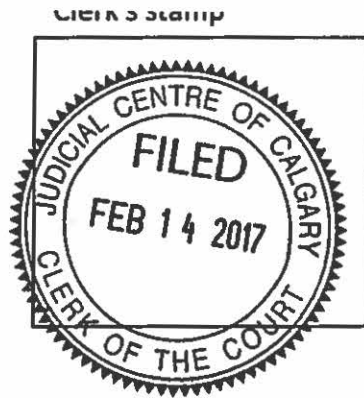


I hereby certify this to be a true copy of
the original Order

Dated this 14 day of Feb 2017

[Signature]
for Clerk of the Court



COURT FILE NUMBER

1701-02272

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT

ALBERTA ENERGY REGULATOR

RESPONDENT

✓
LEXIN RESOURCES LTD.

DOCUMENT

Interim Order and
ORDER RE EQUIPMENT ✓

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

JENSEN SHAWA SOLOMON DUGUID HAWKES LLP
Barristers
800, 304 - 8 Avenue SW
Calgary, Alberta T2P 1C2

Christa Nicholson
Phone: 403 571 1520
Fax: 403 571 1528
Email: nicholsonc@jssbarristers.ca
File: 13817-001

DATE ON WHICH ORDER WAS PRONOUNCED:

February 14, 2017

LOCATION OF HEARING OR TRIAL:

Calgary Courts Centre

NAME OF JUDGE WHO MADE THIS ORDER:

Mr. Justice W.A. Tilleman

UPON THE APPLICATION of the Applicant, the Alberta Energy Regulator (the "AER"), brought by Originating Application filed February 14, 2017 returnable at 1:00 p.m. on February 14, 2017 (the "Originating Application"); AND UPON HAVING READ the Affidavit of Cory Schieman, sworn on February 14, 2017 (the "Schieman Affidavit"); AND UPON NOTING that the

Equipment Direction (as defined in the Schieman Affidavit and marked as Exhibit "S" thereto), references:

- a) section 32 of the OGCA which provides that a responsibility, obligation, or liability of a licensee, approval holder or working interest participant in respect of the operation, suspension or abandonment of a well or facility extends to associated equipment (the "Equipment") and non-licensed facilities that are used in connection with the operation, suspension or abandonment of the well or facility; and
- b) directs the Respondent, Lexin Resources Ltd. ("Lexin"), *inter alia*, that no Equipment be removed from the sites for which Lexin is the licensee (the "Sites") without the AER's prior approval;

AND UPON NOTING that Equipment has been removed from the Sites and also that since the Equipment Direction, Equipment has continued to be removed from the Sites, all without the approval of the AER (the "Unauthorized Activity"), as described in the Schieman Affidavit; **AND UPON NOTING** the AER's position that the Unauthorized Activity is:

- a) contrary to Rules 3.013, 6.040(1) and 7.001 of the *Oil and Gas Conservation Rules*, Alta Reg 151/1971 (the "Rules"); and
- b) subsequent to the issuance of the Suspension Order (as defined in the Schieman Affidavit), contrary to the Suspension Order, Rule 3.020 of the Rules and AER Directive 013;

AND UPON NOTING that pursuant to sections 19(2) and 19(3) of the *Responsible Energy Development Act* ("REDA"), the AER may apply to the Court for an Order prohibiting the Unauthorized Activity where a person commences, undertakes, or continues the activity for which approval is required and approval has not been obtained, or where the AER has made a direction such as the Equipment Direction regarding the Unauthorized Activity and a person has failed to comply with the direction; **AND UPON NOTING** that section 103(2) of the *Oil and Gas Conservation Act*, RSA 2000, c O-6 ("OGCA") provides the AER with a statutory priority lien as

more particularly described therein (the "Lien"); **AND UPON NOTING** the Personal Property Registry Search Results Report conducted in respect of Lexin, describing parties whom, as at February 8, 2017, claim interests in some or all of the Equipment by virtue of security interests and writs of enforcement (the "PPR Claimants"), a copy of which is marked as **Exhibit "W"** to the Schieman Affidavit; **AND UPON NOTING** the list of all of Lexin's WIPs known to the AER and their addresses (the "Known WIPs") which is marked as **Exhibit "X"** to the Schieman Affidavit; **AND UPON NOTING** the Affidavits of Service indicating that service of the Originating Application and the Schieman Affidavit was effected upon Lexin by personal service and upon counsel for Lexin and the Directors (as defined in the Schieman Affidavit), Groia & Company Professional Corporation, by email, on the morning of February 14, 2017; **AND UPON NOTING AND UPON HEARING** the submissions of counsel for the Applicant, the AER, [and counsel for Lexin]; *who appeared with like notice and qualified her submissions based on evidence that will be filed.*
IT IS HEREBY ORDERED AND DECLARED THAT:

1. ~~All parties entitled to notice of the Originating Application have been served with notice of the same;~~ *ur* the time for service of the Originating Application is hereby abridged such that service effected on the parties served with notice of the Originating Application shall be good and sufficient notice of the Originating Application, pursuant to Rules 11.27 and 13.5 of the Alberta Rules of Court; and it is appropriate in the circumstances that the Originating Application proceed at the appointed time.

2. Pursuant to section 19(2) of REDA, all persons, including but not limited to Lexin and its directors, agents and employees, as well as the Known WIPs, the PPR Claimants, and anyone claiming liens, charges, set-off rights, mortgages, and other security interests against Lexin, or affecting the Sites, are hereby ordered to refrain from and are hereby prohibited from engaging in the Unauthorized Activity except:

- (a) with the written prior approval of the AER; or
- (b) if otherwise ordered by this Court on an application to this Court brought with not less than 7 days' notice to the AER.

who have
notice of this
Order

3. Pursuant to section 19(3) of REDA, Lexin and its agents and employees shall comply with the terms of the Equipment Direction.

This Order shall be posted on the AER website immediately. This notice requirement

~~4. This Order shall be served upon Lexin by delivery to its primary attorney, Bradley Squibb, Stikeman Elliott LLP, 4300 Bankers Hall West, 888 3rd Street West, Calgary, Alberta, T2P 5C5.~~

5. This Order shall be served upon Lexin's ~~Director~~ by email in care of:

Bonnie Roberts Jones
Groia & Company Professional Corporation
365 Bay Street, Suite 1100
Toronto, Ontario M5H 2V1
Email: briones@groiaco.com

which
can
include
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6. All PPR Claimants shall be served with this Order at the addresses set forth in the attached Schedule "A".

7. The Known WIPs shall be served with this Order at the addresses set forth in the attached Schedule "B".

8. This Order does not make any determinations with respect to the property rights of anyone regarding the Equipment, including the PPR Claimants or in respect of the AER's Lien but it is without prejudice to and does not derogate from any rights the AER may have to assert and enforce a claim respecting the Equipment and/or the Lien, without notice to anyone.

9. Unless otherwise ordered or agreed by the AER in writing, within 14 days of receipt of service of this Order, any interested party, including any of the Known WIPs and any of the PPR Claimants, may apply to this Court to vary or amend this Order or seek any other relief it may deem appropriate on not less than 7 days' notice to the AER 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.

In respect of Lexin and its fact and arguments
10. This Order will be reviewed Friday Feb 17, 2017
at 9:00 a.m. Notice of the Order will be given to
the Public Health Authority responsible for the City of Calgary.

[Signature]
Justice of the Court of Queen's Bench of Alberta

SCHEDULE A

PPR Claimant	Claimed Interest	Address
Compass Compression Services Ltd.	Security Agreements Report of Seizure	1537, 9 th Avenue SW Calgary, AB T2G 5N4
Summit Acceptance Corp.	Security Agreements	4620 Blackfoot Trail SE Calgary, AB T2G 4G2
MFC Energy Finance Inc.	Security Agreement Land Charge	Suite 1860, 400 Burrard Street Vancouver, BC V6C 3A6
Taq North	Security Agreement	2100, 308 4 th Avenue SW Calgary, AB T2P 0H7
Marquinn Industries Ltd.	Security Agreement	7115 Sparrow Drive Leduc, AB T9E 7L1
Baker Hughes Canada Company	Writ of Enforcement	c/o DLA Piper (Canada) LLP 1000, 250 2 nd Street SW Calgary, AB T2P 0C1
Caledonian Royalty Corporation	Security Agreement Land Charge	2150, 300 5 th Avenue SW Calgary, AB T2P 3C4
Her Majesty the Queen in Right of Alberta	Writs of Enforcement	c/o Service Alberta Crown Debt Collections 8 th Floor John E. Brownlee Building Edmonton, AB T5J 3W7
Deloitte Management Services LP	Report of Seizure	c/o Miller Thomson LLP 2700 Commerce Place 10155 102 Street Edmonton, AB T5J 4G8
Municipal District of Ranchlands No. 66	Report of Seizure	PO Box 1060 Nanton, AB T0L 1R0

SCHEDULE B

Inquiries 1-855-297-8311
24-hour
emergency 1-800-222-6514

Delivered by courier:

President
Lexin Resources Ltd. (0CW8)
300, 404 - 6 Ave SW
Calgary, AB T2P 0R9

E-mail: tmccrory@lexin.ca

President
Adeco Exploration
Company Ltd. (0ZA0)
c/o Bennett Jones LLP
4500, 855 - 2 St SW
Calgary, AB T2P 4K7

President
Bonavista Energy
Corporation (A5RX)
1500, 525 - 8 Ave SW
Calgary, AB T2P 1G1

E-mail:
colin.hennel@bonavistaenergy.com

President
Caledonian Royalty Corporation
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Calgary, AB T2P 3C4

E-mail:
david.horn@caledonianroyalty.com

President
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Resources Limited (0HE9)
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President
Coastal Resources Limited
(0PR1)
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President
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(0057)
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E-mail:
ashley.l.laycraft@esso.ca

Ms. Nancy Penner
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c/o Parlee McLaws LLP
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Calgary, AB T2P 3Y7

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Calgary, AB T2P 3J4

E-mail: pradeep@new-north.com

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Stuart.widmer@sanlingenergy.com

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HIsidoro@pinecliffenergy.com

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c/o Paramount Resources Ltd. (0AW4)
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President
Signalta Resources Limited
(0R89)
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Calgary, AB T2P 3E5

E-mail:
angela.meister@signalta.com

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Mr. Michael Bolianatz
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c/o Lexin Resources Ltd.
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Delivered by registered mail:

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Calgary, AB T3K 0S3

E-mail:
gschermers@bears pawpet.com

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Management Inc. (A6JF)
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E-mail: maugust@ltam.ca

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Calgary, AB T3Z 1H5

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