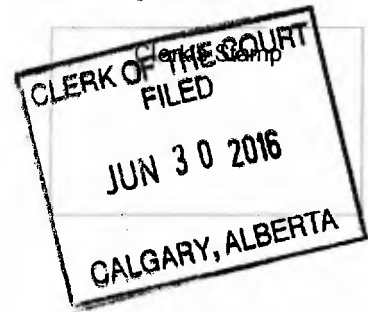


COURT FILE NUMBER 1601-06667  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF CENTURY SERVICES CORP.  
DEFENDANTS R3 ENERGY SERVICES INC., DEAN RUTLEDGE, 1189269 ALBERTA LTD., R3 ENERGY SERVICES LLC, and TEXAS PRO DYNO LLC



DOCUMENT **Application by HARDIE & KELLY INC. in its capacity as Court Appointed Receiver of the Assets, Property and Undertakings of the Defendant R3 Energy Services Inc.**

ADDRESS FOR SERVICE D CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Terry L. Czechowskyj  
Miles Davison LLP  
900, 517-10<sup>th</sup> Ave SW  
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**NOTICE TO RESPONDENT(S)**

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: Monday July 11, 2016  
Time: 9:00 A.M.  
Where: Calgary - Calgary Courts Centre, 601-5 Street SW, Calgary, AB T2P 5P7  
Before Whom: The Honourable Mr. Justice G. C. Hawco, Commercial List

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

**Remedy claimed or sought:**

Hardie & Kelly Inc., in its capacity as receiver manager of certain assets, properties and undertakings of R3 Energy Services Inc. (the "Debtor"), and not in its personal capacity (the "Receiver"), applies for an Order:

1. Declaring that the time for service of this Application (the "Application") is deemed good and sufficient, that the Application is properly returnable on Monday July 11, 2016 at 9:00 A.M., that service of the Application and on the persons listed in the Affidavit of Service to the Application (the "Service List") is good and

sufficient and that no persons other than those on the Service List are entitled to service of the Application or any order arising there from.

2. Approving a vesting order substantially in the form attached as Schedule "A" to this application in respect of an asset purchase and sale agreement made as of June 28, 2016 between the Receiver as Vendor and Texas Pro Dyno, LLC ("Texas") as purchaser (the "APA") and vesting in Texas the right title and interest of R3 Energy Services Inc. in and to the Assets (as defined in the APA).
3. Approving and authorizing the Receiver to make a distribution of the sale proceeds subsequent to the closing of the contemplated sale to the secured creditor, the Plaintiff Century Services Corp.
4. Such further and other relief as counsel may advise and as this Honourable Court may permit.

**Grounds for making this application:** The grounds for the Application are as follows:

5. The Receiver was appointed as receiver and manager of the Property pursuant to the Consent Receivership Order of May 25, 2016.
6. The administration of the estate of the Debtor is ongoing and it is appropriate for the Receiver to complete the sale of this particular estate asset for the benefit of the secured creditor on the basis that:
  - a) the Plaintiff has consented to the sale and the second secured creditor 1189269 Alberta Ltd is not objecting to the sale,
  - b) there is an anticipated shortfall and deficiency that will be incurred by the Plaintiff on the realization of its security in the receivership,
  - c) there are significant costs associated with removing the equipment for an auction or private sale,
  - d) the market in Alberta will not generate any significant increase in sale price given the current state of the oil and gas industry in Alberta, and
  - e) the Plaintiff has significant expertise in the evaluations of the equipment in issue and has concluded that the sale is commercially reasonable.
7. The receiver has received an independent legal opinion confirming the validity and enforceability of the Plaintiff's security, and that the Plaintiff has a first ranking charge against the Debtor's assets.
8. The receiver is not aware of any claims in priority to the Plaintiff for the sale proceeds.
- 9.. Such further and other grounds as counsel for the Receiver may advise.

**Material or evidence to be relied on:** The Receiver will rely on the following:

10. The First Receiver's Report filed June 30 2016.
11. Such further and other material and evidence as counsel for the Receiver may advise.

**Applicable rules:**

12. Rule6.1- 6.3 and 6.9 of the *Alberta Rules of Court*, Alta. Reg. 124/2010.
13. Such further and other rules as counsel for the Receiver may advise.

**Applicable Acts and regulations:**

14. The *Bankruptcy and Insolvency Act* (Canada).
15. Such further and other acts and regulations as the Receiver may advise.

