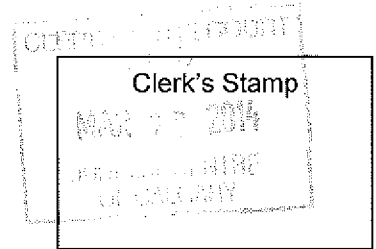


COURT FILE NUMBER 1301-11285
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT(S) ALIGNVEST PRIVATE DEBT LTD.
RESPONDENT(S) SUREFIRE INDUSTRIES LTD.
DOCUMENT **APPLICATION**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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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 master/judge.

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

Date March 25, 2014
Time 10:00 a.m.
Where Calgary Courts Center (Commercial List)
Before Whom The Honourable Madam Justice C.A. Kent

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. Duff & Phelps Canada Restructuring Inc. ("**Duff & Phelps**"), in its capacity as the receiver and manager of the assets, properties and undertakings of Surefire Industries Ltd. (the "**Debtor**", and Duff & Phelps in such capacity, the "**Receiver**") asks that words and phrases not otherwise defined in this application be given the meanings set out in the WIP Dispute Resolution Process ("**WDRP**") approved by Order of Justice Kent dated October 8, 2013 and applies for the following relief, substantially in the form of order attached as **Schedule "A"** hereto (the "**Settlement Approval Order**"):
 - (a) Abridging the time required for service of this application (the "**Application**") and supporting materials to the date service was effected; declaring that this Application is properly returnable on March 25, 2014; that service of the Application in the manner described in the Affidavit of Service is good and sufficient; and, that no other persons are entitled to service of the Application or any orders arising therefrom;
 - (b) Approving the terms of a certain settlement agreement dated as of March 13, 2014 (the "**Precision Settlement Agreement**") between the Receiver, Alignvest Private Debt Ltd. ("**Alignvest**") and Precision Well Servicing, a division of Precision Limited Partnership ("**Precision**") and in respect of its Title Claim to Disputed WIP; authorizing and directing the Receiver to implement the Precision Settlement Agreement; and, providing for the vesting in Precision of certain Disputed WIP that is the subject of the Precision Settlement Agreement;
 - (c) Approving the terms of a certain settlement agreement dated as of February 27, 2014 (the "**OGES Settlement Agreement**") between the Receiver, Alignvest and Oil & Gas Equipment Services, LLC ("**OGES**") and in respect of its Title Claim to Disputed WIP; and authorizing and directing the Receiver to implement the OGES Settlement Agreement;
 - (d) Declaring that Division 4 of Part 6 of the Alberta *Rules of Court*, A.R. 124/2010 does not apply to this Application and sealing Confidential Appendices "1" to "4" to the Sixth Report (the "**Confidential Appendices**") on the Court file; and
 - (e) Such further and other relief as counsel for the Receiver may advise.

Grounds for Making This Application:

Background

2. The Debtor is presently indebted to Alignvest in an amount in excess of \$13 million, plus interest, costs, fees and expenses, pursuant to various credit facilities granted by Alignvest to the Debtor.
3. The obligations of the Debtor to Alignvest are secured by various security over all of the Debtor's assets, properties and undertakings. Counsel to the monitor in the proceedings of the Debtor under the *Companies' Creditors Arrangement Act* opined that the Alignvest Security is valid and enforceable.
4. Precision and OGES, among other Customers, have asserted ownership and priority claims to the Disputed WIP in priority to all other claims against the Debtor, including the secured claims of Alignvest.

Settlement Agreements

5. Precision elected under the WDRP to take custody of certain Disputed WIP identified by the Debtor as unit 1495 ("**Unit 1495**") and to have the Receiver sell certain Disputed WIP identified by the Debtor as unit 1502. Unit 1502 was sold and the proceeds thereof are being held in trust by the Receiver pursuant to the WDRP (the "**1502 Proceeds**").
6. Pursuant to discussions between Alignvest, the Receiver and Precision, the Precision Settlement Agreement was negotiated and entered into in order to resolve the competing claims to Unit 1495 and the 1502 Proceeds, subject to approval by this Court. A redacted copy of the Precision Settlement Agreement is attached to the sixth report of the Receiver dated March 14, 2014 (the "**Sixth Report**") as Appendix "B" and an unredacted copy is attached to the Sixth Report as Confidential Appendix 1.
7. The Precision Settlement Agreement is on commercially reasonable terms and, balancing all factors, represents fair value for Unit 1495 and the 1502 Proceeds.
8. OGES elected under the WDRP to have the Receiver sell the Disputed WIP claimed by OGES (the "**OGES WIP**"). The OGES WIP was sold and the proceeds thereof are being held in trust by the Receiver pursuant to the WDRP (the "**OGES Proceeds**").

