T2W 3H3		Courier
Randy Ruggles		Courier
RECEIVER GENERAL FOR CANADA INDIAN OIL & GAS CANADA 100, 9911 CHIILA BOULEVARD TSUU T'INA (SARCEE), AB T2W 6H6		Courier
REPSOL OIL & GAS CANADA INC. 2000, 888 - 3RD STREET SW CALGARY, AB T2P 5C5		Courier
RISING STAR RESOURCES LTD. 1000, 500 - 4TH AVENUE S.W. CALGARY, AB T2P 2V6		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
ROBERT & LORRAINE WOODWARD BOX 586 CARDSTON, AB T0K 0K0		Courier
RON MYKYTE P O BOX 493 THORHILD, AB T0A 3J0		Courier
Rose's Well Services Ltd. 101, 4209 - 99 Street NW Edmonton, AB T6E 5V7		Courier
ROSENKRANZ, PAULINE 210 CANYON ESTATES WAY WEST LETHBRIDGE, AB T1K 7A4		Courier
Royal Bank of Canada 36 YORK MILLS ROAD, 4TH FLOOR TORONTO, ON M2P 0A4		Courier
SEREDA, RONALD BOX 38 ROLLING HILLS, AB T0J 2S0		Courier
Shell Canada Energy and Shell Canada Limited c/o Meghan Waters Shell Canada Limited, Legal Dept. 400 - 4 Avenue SW Calgary, AB T2P 0J4		Courier
SHININGSTAR ENERGY LTD. 1896 - 250 2 ST SW CALGARY, AB T2P 0C1		Courier
Signalta Resources Ltd. 700, 840 - 6 Avenue SW Calgary, AB T2P 3E5		Courier
SINOPEC DAYLIGHT ENERGY LTD. LOCKBOX: CH3075 C/O CH3075 PO BOX 2509, STATION M CALGARY, AB T2P 0E2		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
Strathcona Resources Ltd. 1900, 421 – 7th Avenue SW Calgary, AB T2P 4K9		Courier
SUFFIELD INDUSTRY RANGE CONTROL C/O IPC ALBERTA LTD 900, 215 - 9TH AVENUE SW CALGARY, AB T2P 1K3		Courier
SUNNYSIDE AG. INC. 1-55320 RGE RD 240 STURGEON COUNTY, AB T8T 1W1		Courier
TAMARACK ACQUISITION CORP. 600, 425 - 1ST STREET SW CALGARY, AB T2P 3L8		Courier
TAQA NORTH LTD. 2100, 308 - 4 AVE SW CALGARY, AB T2P 0H7		Courier
TEG OIL & GAS CANADA INC. SUITE 200, 441 FIFTH AVENUE SW Calgary, AB T2P 2V1		Courier
The Driving Force Inc. #2300, 10180 – 101 Street Edmonton, AB T5J 1V3		Courier
THOMAS BARTO BOX 1001 THORHILD, AB T0A 3J0		Courier
Thorhild County PO Box 10, 801-1st Street Thorhild, AB T0A 3J0		Courier
TONILYNN C. LEMAY C/O PAT HAMMELL 15 EMENY ROAD ENDERBY, BC V0E 1V3		Courier
Universal Properties Inc. 53120A Range Road 13 Parkland County, AB T7Y 2T2		Courier
VALKENIER, CAROLE JEAN 737, 205 KIMTA ROAD VICTORIA, BC V9A 6T5		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
VAN RAAY PASKAL FARMS LTD and VAN RAAY, DARREN PO BOX 64 IRON SPRINGS, AB T0K 1G0		Courier
VENTURION OIL LIMITED 1600, 500 - 4TH AVENUE S.W. CALGARY, AB T2P 2V6		Courier
VICTOR CRAIG DAVIES 1-1510 TRANS CANADA HWY SORRENTO, BC V0E 2W0		Courier
WARK, THOMAS DAVID & IONA MARLENE BOX 105 MOSSLEIGH, AB T0L 1P0		Courier
WENDY LEE DENBIGH BOX 131 VULCAN, AB T0L 2B0		Courier
WESTERSUND, CHASE, COLE & CONNOR 37 MOUNTAIN RIVER ESTATES CALGARY, AB T3Z 3J3		Courier
WIGHAM RESOURCES LTD #255, 339 - 50TH AVENUE S.E. CALGARY, AB T2G 2B3		Courier
WILLISCHILD ENERGY LTD. 621 E STREET SNYDER, OK USA 73566-2244		Courier
WILLOW ISLAND FARM LTD C/O KAREN & ROBERT THOMPSON PO BOX 130 CARSELAND, AB T0J 0M0		Courier
WINSLOW RESOURCES INC. 950, 800 - 6TH AVE SW CALGARY, AB T2P 3G3		Courier
WOLF COULEE RESOURCES INC SUITE 450, 736 8TH AVENUE SW CALGARY, AB T2P 1H4		Courier

ADDRESS FOR SERVICE	PARTY REPRESENTING	METHOD OF SERVICE
XTO ENERGY CANADA ULC P.O. BOX 2480 STATION M CALGARY, AB T2P 3M9		Courier
Yellowhead County 2716 1 Avenue Edson, AB T7E 1N9		Courier
ZARGON OIL & GAS LTD SUN LIFE PLAZA - EAST TOWER 1100, 112 - 4TH AVE. SW CALGARY, AB T2P 0H3		Courier

SCHEDULE "B"

PROPOSED SALE APPROVAL AND VESTING ORDERS

COURT FILE NUMBER 1901-14615
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ORPHAN WELL ASSOCIATION
DEFENDANT HOUSTON OIL AND GAS LTD.
DOCUMENT **APPROVAL AND VESTING ORDER**
(Sale by Receiver)

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Borden Ladner Gervais LLP**
1900, 520 – 3rd Avenue S.W.
Calgary, AB T2P 0R3

Attention: Robyn Gurofsky
Telephone: (403) 232-9774
Email: RGurofsky@blg.com

DATE ON WHICH ORDER WAS PRONOUNCED: _____

LOCATION WHERE ORDER WAS PRONOUNCED: _____

NAME OF JUSTICE WHO MADE THIS ORDER: _____

UPON THE APPLICATION by BDO Canada Limited in its capacity as the Court-appointed receiver and manager (the “**Receiver**”) of the undertakings, property and assets of Houston Oil and Gas Ltd. (the “**Debtor**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver and [Name of Purchaser] (the “**Purchaser**”) dated [Date] and appended to the ___ Report of the Receiver dated [Date] (the “**Report**”), and vesting in the Purchaser (or its nominee) the Debtor’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”);

AND UPON HAVING READ the Receivership Orders dated October 29, 2019 and June 30, 2020 (together, the “**Receivership Order**”), the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchaser [Names of other

parties appearing], no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

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, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION

2. The Transaction is hereby approved and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PROPERTY

3. Subject only to approval by the Alberta Energy Regulator (“**Energy Regulator**”) of transfer of any applicable licenses, permits and approvals pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta) upon delivery of a Receiver’s certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule “A”** hereto (the “**Receiver's Closing Certificate**”), all of the Debtor’s right, title and interest in and to the Purchased Assets listed in **Schedule “B”** hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and

whether secured, unsecured or otherwise (collectively, “**Claims**”) including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order;
- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders’ Lien Act* (Alberta); and
- (d) those Claims listed in Schedule “C” hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule “D” (collectively, “**Permitted Encumbrances**”))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

4. Upon delivery of the Receiver’s Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, “**Governmental Authorities**”) are hereby authorized, requested and directed to accept delivery of such Receiver’s Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) [NTD: IF relevant:] the Registrar of Land Titles (“**Land Titles Registrar**”) for the lands defined below shall and is hereby authorized, requested and directed to forthwith:
 - (i) cancel existing Certificates of Title No. * for those lands and premises municipally described as *, and legally described as:

*
(the “**Lands**”)

- (ii) issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, *;
 - (iii) transfer to the New Certificate of Title the existing instruments listed in Schedule “D”, to this Order, and to issue and register against the New Certificate of Title such new caveats, utility rights of ways, easements or other instruments as are listed in Schedule “D”; and
 - (iv) discharge and expunge the Encumbrances listed in Schedule “C” to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands;
- (b) Alberta Energy (“**Energy Ministry**”) shall and is hereby authorized, requested and directed to forthwith:
- (v) cancel and discharge those Claims including builders’ liens, security notices, assignments under section 426 (formerly section 177) of the *Bank Act* (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of the Debtor in and to any of the Purchased Assets located in the Province of Alberta; and
 - (vi) transfer all Crown leases listed in Schedule “E” to this Order standing in the name of the Debtor, to the Purchaser (or its nominee) free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;
- (c) the Registrar of the Alberta Personal Property Registry (the “**PPR Registrar**”) shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this

Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Receiver's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement, other than any required approval by the Energy Regulator referenced in paragraph 3 above.
7. Upon delivery of the Receiver's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.
8. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they

had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.

9. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
10. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.
11. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.
12. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).
13. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection*

Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use (of such information) to which the Debtor was entitled.

MISCELLANEOUS MATTERS

14. Notwithstanding:
- (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Debtor; and
 - (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

15. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
16. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces

or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

17. Service of this Order shall be deemed good and sufficient by:

- (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
- (b) Posting a copy of this Order on the Receiver's website at:
[https://relieffromdebt.ca/houston-oil-gas-ltd./](https://relieffromdebt.ca/houston-oil-gas-ltd/)

and service on any other person is hereby dispensed with.

18. 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 transmission or delivery of this Order.

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER	1901-14615
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ORPHAN WELL ASSOCIATION
DEFENDANT	HOUSTON OIL AND GAS LTD.
DOCUMENT	RECEIVER'S CERTIFICATE

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Borden Ladner Gervais LLP 1900, 520 – 3 rd Avenue S.W. Calgary, AB T2P 0R3
---	--

Attention: Robyn Gurofsky
Telephone: (403) 232-9774
Email: RGurofsky@blg.com

RECITALS

- A. Pursuant to an Order of the Honourable Justice K. Eidsvik of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated October 29, 2019, Hardie & Kelly Inc. (as now substituted with BDO Canada Limited pursuant to an Order of the Court dated June 30, 2020) was appointed as the receiver (the "**Receiver**") of the undertakings, property and assets of Houston Oil and Gas Ltd. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated [Date], the Court approved the agreement of purchase and sale made as of [Date of Agreement] (the "**Sale Agreement**") between the Receiver and [Name of Purchaser] (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the

Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [Time] on [Date].

BDO CANADA LIMITED, in its capacity as Receiver of the undertakings, property and assets of Houston Oil and Gas Ltd., and not in its personal capacity.

Per; _____

Name: Marc Kelly

Title: Senior Vice President

COURT FILE NUMBER 1901-14615
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ORPHAN WELL ASSOCIATION
DEFENDANT HOUSTON OIL AND GAS LTD.
DOCUMENT **APPROVAL AND VESTING ORDER**
(Sale by Receiver)

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Borden Ladner Gervais LLP**
1900, 520 – 3rd Avenue S.W.
Calgary, AB T2P 0R3

Attention: Robyn Gurofsky
Telephone: (403) 232-9774
Email: RGurofsky@blg.com

DATE ON WHICH ORDER WAS PRONOUNCED: _____

LOCATION WHERE ORDER WAS PRONOUNCED: _____

NAME OF JUSTICE WHO MADE THIS ORDER: _____

UPON THE APPLICATION by BDO Canada Limited in its capacity as the Court-appointed receiver and manager (the “**Receiver**”) of the undertakings, property and assets of Houston Oil and Gas Ltd. (the “**Debtor**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver and Kiewetinohk Resources Corp. (the “**Purchaser**”) dated [Date] and appended to the ___ Report of the Receiver dated [Date] (the “**Report**”), and vesting in the Purchaser (or its nominee) the Debtor’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”);

AND UPON HAVING READ the Receivership Orders dated October 29, 2019 and June 30, 2020 (together, the “**Receivership Order**”), the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchaser [Names of other

parties appearing], no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

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, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION

2. The Transaction is hereby approved and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PROPERTY

3. Subject only to approval by the Alberta Energy Regulator (“**Energy Regulator**”) of transfer of any applicable licenses, permits and approvals pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta) upon delivery of a Receiver’s certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule “A”** hereto (the “**Receiver's Closing Certificate**”), all of the Debtor’s right, title and interest in and to the Purchased Assets listed in **Schedule “B”** hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, historical rights of first refusal or other restrictions on transfer (provided such restrictions are not interests in land), privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether

contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, “**Claims**”) including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order;
- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders’ Lien Act* (Alberta); and
- (d) those Claims listed in Schedule “C” hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule “D” (collectively, “**Permitted Encumbrances**”))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

4. Without limiting the generality of the foregoing relating to the vesting of the Debtor’s right, title and interest in and to the Purchased Assets free and clear of any Claims, the following interests shall be treated as Claims within the contemplation of this Approval and Vesting Order:

- (a) any interests of third parties arising under marketing arrangements, acreage dedication or other sales commitments (provided such interests are not interests in lands) related to production from the Purchased Assets;
- (b) [in addition to any Claims of Inland Development Company Ltd. (“**Inland**”), any legal or beneficial interest of Inland in or related to the Purchased Assets, whether interests in land or not, including pursuant to:
 - (i) a Pooling and Joint Operating Agreement dated January 10, 1977 between Houston and Inland (C00003);
 - (ii) a Farmout Agreement dated December 27, 1973 between Houston and Inland (C00005);

- (iii) a Farmout Agreement dated December 24, 1974 among Houston, Inland, Perpetual Operating Trust, Obsidian Energy Ltd. and PrairieSky Royalty Ltd. (C00006);
 - (iv) a Royalty Agreement dated December 14, 1999 between Houston, Inland and Freehold Royalties Partnership (C00068);
 - (v) a Joint Operating Agreement dated December 1, 2001 between Houston and Inland (C00087); and
 - (vi) a Farmout Agreement dated February 13, 2008 among Houston, Inland, Kaisen Energy Corp and Paramount Resources Ltd (C00109); and,]
- (c) the overriding royalty interest and any related rights and obligations granted pursuant to the Royalty Agreement dated April 10, 2018 between the Debtor and Pioneer Oil Well Service Corp, which was disclaimed by the Receiver on December 4, 2019.
5. Upon delivery of the Receiver’s Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, “**Governmental Authorities**”) are hereby authorized, requested and directed to accept delivery of such Receiver’s Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:
- (a) Alberta Energy (“**Energy Ministry**”) shall and is hereby authorized, requested and directed to forthwith:
 - (i) cancel and discharge those Claims including builders’ liens, security notices, assignments under section 426 (formerly section 177) of the *Bank Act* (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order)

against the estate or interest of the Debtor in and to any of the Purchased Assets located in the Province of Alberta; and

- (ii) transfer all Crown leases listed in Schedule “E” to this Order standing in the name of the Debtor, to the Purchaser (or its nominee) in good standing and free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;
 - (b) the Registrar of the Alberta Personal Property Registry (the “**PPR Registrar**”) shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.
6. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Receiver’s Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
7. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement, other than any required approval by the Energy Regulator referenced in paragraph 3 above.
8. Upon delivery of the Receiver’s Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The

Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.

9. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.
10. Except as expressly provided for in the Sale Agreement or by Section 5 of the Alberta *Employment Standards Code*, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor.
11. Upon completion of the Transaction, all monetary defaults, through to and including the Closing Date under the Sale Agreement, in respect of all Crown mineral leases and surface leases that are Purchased Assets, all municipal taxes (both linear and non-linear) relating to the Purchased Assets, all overriding royalties applicable to the Purchased Assets and all payment obligations arising under operating agreements applicable to the Purchased Assets shall be deemed fully satisfied as between the Purchaser and the counterparty thereto. The Receiver is hereby directed to make the following distributions from the net proceeds of

the sale of the Purchased Assets, which amounts are hereby declared to constitute the amounts of such monetary defaults:

- (c) Crown mineral leases – [REDACTED] to the Energy Ministry; **[NTD: All numbers indicative based on anticipated September 8, 2020 closing.]**
 - (d) Surface leases – [REDACTED] to lessors under surface leases, in accordance with the Receiver's records;
 - (e) Municipal taxes – [REDACTED] to Thorhild County; and
 - (f) Overriding royalties - [REDACTED] to Sequoia Resources Corp.
12. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
13. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.
14. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.
15. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

16. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use (of such information) to which the Debtor was entitled.

MISCELLANEOUS MATTERS

17. Notwithstanding:
- (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Debtor; and
 - (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

18. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

19. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
20. Service of this Order shall be deemed good and sufficient by:
- (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) Posting a copy of this Order on the Receiver's website at:
<https://relieffromdebt.ca/houston-oil-gas-ltd./>
- and service on any other person is hereby dispensed with.
21. 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 transmission or delivery of this Order.

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER	1901-14615
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ORPHAN WELL ASSOCIATION
DEFENDANT	HOUSTON OIL AND GAS LTD.
DOCUMENT	RECEIVER'S CERTIFICATE

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Borden Ladner Gervais LLP 1900, 520 – 3 rd Avenue S.W. Calgary, AB T2P 0R3
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Attention: Robyn Gurofsky
Telephone: (403) 232-9774
Email: RGurofsky@blg.com

RECITALS

- A. Pursuant to an Order of the Honourable Justice K. Eidsvik of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated October 29, 2019, Hardie & Kelly Inc. (as substituted with BDO Canada Limited pursuant to an Order of the Court dated June 30, 2020) was appointed as the receiver (the "**Receiver**") of the undertakings, property and assets of Houston Oil and Gas Ltd. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated [Date], the Court approved the agreement of purchase and sale made as of [Date of Agreement] (the "**Sale Agreement**") between the Receiver and [Name of Purchaser] (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the

Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [Time] on [Date].

