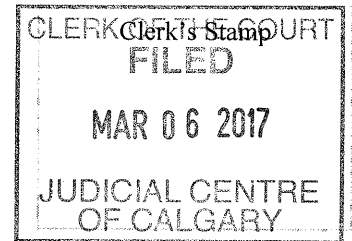


COURT FILE NUMBER **1501-05908**
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
PLAINTIFF **CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH, in its capacity as Administrative
Agent under that certain First Lien Term
Loan Credit Agreement dated March 31, 2014**



DEFENDANTS **SOUTHERN PACIFIC RESOURCE CORP.,
SOUTHERN PACIFIC ENERGY LTD.,
1614789 ALBERTA LTD., 1717712
ALBERTA LTD. and SOUTHERN PACIFIC
RESOURCE PARTNERSHIP**

DOCUMENT **APPLICATION BY RECEIVER:
Approval of Engagement of
Financial Advisor & Sales Process**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT **Josef G.A. Krüger, Q.C./Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9563/9774
Facsimile: (403) 266-1395
Email: jkruger@blg.com/rgurofsky@blg.com
File No. 422442/000031**

NOTICE TO RESPONDENT

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 15, 2017
Time 10:00 a.m.
Where The Calgary Courts Centre, 601-5th Street S.W., Calgary Alberta
Before Whom The Honourable Justice P.R. Jeffrey (Commercial Chambers)

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. The Applicant, PricewaterhouseCoopers Inc. (“**PWC**”), in its capacity as the court-appointed receiver and manager (the “**Receiver**”) of Southern Pacific Resource Corp., Southern Pacific Energy Ltd., 1614789 Alberta Ltd., 1717712 Alberta Ltd., and Southern Pacific Resource Partnership (collectively “**Southern Pacific**”), seeks Orders, substantially in the forms attached hereto as **Schedules “B”** and “**C**” for the following relief:
 - (a) Declaring service of this Application good and sufficient, and abridging the time for notice of this Application to the time actually given, if necessary;
 - (b) Approving the engagement by the Receiver of Houlihan Lokey (“**Houlihan**”) as financial advisor to the Receiver, and approving the engagement letter executed by the Receiver and Houlihan dated January 24, 2017, and attached as **Appendix “A”** to the Third Report of the Receiver, dated March 6, 2017 (the “**Third Report**”); and
 - (c) Approving the Sales Process in respect of Southern Pacific’s McKay Facility, which Sales Process is attached as **Appendix “B”** to the Third Report.
2. Such further and other relief as Counsel may advise and this Honourable Court permit.

Grounds for making this application:

Background

3. On January 21, 2015, Southern Pacific successfully applied to this Honourable Court (the “**Court**”) for protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) and was granted an order (the “**Initial Order**”) staying its creditors until February 21, 2015. The Court appointed PWC as monitor of Southern Pacific under the Initial Order.
4. Pursuant to several orders of this Court, the stay was extended to June 1, 2015 to allow Southern Pacific to run a sales and investment solicitation process (the “**CCAA SISP**”). Ultimately the CCAA SISP did not result in a successful transaction and on June 1, 2015 Southern Pacific did not seek a further extension of the stay period under the CCAA.
5. On application by the Plaintiff, the Receiver was appointed as receiver and manager of Southern Pacific pursuant to an Order of this Honourable Court dated June 1, 2015, as amended on June 4, 2015 (the “**Receivership Order**”).

6. Southern Pacific is a focused bitumen and heavy oil developer and producer. At the time of the Receivership Order, its primary focus was on thermal extraction in-situ processes in oil sands projects in the Western Canadian sedimentary basin.
7. The Plaintiff is the major secured lender of Southern Pacific, holding a general security agreement over all of Southern Pacific's present and after acquired personal property.
8. Since the Receivership Order, the Receiver has:
 - (a) Sold the Senlac Facility, located in Saskatchewan, which sale was approved by this Honourable Court on December 3, 2015;
 - (b) Continued to work closely with Southern Pacific's five remaining employees, contractors and vendors to ensure safe function and continued maintenance under the warm hibernation program at the McKay Facility;
 - (c) Maintained open communications with provincial regulators to ensure compliance with various regulatory requirements in both Saskatchewan and Alberta;
 - (d) Taken all steps necessary to ensure safe cessation of production operations and continuation of the hibernation process at the McKay Facility;
 - (e) Obtained a court order that provides for the full and final resolution of the Altex Energy Ltd. dispute; and
 - (f) Continued to receive and vet unsolicited expressions of interest for the McKay Facility.

Engagement of Financial Advisor

9. Houlihan was originally engaged by the First Lien Creditors prior to the *Companies' Creditors Arrangement Act* (the "CCAA") proceedings in respect of Southern Pacific, which commenced on January 24, 2015. Houlihan continued to be engaged by the First Lien Creditors throughout the CCAA and Receivership proceedings. As a result, Houlihan has existing knowledge of the McKay Facility.
10. The First Lien Creditors have requested that the Receiver engage Houlihan to conduct a formal sales process for the McKay Facility. Given Houlihan's prior and continued involvement with Southern Pacific and its existing knowledge of the McKay Facility specifically, the Receiver believes that such appointment would be appropriate in the circumstances and would lend efficiencies and value to any marketing process undertaken in the within proceedings.

11. As a result, an engagement letter was executed by the Receiver and Houlihan dated January 24, 2017, which is conditional upon Court approval (the “**Engagement Letter**”).
12. The Receivership Order permits the Receiver to engage consultants and such other persons as are necessary to assist the Receiver with the exercise of its powers and duties, including those conferred by the Receivership Order. In the Receiver’s view, it is in the best interests of Southern Pacific’s stakeholders that the Engagement Letter be approved so that Houlihan may assist the Receiver with the proposed sales process, described below.

Sales Process

13. Pursuant to the Receivership Order, the Receiver is authorized to sell, convey, transfer, lease or assign Southern Pacific’s property.
14. The Receiver has, in consultation with Houlihan and the First Lien Creditors, prepared a Sales Process with a number of deadlines. The proposed Sales Process attached as Appendix B to the Receiver’s Third Report. The Receiver is of the view, based on its discussion with Houlihan, that the proposed process will provide an opportunity to market the remaining property in a robust yet efficient manner.
15. In the Receiver’s view, the proposed Sales Process and timelines included therein are in the best interests of Southern Pacific and its stakeholders, and are fair, reasonable and necessary to maximize value for the stakeholders.

Material or evidence to be relied on:

16. The Receiver’s Third Report, dated March 6, 2017.
17. The pleadings previously filed in these proceedings.

Applicable rules:

18. *Alberta Rules of Court*, AR 124/2010, and in particular Rules 1.3, 6.3, 11.27, 11.29 and 13.5.
19. *Bankruptcy and Insolvency General Rules*, and in particular Rules 3, 6 and 11.
20. Such further and other rules as Counsel may advise and this Honourable Court permit.

Applicable Acts and regulations:

21. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and in particular Part XI thereof.
22. Such further and other acts and regulations as Counsel may advise and this Honourable Court permit.

Any irregularity complained of or objection relied on:

23. None.

How the application is proposed to be heard or considered:

24. In person, before the Honourable Justice P.R Jeffrey, with 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 give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

TAB A

SCHEDULE "A"

SERVICE LIST

SERVICE LIST

| | |
|---|--|
| Alberta Environment and Sustainable Resource Development Finance Branch 9915 - 108 Street NW Edmonton AB, T5K 2G8 Sandra Moore | Sandra.Moore@gov.ab.ca |
| Alberta Environment and Sustainable Resource Development Regional Approvals, Lower Athabasca Region 111 Twin Atria Building, 4999 - 89 Avenue Edmonton AB, T68 2X3 Wayne Holland | wayne.holland@gov.ab.ca |
| ARI Financial Services Inc. 600, 1270 Central Parkway West Mississauga, ON L5C 4P4 | Via courier |
| Bennett Jones 4500 Bankers Hall East 855 – 2 nd Street SW Calgary, AB, T2P 4K7 Chris Simard Alexis Teasdale | SimardC@bennettjones.com TeasdaleA@bennettjones.com |
| Blake Cassels & Graydon LLP 855-2 Street SW, Suite 3500 Calgary, AB T2P 4J8 Kelly J. Bourassa | Kelly.bourassa@blakes.com |
| Blake Cassels & Graydon LLP 199 Bay Street Suite 4000, Commerce Court West Toronto ON M5L 1A9 Pamela Huff | pamela.huff@blakes.com |
| Borden Ladner Gervais Centennial Place, East Tower 1900, 520 — 3 rd Ave S W Calgary, AB, T2P OR3 Josef Kruger Robyn Gurofsky | jkruger@blg.com rgurofsky@blg.com |
| Canadian Natural Resources Limited Suite 2500, 855-2 nd Street SW Calgary, AB T2P 4J8 Karen Davis | Karen.Davis@cnrl.com |
| Cassels Brock 2100 Scotia Plaza, 40 King Street W Toronto, ONT M5H 3C2 Ryan C. Jacobs Shayne Kukulowicz Natalie Levine | rjacobs@casselsbrock.com skukulowicz@casselsbrock.com nlevine@casselsbrock.com |

| | |
|--|--|
| Computershare Trust Company of Canada 600, 530-8 th Avenue SW Calgary, AB T2P 3S8 | info@computershare.com |
| Dentons Canada LLP Bankers Court 850 2nd Street SW, 15 th Floor, Calgary, AB, T2P OR8 David LeGeyt | David.legeyt@dentons.com |
| Department of Justice, Tax Law Services, Prairie Region 601, 606-4th Street SW Calgary AB, T2P 1T1 Jill Medhurst-Tivadar | Jill.Medhurst@justice.gc.ca |
| McDougall Gauley LLP 1500-1881 Scarth Street Saskatoon, SK S4P 4K9 Mike Milani Brett Ledingham | mmilani@mcdougallgauley.com bledingham@mcdougallgauley.com |
| Milbank, Tweed, Hadley & McCloy LLP 1 Chase Manhattan Plaza New York, NY 10005 Evan Fleck | efleck@milbank.com |
| Norton Rose Fulbright Canada LLP Suite 3700, 400 - 3rd Avenue SW Calgary, Alberta T2P 4H2 Jennifer Kennedy Kathleen Cowick Rick Borden Gunnar Benediktsson | Jennifer.Kennedy@nortonrosefulbright.com Kathleen.Cowick@nortonrosefulbright.com Rick.Borden@nortonrosefulbright.com Gunnar.Benediktsson@nortonrosefulbright.com |
| Osler Hoskin Harcourt Suite 6100, 1 First Canadian Place 100 King Street West Toronto Ontario M5X 1B8 Marc Wasserman Michael De Lellis | mwasserman@osler.com mdelellis@osler.com |
| Plains Midstream Canada ULC Suite 1400, 607-8th Avenue SW Calgary, AB T2P 0A7 | notices@plainsmidstream.com |
| PricewaterhouseCoopers 111 – 5 th Avenue SW, Suite 3100 Calgary, AB T2P 5L3 Paul Darby Rick Osuna | paul.j.darby@ca.pwc.com rick.f.osuna@ca.pwc.com |

| | |
|--|--|
| RBC Capital Markets 200 Bay Street Toronto, ON M5J 2W7 Corey Fraiberg Richard Grudzinski Greg Heath | corey.fraiberg@rbccm.com richard.grudzinski@rbccm.com greg.heath@rbccm.com |
| Richard A. Shaw Professional Corporation Suite 4000, 421 Seven Ave. SW Calgary, AB T2P 4K9 Richard Shaw | Richard@shawlawcorp.ca |
| Rural Municipality of Senlac No. 411, Box 130 Senlac, SK S0L 2Y0 | Via Xpress Post |
| Saskatchewan Ministry of the Economy Petroleum Development Branch 200-201 Scarth Street Regina, SK S4P 2H9 Cheryl Matsalla | Cheryl.matsalla@gov.sk.ca |
| Saskatchewan Ministry of Environment Environmental Protection & Audit Division 5 th Floor, 3211 Albert Street Regina, SK S4S 5W6 Erika Ritchie | Erika.Ritchie@gov.sk.ca Fax: (306) 787-2947 |
| Saskatchewan Ministry of Labour Relations & Workplace Safety Employment Standards Room 361, 2405 Legislative Drive Regina, SK. S4S 0B3 Don Morgan, Q.C. | Via Courier |
| Saskatchewan Revenue and Financial Services Suite 601, 1919 Saskatchewan Drive Regina, SK S4P 4H2 | Via Courier |
| Saskatchewan Workers' Compensation Board 200, 1881 Scarth Street Regina, SK S4P 4K5 Wayne Dale | Via Courier |
| Sask Energy 900-1777 Victoria Avenue Regina, SK S4P 0S1 | legaldesk@saskpower.com |
| SaskTel 12 th Flr., 2121 Saskatchewan Drive Regina, SK S4P 3Y2 | Via Courier |
| TransGas Limited 700-1777 Victoria Avenue Regina, SK S4P 4K5 | Via Courier |

| | |
|---|--|
| <p>Torys LLP 79 Wellington Street W, 30th Floor Box 270, TD South Tower Toronto, ON M5K 1N2 Lee Cassey</p> | <p>lcassey@torys.com</p> |
| <p>Water Security Agency 400-111 Fairford Street E Moose Jaw, SK S6H 7X9</p> | <p>Via Courier</p> |
| <p>1717006 Alberta Limited c/o Registered Office 100, 4918-51 Street Camrose, AB T4V 1S3</p> <p>1717006 Alberta Limited c/o Records Office 3724-42nd Avenue Camrose, AB T4V 4W3</p> | <p>Via Courier</p> <p>office@denarii.ca Fax 1-866-452-0286</p> |
| <p>Canada Revenue Agency Room 330, 220 - 4th Avenue SE Calgary, AB T2G 0L1 Stan Kowalewski</p> | <p>Via Courier</p> |
| <p>Regional Intake Centre, Insolvency-Prairie Canada Place 9700 Jasper Avenue Edmonton, AB T5J 4C8</p> | <p>Via Courier</p> |
| <p>Ministry of Justice Office of Public Registry Administration 1110-1874 Scarth Street Regina, SK S4P 4B3 Registrar of Titles - Karen Banks</p> | <p>karen.banks@gov.sk.ca</p> |
| <p>Ministry of Justice Office of Public Registry Administration 1110-1874 Scarth Street Regina, SK S4P 4B3 Registrar of Personal Property Security Sheri A. Hupp</p> | <p>sheri.hupp@gov.sk.ca</p> |

TAB B

SCHEDULE "B"

ORDER – ENGAGEMENT OF HOULIHAN LOKEY

COURT FILE NUMBER **1501-05908**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE Calgary

PLAINTIFF **CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH, in its capacity as Administrative
Agent under that certain First Lien Term
Loan Credit Agreement dated March 31, 2014**

DEFENDANTS **SOUTHERN PACIFIC RESOURCE CORP.,
SOUTHERN PACIFIC ENERGY LTD.,
1614789 ALBERTA LTD., 1717712
ALBERTA LTD. and SOUTHERN PACIFIC
RESOURCE PARTNERSHIP**

DOCUMENT **ORDER: Approval of Financial
Advisor**

Clerk's Stamp

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT Josef G.A. Krüger, Q.C./Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9563/9774
Facsimile: (403) 266-1395
Email: jkruger@blg.com/rgurofsky@blg.com
File No. 422442/000031

DATE ON WHICH ORDER WAS PRONOUNCED: March 15, 2017

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice P.R. Jeffrey

UPON the Application of PricewaterhouseCoopers Inc. in its capacity as the court-appointed receiver and manager (the "**Receiver**") of Southern Pacific Resource Corp., Southern Pacific Energy Ltd., 1614789 Alberta Ltd., 1717712 Alberta Ltd., and Southern Pacific Resource Partnership (collectively "**Southern Pacific**"), for an Order approving the engagement of a financial advisor; **AND UPON** having read the Application, the Third Report of the Receiver dated March 6, 2017, filed (the "**Third Report**"), and the pleadings and proceedings previously filed herein; **AND UPON** hearing counsel for the Receiver and any other interested party appearing at the Application,

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the notice of application for this order is abridged and deemed good and sufficient and this application is properly returnable today.
2. The engagement letter between the Receiver and Houlihan Lokey, dated January NTD, 2017, attached to the Third Report as **Appendix “NTD”**, (the **“Engagement Letter”**) is hereby approved. The Receiver is hereby authorized and directed to do all things as are reasonably necessary to carry out its obligations under the Engagement Letter, and to take such additional steps and execute such additional documents and make minor amendments to the Engagement Letter as may be necessary or desirable for the completion of the terms of the Engagement Letter.
3. Service of this Order shall be deemed good and sufficient by serving same on the persons listed on the Service List (as found at Schedule “A” to the Application) and by posting a copy of this Order on the Receiver’s website established in respect of these proceedings. No other persons are entitled to be served with a copy of this Order. Service of this Order shall be deemed good and sufficient regardless of whether service is effected by PDF copy attached to an email, facsimile, courier, personal delivery or ordinary mail.

Justice of the Court of Queen’s Bench of Alberta

TAB C

SCHEDULE “C”

ORDER – SALES PROCESS

COURT FILE NUMBER **1501-05908**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE Calgary

PLAINTIFF **CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH, in its capacity as Administrative
Agent under that certain First Lien Term
Loan Credit Agreement dated March 31, 2014**

DEFENDANTS **SOUTHERN PACIFIC RESOURCE CORP.,
SOUTHERN PACIFIC ENERGY LTD.,
1614789 ALBERTA LTD., 1717712
ALBERTA LTD. and SOUTHERN PACIFIC
RESOURCE PARTNERSHIP**

DOCUMENT **ORDER: Approval of Sales Process**

Clerk's Stamp

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT Josef G.A. Krüger, Q.C./Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9563/9774
Facsimile: (403) 266-1395
Email: jkruger@blg.com/rgurofsky@blg.com
File No. 422442/000031

DATE ON WHICH ORDER WAS PRONOUNCED: March 15, 2017

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice P.R. Jeffrey

UPON the Application of PricewaterhouseCoopers Inc. in its capacity as the court-appointed receiver and manager (the "**Receiver**") of Southern Pacific Resource Corp., Southern Pacific Energy Ltd., 1614789 Alberta Ltd., 1717712 Alberta Ltd., and Southern Pacific Resource Partnership (collectively "**Southern Pacific**"), for an Order approving the Sales Process; **AND UPON** having read the Application, the Third Report of the Receiver dated March 6, 2017, filed (the "**Third Report**"), and the pleadings and proceedings previously filed herein; **AND UPON** hearing counsel for the Receiver and any other interested party appearing at the Application,

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the notice of application for this order is abridged and deemed good and sufficient and this application is properly returnable today.
2. The Sales Process as attached hereto as Schedule "A" is hereby approved. The Receiver is hereby authorized and directed to implement the Sales Process and do all things as are reasonably necessary to conduct and give full effect to the Sales Process and carry out its obligations thereunder, including seeking approval of this Court as soon as reasonably practicable following the selection of a Successful Bid (as such term is defined in the Sales Process).
3. Service of this Order shall be deemed good and sufficient by serving same on the persons listed on the Service List (as found at Schedule "A" to the Application) and by posting a copy of this Order on the Receiver's website established in respect of these proceedings. No other persons are entitled to be served with a copy of this Order. Service of this Order shall be deemed good and sufficient regardless of whether service is effected by PDF copy attached to an email, facsimile, courier, personal delivery or ordinary mail.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"
SALES PROCESS