

COURT FILE NUMBER 1401-08324
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF KRACK ENERGY INC.
DEFENDANTS KARL ENERGY TRUST INC. and BRADLEY OIL & GAS INC.



IN THE MATTER OF THE RECEIVERSHIP OF KARL ENERGY TRUST INC. and BRADLEY OIL & GAS INC..

APPLICANT HARDIE & KELLY INC. in its capacity as Court-appointed Receiver of the assets, undertakings and property of KARL ENERGY TRUST INC. and BRADLEY OIL & GAS INC.

DOCUMENT **ORDER FOR FINAL DISTRIBUTION, APPROVAL OF RECEIVER'S FEES AND DISBURSEMENTS, APPROVAL OF RECEIVER'S ACTIVITIES AND DISCHARGE OF RECEIVER**

I hereby certify this to be a true copy of the original Order
Dated this 1 day of December 2015
[Signature]
for Clerk of the Court

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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Attention: Kyle D. Kashuba
File No. 01135476-0011

DATE UPON WHICH ORDER WAS PRONOUNCED: Tuesday, December 1, 2015
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice B.E.C. Romaine
LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of Hardie & Kelly Inc. in its capacity as Court-appointed receiver and manager (the "Receiver") of the assets, undertakings and property (collectively,

the "Property") of Karl Energy Trust Inc. and Bradley Oil & Gas Inc. (together, "Karl and Bradley") for an Order for the final distribution of proceeds, approval of the Receiver's fees and disbursements, approval of the Receiver's activities and discharge of the Receiver; **AND UPON** having read the pleadings, proceedings, orders, affidavits, reports and other materials filed in this action, including the Third Report of the Receiver, filed on September 15, 2015 (the "Third Report") and the Fourth Report of the Receiver, filed on November 24, 2015 (the "Fourth Report"); **AND UPON** hearing counsel for the Receiver, counsel for Krack Energy Inc. ("KEI"), the Alberta Energy Regulator ("AER") and from any other interested parties who may be present; **AND UPON** it appearing that all interested and affected parties have been served with notice of this Application; **AND UPON** being satisfied that it is appropriate to do so;

THE COURT HEREBY ORDERS AND DECLARES 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 the time for service of this Application is abridged to that actually given.

Final Distribution:

2. The Receiver is authorized and directed to make a final distribution of funds in accordance with Appendix "A" hereto, which is the distribution proposed in the Fourth Report.

Discharge of the Receiver:

3. The Receiver is hereby authorized to have all of Karl's and Bradley's remaining books and records destroyed on or after January 1, 2016, unless a former director or officer of Karl and/or Bradley, or a representative of KEI, makes arrangements with the Receiver to physically take possession of the books and records, at their sole cost and expense, by December 31, 2015.
4. The Receiver's accounts for fees and disbursements, as set out in the Receiver's Fourth Report are hereby approved without the necessity of a formal passing of its accounts.

5. The accounts of the Receiver's legal counsel, for its fees and disbursements, as set out in the Receiver's Fourth Report are hereby approved without the necessity of a formal assessment of its accounts.
6. The Receiver is hereby authorized to pay any remaining professional fees up to the discharge of the Receiver, particulars of which are set out in the Fourth Report.
7. The Receiver's reported actions and those of its legal counsel to date in respect of administering the receivership and as described in the Fourth Report are hereby approved.
8. On the evidence before the Court, the Receiver has satisfied its obligations under and pursuant to the terms of the orders granted in the within proceedings up to and including the date hereof, and the Receiver shall not be liable for any act or omission on its part, or any reliance thereon, including without limitation, any act or omission pertaining to the discharge of its duties in these proceedings from time to time or with respect to any other duties or obligations, save and except for any liability arising out of any fraud, gross negligence or wilful misconduct on its part, or with leave of the Court. Subject to the foregoing, any claims against the Receiver in connection with the performance of its duties are hereby stayed, extinguished and forever barred.
9. For greater certainty, on the evidence before the Court, and pursuant to paragraph 15 of the Receivership Order granted in this matter on August 21, 2014 by Justice K.M. Eidsvik, and pursuant to sections 14.06, 81.4(5) or 81.6(3) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, the Receiver is not liable for any environmental condition that arose or environmental damage that occurred before or after the Receiver's appointment. In particular, following discharge, the Receiver shall not be subject to Closure/Abandonment No. AD 2015-88, Closure/Abandonment No. AD 2015-88A, and the Order issued by the Alberta Energy Regulator under section 113 of the *Environmental Protection and Enhancement Act*, RSA 2000, c E-12 with respect to License No. W0338273 and F35213.
10. No action or other proceeding shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver, except with prior leave of this Court on notice to the Receiver, and upon such terms as the Court may direct.

11. The Receiver is at liberty to reapply for further advice, assistance and direction as may be necessary to give full force and effect to, and in carrying out the terms of, this Order.
12. Upon the Receiver filing with the Clerk of the Court a sworn Affidavit of a licensed Trustee employed by the Receiver confirming that all matters set out in paragraph 2 of this Order have been completed, then the Receiver shall be discharged as Receiver of Karl and Bradley, which for the avoidance of doubt includes the Alberta Energy Regulator licensed properties listed in Appendix "B" to this Order, provided however, that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of the Receiver in its capacity as Receiver.
13. This Order must be served only upon those interested parties attending or represented at the within Application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
14. Service of this Order on any party not attending this Application is hereby dispensed with.

"B.E.C. Romaine"

Justice of the Court of Queen's Bench of Alberta

Appendix "A" to the Order granted December 1, 2015

**Karl Energy Trust Inc. and Bradley Oil and Gas Inc., In Receivership
Statement of Proposed Distribution**

Cash on hand, as of November 21, 2015	78,568.36
Less: Estimated accruals	
Payable to Sabelli (09-05 Spill clean up costs)	31,447.98
Legal fees (WIP and estimate to complete)	5,000.00
Receivers fees (WIP and estimate to complete)	5,000.00
Cord Resource Management Ltd. fees (estimate to complete)	1,500.00
Estimated cost of destruction of records	1,500.00
	<hr/> 44,447.98
Estimated partial repayment of Receiver's Certificate In favour of KEI (subject to adjustment to actual of above estimates)	34,120.38
Proposed ending cash on hand	<hr/> <hr/> -

Appendix "B" to the Order granted December 1, 2015

BRADLEY OIL & GAS INC.

LIST OF LICENCES

WELL LICENCES

Licence No.	Surface Location	Working Interest Participant(s)	Percent Interest
W 0097257	04-12-116-06W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0116147	15-20-114-06W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0155818	13-33-114-05W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0170273	04-22-114-06W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0170332	12-22-114-06W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0336335	13-22-114-06W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0338273	09-05-115-06W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0343672	10-24-038-13W4	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0356909	10-22-115-05W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0446094	15-32-114-05W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
W 0446096	01-26-114-06W6	1506928 Alberta Ltd.	22
		Bradley Oil & Gas Inc.	78
W 0446974	16-31-114-05W6	1506928 Alberta Ltd.	26
		Bradley Oil & Gas Inc.	74

FACILITY LICENCES

Licence No.	Surface Location	Working Interest Participant(s)	Percent Interest
F 18178	00/16-21-114-06W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
F 35213	00/09-05-115-06W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82
F 35224	00/13-22-114-06W6	1506928 Alberta Ltd.	18
		Bradley Oil & Gas Inc.	82