BDO Canada Limited, in its capacity as Receiver of the undertakings, property and assets of Houston Oil and Gas Ltd., and not in its personal capacity.

Per; _____

Name: Marc Kelly

Title: Senior Vice President

SCHEDULE "C"

PROPOSED ORDER

COURT FILE NUMBER 1901-14615
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANTS ORPHAN WELL ASSOCIATION
RESPONDENTS HOUSTON OIL & GAS LTD.
DOCUMENT **ORDER**

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Robyn Gurofsky/ Jack R. Maslen
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9774/(403) 232-9790
Facsimile: (403) 266-1395
Email: RGurofsky@blg.com/JMAslen@blg.com
File No. 436743.24

DATE ON WHICH ORDER WAS PRONOUNCED: September 3, 2020

NAME OF JUSTICE WHO MADE THE ORDER: The Honourable Madam B.E.C. Romaine

LOCATION OF HEARING: Calgary, Alberta

UPON the application by BDO Canada Limited, in its capacity as the court-appointed receiver and manager (the "**Receiver**") of Houston Oil & Gas Ltd. (the "**Debtor**"), and not in its personal capacity, for, among other things, approval of certain sale transactions and vesting orders, filed on August 24, 2020 (the "**Application**"); **AND UPON** having read the Second Report of the Receiver dated and filed on August 24, 2020 (the "**Second Report**"), the Confidential Supplement to the Second Report dated August 24, 2020 (the "**Confidential Supplement**"), the Affidavit of Service of Stella Kim, filed, and such additional pleadings and proceedings had and taken in this action; **AND UPON** hearing from counsel for the Receiver and counsel for any other interested parties appearing at the hearing of this application, which occurred via WebEx Video Conference, having regard to the Court's procedures for the COVID-19 pandemic:

IT IS HEREBY ORDERED AND DECLARED THAT:

General

1. The time for service of this Application, together with all supporting materials, is hereby abridged, if necessary, and declared to be good and sufficient and no other person is required to have been served with such documents, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
2. All capitalized terms used by not otherwise defined herein shall have the meanings ascribed to them in the Second Report.

Receiver's Activities and Professional Fees

3. The actions, conduct and activities of the Receiver from the date of its appointment up to and including September 3, 2020, as are more particularly described in the First Report of the Receiver filed on December 2, 2019 (the "**First Report**"), in the Second Report and in the Confidential Supplement, are hereby approved and confirmed.
4. All of the professional fees and disbursements (including GST) of the Receiver, for the period ending February 29, 2020, and all of the professional fees and disbursements (including GST) of its legal counsel, Borden Ladner Gervais LLP, for the period ending July 31, 2020, as are more particularly described in the Second Report, are hereby approved and confirmed.

Temporary Sealing Order

5. The Confidential Supplement shall be sealed on the Court file, kept confidential, and shall not be available for public inspection until three months after the Receiver has been discharged, unless and until an application is made to modify or vary this Order, pursuant to paragraph 9 hereof.
6. The Clerk of the Court shall file the Confidential Supplement in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS, BEING THE CONFIDENTIAL SUPPLEMENT TO THE SECOND REPORT OF THE RECEIVER DATED AUGUST 24, 2020 (THE "**CONFIDENTIAL SUPPLEMENT**") PURSUANT TO THE SEALING ORDER ISSUED BY JUSTICE ROMAINE ON SEPTEMBER 3, 2020. THE CLERK OF THE COURT SHALL NOT RELEASE THE CONFIDENTIAL MATERIALS TO THE PUBLIC UNTIL THREE MONTHS AFTER THE RECEIVER IS DISCHARGED.

Miscellaneous

7. Service of this Order shall be deemed good and sufficient by serving the same on the persons listed on the Service List (attached as Schedule “A” to the Application) and by posting a copy of this Order to the Receiver's Website at: <https://relieffromdebt.ca/houston-oil-gas-ltd/>.
8. No other persons are entitled to be served with a copy of this Order.
9. Leave is hereby granted to any person or party affected by this Order to apply to this Honourable Court for a further order modifying or varying the terms of paragraphs 5 or 6 of this Order, with such application to be brought on no less than 7 days' notice to the Receiver and any other affected party pursuant to the *Alberta Rules of Court*.

Justice of the Court of Queen's Bench of Alberta