

**SEVENTH AMENDING AGREEMENT**

**THIS SEVENTH AMENDING AGREEMENT** is made effective as of November 13, 2013

**AMONG:**

**SURGE ENERGY INC.**  
(as “**Borrower**”)

- and -

**NATIONAL BANK OF CANADA**  
(as “**Sole Lead Arranger**” and “**Sole Book Runner**”)

- and -

**NATIONAL BANK OF CANADA**  
(as “**Operating Lender**”, “**Lender**” and “**Agent**”)

- and -

**THOSE OTHER FINANCIAL INSTITUTIONS  
WHICH HEREAFTER BECOME LENDERS  
UNDER THE CREDIT AGREEMENT, AS FURTHER  
AMENDED HEREBY**

**PREAMBLE:**

- A. Pursuant to an amended and restated credit agreement dated May 5, 2011 among the Borrower, the Agent, the Operating Lender and the other Lenders, as amended by a First Amending Agreement made effective as of September 12, 2011, a Second Amending Agreement made effective as of January 6, 2012, a Third Amending Agreement made effective as of April 30, 2012, a Fourth Amending Agreement made effective as of December 17, 2012, a Fifth Amending Agreement made effective as of May 31, 2013 and a Sixth Amending Agreement made effective as of July 3, 2013 (collectively the “**Credit Agreement**”), the Operating Lender and the other Lenders agreed to provide to the Borrower, *inter alia*, the Credit Facilities.
- B. The parties hereto wish to further amend the Credit Agreement on the terms and conditions herein provided.

**AGREEMENT:**

**NOW THEREFORE** in consideration of the premises, the covenants and the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the parties, the parties hereto agree as follows:

## 1. Interpretation

- 1.1 Capitalized terms used in this Seventh Amending Agreement will, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.
- 1.2 The division of this Seventh Amending Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Seventh Amending Agreement. The terms “this Seventh Amending Agreement”, “hereof”, “hereunder” and similar expressions refer to this Seventh Amending Agreement and not to any particular section or other portion thereof and include any agreements supplemental hereto.
- 1.3 This Seventh Amending Agreement including the Acknowledgment and Confirmation of Guarantors attached hereto shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada as applicable therein.

## 2. Amendment Date

The amendments contained herein shall, subject to Section 5.1 below, be effective as of November 13, 2013 (the “**Seventh Amendment Date**”).

## 3. Amendments and Supplements

- 3.1 Effective as of the Seventh Amendment Date, the Credit Agreement is amended as follows:
  - (a) Recital B of the Credit Agreement is amended by deleting the reference to \$350,000,000 and replacing it with \$430,000,000.
  - (b) Section 3.11(a) of the Credit Agreement is amended by deleting the reference to \$350,000,000 and replacing it with \$430,000,000.
  - (c) The definition of “**Operating Loan Commitment Amount**” found in Schedule A to the Credit Agreement is deleted in its entirety and replaced with the following:

““**Operating Loan Commitment Amount**” means \$40,000,000 as it may be increased or decreased from time to time in accordance with this Agreement.”
  - (d) The definition of “**Revolving Term Commitment Amount**” found in Schedule A to the Credit Agreement is deleted in its entirety and replaced with the following:

““**Revolving Term Commitment Amount**” means \$390,000,000 as such amount may be reduced in accordance with this Agreement or as otherwise increased with the unanimous consent of the Committed Lenders.”
  - (e) The definition of “**Total Commitment**” found in Schedule A to the Credit Agreement is deleted in its entirety and replaced with the following:

““**Total Commitment**” means, \$430,000,000, being the aggregate of the Revolving Term Commitment Amount and the Operating Loan Commitment Amount, as such amounts may be reduced in accordance with this Agreement or as otherwise increased with the unanimous consent of the Lenders.”
  - (f) Schedule B of the Credit Agreement is deleted in its entirety and replaced with Exhibit I attached hereto.

### 3.2 **Outstanding Bankers' Acceptances**

- (a) The parties hereby acknowledge that, on the date hereof, Bankers' Acceptances having terms to maturity ending after the date hereof are outstanding (the "**Outstanding BA's**"). Notwithstanding any provision of the Credit Agreement or this Seventh Amending Agreement to the contrary, each of the Lenders shall not, with respect to the increased amounts of their respective Committed Revolving Term Facility Commitment, have any right, title, benefit or interest in or to any Outstanding BA's nor any obligation or liability to the other Lenders in respect thereof, it being acknowledged and agreed by the Lenders hereto that any obligation of the Borrower to pay or reimburse the Lenders in respect of the Outstanding BA's is solely a risk and for the account of applicable Lenders based upon their respective Rateable Portions as in effect prior to and without regard to the provisions of this Seventh Amending Agreement, provided that the Agent in its sole discretion shall grant increased or decreased participation amounts in the Outstanding BA's to such Lenders whose Rateable Portions have increased or decreased when applicable (the "**Re-apportionment**"). When such Re-apportionment cannot be evenly made, the Agent shall round allocations among such applicable Lenders consistent with the Agent's normal money market practices. The Lenders agree that the Agent shall be entitled to the benefit of any indemnification granted under the Credit Agreement, including Section 20.9 thereof, with respect to any such Re-apportionment.
- (b) Notwithstanding the foregoing, from time to time, as the Outstanding BA's mature and Rollovers and Conversions are made by the Borrower in respect thereof, each of the Lenders on or after the Seventh Amendment Date shall participate in the Advances effecting such Rollovers and Conversions to the full extent of its Committed Revolving Term Facility Commitment and Rateable Portion therein after giving effect to the provisions of the Seventh Amending Agreement.

### 4. **Fees**

- 4.1 The Borrower agrees to pay to the Agent, for the account of the Lenders as applicable, the fees set out in the fee letter from the Agent to the Borrower dated November 8, 2013 (the "**Fee Letter**").

### 5. **Conditions Precedent**

- 5.1 The effectiveness of the amendments to the Credit Agreement contained herein shall be subject to the satisfaction of all of the following conditions precedent:
  - (a) The Borrower shall have paid to the Agent the fee in Section 4 above.
  - (b) The applicable conditions precedent set forth in Section 6.1 of the Credit Agreement shall have been satisfied.
  - (c) The Borrower shall deliver, or cause to be delivered to the Agent, the following items:
    - (i) a fully executed copy of this Seventh Amending Agreement and a certificate of status in respect of the Borrower and each corporate Guarantor;
    - (ii) a fully executed updated Closing Officer's Certificate from the Borrower and each Guarantor, including a certified copy of the directors resolution approving this Agreement or the Acknowledgment and Confirmation of the Guarantors attached hereto, as applicable, in a form satisfactory to the Agent, acting reasonably;

- (iii) a fully executed updated Oil and Gas Ownership Certificate from the Borrower and each Guarantor, or on a consolidated basis, in a form satisfactory to the Agent, acting reasonably;
- (iv) copies of the purchase and sale agreements and related conveyance documents with respect to the new oil and gas assets being acquired by the Borrower and/or the Guarantors on or about the Seventh Amendment Date confirming that the oil and gas assets acquired thereunder have been acquired free and clear of all encumbrances except for Permitted Encumbrances;
- (v) the Lenders having completed to their satisfaction all operational, legal and financial due diligence, including but not limited to engineering reviews, environmental reviews, audit of historical financial information, terms of all material contracts and hedging arrangements;
- (vi) a copy of the operating budgets of the Borrower, in a form satisfactory to the Agent, acting reasonably;
- (vii) a fully executed updated pro forma Compliance Certificate from the Borrower, in a form satisfactory to the Agent, acting reasonably;
- (viii) an opinion of counsel to the Borrower and Guarantors, which opinion shall be in a form satisfactory to the Agent, acting reasonably; and
- (ix) such other documents, consents, acknowledgements and agreements as may be reasonable required by the Agent or its counsel.

## **6. Representations And Warranties**

6.1 The Borrower represents and warrants to the Agent, the Operating Lender and the other Lenders as of the Seventh Amendment Date that:

- (a) The Borrower and the Guarantors are each validly existing and in good standing under the laws of their governing jurisdiction; the Borrower and the Guarantors are each duly registered in all other jurisdictions where the nature of their properties or characters of their business requires registrations, except for such jurisdictions where the failure to be so registered or qualified would not reasonably be expected to have a Material Adverse Effect, and each have all necessary power and authority to own their property and carry on their business as presently carried on or as contemplated by this Seventh Amending Agreement.
- (b) The Borrower has the full power, legal right and authority to enter into this Seventh Amending Agreement and to do all such acts and things that are required by this Seventh Amending Agreement to be done, observed or performed in accordance with the terms hereof.
- (c) The Borrower has taken all necessary corporate action to authorize the execution, delivery and performance of this Seventh Amending Agreement and to observe and perform the provisions hereof in accordance with the terms and conditions herein contained.
- (d) None of the authorization, execution or delivery of this Seventh Amending Agreement by the Borrower or its performance of any obligations hereunder will require, pursuant to applicable Laws now in effect, any authorization from a Governmental Authority (except such as has already been obtained and are in full force and effect) nor is such authorization, execution, delivery or performance in conflict or contravention of the

Borrower's articles, by-laws or resolutions as applicable, or the provisions of any other indenture, instrument, undertaking or other agreement to which it is a party or by which it or its property or assets are bound, the contravention of which would reasonably be expected to have a Material Adverse Effect. This Seventh Amending Agreement constitutes validly and legally binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms subject to applicable bankruptcy, reorganization, winding up, insolvency, moratorium and other laws of general application affecting the enforcement of creditor's rights generally.

(e) The Borrower agrees with and confirms to the Agent, the Operating Lender and the other Lenders that as of the Seventh Amendment Date each of the representations and warranties listed in Section 14.1 of the Credit Agreement are true and accurate in all material respects.

6.2 The representations and warranties set out in this Seventh Amending Agreement shall survive the execution and delivery of this Seventh Amending Agreement and the making of each Advance, notwithstanding any investigation or examination which may be made by or on behalf of the Agent, the Operating Lender, the other Lenders or the Lenders' counsel. Such representations and warranties in connection with the Credit Agreement shall survive until the Credit Agreement has been terminated in accordance with its terms.

## **7. Confirmation of Documents**

The Credit Agreement, the other Documents and all covenants, terms and provisions thereof, are hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect as herein amended and supplemented, with such amendments and supplements being affected from and as of the date hereof upon satisfaction of the conditions precedent set forth in Section 5.1 hereof. In particular, the Borrower acknowledges that the Security previously granted to the Agent by it under or in connection with the Credit Agreement continues in full force and effect without in any way impairing or derogating from any of the mortgages, pledges, charges, assignments, security interests and covenants therein contained or thereby constituted, as continuing security for the payment of Indebtedness in connection with the Credit Agreement, as amended herein, or otherwise.

## **8. Further Assurances**

The Borrower will from time to time forthwith at the Agent's reasonable request and at the Borrower's own cost and expense make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Agent and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Seventh Amending Agreement.

## **9. Expenses**

The Borrower will pay for all reasonable expenses of the Agent, the Operating Lender and the Lenders, including, without limitation, reasonable legal fees (on a solicitor and his own client full indemnity basis) and other out-of-pocket expenses in connection with the negotiation, preparation, establishment, operation or enforcement of the additional Documents referenced herein, including this Seventh Amending Agreement (whether or not consummated by the Agent, the Operating Lender and the Lenders).

## **10. Enurement**

This Seventh Amending Agreement shall enure to the benefit of, and shall be binding upon, the parties hereto and their respective successors and permitted assigns.

**12. Counterparts**

This Seventh Amending Agreement may be executed in any number of counterparts (including by facsimile or electronic PDF transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

**[SIGNATURE PAGES FOLLOW]**



**CANADIAN IMPERIAL BANK OF  
COMMERCE, as Lender**

By: (signed)  
Name: [REDACTED]  
Title: [REDACTED]

By: (signed)  
Name: [REDACTED]  
Title: [REDACTED]

**THE BANK OF NOVA SCOTIA,  
as Lender**

By: (signed)  
Name: [REDACTED]  
Title: [REDACTED]

By: (signed)  
Name: [REDACTED]  
Title: [REDACTED]

**JPMORGAN CHASE BANK, N.A.,  
TORONTO BRANCH  
as Lender**

By: (signed)  
Name: [REDACTED]  
Title: [REDACTED]

**THE TORONTO DOMINION BANK,  
as Lender**

By: (signed)  
Name: [REDACTED]  
Title: [REDACTED]

By: (signed)  
Name: [REDACTED]  
Title: [REDACTED]

**EXHIBIT I**

**TO THE SEVENTH AMENDING AGREEMENT MADE AMONG SURGE ENERGY INC. AS BORROWER, NATIONAL BANK OF CANADA AS SOLE LEAD ARRANGER, SOLE BOOK RUNNER, OPERATING LENDER, LENDER AND ADMINISTRATIVE AGENT, AND THOSE OTHER FINANCIAL INSTITUTIONS WHICH THEREAFTER BECOME LENDERS UNDER THE CREDIT AGREEMENT EFFECTIVE AS OF NOVEMBER 13, 2013**

