



AND UPON HAVING READ the Receivership Orders dated October 29, 2019 and June 17, 2020, and the Receivership Order '3 WKH 5 HSRUW DQG WKH \$IILGDYLV  
Gorrie, filed; AND UPON HEARING the submissions from counsel for the Receiver and counsel for any other interested parties appearing at the hearing of this application, which occurred via video conference on October 29, 2019 and June 17, 2020, and the Receivership Order '3 WKH 5 HSRUW DQG WKH \$IILGDYLV

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 ' 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 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 interests in the Purchased Assets set out 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 claims, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options or 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 Receiver 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 (c R O O H F 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 E W R U ¶ V U L J K 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 (and ), any legal or beneficial interest of Inland in or related to the Purchased Assets, or 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 Prairie Sky 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)
- (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 5 H F H L Y H U ¶ V & O R and Certified Copy of this Order, together with any applicable registration and governmental authorities including those referred to below in this paragraph F R O O H F O W E N H O T A L <sup>3</sup> Authorities are hereby authorized, requested and directed to accept delivery of such 5 H F H L Y H U ¶ V & O R and Certified Copy of this Order as though they were originals and to register such transfer interest authorizations, discharges and discharge statements of conveyances may be required to convey the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances without limiting the foregoing:

- (a) \$ O E H U W D E N E R G Y M I N I S T R Y <sup>3</sup> V K D O O D O U S I Z E D , R E Q U E S T E D 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 forming part of the Purchased Assets, if any, 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. 8SRQ GHOLYHU\ RI WKH 5HFHLYHU¶V & ORVLQJ & HUWLIL Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *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 of the Purchased Assets and after delivery of the 5HFHLYHU¶V & ORVLQJ & HUWLIL Order, 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 pay DQ\ DPRXQWV WKH 5HFHLYHU KDV ERUURZHG IRU ZKLF 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, in monetary default through to and including the Closing Date under the Sale Agreement, in respect of Crown mineral leases and surface leases that are Purchased Assets, municipal taxes (both linear and non-linear) relating

to the Purchased Assets, 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 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 \$72,800.00 to the Energy Ministry;
  - (d) Surface leases \$68,100.00 to lessors under surface leases, in accordance with the 5 H F H L Y H U T V U H F R U G V
  - (e) Municipal taxes \$17,748.39 to Thorhild County and
  - (f) Overriding royalties \$2,791.89 to Sequoia Resources Corp.
12. Upon completion of the Transaction, the Debtor and all persons claiming 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 5 H F H L Y H U ¶ V & O R V L Q J & 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) D O O K X P D Q U H V R X U F H V D Q G S D \ U R O O L Q I R U P D W W R W K H ' H and to refer to it. 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 a 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.3, as amended W K H <sup>3</sup> % 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:

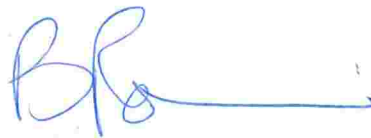
the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer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



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Justice of the Court of Queen's Bench of Alberta

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER 1901-14615

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ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF ORPHAN WELL ASSOCIATION

DEFENDANT HOUSTON OIL AND GAS LTD.

DOCUMENT RECEIVER'S CERTIFICATE



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Borden Ladner Gervais LLP  
1900, 520<sup>3rd</sup> Avenue S.W.  
Calgary, AB T2P 0R3

Attention: Robyn Gurofsky  
Telephone (403) 2329774  
Email: RGurofsky@blg.com

RECITALS

- A. Pursuant to an Order of the Honourable Justice Eidsvik R I W K H & R X U W R I 4 X H H Q of Alberta, Judicial District of Calgary W K H & R X U W R I 4 X H H Q of Alberta, 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) D V D S S R L Q W H G D R e c i v e r U R H F W K Y H X J Q G W K U H W D property and assets of Houston Oil and Gas Ltd. W D e b t o r '.
- B. Pursuant to an Order of the Court dated September 3, 2020, the Court approved the agreement of purchase and sale made as of August 17, 2020, Sale Agreement' between the Receiver and Wetinohk Resources Corp W K H & R X U W R I 4 X H H Q Purchaser' D Q G S U R Y L G H for the vesting in the Purchaser W K H ' H E W R U T V U L J K W W L W O H D Q C 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 [Title] 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 “B”**

### **Purchased Assets**

The Purchased Assets consist of the Assets (as defined in the Sale Agreement, and each subsequent capitalized term herein having the respective meaning as defined therein), meaning the 100% Owned Assets, the Partnered Assets and the Seismic Data.

## **Schedule “C”**

### **Claims**

“**Claim**” means any claim, demand, lawsuit, proceeding or arbitration, or any investigation by a Governmental Authority, pertaining to the Assets (as defined in the Sale Agreement), in each case whether asserted, threatened, pending or existing.

## **Schedule “D”**

### **Permitted Encumbrances**

Permitted Encumbrances consist of the following (with capitalized terms having the definitions given to them in the Sale Agreement, unless otherwise defined in this Order):

- (i) all encumbrances, overriding royalties and other royalties, net profits interests and other burdens identified in the 100% Owned Leases and the Partnered Title Documents, including those specifically identified in Schedule “A”;
- (ii) any Preferential Purchase Rights or any similar restriction applicable to any of the Assets;
- (iii) the terms and conditions of the 100% Owned Leases and Partnered Title Documents, including the requirement to pay any rentals or royalties (including reassessments) to the grantor thereof to maintain the 100% Owned Lease and Partnered Title Documents in good standing and any royalty or other burden reserved to the grantor thereof;
- (iv) the right reserved to or vested in any grantor, Governmental Authority by the terms of any 100% Owned Lease or Partnered Title Document or by Applicable Law to terminate any 100% Owned Lease or Partnered Title Document;
- (v) easements, rights of way, servitudes or other similar rights in land, including rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (vi) any obligations to Third Parties arising on or after the Effective Time for any thirteenth month adjustments or for payments due as a result of any audits conducted by operators or Third Parties;
- (vii) taxes on Petroleum Substances or the income or revenue from the Petroleum Substances and requirements imposed by Applicable Law or Governmental Authorities concerning rates of production from the Wells or from operations on any of the 100% Owned Lands or Partnered Lands, or otherwise affecting recoverability of Petroleum Substances from the 100% Owned Lands or Partnered Lands, which taxes or requirements are generally applicable to the oil and gas industry in the jurisdiction in which the Assets are located;
- (viii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than 30 days’ notice (without an early termination penalty or other like cost);
- (ix) any obligation of Houston to hold any right or interest in and to any of the Assets in trust for Third Parties;

- (x) the right reserved to or vested in any Governmental Authority to control or regulate any of the Assets in any manner, including any directives or notices received from any Governmental Authority pertaining to the Assets;
- (xi) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Houston's share of the costs and expenses thereof which are not due or delinquent as of the date hereof or, if then due or delinquent are being contested in good faith by Vendor;
- (xii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the 100% Owned Lands or Partnered Lands or interests therein, and statutory exceptions to title;
- (xiii) agreements and plans relating to pooling or unitization of any of the 100% Owned Petroleum and Natural Gas Rights or Partnered Petroleum and Natural Gas Rights;
- (xiv) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations; and
- (xv) liens created in the ordinary course of business in favour of any Governmental Authority with respect to operations pertaining to any of the Assets as regards the Vendor's share of amounts owing to such Governmental Authority which are not due or delinquent as of the date hereof;

except for, in all cases, any such interests or encumbrances arising in respect of the Pioneer GORR Interest or the Inland Interests.