ENSIGN ENERGY SERVICES INC.,
as a guarantor and covenantor

\- and -

ENSIGN DRILLING INC.,
as a borrower under the Syndicated Tranche, the Canadian/US Tranche and the Canadian Tranche

\- and -

ENSIGN ENERGY SERVICES INTERNATIONAL LIMITED
and ENSIGN AUSTRALIA PTY LIMITED,
as borrowers under the Australian Tranche

\- and -

ENSIGN UNITED STATES DRILLING INC.,
as a borrower under the Syndicated Tranche and the Canadian/US Tranche

\- and -

HSBC BANK CANADA, WELLS FARGO, ALBERTA TREASURY BRANCHES
and THE TORONTO-DOMINION BANK
as lenders under the Syndicated Tranche

\- and -

HSBC BANK CANADA
as lender under the Canadian/US Tranche

\- and –

BUSINESS DEVELOPMENT BANK OF CANADA
as a lender under the Canadian Tranche

\- and –

THE HONGKONG AND SHANGHAI BANKING CORPORATION
LIMITED - SYDNEY BRANCH, ARBN 117 925 970
as lender under the Australian Tranche

\- and -

HSBC BANK CANADA,
as administrative agent for and on behalf of itself
and the other Lenders

\- and -

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HSBC BANK CANADA,
as sole bookrunner and Lead Arranger

$500,000,000
AMENDED AND RESTATED REVOLVING TERM CREDIT AGREEMENT

Dated December 28, 2016

TABLE OF CONTENTS

THIS CREDIT AGREEMENT is made as of the 28 day of December, 2016.

AMONG:

ENSIGN ENERGY SERVICES INC.,
as a guarantor and covenantor

- and -

ENSIGN DRILLING INC.,
as a borrower under the Syndicated Tranche, the Canadian/US Tranche
and the Canadian Tranche
(the "**Canadian Borrower**")

- and -

ENSIGN ENERGY SERVICES INTERNATIONAL LIMITED
and ENSIGN AUSTRALIA PTY LIMITED,
as borrowers under the Australian Tranche
(collectively, the "**Australian Borrowers**")

- and -

ENSIGN UNITED STATES DRILLING INC.,
as a borrower under the Syndicated Tranche
and the Canadian/US Tranche
(the "**US Borrower**")

- and -

HSBC BANK CANADA, WELLS FARGO, ALBERTA TREASURY BRANCHES
and THE TORONTO-DOMINION BANK
as lenders under the Syndicated Tranche
(collectively, the "**Syndicated Tranche Lenders**")

- and -

HSBC BANK CANADA
as lender under the Canadian/US Tranche
(the "**Canadian/US Lender**")

- and -

BUSINESS DEVELOPMENT BANK OF CANADA
as a lender under the Canadian Tranche
(a "**Canadian Lender**")

- and –

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED - SYDNEY BRANCH, ARBN 117 925 970
as lender under the Australian Tranche
(the "**AU Lender**", and together with the Syndicated Tranche Lenders, the Canadian/US Lender and the Canadian Lenders, collectively the "**Lenders**")

- and -

HSBC BANK CANADA,
as administrative agent for and on behalf of itself and the other Lenders
(the "**Agent**")

WHEREAS Ensign Drilling Partnership, the US Borrower, the Australian Borrowers, the Lenders and the Agent are parties to a credit agreement dated as of April 29, 2015, as amended by a first amending agreement dated as of June 29, 2016 (as so amended, the "**Prior Credit Agreement**") pursuant to which certain credit facilities were provided to Ensign Drilling Partnership, the US Borrower and the Australian Borrowers on the terms and conditions therein set forth;

AND WHEREAS Ensign Drilling Partnership was dissolved as of December 1, 2016 and Ensign Drilling Inc. assumed all indebtedness, liabilities and obligations of Ensign Drilling Partnership under the Prior Credit Agreement;

AND WHEREAS the Agent, the Lenders and the Borrowers have agreed to amend and restate the Prior Credit Agreement on the terms and conditions of this Agreement;

AND WHEREAS the Lenders wish the Agent to act on their behalf with regard to certain matters contemplated by this Agreement;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties to this Agreement hereby agree as follows:

ARTICLE 1
DEFINED TERMS

1.1 Defined Terms

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"**Acceleration Notice**" means a written notice delivered by the Agent to the Borrowers pursuant to Section 10.2 declaring the Obligations outstanding hereunder to be due and payable.

"**Account Branch**" means the branch of the Agent at 407 - 8th Avenue S.W., Calgary, Alberta, T2P 1E5, or such other branch of the Agent in Canada as the Agent may from time to time advise Ensign Canada.

"**Additional Borrower**" has the meaning ascribed thereto in Section 2.7.

"**Additional Compensation**" has the meaning ascribed thereto in Section 13.14.

"**Adjusted LIBOR Rate**" means, with respect to any LIBOR Advance to the US Borrower or any other Borrower that is organized or resident in the United States for any LIBOR Period, an interest rate per annum equal to (a) the LIBOR Rate for such LIBOR Period multiplied by (b) the Statutory Reserve Rate.

"**Advance**" means:

(a) a borrowing by a Canadian/US Borrower by way of a Cdn. Prime Rate Advance, a U.S. Base Rate Advance, a BA Advance, a LIBOR Advance or a Letter of Credit Advance, including deemed Advances and Conversions, renewals and Rollovers of existing Advances,

(b) the borrowing by either Australian Borrower by way of a LIBOR Advance, an AU Overdraft Advance, a BBSY Rate Advance or a Letter of Credit Advance (in AU Dollars, U.S. Dollars or any other currency agreed to by the AU Lender) including deemed Advances and Conversions, renewals and Rollovers of existing Advances,

(c) a borrowing by a Syndicated Tranche Borrower by way of a Cdn. Prime Rate Advance, a U.S. Base Rate Advance, a BA Advance or a LIBOR Advance, including deemed Advances and Conversions, renewals and Rollovers of existing Advances, and

(d) a borrowing by the Canadian Borrower by way of a Cdn. Prime Rate Advance, a U.S. Base Rate Advance, a BA Advance or a LIBOR Advance, including deemed Advances and Conversions, renewals and Rollovers of existing Advances,

and any reference relating to the amount of Advances shall mean the sum of the principal amount of all outstanding Cdn. Prime Rate Advances, U.S. Base Rate Advances, LIBOR Advances, AU Overdraft Advances and BBSY Rate Advances plus the Face Amount of all outstanding Bankers' Acceptances and Letters of Credit.

"**Advance Date**" means the date, which shall be a Business Day, of any Advance.

"**Affiliate**" has the meaning set out in the *Business Corporations Act* (Alberta).

"**Agent**" means HSBC Bank Canada, in its capacity as administrative agent for the Lenders and includes any Successor Agent appointed pursuant to Section 11.11.

"**Agent's Counsel**" means the firm of Dentons Canada LLP or such other firm of legal counsel acting on behalf of the Agent and the Lenders qualified to practice law in Alberta or any other Relevant Jurisdiction, as the Agent may from time to time designate.

"**Agreement**", "**hereof**", "**herein**", "**hereto**", "**hereunder**" or similar expressions mean this Credit Agreement and any Schedules hereto, as amended, supplemented, restated or replaced from time to time.

"**Anti-Terrorism Law**" has the meaning assigned such term in Section 8.5(a).

"**Applicable Environmental Laws**" means those Applicable Laws which pertain to the public health or safety, the protection or enhancement of the environment, the Release of materials into the environment or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or loading of Hazardous Substances (including without limitation, the *Environmental Protection and Enhancement Act* (Alberta) and the *Canadian Environmental Protection Act* and orders and directives issued thereunder), and further including any condition, restriction, prohibition or requirement contained in a Permit issued pursuant to such Applicable Laws.

"**Applicable Laws**" means, in relation to any Person, property, transaction or event:

(a) the common law and all applicable provisions of laws, statutes, rules, policies and regulations of any Governmental Body in effect from time to time; and

(b) all judgments, orders, awards, decrees, official directives, writs and injunctions from time to time in effect of any Governmental Body in an action, proceeding or matter in which the Person is a party or by which it or its property is bound or having application to the transaction or event,

provided however, for purposes of this Agreement, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, guidelines or directives in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, are deemed to have gone into effect and adopted after the date of this Agreement, regardless of the date enacted, adopted or issued.

"**Applicable Lenders**" means for any Tranche, those Lenders that have provided a Commitment with respect to such Tranche.

"**Applicable Margin**" means with respect to any Advance or the Commitment Fee payable hereunder, the percentage rate per annum set forth below based on the then applicable Consolidated Senior Debt to Consolidated EBITDA Ratio, as applicable from time to time:

			Level				
Syndicated Tranche Advances	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**
Cdn. Prime Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
U.S. Base Rate Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LIBOR Margin BA Rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Commitment Fee Rate							

[Percentage rate redacted]

Canadian/US Tranche Advances							
Cdn. Prime Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
U.S. Base Rate Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LIBOR Margin BA Rate Letter of Credit (NF) Rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Letter of Credit (F) Rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Commitment Fee Rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[Percentage rate redacted]							
Canadian Tranche Advances							
Cdn. Prime Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
U.S. Base Rate Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LIBOR Margin BA Rate Commitment Fee Rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[Percentage rate redacted]							
Australian Tranche Advances							
BBSY Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LIBOR Margin Letter of Credit (NF) Rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Letter of Credit (F) Rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Commitment Fee Rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[Percentage rate redacted]							

As of the Restatement Date the Applicable Margin for all Advances and the Commitment Fee shall be set at Level [redacted] and thereafter the Applicable Margin for all Advances and the Commitment

Fee shall be determined on the basis of Ensign Canada's Compliance Certificate for each Fiscal Quarter ended.

For the purposes of determining the Applicable Margins, the Consolidated Senior Debt to Consolidated EBITDA Ratio shall be determined as of the last day of each Fiscal Quarter and any change in any Applicable Margin resulting from a change in the Consolidated Senior Debt to Consolidated EBITDA Ratio shall be effective on (i) the first day of the third month for each of the second, third and fourth Fiscal Quarter, based on Ensign Canada's Compliance Certificate delivered for each of the first, second and third Fiscal Quarter, respectively, and (ii) the first day of the second Fiscal Quarter, based on Ensign Canada's Compliance Certificate delivered for the then most recently completed Fiscal Year (as applicable, the "**Effective Date**"); provided that if Ensign Canada fails to provide the Agent with a Compliance Certificate for any Fiscal Quarter as required by Section 9.2, the Applicable Margin and Commitment Fee shall be as set out in the column above which refers to a Consolidated Senior Debt to Consolidated EBITDA Ratio of Level [redacted] until such time as the requisite Compliance Certificate is provided and the Effective Date shall be deemed to be the last day on which Ensign Canada was obligated to provide the Compliance Certificate to the Agent.

Any resulting change, whether an increase or a decrease in the Applicable Margin and the corresponding change in the rate of any interest or fees payable hereunder, shall be calculated and applied as follows:

(a) from and after each applicable Effective Date with respect to outstanding and future Cdn. Prime Rate Advances, U.S. Base Rate Advances, BBSY Rate Advances, AU Overdraft Advances, LIBOR Advances and Letters of Credit, on the basis of the Applicable Margins effective from and after such Effective Date;

(b) with respect to BA Advances made on and after the Effective Date, on the basis of the Applicable Margins effective from and after such Effective Date;

(c) from and after each applicable Effective Date with respect to the Commitment Fee accruing, on the basis of the Applicable Margins effective from and after such Effective Date; and

(d) no change shall be made with respect to BA Advances outstanding on and before the Effective Date.

Upon the occurrence and continuance of an Event of Default, each of the Applicable Margins in the table above (other than the Commitment Fee) shall be increased by 200 Basis Points.

"**Applicable Tranche Majority Lenders**" means in respect of any specific Tranche, Lenders collectively holding 66.67% or more of the Commitments with respect to such Tranche.

"**Assignment Agreement**" means an agreement in the form attached as Schedule "A" to this Agreement.

"**AU Corporations Act**" means the Corporations Act 2001 (Cth) of Australia.

"**AU Dollar Equivalent**" means on any day, the amount of Australian Dollars that would result from the exchange of U.S. Dollars, Canadian Dollars or any other currency agreed to by the Applicable Lenders (as applicable) into Australian Dollars at the Exchange Rate in effect on such day.

"**AU Lender**" means HBAP and each other Person that becomes a party to this Agreement as a lender and provides a Commitment under the Australian Tranche and their respective successors and permitted assigns.

"**AU Overdraft Advances**" means an advance in AU Dollars obtained by either Australian Borrower by way of an overdraft balance in the Designated Account of the applicable Australian Borrower.

"**AU Overdraft Rate**" means the base lending rate of the AU Lender determined by reference to external rates and as established and quoted from time to time by the AU Lender in national daily newspapers or financial papers of Australia; provided however, if such external rates are not so established and quoted by the AU Lender, the "AU Overdraft Rate" shall be the base lending rate of the AU Lender quoted to the Australian Borrowers and its other commercial customers from time to time.

"**Australian Borrowers**" means collectively, Ensign International and Ensign Australia Pty Limited, together with their respective successors and permitted assigns, and "**Australian Borrower**" means any one of them.

"**Australian Dollars**", "**AU Dollars**", and "**AU $**" means lawful money of Australia.

"**Australian Tranche**" means the part of the Credit made available to the Australian Borrowers by the AU Lender up to the Australian Tranche Limit, as provided for in Section 2.3.

"**Australian Tranche Limit**" means the aggregate amount of Cdn. $[redacted] or the U.S. Dollar and AU Dollar Equivalent thereof or such other Canadian Dollar amount as is requested by Ensign Canada to the Agent and agreed to by HBCA and the AU Lender from time to time in accordance with Section 2.5, as the "**Australian Tranche Limit**".

"**Available Credits**" means the forms of credit made available to the Borrowers hereunder and includes:

(a) in the case of Advances by the Syndicated Tranche Lenders to the Syndicated Tranche Borrowers under the Syndicated Tranche, Cdn. Prime Rate Advances, U.S. Base Rate Advances, BA Advances and LIBOR Advances;

(b) in the case of Advances by the Canadian/US Lender to the Canadian/US Borrowers under the Canadian/US Tranche, Cdn. Prime Rate Advances, U.S. Base Rate Advances, BA Advances, LIBOR Advances and Letter of Credit Advances (in Cdn. Dollars, U.S. Dollars and such other currency agreed to by the Canadian/US Lender);

(c) in the case of Advances by the AU Lender to an Australian Borrower under the Australian Tranche, BBSY Rate Advances, AU Overdraft Advances, LIBOR Advances and Letter of Credit Advances (in AU Dollars, U.S. Dollars and such other currency agreed to by the AU Lender; and

(d) in the case of Advances by the Canadian Lenders to the Canadian Borrower under the Canadian Tranche, Cdn. Prime Rate Advances, U.S. Base Rate Advances, BA Advances and LIBOR Advances,

and "**Available Credit**" means any one of them.

"**BA Advance**" means the portion of an Advance effected by an acceptance by a BA Lender of a Bankers' Acceptance or by a Non BA Lender of a Notional Bankers' Acceptance.

"**BA Discount Proceeds**" means:

in respect of any Bankers' Acceptance, an amount (rounded to the nearest whole cent with one-half of one cent being rounded-up) determined as of the applicable Advance Date, which is equal to:

Face Amount x Price

where "Price" is equal to:

$$\frac{1}{1 + \text{Rate x } \dfrac{\text{Term}}{365}}$$

where the "**Rate**" is the applicable BA Discount Rate expressed as a decimal on the Advance Date; the "**Term**" is the term of such Bankers' Acceptance expressed as a number of days and the Price as so determined is rounded up or down to the fifth decimal place with 0.00005 being rounded up.

"**BA Discount Rate**" means:

(a) with respect to each Bankers' Acceptance accepted or to be accepted by a BA Lender that is a bank under Schedule I of the *Bank Act* (Canada) on an Advance Date, the CDOR Rate;

(b) with respect to Bankers' Acceptances accepted by a BA Lender that is not a bank under Schedule I of the *Bank Act* (Canada), the lesser of (i) the CDOR Rate plus 10 bps, and (ii) the Agent's quoted discount rate (expressed to five decimal places), which shall be conclusive and binding, absent manifest error; and

(c) with respect to BA Equivalent Loans provided by a Non BA Lender, the CDOR Rate.

"**BA Equivalent Loan**" shall have the meaning associated thereto in Section 5.10(b).

"**BA Interest Period**" means, with respect to a BA Advance, the period selected by the applicable Borrower and being of a duration of at least 30 days and up to 180 days (or such shorter or longer periods as HBCA in its sole discretion may approve) commencing on the Advance Date, the Rollover Date or the Conversion Date of such Advance, provided that in any case:

(a) the last day of each BA Interest Period shall be a Business Day and if not, the applicable Borrower shall be deemed to have selected a BA Interest Period the last day of which is the first Business Day following the last day of the BA Interest Period selected by the applicable Borrower; and

(b) the last day of each BA Interest Period shall be on or before the Stated Maturity Date.

"**BA Lender**" means any Lender which is a bank carrying on business in Canada and which stamps and accepts Bankers' Acceptances.

"**BA Rate**" means from time to time, in respect of an acceptance of a Bankers' Acceptance or a BA Equivalent Loan the applicable percentage rate per annum indicated beside the reference to "**BA Rate**" in the definition of "**Applicable Margin**".

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Bankers' Acceptance**" means a non-interest bearing Draft in Canadian Dollars drawn by the applicable Borrower and accepted by a BA Lender pursuant to this Agreement.

"**Bankers' Acceptance Fee**" means the amount calculated by multiplying the Face Amount of a Bankers' Acceptance by the BA Rate, and then multiplying the result by a fraction, the numerator of which is the number of days in the BA Interest Period of such Bankers' Acceptance, and the denominator of which is 365 or 366, as applicable.

"**Bankruptcy Code"** means Title 11 of the United States Code, as amended from time to time, or any similar federal or state law for the relief of debtors.

"**Basis Points**" means one-hundredth of one percent.

"**BBSY Period**" means the period selected by an Australian Borrower for a BBSY Rate Advance or the period applicable to the BBSY Rate Advance under the terms of this Agreement which in either case shall be one, two, three or six months or such other period agreed to by the AU Lender, commencing on the Advance Date, the Rollover Date or the Conversion Date of such BBSY Rate Advance; provided however that:

(a) in the case of a Rollover, the last day of each BBSY Period shall also be the first day of the next BBSY Period;

(b) the last day of each BBSY Period shall be a Business Day and if not, such Australian Borrower shall be deemed to have selected a BBSY Period the last day of which is the first Business Day following the last day of the BBSY Period selected by such Australian Borrower; and

(c) the last day of each BBSY Period shall be on or before the Stated Maturity Date.

"**BBSY Rate**" for any BBSY Period means:

(a) the rate which is the average of the bid rates shown at or about 10.30 a.m. (Sydney time) on page "BBSY" on the Reuters Monitor System on the first day of that period for a term equal to that BBSY Period; or

(b) if:

(i) for any reason the rate in paragraph (a) is not displayed; or

(ii) the basis on which the rate referred to in paragraph (a) of this definition is calculated changes and, in the opinion of the AU Lender (acting reasonably), that rate ceases to reflect the AU Lender's cost of funding to the same extent as at the date of this Agreement,

the rate per annum determined by the AU Lender, in good faith and acting reasonably, equal to the average of the buying rates quoted to the AU Lender by 3 Reference Banks at or about 10:30 am on the first day of that BBSY Period for a term equal to that BBSY Period; the buying rates must be for bills of exchange accepted by a leading Australian bank and which have a term approximately equivalent to that BBSY Period.

"**BBSY Rate Advance**" means an Advance in Australian Dollars bearing interest based on the BBSY Rate and includes any deemed BBSY Rate Advances.

"**BDC**" means Business Development Bank of Canada and its successors and permitted assigns.

"**Bilateral Facility Indebtedness**" means all outstanding amounts under the Bilateral Facility Letter Agreement, including all interest, fees and other amounts payable thereon or in connection therewith.

"**Bilateral Facility Letter Agreement**" means the Facility Letter dated March 7, 2014, between Ensign Drilling Partnership (predecessor to Ensign Drilling Inc. pursuant to the dissolution of Ensign Drilling Partnership and the assumption of its obligations by Ensign Drilling Inc.), as borrower, and HSBC Bank Canada, as lender, pursuant to which HSBC Bank Canada has made a $20,000,000 demand revolving letter of credit facility available to Ensign Drilling Inc. on and subject to the terms and conditions set forth therein, as such agreement may be amended, supplemented, restated or replaced from time to time.

"**Bilateral Facility Security**" means the general security agreements from time to time granted by Ensign Drilling Inc. and Ensign Energy Services Inc. in favour of HSBC Bank Canada as security for their respective obligations under and in connection with the Bilateral Facility Letter Agreement.

"**Board**" means the Board of Governors of the Federal Reserve System of the United States of America or any successor Governmental Authority.

"**Borrower Joinder Agreement**" means a joinder agreement in the form of Schedule "M" duly executed by each Additional Borrower, the Borrowers, Ensign Canada and each Guarantor Subsidiary.

"**Borrowers**" means collectively, the Canadian Borrower, the US Borrower and the Australian Borrowers and "**Borrower**" means any one of them.

"**Borrowers' Counsel**" means Torys LLP or any other firm of legal counsel acting on behalf of the Borrowers, licensed to practice law in Alberta or any other Relevant Jurisdiction.

"**Business Day**" means a day of the year, other than Saturday, Sunday or a statutory holiday, on which:

(a) in the case of an Advance or repayment under the Canadian/US Tranche, the Canadian/US Lender is open for business in Toronto, Ontario and Calgary, Alberta and, additionally, in the case of a LIBOR Advance, in London, England;

(b) in the case of an Advance or repayment under the Australian Tranche, the AU Lender is open for business in Sydney, Australia and, additionally, in the case of a LIBOR Advance, in London, England;

(c) in the case of an Advance or repayment under the Syndicated Tranche, each Syndicated Tranche Lender is open for business in Calgary, Alberta and, if applicable, Toronto, Ontario and, additionally, in the case of a LIBOR Advance, in New York, New York and London, England; and

(d) in the case of an Advance or repayment under the Canadian Tranche, each Canadian Lender is open for business in Montreal, Quebec and Calgary, Alberta and, if applicable, Toronto, Ontario.

"**Canadian Borrower**" means Ensign Drilling Inc., together with its successors and permitted assigns.

"**Canadian Dollar Equivalent**" means on any day, the amount of Canadian Dollars that would result from the exchange of U.S. Dollars and Australian Dollars or any other currency agreed to by the Applicable Lenders (as applicable) into Canadian Dollars at the Exchange Rate in effect on such day.

"**Canadian Dollars**", "**Cdn. Dollars**", "**Cdn. $**" and "**$**" mean lawful money of Canada.

"**Canadian Lenders**" means BDC and each other Person that becomes a party to this Agreement as a lender and provides a Commitment under the Canadian Tranche and their respective successors and permitted assigns.

"**Canadian Tranche**" means the part of the Credit made available to the Canadian Borrower by the Canadian Lenders up to the Canadian Tranche Limit, as provided for in Section2.2.

"**Canadian Tranche Limit**" means the aggregate amount of Cdn. $[redacted] or the U.S. Dollar Equivalent thereof.

"**Canadian/US Borrowers**" means the Canadian Borrower, the US Borrower and each other Subsidiary of Ensign Canada that Ensign Canada designates as a Canadian/US Borrower in accordance with Section 2.7 and which Subsidiary executes and delivers to the Agent a Borrower Joinder Agreement and "**Canadian/US Borrower**" means either one of them and their respective successors and permitted assigns.

"**Canadian/US Lender**" means HBCA and each other Person that becomes a party to this Agreement as lender and provides a Commitment under the Canadian/US Tranche and their respective successors and permitted assigns.

"**Canadian/US Tranche**" means the part of the Credit made available to the Canadian/US Borrowers by the Canadian/US Lender up to the Canadian/US Tranche Limit, as provided for in Section 2.2.

"**Canadian/US Tranche Limit**" means the aggregate amount of Cdn. $[redacted] or the U.S. Dollar Equivalent thereof or such other Canadian Dollar amount as is requested by the Canadian/US Borrowers to the Agent and agreed to by the Canadian/US Lender from time to time in accordance with Section 2.5, as the "**Canadian/US Tranche Limit**".

"**Cash Management Arrangements**" means any arrangements entered into or to be entered into by a Borrower, Ensign Canada, any Guarantor Subsidiary or any Other Cash Management Entity with a Cash Manager for or in relation to business credit cards, daylight overdraft, electronic funds transfers, employee payroll payments, cash management and centralized operating accounts, including mirror accounting arrangements, account positioning arrangements or pooled accounts and netting arrangements across accounts for a Borrower and any one or more of the Subsidiaries of Ensign Canada.

"**Cash Management Documents**" means, collectively, all agreements, instruments and other documents which evidence, establish, govern or relate to any or all of the Cash Management Arrangements.

"**Cash Management Obligations**" means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrowers, Ensign Canada, any Guarantor Subsidiary (and each of them) or any Other Cash Management Entity (and each of them) to a Cash Manager under, pursuant or relating to the Cash Management Arrangements or Cash Management Documents and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal and other costs, charges and expenses, and other amounts payable by the Borrowers, Ensign Canada, any Guarantor Subsidiary (and each of them) or any Other Cash Management Entity (and each of them) under the Cash Management Arrangements or Cash Management Documents.

"**Cash Manager**" means each Lender (and any Affiliate of such Lender) that from time to time provides Cash Management Arrangements to the Borrowers, Ensign Canada, any Guarantor Subsidiary (and any of them) or any Other Cash Management Entity (and each of them) its successors in such capacity and which as of the date hereof is HBCA in respect of the Canadian Borrower, is HBCA in respect of the US Borrower and is HBAP in respect of the Australian Borrowers.

"**Cdn. Prime Rate**" means, for any day with respect to Cdn. Prime Rate Advances, the greater of:

(a) the floating annual rate of interest announced from time to time by the Agent as being its reference rate then in effect for determining interest rates on Canadian Dollar denominated loans made by it to its customers in Canada and designated as its "prime rate"; and

(b) a rate of interest per 365 or 366 day period, as applicable, equal to the CDOR Rate for one month Canadian Dollar bankers' acceptances plus 100 bps.

"**Cdn. Prime Rate Advance**" means an Advance in Canadian Dollars bearing interest based on the Cdn. Prime Rate and includes deemed Cdn. Prime Rate Advances provided for in Sections 5.13 and 5.22.

"**CDOR Rate**" means, on any day, the arithmetical average of the percentage discount rates for Canadian Dollar bankers' acceptances in comparable amounts having an identical issue date and a comparable maturity date to the Bankers' Acceptances proposed to be issued by the applicable Borrower which is quoted on the "Reuters' Screen CDOR Page" for acceptances of Schedule 1 banks under the *Bank Act* (Canada) (or if such screen is not available, any successor or similar service selected by the Agent) as at approximately 10:00 a.m. (Toronto time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Agent in good faith after 10:00 a.m. (Toronto time) or as soon thereafter as practicable to reflect any error in a posted rate of interest or in the posted average annual rate of interest). Provided, however, that if such rates are not available, then the CDOR Rate for any day shall be the bankers' acceptance rate of the Agent for the applicable period as of 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day. Notwithstanding the foregoing, at no time shall the CDOR Rate be less than zero percent.

"**Certificate of a Borrower**" means a written certificate addressed to the Lenders and signed in the name of a Borrower by any Senior Officer of a Borrower.

"CICA" means the Canadian Institute of Chartered Accountants.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"**Collateral**" means cash, a bank draft or a letter of credit issued by a chartered bank satisfactory to the Agent in its sole discretion and in a form satisfactory to the Agent, in each case acting reasonably.

"**Commodity Hedge Agreement**" means an agreement, whether in the form of an ISDA Master Agreement, futures contract, a swap, a put, a call or otherwise and whether or not such agreements contemplate physical delivery of commodities or are considered "financial", which agreements are typically entered into for managing, mitigating or eliminating risks relating to commodity price fluctuations.

"**Commitment**" means at any time, in respect of:

(a) the Canadian/US Lender, the maximum amount of Advances which the Canadian/US Lender has agreed to make under the Canadian/US Tranche;

(b) the AU Lender, the maximum amount of Advances which the AU Lender has agreed to make under the Australian Tranche;

(c) the Syndicated Tranche Lenders, the maximum amount of Advances which the Syndicated Tranche Lenders have agreed to make under the Syndicated Tranche; and

(d) the Canadian Lenders, the maximum amount of Advances which the Canadian Lenders have agreed to make under the Canadian Tranche,

in each case as set out on Schedule "B" to this Agreement and as the Canadian/US Tranche and the AU Tranche may be re-allocated by Ensign Canada from time to time in accordance with Section 2.5.

"**Commitment Fee**" has the meaning ascribed thereto in Section 4.3.

"**Commitment Fee Rate**" means, from time to time, the applicable percentage rate per annum indicated beside the reference to "Commitment Fee Rate" in the definition of "Applicable Margin".

"**Compliance Certificate**" means the certificate required pursuant to Section 9.2, a form of which is attached hereto as Schedule "C".

"**Consolidated Capitalization**" means at any time, the sum of outstanding Consolidated Debt of Ensign Canada and the Shareholders' Equity of Ensign Canada.

"**Consolidated Debt**" means all indebtedness and obligations in respect of amounts borrowed by Ensign Canada determined on a consolidated basis, which, in accordance with IFRS, would be recorded in its Financial Statements (including the notes thereto) as indebtedness for borrowed money, and in any event including, without duplication:

(a) indebtedness represented by notes payable, debentures and other evidences of indebtedness representing extensions of credit;

(b) the stated amount of letters of credit and letters of guarantee if (i) such letters of credit or letters of guarantee support obligations which would otherwise constitute Consolidated Debt within this definition; or (ii) if the obligations in respect of which such letters of credit or letters of guarantee have become due and payable;

(c) the stated amount of surety bonds supporting obligations which would otherwise constitute Consolidated Debt within this definition;

(d) actual amounts owed under Hedging Agreements upon termination of such Hedging Agreements, including early termination, including, without limitation, net settlement amounts payable upon maturity and termination payments payable upon termination, which are not paid when due;

(e) indebtedness for or in respect of Purchase Money Obligations that do not constitute Operating Lease Obligations;

(f) principal obligations as lessee under any lease or similar arrangement classified as a finance lease (or capital lease if applicable) in accordance with IFRS including, without limitation, sale and lease back transactions or other forms of leases which would otherwise constitute Consolidated Debt within the meaning of the opening paragraph of this definition, in any case, excluding Operating Lease Obligations or other leases that would not otherwise have been treated as capital leases prior to January 1, 2019 but thereafter are deemed to be capital leases under IFRS as a result of changes to IFRS that are scheduled to take effect on such date;

(g) indebtedness secured by any Security Interest existing on Property owned, whether or not the indebtedness secured thereby shall have been assumed;

(h) indebtedness of a Person for or in respect of the purchase from such Person of any of its Property, where the purchase price for such Property has been prepaid by the purchaser more than 90 days before the Property subject to such purchase is to be delivered by such Person to the purchaser;

(i) all Synthetic Lease Obligations;

(j) all redemption obligations a Person with respect to any Securities issued by such Person and which are by their terms or pursuant to any contract, agreement or arrangement:

(i) redeemable, retractable, payable or required to be purchased or otherwise retired or extinguished, or convertible into debt of such Person (A) at a fixed or determinable date, (B) at the option of the holder thereof, or (C) upon the occurrence of a condition not solely within the control and discretion of such Person, in any case prior to the then current Stated Maturity Date; or

(ii) convertible into any other Securities described in section (i) above; and

(iii) Guarantees in respect of obligations of another Person which constitute the types of obligations described in (a) through (j) above,

provided that Consolidated Debt shall be calculated net of cash and cash equivalents on hand at the time of determination.

"**Consolidated Debt to Consolidated Capitalization Ratio**" means, as at a certain date, the ratio of Consolidated Debt to Consolidated Capitalization.

"**Consolidated Debt to Consolidated EBITDA Ratio**" means, as at a certain date, the ratio of Consolidated Debt to Consolidated EBITDA.

"**Consolidated EBITDA**" means with respect to Ensign Canada, as at the end of each Fiscal Quarter of Ensign Canada, calculated on a rolling twelve month basis, the aggregate amount of net income from continuing operations for the 12 month period then ended determined in accordance with IFRS and, except to the extent otherwise expressly provided, on a consolidated basis (including, without duplication, the net income in such 12 month period attributable to any assets (or group of related assets) or wholly-owned entities acquired directly or indirectly by Ensign Canada during such period but in each case only where the cost of each such acquisition (or series of acquisitions that constitute one transaction) is in excess of Cdn. $20,000,000 (or the AU Dollar Equivalent or U.S. Dollar Equivalent) and excluding therefrom, without duplication, the net income in such 12 month period attributable to any asset (or groups of related assets) or wholly-owned entities disposed of directly or indirectly by Ensign Canada in each case only where the proceeds of each such disposition (or series of dispositions that constitute one transaction) are in excess of Cdn. $20,000,000 (or the AU Dollar Equivalent or U.S. Dollar Equivalent), in each case before (i) Interest Expense, (ii) depreciation, amortization and accretion expenses, (iii) all provisions for Taxes, (iv) all non-cash expenses and non-cash income, (v) the amount of any stock-based compensation; and (vi) extraordinary gains and losses.

"**Consolidated EBITDA to Consolidated Interest Expense Ratio**" means, as at a certain date, the ratio of Consolidated EBITDA to Consolidated Interest Expense.

"**Consolidated Interest Expense**" means all interest expenses of Ensign Canada calculated on a consolidated basis and in accordance with IFRS for the 12 month period then ended as the same would be set forth or reflected in a consolidated statement of earnings of Ensign Canada and, in any event and without limitation, shall include:

(a) all interest accrued or payable in respect of such period;

(b) all fees (including standby, letter of credit, guarantee, commitment and bankers' acceptances fees) accrued or payable in respect of such period and which relate to any debt obligation, prorated (as required) over such period;

(c) any difference between the face amount and the discount proceeds of any bankers' acceptances, commercial paper and other obligations issued at a discount, prorated (as required) over such period;

(d) the interest component of such Person as lessee under any lease or similar arrangement classified as a finance lease (or capital lease, if applicable) in accordance with IFRS or under a Synthetic Lease, but excluding, for certainty, Operating Lease Obligations; and

(e) all net amounts charged or credited to interest expense under any Hedging Agreements in respect of such period.

"**Consolidated Senior Debt**" means Consolidated Debt minus Subordinated Debt.

"**Consolidated Senior Debt to Consolidated EBITDA Ratio**" means, as at a certain date, the ratio of Consolidated Senior Debt to Consolidated EBITDA.

"**Consolidated Total Assets**" means the book value of the total assets of Ensign Canada, as determined on a consolidated basis in accordance with IFRS.

"**Constating Documents**" means, with respect to a corporation, its articles of incorporation, constitution, amalgamation or continuance or other similar document and its by-laws, and with respect to any other Person which is an artificial body, the organization and governance documents of such Person, all as amended from time to time.

"**Contracts**" means agreements, franchises, leases, easements, servitudes, privileges and other rights acquired from Persons.

"**Conversion**" means a conversion or deemed conversion of one type of Available Credit into another type of Available Credit pursuant to this Agreement and each of "**Convert**" and "**Converted**" has a corresponding meaning.

"**Conversion Date**" means the date specified by a Borrower as being the date on which a Borrower has elected (or the date on which it is deemed to have elected) to effect a Conversion and which shall be a Business Day.

"**Conversion Notice**" means a notice requesting a Conversion hereunder substantially in the form attached hereto as Schedule "D".

"**Credit**" has the meaning ascribed thereto in Section 2.1.

"**Credit Documents**" means this Agreement, each Guarantee and Subordination Agreement, the Security, each Bankers' Acceptance and each note evidencing BA Equivalent Loans and the agreements, guarantees, certificates, instruments, Drawdown Notices, Conversion Notices, Rollover Notices, Repayment Notices and all other documents delivered or to be delivered to or for the benefit of the Agent or Lenders pursuant hereto or thereto all as the same may be amended, modified, varied, restated or replaced from time to time.

"**Credit Limit**" means the principal amount of Cdn. $500,000,000.00.

"**Currency Hedge Agreement**" means an agreement, whether in the form of an ISDA Master Agreement, a futures contract, a swap, a forward rate, currency exchange contract or otherwise, entered into for or in connection with a forward rate, currency swap or currency exchange and other similar currency-related transactions, the purpose and effect of which are typically to manage, mitigate or eliminate currency exchange rate risk.

"**DBNA**" means the *Depository Bills and Notes Act* (Canada).

"**Debtor Relief Laws**" means the Bankruptcy Code and all other liquidation, bankruptcy, assignment for the benefit of creditors, conservatorship, moratorium, receivership, insolvency, rearrangement, reorganization or similar debtor relief laws of the United States or other applicable jurisdictions in effect from time to time.

"**Default**" means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"**Defaulting Lender**" means any Lender or, in the case of paragraph (e) below, a Lender's parent (being any person that directly or indirectly controls a Lender where control has the same meaning as in the definition of Affiliate):

(a) that has failed to fund any payment or its portion of any Advances required to be made by it hereunder, unless such Lender notifies the Agent and the applicable Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied;

(b) that has notified the Borrowers, the Agent or any Lender (verbally or in writing) that it does not intend to or is unable to comply with any of its funding obligations under this Agreement or has made a public statement to that effect or to the effect that it does not intend to or is unable to fund advances generally under credit arrangements to which it is a party (unless such writing or public statement relates to such Lender’s obligation to fund an Advance hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied);

(c) that has failed, within 3 Business Days after request by the Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Advances (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Agent and the Borrower);

(d) that has otherwise failed to pay over to the Agent or any other Lender any other amount required to be paid by it hereunder within 3 Business Days of the date when due, unless the subject of a good faith dispute;

(e) that (i) becomes insolvent, has been deemed insolvent, or becomes the subject of bankruptcy or insolvency proceedings or a Bail-In Action, or (ii) is subject to the appointment of the Federal Deposit Insurance Corporation or other receiver, custodian, conservator, trustee or similar official with respect to such Lender's business or properties; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Body so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or Canada or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Body) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

"**Designated Account**" means:

(a) in respect of any Advance under the Syndicated Tranche, the account or accounts maintained by the applicable Syndicated Tranche Borrower at the Account Branch, that such Syndicated Tranche Borrower designates as such to the Agent;

(b) in respect of any Advance under the Australian Tranche, the account or accounts maintained by the applicable Australian Borrower with the AU Lender, that such Australian Borrower designates as such to the AU Lender;

(c) in respect of any Advance under the Canadian/US Tranche, the account or accounts maintained by the applicable Canadian/US Borrower with the Canadian/US Lender that the Canadian/US Borrower designates as such to the Canadian/US Lender; and

(d) in respect of any Advance under the Canadian Tranche, the account or accounts maintained by the Canadian Borrower at the Account Branch, that the Canadian Borrower designates as such to the Agent.

"**Distribution**" means, without duplication:

(a) any declaration or payment of dividends, royalties, distributions, fees or management fees (other than fees or management fees payable in the ordinary course of business) of any kind directly or indirectly to any holder of Securities of any Person (other than another Borrower, Ensign Canada or a Material Subsidiary) otherwise having the right or ability directly or indirectly to vote for the election of directors of a corporation or the management or operation of a partnership or other Person;

(b) any repurchase, retraction or redemption of Securities of any Person (other than by another Borrower, Ensign Canada or a Material Subsidiary);

(c) any repayment by any Person of any amount of principal, interest or other amounts in respect of any Debt owed to any Affiliate of such Person (other than another Borrower, Ensign Canada or a Material Subsidiary);

(d) any loan or advance that is made by a Person to or in favour of a holder of Securities in such Person or an Affiliate of such holder, other than any loan or advance that is made to or in favour of another Borrower, Ensign Canada or a Material Subsidiary; or

(e) the transfer by a Person of any of its property or assets for consideration of less than fair market value thereof, to any of its Affiliates (other than another Borrower, Ensign Canada or a Material Subsidiary).

"**Draft**" means in relation to a Bankers' Acceptance, a depository bill within the meaning of the DBNA in the form required by the Applicable Lender, drawn by the applicable Borrower.

"**Drawdown Notice**" means a notice requesting an Advance hereunder substantially in the form annexed hereto as Schedule "E".

"**EEA Financial Institution**" means (i) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (ii) any entity established in an EEA Member Country which is a parent of an institution described in clause (i) of this definition, or (iii) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (i) or (ii) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Effective Date**" has the meaning ascribed thereto in the "**Applicable Margin**" definition.

"**Embargoed Person**" has the meaning assigned such term in Section 9.13.

"**Ensign Canada**" means Ensign Energy Services Inc. and its successors and permitted assigns.

"**Ensign International**" means Ensign Energy Services International Limited and its successors and permitted assigns.

"**Ensign US**" means Ensign United States Drilling Inc. and its successors and permitted assigns.

"**Environmental Claims**" has the meaning ascribed thereto in Section 13.18.

"**Environmental Liabilities**" means all liabilities and obligations related to the protection of or damage to the environment or the health and safety of a Person, including liabilities and obligations to comply with or resulting from breaches of Applicable Environmental Laws, liabilities and obligations to compensate any Person for damages to the environment or to the health or safety of a Person, liabilities and obligations to remedy any Release or other occurrences which have caused or could cause damage to the environment or the health or safety of a Person and liabilities and obligations to abandon wells or pipelines, remove structures and equipment and restore or reclaim the sites thereof.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute.

"**ERISA Affiliate**" means each trade or business (whether or not incorporated) which together with a Borrower or a Subsidiary of Ensign Canada would be deemed to be a "single employer" within the meaning of section 4001(b)(1) of ERISA or subsections (b), (c), (m) or (o) of section 414 of the Code.

"**ERISA Event**" means (a) a "Reportable Event" described in section 4043 of ERISA and the regulations issued thereunder, (b) the withdrawal of a Borrower, a Subsidiary of Ensign Canada or any ERISA Affiliate from a Plan during a plan year in which it was a "substantial employer" as defined in section 4001(a)(2) of ERISA, (c) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under section 4041 of ERISA, (d) the institution of proceedings to terminate a Plan by the PBGC, (e) receipt of a notice of withdrawal liability pursuant to Section 4202 of ERISA or (f) any other event or condition which might constitute grounds under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Event of Default**" has the meaning ascribed thereto in Section 10.1.

"**Exchange Rate**" means, on any day, with respect to the exchange of Canadian Dollars, U.S. Dollars or Australian Dollars (the "**First Currency**") into another currency (the "**Other Currency**"), the Agent's spot rate of exchange for purchases of the First Currency with the Other Currency in the Toronto foreign exchange market at or about noon on that day.

"**Excluded Taxes**" has the meaning ascribed thereto in Sections 13.13(e).

"**Executive Order**" has the meaning assigned such term in Section 8.5(a).

"Existing BAs" means those Bankers' Acceptances and Notional Bankers Acceptances previously accepted by the Lenders at the request of a Borrower pursuant to the Prior Credit Agreement and outstanding as at the Restatement Date, as summarized and set forth in Schedule L.

"Existing LCs" means those Letters of Credit previously issued by a Lender at the request of a Borrower pursuant to the Prior Credit Agreement and outstanding as at the Restatement Date, as summarized and set forth in Schedule L.

"**Existing LIBOR Advances** " means those LIBOR Advances previously made by a Lender at the request of a Borrower pursuant to the Prior Credit Agreement and outstanding as at the Restatement Date, as summarized and set forth in Schedule L.