**Any irregularity complained of or objection relied on:**

16. There are no irregularities complained of or objections relied on.

**How the application is proposed to be heard or considered:**

17. The Receiver proposes that the Application be heard in person.

**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

1601-06667

**Court**

**Court of Queen's Bench of Alberta**

**Judicial Centre**

**Calgary**

**Plaintiff**

**Century Services Corp**

-

**Defendants**

**R3 Energy Services Inc., Dean  
Rutledge, 1189269 Alberta Ltd.,  
R3 Energy Services LLC., and  
Texas Pro Dyno LLC**

**Address for Service**

**Terry Czechowskyj  
Miles Davison LLP  
900, 517-10th Ave, S.W.  
Calgary , AB T2R 0A8  
Telephone 403 298 0326  
Fax 403 263 6840**

**Date on which order was pronounced**

**Name of Justice who made this order**

**CONSENT SALE APPROVAL AND VESTING ORDER**

UPON the application of Hardie & Kelly Inc. (the "Receiver") in its capacity as Receiver and Manager of the Defendant R3 Energy Services Inc.; AND UPON hearing read the report of the

Receiver, filed; AND UPON hearing counsel for the Receiver and counsel for various creditors and other interested persons who were in attendance, AND UPON it appearing that the sale of the Assets is in the best interests of the creditors of the Defendant; AND UPON noting the consent of counsel for the Plaintiff, Century Services Corp.

IT IS HEREBY ORDERED THAT:

**SERVICE:**

1. Service of the notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and to the extent required, time for service is abridged to that actually given.

**APPROVAL OF TRANSACTION:**

2. The sale of all of the right, title and interest of the Defendant in the equipment (the "Assets") listed in Schedule "A" attached hereto and sold to purchasers in accordance with the terms of the Offer to Purchase made on June 28, 2016 on an "as is, where is" basis, is hereby approved and ratified.
3. The Receiver is hereby authorized to conclude the transaction contemplated by the Offer to Purchase made June 28, 2016 (the "Transaction") and to take all such steps and execute all such documents as may reasonably be necessary to complete the Transaction.

**VESTING OF ASSETS:**

4. Upon closing of the Transaction and payment of all purchase monies due and owing in respect of the Transaction have been tendered to the Receiver, then subject only to the terms and conditions of the Offer to Purchase, all of the Defendants' right, title and interest in and to the Assets shall, without further instrument of transfer or assignment, vest in the Purchaser as contemplated by the Sale Agreement, absolutely and forever, free and clear of and from any and all claims by, through or under the Defendant, and any and all estate, right, title, interest, and liens, including but not limited to, claims, hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests, assignments, actions, levies, taxes, judgments, writs of execution, trusts or deemed trusts (whether contractual, statutory or otherwise), options, agreements, disputes, debts, encumbrances or other rights, limitations or restrictions of any nature whatsoever including, without limitation, any rights or interests of any creditors of the Defendant, whether or not they have attached or been perfected, registered or filed, whether secured or unsecured or otherwise, whether liquidated, unliquidated or contingent (collectively, as the "Claims"), whether such Claims came into existence prior to, subsequent to, or as a result of any previous order of this Court, by or of all persons or entities of any kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies, authorities or tribunals and all other natural persons or corporations, whether acting in their capacity as principals or as agents,

- trustees, executives, administrators or other legal representatives (collectively, the "Claimants"), including for greater certainty and without limiting the generality of the foregoing: (i) the Claims held by or in favour of the individuals and entities served (either directly or through their solicitors) with this Application; and (ii) the beneficiary of any Claims created or provided for pursuant to any previous Order of this Court in these proceeding.
5. The Purchaser shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever to any Claimants in respect of any Claims they may have against the Defendant.
  6. The Transaction shall not be void or voidable at the instance of Claimants and shall not constitute nor shall be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other challengeable or reviewable transaction under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") or any other applicable federal or provincial legislation, and the Transaction, or any actions taken in connection therewith, shall not constitute conduct meriting an oppression remedy.
  7. Any legislation affecting sales in bulk in all jurisdictions does not apply to the Transaction, and the Transaction may be completed without compliance with: (a) the provisions of Section 60 of the *Personal Property Security Act*, R.S.A. 2000, c. P-7, as amended, and any similar provisions in personal property security legislation in force in any province in which the Defendants or either of them carry on business; and (b) Section 244 of the BIA, as amended.
  8. The Receiver is hereby authorized and directed to:
    - (a) perform the covenants in the Offer to Purchase substantially in accordance with its terms, subject to such amendments as the Receiver and the Purchaser may approve which do not materially and adversely alter the Transaction;
    - (b) execute all deeds and documents, and to take all such steps as may be necessary or advisable in its sole discretion to consummate the Transaction, and
    - (c) To make payment of the sale proceeds after the closing of the transaction to the Plaintiff, by virtue of its first charge security against the assets of the Defendant R3 Energy Services Inc.
  9. This Honourable Court hereby requests the aid and recognition of any court or administrative body in any province of Canada, the Federal Court of Canada, any administrative tribunal or other court constituted pursuant to the Parliament of Canada or any of its provinces or territories and any federal or state court or administrative body in the United States of America and in particular the courts of the State of Texas or any other foreign courts to act in aid of and to be complimentary to this Honourable Court in carrying out the terms of this Order.
  10. The Receiver is at liberty to reapply for further advice, assistance and direction as may be

necessary to give full force and effect to the terms of this Order .

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J.C.Q.B.A.