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**SCHEDULE B  
SURGE ENERGY INC. AMENDED AND RESTATED  
CREDIT AGREEMENT DATED MAY 5, 2011, AS AMENDED**

**COMMITMENTS**

<b><u>Lender</u></b>	<b><u>Operating Loan Facility</u></b>	<b><u>Committed Revolving Term Facility</u></b>	<b><u>Total</u></b>
National Bank of Canada	[REDACTED]	[REDACTED]	[REDACTED]
Canadian Imperial Bank of Commerce	[REDACTED]	[REDACTED]	[REDACTED]
The Bank of Nova Scotia	[REDACTED]	[REDACTED]	[REDACTED]
Alberta Treasury Branches	[REDACTED]	[REDACTED]	[REDACTED]
JPMorgan Chase Bank, N.A., Toronto Branch	[REDACTED]	[REDACTED]	[REDACTED]
The Toronto Dominion Bank	[REDACTED]	[REDACTED]	[REDACTED]
<b><u>Total Commitment:</u></b>	<b>\$40,000,000</b>	<b>\$390,000,000</b>	<b>\$430,000,000</b>

**Address of Lenders:**

Canadian Imperial Bank of Commerce  
Oil and Gas Group  
9<sup>th</sup> Floor, Bankers Hall East Tower  
855 - 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 2P2  
Facsimile: [REDACTED]  
Attention: [REDACTED]

Alberta Treasury Branches  
600, 444 - 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 0X8  
Facsimile: [REDACTED]  
Attention: [REDACTED]

The Bank of Nova Scotia  
2000, 700 - 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 2W1  
Facsimile: [REDACTED]  
Attention: [REDACTED]

National Bank of Canada  
1800, 311 – 6<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3H2  
Facsimile: [REDACTED]  
Attention: [REDACTED]

JPMorgan Chase Bank, N.A.,  
Toronto Branch  
200 Bay Street, Floor 18  
Toronto, Ontario M5J 2J2  
Facsimile: [REDACTED]  
Attention: [REDACTED]

The Toronto Dominion Bank  
Calgary Branch  
800 Home Oil Tower  
324 – 6<sup>th</sup> Avenue SW  
Facsimile: [REDACTED]  
Attention: [REDACTED]

[END OF SCHEDULE]

## **ACKNOWLEDGMENT AND CONFIRMATION OF GUARANTORS**

For valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned Guarantors hereby acknowledges and confirms that the Credit Agreement, the other Documents, and all covenants, terms and provisions thereof, are hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect as amended and supplemented by the Seventh Amending Agreement to which this Acknowledgment and Confirmation is attached, with such amendments and supplements being effective from and as of the Seventh Amendment Date. In particular, each of the undersigned Guarantors acknowledges that the Security (including for certainty, guarantees) previously granted to the Agent by it under or in connection with the Credit Agreement continues in full force and effect without in any way impairing or derogating from any of the guarantees, indemnities, mortgages, pledges, charges, assignments, security interests and covenants therein contained or thereby constituted, as continuing guarantees and security for the payment of indebtedness in connection with the Credit Agreement, as amended by the Seventh Amending Agreement, or otherwise including as security for obligation and indebtedness owing under its guarantee (which the undersigned confirms remains in full effect and guarantees the increased amounts available under the Credit Agreement, as amended by the Seventh Amending Agreement).

Each of the undersigned Guarantors agrees that it will from time to time forthwith at the Agent's reasonable request and at its own cost and expense make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may reasonably be required by the Agent and are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under the Seventh Amending Agreement.

Each of the undersigned Guarantors confirms that it has been provided with a true, correct and complete copy of the Seventh Amending Agreement.

All defined terms used above have the meanings attributed to such terms in the Credit Agreement as amended by the Seventh Amending Agreement.

**[SIGNATURE PAGE FOLLOWS]**

Dated this 13<sup>th</sup> day of November, 2013.

**1413942 ALBERTA LTD.,**  
as Guarantor

By: (signed)  
Name: [REDACTED]  
Title: [REDACTED]

**SURGE GENERAL PARTNERSHIP,**  
**by its Managing Partner, Surge Energy Inc.,**  
as Guarantor

By: (signed)  
Name: [REDACTED]  
Title: [REDACTED]