"**Face Amount**" means:

(a) in respect of a Bankers' Acceptance, the amount payable to the holder thereof on its maturity;

(b) in respect of a Notional Bankers' Acceptance, the amount payable to the Non BA Lender on the maturity thereof; and

(c) in respect of a Letter of Credit, the maximum amount of which a Lender is contingently liable to pay the beneficiary thereof.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future registrations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal, regulatory, legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with Sections 1471 through 1474 of the Code.

"**Federal Funds Rate**" means, on any day, the rate of interest per annum for that day set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (the "H.15(519)") opposite the caption "Federal Funds (Effective)" and, if on any day such rate is not yet published in H.15(519), the rate for such day shall be the rate set forth in the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, for such day published by the Federal Reserve Board (the "Composite 3:30 p.m. Quotations") under the caption "Federal Funds Effective Rate"; provided that if such rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, such rate shall be the average of the interest rates per annum quoted for such day on overnight Federal funds (such words to have the meaning generally given to them by money market brokers of recognized standing doing business in the United States of America) transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent, acting reasonably.

"**Financial Statements**" means in respect of any Person, the financial statements of such Person and its Subsidiaries as at a specified date and for the period then ended and shall include a consolidated balance sheet or statement of financial position, consolidated statement of income or statement of comprehensive income, consolidated statement of retained earnings or statement of changes in equity, and consolidated statement of cash flows, together with comparative figures in each case (where a comparative period on an earlier statement exists), all prepared, maintained and stated in accordance with IFRS for the relevant jurisdiction and applied consistently.

"**Fiscal Quarter**" means with respect to a Person, the three month period commencing on the first day of each of its Fiscal Years and each successive three month period thereafter during such Fiscal Year.

"**Fiscal Year**" means, with respect to a Person, its fiscal year which, in the case of Ensign Canada and each Borrower, presently commences on January 1 of each year and ends on December 31 of such year.

"**General Security Agreement**" means a general security agreement substantially in the applicable form (depending on the Relevant Jurisdiction of the Guarantor Subsidiary granting such general security agreement) to be granted by a Guarantor Subsidiary in favour of the Agent for and on behalf of the Lenders, the Cash Managers and the Hedge Providers pursuant to which such Guarantor Subsidiary grants a Security Interest over all of its present and future assets to secure payment and performance of the obligations under its respective Guarantee and Subordination Agreement, as the same may be amended, supplemented, restated and replaced from time to time.

"**Governmental Body**" means:

(a) any government, parliament or legislature, any regulatory or administrative authority, agency, commission or board and any other statute, rule or regulation making entity having jurisdiction in the relevant circumstances,

(b) any judicial, administrative or arbitral court, authority, tribunal or commission having jurisdiction in the relevant circumstances, and

(c) any Person acting under the authority of any of the foregoing or under a statute, rule, policy or regulation thereof.

"**GST**" means any goods and services Tax, consumption Tax, value added Tax or any similar Tax.

"**Guarantee**" means any guarantee, undertaking to assume, endorsement (other than the routine endorsement of cheques in the ordinary course of business), contingent agreement to purchase, repurchase or to provide funds for the payment of any obligation of any other Person or any other agreement, instrument or document under which a Person otherwise directly or indirectly becomes liable: (i) in respect of any obligation of any other Person, (ii) to maintain the solvency or any statement of financial condition (or balance sheet, if applicable) or other financial condition of any other Persons (including keep-well covenants), or (iii) to make payment for any products, materials or supplies, or for any transportation or services regardless of the non-delivery or non-furnishing thereof, in each case, if the purpose or intent of such agreement is to provide assurance that such obligations will be paid or performed, or that agreements relating thereto will be complied with, or that the holder of such obligations will be protected against non-payment or non-performance in respect thereof; provided that the amount of each Guarantee shall be deemed to be the amount of the obligation guaranteed thereby unless the Guarantee is limited to a determinable amount, in which case the amount of such Guarantee shall be deemed to be the lesser of such determinable amount and the amount of such obligation.

"**Guarantee and Subordination Agreement**" means an unlimited guarantee and subordination agreement substantially in the form annexed hereto as Schedule "J" to be granted by a Person to the Agent for and on behalf of the Lenders and the Hedge Providers pursuant to which such Person guarantees payment of all the Obligations of the Borrowers to the Agent, the Lenders and the Hedge Providers and pursuant to which such Person subordinates all present and future amounts owing to such Person from the Borrowers and the Guarantor Subsidiaries as the same may be amended, supplemented, restated and replaced from time to time.

"**Guarantor Subsidiary**" means each Material Subsidiary of Ensign Canada that has executed a Guarantee and Subordination Agreement in favour of the Agent or from whom the Agent has requested a Guarantee and Subordination Agreement. As of the date hereof, only the Australian Borrowers, the US Borrower, the Canadian Borrower, Artisan Corporation, Ensign United States Drilling (S.W.) Inc., Ensign US Southern Drilling LLC, Ensign US Financial (Delaware) LP, Ensign United States Drilling (California) Inc., Ensign Testing Services Inc., Ensign Testing Services (U.S.A.) Inc. and Ensign Well Servicing Inc. are Guarantor Subsidiaries, provided that Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited and Tristate (Barbados) Holdings Inc. shall become Guarantor Subsidiaries upon all of the Lenders having completed satisfactory due diligence in respect of Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited and Tristate (Barbados) Holdings Inc. to comply with each of their respective know your client procedures.

"**Hazardous Materials**" means any substance or mixture of substances that if released to the environment is likely to cause, immediately or at some future time, harm or damage to or impairment of the environment, any risk to human health or safety or Property including any pollutant, contaminant or waste, and any "dangerous goods", "hazardous chemical", "hazardous substance", "hazardous waste" or "toxic substance" as defined by any Applicable Environmental Law.

"**HBAP**" means The HongKong and Shanghai Banking Corporation Limited – Sydney Branch, ARBN 117 925 970 and its successors and permitted assigns.

"**HBCA**" means HSBC Bank Canada and its successors and permitted assigns.

"**Hedging Agreement**" means a Commodity Hedge Agreement, Currency Hedge Agreement or Interest Rate Hedge Agreement, or other transaction, arrangement or agreement whether governed by an ISDA Master Agreement or otherwise, typically entered into for managing, mitigating or eliminating risks.

"**Hedge Provider**" means:

(a) any Lenders holding Obligations under Permitted Hedges; and

(b) any Affiliate of a Lender if such Affiliate is owed any Obligations under a Permitted Hedge.

"**Highest Lawful Rate**" means, with respect to each Lender, the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Credit or on other Obligations under laws applicable to such Lender which are presently in effect or, to the extent allowed by law, under such Applicable Laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws allow as of the date hereof.

"IASC Foundation" means the International Accounting Standards Board, the independent standard-setting body of the International Accounting Standards Committee Foundation.

"ICC" has the meaning ascribed in Section 5.22.

"ICC Rule" has the meaning ascribed in Section 5.22.

"IFRS" means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the IASC Foundation, and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation but only to the extent the same are adopted by the CICA as Generally Accepted Accounting Principles in Canada and then subject to such modifications thereto as are agreed by CICA. Provided, however, that with respect to the change to IFRS which occurs after the date hereof (or any change in the rules, regulations, pronouncements, opinions or other requirements of the CICA) from that used in the preparation of any financial statements referred to in this Agreement or that affects in any respect the calculation of any covenants and such related terms, notwithstanding such change in IFRS (or in the requirements of the CICA), IFRS shall be deemed to have the meaning necessary to preserve the original intent of the respective provisions of this Agreement on the basis it was in effect on the date hereof and without taking into account such changes to IFRS and to preserve the respective positions of the Lenders, Ensign Canada, the Borrowers and the Guarantor Subsidiaries and, until any amendments resulting from such change have been agreed upon, the covenants in this Agreement shall be calculated as if no such change in IFRS (or in the requirements of the CICA) has occurred.

"**Indemnified Tax Liabilities**" has the meaning ascribed thereto in Section 13.13(a).

"Information" has the meaning ascribed thereto in Section 13.20.

"**Insolvency Proceedings**" means any receivership, insolvency, proposal, bankruptcy, compromise, arrangement, scheme of arrangement, winding-up, dissolution or other similar proceedings, whether or not any of the foregoing is judicial in nature.

"**Interest Payment Date**" means, with respect to:

(a) Cdn. Prime Rate Advances, U.S. Base Rate Advances and BBSY Rate Advances, the first Business Day following the last day of each calendar month; and

(b) AU Overdraft Advances, the 28th day of each calendar month or if any such day is not a Business Day, on the immediately succeeding Business Day.

"**Interest Rate Hedge Agreement**" means an agreement, whether in the form of an ISDA Master Agreement, a futures contract, a swap transaction, an interest rate option, a cap transaction, floor transaction, collar transaction or otherwise, typically entered into for the managing, mitigating or eliminating risks relating to interest rate fluctuations.

"**ISDA Master Agreement**" means the 2002 International Swap and Derivatives Association, Inc. Master Agreement (Multi Currency - Cross-Border) as from time to time amended, restated or replaced by the International Swap and Derivatives Association, Inc., including the schedule thereto and any confirmation thereunder entered into with any Hedging Agreement counterparty.

"ISP 98" has the meaning ascribed in Section 5.22.

"**Lenders**" means the Canadian/US Lender, the Syndicated Tranche Lenders, the AU Lender, the Canadian Lenders and other financial institutions from time to time parties to this Agreement as lenders and "**Lender**" means any one of the Lenders.

"**Letter of Credit**" means a Letter of Credit (F) or a Letter of Credit (NF) (in a form acceptable to the Applicable Lender, acting reasonably, issuing such Letter of Credit (F) or Letter of Credit (NF)) in Canadian Dollars, Australian Dollars or U.S. Dollars.

"Letter of Credit (F)" means a letter of credit which is not a Letter of Credit (NF). The determination of whether a letter of credit is a Letter of Credit (F) or a Letter of Credit (NF) shall be at the Applicable Lender's sole discretion.

"Letter of Credit (NF)" means a non-financial letter of credit which is (a) a letter of credit issued to secure ordinary course performance obligations including, without limitation, any performance related advance payment, retention or warranty obligations and, (b) a letter of credit to back a bank guarantee, surety bond, performance bond, or similar obligation in each cases issued to support ordinary course payment obligations.

"Letter of Credit Advance" means, as applicable, a Letter of Credit (F) Advance or a Letter of Credit (NF) Advance.

"Letter of Credit (F) Advance" means an Advance of Credit under this Agreement by the issuance of a Letter of Credit (F) by a Lender, at the request of a Borrower.

"**Letter of Credit (NF) Advance**" means an Advance of Credit under this Agreement by the issuance of a Letter of Credit (NF) by a Lender, at the request of a Borrower.

"**Letter of Credit Fee**" means the fees payable by a Borrower with respect to a Letter of Credit, as described in Sections 4.1(b) and 4.1(c).

"Letter of Credit Rate" means, as applicable, the Letter of Credit (F) Rate or the Letter of Credit (NF) Rate.

"Letter of Credit (F) Rate" means, from time to time, in respect of a Letter of Credit (F) Advance, the applicable percentage rate per annum indicated beside the reference to "Letter of Credit (F) Rate" in the definition of "Applicable Margin".

"**Letter of Credit (NF) Rate**" means, from time to time, in respect of a Letter of Credit (NF) Advance, the applicable percentage rate per annum indicated beside the reference to "Letter of Credit (NF) Rate" in the definition of "Applicable Margin".

"**Letter of Extension**" means a written letter by the Agent (acting on the instructions of all the Lenders), on behalf of the Lenders, to the Borrowers agreeing to extend the Stated Maturity Date to a date one year from the then current Stated Maturity Date and setting forth the terms and conditions of such extension.

"**Level I", **"**Level II"**, "**Level III**", **"Level IV"**, "**Level "V"**, **"Level VI**" and "**Level VII**" mean, respectively, the applicable period of time during which the corresponding Consolidated Senior Debt to Consolidated EBITDA Ratio is as set forth in the table below:

Consolidated Senior Debt to Consolidated EBITDA Ratio	**Period**
Less than or equal to 1.0:1.0	Level I
Greater than 1.0:1.0, but less than or equal to 1.5:1.0	Level II
Greater than 1.5:1.0, but less than or equal to 2.0:1.0	Level III
Greater than 2.0:1.0, but less than or equal to 2.5:1.0	Level IV
Greater than 2.5:1.0, but less than or equal to 3.0:1.0	Level V
Greater than 3.0:1.0, but less than or equal to 3.5:1.0	Level VI
Greater than 3.5:1.0	Level VII

"**LIBOR Advance**" means an Advance in U.S. Dollars bearing interest based at the applicable LIBOR Rate.

"**LIBOR Period**" means the period selected by a Borrower for a LIBOR Advance or the period applicable to the LIBOR Advance under the terms of this Agreement which in either case shall be one, two, three or six months or such other period agreed to by the Applicable Lenders, commencing on the Advance Date, the Rollover Date or the Conversion Date of such Advance; provided however that:

(a) in the case of a Rollover, the last day of each LIBOR Period shall also be the first day of the next LIBOR Period;

(b) the last day of each LIBOR Period shall be a Business Day and if not, the applicable Borrower shall be deemed to have selected a LIBOR Period the last day of which is the first Business Day following the last day of the LIBOR Period selected by the applicable Borrower; and

(c) the last day of each LIBOR Period shall be on or before the Stated Maturity Date.

"**LIBOR Rate**" means, for any LIBOR Period:

(a) the rate of interest per annum determined by the Agent by reference to the rate set by the ICE Benchmark Administration for deposits in U.S. Dollars expressed as a percentage per annum on the basis of a 360 day year, as quoted on the Reuters LIBOR 01 page (or any successor or replacement page thereto), at which deposits in U.S. Dollars are offered for deposit in the London interbank market at 11:00 a.m. London time two Business Days before the first day of the LIBOR Period for a period equal to the LIBOR Period and in an amount approximately equal to the amount of the LIBOR Advance; or

(b) if such rates are not available at or about such time, the rate of interest expressed as a percentage per annum (on the basis of a 360 day year) determined by the Agent to be the average of the rates per annum at which deposits of U.S. Dollars are offered for the relevant Libor Period to major banks in the London interbank market by the Agent (or an Affiliate thereto if the Agent does not offer such deposits) at 11:00 a.m. London time two Business Days before the first day of the LIBOR Period, and in an amount approximately equal to the LIBOR Advance,

provided that at no time shall the LIBOR Rate be less than zero percent.

"**Majority Total Lenders**" means 3 or more Lenders (which are not Affiliates) collectively holding 66.67% or more of the Commitments with respect to the Credit.

"**Material Adverse Effect**" means any matter, event or circumstance which individually or in the aggregate has a material adverse effect on:

(a) the business, financial condition, operations or Property of Ensign Canada and its Material Subsidiaries (taken as a whole);

(b) the ability of a Borrower to pay and perform its Obligations in accordance with this Agreement;

(c) the ability of Ensign Canada and its Material Subsidiaries (taken as a whole) to perform any material obligation in accordance with the Credit Documents to which they are a party;

(d) the validity or enforceability of this Agreement or any other Credit Document; or

(e) the rights and remedies of the Agent and the Lenders under the Credit Documents.

"**Material Subsidiary**" means at any time, each Subsidiary of Ensign Canada: (i) that is designated by Ensign Canada in writing to the Agent as a "Material Subsidiary"; and/or (ii) whose total assets (excluding intercompany accounts) constitute more than 5% of the consolidated total assets of Ensign Canada or whose total revenue (excluding any intercompany revenue) constitutes more than 5% of the consolidated revenue of Ensign Canada for the then preceding consecutive twelve month period (other than in the case of Ensign Argentina S.A., in which case, such threshold as it relates to its total revenue is 7.5%). As of the date hereof, only the Australian Borrowers, the US Borrower, the Canadian Borrower, Artisan Corporation, Ensign United States Drilling (S.W.) Inc., Ensign US Southern Drilling LLC, Ensign United States Drilling (California) Inc., Ensign Testing Services Inc., Ensign Testing Services (U.S.A.) Inc., Ensign US Financial Delaware (LP) and Ensign Well Servicing Inc. are Material Subsidiaries, provided that Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited and Tristate (Barbados) Holdings Inc. shall become Material Subsidiaries upon all of the Lenders having completed satisfactory due diligence in respect of Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited and Tristate (Barbados) Holdings Inc. to comply with each of their respective know your client procedures.

"**Multiemployer Plan**" means a Plan which is a multiemployer plan as defined in section 3(37) or 4001 (a)(3) of ERISA.

"**Non BA Lender**" means a Lender which is not permitted by Applicable Law or does not stamp, for purposes of subsequent sale, or accept, a Bankers' Acceptance.

"Notional Bankers' Acceptances" shall have the meaning associated thereto in Section 5.10(b).

"**Notice**" has the meaning ascribed thereto in Section 13.22.

"**Notification Date**" has the meaning ascribed thereto in Section 3.1(a).

"**Obligations**" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, from time to time owing by Ensign Canada, the Borrowers (and each of them) and Ensign Canada's Subsidiaries to any of the Agent, the Lenders and any Hedge Provider, in any currency or remaining unpaid by Ensign Canada the Borrowers (and each of them) and Ensign Canada's Subsidiaries to any of the Agent, the Lenders or any Hedge Provider, under, in respect of or in connection with:

(a) the Credit Agreement, the Cash Management Agreements and the other Credit Documents, and

(b) Permitted Hedges,

whether as principal or surety, and all interest, fees, legal and other costs, charges and expenses relating to any of the foregoing, and the term Lenders when used in this definition shall include HBCA in its capacity as Agent.

"**OFAC**" has the meaning assigned such term in Section 8.5(b)(i).

"**Operating Lease** " means any lease or similar arrangement that, in accordance with IFRS, is not required to be classified and accounted for as a finance lease (or capital lease, if applicable) and does not give rise to Synthetic Lease Obligations, but includes, for certainty, any lease which on December 31, 2010, was characterized as an operating lease at that time.

"**Operating Lease Obligations**" means the obligations of a Person to pay rent or other amounts under an Operating Lease.

"Other Cash Management Entity" means any Subsidiary of Ensign Canada (other than a Borrower or any Guarantor Subsidiary) which enters into any Cash Management Arrangement, from time to time.

"**Outstanding Principal**" at any time means, in relation to the Credit or a Tranche, the aggregate at any such time of: (a) the principal amounts outstanding of all Cdn. Prime Rate Advances, BBSY Rate Advances, AU Overdraft Advances, U.S. Base Rate Advances, and LIBOR Advances; (b) the Face Amount of all outstanding Letters of Credit; and (c) the Face Amount of all outstanding BA Advances.

"**Participant**" has the meaning ascribed thereto in Section 12.3.

"**Participation**" has the meaning ascribed thereto in Section 12.3.

"**PBGC**" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"**Permits**" means governmental licences, authorizations, consents, registrations, exemptions, permits (including where applicable, export permits) and other approvals required by Applicable Law.

"**Permitted Encumbrances**" means, in respect of Ensign Canada, each Borrower and the Material Subsidiaries:

(a) Security Interests for Taxes, assessments or governmental charges which are not due or delinquent, or the validity of which Ensign Canada, the applicable Borrower or any Material Subsidiary shall be contesting in good faith provided such contest will involve no risk of loss of any material part of the Property of Ensign Canada, the Borrowers and the Material Subsidiaries taken as a whole;

(b) the Security Interests of any judgment rendered, or claim filed, against Ensign Canada, a Borrower or any Material Subsidiary, which Ensign Canada, the applicable Borrower or any such Material Subsidiary shall be contesting in good faith provided such contest will involve no risk of loss of any material part of the Property of Ensign Canada, the Borrowers and the Material Subsidiaries taken as a whole or will not constitute an Event of Default under Section 10.1(h);

(c) Security Interests imposed or permitted by law such as carriers' liens, builders' liens, materialmen's liens and other liens, privileges or other charges of a similar nature incurred in the ordinary course of business of Ensign Canada, a Borrower or any Material Subsidiary which relate to obligations not due or delinquent or, if due or delinquent, any lien, privilege or charge which Ensign Canada, the applicable Borrower and/or such Material Subsidiary shall be contesting in good faith provided such contest will involve no risk of loss of any material part of the Property of Ensign Canada, the Borrowers and the Material Subsidiaries taken as a whole;

(d) undetermined or inchoate Security Interests arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law against Ensign Canada, a Borrower or any Material Subsidiary or any of their respective Property or in respect of which no steps or proceedings to enforce such Security Interests have been initiated or which relate to obligations which are not due or delinquent or, if due or delinquent, any Security Interest which Ensign Canada, the applicable Borrower or such Material Subsidiary shall be contesting in good faith provided such contest will involve no risk of loss of any material part of the Property of Ensign Canada, the Borrowers and the Material Subsidiaries taken as a whole;

(e) Security Interests arising in connection with workers' compensation, employment insurance, pension and employment laws or regulations (other than liens imposed by ERISA), provided that the obligations secured are not due or delinquent or, if due or delinquent, any security interests which Ensign Canada, a Borrower or any Material Subsidiary shall be contesting in good faith provided such contest will involve no risk of loss of any material part of the property of Ensign Canada, the Borrowers and the Material Subsidiaries taken as a whole;

(f) Security Interests in favour of a Governmental Body when required by such Governmental Body in the ordinary course of the business of Ensign Canada, a Borrower or any Material Subsidiary in connection with operations of Ensign Canada, the applicable Borrower or any such Material Subsidiary if such Security Interest does not, either alone or in the aggregate, materially impair the use of any Property subject to such Security Interest in the conduct of the business of Ensign Canada, the Borrowers and the Material Subsidiaries taken as a whole;

(g) Security Interests in the Property of Ensign Canada, a Borrower or any Material Subsidiary the satisfaction of which has been provided for by deposit with the Agent of cash or a surety bond or other security satisfactory to the Agent in an amount sufficient to pay the liability in respect of such Security Interests in full;

(h) Security Interests in the Property of Ensign Canada, a Borrower or any Material Subsidiary (other than those over all or substantially all of the Property of Ensign Canada, a Borrower or any Material Subsidiary) not referred to in (a) to (g) above, provided that the aggregate amount secured by all such Security Interests does not at any time exceed $40,000,000;

(i) the Bilateral Facility Security to the extent the Security has been granted;

(j) the Security upon the occurrence of a Security Event that has not been cured during the Security Event Cure Period;

(k) Security Interests in favour of the holders of the Senior Notes that is the same as the Security and ranks *pari passu* with the Security; and

(l) any Security Interest from time to time disclosed by the Borrowers to the Agent and which is consented to by the Lenders.

"**Permitted Hedges**" means the Hedging Agreements entered into by Ensign Canada, a Borrower or a Subsidiary of Ensign Canada and a Lender or an Affiliate of a Lender.

"**Person**" means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, estate or other judicial entity or any governmental body.

"**Plan**" means any employee pension benefit plan, as defined in section 3(2) of ERISA, which (a) is currently or hereafter sponsored, maintained or contributed to by Ensign Canada, a Borrower, a Subsidiary of Ensign Canada or an ERISA Affiliate or (b) was at any time during the six (6) calendar years preceding the date hereof, sponsored, maintained or contributed to by Ensign Canada, a Borrower, a Subsidiary of Ensign Canada or an ERISA Affiliate.

"**Prior Credit Agreement**" has the meaning ascribed in the first recital to this Agreement.

"**Property**" means, in respect of a Person, its property, assets and undertaking for the time being, both real and personal, tangible and intangible.

"**Proportionate Share**" means in respect of each Lender from time to time the percentage of the Credit which a Lender has agreed to advance to the Borrowers, determined: (i) prior to the occurrence and continuance of an Event of Default in the case of: (A) the Credit, by dividing the Lender's Commitment in respect of the Credit by the aggregate of all of the Lenders' Commitments with respect to the Credit, and (B) in respect of a specific Tranche, by dividing the Lender’s Commitment in respect of the applicable Tranche by the aggregate of all of the Lenders’ Commitments with respect to such Tranche, and (ii) after the occurrence and continuance of an Event of Default, by dividing the outstanding Obligations owing to such Lender (and any Affiliate of such Lender pursuant to Permitted Hedges) by the aggregate of all of the outstanding Obligations owing to all of the Lenders with respect to the Credit and to all Hedge Providers pursuant to Permitted Hedges.

"**Purchase Money Obligations**" means any indebtedness incurred, assumed or owed by a Borrower or any Material Subsidiary as all or part of, or incurred or assumed by a Borrower or any Material Subsidiary to provide funds to pay all or part of, the purchase or acquisition price (including any deferred purchase or acquisition price) of any Property acquired by a Borrower or any Material Subsidiary; provided that none of the Borrowers, any Material Subsidiary or Affiliate thereof, immediately prior to entering into an agreement for the acquisition of such Property, owns or has any interest in, or any entitlement to own, or has any interest in, the Property thereof being so acquired.

"**Re-Allocation Request**" means a request of Ensign Canada to re-allocate the part of the Credit available under the Canadian/US Tranche and the AU Tranche substantially in the form annexed hereto as Schedule "K".

"**Reference Bank**" means each of Commonwealth Bank of Australia, Westpac Banking Corporation, Australia and New Zealand Banking Group Limited and National Australia Bank and such other person as the AU Lender and the Australian Borrowers agree.

"**Regulation D**", "**Regulation T**", "**Regulation U**" and "**Regulation X**" means Regulation D, Regulation T, Regulation U and Regulation X, respectively, of the Board, as the same may be amended, supplemented or replaced from time to time.

"**Release**" means any presence, release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leaching or migration of any element or compound in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles containing any contaminant), or in, into or out of any vessel or facility, including the movement of any contaminant through the air, soil, subsoil, surface, water, ground water, rock formation or otherwise which is or may be (under any circumstances, whether or not they have occurred).

"**Relevant Jurisdiction**" means, from time to time, the province, state or territory or any other relevant political subdivision in any country in which Ensign Canada, a Borrower or a Material Subsidiary has material Property or in which it carries on material business.

"**Repayment Notice**" means a notice to effect a repayment hereunder substantially in the form annexed hereto as Schedule "F".

"**Request for Extension**" means a request by Ensign Canada for an extension of the Stated Maturity Date pursuant to Section 3.1(a), in the form attached hereto as Schedule "I", executed by an authorized officer of Ensign Canada, each Borrower and each Guarantor Subsidiary.

"**Restatement Date**" means December 28, 2016 or such other date on which the conditions precedent specified in Section 7.1 have been satisfied or waived by all of the Lenders.

"**Rollover**" means a rollover of a BA Advance into another BA Advance, a BBSY Rate Advance into another BBSY Rate Advance or a LIBOR Advance into another LIBOR Advance as permitted hereby and "**Rolled Over**" has a corresponding meaning.

"**Rollover Date**" means:

(a) the date of commencement of a new BA Interest Period applicable to a BA Advance; or

(b) the date of commencement of a new LIBOR Period applicable to a LIBOR Advance being Rolled Over; or

(c) the date of commencement of a new BBSY Period applicable to a BBSY Rate Advance being Rolled Over.

"**Rollover Notice**" means a notice requesting a Rollover hereunder substantially in the form annexed hereto as Schedule "G".

"**Section**" means the designated section of this Agreement.

"**Securities**" means any interest in any partnership, trust or joint venture or any securities in the capital stock of any corporation or limited liability company, including without limitation, common shares, preferred shares, partnership units or other interests which carry a residual right to participate in the earnings of such partnership, trust, joint venture, corporation or limited liability company or, upon the liquidation or winding up of such partnership, trust, joint venture, corporation or limited liability company, to share in its assets.

"**Security**" has the meaning ascribed in Section 6.2.

"**Security Event**" means, on any date that a Compliance Certificate is delivered hereunder, the Consolidated Senior Debt to Consolidated EBITDA Ratio of Ensign Canada exceeds [redacted] as of the last day of the Fiscal Quarter of Ensign Canada for which such certificate is being delivered.

"**Security Event Cure Period**" means a period commencing on the date that the Agent gives written notice to the Borrowers of a Security Event and ending 45 days from the date such notice was given.

"**Security Interest**" means a mortgage, debenture, pledge, deposit by way of security, charge, encumbrance, hypothec, assignment by way of security, security interest, lien (whether statutory, equitable or at common law), conditional sale or title retention agreement, lease with option to purchase, a right of set-off (if created for the purpose of directly or indirectly securing the repayment of money owed), and any other interest in Property, howsoever created or arising, that secures payment or performance of an obligation; provided however, the right of a lessor under an Operating Lease shall not constitute a Security Interest.

"**Senior Notes**" means all of the notes of Ensign US Financial (Delaware) LP, as issuer, issued pursuant to the Note Purchase Agreement dated February 22, 2012.

"**Senior Officers**" means, as applicable, any of the President, any Vice-President, Chief Financial Officer, Controller, Secretary, Treasurer or Director of Ensign Canada, an Australian Borrower or the US Borrower, any of the President, any Vice-President, Chief Financial Officer, Controller, Secretary or Treasurer of the Canadian Borrower or any similar officer of any other Borrower.

"**Shareholders' Equity**" means, at any time, the shareholders' equity of Ensign Canada and its Subsidiaries as shown on the consolidated Financial Statements of Ensign Canada.

"**Stated Maturity Date**" means October 3, 2018, or such other date that the Agent on the instructions of the Applicable Tranche Majority Lenders may agree to extend the stated maturity of the Credit pursuant to an accepted offer of extension pursuant to Section 3.1, or otherwise.

"**Statutory Reserve Rate**" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which a Syndicated Tranche Lender or a Canadian Lender is subject with respect to the Adjusted LIBOR Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. LIBOR Advances by a Syndicated Tranche Lender to the US Borrower shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage and as of the date hereof is nil.

"**Subordinated Debt**" means all indebtedness for borrowed money of Ensign Canada, a Borrower or a Guarantor Subsidiary the repayment of which is postponed and subordinated to the payment of the Obligations by the terms of the agreement or instrument governing the same, or otherwise in a manner in form and substance satisfactory to the Agent.

"**Subsidiary**" means, as to any Person, another Person in which such Person and/or one or more of its Subsidiaries owns, directly or indirectly, sufficient voting Securities to enable it or them (as a group) to ordinarily elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or trust if more than a 50% interest in the profits or capital thereof is owned by such Person and/or one or more of its Subsidiaries. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of Ensign Canada.

"**Successor Agent**" has the meaning ascribed thereto in Section 11.11.

"**Syndicated Tranche Borrowers**" means the Canadian Borrower, the US Borrower and each other subsidiary of Ensign Canada that Ensign Canada designates as a Syndicated Tranche Borrower in accordance with Section 2.6 and which Subsidiary executes and delivers to the Agent a Borrower Joinder Agreement, and **"Syndicated Tranche Borrower"** means either one of them, and their respective successors and permitted assigns.

"**Syndicated Tranche Lenders**" means HBCA, Wells Fargo, Alberta Treasury Branches, The Toronto-Dominion Bank and each other Person that becomes a party hereto as a lender and provides a Commitment under the Syndicated Tranche and their respective successors and permitted assigns.

"**Syndicated Tranche**" means the part of the Credit made available to the Syndicated Tranche Borrowers by the Syndicated Tranche Lenders up to the Syndicated Tranche Limit, as provided for in Section 2.3.

"**Syndicated Tranche Limit**" means the aggregate amount of Cdn. $[redacted] or the U.S. Dollar Equivalent thereof.

"**Synthetic Lease**" means: (a) a synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of Property creating obligations which do not appear on the statement of financial position (or balance sheet, if applicable) of such Person but which, in any Insolvency Proceedings relating to such Person, would be characterized as indebtedness of such Person (without regard to accounting treatment).

"**Synthetic Lease Obligations**" means the obligations of a Person to pay rent or other amounts under a Synthetic Lease.

"**Taxes**" means all taxes, levies, imposts, value added taxes, goods and services taxes, stamp taxes, duties, deductions, withholdings and similar impositions payable, levied, collected, withheld or assessed as of the date of this Agreement or at any time in the future under Applicable Laws and all interest and penalties thereon, and "**Tax**" shall have a corresponding meaning.

"**Term**" means the period commencing on the date of this Agreement and ending on the Stated Maturity Date.

"**Tranches**" means the Canadian/US Tranche, the Australian Tranche, the Syndicated Tranche and the Canadian Tranche and "**Tranche**" means any one of them.

"**Tranche Limits**" means:

(a) the Canadian/US Tranche Limit, in respect of the Canadian/US Tranche;

(b) the Australian Tranche Limit, in respect of the Australian Tranche;

(c) the Syndicated Tranche Limit, in respect of the Syndicated Tranche; and

(d) the Canadian Tranche Limit, in respect of the Canadian Tranche;

and "**Tranche Limit**" means any one of them.

"**UCP 600"** has the meaning ascribed in Section 5.22.

"**U.S. Base Rate**" means, on any day with respect to a U.S. Base Rate Advance, the greater of:

(a) the floating annual rate of interest established from time to time by the Agent as the reference rate it uses to determine rates of interest on U.S. Dollar loans to its commercial customers in Canada and designated as its "U.S. Dollar Base Rate"; and

(b) a rate of interest per 365 or 366 day period, as applicable, equal to the Federal Funds Rate plus 100 bps.

"**U.S. Base Rate Advance**" means an Advance in U.S. Dollars bearing interest based on the U.S. Base Rate and includes deemed U.S. Base Rate Advances provided for in Sections 5.19 and 5.22.

"**U.S. Borrower**" means Ensign US, together with its successors and assigns.

"**U.S. Dollar Equivalent**" means on any day the amount of U.S. Dollars that would result from the exchange of Australian Dollars and Canadian Dollars or any other currency agreed to by the applicable Lenders (as applicable) into U.S. Dollars at the Exchange Rate in effect on such day.

"**U.S. Dollars**" and "**U.S. $**" mean lawful money of the United States of America.

"**Write-Down and Conversion Powers**" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 Schedules

Schedule A	-	Assignment Agreement
Schedule B	-	Commitments of Lenders
Schedule C	-	Compliance Certificate
Schedule D	-	Conversion Notice
Schedule E	-	Drawdown Notice
Schedule F	-	Repayment Notice
Schedule G	-	Rollover Notice
Schedule H	-	Disclosure Information Relating to the Subsidiaries and Material Subsidiaries of the Borrower
Schedule I	-	Request for Extension

Schedule J	-	Form of Guarantee and Subordination Agreement
Schedule K	-	Re-Allocation Request
Schedule L	-	Existing BAs, Existing LCs and Existing LIBOR Advances
Schedule M	-	Borrower Joinder Agreement

ARTICLE 2
THE CREDIT

2.1 Amendment and Restatement

Relying on each of the representations and warranties set out in Article 8 and subject to the terms and conditions of this Agreement, the Agent, the Lenders and the Borrowers agree that, effective on the Restatement Date:

(i) The Prior Credit Agreement shall be amended and restated in its entirety and shall be on the terms and conditions and in the form of this Agreement including, without limitation, all indebtedness and liabilities of Ensign Drilling Partnership and Ensign US to HBCA under the Prior Credit Agreement in respect of the "Canadian/US Tranche" thereunder (including the Existing LCs, the Existing BAs and the Existing LIBOR Advances) and accrued and unpaid interest thereon, and "Commitment Fees" accrued thereunder in respect of the "Canadian/US Tranche" shall be construed as Obligations of Ensign Drilling Inc. and Ensign US, as applicable, to HBCA under the Canadian/US Tranche under this Agreement;

(ii) all indebtedness and liabilities of Ensign Drilling Inc. and Ensign US to HBCA, Wells Fargo and Alberta Treasury Branches, as applicable, under the Prior Credit Agreement in respect of the "Syndicated Tranche" thereunder (including the Existing BAs and the Existing LIBOR Advances) and accrued and unpaid interest thereon, and "Commitment Fees" accrued thereunder in respect of the "Syndicated Tranche" shall be construed as Obligations of the Syndicated Tranche Borrowers to the Syndicated Tranche Lenders, as applicable, under the Syndicated Tranche under this Agreement;

(iii) all indebtedness and liabilities of Ensign International and Ensign Australia Pty Limited to HBAP under the Prior Credit Agreement in respect of the "Australian Tranche" thereunder (including the Existing LCs) and accrued and unpaid interest thereon, and "Commitment Fees" accrued thereunder in respect of the "Australian Tranche" shall be construed as Obligations of the Australian Borrowers, as applicable, to the AU Lender under the Australian Tranche under this Agreement;

(iv) all other indebtedness and liabilities of the Borrowers to the Lenders under the Prior Credit Agreement shall be construed as Obligations of the Borrowers to the Lenders under this Agreement; and

(v) the Borrowers, the Lenders and the Agent shall have no further rights or obligations to each other under the Prior Credit Agreement as it exists immediately prior to the amendment and restatement effected hereby, except to the extent continued hereunder for any accrued, but unpaid, interest on

"Advances" in respect of the "Canadian/US Tranche", the "Syndicated Tranche" and the "Australian Tranche" thereunder and "Commitment Fees" under the Prior Credit Agreement, up to but not including the Restatement Date.

The Borrowers, the Agent and the Lenders acknowledge and agree that on the Restatement Date, the Outstanding Principal under the Syndicated Tranche, the Canadian/US Tranche and/or the Australian Tranche may not be outstanding in accordance with each Lender's Proportionate Share under the Syndicated Tranche, the Canadian/US Tranche and/or the Australian Tranche and the Lenders hereby agree to take all steps and actions and execute and deliver all agreements, instruments and other documents as may be required by the Agent or any of the Lenders (including the assignment of interests in, or the purchase of participations in, Outstanding Principal) to give effect to the revised Commitments under the Syndicated Tranche, the Canadian/US Tranche and the Australian Tranche. For greater certainty with respect to the Syndicated Tranche, TD shall assume any Obligations under Existing BAs pursuant to an Assignment Agreement and shall be entitled to its pro rata share of stamping fees thereunder from the Restatement Date to the maturity of such Existing BA.

2.2 Amount and Availment Options

Upon and subject to the terms and conditions of this Agreement, the Lenders agree to provide a revolving credit (the "**Credit**") for the use of the Borrowers in the aggregate amount of up to the Credit Limit, provided that the obligation of the Canadian/US Lender to make Advances under the Canadian/US Tranche, the AU Lender to make Advances under the Australian Tranche, the Syndicated Tranche Lenders to make Advances under the Syndicated Tranche and the Canadian Lenders to make Advances under the Canadian Tranche shall be several and shall not exceed at any time the then applicable Canadian/US Tranche Limit, the Australian Tranche Limit, the Syndicated Tranche Limit or the Canadian Tranche Limit, respectively.

At the option of the applicable Canadian/US Borrower, for the account of the applicable Canadian/US Borrower, the Credit under the Canadian/US Tranche may be used by requesting Cdn. Prime Rate Advances, by requesting U.S. Base Rate Advances, by requesting BA Advances, by requesting Letter of Credit Advances (in Cdn. Dollars, U.S. Dollars and such other currencies that the Canadian/US Lender may agree to) and by requesting that LIBOR Advances be made by the Canadian/US Lender.

At the option of the applicable Australian Borrower, for the account of the applicable Australian Borrower, the Credit under the Australian Tranche may be used by such Australian Borrower by requesting that LIBOR Advances, BBSY Rate Advances and Letter of Credit Advances (in AU Dollars, U.S. Dollars and such other currencies that the AU Lender may agree to) be made by the AU Lender.

At the option of the applicable Syndicated Tranche Borrower, for the account of the applicable Syndicated Tranche Borrower, the Credit under the Syndicated Tranche may be used by such Syndicated Tranche Borrower requesting that Cdn. Prime Rate Advances, BA Advances, LIBOR Advances and U.S. Base Rate Advances be made by the Syndicated Tranche Lenders.

At the option of the Canadian Borrower, for the account of the Canadian Borrower, the Credit under the Canadian Tranche may be used by the Canadian Borrower requesting that Cdn. Prime

Rate Advances, BA Advances, LIBOR Advances and U.S. Base Rate Advances be made by the Canadian Lenders.

Cdn. Prime Rate Advances under the Canadian/US Tranche of up to the amount of Cdn. $5,000,000 may be obtained by way of overdraft balances in the Designated Account of each Canadian/US Borrower. U.S. Base Rate Advances under the Canadian/US Tranche up to the amount of U.S. $5,000,000 may be obtained by way of overdraft balances in the Designated Account of each Canadian/US Borrower. AU Overdraft Advances under the Australian Tranche of up to the amount of AU $5,000,000 may be obtained by way of overdraft balances (in AU Dollars only) in the Designated Account of the applicable Australian Borrower. Advances obtained by way of overdraft shall not be subject to the notice or denomination requirements set out in Section 5.1 below; provided that Advances in an amount greater than $5,000,000 (in the applicable currency) may be obtained by way of overdraft under the Canadian/US Tranche or the Australian Tranche with the consent of the Applicable Lenders.

2.3 Canadian/US Tranche, Australian Tranche, Syndicated Tranche and Canadian Tranche

Notwithstanding the provisions of Section 2.1, an amount of the Credit equal to:

(i) the Canadian/US Tranche Limit from time to time shall be solely the Commitment of and allocated to the Canadian/US Lender,

(ii) the Australian Tranche Limit from time to time shall be solely the Commitment of and allocated to the AU Lender,

(iii) the Syndicated Tranche Limit from time to time shall be solely the Commitment of and allocated to the Syndicated Tranche Lenders, and

(iv) the Canadian Tranche Limit from time to time shall be solely the Commitment of and allocated to the Canadian Lenders,

At no time shall the aggregate of the Canadian Dollar Equivalent of all Outstanding Principal under: (a) the Canadian/US Tranche exceed the Canadian/US Tranche Limit; (b) the Australian Tranche exceed the Australian Tranche Limit; and (c) the Syndicated Tranche exceed the Syndicated Tranche Limit; and (d) the Canadian Tranche exceed the Canadian Tranche Limit.

2.4 Credit Revolvement

The principal amount of any Advance under the Credit that is repaid may, subject to the provisions of this Agreement, be reborrowed from time to time until the Stated Maturity Date, following which all undrawn Commitments under the Credit will be cancelled and the outstanding Obligations owing to the Lenders hereunder shall become due and payable. Prior to the occurrence and continuance of an Event of Default, the amount of a repayment under: (i) the Canadian/US Tranche shall be paid to HBCA, in its capacity as the Canadian/US Lender (and, if any additional Person provides a Commitment under the Canadian/US Tranche, to HBCA, in its capacity as agent under the Canadian/US Tranche for distribution to the Canadian/US Tranche Lenders, (ii) the Australian Tranche shall be paid to HBAP, in its capacity as the AU Lender (and, if any additional Person provides a Commitment under the Australian Tranche, to HBAP, in its capacity as agent under the Australian Tranche for distribution to the AU Lenders), (iii) the

Syndicated Tranche shall be paid to the Agent for distribution to the Syndicated Tranche Lenders, and the amount of such repayment shall be applied to reduce the Outstanding Principal under such Tranche , and (iv) the Canadian Tranche shall be paid to the Agent for distribution to the Canadian Lenders, and the amount of such repayment shall be applied to reduce the Outstanding Principal under such Tranche. The amount of a repayment under this Agreement shall be distributed to the Lenders on a Proportionate Share basis or as all of the Lenders may otherwise agree if such repayment is made after an Acceleration Notice is issued by the Agent.

2.5 Use of Credit

The Credit shall only be used for general business purposes of Ensign Canada and its Subsidiaries, including, without limitation: (i) to pay the fees, costs and expenses relating to the Credit and the preparation, negotiation and settlement of this Agreement, and the other Credit Documents; (ii) for ongoing working capital requirements; (iii) to fund capital expenditures; and (iv) to finance the acquisition of assets and the acquisition of Securities in Persons; provided, however without the prior written consent of the Applicable Lenders, none of the Borrowers may use any Advances hereunder either directly or indirectly in connection with an unsolicited acquisition of the Securities of any Person that are publicly traded, or otherwise to facilitate, assist or participate in an acquisition of Securities of any Person that are publicly traded (in each case except for the acquisition of not more than 20% of the Securities of a Person that are publicly traded), where the board of directors or the equivalent of such Person, has not approved such acquisition nor recommended the approval of such acquisition to the holders of such Securities.

2.6 Allocation of the Canadian/US Tranche Limit and Australian Tranche Limit

Subject to Section 3.4, the Lenders acknowledge and agree that Ensign Canada may from time to time request a re-allocation of the amount of the Credit to be available under the Canadian/US Tranche Limit and the Australian Tranche Limit once during each Fiscal Quarter by providing a Re-Allocation Request to the Agent. The Agent shall notify the Borrowers as to whether or not the Canadian/US Lender and the AU Lender agree to such request (the agreement of each such Lender being independent and at the discretion of such Lender and although such Lenders have no obligation to agree to such request, each such Lender shall make reasonable efforts to accommodate such request) within 10 Business Days after its receipt of a Re-Allocation Request. If the Canadian/US Lender and the AU Lender agree to such request, the re-allocation of the amount of the Credit to the Canadian/US Tranche Limit and the Australian Tranche Limit shall be effective on the date the Agent so advises the Borrowers, if at the effective time, the Canadian Dollar Equivalent of the Outstanding Principal under each such Tranche does not exceed the applicable re-allocated Tranche Limit. Such re-allocation of the amount of the Credit to each such Tranche shall continue until the Agent is provided with another Re-Allocation Request by Ensign Canada and such request is agreed to by the Canadian/US Lender and the AU Lender as provided for above. For greater certainty, if the Canadian/US Lender and the AU Lender do not agree to the re-allocation of the amount of the Credit to be available under each such Tranche as requested in a Re-Allocation Request, the allocation of the Credit to each such Tranche shall remain in the amount of the allocation immediately prior to Ensign Canada providing the Re-Allocation Request to the Agent, provided that Ensign Canada may make another Re-Allocation Request in such Fiscal Quarter. Notwithstanding anything to the contrary contained in this Agreement, the maximum amount available under any one Tranche at any time shall not exceed the applicable Tranche Limit (determined after giving effect to such Re-Allocation Request).

2.7 Additional Borrowers

Ensign Canada may from time to time provide notice to the Agent requesting that a Subsidiary (the "**Additional Borrower**") of Ensign Canada be included as a Canadian/US Borrower or a Syndicated Tranche Borrower under this Agreement. The Canadian/US Lender or the Syndicated Tranche Lenders (as applicable) shall consider such request and although the Canadian/US Lender or the Syndicated Tranche Lenders (as applicable) has/have no obligation to agree to such request, the Canadian/US Lender or the Syndicated Tranche Lenders (as applicable) shall make reasonable efforts to accommodate such request within 10 Business Days after its receipt of such request. If the Canadian/US Lender or the Syndicated Tranche Lenders (as applicable) agree(s) to such request, the addition of the Additional Borrower as a Canadian/US Borrower or a Syndicated Tranche Borrower (as applicable) shall be effective on the date the Agent so advises Ensign Canada that the Canadian/US Lender or the Syndicated Tranche Lenders (as applicable) has/have received the following, in form and substance satisfactory to the Canadian/US Lender or the Syndicated Tranche Lenders (as applicable):

(a) A Borrower Joinder Agreement duly executed by the Borrowers, Ensign Canada, the Additional Borrower and each other Guarantor Subsidiary.

(b) A Guarantee and Subordination Agreement duly executed and delivered by the Additional Borrower, if not previously delivered.

(c) A certificate of status, certificate of compliance, good standing or similar certificate issued by an appropriate Governmental Body of the jurisdiction of organization of the Additional Borrower.

(d) To the extent not previously delivered to the Agent:

    (i) A certified copy of the Constating Documents of the Additional Borrower, and a certified copy of the resolutions of its board of directors (and where appropriate, its shareholders) authorizing the execution and delivery of the Borrower Joinder Agreement and the Guarantee and Subordination Agreement and the transactions contemplated thereby and the performance by it of its obligations thereunder, together with a certificate to the effect that all such documents are in full force and effect in such form with no proceedings pending to amend or rescind the same, and no agreements or other documents are in effect which restrict the powers of its board of directors (or where appropriate, its shareholders); and

    (ii) A certificate of incumbency with respect to the Additional Borrower with specimen signatures of the individuals executing the Borrower Joinder Agreement and the Guarantee and Subordination Agreement.

(e) A certificate of a Senior Officer of Ensign Canada certifying that no Default or Event of Default has occurred that is continuing and that the representations and warranties in this Agreement are true and correct and funding of Advances to the Additional Borrower contemplated under the Credit shall not be unlawful.

(f) All other documentation and other evidence which is required by the Lenders (as applicable) to comply with its know your client procedures.

(g) Legal opinion of counsel to the Additional Borrowers relating to, *inter alia*, its subsistence and the authorization, execution, delivery and enforceability of the Borrower Joinder Agreement and the Guarantee and Subordination Agreement to which it is a party.

For greater certainty, if an Additional Borrower is added as a Canadian/US Borrower or a Syndicated Tranche Borrower (as applicable) such Additional Borrower shall thereupon become bound by and subject to all of the provisions of this Agreement applicable to the Borrowers, as if it were an original party hereto.

ARTICLE 3
EXTENSION AND REPAYMENT OF THE CREDIT

3.1 Extension of the Credit

(a) The Borrowers may request an extension in respect of the Credit under any Tranche for a further one year period at any time but not less than 60 days prior to the Stated Maturity Date, and each successive anniversary thereafter. Such request shall be made by the applicable Borrowers by delivering an executed Request for Extension to the Agent. The Agent shall notify the applicable Borrowers as to whether or not the Applicable Tranche Majority Lenders agree to such request and any additional conditions thereof, no later than 30 days after the Request for Extension is received by the Agent (the "**Notification Date**"); provided that if the Agent does not so advise the applicable Borrowers on or prior to the Notification Date, the Applicable Tranche Majority Lenders shall be deemed to have elected not to agree to such request. For certainty, the decision of any Lender to agree to such request for an extension, and any conditions thereof, is in the sole discretion of each Lender. Any such Lender that does not, or is deemed not to, agree to such request shall become a "**Non-Agreeing Lender**" and unless its applicable Commitment is purchased pursuant to Section 3.1(f) or repaid pursuant to Section 3.1(g), the Stated Maturity Date of such Non-Agreeing Lender shall not be extended and the provisions of Section 3.1 shall become applicable to such Non-Agreeing Lender on its Stated Maturity Date.

(b) If the Applicable Tranche Majority Lenders agree to such request and the applicable Borrowers have advised the Agent that such additional conditions are acceptable, the Agent shall forthwith deliver a Letter of Extension to the applicable Borrowers extending the Stated Maturity Date with respect to only that portion of the Credit relating to the Applicable Tranche Majority Lenders who have agreed to such extension (the "**Agreeing Lenders**"). Upon written notice by the Agent to the applicable Borrowers agreeing to a Request for Extension, the Stated Maturity Date for the Credit (or that portion thereof, if applicable) shall be extended by one year.

(c) The Credit may only be extended pursuant to Sections 3.1(a) and (e) if the Applicable Tranche Majority Lenders agree to provide a Letter of Extension, and only with respect to that portion of the Credit relating to the Agreeing Lenders.

(d) This Section 3.1 shall apply from time to time to permit successive extensions of the Stated Maturity Date if and for as long as the Applicable Tranche Majority Lenders have agreed to all prior extensions.

(e) If the Borrowers do not request an extension in accordance with Section 3.1(a) in any one or more years, the Borrowers shall be entitled in subsequent years to make a Request for Extension for a further period of one or more years, provided that the Stated Maturity Date, as so extended, shall not be later than two (2) years after the date of such anniversary that gave rise to such Request for Extension, and the terms of such extension shall be subject to the provisions of this Section 3.1.

(f) Each of the Agreeing Lenders shall have the right (but not the obligation) to purchase the applicable Commitment of any Non-Agreeing Lender for a purchase price in an amount equal to the aggregate outstanding principal amount of the Advances owing to such Non-Agreeing Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Non-Agreeing Lender under this Agreement. Each of the Agreeing Lenders (each, a "**Purchasing Lender**") wishing to exercise its rights to purchase the applicable Commitment of a Non-Agreeing Lender shall forthwith so notify the applicable Borrower, the Agent and each of the other Applicable Lenders, if any, and such Purchasing Lender shall thereupon be obligated to purchase not less than fifteen (15) days prior to the then current Stated Maturity Date an undivided share of the applicable Commitment of each Non-Agreeing Lender equal to the ratio that such Purchasing Lender's Commitment under the Applicable Tranche is of the aggregate of all Purchasing Lenders' Commitments under the Applicable Tranche or as otherwise agreed to by the applicable Borrower and all Purchasing Lenders under the Applicable Tranche. The Non-Agreeing Lender, the Purchasing Lenders, the Agent, the Borrowers and each of the other Lenders, if any, shall forthwith duly execute and deliver any necessary documentation to give effect to such purchase, whereupon each Non-Agreeing Lender shall, as of the effective date thereof, be released from its obligations to the applicable Borrower hereunder and under the other Credit Documents arising subsequent to such date.

(g) If a Non-Agreeing Lender's Commitment is not purchased pursuant to Section 3.2(f), at the option of the Borrower:

(i) so long as there exists no Default or Event of Default, the applicable Borrower shall repay all Advances (which shall include, for greater certainty, the Face Amount of all Banker's Acceptances and Notional Banker's Acceptances accepted by such Non-Agreeing Lender, and the face amount of all Letters of Credit issued by such Non-Agreeing Lender) and other amounts owing hereunder to such Non-Agreeing Lender on its then current Stated Maturity Date and, upon such repayment, (A) such Non-Agreeing Lender shall cease to be a Lender hereunder and such Non-Agreeing Lender's Commitment shall be terminated, (B) the applicable Commitment in respect of the applicable Tranche and the Commitment in respect of the Credit shall be reduced by the amount of the Non-Agreeing Lender's terminated Commitment, and (C) the Proportionate Share of each remaining Lender in respect of each applicable Tranche shall be adjusted accordingly; or

(ii) the applicable Borrower may have such Non-Agreeing Lender's outstanding Commitment sold, assigned and transferred to a replacement Lender pursuant to Section 12.2.

3.2 Repayment of Advances

Without limiting the right of the Agent to demand repayment pursuant to Article 10, on the Stated Maturity Date:

(i) Each Canadian/US Borrower shall repay in full all of its respective Obligations which are then outstanding under the Canadian/US Tranche;

(ii) Each Syndicated Tranche Borrower shall repay in full all of its respective Obligations which are then outstanding under the Syndicated Tranche;

(iii) Each Australian Borrower shall repay in full all of its respective Obligations which are then outstanding under the Australian Tranche;

(iv) The Canadian Borrower shall repay in full, its Obligations which are then outstanding under the Canadian Tranche; and

(v) the Borrowers shall repay all other amounts which are then outstanding pursuant to the Credit Documents.

3.3 Cancellation of Commitment and Prepayment

Ensign Canada may, without penalty or premium, at any time during the term of this Agreement upon at least 3 Business Days prior written notice, cancel the Credit or any portion thereof in minimum amounts of Cdn. $5,000,000 and in Cdn. $1,000,000 multiples thereof by cancelling the Commitment of the applicable Lenders provided that on or prior to the last day of such notice period the Borrowers have:

(a) prepaid or otherwise reduced Outstanding Principal to the applicable Lenders in an amount equal to the amount by which the Canadian Dollar Equivalent of the Outstanding Principal to the applicable Lenders would otherwise be in excess of their respective Commitments immediately after the reduction of the Commitments provided for in such notice; and

(b) paid all accrued interest and other charges and fees in respect of the Outstanding Principal being repaid or reduced as aforesaid (including without limitation, amounts payable pursuant to Section 13.12).

Any such notice of cancellation is irrevocable and the amount of the Credit so cancelled and reduced may not be reinstated hereunder.

3.4 Principal Amount of Advances

The Outstanding Principal under the Credit shall be repaid immediately upon notice by the Agent to the Borrowers to the extent that the aggregate Canadian Dollar Equivalent of the Outstanding

Principal under the Credit exceeds the Credit Limit, whether as a result of oversight or otherwise. In addition to the foregoing: (a) Outstanding Principal under the Canadian/US Tranche shall be repaid immediately upon notice by the Agent to the Canadian/US Borrowers, to the extent that the aggregate Canadian Dollar Equivalent of the Outstanding Principal under the Canadian/US Tranche exceeds the Canadian/US Tranche Limit, provided that such payment shall be made by the applicable Canadian/US Borrower to which the most recent Advance has been made under the Canadian/US Tranche (b) the Outstanding Principal under the Australian Tranche shall be repaid immediately upon notice by the Agent to the Australian Borrowers, to the extent that the aggregate Canadian Dollar Equivalent of the Outstanding Principal under the Australian Tranche exceeds the Australian Tranche Limit, provided that such payment shall be made by the applicable Australian Borrower to which the most recent Advance has been made under the Australian Tranche, (c) the Outstanding Principal under the Syndicated Tranche shall be repaid immediately upon notice by the Agent to the Syndicated Tranche Borrowers, to the extent that the aggregate Canadian Dollar Equivalent of the Outstanding Principal under the Syndicated Tranche exceeds the Syndicated Tranche Limit, provided that such payment shall be made by the applicable Syndicated Tranche Borrower to which the most recent Advance has been made under the Syndicated Tranche, and (d) the Outstanding Principal under the Canadian Tranche shall be repaid immediately upon notice by the Agent to the Canadian Borrower, to the extent that the aggregate Canadian Dollar Equivalent of the Outstanding Principal under the Canadian Tranche exceeds the Canadian Tranche Limit, in each case whether as a result of oversight or otherwise. Notwithstanding the foregoing, if solely as a result of exchange rate fluctuations, the Canadian Dollar Equivalent of the Outstanding Principal under:

(a) the Canadian/US Tranche exceeds 10% of the Canadian/US Tranche Limit;

(b) the Australian Tranche exceeds 10% of the Australian Tranche Limit;

(c) the Syndicated Tranche exceeds 10% of the Syndicated Tranche Limit, and/or

(d) the Canadian Tranche exceeds 10% of the Canadian Tranche Limit,

(each of the foregoing referred to herein as "**Currency Excess**") the Agent shall, if requested by the Applicable Lenders, notify the applicable Borrower of the amount (in Canadian Dollars) of such Currency Excess, the Applicable Lenders shall not be obligated to provide any further Advances to the applicable Borrower and the applicable Borrower shall, within ten (10) days of the giving of such notice relating to a Currency Excess, pay to the Applicable Lender on the date of payment, the amount (in Canadian Dollars) by which the Canadian Dollar Equivalent of the Outstanding Principal exceeds the applicable Tranche Limit. Furthermore and in addition to the right of Ensign Canada to request a re-allocation of the amount of the Credit available under the Canadian/US Tranche and the Australian Tranche in accordance with Section2.5, Ensign Canada may request a re-allocation of the Credit in such manner to eliminate any Currency Excess, at any time after receipt of a notice from the Agent of a Currency Excess and although the Canadian/US Lender and the AU Lender have no obligation to agree to such request, each such Lender shall make reasonable efforts to accommodate any such request.

ARTICLE 4
INTEREST RATES AND FEES

4.1 Interest Rates, Bankers' Acceptance and Letter of Credit Fees

(a) With respect to the Syndicated Tranche, each Syndicated Tranche Borrower shall pay to the Agent for and on behalf of the Syndicated Tranche Lenders, with respect to Advances made to such Syndicated Tranche Borrower: (i) interest on Cdn. Prime Rate Advances at a rate per annum equal to the Cdn. Prime Rate plus the Applicable Margin, (ii) the applicable Bankers' Acceptance Fee on each BA Advance or BA Equivalent Loan (such Bankers' Acceptance Fee shall be calculated at the applicable BA Rate), (iii) interest on U.S. Base Rate Advances at the rate per annum equal to the U.S. Base Rate plus the Applicable Margin, and (iv) interest on LIBOR Advances at a rate per annum equal to the LIBOR Rate for the LIBOR Period plus the Applicable Margin.

(b) With respect to the Australian Tranche, each Australian Borrower shall pay to the AU Lender, with respect to Advances made to such Australian Borrower: (i) interest on the BBSY Rate Advances at the rate per annum equal to the BBSY Rate for the applicable BBSY Period plus the Applicable Margin, (ii) interest on LIBOR Advances at a rate per annum equal to the LIBOR Rate for the applicable LIBOR Period plus the Applicable Margin, (iii) interest on AU Overdraft Advances at the rate per annum equal to the AU Overdraft Rate; and (iv) fees on Letter of Credit Advances at rate per annum equal to the applicable Letter of Credit Rate on the Face Amount of such Letter of Credit.

(c) With respect to the Canadian/US Tranche, each Canadian/US Borrower shall pay to the Canadian/US Lender, with respect to Advances made to such Canadian/US Borrower under the Canadian/US Tranche: (i) interest on Cdn. Prime Rate Advances at a rate per annum equal to the Cdn. Prime Rate plus the Applicable Margin, (ii) the applicable Bankers' Acceptance Fee on each BA Advance or BA Equivalent Loan (such Bankers' Acceptance Fee shall be calculated at the applicable BA Rate), (iii) interest on U.S. Base Rate Advances at the rate per annum equal to the U.S. Base Rate plus the Applicable Margin, (iv) interest on LIBOR Advances at a rate per annum equal to the LIBOR Rate (or the Adjusted LIBOR Rate, if applicable) for the LIBOR Period plus the Applicable Margin, (v) fees on Letter of Credit Advances at rate per annum equal to the applicable Letter of Credit Rate on the Face Amount of such Letter of Credit.

(d) With respect to the Canadian Tranche, the Canadian Borrower shall pay to the Agent for and on behalf of the Canadian Lenders, with respect to Advances made to the Canadian Borrower: (i) interest on Cdn. Prime Rate Advances at a rate per annum equal to the Cdn. Prime Rate plus the Applicable Margin, (ii) the applicable Bankers' Acceptance Fee on each BA Advance or BA Equivalent Loan (such Bankers' Acceptance Fee shall be calculated at the applicable BA Rate), (iii) interest on U.S. Base Rate Advances at the rate per annum equal to the U.S. Base Rate plus the Applicable Margin, and (iv) interest on LIBOR Advances at a rate per annum equal to the LIBOR Rate for the LIBOR Period plus the Applicable Margin.

Such payments shall be for the account of such Lenders at such address as such Lender or the Agent (as applicable) designates from time to time on any such Advances made by such Lenders and as are outstanding from time to time hereunder, at the applicable rate or rate of interest specified in Section 4.1.

(a) Interest on Cdn. Prime Rate Advances and U.S. Base Rate Advances shall be payable in the currency of the applicable Advance monthly in arrears on each Interest Payment Date.

(b) Interest on LIBOR Advances shall be payable in U.S. Dollars on the last day of the applicable LIBOR Period and, if the LIBOR Period is longer than 90 days, on the 90th day after the date of the relevant LIBOR Advance.

(c) Interest on BBSY Rate Advances shall be payable in Australian Dollars on the last day of the applicable BBSY Period and, if the BBSY Period is longer than 90 days, on the 90^{th} day after the date of the relevant BBSY Rate Advance.

(d) All interest and fees shall accrue from day to day and shall be payable in arrears for the actual number of days elapsed from and including the date of Advance or the previous date on which interest or fees were payable, as the case may be, to but excluding the date on which interest or fees is payable, or the last day of the applicable LIBOR Period and BBSY Period, as the case may be, both before and after maturity, demand, default and judgment, with interest on overdue principal and interest at the same rate payable on demand. The principal and overdue interest with respect to a LIBOR Advance, upon the expiry of the LIBOR Period applicable to such LIBOR Advance, shall bear interest, payable on demand, calculated at:

  (i) the rate per annum applicable to U.S. Base Rate Advances plus the Applicable Margin, with respect to LIBOR Advances under the Canadian/US Tranche, the Syndicated Tranche and the Canadian Tranche; and

  (ii) the rate per annum equal to the LIBOR Rate for LIBOR Advances with a three month LIBOR Period plus the Applicable Margin, with respect to LIBOR Advances under the Australian Tranche.

(e) Interest calculated with reference to the Cdn. Prime Rate and U.S. Base Rate shall be calculated daily on the basis of a calendar year. Interest calculated with reference to a BBSY Rate Advance and an AU Overdraft Advance shall accrue daily and be computed on the basis of the actual number of days elapsed in a year of 365 days. Interest calculated with respect to a LIBOR Advance shall be calculated on the basis of a year of 360 days and in the case of a LIBOR Advance for a term equal to the applicable LIBOR Period or, if a LIBOR Period is longer than 90 days, every 90 days and at the end of the LIBOR Period, as applicable.

(f) In this Agreement, each rate of interest which is calculated with reference to a period (the "deemed interest period") that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period.

4.2 Letter of Credit Fees

Each Borrower shall pay to the Applicable Lender, the applicable Letter of Credit Fee with respect to each Letter of Credit issued at the request of such Borrower. The Letter of Credit Fee shall be payable for the period from and including the date of issuance of the Letter of Credit to and including the stated expiry date thereof, calculated on the Face Amount of the Letter of Credit and payable by such Borrower quarterly in arrears on the third Business Day after the end of each calendar quarter. Such Letter of Credit Fee shall be payable in the currency in which the applicable Letter of Credit is denominated; provided however, in the case of Letters of Credit issued under the Australian Tranche in a currency other than AU Dollars, such Letter of Credit Fee shall be converted into (if applicable) and payable in U.S. Dollars in an amount equal to the U.S. Dollar Equivalent. In addition, each Borrower shall pay to the Applicable Lender, all usual and customary fees of such Lender with respect to the issuance and administration of such Letter of Credit including any amendments to such Letter of Credit according to the then current fee schedule of such Lender.

4.3 Commitment Fee

The Australian Borrowers in respect of the Australian Tranche, the Canadian/US Borrowers in respect of the Canadian/US Tranche, the Syndicated Tranche Borrowers in respect of the Syndicated Tranche and the Canadian Borrower in respect of the Canadian Tranche shall pay to the Agent for the Applicable Lenders, commitment fees (collectively, the "**Commitment Fee**") calculated at the rate per annum equal to the Commitment Fee Rate, from the date hereof, on the daily undrawn balance of the Commitment under each Tranche. The Commitment Fee shall be calculated daily and payable by the Borrowers quarterly in arrears on the first Business Day following the end of each calendar quarter for the calendar quarter then ended. For the purpose of calculating the Commitment Fee payable hereunder, the AU Lender in respect of the Australian Tranche, the Canadian/US Lender in respect of the Canadian/US Tranche and the Agent in respect of the Syndicated Tranche and the Canadian Tranche shall, on a daily basis, determine the Canadian Dollar Equivalent of all Advances outstanding under the applicable Tranche, based on the Exchange Rate in effect on the first Business Day of the month in respect of which such determination is made

ARTICLE 5
ADVANCES

5.1 Cdn. Prime Rate, U.S. Base Rate, BBSY Rate and LIBOR Advances

Upon timely fulfillment of all applicable conditions as set forth in this Agreement, (i) the Canadian/US Lender (in the case of an Advance under the Canadian/US Tranche), (ii) the AU Lender (in the case of an Advance under the Australian Tranche), and (iii) the Agent (in the case of an Advance under the Syndicated Tranche and the Canadian Tranche), will make the requested amount of a Cdn. Prime Rate Advance, U.S. Base Rate Advance, BBSY Rate Advance or LIBOR Advance available to the applicable Borrower, on the Advance Date requested by such Borrower by crediting the Designated Account of such Borrower with such amount. Except for Advances by way of overdraft and BA Advances each: (a) Cdn. Prime Rate Advance shall be in an aggregate minimum amount of Cdn. \$500,000 and in a whole multiple of Cdn. \$100,000; (b) BBSY Rate Advance shall be in an aggregate minimum amount of AU \$500,000 and in a whole multiple of AU

$100,000; (c) U.S. Base Rate Advance shall be in an aggregate minimum amount of U.S. $500,000 and in a whole multiple of U.S. $100,000 and (d) LIBOR Advance shall be in an aggregate minimum amount of U.S. $500,000 and, in all cases, in whole multiples of U.S. $100,000.

5.2 Evidence of Indebtedness

The indebtedness of each Canadian/US Borrower resulting from Advances made by the Canadian/US Lender under the Canadian/US Tranche to the applicable Canadian/US Borrower shall be evidenced by records maintained by the Canadian/US Lender. The indebtedness of each Australian Borrower resulting from Advances made by the AU Lender under the Australian Tranche to such Australian Borrower shall be evidenced by records maintained by the AU Lender. The indebtedness of the Syndicated Tranche Borrowers resulting from Advances by the Syndicated Tranche Lenders under the Syndicated Tranche shall be evidenced by the records maintained by the Agent and each Syndicated Tranche Lender. The indebtedness of the Canadian Borrower resulting from Advances by the Canadian Lenders under the Canadian Tranche shall be evidenced by the records maintained by the Agent and each Canadian Lender. The records maintained by the Agent and each Lender shall constitute, in the absence of manifest error, prima facie evidence of the indebtedness of the applicable Borrower to the Applicable Lender in respect of Advances it has made to such Borrower, and all details relating thereto; unless the contrary is proved. The failure of the Agent or any Lender to correctly record any such amount or date shall not, however, adversely affect the obligation of any Borrower to pay amounts due hereunder to the Lenders in accordance with this Agreement.

5.3 Conversions

Subject to the other terms of this Agreement (including without limitation Sections 2.1, 2.3 and 5.4), a Borrower may from time to time convert all or any part of the Outstanding Principal amount of any Advance into another Available Credit under the applicable Tranche.

5.4 Notice of Advances, Rollovers and Conversions

The applicable Canadian/US Borrower shall give the Canadian/US Lender in respect of the Canadian/US Tranche, the applicable Syndicated Tranche Borrower shall give the Agent in respect of the Syndicated Tranche, the applicable Australian Borrower shall give the AU Lender in respect of the Australian Tranche and the Canadian Borrower shall give the Agent in respect of the Canadian Tranche irrevocable written notice in the form of a Conversion Notice for a Conversion requested by it, in the form of a Rollover Notice for a Rollover requested by it and in the form of a Drawdown Notice for any other Advance under the Credit requested by it.

With respect to the Canadian/US Tranche, notice shall be given no later than: (i) one Business Day prior to the date of any BA Advance or Rollover or Conversion of a BA Advance and (ii) three Business Days prior to the date of any LIBOR Advance or proposed Letter of Credit Advance or Rollover or Conversion of a LIBOR Advance. At least 2 Business Days' notice must be given in relation to any proposed BBSY Rate Advance or Rollover or Conversion of a BBSY Rate Advance. Same day (which must be a Business Day) notice may be given the date of any proposed Cdn. Prime Rate Advance or U.S. Base Rate Advance.

With respect to each of the Syndicated Tranche, the Australian Tranche and the Canadian Tranche, notice shall be given no later than: (i) two Business Days prior to the date of any BA

Advance or Rollover or Conversion of a BA Advance and (ii) three Business Days prior to the date of any LIBOR Advance or proposed Letter of Credit Advance or Rollover or Conversion of a LIBOR Advance. At least 2 Business Days' notice must be given in relation to any proposed BBSY Rate Advance or Rollover or Conversion of a BBSY Rate Advance. Notice shall be given one Business Day prior to the date of any proposed Cdn. Prime Rate Advance or U.S. Base Rate Advance.

Notices shall be given not later than 12:00 noon (Toronto time) on the date for notice in respect of the Canadian/US Tranche, the Syndicated Tranche and the Canadian Tranche and not later than 12:00 noon (Sydney time) on the date for notice in respect of the Australian Tranche. Payments (other than those being made solely from the proceeds of Rollovers and Conversions) must be made prior to 12:00 noon (Toronto time) on the date for payment in respect of the Canadian/US Tranche, the Syndicated Tranche and the Canadian Tranche and prior to 12:00 noon (Sydney time) on the date for payment in respect of the Australian Tranche. If a notice or payment is not given or made by those times, it shall be deemed to have been given or made on the next Business Day, unless each Lender affected by the late notice or payment agrees, in its sole discretion, to accept a notice or payment at a later time as being effective on the date it is given or made.

5.5 Repayments

Each Borrower may from time to time repay Advances outstanding under the Credit, except that (i) a LIBOR Advance or a BBSY Rate Advance may not be paid prior to the end of the applicable LIBOR Period or BBSY Period, as the case may be, unless the applicable Borrower indemnifies each Applicable Lender for any loss or expense that such Lender incurs as a result, including any breakage costs, and each such prepayment shall be in a minimum amount of U.S. $5,000,000 in the case of LIBOR Advances and AU $5,000,000 in the case of BBSY Rate Advances and in whole multiples of U.S. $1,000,000 and AU $1,000,000 respectively, (ii) BA Advances may not be prepaid prior to their respective maturity dates, and (iii) notice (in the form of a Repayment Notice) of a prepayment shall be given not later than: (A) 10:00 a.m. (Toronto time) on the date of repayment for the repayment of any BA Advance, Cdn. Prime Rate Advance or U.S. Base Rate Advance, and (B) one Business Day prior to the date of the prepayment of any other Advance.

5.6 Co-ordination of Prime Rate Advances, U.S. Base Rate Advances and LIBOR Advances

Each Syndicated Facility Lender and each Canadian Lender shall advance its Proportionate Share of each Prime Rate Advance, U.S. Base Rate Advance and LIBOR Advance, as applicable, under the Syndicated Tranche and the Canadian Tranche (as applicable) in accordance with the following provisions:

(a) the Agent shall advise each Applicable Lender of its receipt of a notice from a Borrower pursuant to Section 5.4, on the day such notice is received and shall, as soon as possible, advise each Applicable Lender of its Proportionate Share of any Advance requested by the notice;

(b) each Applicable Lender shall deliver its Proportionate Share of the Advance to the Agent not later than 10:00 a.m. (Calgary time) on the Advance Date;

(c) subject to the applicable Borrower meeting the conditions precedent in respect thereof by not later than 10:00 a.m. (Calgary time) on the Advance Date, the Agent shall advance to the applicable Borrower the amount delivered by each Lender by crediting such Borrower's Designated Account; and

(d) if the Agent determines that a Lender's Proportionate Share of a BA Advance would not be a whole multiple of Cdn. $10,000 or U.S. $10,000, as applicable, as required hereunder, the amount to be advanced by that Lender may be increased or reduced by the Agent in its sole discretion to the nearest required whole multiple of Cdn. $10,000 or U.S. $10,000, as applicable, provided that if an Event of Default shall occur, the Proportionate Shares of the Lenders shall be readjusted by the Agent to the extent that any previous adjustment has been made to the Proportionate Shares under this Section 5.6.

With respect to the Syndicated Tranche and the Canadian Tranche, the Borrower shall use best efforts to request Advances, repay Advances, and cancel Commitments thereunder on a pro rata basis, provided that all Advances to the Canadian Borrower and all repayment of Advances and cancellation of Commitments by the Canadian Borrower shall be made pro rata.

5.7 Post-Acceleration Commitment True-up:

After the Agent delivers an Acceleration Notice to the Borrowers declaring all Outstanding Principal to be due and payable pursuant to Section 10.2 or upon the occurrence of any event with respect to any Borrower described in Section 10.1(e), Section 10.1(f)or Section 10.1(l): (i) each Lender agrees that it will at any time or from time to time thereafter at the request of the Agent as required by any Lender, purchase at par on a non-recourse basis a participation in the Outstanding Principal owing to each of the other Lenders and make any other adjustments as are necessary or appropriate in order that the aggregate principal Outstanding Principal owing to each Lender, as adjusted pursuant to this Section 5.7, will be in the same proportion as the aggregate of such Lender's Commitment is to the total Commitments of all Lenders immediately prior to the occurrence of the Event of Default that gave rise to such Acceleration Notice, and (ii) the amount of any repayment made by or on behalf of the Borrowers and the Guarantor Subsidiaries under the Credit Documents or any proceeds received by the Agent or the Lenders will be applied by the Agent in a manner such that to the extent possible the amount of the aggregate principal amount owing to each Lender after giving effect to such application will be in the same proportion as each Lender's Commitment was to the total Commitments of all Lenders immediately prior to the Event of Default that gave rise to the Acceleration Notice; provided that if Applicable Law or a Lender's internal regulations and policies prohibits such Lender from purchasing a participation in Outstanding Principal owing by an Australian Borrower or the US Borrower, as applicable, such Lender shall not be required to purchase a participation in the Outstanding Principal owing by such Borrower, provided that such Lender hereby indemnifies the other Lenders for its Proportionate Share of such Outstanding Principal as if such purchase had occurred.

5.8 BA Power of Attorney and Form of Bankers' Acceptances

(a) To facilitate the acceptance of Drafts hereunder, each Canadian/US Borrower, each Syndicated Tranche Borrower and the Canadian Borrower hereby appoints the Agent and each Applicable Lender, acting by any authorized signatory of the Agent and such Lender, the attorney of such Borrower:

(i) to sign for and on behalf and in the name of such Borrower as drawer, and to endorse on its behalf, Drafts in each Lender's standard form which constitute "depository bills" for the purpose of the DBNA (in the case of BA Lenders), "bills of exchange" for the purpose of the Bills of Exchange Act (Canada) (in the case of a BA Lender who elects not to accept bankers' acceptances as depository bills under the DBNA) and promissory notes constituting a Notional Bankers' Acceptance (in the case of Non-BA Lenders);

(ii) to fill in the amount, date and maturity date of such Drafts (or promissory notes as applicable);

(iii) if applicable, to deposit such Bankers' Acceptances which have been accepted by a BA Lender with a "clearing house" (as defined in the DBNA), and

(iv) to make the necessary arrangements for the negotiation of Bankers' Acceptances,

provided that such acts in each case are to be undertaken by such Lender in accordance with instructions given to the Agent or such Lender by the applicable Borrower as provided in this Section 5.7.

(b) Instructions to a Lender relating to the execution, completion, discount and/or deposit by such Lender on behalf of a Borrower of drafts or promissory notes, as applicable which such Borrower wishes to submit to such Lender for acceptance by such Lender shall be communicated by such Borrower in writing with the delivery by such Borrower of an Advance Notice pursuant to this Agreement and shall specify the following information:

(i) reference to the power of attorney contained in this Section 5.7;

(ii) a Canadian Dollar amount which shall be the aggregate face amount of the Drafts (or promissory notes as applicable) to be accepted by a Lender in respect of a particular Advance;

(iii) a specified period of time as provided in this Agreement which shall be the number of days after the date of acceptance of such Drafts (or promissory notes as applicable) that such Drafts (or promissory notes as applicable) are to be payable, and the dates of issue and maturity of such Drafts (or promissory notes as applicable); and

(iv) payment instructions specifying the account number of the applicable Borrower at the Agent's Account or the applicable Borrower's Account at which the BA Discount Proceeds are to be credited.

(c) The communication in writing by a Borrower to the Agent and a Lender of the instructions referred to above shall constitute the authorization and instruction of such Borrower to such Lender to complete and execute Drafts (or promissory notes as applicable) in accordance with such information as set out above and the request of such Borrower to such Lender to accept such Drafts (or promissory notes as applicable) and, if applicable, to deposit the same with the "clearing house" against payment as set out in the instructions. Each such Borrower acknowledges that such Lender shall not be obligated to accept any such Drafts (or promissory notes as applicable) except in accordance with the provisions of this Agreement. Such Lender shall be and is hereby authorized to act on behalf of such Borrower upon and in compliance with instructions communicated to such Lender as provided herein if such Lender reasonably believes them to be genuine.

(d) Each Canadian/US Borrower, each Syndicated Tranche Borrower and the Canadian Borrower agrees to indemnify each Lender and its directors, officers, employees, affiliates and agents and to hold them harmless from and against any loss, liability, expense or claim of any kind or nature whatsoever incurred by any of them as a result of any action or inaction in any way relating to or arising out of this power of attorney or the acts contemplated hereby including the deposit, if applicable, of any Draft with the "clearing house"; provided that this indemnity shall not apply to any such loss, liability, expense or claim which results from the gross negligence or wilful misconduct of the Lenders or any of their directors, officers, employees, affiliates or agents.

(e) This power of attorney may be revoked by a Borrower at any time upon not less than five (5) Business Days' written notice served upon each Lender at the addresses set out in this Agreement, provided that (i) it may be replaced with another power of attorney forthwith in accordance with the requirements of the Lenders; and (ii) no such revocation shall reduce, limit or otherwise affect the obligations of such Borrower in respect of any Draft executed, completed, discounted and/or deposited in accordance herewith prior to the time at which such revocation becomes effective. This power of attorney may be terminated by the Lenders at any time upon not less than five (5) Business Days' written notice to the Canadian Borrower and the US Borrower. Any revocation or termination of this power of attorney shall not affect the rights of the Lenders and the obligations of the Canadian Borrower or the US Borrower with respect to the indemnities of the Borrower above stated.

(f) This power of attorney is in addition to and not in substitution for any agreement to which a Lender and any Borrower are parties.

(g) If this power of attorney is revoked or terminated, to facilitate the acceptance of Bankers' Acceptances (or promissory note as applicable) hereunder, each Canadian/US Borrower, each Syndicated Tranche Borrower and the Canadian Borrower shall from time to time as required by each Lender, provide such Lender with an appropriate number of executed Drafts (or promissory note as applicable) drawn in blank by such Borrower in the form prescribed by such Lender. Each Canadian/US Borrower, each Syndicated Tranche Borrower and the Canadian Borrower may, at its option, execute any Draft (or promissory note as applicable) by the facsimile signatures of any two (2) of its authorized signing officers, and such Borrower and such Lender are hereby authorized to accept or pay, as the case may be, any Draft (or promissory note as applicable) of a Borrower which purports to bear such facsimile signatures notwithstanding that any such individual has ceased to be an authorized signing officer of such Borrower. Any such Draft or Bankers' Acceptance (or promissory note as applicable) so executed and completed or executed and completed pursuant to the power of attorney shall be as valid as if he or she were an authorized signing officer of the applicable Borrower at the date of issue of such Bankers' Acceptance (or promissory note as applicable). Any such Draft or Bankers' Acceptance (or promissory note as applicable) may be dealt with by such Lender to all intents and purposes and shall bind the applicable Borrower as if duly signed in each signing officer's own handwriting and issued by the applicable Borrower, and the applicable Borrower shall hold such Lender harmless and indemnified against all loss, costs, damages and expenses arising out of the payment or negotiation of any such Draft or Bankers' Acceptance (or promissory note as applicable) resulting from such Drafts (or promissory note as applicable) not having been duly signed other than any loss, costs, damages or expenses arising out of the gross negligence or wilful misconduct of such Lender. Such Lender shall not be liable for any failure to accept a Bankers' Acceptance (or promissory note as applicable) as required hereunder if the cause of such failure, in whole or in part, is due to the revocation or termination of the power of attorney or the failure of the applicable Borrower to provide executed Drafts (or promissory note as applicable) to such Lender on a timely basis.

(h) The receipt by the Agent or a Lender of a request for an Advance by way of Bankers' Acceptances shall be each Lenders' sufficient authority to complete and sign, and each Lender shall, subject to the terms and conditions of this Agreement, complete and sign (as applicable) such Drafts (or promissory note as applicable) in accordance with such request, and the Drafts (or promissory note as applicable) so completed and signed (as applicable) shall thereupon be deemed to have been presented for acceptance

5.9 Size and Maturity of Bankers' Acceptances, Rollovers and Conversions

Each BA Advance shall be in an aggregate amount of not less than Cdn. $1,000,000 and in a whole multiple of Cdn. $100,000 (which minimum amounts shall include BA Equivalent Loans, if applicable). Each Bankers' Acceptance and BA Equivalent Loan shall have a term which is not less than thirty days nor more than one hundred and eighty days or such shorter or longer period that the Applicable Lenders may from time to time agree to. No Bankers' Acceptance or BA Equivalent Loan may mature on a day which is not a Business Day. The Face Amount at maturity of a Bankers' Acceptance or a BA Equivalent Loan may be Rolled Over as a Bankers' Acceptance or BA Equivalent Loan (as applicable) or Converted into another form of Advance permitted by this Agreement. The last day of each BA Interest Period for each BA Advance shall be on or before the Stated Maturity Date.

5.10 BA Advances under the Syndicated Tranche and the Canadian Tranche

Each Applicable Lender shall advance its Proportionate Share of each Advance by way of Bankers' Acceptances and BA Equivalent Loans under the Syndicated Tranche and the Canadian Tranche in accordance with the provisions set forth below.

(a) The Agent, promptly following receipt of a notice from a Borrower pursuant to Section 5.4 requesting an Advance by way of Bankers' Acceptances under the Syndicated Tranche and the Canadian Tranche (or either of them), shall (i) advise each applicable BA Lender of the Face Amount of the Bankers' Acceptances to be accepted by it, and (ii) advise each applicable Non BA Lender of the Face Amount of its Notional Bankers' Acceptance. The aggregate Face Amount of Bankers' Acceptances to be accepted by a BA Lender and the Face Amount of the Notional Bankers' Acceptance for each Non BA Lender shall be determined by the Agent by reference to the respective Commitments of the Applicable Lenders, provided that, if the Face Amount of a Bankers' Acceptance in the case of a BA

Lender or the Face Amount of the Notional Bankers' Acceptance used to determine the amount of a BA Equivalent Loan in the case of a Non BA Lender would not be Cdn. $100,000 or a whole multiple thereof, the Face Amount shall be increased or reduced by the Agent in its sole discretion, to the nearest whole multiple of Cdn. $100,000.

(b) Whenever a Borrower requests an Advance that includes Bankers' Acceptances under the Syndicated Tranche or the Canadian Tranche, each applicable Non BA Lender shall, in lieu of accepting its pro rata amount of such Bankers' Acceptances, make available to the applicable Borrower on the Advance Date a loan (a "**BA Equivalent Loan**") in Canadian Dollars and in an amount which would be equal to the BA Discount Proceeds of the Bankers' Acceptances (which Bankers' Acceptances are referred to herein collectively as "**Notional Bankers' Acceptances**") that such Non BA Lender would have been required to accept on the Advance Date if it were a BA Lender. Each Non BA Lender shall also be entitled to deduct from the BA Equivalent Loan an amount equal to the applicable Bankers' Acceptance Fee that would have been applicable to the Notional Bankers' Acceptance had it been a Bankers' Acceptance.

(c) Subject to the terms and conditions of this Agreement, each BA Lender under the Syndicated Tranche and the Canadian Tranche agrees to accept Drafts issued by the applicable Borrower pursuant to this Section 5.10 and purchase such Bankers' Acceptances discounted at the applicable BA Discount Rate. Each such BA Lender shall provide the BA Discount Proceeds thereof to the Agent in accordance with Section (d), less the Bankers' Acceptance Fee payable to such BA Lender pursuant to Section 4.1. Each such BA Lender shall be entitled to sell, assign or otherwise transfer such Bankers' Acceptances to any third party without any notice to or the consent of any Borrower.