9. Pursuant to discussions between Alignvest, the Receiver and OGES, the OGES Settlement Agreement was negotiated and entered into in order to resolve the competing claims to the OGES Proceeds, subject to approval by this Court. A redacted copy of the OGES Settlement Agreement is attached to the Sixth Report as Appendix "C" and an unredacted copy is attached to the Sixth Report as Confidential Appendix 2.
10. The OGES Settlement Agreement is on commercially reasonable terms and, balancing all factors, represents fair value in respect of the OGES Proceeds.
11. Another Customer, being CWC Well Services Corp. ("**CWC**"), has also entered into a settlement agreement with the Receiver and Alignvest with respect to its Title Claim to Disputed WIP ("**CWC Settlement Agreement**"). As the amount of that settlement is below the \$50,000 threshold set out in the WDRP, the CWC Settlement Agreement is not subject to Court approval. Upon implementation of the Precision Settlement Agreement, OGES Settlement Agreement and CWC Settlement Agreement, the sole remaining Title Claim to Disputed WIP will be that made by Trican Partnership ("**Trican Claim**"). The Trican Claim is being addressed by this Court pursuant to the WDRP.
12. The Receiver recommends that the detailed terms of the Precision Settlement Agreement, OGES Settlement Agreement and the CWC Settlement Agreement (collectively, the "**Settlement Agreements**") remain confidential and be sealed in the files of this Court. Sealing the terms of the Settlement Agreements is necessary in order to ensure that all Customers are in the same position in dealing with their claims.
13. The Receiver seeks to file under seal the complete, unredacted copies of the Settlement Agreements. The Receiver also seeks to file under seal Confidential Appendix "4" to the Sixth Report, which sets out the factors considered by the Receiver in entering into the Settlement Agreements.

Material or Evidence to be Relied On:

14. The Sixth Report.
15. Such further and other material as counsel for the Receiver may advise and this Honourable Court may permit.

Applicable Rules:

16. Rules 1.2, 1.3, 6.3(1), 6.28 and 13.5 of the Rules.
17. Such further and other rules as counsel for Receiver may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

18. Such acts and regulations as counsel for the Receiver may advise or this Honourable Court may permit.

Any Irregularity Complained of or Objection Relied On:

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

How the Application is Proposed to be Heard or Considered:

20. The Receiver proposes that the Application be heard in person or by telephone with one, some or all of the parties present.

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 1301-11285
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

APPLICANT(S) ALIGNVEST PRIVATE DEBT LTD.

RESPONDENT(S) SUREFIRE INDUSTRIES LTD.

DOCUMENT **ORDER APPROVING SETTLEMENTS**

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Gowling Lafleur Henderson LLP
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DATE ON WHICH ORDER WAS PRONOUNCED: March 25, 2014
NAME OF JUDGE WHO MADE THIS ORDER: Honourable Justice C.A. Kent
LOCATION OF HEARING: Calgary, Alberta

UPON the application of Duff & Phelps Canada Restructuring Inc. ("**Duff & Phelps**"), in its capacity as the receiver and manager of the assets, properties and undertakings of Surefire Industries Ltd. (the "**Debtor**", and Duff & Phelps in such capacity, the "**Receiver**"); **AND UPON** having read the Application, the Sixth Report of the Receiver dated March 14, 2014, filed (the "**Sixth Report**"), and the Affidavit of Service of Richard Comstock, filed; **AND UPON** hearing counsel for the Applicant, the Receiver and any other counsel present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

SETTLEMENT AGREEMENTS

2. The settlement agreement dated March 13, 2014 between the Receiver, Alignvest Private Debt Ltd. ("**Alignvest**") and Precision Well Servicing, a division of Precision Limited Partnership ("**Precision**" and the "**Precision Settlement Agreement**") is commercially reasonable and in the best interests of the Debtor and is hereby approved and the Receiver is authorized and directed to execute the Precision Settlement Agreement and to take such steps and execute such further documents as it deems necessary or desirable for the completion of the transactions contemplated by the Precision Settlement Agreement and for the conveyance to Precision of the equipment, parts and components described in the Precision Settlement Agreement as Unit 1495 (the "**Precision Assets**").

3. Upon the delivery of a Receiver's certificate to Precision substantially in the form attached hereto as **Schedule "A"**, certifying that Precision has discharged its obligations under the Precision Settlement Agreement (the "**Precision Certificate**"):
 - (a) all of the Debtor's right, title and interest in and to the Precision Assets shall vest absolutely in Precision, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise including, without limiting the generality of the foregoing:
 - (i) any encumbrances or charges created by the Orders of the Honourable Justice C.A. Kent dated August 30 and September 25, 2013, and
 - (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system,(collectively, the "**Claims**");
 - (b) any Claims against that portion of the Unit 1502 Proceeds (as defined in the Precision Settlement Agreement) which is payable to Precision under the Precision Settlement Agreement shall be deemed to be released;

- (c) any interest of the Receiver in any insurance coverage placed by Precision in the Precision Assets shall be deemed to be released; and
 - (d) Precision shall be deemed to have possession of the Precision Assets.
4. The settlement agreement dated February 27, 2014 between the Receiver, Alignvest and Oil & Gas Equipment Services, LLC ("**OGES**" and the "**OGES Settlement Agreement**") is commercially reasonable and in the best interests of the Debtor and is hereby approved and the Receiver is authorized and directed to execute the OGES Settlement Agreement and to take such steps and execute such further documents as it deems necessary or desirable for the completion of the transactions contemplated by the OGES Settlement Agreement.
5. Upon the delivery of a Receiver's certificate to OGES substantially in the form attached hereto as **Schedule "A"**, certifying that OGES has discharged its obligations under the OGES Settlement Agreement (the "**OGES Certificate**"), any Claim against that portion of the Proceeds (as defined in the OGES Settlement Agreement) payable to OGES pursuant to the OGES Settlement Agreement shall be deemed to be released and discharged.

EFFECT OF VESTING ORDERS

6. The Receiver shall file a copy of the Precision Certificate and the OGES Certificate with the Court after delivery to each of Precision and OGES.
7. Notwithstanding:
- (a) the pendency of these proceedings; and
 - (b) the order under the *Bankruptcy and Insolvency Act* (Canada) adjudging the Debtor bankrupt;

the vesting of the Precision Assets in Precision pursuant to this Order shall be binding on Duff & Phelps in its capacity as trustee of the Debtor's estate in bankruptcy and on any trustee appointed in its stead and shall not be void or voidable by creditors of the Debtor, nor shall such vesting constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under

the *Bankruptcy and Insolvency Act* (Canada) 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.

SEALING

8. Division 4 of Part 6 of the *Alberta Rules of Court* does not apply to this Application.
9. The Confidential Appendices to the Sixth Report shall, until further Order of this Honourable Court, be sealed and kept confidential, to be shown only to a Justice of the Court of Queen's Bench of Alberta, and accordingly, shall be filed with the Clerk of the Court who shall keep the Confidential Appendices in a sealed envelope (or multiple envelopes, as necessary), which shall clearly be marked "SEALED PURSUANT TO THE ORDER OF THE HON. MADAM JUSTICE C.A. KENT DATED MARCH 25, 2014".

GENERAL

10. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States 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 orders and to provide such assistance to the Receiver, as an officer of this 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.
11. The Receiver be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

12. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"
RECEIVER'S CERTIFICATE – PRECISION

RECITALS

A. Pursuant to an Order of the Honourable Justice Kent of the Alberta Court of Queen's Bench (the "**Court**") dated September 25, 2013, Duff & Phelps Canada Restructuring Inc. was appointed as the receiver and manager (the "**Receiver**") of the undertaking, property and assets of Surefire Industries Ltd. (the "**Debtor**").

B. Pursuant to an Order of the Court dated March 25, 2014, the Court approved the settlement agreement made as of March 13, 2014 (the "**Precision Settlement Agreement**") between the Receiver, Alignvest Private Debt Ltd. ("**Alignvest**") and Precision Well Servicing, a division of Precision Limited Partnership ("**Precision**") and provided for the vesting in Precision of the Debtor's right, title and interest in and to Unit 1495, which vesting is to be effective with respect to Unit 1495 upon the delivery by the Receiver to Precision of a certificate confirming that (i) the conditions to Closing as set out in section 2.4 of the Precision Settlement Agreement have been satisfied or waived by the Receiver and Precision; and (ii) that the transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Precision Settlement Agreement.

THE RECEIVER CERTIFIES the following:

1. The conditions to Closing as set out in section 2.4 of the Precision Settlement Agreement have been satisfied or waived by the Receiver and Precision; and
2. The Transaction has been completed to the satisfaction of the Receiver.

This Certificate was delivered by the Receiver at Calgary on March _____, 2014.

Duff & Phelps Canada Restructuring Inc.,
in its capacity as Receiver and Manager of
the undertaking, property and assets of
Surefire Industries Ltd. and not in its personal
capacity
Per:

Name:
Title:

SCHEDULE "B"
RECEIVER'S CERTIFICATE – OGES

RECITALS

A. Pursuant to an Order of the Honourable Justice Kent of the Alberta Court of Queen's Bench (the "**Court**") dated September 25, 2013, Duff & Phelps Canada Restructuring Inc. was appointed as the receiver and manager (the "**Receiver**") of the undertaking, property and assets of Surefire Industries Ltd. (the "**Debtor**").

B. Pursuant to an Order of the Court dated March 25, 2014, the Court approved the settlement agreement made as of February 27, 2014 (the "**OGES Settlement Agreement**") between the Receiver, Alignvest Private Debt Ltd. ("**Alignvest**") and Oil & Gas Equipment Services, LLC ("**OGES**"), which agreement is to be effective upon the delivery by the Receiver to OGES of a certificate confirming that (i) the conditions to Closing as set out in section 2.4 of the OGES Settlement Agreement have been satisfied or waived by the Receiver and OGES; and (ii) that the transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the OGES Settlement Agreement.

THE RECEIVER CERTIFIES the following:

1. The conditions to Closing as set out in section 2.4 of the OGES Settlement Agreement have been satisfied or waived by the Receiver and OGES; and
2. The Transaction has been completed to the satisfaction of the Receiver.

This Certificate was delivered by the Receiver at Calgary on March ____, 2014.

Duff & Phelps Canada Restructuring Inc.,
in its capacity as Receiver and Manager of
the undertaking, property and assets of
Surefire Industries Ltd. and not in its personal
capacity
Per:

Name:
Title: