



COURT FILE NUMBER 1501-06320

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF WELLS FARGO Foothill CANADA ULC

DEFENDANTS BIG EAGLE HYDRO-VAC INC., BIG EAGLE LIMITED PARTNERSHIP, BIG EAGLE HYDRO-VAC (NORTH) INC., and BIG EAGLE (NORTH) LIMITED PARTNERSHIP

DOCUMENT THIRD REPORT OF THE COURT APPOINTED RECEIVER AND MANAGER OF BIG EAGLE HYDRO-VAC INC., BIG EAGLE LIMITED PARTNERSHIP, BIG EAGLE HYDRO-VAC (NORTH) INC., and BIG EAGLE (NORTH) LIMITED PARTNERSHIP

DATED AUGUST 12, 2015

PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Table of Contents

Introduction and background.....	2
Introduction	2
Notice to reader	2
Background.....	2
Powers of the Receiver	5
Update on the Receiver's activities.....	6
Receiver's activities	6
Leased equipment with Gator Frac Heating and Rentals, LLC	8
The Leases	8
Possession of the Units	9
Expiry of Lease One and the Return of RU-015.....	9
Missed Lease Payments and the Deposits	10
Receiver's Position with Regards to the Leases	10
Statement of Receipts and Disbursements.....	11
Approvals sought	12

APPENDICES

Appendix A – Gator Frac Leases

Appendix B – Dean Hutchinson's Letter to Gowlings dated July 22, 2015 with enclosures (leases)

Appendix C – Dean Hutchinson's Letter to Gowlings dated July 23, 2015 with enclosures (emails)

Appendix D – Gowling's letter dated August 5, 2015 setting out the Receiver's position

Appendix E – E-mail correspondence re: Unit RU-015

Appendix F - Statement of Receipts and Disbursements for the Period June 8, 2015 to August 10, 2015

Introduction and background

Introduction

1. Pursuant to an Order (the “**Receivership Order**”) granted by the Court of Queen’s Bench of Alberta (the “**Court**”) on June 8, 2015 (the “**Date of Receivership**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as receiver and manager (the “**Receiver**”) of Big Eagle Hydro-Vac Inc., Big Eagle Limited Partnership, Big Eagle Hydro-Vac (North) Inc., and Big Eagle (North) Limited Partnership (collectively “**Big Eagle**” or the “**Companies**”). A copy of the Receivership Order and other information regarding these proceedings can be accessed on the Receiver’s website at <http://www.insolvencies.deloitte.ca/en-ca/Pages/Big-Eagle-Group.aspx>.
2. The Receivership Order was granted pursuant to an application by Wells Fargo Foothill Canada ULC (“**Wells Fargo**”), who holds registered security over all of the Companies’ present and after-acquired personal property (“**Wells’ Security**”).
3. The Receiver’s independent legal counsel, Gowling Lafleur Henderson LLP (“**Gowlings**”), has been assisting the Receiver with various matters and has completed an independent review (the “**Security Review**”) of the Wells’ Security over the property, assets and undertakings of the Companies, except for the three (3) pieces of owned real estate (the “**Owned Properties**”).

Notice to reader

4. In preparing this report, Deloitte has relied on unaudited financial information, the Companies’ books and records and discussions with former management, Realization Services, Inc. (“**RSI**”), interested parties and the Companies’ stakeholders. The Receiver has not performed an independent review or audit of the information provided.
5. All amounts in this report are in Canadian dollars unless otherwise indicated.
6. Capitalized terms used in this third report (“the **Third Report**”) but not defined herein are as defined in the first report of the Receiver dated June 26, 2015 (the “**First Report**”) and the second report of the Receiver dated July 17, 2015 (the “**Second Report**”), as applicable.

Background

7. Big Eagle provided industrial and oilfield service solutions across the energy sector in Western Canada and the Northwest Territories. With its fleet of over 450 units, which included Nitrogen, Coiled Tubing, Super Heaters, Vac, Water, Hydro-vac, Combo, Heating and Pressure Equipment, Tank Cleaning, Pipeline and Plant Turn-around support crews and equipment, the Companies provided a comprehensive

range of recurring and non-discretionary facility services, including facility turnaround and maintenance, industrial cleaning, hydro excavating, and tank cleaning. The Companies also provided extensive upstream services, including nitrogen pumping, fluid management, and frac water heating.

8. Wells Fargo and Apollo Global Management LLC et al (“**Apollo**”) are the most significant economic stakeholders in Big Eagle (the “**Stakeholders**”) with combined indebtedness owing of approximately \$53.9 million as at the Date of Receivership (the “**Secured Debt**”). Wells Fargo is the principal lender to the Companies and holds various security positions as against the Companies and their assets. Apollo is the majority shareholder of Big Eagle. Apollo purchased and has subordinated participation interests in the Secured Debt in the aggregate amount of approximately \$34.9 million at the Date of Receivership, with interest accruing since that date (the “**Apollo Participation**”). The Apollo Participation is secured by the Wells’ Security. Wells Fargo’s senior portion of the secured debt was approximately \$19.0 million at the Date of Receivership, and this amount has increased with accrued interest since then.
9. Big Eagle Limited Partnership was the operating entity which owned the Companies’ assets and retained the employees. Big Eagle (North) Limited Partnership (“**Big Eagle North**”) did not own any of the Companies’ assets and, as at the Date of Receivership, Big Eagle North had no active employees.
10. The First Report provided an update on the steps taken by the Receiver to take possession and control of the assets of the Companies as well as details of the agency and consulting agreements entered into by the Receiver, the ongoing operations of the Companies and the assets owned and liabilities outstanding. The First Report also provided details of the auction proposal solicitation process undertaken by the Receiver and RSI and the auction services agreement (the “**Great American ASA**”) entered into by the Receiver with Great American Global Partners, LLC (“**Great American**”). In the First Report, the Receiver sought approval of the reported actions of the Receiver, approval of the Coil Tubing Sale (as defined in below), approval of the Great American ASA, and approval of an auction and asset solicitation process (the “**AASP**”).
11. Pursuant to the First Report, the Court granted an Order on June 29, 2015 (the “**AASP Order**”) declaring and ordering that, among other things:
 - a) The actions of the Receiver reported to date were ratified and approved;
 - b) The Receivership Order was amended to reflect the proper legal description of the Owned Properties;
 - c) The Great American ASA (the “**Stalking Horse Bid**”) was approved;
 - d) The AASP was approved;
 - e) The Receiver was authorized to take any steps that were reasonably necessary or desirable to carry out the AASP; and
 - f) The sale of the five (5) coiled tubing units and trailers to 2015 DHS Capital Co. (the “**Coil Tubing Sale**”) was approved.

12. The Second Report provided an update on the Receiver's activities since the First Report, detailed the results of the AASP, sought Court approval of the Successful Bidder, and requested an interim distribution to Wells Fargo.
13. Pursuant to the Second Report, the Court granted an Order on July 17, 2015 (the "**Distribution Order**") declaring and ordering that, among other things:
 - a) The actions of the Receiver reported to date were ratified and approved;
 - b) That the Great American ASA (the "**Stalking Horse Bid**") was the successful bid in accordance with the AASP;
 - c) The Receiver was authorized and directed to pay to Wells Fargo an interim distribution in the amount of \$3,400,000; and
 - d) The Receiver was authorized to make such further and other distributions required to satisfy the amounts owing by the Company to Wells Fargo, subject to any reserves the Receiver deemed necessary.
14. The Third Report is filed in support of the Receiver's application to this Honourable Court on August 20, 2015 seeking:
 - a) Approval of the reported actions of the Receiver since the Second Report in respect of administering these receivership proceedings;
 - b) Advice and direction of the Court with regards to the priority of security interests as between Wells Fargo and Gator Frac Heating and Rentals, LLC ("**Gator Frac**") as they relate to two Leases (defined later in this Third Report); and
 - c) Either of the following orders to implement the Court's advice and direction:
 - i) Should this Honourable Court find that Wells' Security is in priority to any claim of Gator Frac to one or both of the Units (defined later in this Third Report), the Receiver requests an order entitling the Receiver to dispose of one or both of the Units in accordance with the provisions of the Receivership Order and to administer the proceeds of sale pursuant to the terms of the Distribution Order granted by the Honourable Justice LoVecchio on July 24, 2015 (the "**Distribution Order**").
 - ii) In the alternative, should this Honourable Court find that one or both of the Units are not subject to the Alberta *Personal Property Security Act* or that Wells' Security does not give Wells Fargo an interest in one or more of the Units, the Receiver requests an order permitting it to release the Units to Gator Frac.

Powers of the Receiver

15. The Receiver's powers are detailed in Paragraph 4 of the Receivership Order. They include the power to take and maintain possession and control of the assets of the Companies; the power to manage, operate and carry on the business of the Companies; and the power to market and sell the Companies' assets (subject to Court approval if one sale exceeds \$400,000 or if in the aggregate the sales exceed \$2.0 million), among others.
16. The Receivership Order also empowers the Receiver to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$3.0 million (or such greater amount as the Court may by further Order authorize) (the "**Borrowing Facility**").

Update on the Receiver's activities

Receiver's activities

17. Since the Second Report, the Receiver has undertaken, with the assistance of RSI in some cases, the following activities:

- a) Supervising and directing RSI, Morley Myden, Chris Anderson, and the other retained employees.
- b) Corresponding with creditors and parties interested in the assets of Big Eagle;
- c) Administering the Wage Earner Protection Program and corresponding with employees in regards to same;
- d) Collecting accounts receivable and sweeping of funds from Big Eagle's Bank of Montreal account to the Receiver's account on a daily basis;
- e) Soliciting proposals from collection agencies that may be engaged to assist with further collection activities;
- f) Continuing the coordination and consolidation of the Companies assets at the Swift Current, Edmonton and Grande Prairie locations (the "**Remaining Sites**");
- g) Contacting potential interested parties with respect to the Owned Properties, including the existing tenants, and proceeding to enter into listing agreements for the Owned Properties;
- h) Reviewing equipment liens, assessing equity positions, and arranging for payment as appropriate, and coordinating the return of the equipment to the Remaining Sites;
- i) Reviewing disbursements and arranging for payment, including payroll for the retained employees;
- j) Coordinating site maintenance and clean-up at the Companies' various leased premises;
- k) Exiting the Companies' leased locations at Rainbow Lake, Alberta and Medicine Hat, Alberta and disclaiming the leases for same;
- l) Coordinating the sale of the Companies' Zama City, Alberta property, inclusive of a tenancy at will agreement, with Tundra Oilfield Rentals Limited;
- m) Coordinating and assessing equipment maintenance and repair needs and the sale of various parts inventories and other equipment;
- n) Monitoring, in accordance with paragraph 14 of the Receivership Order, the reserve account (the "**Statutory Payment Reserve**") established for the sole purpose of enabling Big Eagle to pay certain pre-filing statutory obligations. All of the known pre-filing wages, vacation pay and payroll

source deductions have been paid and the final stub period GST and provincial sales tax returns (the "**Final Returns**") have been filed for the period June 1 to June 8, 2014. The Receiver is expecting GST refunds in the amount of \$23,138 (\$11,884 for Big Eagle and \$11,254 for Big Eagle North) for the stub period. There is currently no remaining balance in the Statutory Payment Reserve account and the Receiver has paid \$63,950 to cover a shortfall to date. This shortfall may increase after trust audits are completed by CRA for GST and payroll source deductions. The Receiver has requested the completion of these audits, but CRA has not responded to these requests and no date has been set for the audits;

- o) Continuing to coordinate the orderly shut-down of the Operating Divisions, which included terminating retained employees and the transportation of related assets to the Remaining Sites;
- p) Finalizing the Coil Tubing Sale and other asset sales as outlined in the First and Second Reports;
- q) Assisting Great American in preparation for the September auction which included reviewing and coordinating equipment repair requests (the "**Make Ready Repairs**"), assisting with staff retention and hiring of temporary mechanics/labourers, and coordinating ongoing security at the Remaining Sites;
- r) Assisting RSI with the preparation and review of the ongoing Receivership budget; and
- s) Apprising the Secured Lenders on a regular basis as to the status of the Receivership proceedings.

Leased equipment with Gator Frac Heating and Rentals, LLC

19. Gator Frac is a corporation based out of Texas, USA that provides frac heating units to various work sites around the world. Gator Frac's website contains a link for "Frac Heater Rentals", suggesting that Gator Frac is regularly in the business of leasing oil field services equipment (<http://gatorfracheatingandrentals.com/>).

The Leases

20. Big Eagle and Gator Frac entered into two lease agreements, each dated May 30, 2013 (the "**Leases**"), which are attached as Appendix A.
- a) The first lease ("**Lease One**") was for the lease of a trailer mounted frac water heater (44MBTU), serial number 13-201627 ("**RU-015**"). RU-015 was to be leased for a term of 18 months, commencing on January 1, 2014 and ending on June 30, 2015; and
 - b) The second lease ("**Lease Two**") was for the lease of a truck mounted frac water heater (20MBTU), serial number 13-201626 ("**RU-016**"). RU-016 was to be leased for a term of 36 months, commencing on January 1, 2014 and ending on December 31, 2016.
21. Pursuant to the terms of the Leases, Gator Frac agreed to lease RU-015 and RU-016 (collectively the "**Units**") to Big Eagle on the following terms and conditions, among others:
- a) The term of Lease One and Lease Two were for 18 and 36 months respectively;
 - b) Under Lease One, Big Eagle agreed to pay Gator Frac \$262,494.00 USD for the use of RU-015 in equal monthly installments in the amount of \$14,583.00 due on the first business day of each month;
 - c) Under Lease Two, Big Eagle agreed to pay Gator Frac \$684,00.00 USD for the use of RU-016 in equal monthly installments in the amount of \$19,000.00 due on the first business day of each month;
 - d) Big Eagle had the option to extend the term of the Leases for a period of twelve months from the termination date of each of the Leases (as defined in the Leases), provided that Big Eagle notified Gator Frac in writing of its election to exercise the right of extension prior to 90 days from the termination date under each lease; and
 - e) The Leases could be terminated early by mutual consent in writing by fax, email or mail if authorized by signing officers of Big Eagle and Gator Frac.
22. Gowlings has advised the Receiver that the Leases are leases for a term of more than one year within the meaning of the Alberta *Personal Property Security Act* ("**PPSA**"). As such, the Leases are

subject to the priority and enforcement provisions of the PPSA. Gowlings has also advised that Gator Frac has an unperfected security interest with respect to the Units as a result of their failure to register a financing statement in the Alberta Personal Property Registry, in accordance with the relevant provisions of the PPSA.

Possession of the Units

23. The Receiver is informed by former management of Big Eagle that:
- a) Big Eagle contracted with third parties (the “**Agents**”) to pick up the Units from 111 Houston Street, Levelland, Texas, USA;
 - b) The Units were returned to Alberta, Canada within 30 days of the date on which the Agents took possession of the Units; and
 - c) Gator Frac and Big Eagle knew and agreed that the Units would be moved to, and used in, Alberta, Canada.

Expiry of Lease One and the Return of RU-015

24. The term of Lease One expired on June 30, 2015. Lease One was still in effect at the date of the Receivership Order but has since expired.
25. By letter dated July 22, 2015 (attached hereto as Appendix B), counsel to Gator Frac indicated that the Leases had been terminated in accordance with s. 12 of the Leases and that Big Eagle had made arrangements to return the Units to Gator Frac.
26. By letter dated July 23, 2015 (attached hereto as Appendix C), counsel to Gator Frac provided the Receiver with additional documentation to support the assertion that the Leases had been terminated in accordance with s. 12 of the Leases. This documentation included, *inter alia*, an email from:
- a) Dianna Riggs (“**Ms. Riggs**”) at Big Eagle to Josh Brooks (“**Mr. Brooks**”) at Gator Frac dated April 29, 2015 attaching an Affidavit of Manufacture that needed to be completed prior to the return of RU-015, which Big Eagle indicated they would be returning in “a couple of months”;
 - b) Mr. Brooks to Ms. Riggs dated June 5, 2015 asking when the “heater” is expected to ship to which Ms. Riggs replied “before the end of June”;
 - c) Chris Anderson (“**Mr. Anderson**”) at Big Eagle to Mr. Brooks dated January 25, 2015 stating that “the way the contracts read, we will be returning both 44mil super heaters at the beginning of April 2015”. It is not clear which contracts or heaters Mr. Anderson was referring to;
 - d) Mr. Brooks to Mr. Anderson dated June 11, 2015. Mr. Brooks asked Mr. Anderson whether Gator Frac will have any issues getting the “trucks” to which Mr. Anderson replied “None”;
 - e) Mr. Brooks to Mr. Anderson dated June 11, 2015. Mr. Brooks asked Mr. Anderson where the “heaters” can be picked up to which Mr. Anderson replied “Please go to our website and look up the Grande Prairie, Alberta address”; and
 - f) Mr. Brooks to Mr. Anderson dated June 19, 2015 asking whether Gator Frac has approval from the Receiver to pick up the “assets” to which Mr. Anderson replied “yes go get them”.

27. The Receiver was not aware of, or copied on, any of the above referenced emails and at no time did the Receiver approve the return of the Units.
28. Big Eagle's former management also provided the Receiver with additional email correspondence indicating that Big Eagle was taking steps to have the RU-015 returned to Gator Frac on or before the June 30, 2015 expiry of Lease One. This email correspondence is attached as Appendix D and included an email from:
- a) Ms. Riggs to Morley Myden ("**Mr. Myden**") at Big Eagle dated May 25, 2015. Ms. Riggs asked Mr. Myden whether he still wanted to return RU015 to Gator Frac before June 30 and, if so, whether she should get a quote on transporting RU-015, to which Mr. Myden replied "let's get a quote";
 - b) Ms. Riggs to Jason Currah ("**Mr. Currah**") at Big Eagle dated May 25, 2015. Ms. Riggs indicated that Big Eagle would be returning RU015 to Gator Frac in Texas "before the end of June"; and
 - c) Ms. Riggs to Mr. Myden dated June 3, 2015. Ms. Riggs was emailing Mr. Myden to update him on the "return of RU-015 to Texas". Ms. Riggs indicated that she had not received the Affidavit of Manufacture of the drop off address from Mr. Brooks and that they were "running short on time". Ms. Riggs indicated that Mr. Brooks did not seem to be responding to her.
29. None of the documentation provided to the Receiver by counsel to Gator Frac or by Big Eagle's former management indicated that the Company intended to return RU-016 prior to the December 31, 2016 expiry of Lease Two or that either of the Leases were terminated early as alleged by Gator Frac.

Missed Lease Payments and the Deposits

30. Big Eagle did not make their May 2015 rental payments under the Leases (the "**May 2015 Payments**"). The aggregate amount of the May 2015 Payments was \$33,583.00 USD.
31. Big Eagle failed to make the May 2015 Payments because they were seeking to have the May 2015 Payments deducted from a deposit in the amount of \$70,000.00 USD that was paid by Big Eagle to Gator Frac pursuant to a third lease, which is otherwise not at issue ("**Lease Three**"). Lease Three expired on April 30, 2015 and the deposit had not yet been repaid to Big Eagle.

Receiver's Position with Regards to the Leases

32. The Receiver is not taking a position with regards to the priority of the interests under Lease One due to the uncertainty of the effect of the expiry of Lease One on the Receiver's rights to dispose of RU-015 in accordance with the PPSA and the Receivership Order.
33. Based on the advice and opinion of Gowlings (attached hereto as Appendix E), the Receiver takes the position that it is entitled to sell RU-016 and apply the proceeds of this sale to Wells Fargo's security.

Statement of Receipts and Disbursements

34. The Receiver has prepared a Statement of Receipts and Disbursements for the period of June 8, 2015 to August 10, 2015 for Big Eagle, as shown in Appendix F.
35. As at the date of this Third Report, the Receiver has realized sufficient funds from the collection of accounts receivable and, as a result, has not drawn on the Court authorized Borrowing Facility.

Approvals sought

36. As a result of the foregoing, the Receiver respectfully requests:

- a) Approval of the reported actions of the Receiver since the Second Report in respect of administering these receivership proceedings;
- b) Advice and direction of the Court with regards to the priority of security interests as between Wells Fargo and Gator Frac as they relate to the Leases; and
- c) Either of the following orders to implement the Court's advice and direction:
 - i) Should this Honourable Court find that Wells' Security is in priority to any claim of Gator Frac to one or both of the Units, the Receiver requests an order entitling the Receiver to dispose of one or both of the Units in accordance with the provisions of the Receivership Order and to administer the proceeds of sale pursuant to the terms of the Distribution Order.
 - ii) In the alternative, should this Honourable Court find that one or both of the Units are not subject to the Alberta *Personal Property Security Act* or that Wells' Security does not give Wells Fargo an interest in one or more of the Units, the Receiver requests an order permitting it to release the Units to Gator Frac.

DELOITTE RESTRUCTURING INC.,
in its capacity as Receiver and Manager of
Big Eagle Hydro-Vac Inc, Big Eagle Limited
Partnership, Big Eagle Hydro-Vac (North) Inc.,
and Big Eagle (North) Limited Partnership
and not in its personal capacity.



Jeff Keeble, CA • CIRP, CBV
Senior Vice President

Appendix A – Gator Frac Lease One and Lease Two

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement (the "Lease") is made and entered into on this 30 day of May, 2013 (the "Effective Date"), by and between **Gator Frac Heating and Rentals, LLC**, a Texas limited liability company, with an address of 111 Houston Street, Levelland, Texas 79336, hereinafter referred to as "Lessor," and **Big Eagle Limited Partnership**, a Canadian limited partnership, with an address of 900-444-5th Avenue S.W., Calgary AB, T2P2T8, and hereinafter referred to as "Lessee."

WHEREAS, Lessor is the owner of the Frac heater described herein and is authorized by all necessary governmental or regulatory agencies with jurisdiction to regulate and/or authorize such activities and is duly authorized and empowered to execute this agreement;

WHEREAS, Lessee is in the oil field service industry, with clients across Western Canada and the Northwest Canadian Territories, and is authorized to conduct such business by all necessary governmental or regulatory agencies with jurisdiction to regulate and/or authorize such activities; and

WHEREAS, for adequate consideration and the mutual acknowledgements set out below, the receipt of which is hereby acknowledges, Lessor agrees to lease and let unto Lessee, a **Trailer Mounted Frac Water Heater, 44MBTU** (the "Heater"), more specifically identified by Serial Number 13-201627, under the following terms and conditions.

DEFINITIONS

For the purposes of this agreement, the following definitions shall apply:

"Delivery Date" the date on which the Lessee accepts delivery of the Heater from the Lessor.

"Commencement Date" the first day of the first month, following the Delivery Date and being the first day of the lease Term.

"Early Delivery" the period starting upon Delivery Date and ending on the last day of the month of Delivery Date.

"Estimated Delivery Date" date on which delivery of the Heater is anticipated to the Lessee.

"Term" the period of time for which the lease agreement is in effect.

"Termination Date" the date upon which the Term ends through expiration, mutual agreement or default.

- 1) **TERM OF LEASE.** Subject to the terms and conditions contained herein, the Lease Term shall be a period of 18 months, beginning on the Commencement Date, and ending on the Termination Date. Lessee shall provide Lessor with written confirmation of receipt and acceptance of the Heater on the Delivery Date. Lessee agrees to pay Lessor **\$262,494.00 USD** for the use of the Heater throughout the Term. Payments shall be made on the 1st day of each month following the Effective Date in the amount of **\$14,583.00 USD**.
 - a) The Early Delivery period will be remunerated on a per-diem basis at a rate of \$479.45.77 USD, payable upon Commencement Date.
 - b) Lessee agrees to pay the rental payment on the first business day of each month, preferably via wire transfer. Payments not made by the 4th business day of the month shall be considered late. Delay in the fulfillment of Lessee's obligation to make the monthly rental payments in the terms

established herein will result in a monthly late charge equivalent to one and a half percent (1.5%/month) of the late monthly payments only, calculated daily in arrears.

- 2) **INITIAL PAYMENT AND PAYMENT FOR DAMAGE OF EQUIPMENT.** Upon execution of this Lease, Lessee shall pay Lessor an initial lease payment in the amount of \$75,000 USD (the "Initial Lease Payment"). Lessor and Lessee agree that said Initial Lease Payment will be allocated as follows:

Description	To be applied	Amount
First month's lease payment	Month of Commencement	\$14,583
Last month's lease payment	Month of Termination	14,583
Damage deposit	Refundable subject to Item 9 herein	45,834

- a) Within ten (10) days of the Termination Date and the return of the Heater to lessor's facility at 111 Houston Street, Levelland, Texas 79336, Lessor shall provide Lessee with a detailed statement of damage(s) to the Heater caused by Lessee, Lessee's authorized representatives, employees, contractors, successors and assigns, which cause the Heater to not be returned to Lessor in substantially the same condition as it was delivered to Lessee in and the amount for repairs, should there be any. All approved amounts in relation to the repairs to the unit, barring normal wear, shall be deducted from the damage deposit amount. Damage deposit amounts remaining shall be returned to the Lessee within five (5) days of the receipt thereof, or should the damages exceed the damage deposit amounts, the Lessee shall remit payment via wire transfer.
- 3) **OPTION TO EXTEND TERM.** Lessor and Lessee hereby agree that Lessee shall have an option to extend the Term for a period of twelve (12) months (the "Extension Period") from the Termination Date, provided that Lessee shall notify Lessor in writing of its election to exercise such right, prior to ninety (90) days from the Termination Date. Notwithstanding anything in this Agreement to the contrary, Lessor and Lessee hereby agree that if Lessee exercises the option to extend the Term as provided for herein (hereinafter the "extended term"), Lessee shall pay Lessor \$174,996.00 USD for the use of the Heater throughout the extended term. All terms and conditions (excepting the initial Term) in relation to the Lease shall remain in place for the Extension Period.
- 4) **POSSESSION, CONTROL AND USE OF EQUIPMENT.** During the Term of this Lease, Lessee shall have exclusive use of the Heater for purposes of Lessee's operations. Lessee assumes responsibility for the operation of the Heater and for compliance with any and all regulatory requirements, licensing requirements, taxes of any kind associated with Lessee's use and operation of the Heater, and other fees and or requirements of any kind set forth by a regulatory agency having jurisdiction to regulate the operation of the Heater, for the Term of the Lease.
- 5) **REGULATORY COMPLIANCE.** Lessee agrees to comply with all safety regulations required by any such Canadian or American regulatory agency applicable to Lessee's use and operation of the Heater for the Term of this Lease.
- 6) **EXPENSES AND MAINTENANCE.** For the duration of the Term of this Lease and until such time as the Heater is returned to Lessor upon termination of this Lease or any such extension thereof, Lessee agrees to maintain the Heater in a fully operational condition at all times and at Lessee's own cost and expense. Lessee shall be solely responsible and obligated for providing for

and/or compensating for Lessee's employees, contractors, repairs, and maintenance to the Heater and shall pay all taxes, permit or license fees and any other fees necessary in the use and operation of the Heater during the Term of the Lease.

7) **LESSOR'S RIGHT TO INSPECT.** Lessor or its duly authorized agent, representative or designee shall have the right, but not the duty, to inspect the Heater at any reasonable time upon reasonable notice to Lessee during the Term of the Lease and until such time as the Heater is returned to Lessor.

8) **DAMAGE OR LOSS.** Subject to the provisions in Article 8 below, Lessee hereby assumes and shall bear the entire risk of loss, theft, confiscation, damage to or destruction of the Heater from any cause whatsoever up to the limits of Lessee's required insurance policy on such Heater as detailed in Article 9 herein. Lessee shall notify Lessor as soon as reasonably possible upon the occurrence of any such damage or loss.

9) **LIABILITY.**

All liabilities and indemnities herein are in effect for the Lease Term, and in the event of an extended term, the Extension Period.

a) **LESSEE'S INDEMNITY.** Lessee agrees to defend, indemnify, release and hold Lessor harmless from and against all costs, damages, losses, fines, penalties, expenses (including court costs and reasonable attorney's fees) and liabilities arising out of claims, demands, or causes of action brought by any person or entity for bodily injury to or death of, any employee of Lessee, or its subcontractor, agent, invitee, parent, co-owner, co-venturer, co-operator, partner, subsidiary, or affiliate of Lessee, or for damage to or loss of property owned or leased by Lessee or any other party, which injury, death, damage, liability, claim, demand or loss arises out of or is incidental to the performance of this Agreement, **REGARDLESS OF WHETHER CAUSED BY THE NEGLIGENCE, IN ANY FORM, OR FAULT, OR STRICT LIABILITY OF ANY MEMBER OF LESSEE, OR ANY OTHER PERSON NATURAL OR OTHERWISE, AND/OR, ANY DEFECT IN ANY PREMISES OR VESSEL WHETHER PRE-EXISTING THIS CONTRACT OR NOT AND WHETHER SUCH DAMAGES, LOSSES, INJURIES, LIABILITIES, CLAIMS OR DEMANDS ARISE FROM TORT, CONTRACT, QUASI-CONTRACT OR OTHERWISE.**

(i) The Parties agree that the foregoing indemnity obligation shall be supported by an amount of insurance maintained by Lessee, which shall meet, at a minimum, the amounts of insurance set forth in Article 9.

(ii) The indemnification provided hereunder shall be effective to the maximum extent permitted by applicable law. The Parties agree that in the event any law is enacted in any state or under the laws of the United States, the laws of which are applied to this Lease that limits in any way the extent to which indemnification may be provided to an indemnitee, then this Lease shall automatically be amended to provide that the indemnification provided hereunder shall extend to the maximum extent permitted by applicable law.

b) **ENVIRONMENTAL LIABILITY.** Notwithstanding any other provision(s) contained herein, except as may be caused by (i) Lessor's material breach of this Lease or (ii) Lessor's

gross negligence or willful misconduct, Lessee assumes sole responsibility for and shall defend, indemnify and hold Lessor harmless from and against any and all claims, demands, suits, judgments, damages, losses, fines, penalties and causes of action of every nature, kind and character for damage to or loss of any well, including the casing and all pipe and tubulars and equipment and tools therein, loss of or impairment of any property rights of any party in and to any oil, gas, water or other mineral substance, for all spills or leakage, emanating from blowouts, or uncontrolled sub-surface flow(s) of oil, gas and water and all other substances, including the damages caused by said leakage or uncontrolled flow(s) of oil, gas, water and all other substances, including the control and removal thereof, pollution and/or contamination, costs of removal of debris or damage to or loss of Producer's well(s), damage to or loss of the reservoir(s) associated with any well(s), damage to or loss of the production and/or formations in and on all properties, facilities, leases and locations, upstream of the designated delivery points **REGARDLESS OF WHETHER CAUSED BY THE NEGLIGENCE (EXCEPT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT), OR FAULT, OR STRICT LIABILITY OR ABSOLUTE LIABILITY OF ANY MEMBER OF LESSOR, OR ANY OTHER PERSON NATURAL OR OTHERWISE, ANY DEFECT IN ANY PREMISES OR VESSEL WHETHER PRE-EXISTING THIS LEASE OR NOT AND WHETHER SUCH DAMAGES, LOSSES, LIABILITIES, CLAIMS OR DEMANDS ARISE FROM TORT, CONTRACT, QUASI-CONTRACT OR OTHERWISE.**

- c) **THIRD-PARTY INDEMNIFICATION.** Lessee shall indemnify Lessor and hold Lessor harmless from any physical damage to property of third parties or injury to persons, including death, to the extent resulting directly from the acts or omissions of Lessor or its officers, servants, agents, employees, and/or assigns, while engaged in activities relating to this Lease. In the event such damage or injury is caused by the joint or concurrent negligence of Lessor and Lessee, the loss shall be borne by each Party in proportion to its negligence.
 - d) **INCIDENTAL AND CONSEQUENTIAL DAMAGES.** Notwithstanding anything to the herein, in no event shall either Party hereto be liable for any special, incidental, indirect, exemplary, punitive, speculative or consequential damages of any type.
- 10) **INSURANCE.** Lessee shall obtain and maintain insurance at Lessee's own cost and expense, showing Lessor as an "Additional Insured" party on Lessee's policy. Insurance coverage shall be as follows.
- a) **COMPREHENSIVE GENERAL LIABILITY.** Lessee agrees to carry Comprehensive General Liability Insurance, including Broad Form Property Damage and Blanket Contractual Liability coverage, with a combined limit of not less than \$1,000,000 for any one accident or occurrence for bodily and property damages and \$2,000,000 in the aggregate.
 - b) **EXCESS (UMBRELLA) INSURANCE.** Lessee further agrees to carry Excess (Umbrella) Liability Insurance providing coverage for \$3,000,000 in excess of that provided in the policy described in Article 9.1.
 - c) **WORKERS' COMPENSATION/EMPLOYER'S LIABILITY.** Lessee agrees to protect their employees by carrying Workers' Compensation or similar insurance in compliance with the applicable Workers' Compensation or similar laws as amended from time to time and

applicable for the location where the Heater shall be operated and Employer's Liability Insurance with a limit of not less than \$500,000 for any one accident.

Notwithstanding anything contained hereinabove to the contrary, Lessee shall be obligated to maintain liability insurance as required by all federal and state regulations and other laws. Lessor and Lessee agree to assist each other in providing sufficient information and giving notice to all authorities as provided by law.

- 11) **DELAYED DELIVERY.** The anticipated Delivery Date is December 1, 2013. Should the Lessor fail to deliver the Heater to the Lessee's delivery point on the anticipated date, the following penalties should apply:
 - a) Between 2 weeks and 6 weeks (14 and 42 days) late: \$1,000/day
 - b) Between 6 weeks and 12 weeks (43 and 84 days) late: \$1,500/day
 - c) In excess of 12 weeks late, Lessee reserves the right to cancel the Lease, at its sole discretion and without notice and without penalty. Initial Deposit will be returned within five (5) business days upon cancellation.

- 12) **EARLY TERMINATION.** If, by mutual, written consent, the Lessee and Lessor choose to terminate the agreement prior to the Termination Date or the last day of the Extension Period, they may do so. Acceptable forms of request and acceptance include fax, email or mail, authorized by signing officers of the Lessee and Lessor respectively, releasing both parties from all obligations (save Heater repairs and rents to that date) from all future obligations outlined herein.

- 13) **TERMINATION.** Upon the natural termination (expiration of this Lease or Extension Period), or early termination by mutual agreement, the Lease between the Lessee and the Lessor, Lessee shall return the Heater to Lessor's facility at 111 Houston Street, Levelland, Texas, United States of America, 79336 subject to the following
 - a) All expenses for delivery and return of the Heater shall be borne by Lessee.
 - b) In the event that Lessee fails for any reason whatsoever to return the Heater on or before the last day of the Lease Term, Lessor's damages shall include, but shall not be limited to, lost rentals at the rate of \$700.00 USD for each day that such return is delayed.
 - c) Upon full payment of rents owed to the date of return, and without further penalty, the Lessee and Lessor are released from all obligations in relation to the Lease upon Termination.

- 14) **NOTICES.** Unless specifically stated otherwise in writing subsequent to this Lease, all notices permitted or required by this Lease shall be in writing and shall be deemed given when sent by fax, e-mail, registered or certified mail, return receipt requested, postage prepaid, to the address set forth herein below, or such other address as may hereafter be designated by either Party in a written notice to the other.

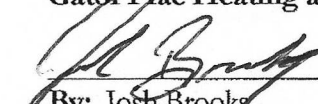
- 15) **ATTORNEY'S FEES.** Any Party to this Lease who prevails in a legal proceeding brought with relation to this Lease shall be entitled to recover court costs and reasonable attorney's fees.

- 16) **ASSIGNMENT.** The rights and obligations of either Party shall not be assignment by any of the Parties hereto without the written consent of the non-assigning Party.

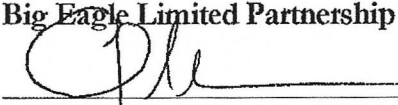
- 17) **WAIVER.** No waiver by either Party of any default of the other Party under this Lease shall operate as a waiver of any future default, whether of like or different character.
- 18) **AUTHORITY OF THE PARTIES.** The executing Parties to this Lease represent that the entities they represent are validly existing entities within their respective jurisdictions and that the executing Parties are vested with the authority to enter into this Lease.
- 19) **ENTIRE AGREEMENT.** This Lease and the provisions contained herein represent the entire agreement of the Parties concerning the subject matter thereof. No oral promises, statements, inducements or understanding contrary to the terms contained herein shall be enforceable. This Lease cannot be modified without the express written consent of the Parties hereto. This Lease shall be binding upon the Parties hereto, their legal representatives, successors and assigns.
- 20) **VENUE AND GOVERNING LAW.** For purposes of determining venue in the event that legal action is brought by either Party under this Lease, the Parties agree that this Lease shall be governed and constructed in all respects in accordance with the substantive laws of the State of Texas and the United States of America and that Lessee agrees and consents to venue in and submits to the jurisdiction of Hockley County, Texas, U.S.A. or the Federal Court jurisdiction of Hockley County, Texas, U.S.A.
- 21) **COUNTERPARTS.** This Lease may be executed in any number of counterparts, each of which shall be deemed an individual instrument, but all of which together shall constitute one and the same instrument.
- 22) **PARAGRAPH HEADINGS.** The paragraph headings set forth herein shall not be construed as altering, amending or affecting this Lease or any of its terms and provisions, but all such terms and provisions of this Lease shall apply to and shall be construed in the same manner as if this Lease had been written without paragraph headings.
- 23) **CONFIDENTIALITY.** As between Lessor and Lessee, and their employees, owners, partners, legal representatives, affiliates, operators, agents or assigns, the terms of this Lease, including the amount of the payment provided for herein, are deemed confidential information.
- 24) **CONFIDENTIALITY.** As between Lessor and Lessee, and their employees, owners, partners, legal representatives, affiliates, operators, agents or assigns, the terms of this Lease, including the amount of the payment provided for herein, are deemed confidential information.

IN WITNESS WHEREOF, the Parties hereto cause this Lease to be executed as of the Effective Date.

LESSOR:
Gator Frac Heating and Rentals, LLC


 By: Josh Brooks
 Title: Manager
 111 Houston Street
 Levelland, Texas 79336

LESSEE:
Big Eagle Limited Partnership


 By: Chris Anderson
 Title: Chief Executive Officer
 Suite 900-444-5th Avenue S.W.
 Calgary AB, T2P 2T8
 Fax: 403-264-7600





EQUIPMENT LEASE AGREEMENT AMENDMENT

This Equipment Lease Agreement Amendment (the "Amendment") amends and modifies the portions and clauses outlined below of the origin Equipment Lease and Agreement for a 44M BTU Trailer Mounted Frac Water Heater, serial number 12-201288 (the "Lease") made and entered into on December 12, 2012, by and between **Gator Frac Heating and Rentals, LLC**, a Texas limited liability company, with an address of 111 Houston Street, Levelland, Texas 79336, hereinafter referred to as "Lessor," and **Big Eagle Limited Partnership**, a Canadian limited partnership, with an address of Suite 900-444-5th Avenue S.W., Calgary AB, T2P 2T8, and hereinafter referred to as "Lessee."

WHEREAS, Lessor and Lessee agree to the following revisions to the Lease, and that all remaining terms and conditions contained within the Lease shall remain in effect and unchanged.

DEFINITIONS

For the purposes of this agreement, the following definitions shall apply:

"Delivery Date" the date on which the Lessee accepts delivery of the Heater from the Lessor, Specifically February 9, 2013.

"Commencement Date" or "Effective Date" the first day of the first month, following the Delivery Date and being the first day of the lease Term. Specifically, March 1, 2013.

"Early Delivery" the period starting upon Delivery Date and ending on the last day of the month of Delivery Date.

"Estimated Delivery Date" date on which delivery of the Heater is anticipated to the Lessee.

"Term" the period of time for which the lease agreement is in effect.


"Termination Date" the date upon which the Term ends through expiration, mutual agreement or default. Specifically, April 30, 2015.

- 1) **TERM OF LEASE.** Subject to the terms and conditions contained herein, the Lease Term shall be a period of 14 months, beginning on the Commencement Date, and ending on the Termination Date. Lessee shall provide Lessor with written confirmation of receipt and acceptance of the Heater on the Delivery Date. Lessee agrees to pay Lessor:
 - a) For the 12 (twelve) month period being March 1, 2013 through February 28, 2014, **\$225,000.00 USD** for the use of the Heater in equal monthly installments in the amount of **\$18,750.00 USD**.
 - b) For the 14 (fourteen) month period March 1, 2014 through April 30, 2015, **\$204,162.00 USD** for the use of the Heater in equal monthly installments in the amount of **\$14,583.00 USD**.
 - c) The Early Delivery period will be remunerated on a per-diem basis at a rate of **\$616.44 USD**, payable upon Commencement Date.
 - d) Lessee agrees to pay the rental payment on the first business day of each month, preferably via wire transfer. Payments not made by the 4th business day of the month shall be considered late. Delay in the fulfillment of Lessee's obligation to make the monthly rental payments in the terms established herein will result in a monthly late charge equivalent to one and a half percent (1.5%/month) of the late monthly payments only, calculated daily in arrears.
 - e) Lessor and Lessee hereby agree that Lessee shall have an option to extend the Term for a period mutually agreed to (the "Extension Period") from the Termination Date, provided that

Lessee shall notify Lessor in writing of its election to exercise such right, prior to ninety (90) days from the Termination Date. Notwithstanding anything in this Agreement to the contrary, Lessor and Lessee hereby agree that if Lessee exercises the option to extend the Term as provided for herein (hereinafter the "extended term"), Lessee shall pay Lessor **an amount** per month at a rate mutually agreed to upon exercising the option to extend, for the use of the Heater throughout the extended term. All terms and conditions (excepting the initial Term and subsequently stated Term herein) in relation to the Lease shall remain in place for the Extension Period.

IN WITNESS WHEREOF, the Parties hereto cause this Lease to be executed as of the Effective Date.

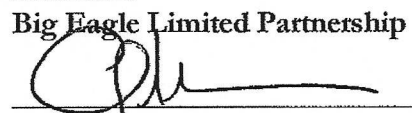
LESSOR:
Gator Frac Heating and Rentals, LLC



By: Josh Brooks
Title: Manager
111 Houston Street
Levelland, TX 79336



LESSEE:
Big Eagle Limited Partnership



By: Chris Anderson
Title: Chief Executive Officer
Suite 900-444-5th Avenue S.W.
Calgary AB, T2P 2T8
Fax: 403-264-7600

June 3/2013.

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement (the "Lease") is made and entered into on this 30 day of May, 2013, by and between **Gator Frac Heating and Rentals, LLC**, a Texas limited liability company, with an address of 111 Houston Street, Levelland, Texas 79336, hereinafter referred to as "Lessor," and **Big Eagle Limited Partnership**, a Canadian limited partnership, with an address of Suite 900-444-5th Avenue S.W., Calgary AB, T2P 2T8, and hereinafter referred to as "Lessee."

WHEREAS, Lessor is the owner of the Frac heater described herein and is authorized by all necessary governmental or regulatory agencies with jurisdiction to regulate and/or authorize such activities and is duly authorized and empowered to execute this agreement;

WHEREAS, Lessee is in the oil field service industry, with clients across Western Canada and the Northwest Canadian Territories, and is authorized to conduct such business by all necessary governmental or regulatory agencies with jurisdiction to regulate and/or authorize such activities; and

WHEREAS, for adequate consideration and the mutual acknowledgements set out below, the receipt of which is hereby acknowledges, Lessor agrees to lease and let unto Lessee, a **Truck Mounted, Twin Steer Tri-Axle Frac Heating Unit, 20MBTU** (the "Heater"), more specifically identified by **Serial Number 13-201626**, under the following terms and conditions.

DEFINITIONS

For the purposes of this agreement, the following definitions shall apply:

"**Delivery Date**" the date on which the Lessee accepts delivery of the Heater from the Lessor.

"**Commencement Date**" the first day of the first month, following the Delivery Date and being the first day of the lease Term.

"**Early Delivery**" the period starting upon Delivery Date and ending on the last day of the month of Delivery Date.

"**Estimated Delivery Date**" date on which delivery of the Heater is anticipated to the Lessee.

"**Term**" the period of time for which the lease agreement is in effect.

"**Termination Date**" the date upon which the Term ends through expiration, mutual agreement or default.

- 1) **TERM OF LEASE.** Subject to the terms and conditions contained herein, the Lease Term shall be a period of 36 months, beginning on the Commencement Date, and ending on the Termination Date. Lessee shall provide Lessor with written confirmation of receipt and acceptance of the Heater on the Delivery Date. Lessee agrees to pay Lessor **\$684,000.00 USD** for the use of the Heater in equal monthly installments in the amount of **\$19,000.00 USD**.
 - a) The Early Delivery period will be remunerated on a per-diem basis at a rate of \$547.93 USD, payable upon Commencement Date.
 - b) Lessee agrees to pay the rental payment on the first business day of each month, preferably via wire transfer. Payments not made by the 4th business day of the month shall be considered late. Delay in the fulfillment of Lessee's obligation to make the monthly rental payments in the terms

established herein will result in a monthly late charge equivalent to one and a half percent (1.5%/month) of the late monthly payments only, calculated daily in arrears.

- 2) **INITIAL PAYMENT AND PAYMENT FOR DAMAGE OF EQUIPMENT.** Upon execution of this Lease, Lessee shall pay Lessor an initial lease payment in the amount of \$75,000 USD (the "Initial Lease Payment"). Lessor and Lessee agree that said Initial Lease Payment will be allocated as follows:

Description	To be applied	Amount
First month's lease payment	Month of Commencement	\$19,000
Last month's lease payment	Month of Termination	19,000
Damage deposit	Refundable subject to Item 9 herein	37,000

- a) Within ten (10) days of the Termination Date and the return of the Heater to lessor's facility at 111 Houston Street, Levelland, Texas 79336, Lessor shall provide Lessee with a detailed statement of damage(s) to the Heater caused by Lessee, Lessee's authorized representatives, employees, contractors, successors and assigns, which cause the Heater to not be returned to Lessor in substantially the same condition as it was delivered to Lessee in and the amount for repairs, should there be any. All approved amounts in relation to the repairs to the unit, barring normal wear, shall be deducted from the damage deposit amount. Damage deposit amounts remaining shall be returned to the Lessee within five (5) days of the receipt thereof, or should the damages exceed the damage deposit amounts, the Lessee shall remit payment via wire transfer.
- 3) **OPTION TO EXTEND TERM.** Lessor and Lessee hereby agree that Lessee shall have an option to extend the Term for a period of twelve (12) months (the "Extension Period") from the Termination Date, provided that Lessee shall notify Lessor in writing of its election to exercise such right, prior to ninety (90) days from the Termination Date. Notwithstanding anything in this Agreement to the contrary, Lessor and Lessee hereby agree that if Lessee exercises the option to extend the Term as provided for herein (hereinafter the "extended term"), Lessee shall pay Lessor \$199,992.00 USD for the use of the Heater throughout the extended term. All terms and conditions (excepting the initial Term) in relation to the Lease shall remain in place for the Extension Period.
- 4) **POSSESSION, CONTROL AND USE OF EQUIPMENT.** During the Term of this Lease, Lessee shall have exclusive use of the Heater for purposes of Lessee's operations. Lessee assumes responsibility for the operation of the Heater and for compliance with any and all regulatory requirements, licensing requirements, taxes of any kind associated with Lessee's use and operation of the Heater, and other fees and or requirements of any kind set forth by a regulatory agency having jurisdiction to regulate the operation of the Heater, for the Term of the Lease.
- 5) **REGULATORY COMPLIANCE.** Lessee agrees to comply with all safety regulations required by any such Canadian or American regulatory agency applicable to Lessee's use and operation of the Heater for the Term of this Lease.
- 6) **EXPENSES AND MAINTENANCE.** For the duration of the Term of this Lease and until such time as the Heater is returned to Lessor upon termination of this Lease or any such extension thereof, Lessee agrees to maintain the Heater in a fully operational condition at all times and at

Lessee's own cost and expense. Lessee shall be solely responsible and obligated for providing for and/or compensating for Lessee's employees, contractors, repairs, and maintenance to the Heater and shall pay all taxes, permit or license fees and any other fees necessary in the use and operation of the Heater during the Term of the Lease. Further, Lessee understands and agrees that Lessee shall be solely responsible for the costs of delivery of the heater to Lessee and return of the Heater to Lessor. Delivery is shall be FBO Levelland, Texas, USA.

- 7) **LESSOR'S RIGHT TO INSPECT.** Lessor or its duly authorized agent, representative or designee shall have the right, but not the duty, to inspect the Heater at any reasonable time upon reasonable notice to Lessee during the Term of the Lease and until such time as the Heater is returned to Lessor.
- 8) **DAMAGE OR LOSS.** Subject to the provisions in Article 9 below, Lessee hereby assumes and shall bear the entire risk of loss, theft, confiscation, damage to or destruction of the Heater from any cause whatsoever up to the limits of Lessee's require insurance policy on such Heater as detailed in Article 10 herein. Lessee shall notify Lessor as soon as reasonably possible upon the occurrence of any such damage or loss.
- 9) **LIABILITY.**

All liabilities and indemnities herein are in effect for the Lease Term, and in the event of an extended term, the Extension Period.

- a) **LESSEE'S INDEMNITY.** Lessee agrees to defend, indemnify, release and hold Lessor harmless from and against all costs, damages, losses, fines, penalties, expenses (including court costs and reasonable attorney's fees) and liabilities arising out of claims, demands, or causes of action brought by any person or entity for bodily injury to or death of, any employee of Lessee, or its subcontractor, agent, invitee, parent, co-owner, co-venturer, co-operator, partner, subsidiary, or affiliate of Lessee, or for damage to or loss of property owned or leased by Lessee or any other party, which injury, death, damage, liability, claim, demand or loss arises out of or is incidental to the performance of this Agreement, **REGARDLESS OF WHETHER CAUSED BY THE NEGLIGENCE, IN ANY FORM, OR FAULT, OR STRICT LIABILITY OF ANY MEMBER OF LESSEE, OR ANY OTHER PERSON NATURAL OR OTHERWISE, AND/OR, ANY DEFECT IN ANY PREMISES OR VESSEL WHETHER PRE-EXISTING THIS CONTRACT OR NOT AND WHETHER SUCH DAMAGES, LOSSES, INJURIES, LIABILITIES, CLAIMS OR DEMANDS ARISE FROM TORT, CONTRACT, QUASI-CONTRACT OR OTHERWISE.**

- (i) The Parties agree that the foregoing indemnity obligation shall be supported by an amount of insurance maintained by Lessee, which shall meet, at a minimum, the amounts of insurance set forth in Article 9.
- (ii) The indemnification provided hereunder shall be effective to the maximum extent permitted by applicable law. The Parties agree that in the event any law is enacted in any state or under the laws of the United States, the laws of which are applied to this Lease that limits in any way the extent to which indemnification may be provided to an indemnitee, then this Lease shall

automatically be amended to provide that the indemnification provided hereunder shall extend to the maximum extent permitted by applicable law.

- b) **ENVIRONMENTAL LIABILITY.** Notwithstanding any other provision(s) contained herein, except as may be caused by (i) Lessor's material breach of this Lease or (ii) Lessor's gross negligence or willful misconduct, Lessee assumes sole responsibility for and shall defend, indemnify and hold Lessor harmless from and against any and all claims, demands, suits, judgments, damages, losses, fines, penalties and causes of action of every nature, kind and character for damage to or loss of any well, including the casing and all pipe and tubulars and equipment and tools therein, loss of or impairment of any property rights of any party in and to any oil, gas, water or other mineral substance, for all spills or leakage, emanating from blowouts, or uncontrolled sub-surface flow(s) of oil, gas and water and all other substances, including the damages caused by said leakage or uncontrolled flow(s) of oil, gas, water and all other substances, including the control and removal thereof, pollution and/or contamination, costs of removal of debris or damage to or loss of Producer's well(s), damage to or loss of the reservoir(s) associated with any well(s), damage to or loss of the production and/or formations in and on all properties, facilities, leases and locations, upstream of the designated delivery points **REGARDLESS OF WHETHER CAUSED BY THE NEGLIGENCE (EXCEPT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT), OR FAULT, OR STRICT LIABILITY OR ABSOLUTE LIABILITY OF ANY MEMBER OF LESSOR, OR ANY OTHER PERSON NATURAL OR OTHERWISE, ANY DEFECT IN ANY PREMISES OR VESSEL WHETHER PRE-EXISTING THIS LEASE OR NOT AND WHETHER SUCH DAMAGES, LOSSES, LIABILITIES, CLAIMS OR DEMANDS ARISE FROM TORT, CONTRACT, QUASI-CONTRACT OR OTHERWISE.**
- c) **THIRD-PARTY INDEMNIFICATION.** Lessee shall indemnify Lessor and hold Lessor harmless from any physical damage to property of third parties or injury to persons, including death, to the extent resulting directly from the acts or omissions of Lessor or its officers, servants, agents, employees, and/or assigns, while engaged in activities relating to this Lease. In the event such damage or injury is caused by the joint or concurrent negligence of Lessor and Lessee, the loss shall be borne by each Party in proportion to its negligence.
- d) **INCIDENTAL AND CONSEQUENTIAL DAMAGES.** Notwithstanding anything to the herein, in no event shall either Party hereto be liable for any special, incidental, indirect, exemplary, punitive, speculative or consequential damages of any type.
- 10) **INSURANCE.** Lessee shall obtain and maintain insurance at Lessee's own cost and expense, showing Lessor as an "Additional Insured" party on Lessee's policy. Insurance coverage shall be as follows.
- e) **COMPREHENSIVE GENERAL LIABILITY.** Lessee agrees to carry Comprehensive General Liability Insurance, including Broad Form Property Damage and Blanket Contractual Liability coverage, with a combined limit of not less than \$1,000,000 for any one accident or occurrence for bodily and property damages and \$2,000,000 in the aggregate.

- f) **EXCESS (UMBRELLA) INSURANCE.** Lessee further agrees to carry Excess (Umbrella) Liability Insurance providing coverage for \$3,000,000 in excess of that provided in the policy described in Article 9.1.
- g) **WORKERS' COMPENSATION/EMPLOYER'S LIABILITY.** Lessee agrees to protect their employees by carrying Workers' Compensation or similar insurance in compliance with the applicable Workers' Compensation or similar laws as amended from time to time and applicable for the location where the Heater shall be operated and Employer's Liability Insurance with a limit of not less than \$500,000 for any one accident.

Notwithstanding anything contained hereinabove to the contrary, Lessee shall be obligated to maintain liability insurance as required by all federal and state regulations and other laws. Lessor and Lessee agree to assist each other in providing sufficient information and giving notice to all authorities as provided by law.

11) **DELAYED DELIVERY.** The anticipated Delivery Date is December 1, 2013. Should the Lessor fail to deliver the Heater to the Lessee's delivery point on the anticipated date, the following penalties should apply:

- a) Between 2 weeks and 6 weeks (14 and 42 days) late: \$1,000/day
- b) Between 6 weeks and 12 weeks (43 and 84 days) late: \$1,500/day
- c) In excess of 12 weeks late, Lessee reserves the right to cancel the Lease, at its sole discretion and without notice and without penalty. Initial Deposit will be returned within five (5) business days upon cancellation.

12) **EARLY TERMINATION.** If, by mutual, written consent, the Lessee and Lessor choose to terminate the agreement prior to the Termination Date or the last day of the Extension Period, they may do so. Acceptable forms of request and acceptance include fax, email or mail, authorized by signing officers of the Lessee and Lessor respectively, releasing both parties from all obligations (save Heater repairs and rents to that date) from all future obligations outlined herein.

13) **TERMINATION.** Upon the natural termination (expiration of this Lease or Extension Period), or early termination by mutual agreement, the Lease between the Lessee and the Lessor, Lessee shall return the Heater to Lessor's facility at 111 Houston Street, Levelland, Texas, United States of America, 79336 subject to the following

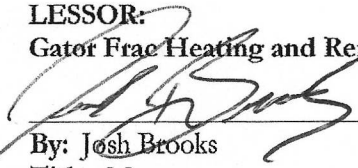
- a) All expenses for delivery and return of the Heater shall be borne by Lessee.
- b) In the event that Lessee fails for any reason whatsoever to return the Heater on or before the last day of the Lease Term, Lessor's damages shall include, but shall not be limited to, lost rentals at the rate of \$835.00 USD for each day that such return is delayed.
- c) Upon full payment of rents owed to the date of return, and without further penalty, the Lessee and Lessor are released from all obligations in relation to the Lease upon Termination.

14) **NOTICES.** Unless specifically stated otherwise in writing subsequent to this Lease, all notices permitted or required by this Lease shall be in writing and shall be deemed given when sent by fax, e-mail, registered or certified mail, return receipt requested, postage prepaid, to the address set forth herein below, or such other address as may hereafter be designated by either Party in a written notice to the other.

- 15) **ATTORNEY'S FEES.** Any Party to this Lease who prevails in a legal proceeding brought with relation to this Lease shall be entitled to recover court costs and reasonable attorney's fees.
- 16) **ASSIGNMENT.** The rights and obligations of either Party shall not be assignment by any of the Parties hereto without the written consent of the non-assigning Party.
- 17) **WAIVER.** No waiver by either Party of any default of the other Party under this Lease shall operate as a waiver of any future default, whether of like or different character.
- 18) **AUTHORITY OF THE PARTIES.** The executing Parties to this Lease represent that the entities they represent are validly existing entities within their respective jurisdictions and that the executing Parties are vested with the authority to enter into this Lease.
- 19) **ENTIRE AGREEMENT.** This Lease and the provisions contained herein represent the entire agreement of the Parties concerning the subject matter thereof. No oral promises, statements, inducements or understanding contrary to the terms contained herein shall be enforceable. This Lease cannot be modified without the express written consent of the Parties hereto. This Lease shall be binding upon the Parties hereto, their legal representatives, successors and assigns.
- 20) **VENUE AND GOVERNING LAW.** For purposes of determining venue in the event that legal action is brought by either Party under this Lease, the Parties agree that this Lease shall be governed and constructed in all respects in accordance with the substantive laws of the State of Texas and the United States of America and that Lessee agrees and consents to venue in and submits to the jurisdiction of Hockley County, Texas, U.S.A. or the Federal Court jurisdiction of Hockley County, Texas, U.S.A.
- 21) **COUNTERPARTS.** This Lease may be executed in any number of counterparts, each of which shall be deemed an individual instrument, but all of which together shall constitute one and the same instrument.
- 22) **CONFIDENTIALITY.** As between Lessor and Lessee, and their employees, owners, partners, legal representatives, affiliates, operators, agents or assigns, the terms of this Lease, including the amount of the payment provided for herein, are deemed confidential information.

IN WITNESS WHEREOF, the Parties hereto cause this Lease to be executed as of the Effective Date.

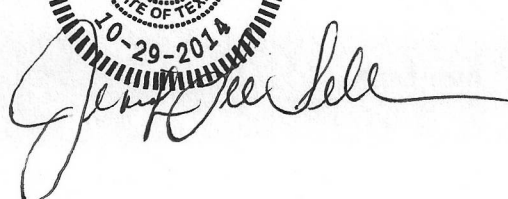
LESSOR:
Gator Frac Heating and Rentals, LLC


By: Josh Brooks
Title: Manager
111 Houston Street
Levelland, Texas 79336

LESSEE:
Big Eagle Limited Partnership


By: Chris Anderson
Title: Chief Executive Officer
Suite 900-444-5th Avenue S.W.
Calgary AB, T2P 2T8
Fax: 403-264-7600





Appendix B –
Dean Hutchinson's Letter to Gowlings
dated July 22, 2015



CALGARY OFFICE
1600 - 520 3rd Avenue S.W.
Calgary Alberta
Canada T2P 0R3
T: 403.693.4300
F: 403.508.4349

July 22, 2015

Dean A. Hutchison
Direct Line: 403.693.4305
E-mail: DHutchison@mlt.com

VIA E-MAIL(tom.cumming@gowlings.com; jeffrey.oliver@gowlings.com)

Gowling Lafleur Henderson LLP
Suite 1600, 421 – 7 Avenue S.W.
Calgary, Alberta
T2P 4K9

Attention: Thomas Cumming & Jeffrey Oliver

Dear Sirs:

Re: Wells Fargo Foothill Canada ULC v. Big Eagle Hydro-Van Inc., Big Eagle Limited Partnership, Big Eagle Hydro-Vac (North) Inc. and Big Eagle (North) Limited Partnership – Court of Queen's Bench of Alberta Court File No.: 1501-06320 (the "Big Eagle Receivership Proceedings")

We understand that you are counsel for Deliotte Restructuring Inc. (the "Receiver"), in its capacity as the court-appointed receiver and manager in the Big Eagle Receivership Proceedings. We have recently been retained by Gator Frac Heating and Rentals, LLC ("Gator Frac") with respect to the Big Eagle Receivership Proceedings.

Gator Frac is the owner of: (i) a trailer mounted frac water 44MBTU water heating unit serial number 201844 and the trailer upon which it is mounted, specifically trailer vehicle identification number 1TT#533S3E765283 (collectively, the "Trailer Fracing Unit"); and (ii) a truck mounted twin steer tri-axle 20MBTU frac heating unit serial number 13-201626 and the truck upon which it is mounted, specifically a 2014 Peterbilt truck - vehicle identification number 1NPTX4TX1ED224007 (the "Truck Fracing Unit"). The Trailer Fracing Unit and the Truck Fracing Unit had been leased by Gras Frac to Big Eagle Limited Partnership ("Big Eagle LP") pursuant to two respective Equipment Lease Agreements each respectively made May 30, 2013 (collectively, the "Equipment Lease Agreements"). Copies of the two respective Equipment Lease Agreements are enclosed.

Prior to the receivership of Big Eagle LP, the two respective Equipment Lease Agreements had been terminated in accordance with their terms (specifically section 12) and Big Eagle LP had made arrangements to return the Trailer Fracing Unit and the Truck Fracing Unit to Gator Frac. Notwithstanding these arrangements and representations made by Big Eagle LP to Gator Frac prior to the date of the Receivership Order granted in the Receivership Proceedings on June 8, 2015, neither the Trailer Fracing Unit nor the Truck Fracing Unit were returned to Gator Frac. It is our understanding that both the Trailer Fracing Unit and the Truck Fracing Unit are currently in the possession of the Receiver.

238226v1



Both the Trailer Fracing Unit and the Truck Fracing Unit are owned by Gator Frac and are rightfully the property of Gator Frac. Accordingly, on behalf of Gator Frac, we hereby request the Receiver to return both the Trailer Fracing Unit and the Truck Fracing Unit to Gator Frac. Please contact the undersigned to discuss the logistics of the return the said Trailer Fracing Unit and Truck Fracing Unit. Should the Receiver require further documentation regarding the termination of the Equipment Lease Agreements and the arrangements and representations that Big Eagle LP had made to Gator Frac regarding the return of the Trailer Fracing Unit and Truck Fracing Unit, please advise and we would be happy to provide same to you.

We thank the Receiver for its prompt attention to this matter and we look forward to hearing from you.

Yours truly,

MacPherson Leslie & Tyerman LLP

Per:

A blue ink signature of Dean A. Hutchison, written in a cursive style.

Dean A. Hutchison

DAH/la
Enclosures

Cc: Jeff Keeble (*Deloitte Restructuring Inc.*) – via e-mail with enclosures
Cc: Josh Brooks (*Gator Frac Heating and Rentals, LLC*) – via e-mail with enclosures

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement (the "Lease") is made and entered into on this 30th day of May, 2013, by and between **Gator Frac Heating and Rentals, LLC**, a Texas limited liability company, with an address of 111 Houston Street, Levelland, Texas 79336, hereinafter referred to as "Lessor," and **Big Eagle Limited Partnership**, a Canadian limited partnership, with an address of Suite 900-444-5th Avenue S.W., Calgary AB, T2P 2T8, and hereinafter referred to as "Lessee."

WHEREAS, Lessor is the owner of the Frac heater described herein and is authorized by all necessary governmental or regulatory agencies with jurisdiction to regulate and/or authorize such activities and is duly authorized and empowered to execute this agreement;

WHEREAS, Lessee is in the oil field service industry, with clients across Western Canada and the Northwest Canadian Territories, and is authorized to conduct such business by all necessary governmental or regulatory agencies with jurisdiction to regulate and/or authorize such activities; and

WHEREAS, for adequate consideration and the mutual acknowledgements set out below, the receipt of which is hereby acknowledged, Lessor agrees to lease and let unto Lessee, a **Trailer Mounted Frac Water Heating Unit, 44MBTU** (the "Heater"), more specifically identified by **Frac Water Heater Serial Number 201844 and Trailer VIN# 1TTE533S3E3765283**, under the following terms and conditions.

DEFINITIONS

For the purposes of this agreement, the following definitions shall apply:

"**Delivery Date**" the date on which the Lessee accepts delivery of the Heater from the Lessor.

"**Commencement Date**" the first day of the first month, following the Delivery Date and being the first day of the lease Term.

"**Early Delivery**" the period starting upon Delivery Date and ending on the last day of the month of Delivery Date.

"**Estimated Delivery Date**" date on which delivery of the Heater is anticipated to the Lessee.

"**Term**" the period of time for which the lease agreement is in effect.

"**Termination Date**" the date upon which the Term ends through expiration, mutual agreement or default.

- 1) **TERM OF LEASE.** Subject to the terms and conditions contained herein, the Lease Term shall be a period of 18 months, beginning on the Commencement Date, and ending on the Termination Date. Lessee shall provide Lessor with written confirmation of receipt and acceptance of the Heater on the Delivery Date. Lessee agrees to pay Lessor \$262,494.00 USD for the use of the Heater in equal monthly installments in the amount of \$14,583.00 USD.
 - a) The Early Delivery period will be remunerated on a per-diem basis at a rate of \$479.45 USD, payable upon Commencement Date.
 - b) Lessee agrees to pay the rental payment on the first business day of each month, preferably via wire transfer. Payments not made by the 4th business day of the month shall be considered late. Delay in the fulfillment of Lessee's obligation to make the monthly rental payments in the terms

established herein will result in a monthly late charge equivalent to one and a half percent (1.5%/month) of the late monthly payments only, calculated daily in arrears.

- 2) **INITIAL PAYMENT AND PAYMENT FOR DAMAGE OF EQUIPMENT.** Upon execution of this Lease, Lessee shall pay Lessor an initial lease payment in the amount of \$75,000 USD (the "Initial Lease Payment"). Lessor and Lessee agree that said Initial Lease Payment will be allocated as follows:

Description	To be applied	Amount
First month's lease payment	Month of Commencement	\$14,583
Last month's lease payment	Month of Termination	14,583
Damage deposit	Refundable subject to Item 9 herein	45,834

- a) Within ten (10) days of the Termination Date and the return of the Heater to lessor's facility at 111 Houston Street, Levelland, Texas 79336, Lessor shall provide Lessee with a detailed statement of damage(s) to the Heater caused by Lessee, Lessee's authorized representatives, employees, contractors, successors and assigns, which cause the Heater to not be returned to Lessor in substantially the same condition as it was delivered to Lessee in and the amount for repairs, should there be any. All approved amounts in relation to the repairs to the unit, barring normal wear, shall be deducted from the damage deposit amount. Damage deposit amounts remaining shall be returned to the Lessee within five (5) days of the receipt thereof, or should the damages exceed the damage deposit amounts, the Lessee shall remit payment via wire transfer.
- 3) **OPTION TO EXTEND TERM.** Lessor and Lessee hereby agree that Lessee shall have an option to extend the Term for a period of twelve (12) months (the "Extension Period") from the Termination Date, provided that Lessee shall notify Lessor in writing of its election to exercise such right, prior to ninety (90) days from the Termination Date. Notwithstanding anything in this Agreement to the contrary, Lessor and Lessee hereby agree that if Lessee exercises the option to extend the Term as provided for herein (hereinafter the "extended term"), Lessee shall pay Lessor \$174,996.00 USD for the use of the Heater throughout the extended term. All terms and conditions (excepting the initial Term) in relation to the Lease shall remain in place for the Extension Period.
- 4) **POSSESSION, CONTROL AND USE OF EQUIPMENT.** During the Term of this Lease, Lessee shall have exclusive use of the Heater for purposes of Lessee's operations. Lessee assumes responsibility for the operation of the Heater and for compliance with any and all regulatory requirements, licensing requirements, taxes of any kind associated with Lessee's use and operation of the Heater, and other fees and or requirements of any kind set forth by a regulatory agency having jurisdiction to regulate the operation of the Heater, for the Term of the Lease.
- 5) **REGULATORY COMPLIANCE.** Lessee agrees to comply with all safety regulations required by any such Canadian or American regulatory agency applicable to Lessee's use and operation of the Heater for the Term of this Lease.
- 6) **EXPENSES AND MAINTENANCE.** For the duration of the Term of this Lease and until such time as the Heater is returned to Lessor upon termination of this Lease or any such extension thereof, Lessee agrees to maintain the Heater in a fully operational condition at all times and at

Lessee's own cost and expense. Lessee shall be solely responsible and obligated for providing for and/or compensating for Lessee's employees, contractors, repairs, and maintenance to the Heater and shall pay all taxes, permit or license fees and any other fees necessary in the use and operation of the Heater during the Term of the Lease. Further, Lessee understands and agrees that Lessee shall be solely responsible for the costs of delivery of the heater to Lessee and return of the Heater to Lessor. Delivery is shall be FBO Levelland, Texas, USA.

- 7) **LESSOR'S RIGHT TO INSPECT.** Lessor or its duly authorized agent, representative or designee shall have the right, but not the duty, to inspect the Heater at any reasonable time upon reasonable notice to Lessee during the Term of the Lease and until such time as the Heater is returned to Lessor.
- 8) **DAMAGE OR LOSS.** Subject to the provisions in Article 9 below, Lessee hereby assumes and shall bear the entire risk of loss, theft, confiscation, damage to or destruction of the Heater from any cause whatsoever up to the limits of Lessee's required insurance policy on such Heater as detailed in Article 10 herein. Lessee shall notify Lessor as soon as reasonably possible upon the occurrence of any such damage or loss.
- 9) **LIABILITY.**

All liabilities and indemnities herein are in effect for the Lease Term, and in the event of an extended term, the Extension Period.

- a) **LESSEE'S INDEMNITY.** Lessee agrees to defend, indemnify, release and hold Lessor harmless from and against all costs, damages, losses, fines, penalties, expenses (including court costs and reasonable attorney's fees) and liabilities arising out of claims, demands, or causes of action brought by any person or entity for bodily injury to or death of, any employee of Lessee, or its subcontractor, agent, invitee, parent, co-owner, co-venturer, co-operator, partner, subsidiary, or affiliate of Lessee, or for damage to or loss of property owned or leased by Lessee or any other party, which injury, death, damage, liability, claim, demand or loss arises out of or is incidental to the performance of this Agreement, **REGARDLESS OF WHETHER CAUSED BY THE NEGLIGENCE, IN ANY FORM, OR FAULT, OR STRICT LIABILITY OF ANY MEMBER OF LESSEE, OR ANY OTHER PERSON NATURAL OR OTHERWISE, AND/OR, ANY DEFECT IN ANY PREMISES OR VESSEL WHETHER PRE-EXISTING THIS CONTRACT OR NOT AND WHETHER SUCH DAMAGES, LOSSES, INJURIES, LIABILITIES, CLAIMS OR DEMANDS ARISE FROM TORT, CONTRACT, QUASI-CONTRACT OR OTHERWISE.**

- (i) The Parties agree that the foregoing indemnity obligation shall be supported by an amount of insurance maintained by Lessee, which shall meet, at a minimum, the amounts of insurance set forth in Article 10.
- (ii) The indemnification provided hereunder shall be effective to the maximum extent permitted by applicable law. The Parties agree that in the event any law is enacted in any state or under the laws of the United States, the laws of which are applied to this Lease that limits in any way the extent to which indemnification may be provided to an indemnity, then this Lease shall

automatically be amended to provide that the indemnification provided hereunder shall extend to the maximum extent permitted by applicable law.

- b) **ENVIRONMENTAL LIABILITY.** Notwithstanding any other provision(s) contained herein, except as may be caused by (i) Lessor's material breach of this Lease or (ii) Lessor's gross negligence or willful misconduct, Lessee assumes sole responsibility for and shall defend, indemnify and hold Lessor harmless from and against any and all claims, demands, suits, judgments, damages, losses, fines, penalties and causes of action of every nature, kind and character for damage to or loss of any well, including the casing and all pipe and tubulars and equipment and tools therein, loss of or impairment of any property rights of any party in and to any oil, gas, water or other mineral substance, for all spills or leakage, emanating from blowouts, or uncontrolled sub-surface flow(s) of oil, gas and water and all other substances, including the damages caused by said leakage or uncontrolled flow(s) of oil, gas, water and all other substances, including the control and removal thereof, pollution and/or contamination, costs of removal of debris or damage to or loss of Producer's well(s), damage to or loss of the reservoir(s) associated with any well(s), damage to or loss of the production and/or formations in and on all properties, facilities, leases and locations, upstream of the designated delivery points **REGARDLESS OF WHETHER CAUSED BY THE NEGLIGENCE (EXCEPT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT), OR FAULT, OR STRICT LIABILITY OR ABSOLUTE LIABILITY OF ANY MEMBER OF LESSOR, OR ANY OTHER PERSON NATURAL OR OTHERWISE, ANY DEFECT IN ANY PREMISES OR VESSEL WHETHER PRE-EXISTING THIS LEASE OR NOT AND WHETHER SUCH DAMAGES, LOSSES, LIABILITIES, CLAIMS OR DEMANDS ARISE FROM TORT, CONTRACT, QUASI-CONTRACT OR OTHERWISE.**
- c) **THIRD-PARTY INDEMNIFICATION.** Lessee shall indemnify Lessor and hold Lessor harmless from any physical damage to property of third parties or injury to persons, including death, to the extent resulting directly from the acts or omissions of Lessor or its officers, servants, agents, employees, and/or assigns, while engaged in activities relating to this Lease. In the event such damage or injury is caused by the joint or concurrent negligence of Lessor and Lessee, the loss shall be borne by each Party in proportion to its negligence.
- d) **INCIDENTAL AND CONSEQUENTIAL DAMAGES.** Notwithstanding anything to the herein, in no event shall either Party hereto be liable for any special, incidental, indirect, exemplary, punitive, speculative or consequential damages of any type.
- 10) **INSURANCE.** Lessee shall obtain and maintain insurance at Lessee's own cost and expense, showing Lessor as an "Additional Insured" party on Lessee's policy. Insurance coverage shall be as follows.
- e) **COMPREHENSIVE GENERAL LIABILITY.** Lessee agrees to carry Comprehensive General Liability Insurance, including Broad Form Property Damage and Blanket Contractual Liability coverage, with a combined limit of not less than \$1,000,000 for any one accident or occurrence for bodily and property damages and \$2,000,000 in the aggregate.

- f) **EXCESS (UMBRELLA) INSURANCE.** Lessee further agrees to carry Excess (Umbrella) Liability Insurance providing coverage for \$3,000,000 in excess of that provided in the policy described in Article 9.1.
- g) **WORKERS' COMPENSATION/EMPLOYER'S LIABILITY.** Lessee agrees to protect their employees by carrying Workers' Compensation or similar insurance in compliance with the applicable Workers' Compensation or similar laws as amended from time to time and applicable for the location where the Heater shall be operated and Employer's Liability Insurance with a limit of not less than \$500,000 for any one accident.

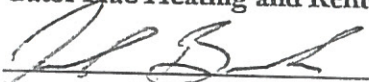
Notwithstanding anything contained hereinabove to the contrary, Lessee shall be obligated to maintain liability insurance as required by all federal and state regulations and other laws. Lessor and Lessee agree to assist each other in providing sufficient information and giving notice to all authorities as provided by law.

- 11) **DELAYED DELIVERY.** The anticipated Delivery Date is December 1, 2013. Should the Lessor fail to deliver the Heater to the Lessee's delivery point on the anticipated date, the following penalties should apply:
 - a) Between 2 weeks and 6 weeks (14 and 42 days) late: \$1,000/day
 - b) Between 6 weeks and 12 weeks (43 and 84 days) late: \$1,500/day
 - c) In excess of 12 weeks late, Lessee reserves the right to cancel the Lease, at its sole discretion and without notice and without penalty. Initial Deposit will be returned within five (5) business days upon cancellation.
- 12) **EARLY TERMINATION.** If, by mutual, written consent, the Lessee and Lessor choose to terminate the agreement prior to the Termination Date or the last day of the Extension Period, they may do so. Acceptable forms of request and acceptance include fax, email or mail, authorized by signing officers of the Lessee and Lessor respectively, releasing both parties from all obligations (save Heater repairs and rents to that date) from all future obligations outlined herein.
- 13) **TERMINATION.** Upon the natural termination (expiration of this Lease or Extension Period), or early termination by mutual agreement, the Lease between the Lessee and the Lessor, Lessee shall return the Heater to Lessor's facility at 111 Houston Street, Levelland, Texas, United States of America, 79336 subject to the following
 - a) All expenses for delivery and return of the Heater shall be borne by Lessee.
 - b) In the event that Lessee fails for any reason whatsoever to return the Heater on or before the last day of the Lease Term, Lessor's damages shall include, but shall not be limited to, lost rentals at the rate of \$700.00 USD for each day that such return is delayed.
 - c) Upon full payment of rents owed to the date of return, and without further penalty, the Lessee and Lessor are released from all obligations in relation to the Lease upon Termination.
- 14) **NOTICES.** Unless specifically stated otherwise in writing subsequent to this Lease, all notices permitted or required by this Lease shall be in writing and shall be deemed given when sent by fax, e-mail, registered or certified mail, return receipt requested, postage prepaid, to the address set forth herein below, or such other address as may hereafter be designated by either Party in a written notice to the other.

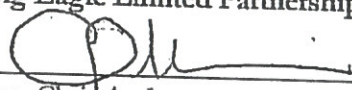
- 15) **ATTORNEY'S FEES.** Any Party to this Lease who prevails in a legal proceeding brought with relation to this Lease shall be entitled to recover court costs and reasonable attorney's fees.
- 16) **ASSIGNMENT.** The rights and obligations of either Party shall not be assignment by any of the Parties hereto without the written consent of the non-assigning Party.
- 17) **WAIVER.** No waiver by either Party of any default of the other Party under this Lease shall operate as a waiver of any future default, whether of like or different character.
- 18) **AUTHORITY OF THE PARTIES.** The executing Parties to this Lease represent that the entities they represent are validly existing entities within their respective jurisdictions and that the executing Parties are vested with the authority to enter into this Lease.
- 19) **ENTIRE AGREEMENT.** This Lease and the provisions contained herein represent the entire agreement of the Parties concerning the subject matter thereof. No oral promises, statements, inducements or understanding contrary to the terms contained herein shall be enforceable. This Lease cannot be modified without the express written consent of the Parties hereto. This Lease shall be binding upon the Parties hereto, their legal representatives, successors and assigns.
- 20) **VENUE AND GOVERNING LAW.** For purposes of determining venue in the event that legal action is brought by either Party under this Lease, the Parties agree that this Lease shall be governed and constructed in all respects in accordance with the substantive laws of the State of Texas and the United States of America and that Lessee agrees and consents to venue in and submits to the jurisdiction of Hockley County, Texas, U.S.A. or the Federal Court jurisdiction of Hockley County, Texas, U.S.A.
- 21) **COUNTERPARTS.** This Lease may be executed in any number of counterparts, each of which shall be deemed an individual instrument, but all of which together shall constitute one and the same instrument.
- 22) **CONFIDENTIALITY.** As between Lessor and Lessee, and their employees, owners, partners, legal representatives, affiliates, operators, agents or assigns, the terms of this Lease, including the amount of the payment provided for herein, are deemed confidential information.

IN WITNESS WHEREOF, the Parties hereto cause this Lease to be executed as of the Effective Date.

LESSOR:
Gator Frac Heating and Rentals, LLC


By: Josh Brooks
Title: Manager
111 Houston Street
Levelland, Texas 79336

LESSEE:
Big Eagle Limited Partnership


By: Chris Anderson
Title: Chief Executive Officer
Suite 900-444-5th Avenue S.W.
Calgary AB, T2P 2T8
Fax: 403-264-7600

NAME AND ADDRESS OF INSURANCE COMPANY / NOM ET ADRESSE DE LA COMPAGNIE D'ASSURANCE
Royal & Sun Alliance Insurance Company of Canada

NAME AND ADDRESS OF INSURED / NOM ET ADRESSE DE L'ASSURE
**Big Eagle Hydro-Vac Inc.
 GP of Big Eagle Limited Partnership
 3724 - 42 Avenue, Camrose, AB T2V 4W3**

INSURED VEHICLE - YEAR MAKE SERIAL NO. / VEHICULE ASSURE - ANNEE MARQUE SERIE
**ALL VEHICLES OWNED BY AND LICENSED
 TO/OR LEASED TO THE NAMED INSURED**

EFFECTIVE DATE / DATE D'ENTREE EN VIGUEUR
May 31, 2013

DATE OF EXPIRY / DATE D'EXPIRATION
May 31, 2014

POLICY NUMBER
CAP 035347858

AGENT
Lloyd Sadd Insurance Brokers Ltd.

This certificate is subject to the terms and conditions of the Insurers standard automobile policy.

This certifies that the party named herein is insured against liability for bodily injury and property damage by reason of the operation of the motor vehicle described herein, in an amount not less than the statutory minimum requirements in any area of Canada.

WARNING - Any person who issues or produces a card to show that there is in force a policy of insurance as indicated herein that is in fact not in force is liable to a heavy fine and/or imprisonment and his license may be suspended.

This card should be carried in the insured vehicle for production as proof of insurance when demanded by police.

Le présent certificat est assujéti aux dispositions et conditions de la police d'assurance automobile de l'Assureur. Ce certificat atteste que la personne surcité est assurée contre la responsabilité pour blessures et dommages aux biens découvant du usage du véhicule ci-déclt. conformément aux limites minimales exigées par les lois d'assurance en vigueur partout au Canada.

AVERTISSEMENT - Quiconque émet ou présente un tel certificat comme preuve d'une police d'assurance-responsabilité qui effectivement n'est pas en vigueur, est coupable d'une infraction passible d'une forte amende et/ou d'emprisonnement et suspension de son permis.

Ce certificat, doit être taissé dans le véhicule assuré afin d'être présenté comme preuve d'assurance lorsque la police l'exige.

VEHICLE DESCRIPTION VEHICLE MAKE Transcraft	SECTION 2 YEAR 2014	VEHICLE ACCESS CODE (VAC) 11756-8345	99905368132	VALIDATION NUMBER APPEARING ON YOUR TAG
MODEL OR SERIES DTL-3000	BODY COLOR Red	FUEL n/a	SECTION 1	
VEHICLE STYLE Commercial Trailer	LICENCED MASS	CLASS 4	LICENCED MASS kg	VEHICLE STATUS active
VEHICLE IDENTIFICATION NUMBER (VIN) 1TTE533S3E3765283	UNIT NUMBER RU015	REGISTRATION NUMBER R224378349	TYPE OF OPERATION Trailer	
VEHICLE STATUS active	REGULATIONS	IF LEASED VEHICLE, LEASING COMPANY NAME AND MVID Gator Frac Heating and Rentals		
SPECIAL CONDITIONS LEASED VEHICLE	NAME & ADDRESS OF REGISTRANT(S) BIG EAGLE LIMITED PARTNERSHIP 3815A 47 AVE CAMROSE AB T4V 4S4		TYPE: ORGANIZATION	CLIENT'S MVID 0583-04122

Alberta
 Vehicle Reg.
 Certificate

COPIES



This Certificate to be signed on the back by the registrant(s) and presented on demand of a Peace Officer.

LICENCE PLATE NO. CLASS
4RJ557 4

EXPIRY DATE (Y/M/D)
CONTINUOUS

REGISTRY AGENT
0344-80269

VALIDATED
2014/01/02

ISSUED 2014/01/02
 MAXIMUM SERVICE AMOUNT

\$*****109.45

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement (the "Lease") is made and entered into on this 30 day of May, 2013, by and between **Gator Frac Heating and Rentals, LLC**, a Texas limited liability company, with an address of 111 Houston Street, Levelland, Texas 79336, hereinafter referred to as "Lessor," and **Big Eagle Limited Partnership**, a Canadian limited partnership, with an address of Suite 900-444-5th Avenue S.W., Calgary AB, T2P 2T8, and hereinafter referred to as "Lessee."

WHEREAS, Lessor is the owner of the Frac heater described herein and is authorized by all necessary governmental or regulatory agencies with jurisdiction to regulate and/or authorize such activities and is duly authorized and empowered to execute this agreement;

WHEREAS, Lessee is in the oil field service industry, with clients across Western Canada and the Northwest Canadian Territories, and is authorized to conduct such business by all necessary governmental or regulatory agencies with jurisdiction to regulate and/or authorize such activities; and

WHEREAS, for adequate consideration and the mutual acknowledgements set out below, the receipt of which is hereby acknowledges, Lessor agrees to lease and let unto Lessee, a **Truck Mounted, Twin Steer Tri-Axle Frac Heating Unit, 20MBTU** (the "Heater"), more specifically identified by Serial Number 13-201626, under the following terms and conditions.

DEFINITIONS

For the purposes of this agreement, the following definitions shall apply:

"Delivery Date" the date on which the Lessee accepts delivery of the Heater from the Lessor.

"Commencement Date" the first day of the first month, following the Delivery Date and being the first day of the lease Term.

"Early Delivery" the period starting upon Delivery Date and ending on the last day of the month of Delivery Date.

"Estimated Delivery Date" date on which delivery of the Heater is anticipated to the Lessee.

"Term" the period of time for which the lease agreement is in effect.

"Termination Date" the date upon which the Term ends through expiration, mutual agreement or default.

- 1) **TERM OF LEASE.** Subject to the terms and conditions contained herein, the Lease Term shall be a period of 36 months, beginning on the Commencement Date, and ending on the Termination Date. Lessee shall provide Lessor with written confirmation of receipt and acceptance of the Heater on the Delivery Date. Lessee agrees to pay Lessor \$684,000.00 USD for the use of the Heater in equal monthly installments in the amount of \$19,000.00 USD.
 - a) The Early Delivery period will be remunerated on a per-diem basis at a rate of \$547.93 USD, payable upon Commencement Date.
 - b) Lessee agrees to pay the rental payment on the first business day of each month, preferably via wire transfer. Payments not made by the 4th business day of the month shall be considered late. Delay in the fulfillment of Lessee's obligation to make the monthly rental payments in the terms

established herein will result in a monthly late charge equivalent to one and a half percent (1.5%/month) of the late monthly payments only, calculated daily in arrears.

- 2) **INITIAL PAYMENT AND PAYMENT FOR DAMAGE OF EQUIPMENT.** Upon execution of this Lease, Lessee shall pay Lessor an initial lease payment in the amount of \$75,000 USD (the "Initial Lease Payment"). Lessor and Lessee agree that said Initial Lease Payment will be allocated as follows:

Description	To be applied	Amount
First month's lease payment	Month of Commencement	\$19,000
Last month's lease payment	Month of Termination	19,000
Damage deposit	Refundable subject to Item 9 herein	37,000

- a) Within ten (10) days of the Termination Date and the return of the Heater to lessor's facility at 111 Houston Street, Levelland, Texas 79336, Lessor shall provide Lessee with a detailed statement of damage(s) to the Heater caused by Lessee, Lessee's authorized representatives, employees, contractors, successors and assigns, which cause the Heater to not be returned to Lessor in substantially the same condition as it was delivered to Lessee in and the amount for repairs, should there be any. All approved amounts in relation to the repairs to the unit, barring normal wear, shall be deducted from the damage deposit amount. Damage deposit amounts remaining shall be returned to the Lessee within five (5) days of the receipt thereof, or should the damages exceed the damage deposit amounts, the Lessee shall remit payment via wire transfer.
- 3) **OPTION TO EXTEND TERM.** Lessor and Lessee hereby agree that Lessee shall have an option to extend the Term for a period of twelve (12) months (the "Extension Period") from the Termination Date, provided that Lessee shall notify Lessor in writing of its election to exercise such right, prior to ninety (90) days from the Termination Date. Notwithstanding anything in this Agreement to the contrary, Lessor and Lessee hereby agree that if Lessee exercises the option to extend the Term as provided for herein (hereinafter the "extended term"), Lessee shall pay Lessor \$199,992.00 USD for the use of the Heater throughout the extended term. All terms and conditions (excepting the initial Term) in relation to the Lease shall remain in place for the Extension Period.
- 4) **POSSESSION, CONTROL AND USE OF EQUIPMENT.** During the Term of this Lease, Lessee shall have exclusive use of the Heater for purposes of Lessee's operations. Lessee assumes responsibility for the operation of the Heater and for compliance with any and all regulatory requirements, licensing requirements, taxes of any kind associated with Lessee's use and operation of the Heater, and other fees and or requirements of any kind set forth by a regulatory agency having jurisdiction to regulate the operation of the Heater, for the Term of the Lease.
- 5) **REGULATORY COMPLIANCE.** Lessee agrees to comply with all safety regulations required by any such Canadian or American regulatory agency applicable to Lessee's use and operation of the Heater for the Term of this Lease.
- 6) **EXPENSES AND MAINTENANCE.** For the duration of the Term of this Lease and until such time as the Heater is returned to Lessor upon termination of this Lease or any such extension thereof, Lessee agrees to maintain the Heater in a fully operational condition at all times and at

Lessee's own cost and expense. Lessee shall be solely responsible and obligated for providing for and/or compensating for Lessee's employees, contractors, repairs, and maintenance to the Heater and shall pay all taxes, permit or license fees and any other fees necessary in the use and operation of the Heater during the Term of the Lease. Further, Lessee understands and agrees that Lessee shall be solely responsible for the costs of delivery of the heater to Lessee and return of the Heater to Lessor. Delivery is shall be FBO Levelland, Texas, USA.

- 7) **LESSOR'S RIGHT TO INSPECT.** Lessor or its duly authorized agent, representative or designee shall have the right, but not the duty, to inspect the Heater at any reasonable time upon reasonable notice to Lessee during the Term of the Lease and until such time as the Heater is returned to Lessor.
- 8) **DAMAGE OR LOSS.** Subject to the provisions in Article 9 below, Lessee hereby assumes and shall bear the entire risk of loss, theft, confiscation, damage to or destruction of the Heater from any cause whatsoever up to the limits of Lessee's require insurance policy on such Heater as detailed in Article 10 herein. Lessee shall notify Lessor as soon as reasonably possible upon the occurrence of any such damage or loss.

9) **LIABILITY.**

All liabilities and indemnities herein are in effect for the Lease Term, and in the event of an extended term, the Extension Period.

- a) **LESSEE'S INDEMNITY.** Lessee agrees to defend, indemnify, release and hold Lessor harmless from and against all costs, damages, losses, fines, penalties, expenses (including court costs and reasonable attorney's fees) and liabilities arising out of claims, demands, or causes of action brought by any person or entity for bodily injury to or death of, any employee of Lessee, or its subcontractor, agent, invitee, parent, co-owner, co-venturer, co-operator, partner, subsidiary, or affiliate of Lessee, or for damage to or loss of property owned or leased by Lessee or any other party, which injury, death, damage, liability, claim, demand or loss arises out of or is incidental to the performance of this Agreement, **REGARDLESS OF WHETHER CAUSED BY THE NEGLIGENCE, IN ANY FORM, OR FAULT, OR STRICT LIABILITY OF ANY MEMBER OF LESSEE, OR ANY OTHER PERSON NATURAL OR OTHERWISE, AND/OR, ANY DEFECT IN ANY PREMISES OR VESSEL WHETHER PRE-EXISTING THIS CONTRACT OR NOT AND WHETHER SUCH DAMAGES, LOSSES, INJURIES, LIABILITIES, CLAIMS OR DEMANDS ARISE FROM TORT, CONTRACT, QUASI-CONTRACT OR OTHERWISE.**

- (i) The Parties agree that the foregoing indemnity obligation shall be supported by an amount of insurance maintained by Lessee, which shall meet, at a minimum, the amounts of insurance set forth in Article 9.
- (ii) The indemnification provided hereunder shall be effective to the maximum extent permitted by applicable law. The Parties agree that in the event any law is enacted in any state or under the laws of the United States, the laws of which are applied to this Lease that limits in any way the extent to which indemnification may be provided to an indemnitee, then this Lease shall

automatically be amended to provide that the indemnification provided hereunder shall extend to the maximum extent permitted by applicable law.

- b) **ENVIRONMENTAL LIABILITY.** Notwithstanding any other provision(s) contained herein, except as may be caused by (i) Lessor's material breach of this Lease or (ii) Lessor's gross negligence or willful misconduct, Lessee assumes sole responsibility for and shall defend, indemnify and hold Lessor harmless from and against any and all claims, demands, suits, judgments, damages, losses, fines, penalties and causes of action of every nature, kind and character for damage to or loss of any well, including the casing and all pipe and tubulars and equipment and tools therein, loss of or impairment of any property rights of any party in and to any oil, gas, water or other mineral substance, for all spills or leakage, emanating from blowouts, or uncontrolled sub-surface flow(s) of oil, gas and water and all other substances, including the damages caused by said leakage or uncontrolled flow(s) of oil, gas, water and all other substances, including the control and removal thereof, pollution and/or contamination, costs of removal of debris or damage to or loss of Producer's well(s), damage to or loss of the reservoir(s) associated with any well(s), damage to or loss of the production and/or formations in and on all properties, facilities, leases and locations, upstream of the designated delivery points **REGARDLESS OF WHETHER CAUSED BY THE NEGLIGENCE (EXCEPT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT), OR FAULT, OR STRICT LIABILITY OR ABSOLUTE LIABILITY OF ANY MEMBER OF LESSOR, OR ANY OTHER PERSON NATURAL OR OTHERWISE, ANY DEFECT IN ANY PREMISES OR VESSEL WHETHER PRE-EXISTING THIS LEASE OR NOT AND WHETHER SUCH DAMAGES, LOSSES, LIABILITIES, CLAIMS OR DEMANDS ARISE FROM TORT, CONTRACT, QUASI-CONTRACT OR OTHERWISE.**
- c) **THIRD-PARTY INDEMNIFICATION.** Lessee shall indemnify Lessor and hold Lessor harmless from any physical damage to property of third parties or injury to persons, including death, to the extent resulting directly from the acts or omissions of Lessor or its officers, servants, agents, employees, and/or assigns, while engaged in activities relating to this Lease. In the event such damage or injury is caused by the joint or concurrent negligence of Lessor and Lessee, the loss shall be borne by each Party in proportion to its negligence.
- d) **INCIDENTAL AND CONSEQUENTIAL DAMAGES.** Notwithstanding anything to the herein, in no event shall either Party hereto be liable for any special, incidental, indirect, exemplary, punitive, speculative or consequential damages of any type.
- 10) **INSURANCE.** Lessee shall obtain and maintain insurance at Lessee's own cost and expense, showing Lessor as an "Additional Insured" party on Lessee's policy. Insurance coverage shall be as follows.
- e) **COMPREHENSIVE GENERAL LIABILITY.** Lessee agrees to carry Comprehensive General Liability Insurance, including Broad Form Property Damage and Blanket Contractual Liability coverage, with a combined limit of not less than \$1,000,000 for any one accident or occurrence for bodily and property damages and \$2,000,000 in the aggregate.

- f) **EXCESS (UMBRELLA) INSURANCE.** Lessee further agrees to carry Excess (Umbrella) Liability Insurance providing coverage for \$3,000,000 in excess of that provided in the policy described in Article 9.1.
- g) **WORKERS' COMPENSATION/EMPLOYER'S LIABILITY.** Lessee agrees to protect their employees by carrying Workers' Compensation or similar insurance in compliance with the applicable Workers' Compensation or similar laws as amended from time to time and applicable for the location where the Heater shall be operated and Employer's Liability Insurance with a limit of not less than \$500,000 for any one accident.

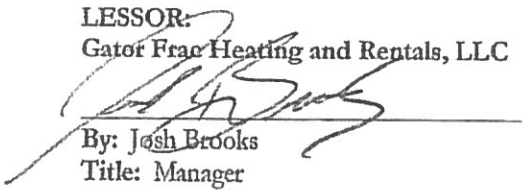
Notwithstanding anything contained hereinabove to the contrary, Lessee shall be obligated to maintain liability insurance as required by all federal and state regulations and other laws. Lessor and Lessee agree to assist each other in providing sufficient information and giving notice to all authorities as provided by law.

- 11) **DELAYED DELIVERY.** The anticipated Delivery Date is December 1, 2013. Should the Lessor fail to deliver the Heater to the Lessee's delivery point on the anticipated date, the following penalties should apply:
 - a) Between 2 weeks and 6 weeks (14 and 42 days) late: \$1,000/day
 - b) Between 6 weeks and 12 weeks (43 and 84 days) late: \$1,500/day
 - c) In excess of 12 weeks late, Lessee reserves the right to cancel the Lease, at its sole discretion and without notice and without penalty. Initial Deposit will be returned within five (5) business days upon cancellation.
- 12) **EARLY TERMINATION.** If, by mutual, written consent, the Lessee and Lessor choose to terminate the agreement prior to the Termination Date or the last day of the Extension Period, they may do so. Acceptable forms of request and acceptance include fax, email or mail, authorized by signing officers of the Lessee and Lessor respectively, releasing both parties from all obligations (save Heater repairs and rents to that date) from all future obligations outlined herein.
- 13) **TERMINATION.** Upon the natural termination (expiration of this Lease or Extension Period), or early termination by mutual agreement, the Lease between the Lessee and the Lessor, Lessee shall return the Heater to Lessor's facility at 111 Houston Street, Levelland, Texas, United States of America, 79336 subject to the following
 - a) All expenses for delivery and return of the Heater shall be borne by Lessee.
 - b) In the event that Lessee fails for any reason whatsoever to return the Heater on or before the last day of the Lease Term, Lessor's damages shall include, but shall not be limited to, lost rentals at the rate of \$835.00 USD for each day that such return is delayed.
 - c) Upon full payment of rents owed to the date of return, and without further penalty, the Lessee and Lessor are released from all obligations in relation to the Lease upon Termination.
- 14) **NOTICES.** Unless specifically stated otherwise in writing subsequent to this Lease, all notices permitted or required by this Lease shall be in writing and shall be deemed given when sent by fax, e-mail, registered or certified mail, return receipt requested, postage prepaid, to the address set forth herein below, or such other address as may hereafter be designated by either Party in a written notice to the other.

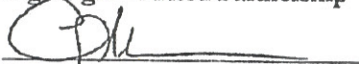
- 15) **ATTORNEY'S FEES.** Any Party to this Lease who prevails in a legal proceeding brought with relation to this Lease shall be entitled to recover court costs and reasonable attorney's fees.
- 16) **ASSIGNMENT.** The rights and obligations of either Party shall not be assignment by any of the Parties hereto without the written consent of the non-assigning Party.
- 17) **WAIVER.** No waiver by either Party of any default of the other Party under this Lease shall operate as a waiver of any future default, whether of like or different character.
- 18) **AUTHORITY OF THE PARTIES.** The executing Parties to this Lease represent that the entities they represent are validly existing entities within their respective jurisdictions and that the executing Parties are vested with the authority to enter into this Lease.
- 19) **ENTIRE AGREEMENT.** This Lease and the provisions contained herein represent the entire agreement of the Parties concerning the subject matter thereof. No oral promises, statements, inducements or understanding contrary to the terms contained herein shall be enforceable. This Lease cannot be modified without the express written consent of the Parties hereto. This Lease shall be binding upon the Parties hereto, their legal representatives, successors and assigns.
- 20) **VENUE AND GOVERNING LAW.** For purposes of determining venue in the event that legal action is brought by either Party under this Lease, the Parties agree that this Lease shall be governed and constructed in all respects in accordance with the substantive laws of the State of Texas and the United States of America and that Lessee agrees and consents to venue in and submits to the jurisdiction of Hockley County, Texas, U.S.A. or the Federal Court jurisdiction of Hockley County, Texas, U.S.A.
- 21) **COUNTERPARTS.** This Lease may be executed in any number of counterparts, each of which shall be deemed an individual instrument, but all of which together shall constitute one and the same instrument.
- 22) **CONFIDENTIALITY.** As between Lessor and Lessee, and their employees, owners, partners, legal representatives, affiliates, operators, agents or assigns, the terms of this Lease, including the amount of the payment provided for herein, are deemed confidential information.

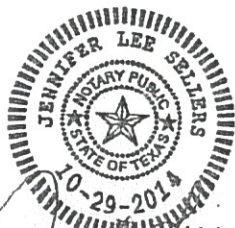
IN WITNESS WHEREOF, the Parties hereto cause this Lease to be executed as of the Effective Date.

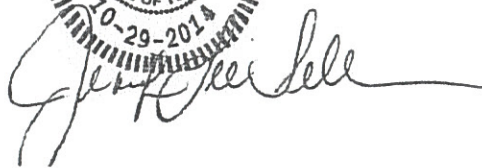
LESSOR:
Gator Frac Heating and Rentals, LLC


By: Josh Brooks
Title: Manager
111 Houston Street
Levelland, Texas 79336

LESSEE:
Big Eagle Limited Partnership


By: Chris Anderson
Title: Chief Executive Officer
Suite 900-444-5th Avenue S.W.
Calgary AB, T2P 2T8
Fax: 403-264-7600





VEHICLE DESCRIPTION
VEHICLE MAKE

Peterbilt
MODEL OR SERIES

SECTION 2
YEAR

2014
BODY COLOR

VEHICLE ACCESS
CODE (VAC)

11777-6153
FUEL

Alberta Government
Vehicle Registration
Certificate

15000091042

VALIDATION NUMBER
APPEARING ON YOUR TA

Conventional Red
VEHICLE STYLE

Diesel
LICENCED MASS

Truck
VEHICLE IDENTIFICATION NUMBER (VIN)

36600 kg
UNIT NUMBER

1NPTX4TX1ED224007
VEHICLE STATUS REGULATIONS

RU-016
BUS CAPACITY

active
SPECIAL CONDITIONS

LEASED VEHICLE

MOTOR HOME SUPERSTRUCTURE / SECONDARY PARTS DESCRIPTION
MAKE MODEL OR SERIES

SERIAL NUMBER

YEAR

LICENCE PLATE NO. CLASS
BLV7711 3
EXPIRY DATE (Y/M/D)
2015/03/31

REGISTRY AGENT

0344-80269
VALIDATED

2014/01/23

SECTION 1
LICENCE PLATE NO. CLASS LICENCED MASS VEHICLE STATUS
BLV7711 3 36600 kg active
EXPIRY DATE (Y/M/D) TYPE OF OPERATION
2015/03/31 Commercial
REGISTRATION NUMBER IF LEASED VEHICLE, LEASING COMPANY NAME AND MVID

Gator Frac Heating and Rentals

R224756825

NAME & ADDRESS OF
REGISTRANT(S)

TYPE: 0734-26256
CLIENTS MVID ORGANIZATION
0583-04122

BIG EAGLE LIMITED PARTNERSHIP
3815A 47 AVE
CAMROSE AB T4V 4S4

ISSUED 2014/01/23
MAXIMUM SERVICE AMOUNT

\$*****2127.45

REG0405 (2013/02)



This Certificate to be
signed on the back by
the registrant(s) and
presented on demand
of a Peace Officer.

Appendix C –
Dean Hutchinson's Letter to Gowlings
dated July 23, 2015



CALGARY OFFICE
1600 - 520 3rd Avenue S.W.
Calgary Alberta
Canada T2P 0R3
T: 403.693.4300
F: 403.508.4349

July 23, 2015

Dean A. Hutchison
Direct Line: 403.693.4305
E-mail: DHutchison@mlt.com

VIA E-MAIL(tom.cumming@gowlings.com; jeffrey.oliver@gowlings.com)

Gowling Lafleur Henderson LLP
Suite 1600, 421 – 7 Avenue S.W.
Calgary, Alberta
T2P 4K9

Attention: Thomas Cumming & Jeffrey Oliver

Dear Sirs:

Re: Wells Fargo Foothill Canada ULC v. Big Eagle Hydro-Vac Inc., Big Eagle Limited Partnership ("Big Eagle LP"), Big Eagle Hydro-Vac (North) Inc. and Big Eagle (North) Limited Partnership – Court of Queen's Bench of Alberta Court File No.: 1501-06320 (the "Big Eagle Receivership Proceedings")

Further to our letter to you of July 22, 2015 and Mr. Oliver's subsequent e-mail of July 22, 2015 requesting copies of documentation regarding: (i) the termination of the Equipment Lease Agreements (as such term is defined in our July 22, 2015 letter); and (ii) the arrangements and representations that Big Eagle LP had made to Gator Frac Heating and Rentals, LLC ("Gator Frac") regarding the return of the Trailer Fracing Unit and Truck Fracing Unit (as such terms are defined in our July 22, 2015 letter), please find enclosed copies of such documentation.

We look forward to hearing from you to discuss the logistics of the return the said Trailer Fracing Unit and Truck Fracing Unit to Gator Frac.

Yours truly,

MacPherson Leslie & Tyerman LLP

Per:

Dean A. Hutchison

DAH/la
Enclosures

Cc: Jeff Keeble (*Deloitte Restructuring Inc.*) – via e-mail with enclosures
Cc: Josh Brooks (*Gator Frac Heating and Rentals, LLC*) – via e-mail with enclosures

From: Chris Anderson <canderson@bigeagle.ca>
Date: January 25, 2015 at 5:45:09 PM CST
To: josh brooks <gatorfracrentals@gmail.com>, "josh@gatorfracheatingandrentals.com" <josh@gatorfracheatingandrentals.com>
Cc: Morley Myden <mmyden@bigeagle.ca>, Steve Katulka <skatulka@bigeagle.ca>
Subject: Contact Morley on Monday

Josh.

We need you to make this a priority and get with Morley.

As it stands right now I want to short pay February's invoices by the amount it cost us for the retrofit on the 44mil heater.

Plus from the way the contracts read we will be returning both 44mil super heaters at the beginning of April 2015.

Lastly, I would really like you to retrofit the body job 30mil heater to become a high efficiency one. Otherwise it will probably sit for the next year.

Please call Morley early Monday and let's get this ball rolling.

Thanks

Chris

Sent from my iPad

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From: Dianna Riggs <driggs@bigeagle.ca>
Date: June 8, 2015 at 8:12:46 AM CDT
To: Josh Brooks <gatorfracrentals@gmail.com>
Subject: RE: Affidavit of Manufacture required for Super Heater returning in June

Hi Josh:

We are on target to have it back to you before the end of June. I will email you when I have more details.

Thanks,

Dianna

From: Josh Brooks [<mailto:gatorfracrentals@gmail.com>]
Sent: June-05-15 5:13 PM
To: Dianna Riggs
Subject: Re: Affidavit of Manufacture required for Super Heater returning in June

When is the heater expecting to ship!

Sent from my iPhone

On Jun 5, 2015, at 4:53 PM, Dianna Riggs <driggs@bigeagle.ca> wrote:

Thank you Dallas.

Dianna

From: Dallas Pena [<mailto:dallas.pena@alliedoilfield.com>]
Sent: June-05-15 2:48 PM
To: Dianna Riggs
Cc: jbrooks@westtechoilfieldservices.com; Josh Brooks
Subject: FW: Affidavit of Manufacture required for Super Heater returning in June

Dianna,

Attached is the affidavit of MFG that you requested from Josh Brooks. Thanks!

Dallas Pena

From: Dallas Pena
Sent: Friday, June 05, 2015 3:32 PM
To: 'Josh Brooks'
Subject: RE: Affidavit of Manufacture required for Super Heater returning in June

From: Josh Brooks [<mailto:gatorfracrentals@gmail.com>]
Sent: Friday, June 05, 2015 2:52 PM
To: Dallas Pena
Subject: Fwd: Affidavit of Manufacture required for Super Heater returning in June

Sent from my iPhone

Begin forwarded message:

From: Dianna Riggs <driggs@bigeagle.ca>
Date: May 13, 2015 at 8:15:29 AM CDT
To: Josh Brooks <gatorfracrentals@gmail.com>
Cc: Morley Myden <mmyden@bigeagle.ca>, Gordon Bradbury <gbradbury@bigeagle.ca>
Subject: RE: Affidavit of Manufacture required for Super Heater returning in June

Sounds good Josh. I attached a copy of the one that was completed for the unit we returned last month.

Thanks,
Dianna

-----Original Message-----

From: Josh Brooks [<mailto:gatorfracrentals@gmail.com>]
Sent: May-13-15 7:06 AM
To: Dianna Riggs
Subject: Re: Affidavit of Manufacture required for Super Heater returning in June

I will call you this afternoon have a few questions!!!

J

Sent from my iPhone

On May 12, 2015, at 11:16 AM, Dianna Riggs <driggs@bigeagle.ca> wrote:

Hi Josh:

I wanted to follow up on the email below and to see when you expect to have this completed. If you require more information, please let me know.

Thanks,

Dianna

From: Dianna Riggs

Sent: April-29-15 11:28 AM

To: 'Josh Brooks'; 'josh@gatorfracheatingandrentals.com'; 'gatorfracrentals@gmail.com'

Cc: Morley Myden (mmyden@bigeagle.ca); Gordon Bradbury (Gbradbury@bigeagle.ca); Dianna Riggs

Subject: Affidavit of Manufacture required for Super Heater returning in June

Hi Josh:

Please see attached for the Affidavit of Manufacture form that needs to be completed for the Super Heater that we will be returning in a couple of months. If you have any questions, please give me a call.

Details on the Unit (our Unit #RU015):

Serial # on the Rental Agreement:	13-201627
Vehicle Identification #:	1TTE533S3E3765283
Make:	2014 Transcraft
Model:	DTL-3000 53' x 102"

Thanks,

Dianna Riggs SCMP, BADM
Materials and Procurement Manager

[cid:image001.png@01CDDF7A.83F26F00]

5916 36th Street East

Edmonton International Airport, AB

T9E 0V4

Direct: 780.577.8752

Mobile: 780.903.9559

www.bigeagle.ca<<http://www.bigeagle.ca/>>

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www.bigeagle.ca <winmail.dat>

From: Chris Anderson <canderson@bigeagle.ca>
Date: June 11, 2015 at 12:33:03 PM CDT
To: Josh Brooks <gatorfracrentals@gmail.com>, "josh@gatorfracheatingandrentals.com" <josh@gatorfracheatingandrentals.com>
Subject: FW: Frac heaters

-----Original Message-----

From: Morley Myden
Sent: Thursday, June 11, 2015 11:31 AM
To: Chris Anderson
Subject: RE: Frac heaters

We probably have them registered in our name for vehicle licencing purposes.

-----Original Message-----

From: Chris Anderson
Sent: Thursday, June 11, 2015 11:27 AM
To: Morley Myden
Subject: FW: Frac heaters

What is he saying

-----Original Message-----

From: Josh Brooks [<mailto:gatorfracrentals@gmail.com>]
Sent: Thursday, June 11, 2015 11:15 AM
To: Chris Anderson
Subject: Re: Frac heaters

The units are registered in talks name?

Sent from my iPhone

On Jun 11, 2015, at 11:23 AM, Chris Anderson <canderson@bigeagle.ca> wrote:

NONE

Thanks;

Chris

Cell: 403.801.8100
Centralized Dispatch: 1.800.227.6392
www.bigeagle.ca

-----Original Message-----

From: Josh Brooks [<mailto:gatorfracrentals@gmail.com>]
Sent: Thursday, June 11, 2015 10:23 AM
To: Chris Anderson
Subject: Re: Frac heaters

Will I have any issues getting these trucks

Sent from my iPhone

On Jun 11, 2015, at 10:05 AM, Chris Anderson <canderson@bigeagle.ca> wrote:

Please go to our website and look up the Grande Prairie, Alberta address.

Thanks;

Chris

Cell: 403.801.8100
Centralized Dispatch: 1.800.227.6392
www.bigeagle.ca

-----Original Message-----

From: Admin [<mailto:gatorfracrentals@gmail.com>]
Sent: Thursday, June 11, 2015 8:57 AM
To: Chris Anderson
Cc: Morley Myden
Subject: Frac heaters

Can someone please get me an address as to where i can pick these heaters up??

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From: Chris Anderson <canderson@bigeagle.ca>
Date: June 11, 2015 at 12:50:27 PM CDT
To: Josh Brooks <gatorfracrentals@gmail.com>, "josh@gatorfracheatingandrentals.com" <josh@gatorfracheatingandrentals.com>
Subject: FW: Frac heaters

-----Original Message-----

From: Morley Myden
Sent: Thursday, June 11, 2015 11:50 AM
To: Chris Anderson
Subject: RE: Frac heaters

You will probably need to get a temporary permit to get them to the border and then the same thing when you are in the USA. Lynden transport might be able to handle all of that for you

-----Original Message-----

From: Chris Anderson
Sent: Thursday, June 11, 2015 11:35 AM
To: Morley Myden
Subject: FW: Frac heaters

-----Original Message-----

From: Admin [<mailto:gatorfracrentals@gmail.com>]
Sent: Thursday, June 11, 2015 11:34 AM
To: Chris Anderson
Subject: Re: Frac heaters

since they are registered in your name for license what will be the obstacle for me to get them back through customs?

On Jun 11, 2015, at 12:33 PM, Chris Anderson <canderson@bigeagle.ca> wrote:

-----Original Message-----

From: Morley Myden
Sent: Thursday, June 11, 2015 11:31 AM
To: Chris Anderson
Subject: RE: Frac heaters

We probably have them registered in our name for vehicle licencing purposes.

-----Original Message-----

From: Chris Anderson

Sent: Thursday, June 11, 2015 11:27 AM

To: Morley Myden

Subject: FW: Frac heaters

What is he saying

-----Original Message-----

From: Josh Brooks [<mailto:gatorfracrentals@gmail.com>]

Sent: Thursday, June 11, 2015 11:15 AM

To: Chris Anderson

Subject: Re: Frac heaters

The units are registered in talks name?

Sent from my iPhone

On Jun 11, 2015, at 11:23 AM, Chris Anderson <canderson@bigeagle.ca> wrote:

NONE

Thanks;

Chris

Cell: 403.801.8100

Centralized Dispatch: 1.800.227.6392

www.bigeagle.ca

-----Original Message-----

From: Josh Brooks [<mailto:gatorfracrentals@gmail.com>]

Sent: Thursday, June 11, 2015 10:23 AM

To: Chris Anderson

Subject: Re: Frac heaters

Will I have any issues getting these trucks

Sent from my iPhone

On Jun 11, 2015, at 10:05 AM, Chris Anderson <canderson@bigeagle.ca> wrote:

Please go to our website and look up the Grande Prairie, Alberta address.

Thanks;

Chris

Cell: 403.801.8100

Centralized Dispatch: 1.800.227.6392 www.bigeagle.ca

-----Original Message-----

From: Admin [<mailto:gatorfracrentals@gmail.com>]

Sent: Thursday, June 11, 2015 8:57 AM

To: Chris Anderson

Cc: Morley Myden

Subject: Frac heaters

Can someone please get me an address as to where i can pick these heaters up??

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Corporate Head Office; 900, 444 5 Avenue SW, Calgary, AB, T2P 4T8.
www.bigeagle.ca

From: Chris Anderson <chris.anderson8809@yahoo.ca>

Date: June 20, 2015 at 10:31:22 PM CDT

To: Morley Myden <mmyden@big eagle.ca>, Josh Brooks <gatorfracrentals@gmail.com>

Subject: Super heaters

Reply-To: Chris Anderson <chris.anderson8809@yahoo.ca>

yes

go get them

On Friday, June 19, 2015 12:27 PM, Josh Brooks <gatorfracrentals@gmail.com> wrote:

Chris do I have approval from receivership to pick these assets up!!
Sent from my iPhone

5680

1300

CERTIFICATE OF ORIGIN FOR A VEHICLE



DATE	INVOICE NO	
1/25/2013		
VEHICLE IDENTIFICATION NO	YEAR	MAKE
1TTE533S3E3765283	2014	TRANSCRAFT
BODY TYPE	SHIPPING WEIGHT	
STEEL DROPDECK	14983#	
HP (SAE)	NO. CYLS	SEPLUS OR MODEL
	80000#	DTL-3000 53' X 102"

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the Invoice Number indicated to the following distributor or dealer

NAME OF DISTRIBUTOR, DEALER, ETC.

HIGHWAY TRAILER SALES
 1850 SOUTHERN RD
 KANSAS CITY, MO 64120-1144
 US

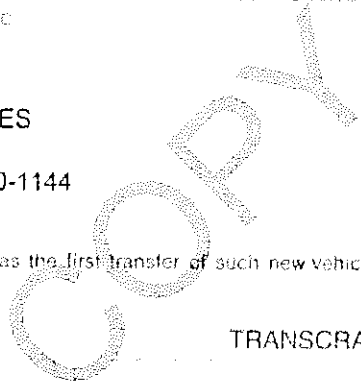
It is further certified that this was the first transfer of such new vehicle in ordinary trade and commerce.

TRANSCRAFT CORPORATION

BY *Shawn Lee* (AGENT)
 (SIGNATURE OF AUTHORIZED REPRESENTATIVE)

TC0104589

CADIZ, KENTUCKY
 CITY - STATE



<p>ASSIGNMENT NUMBER</p>	<p>LUBBOCK TRUCK SALES, INC 1801 EAST SLATON ROAD LUBBOCK, TX 79404 HIGHWAY TRAILER SALES, INC T-5 AGENT MISSOURI LAFAYETTE 7/18/13</p>
<p>ASSIGNMENT NUMBER</p>	<p>Allied Oilfield P.O. BOX 879 Levelland TX 79336 P25114 Lubbock Truck Sales, Inc. Exempt Texas Lubbock David L. Spivey July 24 2013</p>
<p>ASSIGNMENT NUMBER</p>	<p>Gator Frac Heating and Rental, LLC 111 Houston St. Levelland, TX 79336 Allied Oilfield P112749x Exempt Texas Hookley David Twens Nov. 21st 2013</p>
<p>ASSIGNMENT NUMBER</p>	<p>Blank section</p>
<p>ASSIGNMENT NUMBER</p>	<p>Blank section</p>
<p>ASSIGNMENT NUMBER</p>	<p>Blank section</p>

TERRY H. LEIGH
Notary Public - Notary Seal
State of Missouri
Commissioned for Lafayette County
My Commission Expires: June 15, 2015
Commission Number: 1201761

COPY

CERTIFICATE OF ORIGIN FOR A VEHICLE



ALLIED OILFIELD

2ND STAGE MANUFACTURERS STATEMENT OF ORIGIN
INVOICE NO. N/A

DATE	1/2/2014	YEAR	2014	MAKE	PETERBILT
VEHICLE IDENTIFICATION NO	1NPTX4TX1ED224007				
BODY TYPE	TRUCK			SHIPPING WEIGHT	63,380 LB
H.P. (SAE)	550.0	G.V.W.R	5 TON	NO. CYLS.	6
				SERIES OR MODEL	SERIES 10-367

I, the undersigned authorized representative of the company, firm or corporation named below, hereby certify that the new vehicle described above is the property of the said company, firm or corporation and is transferred on the above date and under the Invoice Number indicated to the following distributor or dealer.

NAME OF DISTRIBUTOR, DEALER, ETC.

Allied Oilfield Machine and Pump LLC.

It is further certified that this was the first transfer of such new vehicle in ordinary trade and commerce.

Allied Oilfield Machine and Pump LLC

BY: *J. Dee Swisher*
(SIGNATURE OF AUTHORIZED REPRESENTATIVE) (AGENT)

AO 112

Levelland, Texas 79336

CITY-STATE

Gator Frac Heating and Rental
111 Houston Street Levelland, TX 79336

Allied Oilfield P112372 Exempt David Owens

Texas
Hockley

2 JAN 14

Aim Bank
116 College Ave Levelland, TX 79336

Appendix D –
Email correspondence re: Unit RU-
015

Kai, Rowena

From: Morley Myden [mmyden@bigeagle.ca]
Sent: June-04-15 9:26 AM
To: Dianna Riggs
Cc: Gordon Bradbury
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

Let's try and get the tank purged if we can this week. I will see if I can get with Josh.

Thanks,
Morley

From: Dianna Riggs
Sent: Wednesday, June 03, 2015 11:28 AM
To: Morley Myden
Cc: Gordon Bradbury
Subject: FW: RU015 Super Heater returning to Gator in Texas next month
Importance: High

Hi Morley:

Please see below for update on the return of RU015 to Texas. I still have NOT received the Affidavit of Manufacture or the drop off address from Josh at Gator and we are running short on time.

You may want to contact him as he does not seem to be responding to me.

Thanks,

Dianna

From: Jason Currah
Sent: June-03-15 11:05 AM
To: Dianna Riggs
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

If it can be off loaded I would say we could ship it on June 11th or 12th. It will need to be purged yet, I will see if N2 has enough nitrogen to do it here otherwise we will have to cross our fingers it can be done down there. We have already stripped it of all its parts and washed it, we need to remove the decals and give it another wash yet. That will be completed this week.

Jason Currah
Service Coordinator

Big Eagle Services

Main: 780.402.6660

Cell: 780.518.6867

Fax: 780.402.6690

Centralized Dispatch: 1.800.227.6392

From: Dianna Riggs
Sent: Wednesday, June 03, 2015 10:49 AM
To: Jason Currah
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

Thanks for the update Jason. If they are able to offload Wednesday, when do you anticipate it landing in Edmonton?

From: Jason Currah
Sent: June-03-15 10:42 AM
To: Dianna Riggs
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

Canwest is full of propane so we can't off load until next week on Wednesday. There is no way to transfer it to another unit so we just have to wait; there is 6500 liters on the unit.

Jason Currah
Service Coordinator

Big Eagle Services

Main: 780.402.6660

Cell: 780.518.6867

Fax: 780.402.6690

Centralized Dispatch: 1.800.227.6392

From: Dianna Riggs
Sent: Tuesday, June 02, 2015 8:16 AM
To: Jason Currah
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

Thank you Jason. I just got the quote back from Lynden Transport so we have a ballpark number. Please let me know the weight after the propane is offloaded so I can get a requite if necessary.

Dianna

From: Jason Currah
Sent: June-01-15 8:46 AM
To: Dianna Riggs
Cc: Gordon Bradbury
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

RU015 dimensions:

-8 feet 6.25 inches wide
-53 feet and 5 inches long
-13 feet and 3 inches high

Jason Currah
Service Coordinator

Big Eagle Services

Main: 780.402.6660

Cell: 780.518.6867

Fax: 780.402.6690

Centralized Dispatch: 1.800.227.6392

From: Dianna Riggs
Sent: Friday, May 29, 2015 8:49 AM
To: Jason Currah
Cc: Gordon Bradbury
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

IF it has not been modified since it came across in 2013 it should weigh 20,866 kg, so I will get a quote based on that, once I get the dimensions from you.

Thank you Jason.

Dianna

From: Jason Currah
Sent: May-29-15 8:46 AM
To: Dianna Riggs
Cc: Gordon Bradbury
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

I can't get this unit weighed today as it has 6000 liters of propane on it and Canwest can't take it back till June 2nd at the earliest. I will get the measurements today and get the weights to you as soon as I can get the unit off loaded.

Jason Currah
Service Coordinator

Big Eagle Services

Main: 780.402.6660

Cell: 780.518.6867

Fax: 780.402.6690

Centralized Dispatch: 1.800.227.6392

From: Dianna Riggs
Sent: Thursday, May 28, 2015 4:04 PM
To: Jason Currah
Cc: Gordon Bradbury
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

You are AWESOME. Thank you.

Dianna

From: Jason Currah
Sent: May-28-15 4:01 PM
To: Dianna Riggs
Cc: Gordon Bradbury
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

I will send it tomorrow to get weighed and I will get the dimensions as well.

Jason Currah
Service Coordinator

Big Eagle Services

Main: 780.402.6660

Cell: 780.518.6867

Fax: 780.402.6690

Centralized Dispatch: 1.800.227.6392

From: Dianna Riggs
Sent: Thursday, May 28, 2015 3:34 PM
To: Jason Currah
Cc: Gordon Bradbury
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

Hi Jason:

Is there any way you can get me the weight and dimensions sooner? I need that information in order for Lynden Transport to do a quote to move it to Texas. If not, I will contact them to check their availability to move it mid-June.

Thanks,

Dianna

From: Jason Currah
Sent: May-28-15 2:26 PM
To: Dianna Riggs
Subject: RE: RU015 Super Heater returning to Gator in Texas next month

We will get on this next, we will shoot to have it done by June 5th.

Jason Currah
Service Coordinator

Big Eagle Services

Main: 780.402.6660

Cell: 780.518.6867

Fax: 780.402.6690

Centralized Dispatch: 1.800.227.6392

From: Dianna Riggs
Sent: Monday, May 25, 2015 10:38 AM
To: Jason Currah
Cc: Gordon Bradbury
Subject: RU015 Super Heater returning to Gator in Texas next month

Hi Jason:

It appears we will be returning RU015 Super Heater to Gator in Texas before the end of June so I am trying to be PROactive in getting everything arranged.

Please prep the unit as you did the other one, and try to have it down to Nisku BEFORE mid-June. That should give the guys here time to do what they need to do and then to get it to Gator on time. If you could measure it (use the outer most measurements, including lights if they are sticking out) and please weigh it so I can give accurate information to the trucking company.

If you have any questions, please give me a shout.

Thanks,

Dianna Riggs SCMP, BADM
Materials and Procurement Manager



5916 36th Street East
Edmonton International Airport, AB
T9E 0V4

Direct: 780.577.8752

Mobile: 780.903.9559

www.bigeagle.ca

Kai, Rowena

From: Dianna Riggs [driggs@bigeagle.ca]
Sent: May-25-15 10:39 AM
To: Morley Myden
Cc: Brad Martens
Subject: RE: Heaters - Gator Frac's Transaction History

Will do. I just emailed Currah to get complete measurements and weight and I will contact Lynden as soon as I get that information.

Dianna

From: Morley Myden
Sent: May-25-15 10:22 AM
To: Dianna Riggs
Cc: Brad Martens
Subject: RE: Heaters - Gator Frac's Transaction History

Lets get a quote...thanks

Chief Financial Officer
Big Eagle Services
Direct: 403.930.3174
Main: 403.261.8777

From: Dianna Riggs
Sent: Monday, May 25, 2015 10:02 AM
To: Morley Myden
Cc: Brad Martens
Subject: FW: Heaters - Gator Frac's Transaction History

Hi Morley:

Do you still want to return RU015 to Gator in Texas before June 30th? If so, do you want me to get a quote from Lynden Transport to haul this down? Per my email to Gator, I am still waiting for him to provide the Affidavit of Manufacture.

If we are proceeding, I will work with Jason Currah to ensure the unit is prepped as before and get it down here to Nisku. I will also have him weigh and measure prior to bringing it here so I have correct information for Lynden.

Thanks,

Dianna

From: Brad Martens
Sent: May-07-15 7:17 PM
To: Lilly Enguillo
Cc: Morley Myden; Dianna Riggs; Chris Anderson
Subject: Re: Heaters - Gator Frac's Transaction History

Lilly

From what you sent me it appears that we made a payment for RU14 every month including the first full month which should not have happened. Is that correct? If that is true we should have the full 7k deposit owed back to us. Also in the deposit rent account we have the full 75k still there for both RU15 and RU16. I can not see how the first months rent payments were applied.

Brad

Sent from my iPhone

On May 7, 2015, at 6:14 PM, Lilly Enguillo <lenguillo@bigeagle.ca> wrote:

Below is the transaction details for the 3 Heaters. In the end, it agrees to what our GL is showing for the amount of the remaining deposit to date:

<image002.png>

From: Morley Myden
Sent: May-07-15 4:24 PM
To: Brad Martens; Lilly Enguillo
Cc: Dianna Riggs; Chris Anderson
Subject: Heaters
Importance: High

So here are the details on the heaters:

1. RU014
 - a. Arrived in Canada on Feb 9, 2013.
 - b. Deposit was for \$70,000 USD
 - c. Lease start date was Feb 9, 2013
 - d. It was on a one year lease with the period Feb 9-28 being in addition to the one year...so lease term expired Feb 28, 2014. For \$18,750 USD per month
 - e. New extension lease signed from Mar 1, 2014 to April 30, 2015 for \$14,583 USD per month.
 - f. Returned by April 30, 2015

2. RU015
 - a. Deposit was for \$75,000 USD probably paid in June 2013
 - b. Unit arrived on Dec 3, 2013. We may have treated December 2013 as a stub period which would have made the lease start as effective Jan 1, 2014 for 18 months
 - c. It was on an eighteen month lease so the end is technically June 30, 2015.
 - d. Lease payments were to be \$14,583 per month.

3. RU016
 - a. Deposit was for \$75,000 USD probably paid in June 2013
 - b. WE took possession of the unit sometime in late December, 2013. It arrived in Canada on Jan 3, 2014. We may have treated January 1, 2014 as the commencement date with lease termination being at December 31, 2016 (36 months)
 - c. It was on a Thirty Six month lease so the end is December 31, 2016.
 - d. Lease payments are to be \$19,000 USD per month.

Regards,
Morley
Chief Financial Officer

<image003.png>

Big Eagle Services

900, 444 – 5th Avenue SW

Calgary, AB T2P 2T8

Direct: 403.930.3174

Main: 403.261.8777

Fax: 403.264.7600

Email: mmyden@bigeagle.ca

www.bigeagle.ca

Kai, Rowena

From: Morley Myden [mmyden@bigeagle.ca]
Sent: May-07-15 11:15 AM
To: Josh Brooks
Subject: RE: Big Eagle Deposits

I will be here in the office.

Chief Financial Officer
Big Eagle Services
Direct: 403.930.3174
Main: 403.261.8777

From: Josh Brooks [mailto:gatorfracrentals@gmail.com]
Sent: Thursday, May 07, 2015 11:13 AM
To: Morley Myden
Subject: Re: Big Eagle Deposits

Let's talk Tomm am please sir!

Sent from my iPhone

On May 7, 2015, at 11:56 AM, Morley Myden <mmyden@bigeagle.ca> wrote:

Ho Josh,

We do need to talk. We need to deal with these deposits before the other rents will be paid. There is no question that the deposit on the first unit is owed regardless if the lease was renewed. Using the logic you have then you have owed that deposit for many months now.

On the second unit our records show that the we paid the first month rent in addition to the deposit so we still have \$75,000 on deposit for that the deposit was supposed to be for 1st and last month rent plus security deposit.

I would like to get this resolved as quickly as possible.

Regards,
Morley

Chief Financial Officer
Big Eagle Services
Direct: 403.930.3174
Main: 403.261.8777

From: Josh Brooks [mailto:gatorfracrentals@gmail.com]
Sent: Thursday, May 07, 2015 9:22 AM
To: Morley Myden
Subject: Re: Big Eagle Deposits

Morley,

I know you guys want ap lied money to the first lease from not sending money for the other lease on the basis of deposits. These leases are all three independently separate from each other I am fully open and willing to different things but everything needs to be legit and in paper. Yes there was a deposit for these units and for security purposes and damages! On this first unit it termed one lease then a renewal

came with a different price. There are clearly some discrepancies. Plus conversations with don and things I thought and were taken place. Long story short the payments for these units need to be made and disbursement will be reimbursed accordingly. Both units are going to be gone through just to assure no damages etc. the payments are not synonyms with deposits. Yes first and last month is to be included in that deposit however there needs to be conversation as to what has been applied and not applied etc. both lease payments need to be made and we can discuss how to deal with deposits in this first unit and then the second unit. I am available for a conference call since its spur the moment I'm sure you can talk Tomm am?

Sent from my iPhone

On Apr 28, 2015, at 12:14 PM, Morley Myden <mmyden@bigeagle.ca> wrote:

Which unit are you talking about with the free month of rent? If it is the one we still have I can research that or we can always revert right to the lease agreements.

Chief Financial Officer
Big Eagle Services
Direct: 403.930.3174
Main: 403.261.8777

From: Josh Brooks [<mailto:gatorfracrentals@gmail.com>]
Sent: Tuesday, April 28, 2015 11:08 AM
To: Morley Myden
Subject: Re: Big Eagle Deposits

Morley I will respond to this email in depth! I have given a free month when delivery took place! However I will get with you on this here in a lil bit!

Sent from my iPhone

On Apr 28, 2015, at 12:03 PM, Morley Myden <mmyden@bigeagle.ca> wrote:

Here is the email.

We have the deposit still with you. What we want to do is to make the exchange of funds for May's rent. Instead of you sending us the deposit back and then we send you the rent let's net it out then you would still owe us some remaining amount for the deposit.

I have the lease that I could send you but here are the details:

- The original deposit was for \$70K USD. It was to covered first and last month of rent, plus a security deposit.
- First lease payment was \$18,750, so that left a balance outstanding of \$51,250 USD.
- We paid the last lease payment so the full amount is due Big Eagle.

Instead of us trying to exchange cheques or wire transfers here is what we will do.

- We will not pay the May rental invoices on the two units we still have which totals \$33,583 USD as shown below
 - 44mm Trailer mounted = \$14,583 USD
 - Truck mounted heater = \$19,000 USD
- That still leaves \$17,667 USD owing to Big Eagle which we could leave with you to cover off of some of the June rent, but we also have the

other trailer mounted unit heading back. June 30th was supposed to be the last month of rent for that unit but we got another “free” month in July. So we have the \$75,000USD deposit to work out on that one too as we have never taken the first month of rent off of that.

Let me know your thoughts. Let's deal with this first deposit and lease payment first.

Morley
Chief Financial Officer
<image001.png>
Big Eagle Services
900, 444 – 5th Avenue SW
Calgary, AB T2P 2T8
Direct: 403.930.3174
Main: 403.261.8777
Fax: 403.264.7600
Email: mmyden@bigeagle.ca
www.bigeagle.ca

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Appendix E –
Gowlings letter dated August 5, 2015
setting out the Receiver's position

August 5, 2015

VIA EMAIL

To: Caireen Hanert: Caireen.Hanert@mcmillan.ca
McMillan LLP
Suite 1700, 421 7th Avenue SW
Calgary, Alberta T2P 4K9

Dean Hutchinson: DHutchinson@mllt.com
MacPherson Leslie & Tyerman LLP
1600, 520 3rd Avenue SW
Calgary, Alberta T2P 0R3

Jeffrey Oliver
Direct 403-298-1818
Direct Fax 403-695-3558
jeffrey.oliver@gowlings.com
File No. A151267

Dear :

Re: Basis for Deloitte Restructuring Inc.'s (the "Receiver") legal and factual position on the units leased by Gator Frac Heating and Rentals, LLC ("Gator Frac") to Big Eagle Limited Partnership ("Big Eagle")

We are counsel to the Receiver and are writing to provide you with a summary of the Receiver's position with respect to the collateral under two leases between Gator Frac and Big Eagle. We will begin by providing an overview of the background facts upon which our analysis is based, and will then proceed to outline the Receiver's position with respect to the collateral governed by these leases.

I. BACKGROUND

On or about June 8, 2015, the Receiver was appointed over the property, assets and undertakings of Big Eagle Hydro-Vac Inc., Big Eagle Limited Partnership, Big Eagle Hydro-Vac (North) Inc., and Big Eagle (North) Limited Partnership pursuant to s. 243(1) of the *Bankruptcy and Insolvency Act* and s. 13(2) of the *Judicature Act*. The application to appoint the Receiver was brought by Wells Fargo Foothill Canada ULC ("**Wells Fargo**"). Wells Fargo is a secured senior creditor of Big Eagle, having loaned approximately \$51 million to Big Eagle pursuant to the terms of a credit agreement dated February 15, 2011 (the "**Credit Agreement**"). As security for the Credit Agreement, Big Eagle granted various security in favour of Wells Fargo, including a security agreement dated June 27, 2008 (the "**Security Agreement**"). A PPR search performed on June 1, 2015 (the "**PPR Search**") illustrates that Wells Fargo registered an all PAAP against Big Eagle on June 23, 2008. Additionally, Gowlings performed an independent security review on behalf of the Receiver and concluded that the Wells Fargo security was valid and enforceable.

In 2013, Big Eagle also entered into two lease agreements with Gator Frac, a corporation based out of Texas.

1. **“Lease One”**. The first lease was for the lease of a trailer mounted frac water heater, serial no. 13-201627 (**“RU-015”**). This lease was for a term of 18 months, commencing on January 1, 2014 and ending on June 30, 2015. Paragraph 3 of the lease contained an option to extend the term of Lease One for a period of 12 months from the termination date, provided that the lessee notified the lessor in writing of this election prior to 90 days from the termination date.
2. **“Lease Two”**. The second lease was for the lease of a truck mounted frac water heater, serial no. 13-201626 (**“RU-016”**). This lease was for a term of 36 months, commencing on January 1, 2014 and ending on December 31, 2016. Paragraph 3 of the Lease Two also contained an option to extend the term for a period of 12 months from the termination date, provided that the lessee notified the lessor in writing of this election prior to 90 days from the termination date.

(collectively, the **“Leases”**)

A review of the PPR Search results indicate that Gator Frac had not registered its security interest in the Leases. In our view, the Leases were ‘leases for a term of more than one year’ within the meaning of s. 1(z) of the Alberta *Personal Property Security Act* (the **“PPSA”**), and therefore their registration was required. Lease One has expired since the date of the receivership, although it had not yet expired at the time the Receiver was appointed.

By letter dated July 22, 2015, counsel to Gator Frac indicated that prior to the receivership of Big Eagle, the Leases had been terminated in accordance with their terms (specifically s. 12 of the Leases) and that Big Eagle had made arrangements to return RU-015 and RU-016 (collectively the **“Units”**) to Gator Frac. Section 12 of the Leases reads:

12) EARLY TERMINATION. If, by mutual, written consent, the Lessee and Lessor choose to terminate the agreement prior to the Termination Date or the last day of the Extension Period, they may do so. Acceptable forms of request and acceptance include fax, email or mail, authorized by signing officers of the Lessee and Lessor respectively, releasing both parties from all obligations (save Heater repairs and rents to that date) from all future obligations outlined therein.

By letter dated July 23, 2015, counsel to Gator Frac provided us with documentation regarding the alleged termination of the Leases and the material correspondence between Big Eagle and Gator Frac regarding the return of the Units. The documentation consisted of a series of email exchanges between Big Eagle and Gator Frac. The email correspondence that is relevant to this issue is as follows:

- (a) Email from Dianna Riggs at Big Eagle to Josh Brooks at Gator Frac dated April 29, 2015 attaching an Affidavit of Manufacture that needed to be completed prior to the return of RU-015, which Big Eagle indicated they would be returning in ‘a couple of months’;

- (b) Email from Mr. Brooks to Ms. Riggs dated June 5, 2015 asking when the 'heater' is expected to ship to which Dianna replied 'before the end of June';
- (c) Email from Chris Anderson at Big Eagle to Mr. Brooks dated January 25, 2015 stating that 'the way the contracts read, we will be returning both 44mil super heaters at the beginning of April 2015'. It is not clear which contracts or heaters Mr. Anderson is referring to;
- (d) Email from Mr. Brooks to Mr. Anderson dated June 11, 2015. Mr. Brooks asked Mr. Anderson whether Gator Frac will have any issues getting the 'trucks' to which Mr. Anderson replied "NONE";
- (e) Email from Mr. Brooks to Mr. Anderson dated June 11, 2015. Mr. Brooks asked Mr. Anderson where the 'heaters' can be picked up to which Mr. Anderson replied "Please go to our website and look up the Grande Prairie, Alberta address"; and
- (f) Email from Mr. Brooks to Mr. Anderson dated June 19, 2015 asking whether Gator Frac has approval from the receiver to pick up the 'assets' to which Mr. Anderson replied "yes go get them".

The Receiver was not aware of, or copied on, any of the above referenced emails and at no time did the Receiver agree to return the Units.

Further, Big Eagle's management has provided the Receiver with additional email correspondence that seems to indicate that Big Eagle was taking steps to have RU-015 returned to Gator Frac on or before the June 30, 2015 expiry of Lease One. This further suggests that Big Eagle had no intention of renewing Lease One. However, based on the correspondence provided to the Receiver, there is nothing that clearly indicates that Big Eagle had any intention of returning RU-016 prior to the December 31, 2016 termination date of Lease Two. Furthermore, no documentation was provided to the Receiver that indicates there was an early termination within the meaning of s. 12 of the Leases. More particularly, there is no evidence of an agreement in writing to terminate the Lease Two prior to the termination date "authorized by signing officers of the Lessee and Lessor respectively, releasing both parties from all obligations (...)".

In the additional email correspondence provided by Big Eagle to the Receiver, it also appears that Big Eagle did not make the May 2015 rental payment for the Units on the basis that Big Eagle and Gator Frac had also entered into a third lease for a unit described as "RU-014", which lease expired April 30, 2015. Big Eagle had paid a \$70,000.00 USD deposit for the rental of the RU-014 unit, which was not returned by Gator Frac at the expiry of the lease. Rather than paying rent for the Units in May 2015, which would have totaled \$33,583.00 USD, Big Eagle proposed that the May rental payments for the Units be deducted from the deposit and that Gator Frac return the \$17,667.00 USD difference between the deposit amount and the May rental payment owed to Big Eagle. The email correspondence indicates that there was hesitation on the part of Gator Frac to set-off the payments in this manner because these were three independent leases.

While it is not clear from the email correspondence what decision, if any, was ever made in relation to setting off these payments, it does appear that Big Eagle believed that it was paying rent on the Units for that month.

II. ANALYSIS

The PPSA Applies to Leases for a Term of More than One Year.

As set out in s. 3(2)(b), the PPSA applies to a lease of goods for a term of more than one year. The definition of lease for a term of more than one year is set out s. 1(z) as follows:

- (z) “lease for a term of more than one year” includes
 - (i) a lease for an indefinite term even though the lease is determinable by one or both parties within one year after its execution,
 - (ii) subject to subsection (3), a lease initially for one year or less than one year if the lessee, with the consent of the lessor, retains uninterrupted, or substantially uninterrupted, possession of the leased goods for a period in excess of one year after the date the lessee first acquired possession of the goods, and
 - (iii) a lease for a term of one year or less that is automatically renewable or that is renewable at the option of one of the parties, or by agreement, for one or more terms, the total of which, including the original term, may exceed one year,

but does not include

- (iv) a lease involving a lessor who is not regularly engaged in the business of leasing goods,
- (v) a lease of household furnishings or appliances as part of a lease of land where the goods are incidental to the use and enjoyment of the land, or
- (vi) a lease of any prescribed goods, regardless of the length of the term of the lease;

Both of the initial terms of the Leases were for a period of more than one year (18 months and 36 months, respectively). As referenced above, based on our analysis, the Leases fall within the meaning of a ‘lease for a term of more than one year’ provided that Gator Frac is considered to be regularly engaged in the business of leasing goods. A review of the Gator Frac website suggests that Gator Frac would be considered to be regularly engaged in the business of leasing goods (<http://gatorfracheatingandrentals.com/>).

The Alberta PPSA Governs – Conflict of Laws Issues

As noted above, Gator Frac is a company based out of Texas. Furthermore, paragraph 20 of the Leases states:

VENUE AND GOVERNING LAW. For purposes of determining venue in the event that legal action is brought by either Party under this Lease, the Parties agree that this Lease shall be governed and constructed in all respects in accordance with the substantive laws of the State of Texas and the United States of America and that Lessee agrees and consents to venue in and submits to the jurisdiction of Hockley County, Texas, U.S.A. or the Federal Court jurisdiction of Hoddey County, Texas, U.S.A.

We have therefore considered the issue of whether the PPSA would apply in a conflict of laws scenario.

We were informed by the Receiver that the Units were picked up by an agent of Big Eagle in Texas. Section 6 of the PPSA reads:

6(1) Subject to section 7,

- (a) if the parties to a security agreement that creates a security interest in goods in one jurisdiction understand at the time the security interest attaches that the goods will be kept in another jurisdiction, and
- (b) if the goods are removed to the other jurisdiction, for purposes other than transportation through the other jurisdiction, not later than 30 days after the security interest attaches,

the validity, perfection and effect of perfection or non perfection of the security interest shall be governed by the law of the other jurisdiction.

(2) If the other jurisdiction referred to in subsection (1) is not the Province and the goods are later brought into the Province, the security interest in the goods is deemed to be a security interest to which section 5(2) applies if it was perfected under the law of the jurisdiction to which the goods were removed.

The Receiver confirmed that both Gator Frac and Big Eagle knew that the Units would be taken to Alberta and the Units were picked up and removed from Texas within 30 days. Based on this, it appears that Alberta law, and more specifically the Alberta PPSA, will apply.

Gator Frac's Failure to Perfect their Security Interest

Perfection of a security interest under the PPSA can be accomplished as follows:

- (a) a security interest over any collateral can be perfected by registration of a financing statement (s. 25 of the PPSA); and

- (b) certain specific types of collateral can be perfected by possession (s. 24), control (s. 24.1) or delivery (s. 24(3)-(4)).

The Units do not meet the definition of the types of goods that can be perfected by control or delivery under ss. 24(3)-(4) or s. 24.1 and Gator Frac is not in possession of the Units. As such, the only way for Gator Frac to perfect their security interest would be by registration, which was not done. As such, Gator Frac has an unperfected security interest in the Units.

Priority of Security Interests

As set out in the background information above, Wells Fargo has a perfected security interest in the form of an all PAAP whereas Gator Frac has an unperfected security interest in serial numbered goods. As per s. 1(1)(y)(i) of the PPSA regulations, serial numbered goods are defined as, except in respect of a garage keeper's lien, a motor vehicle, a trailer, a mobile home, a designated manufactured home, an aircraft, a boat or an outboard motor for a boat. The PPSA regulations require that a secured party provide a description of serial numbered goods by serial number when a financing statement is submitted for registration in respect of a security interest in collateral that is serial number goods. As such, to perfect a security interest in the Units, specific reference to the serial number of these Units would be required.

The Wells Fargo all PAAP did not contain a description of the serial number goods by serial number, although the proceeds of the sale of the serial numbered collateral may be covered by the "after-acquired personal property" portion of the Wells Fargo all PAAP. However, even if it isn't, and if Wells Fargo's security was therefore considered to be unperfected with respect to the Units, the priority as between Wells Fargo's unperfected security interest and Gator Frac's unperfected security interest would be determined in accordance with s. 35(1)(c) of the PPSA, which states that priority between unperfected security interests is determined by the order of attachment of the security interests. Attachment is dealt with in s. 12 of the PPSA, which states:

12(1) A security interest, including a security interest in the nature of a floating charge, attaches when

- (a) value is given,
- (b) the debtor has rights in the collateral or power to transfer rights in the collateral to a secured party, and
- (c) except for the purpose of enforcing rights between the parties to the security agreement, the security interest becomes enforceable within the meaning of section 10,

unless the parties specifically agree in writing to postpone the time for attachment, in which case the security interest attaches at the time specified in the agreement.

The Wells Fargo security was registered in 2008 and it is likely reasonable to assume that it attached at some point during or close to this period. Conversely, the Gator Frac security interest likely could

not have attached until 2013 or January of 2014. Assuming that Wells Fargo's security attached before that of Gator Frac, Wells Fargo's security interest would take priority over Gator Frac's security interest even if both are entities are considered to have unperfected security interest.

The Receiver has Rights in Relation to Units Notwithstanding Title

As stated in Bennett on Receiverships, "[a] court-appointed receiver, whether appointed pursuant to a security agreement governed by the PPSA, pursuant to a debenture or other legislation such as the Courts of Justice Act, can claim priority over an unperfected security interest."¹ Further, the definition of "Secured Party" in the PPSA includes a receiver for the purposes of ss.17, 36, 38, 55, 56, 57, 58(1), 60(1), (3), (12) and (14), 61, 63(1)(a), 64 and 67. Sections 58 and 60 allow for a secured party to take certain enforcement steps under the *Civil Enforcement Act* and to dispose of collateral in accordance with Part 5 of the PPSA.

Additionally, as noted in s. 3(1)(a) of the PPSA, the PPSA applies to every transaction that in substance creates a security interest, without regard to its form and without regard to the person who has title to the collateral. The definition of security interest includes the interest of a lessor under a lease for a term of more than one year, whether or not the interest secures payment or performance of the obligation (s. 1(tt)(ii)(C)). This concept was confirmed by the Supreme Court of Canada in *Re Giffen*, [1998] 1 SCR 91, where it was stated:

The PPSA does not rely on either the common law notion of title or the equitable concepts of beneficial interest or equity of redemption to resolve priority disputes. Rather, for those interests that come within the scope of the Act, the PPSA provides a compendium of rules establishing priority rankings both as between different security interests as well as between security interests and other interests in the collateral, with no regard to the question of who actually has title to the collateral.

The combination of these provisions, the case law and the overall structure of the PPSA suggest that the Receiver is entitled to apply the provisions of the PPSA in accordance with the priority structure set out therein, notwithstanding the fact that Gator Frac holds title to the Units.

The Effect of the Expiry of Lease One

There is some uncertainty in relation to the expiry of Lease One on June 30, 2015, and its impact upon the relative priorities in relation to Unit RU-015. As noted above, we were provided with email correspondence between Gator Frac and Big Eagle indicating that Big Eagle was in the process of having Unit RU-015 returned to Gator Frac, suggesting that Big Eagle had no intention to renew Lease One. The fact that Lease One is expired and was not renewed may suggest that Big Eagle no longer has a security interest in that lease, and therefore, that Lease One and the collateral governed by that lease are no longer subject to the provisions of the PPSA.

Although we were unable to find case law that was directly on point, the case law reviewed suggested that a receiver or secured party will only continue to have rights in accordance with the

¹ Frank Bennett, *Bennett on Receiverships*, 3d ed (Toronto: Carswell, 2011) at 413.

PPSA over collateral under a lease for a term of more than one year if the lease was expressly or implicitly extended beyond the expiry of its initial term. For example, in *National Bank of Canada v. Merit Energy*, 2001 CarswellAlta 966, the court found that although the initial term of the 24 month lease had expired, the lease had implicitly continued on a month-to-month basis and that this continuation meant that the lease still fell within the meaning of a lease for a term of more than one year. As such, the lease still required perfection in accordance with the provision of the PPSA and the fact that the initial term of the lease had expired didn't rectify the unperfected status of the lessor. In the present case, it does not appear that there was an intention to continue Lease One beyond the initial term.

However, Lease One had not yet expired at the time of the receivership. It is unclear from the case law whether the fact that Lease One had not yet expired at the time the Receiver was appointed would impact the analysis of whether the PPSA will continue to govern the rights and priorities as they relate to Lease One. As there was no clear case law on this point, Gator Frac's non-perfection of its security interest remains potentially relevant despite the fact that Lease One has expired and despite the fact that the parties have exchanged extensive correspondence indicating that the RU-015 unit would be returned.

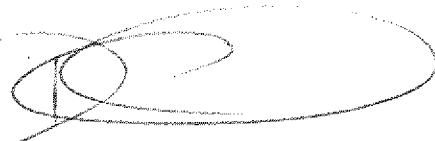
III. CONCLUSION

Based on the above-referenced uncertainty, the Receiver will be applying for advice and direction of the Court on August 20, 2015 at 3:30 p.m., at which time Wells Fargo and Gator Frac may argue their respective positions in relation to the RU-15 unit. The Receiver does not intend at this time to take a position in relation to that unit. In relation to the RU-016 unit, the Receiver will be taking the position at that application that Wells Fargo has priority to such unit under the PPSA, and that such unit should be sold and the proceeds thereof applied to Wells Fargo's secured debt. Our analysis of these issues is subject to the information that is available to us for consideration. In the event that either of your clients have any additional factual or legal information you would like us to consider in our analysis, please advise us of the same.

Finally, we encourage the parties to discuss these issues prior to the August 20, 2015 hearing in order to ascertain whether a resolution acceptable to all parties is possible. If there is any way in which the Receiver can facilitate those discussions, we would be pleased to do so.

Sincerely,

GOWLING LAFLEUR HENDERSON LLP



For: Jeffrey Oliver

JLO:rk

Cc: Jeff Keeble

Appendix F –
Statement of Receipts and
Disbursements for the Period June 8,
2015 to August 10, 2015

BIG EAGLE HYDRO-VAC INC., BIG EAGLE LIMITED PARTNERSHIP, BIG EAGLE HYDRO-VAC (NORTH) INC. and BIG EAGLE (NORTH) LIMITED PARTNERSHIP
STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the period of June 8, 2015 to August 10, 2015

Accounts receivable collections	\$	2,700,098
Funds swept by Wells Fargo prior to June 17, 2015 and paid to Receiver		1,231,509
Great American Group LLC bid deposit		3,740,000
GST collections		37,789
Refunds (WCB/Insurance)		221,222
Sale of equipment		526,500
Transfer from Bank of Montreal disbursement account		70,761
Total Receipts		8,527,879
Bank fees		294
Contract consultants - C. Anderson and M. Myden		103,869
Courier charges		286
Employee expenses		24,329
Employment insurance refund to employees		25,408
Environmental assessments		5,700
Fuel		44,055
Filing fee		70
GST paid on disbursements		48,979
GST paid on legal fees		2,866
GST paid on Receiver's fees and costs		16,063
Legal fees and costs		57,365
Locksmith charges		5,137
Great American LLC make ready costs		59,179
Miscellaneous		7,864
Occupation rent		349,186
Payments to secured creditors (equipment release)		59,852
Pre-funding statutory reserve shortfall		63,950
Property taxes		61,118
PST paid on operations		2,846
Real estate appraisals		10,969
Realization Services Inc. (RSI)		411,334
Realization Services Inc. withholding tax		41,180
Receiver's fees and costs		321,256
Repairs and maintenance		12,155
Safety audit		7,918
Security		54,850
Source deductions		165,908
Transportation costs		361,735
Utilities		2,482
Wages		324,211
Total Disbursements		2,652,412
Payments to Wells Fargo		3,740,000
Excess of Receipts over Disbursements	\$	2,135,466