(d) Each BA Lender and Non BA Lender under the Syndicated Tranche and the Canadian Tranche (or either of them), as applicable, shall transfer to the Agent at the Agent's Account for value on each Advance Date immediately available Cdn. Dollars in an aggregate amount equal to (i) in the case of a BA Lender, the BA Discount Proceeds (net of the applicable Bankers' Acceptance Fee in respect of such Bankers' Acceptances) of all Bankers' Acceptances accepted by it on such Advance Date, and (ii) in the case of Non BA Lenders, the amount of each BA Equivalent Loan (net of the applicable Bankers' Acceptance Fee in respect of such BA Equivalent Loan) to be made by it on such Advance Date. The Agent may designate such offices in Montreal, Toronto or Calgary as it may see fit for the purposes referred to in the preceding sentence. The Agent shall make such amounts received by it from the Lenders as aforesaid available to the applicable Borrower by depositing the same for value on the applicable Advance Date to the applicable Borrower's Account.

(e) The Borrower hereby authorizes each Lender to complete, stamp, hold, sell, rediscount or otherwise dispose of all Bankers' Acceptances (or promissory notes as applicable) accepted by it in accordance with the instructions provided by the Borrower hereunder or pursuant to the power of attorney referred to in Section 5.7.

5.11 BA Advances Under the Canadian/US Tranche

(a) Subject to the terms and conditions of this Agreement, under the Canadian/US Tranche, the Canadian/US Lender agrees to accept Drafts issued by the Canadian/US Borrowers and purchase such Bankers' Acceptances discounted at the applicable BA Discount Rate. The Canadian/US Lender shall deposit the BA Discount Proceeds in respect of a BA Advance under the Canadian/US Tranche into the applicable Canadian/US Borrower's Designated Account on the Advance Date, less the Bankers' Acceptance Fee payable to the Canadian/US Lender pursuant to Section 4.1. The Canadian/US Lender shall be entitled to sell, assign or otherwise transfer such Bankers' Acceptances to any Person without any notice to or the consent of the applicable Canadian/US Borrowers.

(b) Each Canadian/US Borrower hereby authorizes the Canadian/US Lender to complete, stamp, hold, sell, rediscount or otherwise dispose of all Bankers' Acceptances accepted by it under the Canadian/US Tranche in accordance with the instructions provided by the applicable Canadian/US Borrower hereunder or pursuant to the power of attorney referred to in Section 5.7.

(c) If a Canadian/US Borrower requests that the Canadian/US Lender complete incomplete Drafts pursuant to telephone instructions, such instructions are at the risk of the applicable Canadian/US Borrower until confirmed in writing and the Canadian/US Lender shall not have any liability for any failure to carry out the same, wholly or in part, or for any error or omissions in such instructions or the interpretation or execution thereof by the Canadian/US Lender.

5.12 Payment of Bankers' Acceptances and BA Equivalent Loans

The applicable Syndicated Facility Borrower shall provide for the payment to the Agent at the Agent's Account for the account of the applicable BA Lenders or Non BA Lenders of the full Face Amount of each Bankers' Acceptance and each Notional Bankers' Acceptance issued under the Syndicated Tranche on the earlier of (a) its date of maturity and (b) the date on which an Acceleration Notice is given to such Borrower pursuant to Section 10.2. The applicable Canadian/US Borrower shall provide for the payment to the Canadian/US Lender the full Face Amount of each Bankers' Acceptance and each Notional Bankers' Acceptance issued under the Canadian/US Tranche on the earlier of (a) its date of maturity and (b) the date on which an Acceleration Notice is given to such Borrower pursuant to Section 10.2. The Canadian Borrower shall provide for the payment to the Agent at the Agent's Account for the account of the applicable BA Lenders or Non BA Lenders of the full Face Amount of each Bankers' Acceptance and each Notional Bankers' Acceptance issued under the Canadian Tranche on the earlier of (a) its date of maturity and (b) the date on which an Acceleration Notice is given to the Canadian Borrower pursuant to Section 10.2.

5.13 Deemed Advance - Bankers' Acceptances

Except for amounts which are paid from the proceeds of Rollovers of a Bankers' Acceptance and BA Equivalent Loans or other Advance or Conversion hereunder, any amount which a Lender pays to any third party on or after the date of maturity of a Bankers' Acceptance in satisfaction thereof or which is owing to the Lender by the applicable Borrower in respect of such a Bankers'

Acceptance or BA Equivalent Loan on or after the date of maturity of such Bankers' Acceptance or BA Equivalent Loan shall be deemed to be a Prime Rate Advance to the applicable Borrower under this Agreement. Interest shall be payable on such Prime Rate Advances in accordance with the terms applicable to Prime Rate Advances.

5.14 Waiver

No Borrower shall claim from a Lender or any other Person any days of grace for the payment at maturity of any Notional Bankers' Acceptance or any Bankers' Acceptances presented and accepted by a Lender pursuant to this Agreement. Each Borrower waives any defence to payment which might otherwise exist if for any reason a Bankers' Acceptance shall be held by a Lender in its own right at the maturity thereof, and the doctrine of merger shall not apply to any Bankers' Acceptance that is at any time held by a Lender in its own right.

5.15 Degree of Care

Any executed Drafts to be used as Bankers' Acceptances (or promissory note as applicable) which are delivered to a Lender shall be held in safekeeping with the same degree of care as if they were such Lender's own property, and shall be kept at the place at which such Drafts are ordinarily held by such Lender.

5.16 Indemnity

Each Borrower hereby indemnifies and holds each Lender harmless from any reasonable loss or expense with respect to any Bankers' Acceptance (or promissory note as applicable) dealt with by the Lenders, or any of them, in accordance with the provisions hereof, but shall not be obliged to indemnify a Lender for any loss or expense caused by the gross negligence or wilful misconduct of that Lender.

5.17 Obligations Absolute

The obligations of each Borrower with respect to Bankers' Acceptances (or promissory notes as applicable) under this Agreement shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of any Draft accepted by a Lender as a Bankers' Acceptance (or promissory note as applicable); or

(b) the existence of any claim, set-off, defense or other right which the applicable Borrower may have at any time against the holder of a Bankers' Acceptance (or promissory note as applicable), the Lenders, (or any of them) or any other person or entity, whether in connection with this Agreement or otherwise.

5.18 Cash Collateralization of BA Advances or BA Equivalent Loans

If any BA Advances or BA Equivalent Loans issued under this Agreement remain outstanding as of the Maturity Date, the applicable Borrower shall, (a) not less than ten (10) days prior to the Maturity Date, deliver a notice to the Agent identifying each such BA Advance or BA Equivalent

Loan, including the respective amounts, and stated expiry dates thereof and (b) on or before 12:00 noon Toronto time on the Maturity Date, deposit in an interest bearing account Collateral with the Agent on terms and conditions customary for deposits of such nature or otherwise satisfactory to the Agent, in an amount equal to the Face Amount of such Bankers' Acceptance or the amount of the BA Equivalent Loan (as applicable) outstanding on such date, provided, however, the obligations of the applicable Borrower under this Agreement in respect of such BA Advances or BA Equivalent Loans shall survive the Maturity Date and shall remain in effect until no such BA Advances or BA Equivalent Loans remain outstanding

5.19 LIBOR and BBSY Periods

In the Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be, for each LIBOR Advance and BBSY Rate Advance, the applicable Borrower requesting the Advance will notify the applicable Lender and notify the Agent (in respect of a LIBOR Advance under the Syndicated Tranche) of the LIBOR Period or BBSY Period to apply to the relevant LIBOR Advance or BBSY Rate Advance, as the case may be. If a Borrower fails to select and give the applicable Lender and the Agent notice of a LIBOR Period for a LIBOR Advance under the Canadian/US Tranche, the Syndicated Tranche or the Canadian Tranche, in accordance with Section 5.4, any such LIBOR Advance shall be converted to a U.S. Base Rate Advance, on the last day of the LIBOR Period applicable to such LIBOR Advance.

If the applicable Australian Borrower fails to select and give the AU Lender notice of a LIBOR Period or BBSY Period, as the case may be, for a LIBOR Advance or BBSY Rate Advance under the Australian Tranche in accordance with Section 5.4, the LIBOR Period or BBSY Period, as the case may be, for that Advance will be 1 month.

5.20 Termination of LIBOR Advances

If at any time a Lender determines, acting reasonably, (which determination shall be conclusive and binding on the Borrowers) that:

(a) adequate and reasonable means do not exist for ascertaining: (i) the LIBOR Rate applicable to a LIBOR Advance or (ii) the BBSY Rate applicable to a BBSY Rate Advance;

(b) the LIBOR Rate or BBSY Rate does not adequately reflect the effective cost to the Lender of making or maintaining a LIBOR Advance or BBSY Rate Advance, as the case may be; or

(c) it cannot readily obtain or retain funds in the relevant interbank market in order to fund or maintain any LIBOR Advance or BBSY Rate Advance, as the case may be;

then such Lender shall inform the Agent and upon at least three Business Days' written notice by the Agent to each applicable Borrowers,

(d) the right of the applicable Borrowers to request LIBOR Advances or BBSY Rate Advances, as the case may be, from that Lender shall be and remain suspended until the Agent notifies the applicable Borrowers that any condition causing such determination no longer exists, and

(e) if such Lender is prevented from maintaining a LIBOR Advance or BBSY Rate Advance, the applicable Borrowers shall, at their option, either repay the relevant Advance to that Lender or convert the LIBOR Advance into other forms of Advance which are permitted by this Agreement, and the applicable Borrowers shall not be responsible for any loss or expense that such Lender incurs as a result, including breakage costs, notwithstanding that such repayment or conversion does not occur on the last day of a LIBOR Period or BBSY Rate Period.

5.21 Letters of Credit

Upon timely fulfillment of all applicable conditions as set forth in this Agreement, but subject to the limitations in Sections 2.2 and 5.27, the Canadian/US Lender and the AU Lender agrees to issue Letters of Credit on any Business Day for the account of the applicable Borrower under the Canadian/US Tranche or the Australian Tranche, as applicable.

5.22 Reimbursement Obligation of the Borrowers

Each Borrower agrees to absolutely and unconditionally reimburse the Applicable Lender (on or prior to each date on which an amount is payable by the Applicable Lender pursuant to a demand for payment under any Letter of Credit) for (a) such amount so paid, and (b) any Taxes, fees, charges or other costs or expenses incurred by the Applicable Lender in connection with such payment, failing which the payment by the Applicable Lender of such drawing on such Letter of Credit shall constitute the making of a Cdn. Prime Rate Advance, U.S. Base Rate Advance, LIBOR Advance or BBSY Rate Advance as provided for in Section 5.27 below. Each such payment by a Borrower will be made to the Applicable Lender in the same currency as the amount paid by the Applicable Lender and in immediately available funds.

5.23 Obligations Absolute

Subject to the last sentence of this Section 5.23, each Borrower's reimbursement obligations with respect to Letters of Credit issued under this Agreement will be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defence to payment which a Borrower or any other Person may have or have had against the Applicable Lender or any beneficiary of a Letter of Credit. Each Borrower also agrees with the Applicable Lender and the Agent that none of them will be responsible for, and a Borrower's obligations under Section 5.22 will not be affected by, among other things, any dispute between or among a Borrower and any beneficiary of any Letter of Credit or any other Person to which such Letter of Credit may be transferred or any claims whatsoever of a Borrower against any beneficiary of such Letter of Credit or any such transferee; any matter referred to in Section 5.24; any invalidity of any obligation secured by any Letter of Credit; or any incapacity, disability or lack or limitation of status or of power of a Borrower or any beneficiary of any Letter of Credit. Each Borrower agrees that, subject to the following sentence, any action taken or omitted by the Applicable Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or wilful misconduct and in accordance with Applicable Law, will be binding on the Borrowers and will not result in any liability of such Lender to a Borrower. The responsibility of the Applicable Lender to a Borrower in connection with any demand for payment (which may include a draft) made under any Letter of Credit will, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Letter of Credit in accordance with the applicable ICC Rule (as defined below).

5.24 No Liability

The Borrowers agree that, other than to the extent provided in the last two sentences of Section 5.23, neither the Agent nor any Lender, nor any of their respective officers, directors, employees or correspondents will assume liability for, or be responsible for:

(a) the use which may be made of any Letter of Credit;

(b) any acts or omissions of the beneficiary of any Letter of Credit including the application of any payment made to such beneficiary;

(c) the validity, correctness, genuineness or legal effect of any document or instrument relating to any Letter of Credit, even if such document or instrument should in fact prove to be in any respect invalid, insufficient, inaccurate, fraudulent or forged;

(d) payment by the Applicable Lender of any draft which does not comply with the terms of any Letter of Credit, unless such payment results from the gross negligence or wilful misconduct of the Applicable Lender;

(e) the failure of any document or instrument to bear any reference or adequate reference to any Letter of Credit;

(f) any failure to note the amount of any draft on any Letter of Credit or on any related document or instrument; any failure of the beneficiary of any Letter of Credit to meet the obligations of such beneficiary to either a Borrower or any other Person;

(g) any errors, inaccuracies, omissions, interruptions or delays in transmission or delivery of any messages, directions or correspondence by mail, facsimile or otherwise;

(h) any inaccuracies in the translation of any messages, directions or correspondence or for errors in the interpretation of any technical terms;

(i) any failure by the Applicable Lender to make payment under any Letter of Credit as a result of any law, control or restriction rightfully or wrongfully exercised or imposed by any domestic or foreign court or government or government instrumentality or as a result of any other cause beyond the control of the Applicable Lender or its respective officers, directors, employees or correspondents; or

(j) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing including, without limitation, any other circumstance that might otherwise constitute a defense available to, or discharge of the Borrowers or any other Person.

5.25 Records

Each Lender shall maintain records evidencing the undrawn and unexpired amount of each Letter of Credit issued or renewed by it outstanding hereunder and evidencing for each Letter of Credit issued or renewed hereunder:

(a) the dates of issuance or renewal and expiration thereof;

(b) the amount thereof; and

(c) the date and amount of all payments made thereunder.

Each Applicable Lender shall make copies of such records available to any Borrower upon its reasonable request.

5.26 Uniform Customs

Each Letter of Credit, except as specifically provided therein, and subject to any provision hereof to the contrary, will be subject to the Uniform Customs and Practice for Documentary Credits or Standby Credits of the International Chamber of Commerce ("**ICC**") Publication Nos. 600 (2007 Revision) ("**UCP 600**") or, at the Applicable Lender's option, such later revision thereof in effect at the time of the issuance of a Letter of Credit on the International Standby Practices 1998, ICC Publication No. 590 or, at the Applicable Lender's option, such later revision thereof in effect at the time of issuance of any such Letter of Credit ("**ISP 98**" and each of UCP 600 and ISP 98, an "**ICC Rule**"). The Applicable Lenders' privileges, rights and remedies under such ICC Rule shall be in addition to, and not in limitation of, its privileges, rights and remedies expressly provided for herein.

5.27 Procedures and Limitations

The following provisions shall apply to Letter of Credit Advances:

(a) no Letter of Credit shall have any expiry date that is later than three (3) years after issued;

(b) no Lender shall have any obligation to issue a Letter of Credit (or any additional Letter of Credit) until:

(i) it has been paid the applicable fee(s),

(ii) such ancillary documents, including applications and indemnities, as it normally requires for similar transactions have been executed and delivered to it, provided the applicable Borrower and Applicable Lender agree to make such changes thereto to ensure such ancillary documents are consistent with the provisions hereof; and

(iii) in the case of the Conversion of an existing Advance to a Letter of Credit Advance, the full amount of the Advance being converted together with all interest, fees and other amounts applicable thereto have been paid to it;

(c) all payments made by a Lender to any Person pursuant to a Letter of Credit shall, unless the applicable Borrower reimburses such Lender for such payment on or before the date it is made, be deemed as and from the date of such payment to be:

(i) a Cdn. Prime Rate Advance, in the case of a Canadian Dollar Letter of Credit, a U.S. Base Rate Advance, in the case of a U.S. Dollar Letter of Credit issued under the Canadian/US Tranche, with the proceeds of such Prime Rate Advance or U.S. Base Rate Advance being applied against the applicable Borrower's Obligations to reimburse the Canadian/US Lender for payment made under the Letter of Credit; and

(ii) a BBSY Rate Advance, in the case of an Australian Dollar Letter of Credit issued under the Australian Tranche and a LIBOR Advance, in the case of a Letter of Credit issued under the Australian Tranche in any other currency, in each case with a BBSY Period or LIBOR Period, as applicable, of one month, with the proceeds of such BBSY Rate Advance or LIBOR Advance being applied against the applicable Australian Borrower's Obligations to reimburse the AU Lender for payment made under the Letter of Credit; and

(d) if any Letter of Credit issued hereunder shall remain outstanding at the Stated Maturity Date, the maximum amount of the contingent liability of any Lender under any Letter of Credit which is then outstanding shall immediately become due and payable to such Lender notwithstanding that the Applicable Lender has not at such date been required to make payment under any such Letter of Credit. Any such amount paid to the Agent for the account of a Lender shall be held by the Agent for the account of the Applicable Lender in a separate collateral account of the applicable Borrower as security for the repayment of future indebtedness of such Borrower to the Applicable Lenders in respect of Letters of Credit which are drawn down. Pending the expiry or cancellation of all outstanding Letters of Credit, any amounts paid to the Agent for the account of the Lenders shall bear interest at the rate established by the Agent from time to time as that payable in respect of 30 day certificates of deposit of the Agent for monies of like amount. The Agent shall release any amount remaining in such collateral account after applying the amount necessary to discharge the Obligations relating to such Letter of Credit, upon the later of:

(i) the date on which any final and non-appealable order, judgment or other determination has been rendered or issued either terminating any applicable order or permanently enjoining the Applicable Lenders from paying under such Letter of Credit;

(ii) the earlier of:

(A) the date on which either the original Letter of Credit is returned to the Agent for cancellation or the Applicable Lenders are released by the beneficiary thereof from any other obligation in respect of such Letter of Credit; and

(B) the expiry of such Letter of Credit; and

(iii) if an Event of Default has occurred and is continuing, the payment and satisfaction of all Obligations and the cancellation or termination of the Credit other than the provisions of the Credit Agreement (and the obligations related thereto) which by their terms survive the termination and cancellation of the Credit.

5.28 Payment Under Letters of Credit

Each Borrower unconditionally and irrevocably authorizes the Applicable Lender to pay the amount of any draft or demand made on such Lender under and in accordance with the terms of any Letter of Credit without requiring proof of such Borrower's agreement between the Borrower and the beneficiary of the Letter of Credit that the amount so demanded was due and notwithstanding that such Borrower may dispute the validity of any such draft, demand or payment.

Subject to the last two sentences of 5.22, no Lender shall have any responsibility or liability for, or any duty to inquire into, the authorization, execution, signature, endorsement, correctness, genuineness or legal effect of any certificate or other document presented to such Lender pursuant to any Letter of Credit, and each Borrower fully and unconditionally assumes all risks with respect to the same.

None of the above shall affect or impair any of the rights or powers of the Lenders hereunder or the obligations of the Borrowers under Sections 5.21, 5.22, 5.23 and 5.26. Without limiting the generality of the foregoing but subject to the last two sentences of 5.22, it is agreed that any payment made by any Lender in good faith under and in accordance with the terms of a Letter of Credit shall be binding upon each Borrower and shall not result in any liability of the Agent or any Lender to the Borrower and shall not lessen the obligations of each Borrower under Sections 5.21, 5.22, 5.23 and 5.26.

Notwithstanding the provisions of this Section 5.27, the Borrowers shall not be responsible for, and none of the Agent or any Lender shall be relieved of responsibility for, any wilful misconduct or gross negligence of or by the Agent or any Lender.

5.29 Acceleration

Upon the Agent delivering an Acceleration Notice under Section 10.2, the Face Amount of any Letter of Credit which is then outstanding shall immediately become due and payable to the Applicable Lender notwithstanding that the Applicable Lender has not at such date been required to make payment under any such Letter of Credit. Any such amount paid to the Agent for the account of a Lender shall be held by the Agent for the account of the Lenders in a separate collateral account of a Borrower as security for the repayment of future indebtedness of such Borrower to the Lenders in respect of Letters of Credit which are drawn down, pending the expiry of all outstanding Letters of Credit, any amounts paid to the Agent for the account of the Lenders shall bear interest at the rate established by the Agent from time to time as that payable in respect of 30 day certificates of deposit of the Agent for monies of like amount. The Agent shall release any amount remaining in such collateral account after applying the amount necessary to discharge the Obligations relating to such Letter of Credit, upon the later of:

(a) the date on which any final and non-appealable order, judgment or other determination has been rendered or issued either terminating any applicable order or permanently enjoining the Applicable Lenders from paying under such Letter of Credit;

(b) the earlier of:

(i) the date on which either the original Letter of Credit is returned to the Agent for cancellation or the Applicable Lenders are released by the beneficiary thereof from any other obligation in respect of such Letter of Credit; and

(ii) the expiry of such Letter of Credit; and

(c) if an Event of Default has occurred and is continuing, the payment and satisfaction of all Obligations and the cancellation or termination of the Credit other than the provisions of the Credit Agreement (and the obligations related thereto) which by their terms survive the termination and cancellation of the Credit.

5.30 Conflict with Applications

To the extent that any provision of any application for the issuance of a Letter of Credit in the standard form of the Applicable Lender or such other form as may be approved by the AU Lender is inconsistent with the provisions of this Agreement, and applicable Letters of Credit, the provisions of this Agreement shall apply.

ARTICLE 6
GUARANTEES AND SECURITY

6.1 Guarantee and Subordination Agreements

As of the Restatement Date, the Borrowers, Ensign Canada and all Material Subsidiaries shall execute and deliver Guarantee and Subordination Agreements to the Agent. At any time after the Restatement Date, and from time to time, the Agent may request that Ensign Canada cause Guarantee and Subordination Agreements to be executed and delivered to the Agent by one or more Material Subsidiaries and Ensign Canada may designate a Subsidiary as a Material Subsidiary. In each case where such Material Subsidiary is wholly-owned, directly or indirectly, by Ensign Canada, Ensign Canada shall cause each such Material Subsidiary to execute and deliver a Guarantee and Subordination Agreement to the Agent within 30 days of such request, together with all such other documents, certificates and opinions as the Lenders may reasonably request.

6.2 General Security Agreements

In addition to the Guarantee and Subordination Agreements, and to secure due repayment and satisfaction of all Obligations, within 30 days after the end of the Security Event Cure Period following the occurrence of a Security Event which has not been cured by the end of such Security Event Cure Period the Borrowers shall execute and deliver, and shall cause each Guarantor Subsidiary to execute and deliver, in each case in form, substance and amount satisfactory to the Agent, as applicable, a General Security Agreement (collectively, the General Security Agreements executed and delivered by each such Person are referred to as the "**Security**"), provided that the Borrowers and the Guarantor Subsidiaries shall not be required to execute and deliver the

Security if, within the Security Event Cure Period, the Borrowers can demonstrate that they are again in *pro forma* compliance with a Consolidated Senior Debt to Consolidated EBITDA Ratio of Ensign Canada of less than [redacted] effective as of the date that such ratio was originally calculated which indicated a ratio higher than [redacted], but after giving retroactive effect to a subsequent reduction in Consolidated Senior Debt and recalculating such ratio as of such original date.

6.3 Continuing Guarantee and Subordination Agreements

The Guarantee and the Subordination Agreements shall for all purposes be treated as separate and continuing Guarantee and Subordination Agreements and shall be deemed to have been given in addition to and not in place of any other security, guarantee or subordination now held or hereafter acquired by the Agent or any Lender. No item or part of any Guarantee and Subordination Agreement shall be merged or be deemed to have been merged in or by any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any Guarantee and Subordination Agreement shall be independent of and not create a merger with any other right available to the Agent or any Lender under this Agreement, any other Guarantee and Subordination Agreements, or other Credit Document held by it or them or at law or in equity.

6.4 Dealing with Guarantee and Subordination Agreements and Security

The Agent and the Lenders may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with each Borrower, the Material Subsidiaries, the Guarantor Subsidiaries and other parties (including other guarantors) and with securities as the Agent and the Lenders may see fit, and the Lenders may, subject to the provisions hereof, apply all moneys received from the Borrowers, the Material Subsidiaries, the Guarantor Subsidiaries, or others, or from securities to such part of the Obligations as the Lenders may think best, without prejudice to or in any way limiting the liability of the Borrowers, any of the Material Subsidiaries or any of the Guarantor Subsidiaries under any of the Credit Documents.

6.5 Effectiveness

The Guarantee and Subordination Agreements and the Security contemplated or required to be created hereby shall be effective upon execution and delivery thereof, and the undertakings as to the Guarantee and Subordination Agreements and the Security herein or in any document hereunder shall be continuing, whether the monies hereby or thereby secured or any part thereof shall be advanced before or after or at the same time as the creation of any such Guarantee and Subordination Agreements or Security or before or after or upon the date of execution of any amendments to or restatements of this Agreement, and shall not be affected by any amounts of indebtedness fluctuating from time to time.

6.6 Limitation

The rights of the Agent and the Lenders under Sections 6.1 and 6.2 to require additional Guarantee and Subordination Agreements and Security shall be subject to limitations on the granting of guarantees and subordinations and Security under Applicable Law. Each Borrower shall use its reasonable commercial efforts to comply with all requirements of Applicable Law to permit the execution and delivery of the Guarantee and Subordination Agreements and the Security requested by the Agent under Sections 6.1 and 6.2.

6.7 Registrations and Renewals

The Borrowers shall and shall cause each Guarantor Subsidiary to do all such acts, execute all such instruments and provide such further assurances as Agent's Counsel may reasonably request to ensure that the priority of the Security Interests created by all of the Security executed and delivered to the Agent as contemplated hereby is duly protected and perfected by registration, filing or recordation of such Security or a caution, caveat, security notice or other appropriate instrument at all offices where necessary or of advantage to the protection or perfection thereof; and to so cooperate with the Agent and the Agent's Counsel in renewing or refiling any registration, filing or recordation required hereby in order to preserve, protect and maintain the priority of such Security Interests, from time to time.

6.8 Further Assurances re: Guarantee and Subordination Agreements and Security

If required by the Agent in the exercise of the rights of the Agent or the Lenders under this Article 6, Ensign Canada and each Borrower shall and Ensign Canada shall and shall cause any other Guarantor Subsidiary to:

(a) provide the Agent with such information as is reasonably required by the Agent in connection with the Guarantee and Subordination Agreements and the Security;

(b) do all such things as are reasonably required by the Agent to confirm the enforceability of the Guarantee and Subordination Agreements and the Security;

(c) provide the Agent with certified copies of all corporate resolutions and other actions as the Agent may reasonably require authorizing the granting to the Lenders of such Guarantee and Subordination Agreements and such Security;

(d) provide the Agent with such agreements, notices of registration and such other instruments and documents which the Agent deems necessary;

(e) provide the Agent with legal opinions from counsel concerning the authorization, execution, delivery, enforceability, registration, and compliance with Applicable Laws and such other matters as the Agent requires, acting reasonably;

(f) assist the Agent in the registration or recording of such Guarantee and Subordination Agreements and the Security with all appropriate Governmental Authorities and in all appropriate jurisdictions, if necessary; and

(g) pay all reasonable out-of-pocket costs and expenses incurred by the Agent and the Lenders in connection with the preparation, execution and registration of all agreements, notices of registration and other instruments and documents, including any amendments to the Credit Documents.

6.9 *Pari Passu* Obligations

The Lenders acknowledge that the Bilateral Facility Indebtedness shall rank *pari passu* with all Outstanding Principal and the Bilateral Facility Security, once granted, shall rank *pari passu* with the Security, once granted.

ARTICLE 7
CONDITIONS PRECEDENT AND DISBURSEMENT CONDITIONS

7.1 Conditions Precedent to the Amendment and Restatement of the Prior Credit Agreement

This Agreement shall become effective at such time as the following conditions are satisfied including, where applicable, the receipt by the Agent for and on behalf of itself and the Lenders of the documents listed below, each in full force and effect, and in form and substance satisfactory to the Lenders, acting reasonably (unless delivery has been waived by all of the Lenders or unless the delivery is herein stated to be made at a later date):

(a) this Agreement shall have been duly executed and delivered to the Agent and the Lenders;

(b) a Guarantee and Subordination Agreement shall have been duly executed and delivered by each Material Subsidiary (other than Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited and Tristate (Barbados) Holdings Inc.), Ensign Canada and each Borrower to the Agent and the Lenders;

(c) within sixty (60) days of the date hereof, a Guarantee and Subordination Agreement shall have been duly executed and delivered by each of Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited and Tristate (Barbados) Holdings Inc. to the Agent and the Lenders;

(d) the Agent and the Lenders shall have received favourable legal opinions of the Borrowers' Counsel relating to, *inter alia*, subsistence of Ensign Canada, the Canadian Borrower and each other Person executing a Guarantee and Subordination Agreement that is incorporated in Alberta, and the authorization, execution, delivery and enforceability of the Credit Documents to which they are a party;

(e) within thirty (30) days of the date hereof, the Agent and the Lenders shall have received favourable legal opinions of the Borrower's Counsel relating to, *inter alia*, subsistence of the US Borrower and the Australian Borrowers and each other Person executing a Guarantee and Subordination Agreement (other than Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited and Tristate (Barbados) Holdings Inc.) in which a legal opinion was not provided pursuant to Section 7.1(d) hereof, and the authorization, execution, delivery and enforceability of the Credit Documents to which they are a party;

(f) within sixty (60) days of the date hereof, the Agent and the Lenders shall have received favourable legal opinions of the Borrower's Counsel relating to, *inter alia*, subsistence of Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty

Limited and Tristate (Barbados) Holdings Inc. and each other Person executing a Guarantee and Subordination Agreement in which a legal opinion was not provided pursuant to Section 7.1(d) or 7.1(e) hereof, and the authorization, execution, delivery and enforceability of the Credit Documents to which they are a party;

(g) all fees and expenses then due in respect of the Credit shall have been paid in full;

(h) no Default or Event of Default shall have occurred and be continuing, and no Default or Event of Default shall occur as a result of the Borrowers entering into this Agreement;

(i) the representations and warranties in this Agreement and in the other Credit Documents shall be true, complete and correct on and with effect from the date of this Agreement;

(j) the Agent and the Lenders shall have received in respect of Ensign Canada, the Canadian Borrower and each other Person executing a Guarantee and Subordination Agreement that is incorporated in Alberta:

(i) a certificate of status, certificate of compliance, good standing or similar certificate issued by an appropriate Governmental Body of its jurisdiction of organization;

(ii) a certified copy of its Constating Documents, and a certified copy of the resolutions of its board of directors (and where appropriate, its shareholders) authorizing the execution and delivery of this Agreement and any other Credit Documents and the transactions contemplated thereby and the performance by it of its obligations thereunder, together with a certificate of Ensign Canada and the Canadian Borrower to the effect that all such documents are in full force and effect in such form with no proceedings pending to amend or rescind the same, and no agreements or other documents are in effect which restrict the powers of its board of directors (or where appropriate, its shareholders);

(iii) a certificate of incumbency with specimen signatures of the individuals executing this Agreement and any of the Credit Documents to which they are a party; and

(iv) a certificate of a Senior Officer of Ensign Canada certifying that since the date of the most recently completed Fiscal Quarter of Ensign Canada, there has not been any change, development or event relating to Ensign Canada, any Borrower or any Material Subsidiary which would have a Material Adverse Effect and the making, maintenance and funding of the Advances contemplated under the Credit shall not have become unlawful.

(k) within thirty (30) days of the date hereof, the Agent and the Lenders shall have received in respect of the Australian Borrowers (unless otherwise specified), the US Borrower and each other person executing a Guarantee and Subordination Agreement (other than Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited and Tristate (Barbados) Holdings Inc.) in which the relevant documentation was not provided pursuant to Section 7.1(j) hereof:

(i) (other than in relation to the Australian Borrowers) a certificate of status, certificate of compliance, good standing or similar certificate issued by an appropriate Governmental Body of its jurisdiction of organization;

(ii) a certified copy of its Constating Documents, and a certified copy of the resolutions (or, in the case of each Australian Borrower, an extract of the resolutions) of its board of directors (and where appropriate, its shareholders) authorizing the execution and delivery of this Agreement and any other Credit Documents and the transactions contemplated thereby and the performance by it of its obligations thereunder, together with a certificate of the Australia Borrowers and the US Borrower to the effect that all such documents are in full force and effect in such form with no proceedings pending to amend or rescind the same, and no agreements or other documents are in effect which restrict the powers of its board of directors (or where appropriate, its shareholders); and

(iii) a certificate of incumbency with specimen signatures of the individuals executing this Agreement and any of the Credit Documents to which they are a party.

(l) within sixty (60) days of the date hereof, the Agent and the Lenders shall have received in respect of Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited (unless otherwise specified) and Tristate (Barbados) Holdings Inc. and each other person executing a Guarantee and Subordination Agreement in which the relevant documentation was not provided pursuant to Section 7.1(j) or 7.1(k) hereof:

(i) (other than in relation to Oil Drilling & Exploration (International) Pty Limited) a certificate of status, certificate of compliance, good standing or similar certificate issued by an appropriate Governmental Body of its jurisdiction of organization;

(ii) a certified copy of its Constating Documents, and a certified copy of the resolutions (or, in the case of Oil Drilling & Exploration (International) Pty Limited, an extract of the resolutions) of its board of directors (and where appropriate, its shareholders) authorizing the execution and delivery of the Credit Documents to which each is a party and the transactions contemplated thereby and the performance by it of its obligations thereunder, and no agreements or other documents are in effect which restrict the powers of its board of directors (or where appropriate, its shareholders); and

(iii) a certificate of incumbency with specimen signatures of the individuals executing any of the Credit Documents to which they are a party.

(m) the Agent and the Lenders shall have received favourable legal opinions of Agent's Counsel dated on or shortly after the date of receipt by the Agent of the items in Sections 7.1(d) 7.1(e) and 7.1(f);

(n) a Compliance Certificate shall have been duly executed and delivered to the Agent and the Lenders, with the calculation of the financial covenants set out therein completed as of the Fiscal Quarter ending September 30, 2016;

(o) each Lender shall have completed and found to be satisfactory in its sole determination its usual and customary "Know Your Customer" due diligence with respect to Ensign Canada, each Borrower, each Guarantor Subsidiary and their respective Affiliates.

(p) the Agent and the Lenders shall have completed, to their satisfaction in their unfettered discretion, all such other due diligence as the Agent and the Lenders may reasonably require.

7.2 Conditions Precedent to All Advances

The obligation of the Lenders to make any Advance is subject to the satisfaction of the following conditions precedent:

(a) for each Advance under the Canadian/US Tranche, the applicable Canadian/US Borrower shall have delivered to the Canadian/US Lender a duly executed Drawdown Notice, Rollover Notice or Conversion Notice, as applicable;

(b) for each Advance under the Australian Tranche, the applicable Australian Borrower shall have delivered to the AU Lender a duly executed Drawdown Notice, Rollover Notice or Conversion Notice, as applicable;

(c) for each Advance under the Syndicated Tranche, the applicable Syndicated Tranche Borrower shall have delivered to the Agent a duly executed Drawdown Notice, Rollover Notice or Conversion Notice, as applicable;

(d) for each Advance under the Canadian Tranche, the Canadian Borrower shall have delivered to the Agent a duly executed Drawdown Notice, Rollover Notice or Conversion Notice, as applicable;

(e) the Canadian Dollar Equivalent of the aggregate amount of the proposed Advance, when added to the then Canadian Dollar Equivalent of all Outstanding Principal under the Canadian/US Tranche, the Australian Tranche, the Syndicated Tranche or the Canadian Tranche, as applicable, shall not exceed the Canadian/US Tranche Limit, the Australian Tranche Limit, the Syndicated Tranche Limit or the Canadian Tranche Limit, respectively;

(f) the representations and warranties in this Agreement shall continue to be true and correct on and with effect as of the date of such Advance except for those expressly stated to be made as of the date hereof;

(g) since the date of the delivery by Ensign Canada to the Agent of the most recent Compliance Certificate required pursuant to subsection 9.3(b), there shall not have occurred any change, development or event relating to Ensign Canada, any Borrower or any Material Subsidiary which could have a Material Adverse Effect;

(h) no Default or Event of Default shall have occurred and is continuing, and no Default or Event of Default shall occur as a result of the making of the Advance;

(i) the funding of an Advance shall not have been made unlawful; and

(j) all other terms and conditions of this Agreement upon which the applicable Borrower may obtain an Advance are fulfilled.

7.3 Waiver

(a) The conditions in Sections 7.1 and 7.2 are inserted for the sole benefit of the Lenders, and may be waived by the Agent on the instructions of all of the Lenders with respect to Section 7.1 and the Lenders under the applicable Tranche with respect to Section 7.2, in such Lender's unfettered discretion.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES

8.1 General

Each Borrower represents and warrants to the Agent and the Lenders in respect of itself, and Ensign Canada represents and warrants to the Agent and the Lenders for and on behalf of itself and each Material Subsidiary, as follows:

(a) it is duly organized or incorporated under the laws of the jurisdiction of its organization or incorporation, as the case may be, and is valid and subsisting under such laws, and is duly registered to carry on business in each Relevant Jurisdiction, except to the extent failure to be so registered would not reasonably be expected to have a Material Adverse Effect;

(b) it has the power and capacity to own or lease its Property, to carry on its business as presently conducted, and:

   (i) in the case of each Borrower, to borrow money and to perform all of its obligations hereunder; and

   (ii) in the case of Ensign Canada and each Guarantor Subsidiary, to guarantee the obligations of the Borrowers hereunder and the obligations of the Hedge Providers under the Permitted Hedges;

(c) it has obtained all Permits necessary to the ownership of its Property and to the conduct of its business in each Relevant Jurisdiction, including but not limited to those issued or granted by Governmental Bodies, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect;

(d) it is duly authorized to execute and deliver the Credit Documents to which it is a party and to perform its obligations thereunder; all steps and proceedings necessary for the due execution and delivery by it of the Credit Documents to which it is a party and the performance of its obligations thereunder have been taken; and the entry into and performance of its obligations under each Credit Document to which it is a party is for its corporate benefit;

(e) the Credit Documents to which it is a party have been duly executed and delivered by it, and constitute legal, valid and binding obligations, enforceable in accordance with their respective terms, subject to Applicable Laws, the rights of creditors generally and rules of equity of general application;

(f) the execution and delivery by it of the Credit Documents to which it is a party and the performance by it of its obligations thereunder, do not and will not:

(i) contravene, violate or result in a breach of its Constating Documents or any shareholders' agreement (or other similar agreement) relating to it;

(ii) contravene, violate or result in a breach of any Applicable Law;

(iii) contravene, violate or result in a breach of any Contract to which it is a party or other agreement or commitment to which it or its Property is bound;

(iv) contravene, violate or result in a breach of any resolution of its directors or officers or any committee of either;

(v) constitute, with or without notice or lapse of time or both, an event or circumstance entitling any Person to accelerate or demand the payment of any indebtedness;

(vi) result in the creation or imposition of any Security Interest on any of its Property other than, if applicable, pursuant to the Credit Documents; or

(vii) result in any requirement on it to grant any Security Interest or result in any Person becoming entitled to call for any Security Interest from it;

(g) no consent, authorization, approval or other action by, and no publication, notice to or filing or registration with, any Governmental Body is required for the due execution and delivery by it of the Credit Documents to which it is a party and the performance by it of its Obligations thereunder or to ensure the validity or enforceability thereof other than filings and registrations, if any, necessary in respect of the Guarantee and Subordination Agreements;

(h) there are no actions, suits, claims or proceedings (including counterclaims or third party proceedings) existing or, to its knowledge, threatened against it or affecting its Property before any Governmental Body which would reasonably be expected to have a Material Adverse Effect, or which purports to challenge the validity or enforceability of any Credit Document;

(i) in respect of each Contract to which it is a party, and each Permit of which it is a holder:

(i) it is not in default in any respect in the performance or observance of any of the terms or conditions contained or referenced therein; and

(ii) to its knowledge, no other Person thereto is in default thereunder in any respect, nor has any such party taken any action to terminate the same;

in either case except to the extent any such default would not reasonably be expected to have a Material Adverse Effect;

(j) it is in compliance in all respects with all Applicable Laws to which it is bound except to the extent failure to be in compliance would not reasonably be expected to have a Material Adverse Effect;

(k) no Default or Event of Default has occurred and is continuing hereunder or under any of the other Credit Documents;

(l) Ensign Canada is, directly or indirectly, the legal and beneficial owner of all of the issued and outstanding Securities in each of the Borrowers;

(m) it has in full force and effect such policies of insurance in such amounts issued by such insurers of recognized standing covering its property, assets and undertaking, as are customarily maintained by Persons engaged in the same or similar business in the locations where its properties and assets are located;

(n) except to the extent permitted by the provisions of this Agreement, no acts or proceedings have been taken by or against Ensign Canada, any Borrower or any Material Subsidiary, their directors or shareholders in connection with the dissolution, liquidation, winding up, bankruptcy, administration or reorganization of Ensign Canada, any Borrower or any Material Subsidiary and none of Ensign Canada or any Borrower has any knowledge of any Person contemplating any such acts or proceedings;

(o) Ensign Canada, the Borrowers and each Material Subsidiary owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual Property material to its business, and the use thereof by Ensign Canada, the Borrowers and such Material Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Ensign Canada, the Borrowers and the Material Subsidiaries either own or have valid licenses or other rights to use all technical information used in their businesses as presently conducted, subject to the limitations contained in the agreements governing the use of the same, which limitations are customary for similar businesses, with such exceptions as would not reasonably be expected to have a Material Adverse Effect;

(p) it is not an "investment company" or a company "controlled" by an "investment company," within the meaning of, or subject to regulation under, the *Investment Company Act of 1940*, as amended;

(q) there is no agreement which restricts, in whole or in part, the power of the directors of Ensign Canada or the Borrowers to manage or supervise the management of the business and affairs of Ensign Canada or any Borrower or which imposes any similar restrictions in respect of any Material Subsidiary;

(r) Ensign Canada and the Borrowers have provided to the Lenders all material information relating to the financial condition and business of the Borrowers and each Material Subsidiary and all such information (other than forecasts, projections and budgets) is true, accurate and complete in all material respects and omits no material fact necessary to make such information not misleading. All forecasts, projections and budgets furnished to the Agent have been prepared in good faith, with commercially reasonable assumptions at their respective time of preparation;

(s) attached hereto as Schedule "H" is a complete list of all of the Material Subsidiaries of Ensign Canada as such schedule may be updated from time to time by information provided by Ensign Canada or a Borrower to the Agent;

(t) the legal name of each Material Subsidiary of Ensign Canada is set forth in Schedule "H" as such schedule may be updated from time to time by information provided by Ensign Canada or a Borrower to the Agent;

(u) the location of the principal place of business of Ensign Canada, each Borrower and the Material Subsidiaries of Ensign Canada or, if it has more than one principal place of business, its chief executive office, is set forth in Schedule "H" as such schedule may be updated from time to time by information provided by Ensign Canada or a Borrower to the Agent; and

(v) none of the Borrowers nor any of their respective Subsidiaries is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U of the Board), or extending credit for the purpose of purchasing or carrying margin stock.

8.2 Financial

Ensign Canada represents and warrants to the Agent and the Lenders, as follows:

(a) since the date of the most recent quarterly consolidated Financial Statements of Ensign Canada, no change in the financial affairs of Ensign Canada or any Material Subsidiary has occurred which would reasonably to be expected to have a Material Adverse Effect;

(b) all Financial Statements of Ensign Canada and its Subsidiaries which have been delivered to the Agent and the Lenders have been prepared in accordance with IFRS, and fairly present the financial position and condition of Ensign Canada and its Subsidiaries as at the respective dates thereof, all other information, certificates, schedules, reports and other papers and data (other than forecasts, projections and budgets) which have been furnished or caused to be furnished to the Agent and the Lenders are complete, accurate and correct in all material respects at the time the same were stated to be effective and all forecasts, projections and budgets furnished to the Agent and the Lenders have been prepared in good faith, with commercially reasonable assumptions at the times of their respective preparation; and

(c) it has duly filed on a timely basis all tax returns required to be filed by it, and it has paid all taxes which are due and payable by it, and has paid all assessments and reassessments, and all other taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against it (except where it is contesting the payment of same in good faith) it and each Material Subsidiary has made adequate provision for, and all required instalment payments have been made in respect of, taxes payable for the current period for which returns are not yet required to be filed, except to the extent the failure to pay such instalments would not reasonably be expected to have a Material Adverse Effect; there are no agreements, waivers or other arrangements providing for any material extension of time with respect to the filing of any tax return or the payment of any taxes; and there are no actions or proceedings being taken by any Governmental Body to enforce the payment of any taxes and it has no knowledge of any such actions or proceedings being contemplated by such authorities.

8.3 Properties

Each Borrower represents and warrants to the Agent and the Lenders in respect of itself and Ensign Canada represents and warrants to the Agent and the Lenders for and on behalf of itself and each Material Subsidiary, as follows:

(a) it has good and valid legal and beneficial title to its Properties, free and clear of any Security Interests and adverse claims, other than Permitted Encumbrances;

(b) it is in compliance in all respects with all Applicable Environmental Laws except to the extent failure to be in compliance would not reasonably be expected to have a Material Adverse Effect;

(c) it is not subject to any judicial, administrative, government, regulatory or arbitral proceeding alleging the violation of any Applicable Environmental Law or that may lead to claims for clean-up costs, remedial work, reclamation, conservation, damage to natural resources or personal injury, or to the issuance of a stop-work order, suspension order, control order, prevention order or clean-up order and none of its Properties has been (or could reasonably be expected to be) declared to be a "contaminated site" or equivalent designation under an Applicable Environmental Law, in any case which would reasonably be expected to have a Material Adverse Effect;

(d) it is not, to its knowledge, the subject of any federal, provincial, local or foreign review, audit or investigation which may lead to a proceeding referred to in paragraph (c);

(e) to its knowledge, no predecessors in title to any of its Properties are the subject of any federal, provincial, local or foreign review, audit or investigation with respect to any such Property which may lead to a proceeding referred to in paragraph (c);

(f) it has not filed any notice nor is the filing of any notice pending under any Applicable Environmental Law indicating past or present Release of any Hazardous Materials into the environment, which Release would reasonably be expected to have a Material Adverse Effect; and

(g) it has obtained and continues to hold all Permits and other authorizations which are required under Applicable Environmental Laws except to the extent that the failure to so hold such approvals, permits, licenses, consents, certificates or authorizations would not reasonably be expected to have a Material Adverse Effect.

8.4 ERISA

Only if and only to the extent applicable to any of Ensign Canada, the US Borrower, any other Material Subsidiary or any ERISA Affiliate, Ensign Canada and the US Borrower each represents and warrants to the Agent and the Lenders in respect of itself and Ensign Canada represents and warrants to the Agent and the Lenders for and on behalf of each Material Subsidiary, as follows:

(a) it and each ERISA Affiliate have complied in all material respects with ERISA and, where applicable, the Code regarding each Plan;

(b) each Plan is, and has been, maintained in substantial compliance with ERISA and, where applicable, the Code;

(c) no act, omission or transaction has occurred which could result in imposition on it or any ERISA Affiliate (whether directly or indirectly) of (i) either a material civil penalty assessed pursuant to subsections (c), (i) or (l) of section 502 of ERISA or a tax imposed pursuant to Chapter 43 of Subtitle D of the Code or (ii) material breach of fiduciary duty liability damages under section 409 of ERISA;

(d) no Plan (other than a defined contribution plan) or any trust created under any such Plan has been terminated since September 2, 1974. No material liability to the PBGC by it or any ERISA Affiliate has been or is expected by it or any ERISA Affiliate to be incurred with respect to any Plan. No ERISA Event with respect to any Plan has occurred;

(e) full payment when due has been made of all material amounts which it or any ERISA Affiliate is required under the terms of each Plan or applicable law to have paid as contributions to such Plan as of the date hereof, and no accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, exists with respect to any Plan;

(f) the actuarial present value of the benefit liabilities under each Plan which is subject to Title IV of ERISA does not, as of the end of the Borrower's most recently ended fiscal year, exceed the current value of the assets (computed on a plan termination basis in accordance with Title IV of ERISA) of such Plan allocable to such benefit liabilities. The term "actuarial present value of the benefit liabilities" shall have the meaning specified in section 4041 of ERISA;

(g) neither it nor any ERISA Affiliate sponsors, maintains, or contributes to an employee welfare benefit plan, as defined in section 3(1) of ERISA, including, without limitation, any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by it or any ERISA Affiliate in its sole discretion at any time without any material liability;

(h) neither it nor any ERISA Affiliate sponsors, maintains or contributes to, or has at any time in the six-year period preceding the date hereof sponsored, maintained or contributed to, any Multiemployer Plan; and

(i) neither it nor any ERISA Affiliate is required to provide security under section 401(a)(29) of the Code due to a Plan amendment that results in an increase in current liability for the Plan.

8.5 Anti-Terrorism Laws

Each Borrower represents and warrants to the Agent and the Lenders in respect of itself and Ensign Canada represents and warrants to the Agent and the Lenders for and on behalf of each Material Subsidiary, as follows:

(a) it is not, and to its knowledge, none of its Affiliates is in violation of any Applicable Law relating to terrorism or money laundering ("**Anti-Terrorism Laws**"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "**Executive Order**"), the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001*, Public Law 107-56, and the *Trading with the Enemy Act*, 50 U.S.C. App. 1 et seq., in each case, as amended from time to time.

(b) it is not, and none of its Subsidiaries or, to its knowledge, its Affiliates, directors, officers or employees or agents acting or benefiting in any capacity in connection with the Credit is any of the following:

(i) a Person that is (x) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or Canada (collectively, "Sanctions") or (y) located, organized or resident in a country or territory that is, or whose government is , the subject of Sanctions;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is the subject of Sanctions or located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions;

(iii) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(iv) a Person that is named as a "specially designated national and blocked Person" on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list.

(c) It does not and none of its Subsidiaries or, to its knowledge, Affiliates, directors, officers or employees or agents acting on its behalf in any capacity in connection with the Credit (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in paragraph (b) above, (ii) deals in, or otherwise engages in any transaction relating to, any Property or interests in Property blocked pursuant to the Executive Order, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law or any Sanction.

8.6 Survival and Inclusion

(a) Ensign Canada and each Borrower acknowledges that the Lenders have entered into this Agreement and agreed to make Advances in full reliance upon the foregoing representations and warranties. Such representations and warranties shall survive until this Agreement has been terminated.

(b) All statements, representations and warranties contained in any Compliance Certificates or in any instruments delivered by or on behalf of Ensign Canada and the Borrowers pursuant to this Agreement shall constitute statements, representations and warranties made by Ensign Canada and the Borrowers (as applicable) to the Agent and the Lenders under this Agreement.

ARTICLE 9
COVENANTS

9.1 General

Each Borrower covenants and agrees for and on behalf of itself and Ensign Canada covenants and agrees for and on behalf of itself and each Material Subsidiary that during the term of this Agreement, it shall, and Ensign Canada shall cause each Material Subsidiary to:

(a) maintain and preserve its existence, organization, incorporation and status in each jurisdiction of organization or incorporation, as the case may be, and in each other Relevant Jurisdiction and make all corporate and other filings and registrations necessary or advisable in connection therewith except to the extent failure to make such filings would not reasonably be expected to have a Material Adverse Effect;

(b) carry on and continuously conduct its business in an efficient, diligent and businesslike manner and in accordance with good industry practices except to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect;

(c) comply with all Contracts, the non-compliance with which would, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(d) comply with Applicable Laws and obtain and maintain all Permits necessary to the ownership of its Property and to the conduct of its business in each Relevant Jurisdiction, including but not limited to those issued or granted by Governmental Bodies, except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect;

(e) duly file on a timely basis all tax returns required to be filed by it, and duly and punctually pay all business, goods and services, income, capital and/or profits taxes and other governmental charges levied or assessed against it or its Property except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect;

(f) upon reasonable notice and on a confidential basis, permit any representative of the Agent to inspect its records and discuss with its senior management, its business, material Property, financial condition and prospects;

(g) pay all amounts of principal, interest, fees and other amounts owing to the Agent and Lenders hereunder on the dates, times and in the places and manner specified herein;

(h) use the proceeds of any Advance hereunder only for the purposes set out in Section 2.5;

(i) execute and deliver to the Agent a Guarantee and Subordination Agreement as and when required pursuant to Section 6.1;

(j) ensure that the Guarantee and Subordination Agreements granted by it to the Agent remain legal, valid, binding and enforceable in accordance with its terms (subject to Applicable Laws affecting the rights of creditors generally and rules of equity of general application);

(k) co-operate with the Agent so as to permit the Agent to:

    (i) forthwith register, file and record the Guarantee and Subordination Agreements (or notices or other registrations in respect thereof) in all proper offices where such registration, filing or recording may be necessary to protect the interests of the Agent and the Lenders thereunder;

    (ii) maintain all such registrations in full force and effect;

(l) ensure its payment obligations hereunder and under each Guarantee and Subordination Agreement, rank at least *pari passu* in right of payment with its other most senior unsecured and unsubordinated indebtedness, as applicable;

(m) for so long as there remains any Obligations of a Borrower to the Agent or any Lender under the Credit, each Borrower shall remain as a direct or indirect wholly-owned Subsidiary of Ensign Canada;

(n) not declare, not pay, nor make any Distribution unless no Default or Event of Default shall have occurred and be continuing or shall not reasonably be expected to occur as a result of making of any such Distribution; and

(o) not accumulate or maintain cash or cash equivalents (including without limitation from using the proceeds of any Advance) in one or more accounts (including, for certainty, any depository, investment or securities account) maintained by the Borrowers, Ensign Canada or any Material Subsidiary other than in the ordinary course of business which will be reflective of the geographically diverse operations of the Borrowers, and (for certainty) the Lenders may refuse to make any requested Advance which the Lenders, acting reasonably, determine would result in a contravention of this Section 9.1(o).

9.2 Canadian Borrower

The Canadian Borrower covenants and agrees that it shall maintain and preserve its existence, organization, incorporation and status only under the laws of Canada or under the laws of a Province of Canada and shall maintain business operations and own property in Canada.

9.3 Reporting

(a) Ensign Canada shall furnish to the Agent:

(i) within 90 days after the end of each of its Fiscal Years, the audited Financial Statements for Ensign Canada and its Subsidiaries for each such Fiscal Year prepared in accordance with IFRS on a consolidated basis and within 30 days after the end of each Fiscal Year, an annual consolidated operating and capital budget (including a summary of capital expenses expected to be incurred in the next Fiscal Year) for Ensign Canada and its Subsidiaries, for the next succeeding fiscal year, approved by the board of directors of Ensign Canada;

(ii) within 45 days after the end of each of its first 3 Fiscal Quarters, the unaudited Financial Statements (reviewed by Ensign Canada auditors) for Ensign Canada and its Subsidiaries for each such quarter prepared in accordance with IFRS on a consolidated basis; and

(iii) such other information from time to time reasonably requested by the Agent,

such Financial Statements to set forth in each case, where applicable, comparative figures for the corresponding period in the preceding Fiscal Year;

(b) Ensign Canada shall:

(i) together with each delivery of Financial Statements required by Section 9.3(a), furnish to the Agent a Compliance Certificate;

(ii) promptly upon transmission thereof, furnish to the Agent copies of all Financial Statements, proxy statements, notices and reports sent to the shareholders of Ensign Canada.

(c) Ensign Canada and each Borrower shall, and Ensign Canada shall cause each Material Subsidiary to:

(i) keep and maintain proper books of account and records accurately and completely covering all material aspects of its business and affairs;

(ii) permit, on a confidential basis and on reasonable notice, any representatives of the Agent to inspect any of its books of account (in whatever form maintained) and to make copies thereof, or extractions therefrom all during ordinary business hours;

(iii) if it changes its name, it will provide certified copies of the certificate and supporting documents effecting any change of its name within ten Business Days after effecting such name change;

(iv) if it changes the location of its chief executive office or principal place of business from the state or province, as applicable, in which it is currently located it will provide the Agent with notice of the same and the new location within ten Business Days of doing so; and

(v) from time to time, provide the Agent with an update of the information included in Schedule "H" attached hereto and upon the Agent being provided with such updated information, Schedule "H" will be deemed to be amended accordingly.

(d) The Borrowers shall provide to the Agent, from time to time, upon the request of the Agent (acting reasonably) a detailed report describing the terms and provisions of each Hedging Agreement entered into by the Borrowers and the Material Subsidiaries.

(e) Ensign Canada, each Borrower and each Guarantor Subsidiary will promptly provide to the Agent any documentation and other evidence which is from time to time:

(i) reasonably required by any Lender to comply with its know your client procedures;

(ii) reasonably requested by that Lender (through the Agent); and

(iii) not already been made available to that Lender by Ensign Canada, a Borrower or Guarantor Subsidiary.

9.4 Property

Each Borrower covenants and agrees for and on behalf of itself, and Ensign Canada covenants and agrees for and on behalf of itself and each Material Subsidiary, that during the term of this Agreement, it shall and Ensign Canada shall cause each Material Subsidiary to:

(a) defend its Properties against any Person claiming or attempting to claim the same, or asserting any interest adverse to its interest therein and keep at an appropriate office accurate and complete records of its Properties;

(b) subject to normal safety precautions, upon reasonable notice, permit any representatives of the Agent to visit and inspect its Properties during ordinary business hours, and furnish the Agent with any information thereon reasonably requested by the Agent from time to time as may be available to it;

(c) comply in all respects with all Applicable Environmental Laws except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect; and

(d) where the Lenders reasonably believe that Ensign Canada, a Borrower or a Material Subsidiary is in material breach of an Applicable Environmental Law and that the result of such breach would have a Material Adverse Effect, permit properly qualified representatives of Ensign Canada, such Borrower, such Material Subsidiary or the Agent (at the option of the Agent) to conduct tests, inspections and appraisals of or on the subject Property, including environmental audits and soil tests, and to remove soil and other samples from the subject Property from time to time to determine whether there is a breach of an Applicable Environmental Law by Ensign Canada, such Borrower or such Material Subsidiary which would reasonably be expected to have a Material Adverse

Effect, provided that the results of any such tests shall also be delivered to such Borrower or such Material Subsidiary, and the Borrowers shall be responsible for the costs thereof, and further provided that, notwithstanding the foregoing, such audits and soil tests may be conducted by Ensign Canada, a Borrower or such Material Subsidiary, if conducted by Ensign Canada, a Borrower or such Material Subsidiary in a manner and with consultants satisfactory to the Agent, acting reasonably.

9.5 Mergers

Each Borrower agrees that it will not and Ensign Canada agrees that it will not and will not permit any Material Subsidiary to (subject in each case to Section 9.2):

(a) merge or amalgamate with any other Person or Persons (other than with a Borrower or a direct or indirect wholly-owned Subsidiary of Ensign Canada, if no Default or Event of Default has occurred and is continuing or would exist if such transaction is effected and the successor assumes the obligations of such Borrower and Subsidiary (as applicable) under the Credit Documents in a manner satisfactory to the Lenders acting reasonably), or become a party to any transaction whereby, directly or indirectly, all or any substantial part of its Property would become the Property of any other Person (other than a Borrower or any direct or indirect wholly-owned Subsidiary of Ensign Canada if no Default or Event of Default has occurred and is continuing or would exist if such transaction is effected and, if such purchaser, transferee or assignee is a "Guarantor Subsidiary" after the completion of such transaction, such purchaser, transferee or assignee executes and delivers to the Agent the documents described in Section 6.1 in a manner satisfactory to the Lenders, acting reasonably (if not previously delivered) upon the completion of such transaction), whether by way of reorganization, dissolution, winding-up, liquidation, administration, amalgamation, arrangement, transfer, lease or otherwise; provided, however, if the surviving Person from such reorganization, dissolution, winding-up, liquidation, administration, amalgamation, arrangement, transfer, lease or otherwise of a Borrower or a Guarantor is not a Borrower or a Guarantor (as applicable), such surviving Person is subject to the prior approval of the Lenders; or

(b) change in any material respect the nature of its business or operations, or engage directly or indirectly in any material business activity, in either case not reasonably related to or required for the conduct of its business as it is currently conducted.

9.6 Restrictions on Additional Debt, Guarantees and Security Interests

Each Borrower agrees that it will not and Ensign Canada agrees that it will not and it will not permit any Guarantor Subsidiary to:

(a) create, incur, assume or permit to exist any Consolidated Debt, unless no Default or Event of Default has occurred that is continuing and after the incurrence of such Consolidated Debt, Ensign Canada on a proforma basis, will continue to be in compliance with the financial covenants set out in Section 9.8; provided further that Ensign Canada will not permit any Subsidiary that is not a Guarantor Subsidiary to create, incur, assume or permit to exist any indebtedness for borrowed money, as described in the "Consolidated Debt" definition, in the aggregate in excess of 5% of the consolidated tangible assets of Ensign Canada as set out in the most recent Financial Statements delivered to the Agent;

(b) provide any Guarantee, loans or other financial assistance to any Person, other than:

(i) to or for the benefit of a Borrower or a direct or indirect wholly-owned Subsidiary of Ensign Canada (provided that at all times during which such Guarantee, loan or other financial assistance is outstanding, the Subsidiary remains (directly or indirectly) a wholly-owned subsidiary of Ensign Canada, and

(ii) Guarantees, loans or financial assistance provided in the ordinary course of business and for the purpose of carrying on the same in an aggregate amount not exceeding 5% of the consolidated tangible assets of Ensign Canada, as set out in the most recent Financial Statements delivered to the Agent;

(c) create, assume, suffer to exist or otherwise have outstanding any Security Interest on any Property except for Permitted Encumbrances;

(d) enter into any Contract with any Affiliate of Ensign Canada or purchase or otherwise acquire any property, assets (including shares) or undertaking, real or personal, tangible or intangible, of any Affiliate of Ensign Canada (in either case, except for Affiliates which are directly or indirectly wholly owned Subsidiaries of Ensign Canada), unless such Contract, purchase or acquisition is on terms and conditions not more onerous to such Borrower or such Material Subsidiary than if such Contract, purchase or acquisition was completed at fair market value with an arm's length third party;

(e) as to Ensign Canada, at any time, permit its Subsidiaries which are not Material Subsidiaries (other than Ensign International Energy Services LLC, Oil Drilling & Exploration (International) Pty Limited and Tristate (Barbados) Holdings Inc.), to have total revenue which in the aggregate constitutes more than 15% of the consolidated total revenue of Ensign Canada for the then preceding twelve month period or to have total assets which in the aggregate constitutes more than 15% of the consolidated assets of Ensign Canada; and

(f) sell, with or without recourse or discount any of its notes or accounts receivable, except notes or accounts receivable the collection of which is doubtful.

9.7 Restrictions on Hedging

Each Borrower agrees that it will not and Ensign Canada agrees that it will not and it will not permit any Material Subsidiary to enter into or otherwise become a party to or obligated under any Hedging Agreement unless such Hedging Agreement is entered into by Ensign Canada, a Borrower or a Material Subsidiary in the ordinary course of business and for the purpose of managing currency risk, exchange rate risk, commodity price risk or interest rate risk of Ensign Canada, such Borrower or such Material Subsidiary.

9.8 Financial Covenants

Ensign Canada shall ensure that:

(a) The Consolidated Senior Debt to Consolidated EBITDA Ratio of Ensign Canada shall not exceed: (i) 4.00:1.00 as at the end of the Fiscal Quarters ending on December 31, 2016, March 31, 2017 and June 30, 2017, (ii) 3.75:1.00 as at the end of the Fiscal Quarters ending on September 30, 2017 and December 31, 2017, and (iii) 3.50:1.00 at any time thereafter;

(b) the Consolidated Debt to Consolidated EBITDA Ratio of Ensign Canada shall not exceed: (i) 4.75:1.00 as at the end of the Fiscal Quarters ending on December 31, 2016, March 31, 2017 and June 30, 2017, (ii) 4.50:1.00 as at the end of the Fiscal Quarters ending on September 30, 2017 and December 31, 2017, and (iii) 4.25:1.00 at any time thereafter;

(c) the Consolidated Debt to Consolidated Capitalization Ratio of Ensign Canada as at the end of any Fiscal Quarter shall not exceed 45%; and

(d) the Consolidated EBITDA to Consolidated Interest Expense of Ensign Canada as at the end of any Fiscal Quarter shall not be less than 3.00:1.00,

If at the end of any Fiscal Quarter the Consolidated Senior Debt to Consolidated EBITDA Ratio of Ensign Canada exceeds [redacted], the Borrowers shall execute and deliver, and cause each Guarantor Subsidiary to execute and deliver, the Security required pursuant to Section 6.2 of this Agreement (subject to the cure provisions set forth in such Section 6.2).

9.9 Covenants Regarding Insurance

(a) Each Borrower shall keep and Ensign Canada shall and shall cause each Material Subsidiary to keep, such of its Property that is of an insurable nature and is of a character usually insured by companies owning or operating the same or similar Property in such Relevant Jurisdiction in which such Property is located, insured with responsible insurers of recognized standing against loss or damage by fire and other causes customarily insured against by similar companies owning or operating the same or similar Property in each Relevant Jurisdiction in which such property is located and within customary limits of coverage and with customary deductibles.

(b) Each Borrower shall and Ensign Canada shall and shall cause each Material Subsidiary to maintain, with reputable insurers of recognized standing third party public liability and property damage insurance covering all of its operations with limits of coverage usually carried by companies owning or operating the same or a similar type and size of business in each Relevant Jurisdiction in which such Property is operated, as that being conducted by it.

9.10 ERISA Compliance

(a) Each Borrower will, and Ensign Canada will and will cause its Subsidiaries to, promptly furnish and will cause any ERISA Affiliate to promptly furnish to the Agent (i) promptly after the filing thereof with the United States Secretary of Labor, the Internal Revenue Service or the PBGC, copies of each annual and other report with respect to each Plan or any trust created thereunder, (ii) immediately upon becoming aware of the occurrence of any ERISA Event or of any "prohibited transaction," as described in section 406 of ERISA or in section 4975 of the Code, in connection with any Plan or any trust created thereunder, a written notice signed by a Senior Officer of Ensign Canada or such Subsidiary of Ensign Canada or the ERISA Affiliate, as the case may be, specifying the nature thereof, what action the Borrower, the Subsidiary of Ensign Canada or the ERISA

Affiliate is taking or proposes to take with respect thereto, and, when known, any action taken or proposed by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto, and (iii) immediately upon receipt thereof, copies of any notice of the PBGC's intention to terminate or to have a trustee appointed to administer any Plan. With respect to each Plan (other than a Multiemployer Plan), each Borrower will and will cause each ERISA Affiliate to, and Ensign Canada will and will cause its Subsidiaries to, (i) satisfy in full and in a timely manner, all of the material contribution and funding requirements of section 412 of the Code (determined without regard to subsections (d), (e), (f) and (k) thereof) and of section 302 of ERISA (determined without regard to sections 303, 304 and 306 of ERISA), and (ii) pay, or cause to be paid, to the PBGC in a timely manner, all material premiums required pursuant to sections 4006 and 4007 of ERISA.

(b) Each Borrower agrees that it will not and Ensign Canada agrees that it will not and will not permit any of its Subsidiaries to, at any time:

(i) engage in, or permit any ERISA Affiliate to engage in, any transaction in connection with which Ensign Canada, a Borrower or any ERISA Affiliate could be subjected to either a material civil penalty assessed pursuant to subsections (c), (i) or (l) of section 502 of ERISA or a material tax imposed by Chapter 43 of Subtitle D of the Code;

(ii) terminate, or permit any ERISA Affiliate to terminate, any Plan in a manner, or take any other action with respect to any Plan, which could result in any liability to it or any ERISA Affiliate to the PBGC;

(iii) fail to make, or permit any ERISA Affiliate to fail to make, full payment when due of all material amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, Ensign Canada, a Borrower or any ERISA Affiliate is required to pay as contributions thereto;

(iv) permit to exist, or allow any ERISA Affiliate to permit to exist, any material accumulated funding deficiency within the meaning of section 302 of ERISA or section 412 of the Code, whether or not waived, with respect to any Plan;

(v) permit, or allow any ERISA Affiliate to permit, the actuarial present value of the benefit liabilities under any Plan maintained by it or any ERISA Affiliate which is regulated under Title IV of ERISA to exceed in any material way the current value of the assets (computed on a plan termination basis in accordance with Title IV of ERISA) of such Plan allocable to such benefit liabilities. The term "actuarial present value of the benefit liabilities" shall have the meaning specified in section 4041 of ERISA;

(vi) contribute to or assume an obligation to contribute to, or permit any ERISA Affiliate to contribute to or assume any material obligation to contribute to, any Multiemployer Plan;

(vii) acquire, or permit any ERISA Affiliate to acquire, an interest in any Person that causes such Person to become an ERISA Affiliate with respect to Ensign Canada, a Borrower or with respect to any ERISA Affiliate if such Person sponsors, maintains or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to, (i) any Multiemployer Plan, or (ii) any other Plan that is subject to Title IV of ERISA under which the actuarial present value of the benefit liabilities under such Plan exceeds in any material way the current value of the assets (computed on a plan termination basis in accordance with Title IV of ERISA) of such Plan allocable to such benefit liabilities;

(viii) incur, or permit any ERISA Affiliate to incur, a material liability to or on account of a Plan under sections 515, 4062, 4063, 4064, 4201 or 4204 of ERISA;

(ix) contribute to or assume an obligation to contribute to, or permit any ERISA Affiliate to contribute to or assume an obligation to contribute to, any material amount to any employee welfare benefit plan, as defined in section 3(1) of ERISA, including, without limitation, any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by such entities in their sole discretion at any time without any material liability; or

(x) amend, or permit any ERISA Affiliate to amend, a Plan resulting in an increase in current liability such that it or any ERISA Affiliate is required to provide security to such Plan under section 401(a)(29) of the Code.

(c) Notwithstanding the foregoing, Sections 9.10(a) and (b) shall be operative only if and to the extent that ERISA is applicable to Ensign Canada and any of its Subsidiaries including, without limitation, the US Borrower and any ERISA Affiliate.

9.11 Proceeds of Loans

In addition to and without limiting Section 2.5, the Borrowers will not permit the proceeds of the Credit to be used for any purpose other than those permitted in Section 2.5. None of Ensign Canada or any Borrower nor any Person (if any) acting on behalf of Ensign Canada or any Borrower in connection with the Credit has, directly or indirectly, taken or will take any action which might cause any of the Credit Documents or the use of the proceeds of the Credit to violate Regulations T, U or X or any other regulation of the Board or to violate Section 7 of the *Securities Exchange Act of 1934* or any rule or regulation thereunder, in each case as now in effect or as the same may hereinafter be in effect. If requested by the Agent, acting reasonably, the Borrowers will furnish to the Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 or such other form referred to in Regulation U, Regulation T or Regulation X of the Board, as the case may be.

9.12 Anti-Terrorism Law; Anti-Money Laundering

Each Borrower agrees that it will not and Ensign Canada agrees that it will not and it will not permit any of its Subsidiaries to, at any time, directly or indirectly (with respect clauses (ii), (iii) and (iv) hereof) and directly or, to the Borrower's knowledge, indirectly (solely with respect to clause (i) hereof), (i) fund the activities of, or conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in Section 8.5 or any country or territory that is, or whose government is, the subject of Sanctions, (ii) knowingly deal in, or otherwise engage in any transaction relating to, any Property or interests in Property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, (iii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iv) use the proceeds of the Credit in any other manner that would result in a violation of any Sanctions by any Person.

The Borrowers will not, and Ensign Canada will not and will not permit any of its Subsidiaries to, cause or permit any of the funds of Ensign Canada, the Borrowers or any Subsidiary of Ensign Canada that are used to repay the Credit to be knowingly derived from any unlawful activity.

No part of the proceeds of the Credit shall be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practises Act of 1977.

9.13 Embargoed Person

Each Borrower agrees that it will not and Ensign Canada agrees that it will not and it will not permit any of its Subsidiaries to, knowingly permit (a) any of the funds or Properties of Ensign Canada, the Borrowers or any Subsidiary of Ensign Canada that are used to repay the Credit to constitute Property of, or be beneficially owned, directly or indirectly by, any Person subject to sanctions or trade restrictions under United States law ("**Embargoed Person**" or "**Embargoed Persons**") that is identified on (i) the "List of Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including, but not limited to, the *International Emergency Economic Powers Act*, 50 U.S.C. §§ 1701 et seq., *The Trading with the Enemy Act*, 50 U.S.C. App. 1 et seq., and any Executive Order or Applicable Law promulgated thereunder, or (ii) the Executive Order, any related enabling legislation or any other similar Executive Orders or (b) any Embargoed Person to have any direct or indirect interest, of any nature whatsoever in a Borrower or any Subsidiary of Ensign Canada, with the result that the investment in a Borrower or any Subsidiary of Ensign Canada (whether directly or indirectly) is prohibited by an Applicable Law or the Credit is in violation of an Applicable Law.

9.14 Notice Requirements

Ensign Canada and each Borrower shall promptly give written notice to the Agent of:

(a) any Default or Event of Default, promptly upon Ensign Canada or such Borrower becoming aware of the same;

(b) any material amendment to its method of financial reporting, together with full particulars thereof, the reasons therefor and effect thereof;

(c) to the extent and only if ERISA is applicable to Ensign Canada or any of its Subsidiaries including, without limitation, the US Borrower and any ERISA Affiliate, the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in liabilities of Ensign Canada and, its subsidiaries, taken as a whole, that, in the aggregate, are material;

(d) any matter of which it is aware that would reasonably be expected to have a Material Adverse Effect; and

(e) any demand for payment made upon Ensign Canada, a Borrower or a Material Subsidiary under a Contract entered into by Ensign Canada, a Borrower or such Material Subsidiary as a result of a default by Ensign Canada, the Borrower or a Material Subsidiary of the payment or performance of its obligations thereunder, where such demand is in excess of Cdn. $25,000,000 (or the AU Dollar Equivalent or U.S. Dollar Equivalent, as applicable) whether in the nature of a margin call or otherwise.

9.15 Notice of Environmental Matters

Ensign Canada and each Borrower shall promptly upon acquiring knowledge thereof, give written notice to the Agent of any Environmental Liability occurring on or in relation to its properties or the properties of a Material Subsidiary, which would reasonably be expected to have a Material Adverse Effect.

ARTICLE 10
EVENTS OF DEFAULT

10.1 Events of Default

Each of the following events or circumstances shall be an "**Event of Default**":

(a) if a Borrower shall fail to pay (i) any principal owing hereunder on the date upon which the same is due and payable; (ii) any interest or fees due hereunder within two Business Days from the date upon which the same becomes due and payable, or (iii) any other amount due hereunder within 30 days from the date upon which the same becomes due and payable;

(b) if Ensign Canada, a Borrower or any Material Subsidiary shall commit any breach of or omit to observe any of its covenants, obligations or undertakings under the Credit Documents (other than any breach or omission specifically dealt with in another paragraph of this Section 10.1) to which it is a party, and (i) such breach or omission is not capable of being remedied by Ensign Canada, such Borrower or such Material Subsidiary, or (ii) if such breach or omission is capable of being remedied by Ensign Canada, such Borrower or a Material Subsidiary, the same shall continue unremedied for more than 30 days after the earlier of: (A) a Senior Officer of Ensign Canada, such Borrower or such Material Subsidiary having actual knowledge of the breach or omission, or (B) Ensign Canada, such Borrower or such Material Subsidiary receives notice from the Agent of such breach or omission;

(c) if any representation or warranty made by Ensign Canada, a Borrower or any Material Subsidiary in any of the Credit Documents to which it is a party is, or shall prove to be, incorrect or misleading in when made or deemed to be made, and (i) the matter is not capable of being remedied by Ensign Canada, such Borrower or such Material Subsidiary, or (ii) if the matter is capable of being remedied by Ensign Canada, such Borrower or such Material Subsidiary, the same shall continue unremedied for more than 30 days after the earlier of (A) a Senior Officer of Ensign Canada, such Borrower or such Material Subsidiary having actual knowledge of the breach or omission, or (B) Ensign Canada, such Borrower or such Material Subsidiary receiving notice from the Agent of such breach or omission;

(d) if any event or circumstance (including non-payment) shall occur under an agreement or instrument relating to Consolidated Debt of Ensign Canada, a Borrower or any Material Subsidiary which would permit a Person to declare (whether immediately or with notice or lapse of time or both) an amount in excess of Cdn. $25,000,000 to become due prior to the stipulated date for repayment thereof, or maturity (or in the case of Debt payable on demand or a Guarantee, if any demand is made at all), and such circumstance shall continue unremedied for more than 30 days (provided that such grace period shall cease to apply if a demand has been made on Ensign Canada, a Borrower or a Material Subsidiary therefore and any applicable grace period has expired or if the default is not being contested in good faith by Ensign Canada, such Borrower or such Material Subsidiary, as applicable);

(e) if Ensign Canada, a Borrower or any Material Subsidiary shall:

(i) become insolvent, or generally not pay its debts or meet its liabilities as the same become due, or suspend the conduct of its business, or admit in writing its inability to pay its debts generally, or declare any general moratorium on payment of its indebtedness or interest thereon, or propose a compromise or arrangement between it and any of its creditors;

(ii) make an assignment of its property for the general benefit of its creditors whether or not under the *Bankruptcy and Insolvency Act* (Canada), or make a proposal (or file a notice of its intention to do so) whether or not under such Act;

(iii) institute any proceeding seeking to adjudicate it an insolvent, or seeking liquidation, dissolution, deregistration, winding-up, reorganization, administration, compromise, arrangement or scheme of arrangement (other than permitted hereunder or consented to by the Agent, on the instructions of the Lenders, in each case in connection with a solvent reorganization, amalgamation or merger), adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts under any other statute, rule or regulation relating to bankruptcy, deregistration, winding-up, insolvency, reorganization, administration, plans of arrangement, relief or protection of debtors (including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) and any applicable *Business Corporations Act* or *Company Act*);

(iv) apply for the appointment of, or the taking of possession by, a receiver, interim receiver, administrative receiver, receiver/manager, custodian, administrator, controller (as defined in section 9 of the AU Corporations Act), trustee, liquidator, provisional liquidator or other similar official for it or any material part of its Property;

(v) as a result of section 459F(1) of the AU Corporations Act, be taken to have failed to comply with a statutory demand (as defined in the AU Corporations Act); or

(vi) commence any case, proceeding or other action under any existing or future Debtor Relief Law, seeking (A) to have an order for relief entered with respect to it, (B) to adjudicate it as bankrupt or insolvent, (C) reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, other than as permitted herein (D) appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or (E) general assignment for the benefit of its creditors;

(vii) take any overt action to approve, consent to or authorize any of the actions described in this Section (e) or in Section (f) below;

(f) if any petition shall be filed, application made or other proceeding instituted by a third party against or in respect of Ensign Canada, a Borrower or any Material Subsidiary:

(i) seeking to adjudicate it an insolvent, or a declaration that an act of bankruptcy has occurred;

(ii) seeking a receiving order against it including under the *Bankruptcy and Insolvency Act* (Canada);

(iii) seeking liquidation, dissolution, winding-up, deregistration, reorganization, administration, compromise, arrangement or scheme of arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts under any statute, rule or regulation relating to bankruptcy, winding-up, deregistration, insolvency, reorganization, administration, plans of arrangement, relief or protection of debtors (including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) and any applicable *Business Corporations Act* or *Companies Act*); or

(iv) seeking the entry of an order for relief or the appointment of a receiver, interim receiver, administrative receiver, receiver/manager, custodian, administrator, controller (as defined in section 9 of the AU Corporations Act), trustee, liquidator, provisional liquidator or other similar official for it or any material part of its Property,

and such petition, application or proceeding shall continue undismissed, or unstayed and in effect, for a period of 30 days after the institution thereof, provided that if an order, decree or judgment which is not stayed has been granted (whether or not entered or subject to appeal) against Ensign Canada, such Borrower or such Material Subsidiary, as applicable, thereunder in the interim, such grace period shall cease to apply;

(g) if Property of Ensign Canada, a Borrower or any Material Subsidiary having a fair market value in excess of Cdn. $25,000,000 (or the AU Dollar Equivalent or U.S. Dollar Equivalent) shall be seized (including by way of execution, attachment, garnishment or distraint) or any Security Interest thereon shall be enforced, or such Property shall become subject to any charging order or equitable execution of a court, or any writ of enforcement, writ of execution or distress warrant with respect to obligations in excess of Cdn. $25,000,000 (or the AU Dollar Equivalent or U.S. Dollar equivalent) shall exist in respect of Ensign Canada, a Borrower, any Material Subsidiary or such Property, or any sheriff, civil enforcement agent or other Person shall become lawfully entitled to seize or distrain upon any such property under the *Civil Enforcement Act* (Alberta), the *Workers' Compensation Act* (Alberta), the *Personal Property Security Act* (Alberta) or any other Applicable Laws whereunder similar remedies are provided;

(h) if one or more judgments for the payment of money in the aggregate in excess of Cdn. $25,000,000 (or the AU Dollar Equivalent or U.S. Dollar equivalent) from time to time, and not substantially covered by insurance, shall be rendered by a court of competent jurisdiction against Ensign Canada, a Borrower or any Material Subsidiary and such party shall not have provided for its discharge in accordance with its terms or arranged for the stay of such judgment or judgments pending appeal within 30 days from the date of entry thereof;

(i) if any Property of Ensign Canada, a Borrower or a Material Subsidiary shall be expropriated without fair market value compensation being paid to Ensign Canada, such Borrower or such Material Subsidiary and such expropriations, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect;

(j) only if and to the extent that ERISA is applicable to Ensign Canada or any of its Subsidiaries including, without limitation, the US Borrower and any ERISA Affiliate, if an ERISA Event shall have occurred that when taken together with all other ERISA Events that have occurred, has resulted in liabilities of Ensign Canada and its Subsidiaries, taken as a whole, that, in the aggregate are material and the applicable ERISA Events and the payments resulting therefrom are not cured and/or paid within 30 days of the applicable ERISA Event resulting in such material liabilities;

(k) if any material provision of any Credit Document shall at any time cease to be in full force and effect, be declared to be void or voidable or shall be repudiated, or the validity or enforceability thereof shall at any time be contested by Ensign Canada, a Borrower or any Material Subsidiary, or Ensign Canada, a Borrower or any Material Subsidiary shall deny that it has any or any further liability or obligation thereunder, or if at any time it is unlawful for Ensign Canada, a Borrower or any Guarantor Subsidiary to perform any of its material obligations under any Credit Document, and Ensign Canada, such Borrower or such Material Subsidiary, as applicable, fails to provide assurances to the Agent within 30 days of a request therefor by the Agent;

(l) if any receiver, receiver manager, liquidator, provisional liquidator, controller (as defined in section 9 of the AU Corporations Act) or similar officer is appointed over Ensign Canada, a Borrower, a Material Subsidiary or over all or substantially all of the property and assets of Ensign Canada, a Borrower or a Material Subsidiary and such receiver, receiver manager, liquidator, provisional liquidator, controller (as defined in section 9 of the AU Corporations Act) or similar official is not removed or discharged within ten (10) days of such appointment; provided however, such grace period shall cease to apply if Ensign Canada, such Borrower or such Material Subsidiary consents to such appointment, fails to diligently object and contest the appointment with appropriate proceedings, or if such receiver, receiver manager, liquidator, provisional liquidator, controller (as defined in section 9 of the AU Corporations Act) or similar official is not effectively stayed from realizing on the property and assets of Ensign Canada, such Borrower or such Material Subsidiary;

(m) if there occurs a Change of Control in respect of Ensign Canada and the Lenders have not consented to such Change of Control. In this Section 10.1(m)), "**Change of Control**" means in respect of Ensign Canada, the occurrence of any of the following events:

(i) a Person or group of Persons, acting jointly or in concert, acquires, directly or indirectly (other than by way of security for a bona fide debt), securities of Ensign Canada to which are attached more than 35% of the votes that may be cast to elect any director of Ensign Canada;

(ii) a Person or group of Persons, acting jointly or in concert, acquires, directly or indirectly (other than by way of security for a bona fide debt), a sufficient number of securities of Ensign Canada that the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of Ensign Canada; or

(iii) Ensign Canada amalgamates or otherwise merges its business and properties with or into any other Person if that amalgamation or merger results in the condition described in either paragraph (i) or (ii) above;

(n) if any condition, circumstance or event occurs that in the opinion of the Lenders (acting reasonably) has a Material Adverse Effect;

(o) if the report of the auditor of Ensign Canada with respect to the audited Financial Statements of Ensign Canada required to be delivered to the Agent pursuant to Section 9.3(a) is subject to any qualification with respect to Ensign Canada as a "going concern" and Ensign Canada is not able to arrange for the removal of such qualification within thirty (30) days from the date thereof; or

(p) if the documents required in accordance with Sections 7.1(d) and 7.1(i) have not been delivered within thirty (30) days of the date hereof.

10.2 Acceleration and Termination of Rights

If any Event of Default occurs, no Lender shall be under any further obligation to make Advances and the Agent on the instructions of the Majority Total Lenders may give notice (an "**Acceleration Notice**") to the Borrowers or any Guarantor Subsidiary (i) declaring the Lenders' obligations to make Advances to be terminated, whereupon the same shall forthwith terminate, and/or (ii) declaring the Obligations to be forthwith due and payable, whereupon they shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Borrower.

In case of any event with respect to any Borrower described in Section 10.1(e), (f) or (l), the Commitments of the Lenders (if not theretofore terminated) shall automatically terminate and the principal of the Advances then outstanding, together with accrued interest thereon and all fees and other Obligations (including all amounts of Letter of Credit exposure, whether or not the beneficiary of any then outstanding Letter of Credit shall have demanded payment thereunder) accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower.

10.3 Payment of Bankers' Acceptances, Letters of Credit and Special Term LCs

Immediately upon the giving of an Acceleration Notice by the Agent, each Borrower shall, without necessity of further act or evidence, be and become thereby unconditionally obligated to deposit forthwith with the Agent and/or the Applicable Lender for the Lenders' benefit Collateral equal to the Face Amount of all Bankers' Acceptances and Notional Bankers’ Acceptances then outstanding and the Face Amount of all Letters of Credit then outstanding for the Borrowers' account, and each Borrower hereby unconditionally promises and agrees to deposit with the Agent and/or the Applicable Lender immediately upon such demand Collateral in the amount so demanded. Each Borrower authorizes the Lenders, or any of them, to debit its account with the amount required to pay such Bankers' Acceptances and Notional Bankers’ Acceptances, notwithstanding that any such Bankers' Acceptances or Notional Bankers’ Acceptances may be held by the Lenders, or any of them, in their own right at maturity, and the amount required to pay any drawings under Letters of Credit. Amounts paid to the Agent pursuant to such a demand in respect of: (i) Bankers' Acceptances shall be applied against, and in respect of a demand by the Agent shall reduce the obligation of the applicable Borrower to pay amounts then or thereafter payable under such Bankers' Acceptances and Notional Bankers’ Acceptances at the times amounts become payable under or in respect thereof, and (ii) Letter of Credit Advances, shall be held and applied in accordance with Section 5.29.

10.4 Remedies

Upon the making of a declaration contemplated by Section 10.2, the Agent may take such action or proceedings on behalf of the Lenders as the Agent (on the instructions of the Majority Total Lenders) deems expedient to enforce the rights and remedies available to the Agent and the Lenders under or in respect of the Credit Documents, all without any additional notice, presentment, demand, protest or other formality, all of which are hereby expressly waived by each Borrower.

10.5 Waivers

Subject to Section 11.7(b), on the instructions of the Majority Total Lenders the Agent may from time to time waive an Event of Default, absolutely or for a limited time and subject to such terms and conditions as the Agent (on the instructions of the Majority Total Lenders) may specify. Notwithstanding the foregoing, if an Event of Default has occurred under Section 10.1(a) that relates only to a specific Tranche, the consent of the Applicable Tranche Majority Lenders shall also be required. No such waiver shall be construed to extend to the occurrence of any other Event of Default. Any such waiver may be given prospectively or retrospectively. No failure of the Agent or the Lenders to exercise, or delay by the Agent or the Lenders in exercising, any of its rights or remedies shall be construed as a waiver of any Event of Default.

10.6 No Obligation to Enforce

Neither the Lenders nor the Agent shall be under any obligation to Ensign Canada, any Borrower or any other Person to enforce any rights or remedies available to the Lenders or the Agent under any of the Credit Documents from time to time or any part thereof. The Lenders shall not be responsible or liable to any Borrower or any other Person for any loss or damage upon the enforcement of any rights or remedies available to the Lenders under any of the Credit Documents from time to time, the failure to realize or enforce such rights and remedies or for any act or omission on their respective parts or on the part of any director, officer, agent, servant or adviser in connection with any of the foregoing, except that a Lender may be responsible or liable for any loss or damage arising from the wilful misconduct or negligence of that Lender.

10.7 Perform Obligations

If an Event of Default has occurred and is continuing and if Ensign Canada or a Borrower has failed to perform any of its covenants or agreements in the Credit Documents, on the instructions of the Majority Total Lenders the Agent may, but shall be under no obligation to, on behalf of the Lenders, to perform any such covenants or agreements in any manner it deems fit without thereby waiving any rights to enforce the Credit Documents. The reasonable expenses (including any legal costs) paid by the Agent and/or the Lenders in respect of the foregoing shall, at the option of the Agent, be added to the Obligations outstanding hereunder.

10.8 Remedies Cumulative

The rights and remedies of the Agent and the Lenders (or any of them) under the Credit Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by the Agent and the Lenders (or any of them) of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies to which the Agent or the Lenders (or any of them) may be lawfully entitled for the same default or breach. Any waiver by the Agent or the Lenders (or any of them) of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained, and any indulgence granted by the Agent or the Lenders (or any of them) shall be deemed not to be a waiver of any subsequent default.

10.9 Set-Off or Compensation

In addition to and not in limitation of any rights now or hereafter granted under Applicable Laws, upon the occurrence and during the continuance of an Event of Default, the Lenders, or any of them, may at any time and from time to time without notice to Ensign Canada, any Borrower or any other Person, any notice being expressly waived, set-off, combine accounts and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, and any other indebtedness at any time owing by the Lenders, or any of them, to or for the credit of or the account of Ensign Canada, a Borrower or any Subsidiary of Ensign Canada, against and on account of the Obligations owing by the Borrowers to the Lenders, notwithstanding that any of them are contingent or unmatured.

ARTICLE 11
THE AGENT AND THE LENDERS

11.1 Authorization of Agent and Relationship

Each Lender hereby appoints HBCA as Agent and HBCA hereby accepts such appointment. The appointment may only be terminated as expressly provided in this Agreement. Each Lender hereby authorizes the Agent to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and the other Credit Documents, together with all powers reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent shall have no duties or obligations except those expressly set forth herein and no other duties or obligations of the Agent shall be implied in this Agreement or in any other Credit Documents. The Agent may perform such duties or obligations by or through its agents or employees. The Agent shall not by reason of this Agreement or any of the other Credit Documents have a fiduciary duty in respect of any Lender. As to any matters not expressly provided for by this Agreement, the Agent is not required to exercise any discretion or to take any action but is required to act or to refrain from acting (and is fully protected in so acting or refraining from acting) upon the instructions of the Lenders, the Applicable Tranche Majority Lenders or the Majority Total Lenders, as the case may be. Those instructions shall be binding upon all Lenders, but the Agent is not required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or Applicable Law.

11.2 Disclaimer of Agent

The Agent makes no representation or warranty, and assumes no responsibility with respect to the due execution, legality, validity, sufficiency, enforceability or collectability of this Agreement or any other Credit Document. The Agent assumes no responsibility for the financial condition of Ensign Canada, any Borrower or any Subsidiary, or for the performance of the obligations of Ensign Canada, any Borrower or any Subsidiary under this Agreement or any other Credit Document. The Agent assumes no responsibility with respect to the accuracy, authenticity, legality, validity, sufficiency or enforceability of any documents, papers, materials or other information furnished by Ensign Canada, any Borrower or any Subsidiary to the Agent. The Agent shall not be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or as to the use of the proceeds of the Credit or of the existence or possible existence of any Default or Event of Default unless the officers or employees of the Lender acting as Agent active in their capacity as officers or employees on the accounts of the Borrowers have actual knowledge thereof, or have been notified thereof in writing by a Borrower or a Lender. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Agent under or in connection with the Agreement except for its or their own gross negligence or willful misconduct. With respect to its Commitment, the Lender acting as Agent shall have the same rights and powers hereunder as any other Lender, and may exercise the same as though it were not performing the duties and functions delegated to it as Agent hereunder. Except as provided in Section 11.10, the Agent shall have no responsibility with respect to the co-ordination or administration of any Advance or payment (until an Acceleration Notice is given by the Agent) under the Australian Tranche or the Canadian/US Tranche.

11.3 Agent's Clawback

(a) **Funding by Lenders; Presumption by Agent.** Unless the Agent shall have received notice from a Lender prior to the proposed Advance Date that such Lender will not make available to the Agent such Lender's share of such Advance, the Agent may assume that such Lender has made such share available on such Advance Date in accordance with the provisions of this Agreement concerning funding by Lenders and may (although it is not its current practice to do so), in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Advance available to the Agent, then such Lender and the applicable Borrower severally agree to pay or in the case of the applicable Borrower, repay, to the Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Agent, at (i) in the case of a payment to be made by such Lender, a rate equal to a rate determined by the Agent in accordance with prevailing banking industry practice on interbank compensation and (ii) in the case of a payment to be made by the applicable Borrower, the interest rate applicable to such Advances. If the applicable Borrower and such Lender shall pay such interest to the Agent for the same or overlapping period, the Agent shall promptly remit to the applicable Borrower the amount of such interest paid by the Lender for such period. If such Lender pays such amount to the Agent, then such amount shall constitute such Lender's Proportionate Share included in such Advance and if the applicable Borrower has previously paid such amount to the Agent, the Agent will re-advance such Proportionate Share to the Borrower. Any payment by a Borrower shall be without prejudice to any claim such Borrower may have against a Lender that has failed to make such payment to the Agent.

(b) **Payments by Borrowers; Presumptions by the Agent.** Unless the Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Agent for the account of any Lender hereunder that such Borrower will not make such payment, the Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute the amount due to the applicable Lenders. If the payment by such Borrower is in fact not received by the Agent on the required date and the Agent has made available corresponding amounts to any Lender, the applicable Borrower shall, without limiting its other obligations under this Agreement, indemnify the Agent against any and all liabilities, obligations, losses, damages, penalties, and all reasonable costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on or incurred by the Agent as a result of such non-payment. A certificate of the Agent with respect to any amount owing under this Section 11.3(b) shall be prima facie evidence of the amount owing in the absence of manifest error. If a payment is not in fact received by the Agent from the applicable Borrower and the Agent has paid to a Lender a corresponding amount, such Lender shall pay to the Agent on demand an amount equal to the aggregate of the amount of such payment made to the Lender plus the product of (i) the Lender's rate per annum applicable to overnight deposits for amounts approximately equal to the amount paid by the Agent to such Lender and not so received from such Borrower multiplied by (ii) the amount paid by the Agent to such Lender and not so received from the applicable Borrower, multiplied by (iii) a fraction, the numerator of which is the number of days that have elapsed from and including the date of payment by the Agent to such Lender to but excluding the date on which payment is made by such Lender to the Agent and the denominator of which is 365 or 366 (as applicable).

11.4 Payments by the Borrowers and Material Subsidiaries

Prior to an Acceleration Notice being given by the Agent, all payments made by or on behalf of Ensign Canada, a Borrower or the Guarantor Subsidiaries pursuant to this Agreement or the other Credit Documents under or in respect of the Canadian/US Tranche or the Australian Tranche shall be made to and received by the Canadian/US Lender and the AU Lender and all payments made by or on behalf of Ensign Canada, a Borrower or the Guarantor Subsidiaries pursuant to this Agreement or the other Credit Documents under or in respect of the Syndicated Tranche or the Canadian Tranche shall be made to and received by the Agent on behalf of the Syndicated Tranche Lenders and the Canadian Tranche Lenders, respectively. Upon and after an Acceleration Notice being given by the Agent, all payments made by or on behalf of Ensign Canada, a Borrower or the Guarantor Subsidiaries pursuant to this Agreement or the other Credit Documents under or in respect of any Tranche shall be made to and received by the Agent on behalf of all of the Lenders and shall be distributed by the Agent to the Lenders, as follows:

(a) unpaid fees, costs and expenses of the Agent;

(b) payments of interest and fees in accordance with each Lender's Proportionate Share of the aggregate of all of the then outstanding Obligations owing to all of the Lenders at the time of such declaration. For the purpose of this Section 11.4(b), "**Lenders**" shall include each Hedge Provider which is not a Lender (or an Affiliate of a Lender) hereunder at the time of a declaration or deemed declaration pursuant to Section 10.2;

(c) repayments of principal in accordance with each Lender's Proportionate Share of the aggregate of all of the then outstanding Obligations owing to all of the Lenders at the time of such declaration. For the purpose of this Section 11.4(c), "**Lenders**" shall include each Hedge Provider which is not a Lender (or is not an Affiliate of a Lender) hereunder at the time of a declaration or deemed declaration pursuant to Section 10.2;

(d) amounts received (net of all relevant costs and expenses of the Agent) by the Agent as a result of the exercise of any right of set-off, combination or consolidation of accounts, or by counterclaim or cross-action, in accordance with each Lender's Proportionate Share of the then outstanding Obligations owing to all of the Lenders at the time of such set-off, combination or consolidation of accounts or if applicable, at the time of the receipt of such amounts from any counterclaim or cross-action. For the purpose of this Section 11.4(c), "**Lenders**" shall include each Hedge Provider which is not a Lender (or is not an Affiliate of a Lender) hereunder at the time of such set-off, combination or consolidation, or if applicable, at the time of receipt of such amounts from any counterclaim or cross-action; and

(e) all other payments received by the Agent under this Agreement, in accordance with what would otherwise be each Lender's Proportionate Share of the Credit.

Notwithstanding the foregoing, any such distribution that would otherwise be made pursuant to Section 11.4(c) on account of any outstanding Bankers' Acceptances, Notional Bankers'

Acceptances or Letters of Credit shall be set aside in a separate collateral account for the primary benefit of the Lenders who have issued such Bankers' Acceptances, Notional Bankers' Acceptances or Letters of Credit (and for the secondary benefit of the Lenders in respect of other Obligations owing by the Borrower to the Lenders) until and to the extent that such Obligations become matured and not contingent, at which time such distributions shall be made to the Lenders for whose primary benefit such amounts are held.

Subject to Section 11.5, if the Agent does not distribute a Lender's Proportionate Share of a payment made by a Borrower to or for the benefit of that Lender for value on the day that payment is made or deemed to have been made to the Agent, the Agent shall pay to the Lender on demand an amount equal to the product of (i) the Agent's rate per annum applicable to overnight deposits for amounts approximately equal to the amount of the payment multiplied by (ii) the Lender's Proportionate Share of the amount received by the Agent from the applicable Borrower and not so distributed, multiplied by (iii) a fraction, the numerator of which is the number of days that have elapsed from and including the date of receipt of the payment by the Agent to but excluding the date on which the payment is made by the Agent to such Lender and the denominator of which is 365 or 366 (as applicable).

Each of the Parties hereto acknowledges and agrees that if during the time that a Person is a Lender hereunder, such Person enters into Permitted Hedges, and thereafter such Person ceases to be a Lender hereunder or ceases to be an Affiliate of a Lender, the Obligations owing to such Person under the Permitted Hedges to which it is a party, shall continue to be guaranteed by the Guarantee and Subordination Agreements. Except for the right of such Person to receive its Proportionate Share of the amounts received by the Agent, as set out in Sections 11.4, such Person shall not have any rights under this Agreement, the Guarantee and Subordination Agreements or under any other Credit Document. Without limiting the generality of the foregoing, without notice to or the consent of any such Person, the Lenders hereunder may:

(i) permit any increase or decrease, however significant, of the Credit, either Tranche or the Obligations or otherwise supplement, amend, restate, substitute, in whole or in part, however significant, the Obligations, this Agreement, the Guarantee and Subordination Agreements or any other Credit Document, or in whole or in part, terminate the availability of the Credit or demand payment or performance of all or any of the Obligations;

(ii) enforce or take any action under or abstain from enforcing or taking action under this Agreement or any other Credit Document;

(iii) take, give up, subordinate, release or discharge any Guarantee and Subordination Agreements, supplement, amend, restate, substitute, renew, abstain from receiving, perfect or abstain from perfecting or maintaining the perfection of any Guarantee and Subordination Agreement, enforce, take action under or realize in any manner or abstain from enforcing, taking action under or realizing any Guarantee and Subordination Agreement, deal with or abstain from dealing with all or any part of the undertaking, property and assets of a Borrower, the Borrower's Subsidiaries or others to deal with such undertaking, properly;

(iv) renew all or any part of the Credit or the Obligations or grant extensions of time or any other indulgences to the Borrowers, the Guarantors or any other Person;

(v) accept or make compromises or arrangements with or release, discharge or otherwise deal with or abstain from dealing with the Borrower, the Guarantors or any other Person;

(vi) in whole or in part prove or abstain from proving a claim in any bankruptcy or insolvency proceeding of or affecting the Borrower, the Guarantors or any other Person; and

(vii) agree with the Borrower, the Guarantors or any other Person to do anything described in Subsections (i) to (vi) above.

Each Person which holds Obligations under Permitted Hedges at the time a declaration is made or is deemed to have been made pursuant to Section 10.2, but is not at such time a Lender hereunder, acknowledges and agrees that the Agent on the instructions of the Majority Total Lenders shall be entitled to vote the claims of such Person in respect of the Obligations owed to it under all of the Permitted Hedges in any bankruptcy or insolvency proceeding relating to any of the Borrowers and the Guarantors. Such Person shall do, execute, acknowledge and deliver and cause to be done, executed, acknowledged and delivered, every such further act, deed or document that the Agent may reasonably request, to give effect to the foregoing.

11.5 Payments by Agent

(a) For greater certainty, the following provisions shall apply to any and all payments made by the Agent to the Lenders hereunder:

(i) the Agent shall be under no obligation to make any payment (whether in respect of principal, interest, fees or otherwise) to any Lender until an amount in respect of such payment has been received by the Agent from the applicable Borrower;

(ii) if the Agent receives less than the full amount of any payment of principal, interest, fees or other amount owing by a Borrower under this Agreement, the Agent shall have no obligation to remit to each Lender any amount other than such Lender's Proportionate Share of that amount which is the amount actually received by the Agent;

(i) if any Lender advances more or less than its Proportionate Share of a Tranche, such Lender's entitlement to such payment shall be increased or reduced, as the case may be, in proportion to the amount actually advanced by such Lender;

(ii) if a Lender's Proportionate Share of an Advance has been advanced for less than the full period to which any payment by the applicable Borrower relates, such Lender's entitlement to such payment shall be reduced in proportion to the length of time such Lender's Proportionate Share of the applicable Advance has actually been outstanding;

(iii) the Agent acting reasonably and in good faith shall, after consultation with the Lenders in the case of any dispute, determine in all cases the amount of all payments to which each Lender is entitled and such determination shall, in the absence of manifest error, be binding and conclusive;

(iv) upon request, the Agent shall deliver a statement detailing any of the payments to the Lenders referred to herein; and all payments by the Agent to a Lender hereunder shall be made to such Lender at its address set forth opposite such Lender's name on the signature pages hereto unless notice to the contrary is received by the Agent from such Lender.

11.6 Direct Payments

The Lenders agree among themselves that, except as otherwise provided for in this Agreement, and except as necessary to adjust for Advances that are not in each Lender's Proportionate Share under the Facility, all sums received by a Lender (including amounts received by the Parent of a Lender with respect to Permitted Hedges) relating to this Agreement, by virtue of the other Credit Documents or by virtue of any Permitted Hedges, whether received by voluntary payment, by the enforcement of the Security, the exercise of the right of set-off, combination or consolidation of accounts, or compensation or by counterclaim, cross-action or otherwise, shall be shared by each Lender in its Proportionate Share of the Credit or the Obligations then outstanding, as applicable, in accordance with Section 11.4 and each Lender undertakes and agrees to do all such things as may be reasonably required to give full effect to this Section, including, without limitation, the purchase from other Lenders of a portion of any Advances by the Lender who has received an amount in excess of the amount otherwise agreed to by the Agent and the Lenders as shall be necessary to cause such purchasing Lender to share the excess amount rateably in its Proportionate Share with the other Lenders, provided that if Applicable Law or a Lender's internal regulations and policies prohibits such Lender from purchasing a portion of any Advances made to an Australian Borrower or the US Borrower, as applicable, such Lender shall not be required to purchase a portion of such Advances from the other Lenders, provided that such Lender hereby indemnifies the other Lenders for its Proportionate Share of such Advances as if such purchase had occurred. If any sum which is so shared is later recovered from the Lenders who originally received it, the Lender shall restore its Proportionate Share of such sum to such Lenders, without interest. If any Lender (a "**Receiving Lender**") shall obtain any payment of the Obligations as referred to above, the Receiving Lender shall forthwith remit such payment to the Agent and, upon receipt, the Agent shall distribute such payment in accordance with the provisions of Section 11.4.

11.7 Administration of the Credits

(a) Unless otherwise specified herein, the Agent shall perform the following duties under this Agreement:

(i) take delivery of each Lender's Proportionate Share of an Advance under the Credit and make all Advances under the Credit hereunder in accordance with the procedures set forth in Sections 5.6 and 5.10;

(ii) use reasonable efforts to collect promptly all sums due and payable by the Borrowers pursuant to this Agreement;

(iii) make all payments to the Lenders in accordance with the provisions hereof;

(iv) hold all legal documents relating to the Credit, maintain complete and accurate records showing all Advances made by the Syndicated Tranche Lenders and the Canadian Lenders under the Syndicated Tranche and the Canadian Tranche, respectively, all remittances and payments made by the applicable Borrowers to the Agent under the Syndicated Tranche and the Canadian Tranche (or either of them), all remittances and payments made by the Agent to the Syndicated Tranche Lenders and the Canadian Lenders under the Syndicated Tranche and the Canadian Tranche (as applicable) and allow each Syndicated Tranche Lender and each Canadian Lender and their respective advisors to examine such accounts, records and documents at their own expense, and provide any Syndicated Tranche Lender and any Canadian Lender, upon reasonable notice, with such copies thereof as such Lender may reasonably require from time to time at its expense;;

(v) except as otherwise specifically provided for in this Agreement, promptly advise each Lender upon receipt of each notice and deliver to each Lender, promptly upon receipt, all other written communications furnished by Ensign Canada or a Borrower to the Agent pursuant to this Agreement, including without limitation copies of financial reports and certificates which are to be furnished to the Agent;

(vi) forward to each of the Lenders, one copy each of this Agreement and other Credit Documents;

(vii) promptly forward to each Lender, any other information respecting Ensign Canada or the Borrowers reasonably requested by such Lender; and

(viii) upon learning of same, promptly advise each Lender in writing of the occurrence of an Event of Default or the occurrence of any event, condition or circumstance which could be expected to have a Material Adverse Effect, provided that, except as aforesaid, the Agent shall be under no duty or obligation whatsoever to provide any notice to the Lenders and further provided that each Lender hereby agrees to notify the Agent of any Default or Event of Default of which it may reasonably become aware.

(b) The Agent may take the following actions only if the prior unanimous consent of all of the Lenders is obtained, unless otherwise contemplated or provided for in this Agreement:

(i) amend, modify, discharge, terminate or waive any of the material terms of the Security or the Guarantee and Subordination Agreements; and;

(ii) amend, modify, discharge, terminate or waive any of the terms of this Agreement if such amendment, modification, discharge, termination or waiver would increase the amount of the Credit, reduce the interest rate applicable to the Credit, reduce the fees payable with respect to the Credit, extend any date fixed for payment of principal or interest relating to the Credit (including a waiver of any requirement of a Borrower to repay outstanding Obligations and a waiver of an Event of Default described in Section 10.1(a)), extend the Stated Maturity Date or affect the priority of the Security or the Guarantee and Subordination Agreements.

(c) Notwithstanding Section 11.7(b) above, any amendment, waiver, action, consent or other determination to be taken or decision to be made by the Lenders under a specific Tranche: (i) that is administrative or operational in nature and (ii) which does not affect the Lenders under any other Tranche, (specifically including for greater certainty waivers of notice periods in respect of Advances under a specific Tranche or the reallocation of the applicable Tranche Limit to the Available Credits under the applicable Tranche) may be exercised by the Applicable Majority Tranche Lenders or the Agent on the instructions of the Applicable Majority Tranche Lenders pursuant to this Agreement and any such amendment, waiver, action, consent or other determination approved or executed by the Applicable Majority Tranche Lenders or the Agent on the instructions of the Applicable Majority Tranche Lenders, shall be final and binding upon all the Lenders and the Hedge Providers, provided that any amendment, waiver, action, consent or other determination to be taken or decision to be made with respect to matters that are common to both the Syndicated Tranche and the Canadian Tranche shall apply equally to both such Tranches.

(d) Except for the matters which require the unanimous consent of the Lenders as set out in Section 11.7(b) above or matters which may be undertaken in respect of a specific Tranche by the Applicable Tranche Majority Lenders as set out in Section 11.7(c) above, any amendment, waiver, action, consent or other determination to be taken or decision to be made by the Lenders or the Agent pursuant to this Agreement (specifically including for greater certainty the issuance of written notice to a Borrower of the occurrence of a Default or Event of Default, the issuance of a demand for payment of the Obligations, the provision of any waiver in respect of a breach of any covenant or the issuance of any consent which may be required under Article 9) shall be effective if approved by the Agent, on the instructions of the Majority Total Lenders; and any such amendment, waiver, action, consent or other determination approved or executed by the Agent, on the instructions of the Majority Total Lenders, shall be final and binding upon all the Lenders and the Hedge Providers, provided that any such amendment, waiver, action, consent or other determination approved or executed by the Agent, on the instructions of the Majority Total Lenders, shall apply equally to the Syndicated Tranche and the Canadian Tranche where such action relates to a matter that is common to both the Syndicated Tranche and the Canadian Tranche .

(e) As between Ensign Canada and the Borrowers, on the one hand, and the Agent and the Lenders, on the other hand:

(i) all statements, certificates, consents and other documents which the Agent purports to deliver on behalf of the Lenders shall be binding on each of the Lenders, and the Borrowers shall not be required to ascertain or confirm the authority of the Agent in delivering such documents;

(ii) all certificates, statements, notices and other documents which are delivered by Ensign Canada or a Borrower to the Agent in accordance with this Agreement shall be deemed to have been delivered to each of the Lenders; and

(iii) all payments which are delivered by Ensign Canada or a Borrower to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Applicable Lenders, as applicable.

11.8 Rights of Agent

(a) In administering the Credit or in realizing on the rights available under this Agreement or the other Credit Documents, the Agent may retain, at the expense of the Lenders if such expenses are not recoverable from the Borrowers, such solicitors, counsel, auditors and other experts and agents as the Agent may select, in its sole discretion, acting reasonably and in good faith after consultation with the Lenders.

(b) The Agent shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed by the proper individual or individuals, and shall be entitled to rely and shall be protected in relying as to legal matters upon opinions of independent legal advisors selected by it. The Agent may also assume that any representation made by a Borrower is true and that no Default or Event of Default has occurred unless the officers or employees of the Lender acting as Agent, active in their capacity as officers or employees responsible for the Borrower's accounts have actual knowledge to the contrary or have received notice to the contrary from any other party to this Agreement.

(c) The Agent may, without any liability to account, but subject to the terms of this Agreement, enter into swap agreements, futures contracts and other similar agreements with Ensign Canada, any Borrower or any Subsidiary, accept deposits from and lend money to and generally engage in any kind of banking, or other business with Ensign Canada, any Borrower or any Subsidiary, as if it were not the Agent.

(d) The Agent shall not be required to advance its own funds for any purpose, and in particular, shall not be required to pay with its own funds insurance premiums, taxes or public utility charges or the cost of repairs or maintenance with respect to any of the Property of Ensign Canada, any Borrower or any Subsidiary of Ensign Canada, nor shall it be required to pay with its own funds the fees of solicitors, counsel, auditors, experts, or agents engaged by it as permitted hereby.

11.9 Acknowledgements, Representations and Covenants of Lenders

(a) It is acknowledged and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, property, affairs, status and nature of Ensign Canada, the Borrowers and each Subsidiary of Ensign Canada. Accordingly, each Lender confirms to the Agent that it has not relied, and will not hereafter rely, on the Agent (i) to check or inquire on its behalf into the adequacy or completeness of any information provided by Ensign Canada, a Borrower or a Material Subsidiary under or in connection with this Agreement, the other Credit Documents or the transactions herein contemplated (whether or not such information has been or is hereafter distributed to such Lender by the Agent) or (ii) to assess or keep under review on its behalf the financial condition, creditworthiness, property, affairs, status or nature of Ensign Canada, a Borrower or Material Subsidiary.

(b) Each Lender represents and warrants that it has the legal capacity to enter into this Agreement pursuant to its charter and any Applicable Laws and has not violated its charter, constating documents or any Applicable Laws by so doing.

(c) Each Lender agrees to indemnify the Agent (to the extent not reimbursed by the Borrowers), rateably according to its Proportionate Share of the Credit from and against any and all liabilities and obligations (whether direct or indirect, contingent or otherwise), losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of the Credit Documents or the transactions therein contemplated, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand rateably according to its Proportionate Share of the Credit for any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preservation of any rights of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under this Agreement or under the other Credit Documents, to the extent that the Agent is not promptly reimbursed for such expenses by the Borrowers. The obligation of the Lenders to indemnify the Agent shall survive the termination of this Agreement.

(d) Each Lender acknowledges and confirms that in the event that the Agent does not receive payment in accordance with this Agreement, it shall not be the obligation of the Agent to maintain the Credit in good standing nor shall any Lender have recourse to the Agent in respect of any amounts owing to such Lender under this Agreement.

(e) Each Lender acknowledges and agrees that its obligation to advance its Proportionate Share of Advances in accordance with the terms of this Agreement is independent and in no way related to the obligation of any other Lender hereunder.

(f) Each Lender hereby acknowledges receipt of a copy of this Agreement and the other Credit Documents (to the extent that such Credit Documents have been delivered) and acknowledges that it is satisfied with the form and content of such documents.

(g) Except to the extent recovered by the Agent from the Borrowers, promptly following demand therefor, each Lender shall pay to the Agent an amount equal to such Lender's Proportionate Share of any and all reasonable costs, expenses, claims, losses and liabilities incurred by the Agent in connection with this Agreement and the other Credit Documents (including, without limitation, the collection or enforcement thereof, which shall be based on each Lender's Proportionate Share of the Obligations) except for those incurred by reason of the Agent's gross negligence or willful misconduct.

(h) Each Lender shall respond promptly to each request by the Agent for the consent of such Lender required hereunder.

11.10 Action of the Lenders

Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, the remedies available to the Lenders under the Credit Agreement and the other Credit Documents are for the benefit of the Lenders collectively and that its rights hereunder and under the Guarantee and Subordination Agreements are to be exercised by the Agent as required by this Agreement. Accordingly, except as otherwise expressly provided herein, each of the Lenders hereby covenants and agrees that it shall not take any action hereunder or under any of the Guarantee and Subordination Agreements but that any such action shall be taken only by the Agent, with the prior written agreement of the Applicable Tranche Majority Lenders, the Majority Total Lenders or all of the Lenders, as required. Each of the Lenders hereby further covenants and agrees that upon any written agreement being given by the Applicable Tranche Majority Lenders, the Majority Total Lenders or all of the Lenders, as required, it shall co-operate fully with the Agent to the extent requested by the Agent. Notwithstanding the foregoing, in the absence of the instructions from the Lenders as indicated above and, where in the sole opinion of the Agent, acting reasonably and in good faith, the exigencies of the situation warrant action, the Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders.

11.11 Successor Agent

Subject to the appointment and acceptance of a Successor Agent as provided in this Section, the Agent may resign at any time by giving 30 days' written notice thereof to the Lenders and Ensign Canada, and may be removed at any time by the Majority Total Lenders upon 30 days' written notice if the Agent has been grossly negligent hereunder. Upon receipt of notice by the Lenders of the resignation of the Agent, or upon giving notice of termination to the Agent, the Majority Total Lenders may with the consent of Ensign Canada (provided that the Lenders shall only be obligated to obtain such consent if no Default or Event of Default exists), such consent not to be unreasonably withheld, within 21 days, appoint a successor from among the Lenders or, if no Lender is willing to accept such an appointment, from among other banks to which the *Bank Act* (Canada) applies, which each have combined capital and reserves in excess of $250,000,000, and which have offices in Calgary, Alberta, Sydney, Australia and New York, New York (the "**Successor Agent**"). If no Successor Agent has been so appointed and has accepted such appointment within 21 days after the retiring Agent's giving of notice of resignation or receiving of notice of termination, then the retiring Agent may, on behalf of the Lenders, appoint a Successor Agent. If neither the Lenders nor the Agent appoint a Successor Agent within such 21 days, then the Majority Total Lenders or the Agent may apply to a Justice of the Court of Queen's Bench of the Province of Alberta, on such notice as the Justice may direct, for the appointment of a Successor Agent, but any Successor Agent so appointed by the Court shall be subject to removal as aforesaid by the Majority Total Lenders. Upon the acceptance of any appointment as Agent hereunder by a Successor Agent, the Successor Agent shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its further duties and obligations as Agent under this Agreement and the other Credit Documents. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article shall continue to enure to its benefit and be binding upon it as to any actions taken or omitted to be taken by it while it was Agent hereunder.

11.12 Provisions Operative Between Lenders and Agent Only

Except for the provisions of Sections 11.7(b), 11.9(b), 11.9(d) and 11.11, the provisions of this Article relating to the rights and obligations of the Lenders and the Agent inter se shall be operative as between the Lenders and the Agent only, and none of the Borrowers shall have any rights or obligations under or be entitled to rely for any purpose upon such provisions.

11.13 The Agent and Defaulting Lenders

(a) Each Defaulting Lender shall be required to provide to the Agent cash in an amount, as shall be determined from time to time by the Agent in its discretion, equal to all obligations of such Defaulting Lender to the Agent that are owing or may become owing pursuant to this Agreement, including such Defaulting Lender's obligation to pay, on a pro rata basis, any indemnification or expense reimbursement amounts not paid by the Borrowers. Such cash shall be held by the Agent in one or more cash collateral accounts, which accounts shall be in the name of the Agent and shall not be required to be interest bearing. The Agent shall be entitled to apply the foregoing cash in accordance with Section 11.9(c).

(b) In addition to the indemnity and reimbursement obligations in Section 11.9(c), each Lender agrees to indemnify the Agent and hold it harmless (to the extent not reimbursed by the Borrowers) on a pro rata basis (and in calculating the pro rata basis of a Lender, ignoring the Commitments of Defaulting Lenders) any amount that a Defaulting Lender fails to pay the Agent and which is due and owing to the Agent pursuant to Section 11.9(c). Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender and which would otherwise be payable by the Defaulting Lender.

(c) The Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Agent amounts (whether principal, interest, fees or otherwise) received by the Agent and due to a Defaulting Lender pursuant to this Agreement, which amounts shall be used by the Agent:

(i) first, to reimburse the Agent for any amounts owing to it by the Defaulting Lender pursuant to any Credit Document; and

(ii) second, to cash collateralize all other obligations of such Defaulting Lender to the Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Agent in its discretion, including such Defaulting Lender's obligation to pay, on a pro rata basis, any indemnification or expense reimbursement amounts not paid by the Borrowers.

(d) For greater certainty and in addition to the foregoing, neither the Agent nor any of its Affiliates nor any of their respective shareholders, officers, directors, employees, agents or representatives shall be liable to any Lender (including, without limitation, a Defaulting Lender) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrowers to a Defaulting Lender and received and deposited by the Agent in a cash collateral account and applied in accordance with the provisions of this Agreement, save and except for the gross negligence or wilful misconduct of the Agent.

11.14 Defaulting Lenders

(a) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(i) the standby fees payable pursuant to Section 4.3 shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender;

(ii) a Defaulting Lender shall not be included in determining whether, and the Commitment of such Defaulting Lender shall not be included in determining whether, all Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver), provided that any waiver or amendment requiring the consent of all Lenders or each affected Lender that affects such Defaulting Lender differently than other affected Lenders shall require the consent of such Defaulting Lender; and

(iii) for the avoidance of doubt, the Borrowers shall retain and reserve their other rights and remedies respecting each Defaulting Lender.

(b) If any Lender fails to fund its Proportionate Share of an Advance hereunder, then each other Lender shall fund a portion of such defaulted amount in an amount equal to such other Lender's Proportionate Share (and in calculating the Proportionate Share of a Lender, ignoring the Commitments of Defaulting Lenders) of such unfunded portion; provided that, for certainty, no Lender shall be obligated by this Section to make or provide Advances in excess of its Commitment.

(c) If any Lender shall cease to be a Defaulting Lender, then, upon becoming aware of the same, the Agent shall notify the other Lenders and (in accordance with the written direction of the Agent) such Lender (which has ceased to be a Defaulting Lender) shall purchase, and the other Lenders shall on a rateable basis sell and assign to such Lender, portions of such Loans equal in total to such Lender's Proportionate Share thereof without regard to Section 11.13(b).

(d) Without limiting the foregoing, if any Lender becomes a Defaulting Lender as a result of the failure to fund any payment or its portion of any Advances required to be made by it hereunder or to purchase any participation required to be purchased by it hereunder and under the other Credit Documents, then the Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Agent for the account of such Lender to satisfy such Lender's obligations until all such unsatisfied obligations are fully paid in cash.

(e) Without limiting the foregoing, if a Defaulting Lender as a result of the exercise of a set off shall have received a payment in respect of its outstanding applicable Advances or participation required hereunder which results in its outstanding applicable Advances and participation share being less than its pro rata share thereof, then no payments will be made to such Defaulting Lender until such time as all amounts due and owing to the Lenders have been equalized in accordance with each Lender's Proportionate Share. Further, if at any time prior to the acceleration or maturity of the Advances, the Agent shall receive any payment in respect of principal while one or more Defaulting Lenders shall be party to this Agreement, the Agent shall apply such payment first to the Obligations for which such Defaulting Lender(s) shall have failed to fund its Proportionate Share until such time as such Obligations are paid in full or each Lender (including each Defaulting Lender) is owed its Proportionate Share of all Obligations. After acceleration or maturity of the Advances, subject to this Section 11.14(e) above, all principal will be paid rateably as otherwise provided herein.

ARTICLE 12
ADDITIONAL LENDERS, SUCCESSORS AND ASSIGNS

12.1 Successors and Assigns

(a) The Credit Documents shall be binding upon and enure to the benefit of the Agent, each Lender, Ensign Canada, the Borrowers, the Subsidiaries of Ensign Canada that are a party thereto and their successors and assigns (including without limitation, any successor resulting from the amalgamation of Ensign Canada, a Borrower or a Subsidiary with one or more corporations or resulting from the winding-up of one or more corporations into Ensign Canada, a Borrower or a Subsidiary), except that, other than as provided herein, none of Ensign Canada or any Borrower shall assign any rights or obligations with respect to this Agreement or any of the other Credit Documents without the prior written consent of the Lenders.

The collective rights and obligations of the Lenders under this Agreement are assignable in whole or in part and any Lender shall be entitled to assign in whole or in part its individual rights and obligations hereunder or to permit other financial institutions to participate in the Credits, all in accordance with the provisions of Section 12.2 and the other terms of this Agreement. Each Borrower hereby consents to the disclosure of any information and opinions relating to it and its Subsidiaries to any potential Lender or participant provided that the potential Lender or participant agrees in writing to keep the information confidential and, if requested by the applicable Borrower, to return such information if it does not become a Lender or a participant.

Each assignment shall be of a uniform, and not a varying, percentage of all rights and obligations of the assignor(s) under or in respect of the Credit.

Notwithstanding any other provisions of this Agreement, each Lender agrees that it shall not offer to assign or assign or offer to sell or sell a participation in any portion of its rights and obligations under this Agreement including, without limitation, any portion of its Commitment without the prior written consent of and ten Business Days' prior notice to the Agent, or such shorter notice as the Agent may agree to (except for an assignment by a Lender to another Lender or to an Affiliate of a Lender) and, unless a Default or an Event of Default has occurred and is continuing and except in the case of an offer to sell or the sale of a participation, without the prior consent of and notice to, Ensign Canada. The consent of Ensign Canada and the Agent shall not be unreasonably withheld (provided that it shall be deemed reasonable for Ensign Canada to withhold its consent of the result of such assignment if the result thereof is that any Borrower is required to pay a greater amount thereafter than before as a result of a gross-up for withholding tax or otherwise). The consent of Ensign Canada shall be deemed given unless it shall object thereto by written notice to the Agent within five Business Days after having received notice thereof.

(b) A Participation by a Lender of its interest (or a part thereof) hereunder or a payment by a Participant to a Lender as a result of the Participation will not constitute a payment hereunder to the Lender or an Advance to a Borrower.

12.2 Assignments

(a) Subject to Section 12.1 and the other terms of this Agreement, the Lenders collectively or individually may assign to one or more banks or other financial institutions all or a portion of their respective rights and obligations under this Agreement (including, without limitation, all or a portion of their respective Commitments); provided however, after the Agent gives an Acceleration Notice to the Borrowers, a Lender may assign any of its rights and obligations under this Agreement to any Person. The parties to each such assignment shall execute and deliver an Assignment Agreement to the Agent and, unless a Default or an Event of Default has occurred and is continuing, to Ensign Canada, for its consent and acknowledgement to the extent required by Section 12.1(a), as the case may be. After such execution, delivery and acknowledgement (i) the assignee thereunder shall be a party to this Agreement and, to the extent that rights and obligations hereunder have been assigned to it, have the rights and obligations of a Lender hereunder and (ii) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, relinquish its rights and be released from its obligations under this Agreement, other than obligations in respect of which it is then in default or which arose prior to its assignment, and, in the case of an Assignment Agreement covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto.

(b) The agreements of an assignee contained in an Assignment Agreement shall benefit the assigning Lender thereunder, the other Lenders, the Agent and the Borrowers, all in accordance with the terms of the Assignment Agreement.

(c) The Agent shall maintain at its address referred to herein a copy of each Assignment Agreement delivered to and acknowledged by it and a register for recording the names and addresses of the Lenders and the Commitment under the Credit of each Lender from time to time (the "**Register**"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error. The Borrowers, the Agent and each of the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement, and need not recognize any Person as a Lender unless it is recorded in the Register as a Lender. The Register shall be available for inspection by the Borrowers or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment Agreement executed by an assigning Lender and an assignee and approved by Ensign Canada (if applicable) and the Agent, the Agent shall, if the Assignment Agreement has been completed and is in the required form with such immaterial changes as are acceptable to the Agent:

(i) acknowledge the Assignment Agreement;

(ii) record the information contained therein in the Register; and

(iii) give prompt notice thereof to Ensign Canada and the other Lenders, and provide them with an updated version of Schedule "B".

(e) If the AU Lender assigns all or any portion of its Commitment under the Australian Tranche, each of the parties hereto agrees that it will use reasonable commercial efforts to avoid the payment of any stamp tax as a result of any such assignment.

12.3 Participation

Each Lender may, without any notice to, or consent of, the Borrowers or the Agent, sell an interest (other than by way of assignment pursuant to Section 12.2) to one or more banks, financial institutions or other Persons (a "**Participant**") in or to all or a portion of its rights and obligations (including, without limitation, all or a portion of its Commitment) under this Agreement, (such interest is referred to herein as a "**Participation**") but the Participant shall not become a Lender and:

(a) the Lender's obligations under this Agreement (including, without limitation, its Commitment) shall remain unchanged;

(b) the Lender shall remain the lender of record and solely responsible to the other parties hereto for the performance of such obligations;

(c) the Borrowers, the Agent and the other Lenders shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement; and

(d) no Participant shall have any right to approve any amendment or waiver of any provision of this Agreement, or any consent to any departure by any Person therefrom.

ARTICLE 13
MISCELLANEOUS PROVISIONS

13.1 Headings and Table of Contents

The headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

13.2 Accounting Terms

Each accounting term used in this Agreement, unless otherwise defined herein, has the meaning assigned to it under IFRS.

13.3 Capitalized Terms

All capitalized terms used in any of the Credit Documents (other than this Agreement) which are defined in this Agreement shall have the meaning defined herein unless otherwise defined in the other document.

13.4 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any relevant jurisdiction shall not invalidate or impair the remaining provisions hereof which shall be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Should this Agreement fail to provide for any relevant matter, the validity, legality or enforceability of this Agreement shall not hereby be affected.

13.5 Number and Gender

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa, words importing any gender include all genders and references to agreements and other contractual instruments shall be deemed to include all present or future amendments, supplements, restatements or replacements thereof or thereto.

13.6 Amendment, Supplement or Waiver

No amendment, supplement or waiver of any provision of the Credit Documents, nor any consent to any departure by Ensign Canada, a Borrower or any Subsidiary of Ensign Canada therefrom, shall in any event be effective unless it is in writing, makes express reference to the provision affected thereby and is signed by the Agent for and on behalf of, and with the prior agreement of, the Majority Total Lenders, the Applicable Tranche Majority Lenders or all of the Lenders (as applicable)and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No waiver or act or omission of the Agent, the Lenders, or any of them, shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or breach by Ensign Canada, or a Borrower of any provision of the Credit Documents or the rights resulting therefrom.

13.7 Governing Law

Each of the Credit Documents, except for those which expressly provide otherwise, shall be conclusively deemed to be a contract made under, and shall for all purposes be governed by and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in Alberta. Each party to this Agreement hereby irrevocably and unconditionally attorns to the non-exclusive jurisdiction of the courts of Alberta and all courts competent to hear appeals therefrom.

13.8 This Agreement to Govern

In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any other Credit Document, the provisions of this Agreement shall govern to the extent necessary to remove the conflict. Provided however, that a conflict or inconsistency shall not be deemed to exist only by reason of one of the Credit Documents providing for a matter and another of the Credit Documents not providing for such matter.

13.9 Permitted Encumbrances

The designation of any encumbrance or Security Interest as a Permitted Encumbrance in this Agreement or in any other of the Credit Documents is not, and shall not be deemed to be, an acknowledgement by the Lenders that the encumbrance or the Security Interest shall have priority over any interest of the Lenders in the Property of Ensign Canada, a Borrower or any Subsidiary of Ensign Canada.

13.10 Currency

All payments made hereunder shall be made in the currency in respect of which the obligation requiring such payment arose. Unless the context otherwise requires, all amounts expressed in this Agreement in terms of money shall refer to Canadian Dollars.

Except as otherwise expressly provided in this Agreement, wherever this Agreement contemplates or requires the calculation of the equivalent in Canadian Dollars, U.S. Dollars, or Australian Dollars of an amount expressed in another of those currencies, the calculation shall be made on the basis of the Exchange Rate at the effective date of the calculation.

13.11 Liability of Lenders

The liability of the Lenders in respect of all matters relating to this Agreement and the other Credit Documents is several and not joint or joint and several. Without limiting that statement, the obligations of the Lenders to make Advances is limited to their respective Proportionate Shares of any Advance that is requested, and, in the aggregate, to their respective Proportionate Shares of the total amount of the Credit.

13.12 Expenses and Indemnity

All statements, reports, certificates, opinions, appraisals and other documents or information required to be furnished to the Lenders, the Agent, or any of them, by Ensign Canada, a Borrower or any Subsidiary of Ensign Canada under this Agreement shall be supplied without cost to the Lenders, the Agent, or any of them. The Borrowers shall pay on demand all reasonable out of pocket costs and expenses of the Agent (including, without limitation, reasonable fees and expenses of attorneys and other counsel for the Agent) and the reasonable out of pocket expenses of the Lenders, incurred in connection with (i) the preparation, execution, delivery, administration, periodic review, modification or amendment of the Credit Documents; (ii) any enforcement of the Credit Documents; (iii) obtaining advice as to their rights and responsibilities in connection with the Credit and the Credit Documents; (iv) reviewing, inspecting and appraising the Property of Ensign Canada, a Borrower and the Subsidiaries of Ensign Canada at reasonable intervals as provided for herein; and (v) other matters relating to the Credit.

Each Borrower hereby indemnifies and agrees to indemnify, defend and hold harmless each of the Lenders, the Agent, their directors, officers, affiliates, employees and representatives (the "**Indemnified Parties**") from and against any and all actions, proceedings, losses, costs, expenses, damages, claims or liabilities incurred by any Indemnified Party, with respect to any Advance to a Borrower hereunder whether before, during or after any period that such Advance is outstanding including, without limitation, any loss of profits, break fees, commissions or fees anticipated hereunder, and any expense or costs incurred in the liquidation and re-deployment of any funds required by the Lenders to fund or maintain any portion of such Advance hereunder, in all cases as a result of:

(a) the failure of a Borrower to borrow or make repayments on the dates required hereunder or in accordance with the terms specified by a Borrower pursuant to any oral instructions or written notices provided to the Agent or the Lenders;

(b) the repayment, prepayment or Conversion (whether by acceleration or otherwise) of a LIBOR Advance, a BBSY Rate Advance or an Advance by way of Bankers' Acceptance by a Borrower on a date other than the maturity date thereof;

(c) the failure by a Borrower to give any notice required to be given by it to the Agent or any Lender pursuant to the provisions of this Agreement;

(d) the failure of a Borrower to effect any payment, repayment, prepayment or Conversion arising from the circumstances referred to in Section 13.14; or

(e) the occurrence of an Event of Default;

provided, however, that this indemnity shall not apply in respect of any of the foregoing which is caused by the gross negligence or wilful misconduct of the Lenders.

Whenever any such claim shall arise, the Indemnified Party shall promptly notify Ensign Canada of the claim and, when known, the facts constituting the basis for such claim, and if known, the amount or an estimate of the amount of the claim. The failure of an Indemnified Party to give notice of a claim promptly shall not adversely affect the Indemnified Party's rights to indemnity hereunder. The Indemnified Party shall not settle or compromise any claim by a third party for which it is entitled to indemnification under this Section 13.12, without the prior written consent of Ensign Canada. Ensign Canada at its sole cost and expense may, upon written notice to the Indemnified Party, assume the defence of any such claim or any legal proceeding resulting therefrom. The Indemnified Party shall be entitled to participate in (but not control) the defence of any such action, with its own counsel and at its own expense. If Ensign Canada does not assume the defence of any such claim or litigation resulting therefrom, the Indemnified Party may defend against such claim or litigation, in such manner as it may deem appropriate and at the expense of Ensign Canada, including, but not limited to, settling such claim or litigation, after giving notice of the same to Ensign Canada. In such case Ensign Canada shall be entitled to participate in (but not control) the defence of such action, with its own counsel and at its own expense.

The Agreements in this Section shall survive the termination of this Agreement and repayment of the Obligations owing by the Borrowers.

13.13 Manner of Payment and Taxes

(a) "**Indemnified Tax Liabilities**" means any and all present and future Taxes (including for certainty all present or future stamp, mortgage recording, or documentary taxes or any other excise or property Taxes, charges or similar levies), and all liabilities with respect thereto arising out of or in connection with the Credit Documents, any payment made or required to be made hereunder or from the execution, delivery, registration or enforcement of, or otherwise with respect to, the Credit Documents, including interest, fines, penalties or other additions to Taxes, but excluding Excluded Taxes.

(b) Any and all payments or reimbursements by or on account of any obligation of the Borrowers or the Guarantor Subsidiaries under the Credit Documents shall be made without setoff, counterclaim or other defense and free and clear of and without deduction or withholding for or on account of any Indemnified Tax Liabilities, provided that to the extent that any Borrower or any Guarantor Subsidiary shall be required by Applicable Laws to deduct or withhold any Indemnified Tax Liabilities from, or in respect of, such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional sums payable under the Credit Documents) the applicable Lender receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) the Borrowers shall make (or cause to be made) such deductions or withholdings and (iii) the Borrowers shall timely pay (or cause to be paid) the full amount deducted or withheld to the relevant Governmental Body in accordance with Applicable Laws. The applicable Lender's calculations of the amount of the payments that are required to be made by the Borrowers pursuant to this Section 13.13 shall be conclusive and binding for all purposes, absent manifest error. Without limiting the foregoing, the Borrowers shall timely pay any Indemnified Tax Liabilities to the relevant Governmental Body in accordance with Applicable Laws.

(c) The Borrowers must promptly pay all stamp duty, transaction, registration and similar Taxes, including fines and penalties which may be payable to, or required to be paid by, any appropriate Governmental Body or determined to be payable in connection with the execution, delivery or performance of the Credit Documents by Ensign Canada, the Borrowers and any Guarantor Subsidiary and in connection with the enforcement of the Credit Documents or any payment, receipt or other transaction contemplated by them.

(d) The Borrower shall indemnify, without duplication, each Lender for the full amount of any Indemnified Tax Liabilities (including, without limitation, Indemnified Tax Liabilities imposed by any jurisdiction or asserted on or attributable to amounts payable under this Subsection 13.13(d) payable by such Lender on or with respect to any payment by or on account of any obligation of any Borrower or any Guarantor Subsidiary under the Credit Documents and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Tax Liabilities were correctly or legally imposed or asserted by the relevant Governmental Body. Payment under this indemnification shall be made within 20 days from the date the applicable Lender makes written demand therefor. A certificate as to the amount of such payment or liability delivered to the applicable Borrower by the applicable Lender shall be conclusive and binding for all purposes, absent manifest error. Any Lender that is entitled to an exemption from or reduction of any Indemnified Tax Liabilities (including any United States withholding taxes imposed under FATCA) under the law of the jurisdiction in which such Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Credit Document shall deliver to the applicable Borrower (with a copy to the Agent), at the time or times prescribed by Applicable Law or reasonably requested by the applicable Borrower or the Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without payment of any such Indemnified Tax Liabilities or at a reduced rate.

(e) Notwithstanding the foregoing, the Borrowers shall not be liable for any such Taxes, or any liabilities in respect of any thereof, (i) imposed on the net income of a Lender by the jurisdiction under the laws of which such Lender is organized or doing business or any political subdivision thereof, (ii) imposed on its net income by the jurisdiction of a Lender's applicable lending office or any political subdivision thereof, and (iii) any United States withholding taxes imposed under FATCA (the Taxes set forth in the foregoing clauses (i), (ii) and (iii), and liabilities in respect thereof are referred to herein as "**Excluded Taxes**") and notwithstanding anything to the contrary, the Borrowers shall not deduct or withhold any United States withholding taxes imposed under FATCA from, or, in respect of, any and all payments to the Lenders.

(f) Any and all amounts required to be paid by Borrowers pursuant to this Section 13.13 shall constitute part of the Obligations.

(g) The consideration payable for any supply made by or through an entity (a "**Supplier**") under or in connection with any Credit Documents does not include GST.

If GST is payable in respect of any supply made by or through a Supplier under or in connection with any Credit Document ("**GST Liability**") then:

(i) where consideration is provided by a party (a "**Recipient**") in relation to that supply, the Recipient will pay an additional amount to the Supplier equal to the full amount of the GST Liability; and

(ii) except where Section 13.13(g)(i) applies, the Recipient will indemnify and keep the Supplier indemnified for the full amount of the GST Liability.

If required by Applicable Law, each Supplier will provide to the relevant Recipient or the relevant Borrower, as applicable, a tax invoice complying with the Applicable Law relating to any payment made to it in accordance with this Section 13.13(g).

Any payment or reimbursement required to be made to a Supplier under any Credit Document that is calculated by reference to a cost, expense, charge, liability or disbursement (a "**Cost**") or other amount paid or incurred will be limited to the total Cost or other amount less the amount of any input tax credit or other credit to which the relevant Supplier is entitled in connection with the Cost.

13.14 Increased Costs etc.

(a) If, after the date hereof, the introduction of or any change in any Applicable Laws or in the interpretation or application thereof by any court or by any judicial or governmental authority charged with the interpretation or administration thereof, or if compliance by any Lender with any request or directive from any central bank or other fiscal, monetary or other authority issued after the date hereof (whether or not having the force of law) provided that, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a change in Applicable Law, regardless of the date enacted, adopted, issued or implemented):

(i) subjects the Lenders (or any of them) to, or causes the withdrawal or termination of a previously granted exemption with respect to, any Taxes, or changes the basis of taxation of payments due to the Lenders (or any of them), or increases any existing Taxes on payments of principal, interest or other amounts payable by the Borrowers to the Lenders (or any of them) under this Agreement;

(ii) imposes, modifies or deems applicable any reserve, liquidity, special deposit, regulatory or similar requirement against assets or liabilities held by, or deposits in or for the account of, or loans by the Lenders (or any of them), or any acquisition of funds for loans or commitments to fund loans or obligations in respect of undrawn, committed lines of credit or in respect of any Available Credits;

(iii) imposes on the Lenders (or any of them) or requires there to be maintained by the Lenders (or any of them) any capital adequacy or additional capital liquidity requirements (including, without limitation, a requirement which affects a Lenders' allocation of capital resources to its obligations) in respect of any Advance or obligation of a Lender hereunder, or any other condition with respect to this Agreement;

(iv) otherwise imposes on the Lenders (or any of them), any other condition or requirement affecting this Agreement or any Advance or any obligation of the Lenders (or any of them) hereunder which directly or indirectly affects the cost to the Lenders (or any of them) of making available, funding or maintaining any Advance or the Obligations owing by the Borrowers hereunder;

and the result of (i), (ii), (iii) or (iv) above, in the sole determination of the affected Lender acting in good faith, is:

(v) to increase the cost to such Lender of performing its obligations hereunder with respect to any Advance;

(vi) to reduce any amount received or receivable by such Lender hereunder or its effective return hereunder or on its capital in respect of any Advance;

(vii) to reduce the interest, Commitment Fees or other fees payable to the Lenders hereunder; or

(viii) to cause such Lender to make any payment with respect to or to forego any return on or calculated by reference to, any amount received or receivable by such Lender hereunder with respect to any Advance;

such Lender shall determine such additional cost, reduction in income or payment, without duplication, (the "**Additional Compensation**") and shall promptly notify Ensign Canada. Such affected Lender shall provide to Ensign Canada a photocopy of the relevant law, rule, guideline, regulation, treaty, or official directive and a certificate of a duly authorized officer of such Lender setting forth the Additional Compensation and the basis of calculation thereof and for the purposes of calculating such amount such Lender shall treat the Borrowers, and the Credit in a manner consistent with comparable borrowers and transactions. The Borrowers shall pay to such affected Lender forthwith following the giving of such notice such Additional Compensation calculated from the effective date of the relevant adoption or change; provided that the affected Lender shall not be entitled to Additional Compensation to the extent that such increase in costs or reduction in amounts received or to be received or reduction in return is reflected in or recovered by an increase in the interest or other amounts payable hereunder other than pursuant to this Section 13.14. Such affected Lender shall endeavour to minimize the incidence of any Additional Compensation.

Failure or delay on the part of any Lender to demand Additional Compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such Additional Compensation, except that no Borrower shall be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender notifies the applicable Borrower of the change in Applicable Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefore, unless the change in Applicable Law giving rise to such increased costs or reductions is retroactive, in which case the six month period referred to above shall be extended to include the period of retroactive effect thereof.

(b) If a Lender notifies Ensign Canada that Additional Compensation is owed to such Lender, Ensign Canada shall have the right, upon at least two Business Days' irrevocable written notice to such affected Lender:

(i) to (subject to limitations on repayments contained in Section 5.5) cause the applicable Borrower to repay to such Lender the relevant portion of any Advance on the date specified in such notice together with all interest accrued thereon to the date of repayment, the Additional Compensation if any to the date of payment and all other amounts, if any, payable for the account of the Lender hereunder in respect of such Advance (including any amounts payable under this Section 13.14); or

(ii) to cause the applicable Borrower to effect a Conversion of the relevant portion of any Advance (subject always to the provisions of this Agreement); and

(c) Each Lender shall use its reasonable efforts to reduce the amount of Additional Compensation payable pursuant to this Section 13.14; provided, however, that no Lender shall have an obligation to expend its own funds, suffer any economic hardship or take any action detrimental to its interests in connection therewith.

13.15 Interest on Miscellaneous Amounts

If a Borrower fails to pay any amount payable hereunder (other than principal, interest thereon or interest upon interest which is payable as otherwise provided in this Agreement) on the due date, such Borrower shall, on demand, pay interest on such overdue amount to the Agent from and including such due date up to but excluding the date of actual payment, both before and after demand, default or judgment, at a rate of interest per annum, compounded monthly, equal to: (a) the sum of the Cdn. Prime Rate plus the Applicable Margin and 2.0% per annum for overdue amounts in Canadian Dollars, (b) the sum of the U.S. Base Rate plus the Applicable Margin and 2.0% per annum for overdue amounts in U.S. Dollars, and (c) the sum of the BBSY Rate for a BBSY Period of three months, plus the Applicable Margin and two percent (2%) per annum for overdue amounts in Australian Dollars.

13.16 Interest Rate Limitation

It is the intention of the parties hereto that each Lender shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby would be usurious as to any Lender under laws applicable to it (including the laws of each the Relevant Jurisdiction or any other jurisdiction whose laws may be mandatorily applicable to such Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in any of the Credit Documents or any agreement entered into in connection with or as security for the Obligations, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to any Lender that is contracted for, taken, reserved, charged or received by such Lender under any of the Credit Documents or agreements or otherwise in connection with the Credit shall under no circumstances exceed the maximum amount allowed by such Applicable Law, and any excess shall be cancelled automatically and if theretofore paid shall be credited by such Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Lender to the applicable Borrower); and (ii) in the event that the maturity of the Credit is accelerated by reason of an election of the holder thereof resulting from any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to any Lender may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall be cancelled automatically by such Lender as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by such Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Lender to the applicable Borrower). All sums paid or agreed to be paid to any Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to such Lender, be amortized, prorated, allocated and spread throughout the stated term of the Credit until payment in full so that the rate or amount of interest on account of any of the Credit hereunder does not exceed the maximum amount allowed by such applicable law. If at any time and from time to time (i) the amount of interest payable to any Lender on any date shall be computed at the Highest Lawful Rate applicable to such Lender pursuant to this Section 13.16 and (ii) in respect of any subsequent interest computation period the amount of interest otherwise payable to such Lender would be less than the amount of interest payable to such Lender computed at the Highest Lawful Rate applicable to such Lender, then the amount of interest payable to such Lender in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to such Lender until the total amount of interest payable to such Lender shall equal the total amount of interest which would have been payable to such Lender if the total amount of interest had been computed without giving effect to this Section 13.16.

13.17 Currency Indemnity

In the event of a judgment or order being rendered by any court or tribunal for the payment of any amounts owing under this Agreement or for the payment of damages in respect of any breach of this Agreement or under or in respect of a judgment or order of another court or tribunal for the payment of such amounts or damages, such judgment or order being expressed in a currency (the "**Judgment Currency**") other than the currency payable hereunder or thereunder (the "**Agreed Currency**"), each party against whom the judgment or order is made shall indemnify and hold each party in whose favour the judgment or order is made harmless against any deficiency in terms of the Agreed Currency in the amounts received by such party arising or resulting from any variation as between (i) the exchange rate at which the Agreed Currency is converted into the Judgment Currency for the purposes of such judgment or order, and (ii) the Exchange Rate at which such party is able to purchase the Agreed Currency with the amount of the Judgment Currency actually received by such party on the date of such receipt. The indemnity in this Section shall constitute a separate and independent obligation from the other obligations of the parties hereunder, shall apply irrespective of any indulgence granted hereunder.

13.18 Environmental Indemnity

Each Borrower hereby agrees to indemnify, defend and hold harmless the Lenders, the Agent and each of them from and against any and all losses, costs, expenses, damages, claims and liabilities (collectively, "**Environmental Claims**") incurred by the Lenders, the Agent and any of them as a result of:

(a) any breach of Applicable Environmental Laws which relates to the property or operations of Ensign Canada, a Borrower or any Subsidiary of Ensign Canada;

(b) any Release, presence, use, creation, transportation, storage or disposal of Hazardous Materials which relate to the property or operations of Ensign Canada, a Borrower or any Subsidiary of Ensign Canada; or

(c) any claim or order for any clean-up, restoration, detoxification, reclamation, repair or other securing or remedial action which relates to the property or operations of Ensign Canada, a Borrower or any Subsidiary of Ensign Canada;

provided, however, that this indemnity shall not apply in respect of any such Environmental Claims which are caused by the gross negligence or wilful misconduct of the Agent or the Lenders or by reason of any act of, or any act or omission taken at the direction of the Agent or any Lender or any of the officers, directors, employees, agents or assignees thereof. This indemnity shall extend to the officers, directors, employees, agents and assignees of the Lenders, the Agent, and each of them as well as to the Lenders, the Agent and each of them itself, and the Lenders, the Agent and each of them will hold the benefit of this indemnity in trust for such other indemnified Persons to the extent necessary to give effect thereto.

13.19 Illegality

If a Lender determines, in good faith, that (a) the introduction of or any change in any Applicable Laws or in the interpretation or application thereof by any court or by any judicial or governmental authority charged with the interpretation or administration thereof that has occurred after the date hereof or (b) compliance by such Lender with any request or directive from any central bank or other fiscal, monetary or other authority (whether or not having the force of law) issued after the date hereof has made it unlawful for such Lender to make, maintain or fund all or any portion of its Commitment or to perform its obligations in respect of the Credit hereunder or any relevant portions thereof as contemplated hereby, such Lender may, by notice in writing to the applicable Borrower and the Agent, declare that its obligations hereunder in respect of its Commitment or the Credit so affected shall be terminated forthwith, whereupon such obligations shall be so terminated and the applicable Borrower shall request a conversion of such Advances to other types of Advances not affected by this Section 13.19 (subject always to the provisions of this Agreement).

13.20 Confidentiality

The Agent and the Lenders agree to maintain the confidentiality of the Information (as defined below) except that, the Agent or any Lender may in their sole discretion, deliver copies of any financial statements and other documents delivered to the Agent or the Lenders, and disclose any other Information disclosed to the Agent or the Lenders, by or on behalf of Ensign Canada, the Borrowers and the Material Subsidiaries in connection with or pursuant to the Credit Documents to:

(a) each of the Agent's and the Lenders' directors, officers, affiliates, employees, agents and professional consultants who have a need to access such information and the Agent and the applicable Lender shall remain responsible for ensuring that arrangements are in place so that such Person maintains the confidentiality of such Information;

(b) any regulatory authority having jurisdiction over the Agent or Lenders;

(c) any other Person to whom such delivery or disclosure may be necessary or appropriate (i) in connection with any assignment or proposed assignment, or any Participation or proposed Participation, by the Agent or a Lender of any of its interests under the Credit Documents, (ii) in compliance with any Applicable Laws, applicable to the Lender, (iii) in response to any subpoena or other legal process, or (iv) in connection with any litigation to which the Lender is a party in any way relating to a Borrower, any Subsidiary of Ensign Canada, the Credit Documents and the transactions contemplated therein; or

(d) any other Person with the prior written consent of Ensign Canada.

"Information" means all information received from Ensign Canada, a Borrower or any Subsidiary relating to Ensign Canada, such Borrower or Subsidiary and their businesses, other than any such information that is available to the Agent or any Lender on a nonconfidential basis prior to disclosure by Ensign Canada, a Borrower or a Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section 13.20 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

13.21 Replacement Lender

If a Lender becomes a Defaulting Lender, the Borrowers may, treating each affected Lender rateably and in the same manner as other Lenders subject to similar circumstances (all such Lenders being the "**Affected Lenders**"), replace all Affected Lenders by reaching satisfactory arrangements with one or more existing Lenders or new Lenders that are acceptable to the Agent, acting reasonably, for the purchase of all of such Affected Lenders' Commitments as long as:

(a) if the amendment, consent or determination required the consent of all Lenders and the same was not obtained, the consent of all Lenders approving such amendment, consent or determination is obtained to the replacement of the Affected Lenders;

(b) such purchasing Lender(s) unconditionally offers in writing (with copy to the Agent) to purchase all of the rights and obligations of the Affected Lender(s) including all outstanding Advances owed to such Affected Lender(s) for a purchase price equal to the aggregate Outstanding Principal owed to the Affected Lender(s) (payable in immediately available funds);

(c) the obligations of the Borrowers owing pursuant to Section 13.13 and Section 13.14 to the Affected Lender(s) are paid in full to the Affected Lender(s) concurrently with such replacement; and

(d) all requirements set forth in Article 12 with respect to such assignment are complied with, including entering into of an Assignment Agreement..

13.22 Address for Notice

Any notice, demand or other communication (a "**Notice**") to be given under the Credit Documents shall, except as otherwise specifically provided, be in writing addressed to the party for whom it is intended and, may be delivered by courier or telecopied, with transmission confirmed by a transmission report. Notwithstanding any provision of this Agreement to the contrary, if Notice is required herein to be given to Ensign Canada or the Borrower, such Notice shall be deemed to be validly given to Ensign Canada and all of the Borrowers, if such Notice is provided to Ensign Canada only. Except as otherwise explicitly provided, every Notice shall be deemed to have been duly given, served or received on the date on which it is delivered (or if such date is not a Business Day, the next following Business Day) or on the date of transmission, if transmission is completed prior to 3:00 p.m. (Calgary time) on a Business Day (or the next Business Day if the transmission is completed after 3:00 p.m. (Calgary time) on a Business Day or on a day that is not a Business Day). The addresses of the parties hereto for the purposes hereof shall be the addresses specified beside their respective signatures to this Agreement or any Assignment Agreement, or such other mailing or facsimile addresses as each party from to time may notify the other as aforesaid.

13.23 Time of the Essence

Time shall be of the essence in this Agreement.

13.24 Further Assurances

Ensign Canada and each Borrower shall, at the request of the Agent, do all such further acts and execute and deliver all such further documents as may, in the reasonable opinion of the Agent, be necessary or desirable in order to fully perform and carry out the purpose and intent of the Credit Documents.

13.25 Term of Agreement

Except as otherwise provided herein, this Agreement shall remain in full force and effect until the payment and performance in full of all of the Obligations owing by each Borrower hereunder and the Lenders have no further obligation to make any Advances available to any Borrower

13.26 Payments on Business Day

Whenever any payment or performance under the Credit Documents would otherwise be due on a day other than a Business Day, such payment shall be made on the following Business Day.

13.27 Counterparts and Facsimile

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. For the purposes of this Section, the delivery of a facsimile or PDF electronic copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering a facsimile or PDF electronic copy shall deliver an original copy of this Agreement as soon as possible after delivering the facsimile copy.

13.28 Statute References

All references herein to a statute include, unless otherwise stated, regulations passed or in force pursuant thereto and any amendments to such statute or to such regulations from time to time, and any legislation or regulations substantially replacing the same or substantially replacing any specific provision to which such reference is made.

13.29 Non-Merger

Each Borrower covenants and agrees with the Agent and the Lenders that, in the case of any judicial or other proceeding to enforce the rights and remedies of the Agent or the Lenders under the Credit Documents (or any part thereof), judgment may be rendered against the Borrowers (and any of them) in favour of the Lenders, or any of them, for any amount owing by them under the Credit Documents (or for which a Borrower may be liable thereunder after the application to the payment thereof of the proceeds of any sale of any of the property, assets or undertaking of such Borrower). The covenants of each Borrower to pay interest at the rate provided for in this Agreement shall not merge in any such judgment and such judgment in: (a) Canadian Dollars shall bear interest at the Cdn. Prime Rate plus 2.0% per annum, (b) in U.S. Dollars shall bear interest at the U.S. Base Rate plus 2% per annum , and (c) in AU Dollars shall bear interest at the BBSY Rate plus 2.0% per annum, in each case until such judgment and all Obligations of each Borrower to the Lenders under the Credit Documents have been paid in full. Each Borrower waives the provisions of the *Judgment Interest Act* (Alberta) to the fullest extent permitted by law.

13.30 Exculpation Provisions

EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT HAS A DUTY TO READ THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND AGREES THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS; THAT IT HAS IN FACT READ THIS AGREEMENT AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS AGREEMENT; THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS; AND HAS RECEIVED THE ADVICE OF ITS LEGAL COUNSEL IN ENTERING INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS; AND THAT IT RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS RESULT IN ONE PARTY ASSUMING THE LIABILITY INHERENT IN SOME ASPECTS OF THE TRANSACTION AND RELIEVING THE OTHER PARTY OF ITS RESPONSIBILITY FOR SUCH LIABILITY. EACH PARTY HERETO AGREES AND COVENANTS THAT IT WILL NOT CONTEST THE VALIDITY OR ENFORCEABILITY OF ANY EXCULPATORY PROVISION OF THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

13.31 Waiver of Jury Trial

Each of the parties hereto hereby (i) irrevocably and unconditionally waives, to the fullest extent permitted by law, trial by jury in legal action or proceeding relating to this Agreement or any other Credit Document and for any counterclaim therein; (ii) irrevocably waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any such litigation any special, exemplary, punitive or consequential damages, or damages other than, or in addition to, actual damages; (iii) certifies that no other party hereto nor any of their representatives, agents or counsel has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waivers, and (iv) acknowledges that the other parties hereto have been induced to enter into this Agreement, the Credit Documents and the transactions contemplated hereby and thereby by, among other things, the waivers and certifications contained in this Section 13.31.

13.32 USA Patriot Act Notice

Each Lender hereby notifies the Borrowers that pursuant to the requirements of the *USA Patriot Act* (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**USA Patriot Act**"), it is required to obtain, verify and record information that identifies each Borrower and its Subsidiaries, which information includes the name and address of each Borrower and its Subsidiaries other information that will allow such Lender to identify each Borrower and its Subsidiaries in accordance with the USA Patriot Act.

13.33 Bail-In Actions

Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

13.34 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto concerning the matters addressed in this Agreement, and cancel and supersede any prior agreements, undertakings, declarations or representations, written or verbal, in respect thereof.

[Remainder of page deliberately blank - signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ADDRESS FOR NOTICE:
ENSIGN ENERGY SERVICES INC.
1000, 400 - 5th Avenue S.W.
Calgary, AB T2P 0L6

ENSIGN ENERGY SERVICES INC.

By: **[Originally signed]**
Name:
Title:

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
ENSIGN DRILLING INC.
1000, 400 - 5th Avenue S.W.
Calgary, AB T2P 0L6

ENSIGN DRILLING INC.

By: **[Originally signed]**
Name:
Title:

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
ENSIGN UNITED STATES DRILLING INC.
1000, 400 - 5th Avenue S.W.
Calgary, AB T2P 0L6

ENSIGN UNITED STATES DRILLING INC.

By: **[Originally signed]**
Name:
Title:

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
ENSIGN ENERGY SERVICES INTERNATIONAL LIMITED
1000, 400 - 5th Avenue S.W.
Calgary, AB T2P 0L6

ENSIGN ENERGY SERVICES INTERNATIONAL LIMITED

By: **[Originally signed]**
Name:
Title:

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
ENSIGN AUSTRALIA PTY LIMITED
1000, 400 - 5th Avenue S.W.
Calgary, AB T2P 0L6

ENSIGN AUSTRALIA PTY LIMITED

By: **[Originally signed]**
Name:
Title:

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
HSBC BANK CANADA, as Agent
9th Floor, 407 - 8th Avenue S.W.
Calgary, AB T2P 1E5

HSBC BANK CANADA, as Agent

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
HSBC BANK CANADA, as Lender
9th Floor, 407 - 8th Avenue S.W.
Calgary, AB T2P 1E5

HSBC BANK CANADA, as Lender

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED - SYDNEY BRANCH
Level 32, HSBC Centre
580 George Street, Sydney
NSW Australia 2000

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED - SYDNEY BRANCH, as Lender

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
WELLS FARGO BANK, N.A., CANADIAN BRANCH
2711, 308-4th Avenue S.W.
Calgary, AB T2P 0H7

WELLS FARGO BANK, N.A., CANADIAN BRANCH, as Lender

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
ALBERTA TREASURY BRANCHES
600 – 444 7th Avenue S.W.
Calgary, AB T2P 0X8

ALBERTA TREASURY BRANCHES, as Lender

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
THE TORONTO-DOMINION BANK
[●]

THE TORONTO-DOMINION BANK

By: **[Originally signed]**
Name:
Title:

ADDRESS FOR NOTICE:
BUSINESS DEVELOPMENT BANK OF CANADA
[●]

BUSINESS DEVELOPMENT BANK OF CANADA
By: **[Originally signed]**
Name:
Title:

SCHEDULE "A" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT made this • day of •.

B E T W E E N:

• (the "Lender")

OF THE FIRST PART

- and -

• (the "Assignee")

OF THE SECOND PART

1. WHEREAS the Lender is a party to an amended and restated credit agreement made as of December 28, 2016 among Ensign Energy Services Inc. ("Ensign Canada"), Ensign Drilling Inc. (the "Canadian Borrower"), Ensign Energy Services International Limited ("Ensign International"), Ensign Australia Pty Limited ("Ensign AU Pty") and Ensign United States Drilling Inc. (the "US Borrower"), the Lenders (as defined therein) and HSBC Bank Canada, as agent (the "Agent"), as amended, supplemented, restated or replaced from time to time (the "Credit Agreement");

2. AND WHEREAS the Lender desires to assign to the Assignee a portion of its rights and obligations under the Credit Agreement (including, without limitation, that same portion of the Commitments) and the other Credit Documents;

3. AND WHEREAS pursuant to the terms of the Credit Agreement, the Lender has complied with the provisions set out in Article 12 of the Credit Agreement;

4. NOW THEREFORE THIS AGREEMENT WITNESSES that the parties hereto agree as follows:

   (i) All capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Credit Agreement.

   (ii) Pursuant to and in accordance with Article 12 of the Credit Agreement, the Lender hereby irrevocably assigns and transfers to the Assignee and the Assignee hereby purchases from the Lender and assumes, all rights and obligations of the Lender under the Credit Agreement with respect to that portion of its Commitment(s) set forth in Appendix I hereto.

   (iii) The Assignee agrees to be bound by the terms and conditions of the Credit Agreement and to perform all of the obligations of the Lender thereunder from and after the effective date of this assignment.

(iv) The Assignee hereby confirms and agrees to the appointment of HSBC Bank Canada as Agent.

(v) All of the acknowledgements and representations of a Lender contained in Section 11.9 of the Credit Agreement are true and correct with respect to the Assignee and the Assignee hereby agrees to be bound by the covenants of a Lender under the Credit Agreement.

(vi) The representations, warranties, covenants and agreements contained herein shall survive the execution and delivery of this Assignment Agreement.

(vii) The parties hereto acknowledge and agree that the provisions of this Assignment Agreement shall enure to benefit the Lender, the Agent and such other Lenders as may from time to time become parties to the Credit Agreement.

(viii) This Assignment Agreement shall be construed in accordance with, and all the rights of the parties hereto, shall be governed by, the laws of the Province of Alberta and the laws of Canada applicable therein.

(ix) This Assignment Agreement and any acknowledgements and approvals thereof may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement.

• [Lender]
By:
By:

• [Assignee]
By:
By:

Acknowledged and Consented to this • day of •

HSBC BANK CANADA,

As Agent

By:

If no Default or Event of Default has occurred:

Ensign Energy Services Inc. hereby confirms that the representations and warranties set forth in Article 8 of the Credit Agreement are true and correct on the date hereof and that no Default or Event of Default has occurred thereunder, which is continuing. Ensign Energy Services Inc. hereby consents to the foregoing as of this • day of •.

ENSIGN ENERGY SERVICES INC.

By: ______________________________

Appendix I

NAME AND ADDRESS OF LENDER

•

Attention: •

NAME AND ADDRESS OF ASSIGNEE

•

Attention: •

Payments

All interest payments or other payments to be made to the Assignee by [bank wire transfer] to:

Notices

All notices and communications, except notice with respect to payment, and written confirmation of each such payment, to be addressed to the Assignee at:

•

Attention: •

Notices with respect to payment, and written confirmation of each such payment, to be addressed to the Assignee at:

•

Attention: •

LENDER'S COMMITMENT TO BE ASSIGNED

$• of the <> Tranche

SCHEDULE "B" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

COMMITMENTS OF LENDERS

Name of Address of Lender	Commitment (Cdn. $)
HSBC BANK CANADA 9th Floor, 407 - 8th Avenue S.W. Calgary, AB T2P 1E5	Cdn. $[redacted] under the Canadian/US Tranche
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED - SYDNEY BRANCH Level 32, HSBC Centre 580 George Street, Sydney NWS Australia 2000	Cdn. $[redacted] under the Australian Tranche
HSBC BANK CANADA 9th Floor, 407 - 8th Avenue S.W. Calgary, AB T2P 1E5	Cdn. $[redacted] under the Syndicated Tranche
WELLS FARGO BANK, N.A., CANADIAN BRANCH 2711, 308-4th Avenue S.W. Calgary, AB T2P 0H7	Cdn. $[redacted] under the Syndicated Tranche
ALBERTA TREASURY BRANCHES 600 – 444 7th Avenue S.W. Calgary, AB T2P 0X8	Cdn. $[redacted] under the Syndicated Tranche
THE TORONTO-DOMINION BANK **[•]**	Cdn. $[redacted] under the Syndicated Tranche
BUSINESS DEVELOPMENT BANK OF CANADA	Cdn. $[redacted] under the Canadian Tranche

SCHEDULE "C" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

COMPLIANCE CERTIFICATE

TO: HSBC Bank Canada
9th Floor, 407 - 8th Avenue S.W.
Calgary, AB T2P 1E5

Dear Sirs:

1. Reference is made to the amended and restated credit agreement made as of December 28, 2016, among Ensign Energy Services Inc. ("Ensign Canada") as Guarantor and Covenantor, Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as Borrowers, the Lenders (as defined therein), HSBC Bank Canada, as agent (the "Agent"), as amended, supplemented, restated or replaced from time to time (the "Credit Agreement"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as ascribed thereto in the Credit Agreement.

2. I/We**, [names]**, in **[my/our]** capacity as **[title and title]** of Ensign Canada respectively, and not in any personal capacity, hereby certify that as of the date hereof:

   a) the representations and warranties set forth in the Credit Agreement are true and correct on the date hereof; and

   b) no Default or Event of Default has occurred and is continuing.

3. As at the **[insert March 31, June 30, September 30 or December 31, as applicable]**:

   (a) The Consolidated Senior Debt to Consolidated EBITDA Ratio is •:•;

   (b) the Consolidated Debt to Consolidated EBITDA Ratio is •:•;

   (c) the Consolidated Debt to Consolidated Capitalization Ratio is <>%; and

   (d) the Consolidated EBITDA to Consolidated Interest Expense Ratio is •:•.

4. [If required by the Agent pursuant to Section 9.3(d): Attached hereto is a detailed list and description of all of the Hedging Agreements to which the Borrowers and the Subsidiaries of Ensign Canada are a party (which description includes the specific terms and provisions of such Hedging Agreements), together with the Market Value of each such Hedging Agreement as at [insert March 31, June 30, September 30 or December 31, as applicable]. "Market Value" means, with respect to the obligations of the Borrowers and the Subsidiaries of Ensign Canada under each Hedging Agreement on any day on which the Market Value is calculated, an amount, whether positive or negative, if any, which could be owing by the Borrowers or the Subsidiaries of Ensign Canada with respect to their obligations under each such Hedging Agreement,

calculated (whether or not governed by an ISDA Master Agreement) by making an estimation at mid-market the calculations required by section 6(e)(ii)(2)(A) of the ISDA Master Agreement as if the ISDA Master Agreement were being terminated as a result of a Termination Event with two Affected Parties on that day of calculation. Capitalized terms not defined in this Certificate shall have the meanings ascribed to them in the ISDA Master Agreement.]

The detailed calculation of each ratio referred to in Section 3 above is as set out on Schedule "A" attached hereto.

DATED this ___________day of _____________________, _____.

ENSIGN ENERGY SERVICES INC.

Per: _______________________________
Name:
Title:

SCHEDULE "D" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

CONVERSION NOTICE

TO: HSBC Bank Canada
9th Floor, 407 - 8th Avenue S.W.
Calgary, AB T2P 1E5

Dear Sirs:

1. Reference is made to the amended and restated credit agreement made as of December 28, 2016, among Ensign Energy Services Inc. ("Ensign Canada") as Guarantor and Covenantor, Ensign Drilling Inc. (the "Canadian Borrower"), Ensign Energy Services International Limited ("Ensign International"), Ensign Australia Pty Limited ("Ensign AU Pty") and Ensign United States Drilling Inc. (the "US Borrower "), as Borrowers, the Lenders (as defined therein), HSBC Bank Canada, as agent (the "Agent"), as amended, supplemented, restated or replaced from time to time (the "Credit Agreement"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as ascribed thereto in the Credit Agreement.

2. Pursuant to Section 5.4 of the Credit Agreement, **[the Canadian Borrower, Ensign International, Ensign AU Pty or the US Borrower]** hereby requests the following Conversion:

   (a) Conversion Date:

   1) Applicable Tranche:

   2) Type and amount of existing Advance (prior to Conversion):

   3) Type and amount of converted Advance (after Conversion):

   4) Maturity Date (after Conversion) (if applicable):

   5) Applicable Borrower's account(s) (if any):

   6) Special Instructions (if any):

   7) **[Libor Period/BBSY Period]**:

3. No Default or Event of Default has occurred and is continuing.

DATED this __________day of ____________________, ______.

[ENSIGN DRILLING INC. / ENSIGN ENERGY SERVICES INTERNATIONAL LTD. / ENSIGN AUSTRALIA PTY LIMITED / ENSIGN UNITED STATES DRILLING INC.]

Per: _____________________________
Name:
Title:

SCHEDULE "E" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

DRAWDOWN NOTICE

TO: HSBC Bank Canada
9th Floor, 407 - 8th Avenue S.W.
Calgary, AB T2P 1E5

Dear Sirs:

1. Reference is made to the amended and restated credit agreement made as of December 28, 2016, among Ensign Energy Services Inc. ("Ensign Canada") as Guarantor and Covenantor, Ensign Drilling Inc. (the "Canadian Borrower"), Ensign Energy Services International Limited ("Ensign International"), Ensign Australia Pty Limited ("Ensign AU Pty") and Ensign United States Drilling Inc. (the "US Borrower"), as Borrowers, the Lenders (as defined therein), HSBC Bank Canada, as agent (the "Agent"), as amended, supplemented, restated or replaced from time to time (the "Credit Agreement"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as ascribed thereto in the Credit Agreement.

2. Pursuant to Section 5.4 of the Credit Agreement, **[the Canadian Borrower, Ensign International, Ensign AU Pty or the US Borrower]** hereby requests the following Drawdown:

    (a) Advance Date:

    1) Applicable Tranche:

    2) Type and amount of Advance:

    3) Maturity Date (if applicable):

    4) Applicable Borrower's account(s) (if any):

    5) Special Instructions (if any):

    6) **[Libor Period/BBSY Period]**:

3. The representations and warranties set forth in the Credit Agreement are true and correct on the date hereof except for those expressly stated to be made as of the date of the Credit Agreement.

4. No Default or Event of Default has occurred and is continuing.

[except those set out below, which have been expressly disclosed to and waived or agreed to by the Lenders in writing].

DATED this ______ day of ___________________, _______.

[ENSIGN DRILLING INC. / ENSIGN ENERGY SERVICES INTERNATIONAL LTD. / ENSIGN AUSTRALIA PTY LIMITED / ENSIGN UNITED STATES DRILLING INC.]

Per: ______________________________
Name:
Title:

SCHEDULE "F" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

REPAYMENT NOTICE

TO: HSBC Bank Canada

The Hong Kong and Shanghai Banking Corporation Limited - Sydney Branch
HSBC Bank USA, National Association

Dear Sirs:

1. Reference is made to the amended and restated credit agreement made as of December 28, 2016, among Ensign Energy Services Inc. ("Ensign Canada") as Guarantor and Covenantor, Ensign Drilling Inc. (the "Canadian Borrower"), Ensign Energy Services International Limited ("Ensign International"), Ensign Australia Pty Limited ("Ensign AU Pty") and Ensign United States Drilling Inc. (the "US Borrower"), as Borrowers, the Lenders (as defined therein), HSBC Bank Canada, as agent (the "Agent"), as amended, supplemented, restated or replaced from time to time (the "Credit Agreement"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as ascribed thereto in the Credit Agreement.

2. Pursuant to Section 5.4 of the Credit Agreement, **[the Canadian Borrower, Ensign International, Ensign AU Pty, or the US Borrower]** hereby advises of the following repayment:

    (a) Repayment Date:

        1) Applicable Tranche:

        2) Type and amount of Advance Repaid:

        3) Special Instructions (if any):

DATED this ______ day of ___________________, _____.

[ENSIGN DRILLING INC. / ENSIGN ENERGY SERVICES INTERNATIONAL LTD. / ENSIGN AUSTRALIA PTY LIMITED / ENSIGN UNITED STATES DRILLING INC.]

Per: ______________________________
Name:
Title:

SCHEDULE "G" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

ROLLOVER NOTICE

TO: HSBC Bank Canada
9th Floor, 407 - 8th Avenue S.W.
Calgary, AB T2P 1E5

Dear Sirs:

1. Reference is made to the amended and restated credit agreement made as of December 28, 2016, among Ensign Energy Services Inc. ("Ensign Canada") as Guarantor and Covenantor, Ensign Drilling Inc. (the "Canadian Borrower"), Ensign Energy Services International Limited ("Ensign International"), Ensign Australia Pty Limited ("Ensign AU Pty") and Ensign United States Drilling Inc. (the "US Borrower"), as Borrowers, the Lenders (as defined therein), HSBC Bank Canada, as agent (the "Agent"), as amended, supplemented, restated or replaced from time to time (the "Credit Agreement"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as ascribed thereto in the Credit Agreement.

2. Pursuant to Section 5.4 of the Credit Agreement, **[the Canadian Borrower, Ensign International, Ensign AU Pty, or the US Borrower]** hereby requests the following Rollover:

   (a) Rollover Date:

   1) Applicable Tranche:

   2) Type and amount of existing Advance (prior to Rollover):

   3) Type and amount of converted Advance (after Rollover):

   4) Maturity Date (after Rollover) (if applicable):

   5) Applicable Borrower's account(s) (if any):

   6) Special Instructions (if any):

   7) **[Libor Period/BBSY Period]**:

3. No Default or Event of Default has occurred and is continuing.

DATED this __________day of ____________________, ______.

[ENSIGN DRILLING INC. / ENSIGN ENERGY SERVICES INTERNATIONAL LTD. / ENSIGN AUSTRALIA PTY LIMITED / ENSIGN UNITED STATES DRILLING INC.]

Per: _____________________________
Name:
Title:

SCHEDULE "H" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

DISCLOSURE INFORMATION RELATING TO
SUBSIDIARIES AND MATERIAL SUBSIDIARIES OF ENSIGN CANADA

Name of Party	Jurisdiction of Formation	Jurisdiction in Which Carries on Business
Ensign Drilling Inc.	Alberta	Alberta, Saskatchewan, British Columbia, Northwest Territories, Yukon
Ensign United States Drilling Inc.	Colorado	Colorado, Montana, North Dakota, Utah, Wyoming, Nevada, Pennsylvania, Michigan, South Dakota, Nebraska
Ensign Australia Pty Limited	Australia	Australia
Ensign Energy Services International Limited	Australia	Australia
Artisan Corporation	Alberta	Alberta, Saskatchewan, British Columbia, Northwest Territories, Yukon
Ensign United States Drilling (S.W.) Inc.	Colorado	Texas, Louisiana, Oklahoma, Alabama, Mississippi
Ensign US Southern Drilling LLC	Delaware	Texas, Louisiana, Oklahoma, Alabama, Mississippi
Ensign US Financial (Delaware) LP	Delaware	Delaware

Ensign United States Drilling (California) Inc.	California	California, Nevada
Ensign Testing Services Inc.	Alberta	Alberta, British Columbia, Manitoba, Saskatchewan
Ensign Testing Services (U.S.A.) Inc.	Montana	Montana, North Dakota, Utah, Wyoming, Pennsylvania, Texas, Colorado
Ensign Well Servicing Inc.	Alberta	Alberta, British Columbia, Manitoba, Saskatchewan
Ensign International Energy Services LLC	Oman	Oman
Oil Drilling & Exploration (International) Pty Limited	Australian	Australia
Tristate (Barbados) Holdings Inc.	Barbados	Barbados

SCHEDULE "I" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

REQUEST FOR EXTENSION

TO: HSBC Bank Canada

The Hong Kong and Shanghai Banking Corporation - Sydney Branch

Dear Sirs:

We refer you to the amended and restated credit agreement made as of December 28, 2016, among Ensign Energy Services Inc. as Guarantor and Covenantor, Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as Borrowers, the Lenders (as defined therein), HSBC Bank, as Agent, as amended, supplemented, restated or replaced from time to time (the "Credit Agreement"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as ascribed thereto in the Credit Agreement.

We hereby give notice of our request for an extension of the Stated Maturity Date for a further period of one year pursuant to Section 3.1(a) of the Credit Agreement.

As of the date hereof, there exists no Event of Default or Default under the Credit Agreement.

Yours very truly,

ENSIGN ENERGY SERVICES INC.

By:________________________________
Name:
Title:

ENSIGN DRILLING INC.

By:________________________________
Name:
Title:

ENSIGN ENERGY SERVICES INTERNATIONAL LIMITED

By:________________________________
Name:
Title:

ENSIGN UNITED STATES DRILLING INC.

By:________________________________
Name:
Title:

ENSIGN AUSTRALIA PTY LIMITED

By:________________________________
Name:
Title:

Each of the undersigned hereby agrees to the extension requested herein by the Borrowers.

Dated as of the _______ day of ______________________, ●.

●

By:________________________________
Name:
Title:

•

GUARANTEE AND SUBORDINATION AGREEMENT

THIS GUARANTEE AND SUBORDINATION AGREEMENT is made as of the ____ day of _________, _____,

BY:

• (the "**Guarantor**"),

IN FAVOUR OF:

HSBC BANK CANADA, as agent (the "**Agent**") for and on behalf of itself and the several banks, financial institutions and others from time to time parties to the Credit Agreement

and

EACH HEDGE PROVIDER,

RECITALS:

1. **WHEREAS** the Guarantor has agreed to guarantee the payment and performance by the Borrowers of the Guaranteed Obligations to the Agent, the Lenders and each Hedge Provider under, in respect of, or in connection with, the Credit Agreement and the other Credit Documents;

2. **AND WHEREAS** as a condition precedent to the Lenders making the Credit available to the Borrowers, the Lenders require the Guarantor to expressly subordinate the Subordinated Obligations to the Guaranteed Obligations;

3. **NOW THEREFORE**, for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Guarantor), the Guarantor agrees with the Agent, the Lenders and each Hedge Provider as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Capitalized terms used in this Agreement but not otherwise defined shall have the same meanings herein as are ascribed thereto in the Credit Agreement. In addition, the following expressions used in this Agreement shall have the following meanings:

"**Borrowers**" means Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited, Ensign United States Drilling Ltd. and each Additional Borrower (other than the Guarantor, if applicable) under the Credit Agreement, together with their respective successors and permitted assigns;

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. 1 et seq.), as amended from time to time, and any successor statute;

"**Credit Agreement**" means the amended and restated credit agreement made as of December 28, 2016, among Ensign Canada, the Borrowers, the Lenders and the Agent, as the same may be amended, modified, varied, restated or replaced from time to time;

"**Credit Documents**" mean the Credit Agreement, the Hedging Agreements to which a Hedge Provider is a Party, the Cash Management Documents, the Guarantee and Subordination Agreements, the Security and all other documents delivered or to be delivered to or for the benefit of the Agent, the Lenders and each Hedge Provider pursuant to the Credit Agreement and the Permitted Hedges to which a Hedge Provider is a Party;

"**Default**" means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default;

"**Ensign Canada**" means Ensign Energy Services Inc. and its successors and assigns;

"**Event of Default**" means (i) any Event of Default under and as defined in the Credit Agreement, or (ii) with respect to Permitted Hedges, an event of default under any Permitted Hedge to which a Hedge Provider is a party which would entitle the Hedge Provider to enforce any or all of its rights and remedies against the applicable Borrower pursuant to the Permitted Hedge Agreements;

"**Excluded Swap Obligation**" means, with respect to the Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee hereunder of the Guarantor of, or the grant by the Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of the Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee hereunder or security interest is or becomes illegal;

"**Guaranteed Obligations**" means all of the obligations, liabilities and indebtedness of the Borrowers, each Other Guarantor Affiliate and each Other Cash Management Entity to the Agent, any Cash Manager, any Lender or any Hedge Provider from time to time, whether present or future, direct or indirect, absolute or contingent, liquidated or unliquidated, matured or unmatured, extended or renewed, as principal or surety, alone or with others, of whatsoever nature or kind, in any currency, under or in respect of all or any of the Credit Documents, other than Excluded Swap Obligations;

"**Indemnified Amounts**" means the amounts to be paid by the Guarantor under Section 2.2;

"**Other Guarantor Affiliate Obligations**" means all of the obligations, liabilities and indebtedness of the Other Guarantor Affiliates (or any of them) to the Agent, any Lender and any Hedge Provider from time to time, whether present or future, direct or indirect, absolute or contingent, liquidated or unliquidated, matured or unmatured, extended or renewed, as principal or surety, alone or with others, of whatsoever nature or kind, in any currency, under or in respect of all or any Credit Documents;

"**Other Guarantor Affiliates**" means Ensign Canada and the Guarantor Subsidiaries under and as defined in the Credit Agreement, other than the Guarantor, and "**Other Guarantor Affiliate**" means any of them;

"**Other Senior Lenders**" means other holders of senior unsubordinated indebtedness for borrowed money of the Guarantor or any Borrower or Other Guarantor Affiliate in respect of which the Guarantor has provided a guarantee and including, for certainty**,** (i) Royal Bank of Canada under the credit agreement dated on or about June 26, 2008 among Ensign Drilling Partnership (predecessor of Ensign Drilling Inc.) and Royal Bank of Canada, as the same may be amended, modified, varied, restated or replaced from time to time;

"**Parties**" means the parties to this Agreement;

"**Proceedings**" means any voluntary or involuntary receivership, insolvency, proposal, bankruptcy, compromise, arrangement, reorganization, registration, scheme of arrangement, winding-up, liquidation, dissolution or other similar proceedings, whether or not any of the foregoing is judicial in nature, but not including any arrangement, reorganization or winding-up that is permitted under the Credit Agreement;

"**Senior Obligations**" means the Guaranteed Obligations, the Indemnified Amounts and the Other Guarantor Affiliate Obligations;

"**Subordinated Documents**" means the present and future promissory notes, commitment letters, credit agreements, guarantees, certificates, instruments, notes, securities and all other agreements and other documents creating, evidencing, securing or otherwise relating to the Subordinated Obligations;

"**Subordinated Obligations**" means the present and future indebtedness, liabilities and obligations of the Borrowers and the Guarantor Affiliates (or any of them) to the Guarantor, direct or indirect, absolute or contingent, joint or several, matured or unmatured;

"**Subordinated Proceeds**" means all present and future payments and Property received by the Guarantor from the Borrowers and the Guarantor Affiliates (or any of them) in payment or satisfaction of any or all of the Subordinated Obligations, including without limitation, all deposits and investments made with such payments and Property, including all other proceeds thereof of whatsoever nature or kind; and

"**Swap Obligation**" means, with respect to Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

1.2 References

As used herein, "**this Agreement**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and any similar expressions refer to this Agreement as it may be supplemented, amended, restated or replaced from time to time, and not to any particular Article, Section or other portion hereof. Whenever in this Agreement a particular Article, Section or other portion thereof is referred to, such reference pertains to the Article, Section or portion thereof contained herein unless otherwise indicated. In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.3 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.4 Entire Agreement

This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter of this Agreement. There are no warranties, representations or agreements between the Parties in connection with such subject matter, except as specifically set forth or referred to in this Agreement.

1.5 Waiver, Amendment

No amendment or waiver of this Agreement shall be binding unless executed in writing by the Agent. A waiver of any provision of this Agreement shall only constitute a waiver in the specific instance and for the specific purpose for which it is given. A waiver of any provision of this Agreement shall not constitute a continuing waiver unless expressly provided in writing by the Agent.

1.6 Governing Law, Attornment

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and the Parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of Alberta in the City of Calgary.

1.7 Waiver of Jury Trial

The Guarantor hereby (i) irrevocably and unconditionally waives, to the fullest extent permitted by law, trial by jury in legal action or proceeding relating to this Agreement or any other Credit Document and for any counterclaim therein; (ii) irrevocably waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any such litigation any special, exemplary, punitive or consequential damages, or damages other than, or in addition to, actual damages; (iii) certifies that none of the Agent, the Lenders or the Hedge Providers have nor any of their representatives, agents or counsel has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waivers, and (iv) acknowledges that the Agent, the Lenders and the Hedge Providers have been induced to enter into this Agreement, the Credit Documents and the transactions contemplated hereby and thereby by, among other things, the waivers and certifications contained in this Section 1.7.

ARTICLE 2
GUARANTEE AND INDEMNITY

2.1 Guarantee

The Guarantor unconditionally and irrevocably guarantees to and for the benefit of each of the Agent, the Lenders and each Hedge Provider the due and punctual payment and performance of all Guaranteed Obligations. This Agreement contained herein is an absolute, unconditional, present and continuing guarantee of payment, and not of collection, is in no way conditioned or contingent upon any attempt to collect from or enforce payment by the Borrowers or any Other Guarantor Affiliate or upon any other event, contingency or circumstance whatsoever and shall be binding upon and enforceable against the Guarantor without regard to the validity or enforceability of any Credit Document. If, for any reason whatsoever, any Borrower or any Other Guarantor Affiliate shall fail or be unable to duly, punctually and fully pay or perform any Guaranteed Obligation as and when the same shall become due and payable, the Guarantor shall forthwith pay, cause to be paid or cause to be performed, such Guaranteed Obligation to the Agent for and on behalf of itself and the Lenders and, with respect to Guaranteed Obligations pursuant to, under, or in connection with a Permitted Hedge to which a Hedge Provider is a party, to such Hedge Provider.

2.2 Indemnity

The Guarantor shall indemnify and save harmless the Agent, the Lenders and each Hedge Provider from and against any and all losses, costs and expenses which they may suffer by the Guaranteed Obligations not being paid or performed in a punctual manner or by any of the Guaranteed Obligations or any Credit Document being or becoming for any reason whatsoever in whole or in part:

(a) void, voidable, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable by the Agent, the Lenders or any Hedge Provider in accordance with its terms, or

(b) released, compromised or discharged by operation of law or otherwise,

(all of the foregoing collectively, an "**Indemnifiable Circumstance**"). For greater certainty, these losses shall include without limitation the amount of all Guaranteed Obligations which would have been payable by any Borrower or any Other Guarantor Affiliate but for the existence of an Indemnifiable Circumstance but shall exclude all losses, costs and expenses arising from loss of profits, consequential, punitive or indirect damages howsoever arising.

2.3 Reinstatement

The guarantee and indemnity herein shall be reinstated if at any time any payment of any Guaranteed Obligations or Indemnified Amounts is rescinded or must otherwise be returned by the Agent, any Lender or any Hedge Provider as a result of any Proceedings of or affecting the Borrowers or any Guarantor Affiliate, the Guarantor or any other Person or for any other reason whatsoever, all as though such payment had not been made. The Agent, any Lender or any Hedge Provider may concede or compromise any claim that such payment ought to be rescinded or otherwise returned, without discharging, diminishing or in any way affecting the liability and the obligation of the Guarantor under this Agreement.

ARTICLE 3
SUBORDINATION

3.1 Subordination and Postponement

The Guarantor agrees that the Subordinated Documents and the Subordinated Obligations shall be fully subordinated and, subject to Section 3.3, postponed, to and in favour of the Credit Documents and the Senior Obligations in all circumstances. The Agent, the Lenders and each Hedge Provider shall have priority over the Guarantor in respect of all of the present and future Property of any Borrower and any Guarantor Affiliate, to discharge and satisfy the Senior Obligations, all in priority to any claim of the Guarantor.

3.2 Priority

The subordination of the Subordinated Documents and the Subordinated Obligations to the Credit Documents and the Senior Obligations set out in this Agreement and the other provisions of this Agreement shall apply in all events and circumstances. Without limiting the generality of the foregoing, the rights and priority of the Agent, the Lenders and each Hedge Provider and the subordination of the Subordinated Documents and the Subordinated Obligations shall not be affected by:

(a) the time, sequence or order of creating, granting, executing, delivering of, filing or registering or failing to file or register any notice or instrument in respect of the Credit Documents or the Subordinated Documents;

(b) the date or the order of the creation of the Senior Obligations or the Subordinated Obligations;

(c) the time or order of any advance, giving of notice or the making of any demand under the Credit Documents, the Senior Obligations, the Subordinated Documents or the Subordinated Obligations;

(d) the taking of any collection, enforcement or realization proceedings by the Lenders, any Hedge Provider or the Guarantor;

(e) any Proceedings or any other process or proceeding having similar effect, involving or affecting any Borrower and/or any Other Guarantor Affiliate or their Property, any judgment or order against the Borrowers and/or any Other Guarantor Affiliate or the date of any of the foregoing;

(f) the giving or failure to give any notice, or the order of giving notice, to any Borrower and/or any Other Guarantor Affiliate;

(g) the failure to exercise any power or remedy reserved to the Agent and/or the Lenders and/or any Hedge Provider under the Credit Documents or to insist upon strict compliance with any of the terms thereof;

(h) the failure by any Borrower and/or any Other Guarantor Affiliate to comply with any restrictions on borrowing or guaranteeing the obligations of others set forth in any Credit Document, or any other agreement or document, regardless of any knowledge thereof which the Agent and/or the Lenders and/or any Hedge Provider may have or be deemed to have or with which the Agent and/or the Lenders and/or any Hedge Provider may be charged; and

(i) any other reason including, without limitation, any priority granted to the Guarantor, the Subordinated Documents or the Subordinated Obligations by any applicable principle of law or equity.

3.3 No Further Payments

If the Agent or a Hedge Provider, as applicable, has provided the Borrower with notice of the occurrence and continuance of an Event of Default, the Borrowers will not, and the Borrowers will not permit any Other Guarantor Affiliate to, make any further payments to the Guarantor in respect of any of the Subordinated Obligations, which are not permitted by the Credit Agreement, until the earlier of: (i) such Event of Default has been fully remedied, or (ii) until all of the Guaranteed Obligations and the Indemnified Amounts have been fully and finally paid, satisfied, performed and discharged.

3.4 Subordinated Proceeds

Without limiting the generality of the foregoing and in addition to any other rights and remedies available to the Agent, the Lenders and each Hedge Provider under this Agreement, the Agent or a Hedge Provider, as applicable, may give a written notice (a "**Default Notice**") to the Guarantor that an Event of Default has occurred and is continuing and notwithstanding the provisions of any of the Subordinated Documents, the Guarantor shall, subject to applicable laws relating to bankruptcy, insolvency or other laws affecting creditors' rights generally, hold in trust for the Agent, the Lenders, the Hedge Providers and the Other Senior Lenders and immediately pay over to the Agent, and the Other Senior Lenders on a pro rata basis all Subordinated Proceeds which it then holds or it receives or holds at any time thereafter.

3.5 Insolvency/Receivership

In the event of any Proceeding involving or affecting any Borrower and/or any Other Guarantor Affiliate or their Property**,** or any marshalling of the assets and liabilities of any Borrower and/or any Other Guarantor Affiliate:

(a) the Agent, the Lenders and each Hedge Provider will be entitled to receive payment in full of the Senior Obligations before the Guarantor will be entitled to receive any payment upon the Subordinated Obligations or any distribution of any kind or character, whether in cash, securities or other Property, that may be payable or deliverable in any such event in respect of the Subordinated Obligations;

(b) any payment or distribution of any Property of any Borrower and/or any Other Guarantor Affiliate of any kind or character, whether in cash, securities or other Property, to which the Guarantor would be entitled, except for the provisions of this Section 3.5, shall, subject to applicable laws relating to bankruptcy, insolvency or other laws affecting creditors' rights generally, be paid by the Person making such payment or distribution, whether a trustee in bankruptcy, a receiver, receiver and manager or liquidator, trustee or otherwise, directly to the Agent and the Other Senior Lenders on a pro rata basis, to the extent necessary to pay in full all Senior Obligations and the Indemnified Amounts remaining unpaid after giving effect to any concurrent payment or distribution to the Agent, the Lenders and each Hedge Provider; and

(c) if any payment or distribution of property of any Borrower and/or any Other Guarantor Affiliate of any kind or character, whether in cash, securities or other property, is received by the Guarantor before all Senior Obligations are paid in full, such payment or distribution shall be held in trust by the Guarantor for the benefit of and shall, subject to applicable laws relating to bankruptcy, insolvency or other laws affecting creditors' rights generally, be paid over to the Agent and the Other Senior Lenders on a pro rata basis for application to the payment of all Senior Obligations remaining unpaid until all Senior Obligations have been paid in full after giving effect to any concurrent payment or distribution to the Agent, the Lenders and each Hedge Provider.

3.6 Dealings with the Borrowers and the Other Guarantor Affiliates

The Agent, the Lenders and each Hedge Provider shall be entitled to deal with any Borrower, any Other Guarantor Affiliate, the Credit Documents and the Senior Obligations as the Agent, the Lenders and each Hedge Provider may see fit without in any manner affecting the guarantee of the Guaranteed Obligations or the subordination of the Subordinated Obligations to the Senior Obligations, and in particular, without limiting the generality of the foregoing, the Agent, the Lenders and each Hedge Provider may from time to time:

(a) grant time, renewals, extensions, releases, discharges or other indulgences or forbearances to any Borrower and/or any Other Guarantor Affiliate;

(b) waive timely and strict compliance with or refrain from exercising any rights under the Credit Documents or the Senior Obligations; and

(c) take and give up security interests in the Property of any Borrower and/or any Other Guarantor Affiliate and release, amend, extend, supplement, restate, substitute or replace any of the Credit Documents or the Senior Obligations in whole or in part.

3.7 Enforcement of Subordinated Documents

The Guarantor shall not enforce any right or remedy against any Borrower and/or any Other Guarantor Affiliate by reason of a default by any Borrower and/or any Other Guarantor Affiliate under the Subordinated Documents unless the Guarantor obtains the prior written consent of the Agent.

ARTICLE 4
ENFORCEMENT

4.1 Demand

On demand by or on behalf of the Agent or Hedge Provider, as applicable (after the occurrence and during the continuance of an Event of Default), the Guarantor shall, forthwith pay to the Agent or Hedge Provider, as applicable, and/or perform or cause the performance of, all Guaranteed Obligations for which such demand was made. In addition, all Indemnified Amounts shall be payable by the Guarantor to the Agent or Hedge Provider, as applicable, forthwith upon demand by the Agent or Hedge Provider, as applicable.

4.2 Right to Immediate Payment or Performance

The Agent or Hedge Provider, as applicable, shall not be bound to make any demand on or to seek or exhaust its recourse against the Borrowers, any Other Guarantor Affiliate or any other Person or any

Security Interest held by it or any Lender or any Hedge Provider, before being entitled to demand payment from or performance by the Guarantor and enforce its rights under this Agreement, and the Guarantor hereby renounces all benefits of discussion and division.

4.3 Subrogation

The Guarantor shall not have any right of subrogation to the Agent, any Lender or any Hedge Provider or be otherwise entitled to claim the benefit of any Security Interest held by the Agent, any Lender or any Hedge Provider in respect of the Guaranteed Obligations or the Indemnified Amounts, until the Agent, the Lenders and each Hedge Provider, as applicable, have received full and final payment and performance of all Guaranteed Obligations, all Indemnified Amounts and all other amounts payable hereunder.

4.4 Principal Debtor

Any amounts which may not be recoverable from the Guarantor as guarantor under this Agreement shall be recoverable from the Guarantor as if the Guarantor were the principal debtor in respect thereof and shall be paid to the Agent or each Hedge Provider, as applicable, by the Guarantor after demand therefor.

ARTICLE 5
PROTECTION OF AGENT AND THE LENDERS

5.1 Defects in Creation of Guaranteed Obligations

None of the Agent, the Lenders or any Hedge Provider shall be concerned to see or inquire into the capacity and powers of the Borrowers, the Other Guarantor Affiliates or their directors, officers, employees or agents acting or purporting to act on their behalf. All obligations, liabilities and indebtedness purporting to be incurred by the Borrowers and the Other Guarantor Affiliates in favour of the Agent, the Lenders and each Hedge Provider pursuant to the Credit Documents shall be deemed to form part of the Guaranteed Obligations even though the Borrowers and the Other Guarantor Affiliates may not be a legal entity or the incurring of such obligations, liabilities or indebtedness was irregularly, fraudulently, defectively or informally effected or in excess of the capacity or powers of any Borrower, the Other Guarantor Affiliates or their directors, officers, employees or agents and notwithstanding that the Agent, the Lenders or any Hedge Provider has specific notice of the capacity and powers of the Borrowers, the Other Guarantor Affiliates or their directors, officers, employees or agents.

5.2 Liability Absolute

This Agreement shall be a continuing guarantee and subordination agreement and the liability of the Guarantor hereunder shall be absolute, unconditional and irrevocable and shall not be discharged, diminished or in any way affected by:

(a) any amalgamation, merger, consolidation or reorganization of any Borrower, the Guarantor or any Other Guarantor Affiliate or any continuation of any Borrower, the Guarantor or any Other Guarantor Affiliate from the statute or laws under which it now or hereafter exists to another statute or other laws whether under the laws of the same jurisdiction or another jurisdiction;

(b) any change in the name, business, objects, capital structure, ownership, partners, constating documents, by-laws, declarations of trust, partnership agreements or resolutions of any Borrower, the Guarantor or any Other Guarantor Affiliate, as the case may be, including without limitation any transaction (whether by way of transfer, sale or otherwise) whereby all or any part of the undertaking, property and assets of any Borrower, the Guarantor or any Other Guarantor Affiliate becomes the property of any other Person;

(c) the inclusion of any Additional Borrower as a Canadian/US Borrower or a Syndicated Tranche Borrower under the Credit Agreement;

(d) any lack of validity, enforceability or value of any Credit Document or any other agreement or instrument relating thereto or to any Security Interest therefor;

(e) any change in the time, manner or place of payment of, or in any other term of any Credit Document or any amendment or waiver thereof, or any consent to departure from any Credit Document;

(f) any taking, exchange, release or non-perfection of any Security Interest, or any release or amendment or waiver of or consent to departure from any other guarantee for any Credit Document;

(g) any manner of application of any Security Interest or proceeds of realization thereof, or any manner of sale or other disposition of any collateral or any other assets of any Borrower, the Guarantor or any Other Guarantor Affiliate;

(h) the bankruptcy, insolvency, liquidation or dissolution of any Borrower, the Guarantor or any Other Guarantor Affiliate, or any other Person, and the occurrence of any Proceeding;

(i) any amendment or modification of or supplement to or other change in any Credit Document;

(j) any failure, omission or delay on the part of any Person to conform or comply with any term of any Credit Document;

(k) to the extent as may be waived under applicable law, the benefit of all principles or provisions of law, statutory or otherwise, which may be in conflict with the terms hereof; or

(l) any other circumstance which might otherwise constitute in whole or in part a defence available to, or a discharge of, any Borrower, the Guarantor, any Other Guarantor Affiliate, or any other Person in respect of the Guaranteed Obligations or the other obligations of the Guarantor hereunder.

Without limiting the generality of the foregoing, the Guarantor agrees that repeated and successive demands may be made and recoveries and judgements may be had hereunder and that notwithstanding any recovery or judgement hereunder, this Agreement shall remain in force and effect. If (i) an Event of Default shall at any time have occurred and be continuing and (ii) such exercise, or any consequences thereof provided in any Credit Document, as the case may be, shall at any time be prevented by reason of the pendency against any Borrower or any Other Guarantor Affiliate of a Proceeding, the Guarantor agrees that, solely for purposes of this Agreement and its obligations hereunder, such Credit Document shall be deemed to have been declared in default and all amounts thereunder shall be deemed to be due and payable, with all the attendant consequences as provided in the such agreement and if declaration of an Event of Default and the consequence thereof had been accomplished in accordance with the terms thereof, and the Guarantor shall forthwith pay and perform the Guaranteed Obligations.

5.3 No Merger

The Guarantor covenants and agrees with the Agent, the Lenders and each Hedge Provider that, in the case of any judicial or other proceeding to enforce the rights and remedies of the Agent, the Lenders or any Hedge Provider hereunder (or any part hereof), judgment may be rendered against the Guarantor in favour of the Agent, Lenders and the Hedge Providers (or any of them) for any amount owing under this Agreement (or for which the Guarantor may be liable hereunder after the application to the payment thereof of the proceeds of any sale of any of the Property of the Guarantor) and such judgment shall not create a merger with any other right or amount owing to the Agent, the Lenders and the Hedge Providers under this Agreement or under any other Credit Document.

5.4 Dealings by the Agent and the Lenders

The Agent, the Lenders and each Hedge Provider may from time to time in their absolute discretion, without discharging, diminishing or in any way affecting the liability of the Guarantor hereunder:

(a) permit any increase or decrease, however significant, of the Guaranteed Obligations or supplement, amend, restate or substitute, in whole or in part, however significant, the Guaranteed Obligations, any Credit Document or any other agreement relating to any of the foregoing or, in whole or in part, or demand payment of all or any Guaranteed Obligations and/or the Indemnified Amounts;

(b) enforce or take action under or abstain from enforcing or taking action under any Credit Document or any other guarantee of the Guaranteed Obligations;

(c) receive, give up, subordinate, release or discharge any Security Interest; supplement, amend, restate, substitute, renew, abstain from renewing, perfect or abstain from perfecting or maintaining the perfection of any Security Interest; enforce, take action under or realize in any manner or abstain from enforcing, taking action under or realizing any Security Interest; deal with or abstain from dealing with all or any part of the undertaking, property and assets subject to any Security Interest; or allow or abstain from allowing any Borrower, any Other Guarantor Affiliate or other Persons to deal with all or any part of such undertaking, property and assets;

(d) renew all or any part of the Guaranteed Obligations or grant extensions of time or any other indulgences to any Borrower, the Guarantor, any Other Guarantor Affiliate or other Person liable directly or indirectly for all or any part of the Guaranteed Obligations or Indemnified Amounts;

(e) accept or make any compositions or arrangements with or release, discharge or otherwise deal with or abstain from dealing with any Borrower, the Guarantor, any Other Guarantor Affiliate or other Person liable directly or indirectly for all or any part of the Guaranteed Obligations or Indemnified Amounts;

(f) in whole or in part prove or abstain from proving any claim of the Agent, the Lenders or any Hedge Provider in any Proceedings of or affecting any Borrower, any Other Guarantor Affiliate or any other Person; and

(g) agree with any Borrower, the Guarantor, any Other Guarantor Affiliate or any other Person to do anything described in paragraphs (a) to (f) above;

whether or not any of the matters described in paragraphs (a) to (g) above occur alone or in connection with one or more other such matters.

No loss of or in respect of any Security Interest for the Guaranteed Obligations, the Indemnified Amounts or any part thereof, whether occasioned through the fault of the Agent, any Lender or any Hedge Provider or otherwise, shall discharge, diminish or in any way affect the liability of the Guarantor hereunder. None of the Agent, any Lender or any Hedge Provider nor any of their directors, officers, employees or agents or any receiver or receiver-manager appointed by any of them or by a court shall have any liability, whether in tort, contract or otherwise, for any neglect or any act taken or omitted to be taken by them in connection with the Guaranteed Obligations or any part thereof or any Security Interest for the Guaranteed Obligations or any part thereof including without limitation any of the matters described above in this Section 5.4, except in each case and with respect to a particular Person, such Person's gross negligence or wilful misconduct.

5.5 Waiver of Notice

To the extent permitted by applicable law, the Guarantor expressly waives any right to receive notice of the existence or creation of all or any of the Guaranteed Obligations or the Indemnified Amounts and presentment, demand, notice of dishonour, protest, notice of any of the events or circumstances described in Sections 5.1, 5.2, 5.3, 5.4 and all other notices whatsoever in respect of the Guaranteed Obligations or the Indemnified Amounts. The Guarantor hereby acknowledges receipt of copies of the Credit Documents and all guarantees and other documents referred to in the Credit Agreement and of all the provisions therein contained and consents to and approves the same.

ARTICLE 6
MISCELLANEOUS

6.1 Expenses

The Guarantor shall pay on demand all reasonable out of pocket costs and expenses of the Agent, the Lenders and any Hedge Provider (including, without limitation, the fees and expenses of counsel for the Agent, the Lenders and any Hedge Provider) incurred in connection with any enforcement of this Agreement.

6.2 No Prejudice

None of the Agent, the Lenders or any Hedge Provider shall be prejudiced in their rights and remedies hereunder by any act or failure to act of any Borrower, the Guarantor or any Other Guarantor Affiliate, or any failure of any Borrower, the Guarantor or any Other Guarantor Affiliate to comply with any agreement or obligation, regardless of any knowledge thereof which the Agent and/or a Lender and/or a Hedge Provider may have or be deemed to have or with which the Agent and/or a Lender and/or a Hedge Provider may be charged.

6.3 No Set-off by Guarantor

All amounts payable by the Guarantor under this Agreement shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever.

6.4 No Challenge

None of the Guarantor, the Borrowers or any Other Guarantor Affiliate shall at any time challenge, dispute or contest the validity or enforceability of the guarantee, subordination and postponement provided for herein or take any action that could diminish, impair or prejudice the guarantee, subordination and postponement contemplated hereby.

6.5 Guarantor Shall Grant No Security Interest

The Guarantor will not sell, transfer, assign, negotiate, mortgage, charge, grant a Security Interest in or otherwise encumber or dispose of in any manner whatsoever its interest in the Subordinated Documents or the Subordinated Obligations, or any part thereof to any Person, unless such Person shall have first become bound by the obligations of the Guarantor set out in Article 3 of this Agreement.

6.6 No Waiver

No delay on the part of the Agent, any Lender or any Hedge Provider in the exercise of any right, power or remedy hereunder or otherwise shall operate as a waiver thereof, and no single or partial exercise by the Agent, the Lenders or any Hedge Provider of any right, power or remedy shall preclude other or further exercise thereof or the exercise of any other right, power or remedy. No action of the Agent, any Lender or any Hedge Provider permitted hereunder shall in any way impair or affect its rights, powers or remedies under this Agreement.

6.7 Additional Security

This Agreement shall be in addition to, and shall not be in any way prejudiced by nor shall this Agreement prejudice:

(a) any Security Interest or guarantee now or hereafter held by the Agent, any Lender or any Hedge Provider, and

(b) the endorsement by the Guarantor of any notes or other documents,

and rights of the Agent, the Lenders and each Hedge Provider under this Agreement shall not be merged in any such other Security Interest, guarantee or endorsement.

6.8 Assignment

The Guarantor shall not assign any of its obligations with respect to this Agreement without the prior written consent of the Lenders and the Hedge Providers except to the extent permitted under the Credit Agreement.

6.9 Communication

Any demand, notice or other communication required or permitted to be given hereunder shall be in writing and shall be given in accordance with the Credit Agreement and addressed as follows:

(a) **Agent:**

HSBC Bank Canada
9th Floor, 407 - 8th Avenue S.W.
Calgary, AB T2P 1E5

Attention: Vice President, Energy Financing
Fax: [redacted]

(b) **Guarantor:**

c/o Ensign Energy Services Inc.
1000, 400 - 5th Avenue S.W.
Calgary, AB T2P 0L6

Attention: Chief Financial Officer
Fax: [redacted]

In the case of each Hedge Provider, demands, notices and other communications shall be addressed to such addresses as each Hedge Provider may from time to time provide to the Guarantor and the Agent.

6.10 Successors and Assigns

This Agreement shall be binding upon the Guarantor and its successors (including any successor by reason of amalgamation, winding-up or merger) and permitted assigns and enure to the benefit of the Agent, the Lenders and each Hedge Provider and their respective successors and assigns.

6.11 Foreign Currency

With respect to any portion of the Guaranteed Obligations or Indemnified Amounts which are payable in a currency other than Canadian dollars (the "Foreign Currency Obligation"), the following provisions shall apply:

(a) Payment hereunder with respect to the Foreign Currency Obligation shall be made in immediately available funds in lawful money of the jurisdiction in the currency of which the Foreign Currency Obligation is payable (the "Foreign Currency") in such form as shall be customary at the time of payment for settlement of international payments in Calgary, Alberta without set-off, counterclaim or deduction and free and clear of and without deduction for any and all present and future taxes, levies, imposts, deductions, charges and withholdings with respect thereto.

(b) The Guarantor agrees to indemnify and hold the Agent, the Lenders and each Hedge Provider harmless from any loss incurred by any of them arising from any change in the value of the Canadian dollar in relation to the Foreign Currency between the date the Foreign Currency Obligation becomes due and the date of payment thereof, if such payment is not made in the Foreign Currency.

(c) If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Foreign Currency into Canadian dollars, the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent or Hedge Provider, as applicable, could purchase the Foreign Currency with Canadian dollars on the Business Day preceding that on which final judgment is given.

(d) The obligation of the Guarantor in respect of any Foreign Currency Obligation due by it to the Agent, the Lenders and each Hedge Provider hereunder shall, notwithstanding any judgment in Canadian dollars, be discharged only to the extent that on the Business Day following receipt by the Agent or the Hedge Provider, as applicable, of any sum adjudged to be so due in Canadian dollars the Agent or the Hedge Provider, as applicable, may in a commercially reasonable manner, in accordance with normal banking procedures for transactions in the approximate amount received by the Agent or the Hedge Provider, as applicable, purchase the Foreign Currency with the Canadian dollars; if the amount of the Foreign Currency so purchased is less than the sum originally due to the Agent, the Lenders and each Hedge Provider in the Foreign Currency the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent, the Lenders and each Hedge Provider against such loss and if the Foreign Currency purchased exceeds the sum originally due to the Agent, the Lenders and each Hedge Provider in the Foreign Currency the Agent or the Hedge Provider, as applicable, agrees to remit such excess to the Guarantor as the Guarantor may be entitled thereto.

6.12 Copy Received

The Guarantor acknowledges receipt of a copy of this Agreement.

6.13 Time of the Essence

Time shall be of the essence.

6.14 Taxes

If any payment made by the Guarantor to the Agent, any Lender or any Hedge Provider becomes subject to any withholding or deduction with respect to Taxes, the Guarantor shall also duly and punctually pay to the Agent or such Lender or such Hedge Provider such additional amount as may be necessary to ensure that the Agent, such Lender or such Hedge Provider receives an amount, after taking into account all applicable Taxes, equal to the amount which would have been received by the Agent, such Lender or such Hedge Provider had such payment not been made subject to any withholding or deduction. In any such circumstance, the Guarantor shall also promptly remit to the Agent or the Hedge Provider, as applicable, the relevant official receipts or other evidence satisfactory to the Agent or the Hedge Provider, as applicable, evidencing payment to the appropriate taxing authority of each such Tax by the Guarantor on behalf of the Agent, such Lender or such Hedge Provider.

6.15 Survival of this Agreement and Credit Agreement Provision

Notwithstanding the cancellation of all of the Commitments and the full and final payment of all of the Obligations under the Credit Agreement or any termination of the Credit Agreement:

(a) this Agreement, and

(b) all terms defined in the Credit Agreement and the other provisions of the Credit Agreement that are incorporated herein by reference,

shall survive and continue, until all Guaranteed Obligations arising under, out of or in connection with the Permitted Hedges are also fully and finally paid, except to the extent that the Permitted Hedges provide otherwise.

Upon the cancellation of all of the Commitments and the full and final payment of the Guaranteed Obligations arising under, out of or in connection with the Credit Agreement, the Agent shall be fully, finally and absolutely released from all liabilities and obligations arising under, out of or in connection with this Agreement and shall have no obligation, liability or duty to any Hedge Provider arising under, out of or in connection with this Agreement.

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the day and year first above written.

●

Per:____
Name:
Title:

Per:____
Name:
Title:

SCHEDULE "K" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

RE-ALLOCATION REQUEST

TO: HSBC Bank Canada, as administrative agent
9th Floor, 407 - 8th Avenue S.W.
Calgary, AB T2P 1E5

Dear Sirs:

1. Reference is made to the amended and restated credit agreement made as of December 28, 2016 among Ensign Energy Services Inc. ("Ensign Canada") as Guarantor and Covenantor, Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited, and Ensign United States Drilling Inc. (the "US Borrower"), as Borrowers, the Lenders (as defined therein), HSBC Bank Canada, as agent (the "Agent"), as amended, supplemented, restated or replaced from time to time (the "Credit Agreement"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as ascribed thereto in the Credit Agreement.

2. Pursuant to Section 2.6 of the Credit Agreement, Ensign Canada hereby requests the following re-allocation of the Credit:

Tranche	Existing Tranche Limit	Requested New Tranche Limit
Canadian/US Tranche	Cdn $<>	Cdn $<>
Australian Tranche	Cdn $<>	Cdn $<>

DATED this ______ day of ___________________ ●.

ENSIGN ENERGY SERVICES INC.

Per:_____________________________________
Name:
Title:

SCHEDULE "L" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

EXISTING BAS, EXISTING LCS AND EXISTING LIBOR ADVANCES

	Currency	Outstanding Balance	Effective	Maturing
CAD/US Tranche				
Amortizing BA	CAD	[redacted]	20-Dec-16	28-Dec-16
Amortizing BA	CAD	[redacted]	15-Dec-16	22-Dec-16
Syndicated Tranche				
Amortizing BA	CAD	[redacted]	02-Dec-16	30-Dec-16
Amortizing BA	CAD	[redacted]	09-Dec-16	06-Jan-17
Amortizing BA	CAD	[redacted]	25-Nov-16	23-Dec-16
Amortizing BA	CAD	[redacted]	16-Dec-16	13-Jan-17

Existing LCs: None

Existing LIBOR Advances: None

SCHEDULE "M" attached to and forming part of the Amended and Restated Credit Agreement made as of December 28, 2016, among Ensign Energy Services Inc., Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as borrowers, the lenders referred to therein from time to time and HSBC Bank Canada, as agent.

JOINDER AGREEMENT

TO: HSBC Bank Canada, as agent (the "Agent")

AND TO: The Lenders (as defined below)

DATE: **<>**, 20__

Dear Sirs:

We refer you to the amended and restated credit agreement made as of December 28, 2016, among Ensign Energy Services Inc. (**"Ensign Canada"**) as Guarantor and Covenantor, Ensign Drilling Inc., Ensign Energy Services International Limited, Ensign Australia Pty Limited and Ensign United States Drilling Inc., as Borrowers, the Lenders (as defined therein) and HSBC Bank, as Agent, as amended, supplemented, restated or replaced from time to time (the **"Credit Agreement"**). All terms and expressions used herein but not otherwise defined shall have the same meanings herein as ascribed thereto in the Credit Agreement.

Ensign Canada has requested that the **[Canadian/US Lender][Syndicated Tranche Lenders]** consent to the undersigned becoming a **[Canadian/US Borrower][Syndicated Tranche Borrower]** under the **[Canadian/US Tranche][Syndicated Tranche]** and the **[Canadian/US Lender][Syndicated Tranche Lenders] [has/have]** provided such consent.

NOW THEREFORE, for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the undersigned), the undersigned agrees with the Agent and the Lenders as follows:

1. The undersigned herby agrees to become a party to the Credit Agreement as a **[Canadian/US Borrower][Syndicated Tranche Borrower]** with all of the rights, benefits and obligations of a **[Canadian/US Borrower][Syndicated Tranche Borrower]** and to be bound by the Credit Agreement as if it were an original party thereto as a **[Canadian/US Borrower][Syndicated Tranche Borrower]**, from and after the date hereof.

2. The undersigned agrees to do all such further acts and execute and deliver all such further documents as may, in the reasonable opinion of the Agent, be necessary or desirable in order to fully perform and carry out the purpose and intent of this Agreement and the Credit Agreement.

In witness whereof, the undersigned has executed this Joinder Agreement as of the date first above written.

[ADDITIONAL BORROWER]

By:______________________________
Name:
Title:

Acknowledged and agreed to this_______ day of __________, 20____.

ENSIGN ENERGY SERVICES INC.

By:______________________________
Name:
Title:

ENSIGN DRILLING INC.

By:______________________________
Name:
Title:

ENSIGN ENERGY SERVICES INTERNATIONAL LIMITED

By:______________________________
Name:
Title:

ENSIGN UNITED STATES DRILLING INC.

By:______________________________
Name:
Title:

ENSIGN AUSTRALIA PTY LIMITED

By:________________________________
Name:
Title:

[Other Subsidiary Guarantors]

●

By:________________________________
Name:
Title: