ACTION NO.: 1001 - 13659
Deponent: Louis G. Schott
Date Sworn: the 14th day of September, 2010

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF PETROFLOW ENERGY LTD.

AND IN THE MATTER OF AN APPLICATION UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AFFIDAVIT OF LOUIS G. SCHOTT

I, LOUIS G. SCHOTT, of the City of New Orleans, in the State of Louisiana, Associate Secretary of Petroflow Energy Ltd. ("Petroflow"), MAKE OATH AND SAY AS FOLLOWS:

1. I am the Associate Secretary of Petroflow. As such, I have personal knowledge of the matters hereinafter deposed to, except where I indicate that I have obtained information from others, in which case I believe such information to be true.

2. I swear this affidavit in support of an application for certain relief pursuant to section 47 of the *Companies' Creditors Arrangement Act* (the "CCAA") (the "Application"). In particular, the Application seeks an order recognizing the bankruptcy proceedings filed by Petroflow in the United States Bankruptcy Court for the District of Delaware (the "U.S. Court") on August 20, 2010, Case No. 10-12608 (and jointly administered with Petroflow"s related debtors' proceedings as Case No. 10-11707) as a "foreign proceeding" for the purposes of the CCAA.

Organizational and Financial Structure of Petroflow and its Affiliates

3. Petroflow was incorporated pursuant to the laws of Canada, as Atlantic Gold Mines Limited on July 26, 1994. Its registered office is located at 3400, 150 6th Ave SW, Calgary, Alberta, T2P 3Y7. Petroflow's principal place of business is Tulsa, Oklahoma; it maintains its headquarters and business records there.

4. Petroflow is the parent company of North American Petroleum Corporation USA ("NAPCUS") and directly owns all of its equity interests. NAPCUS is a Delaware Corporation (incorporated pursuant to the laws of the State of Delaware in April 2005) with its principal place of business in Tulsa, Oklahoma. Its registered office is located at 1209 Orange Street, Wilmington, Delaware, 19801.

5. NAPCUS has one wholly owned subsidiary: Prize Petroleum, LLC ("Prize"). Prize is an Oklahoma limited liability company (incorporated pursuant to the laws of the state of Oklahoma in September 2006) with its principal place of business in Tulsa, Oklahoma. Its registered office is located at 1800 Canyon Park Circle, Suite 201, Edmond, Oklahoma, 73013.

6. The head office for each of Petroflow, NAPCUS and Prize is located at 201 West 5th Street, Suite 400, Tulsa, Oklahoma 74103.

7. Petroflow's assets consist almost exclusively of its equity interests in NAPCUS. Although the Petroflow also maintains interests in three oil and gas wells in Alberta, Canada, one of these wells has been "shut in" (*i.e.*, closed) since at least April 2009; the remaining two wells were never completed. Pursuant to the terms of an order dated August 12, 2010 in favour of the Energy Resources Conservation Board of Alberta (the "ERCB") (Order No. 2010-42), Petroflow is negotiating with the ERCB to remediate or responsibly abandon these wells. I do not believe that Petroflow has any outstanding liabilities with respect to these wells.

8. As of the filing of its chapter 11 case, Petroflow has a total of 10 known unsecured creditors; a list containing the name, address and claim of each of these creditors is attached hereto and marked as Exhibit "1".

9. Petroflow does not maintain any funded debt, save and except for its guarantee of the prepetition secured bank facility of NAPCUS and Prize (discussed in further detail in paragraph 13 below).

Business Operations

10. Petroflow, NAPCUS and Prize (jointly, the "Debtors") operate an independent exploration and production company that predominantly engages in unconventional well drilling operations for natural gas extraction in certain locations in Oklahoma (specifically, the "Hunton Resource Play"). Over the past several years, virtually all of the Debtors' operations have taken place pursuant to a farmout agreement dated March 1, 2006 (the "Farmout Agreement") with Equal Energy Ltd. f/k/a/, Enterra Energy Corporation and certain of its affiliates (collectively, "Equal").

11. Pursuant to the terms of the Farmout Agreement, NAPCUS agreed to provide certain drilling services to Equal, in return for a 70% interest in Equal's working interest in the underground natural gas reserves. In general terms, once the Debtors drill a well and necessary infrastructure improvements to the premises have been made, Equal operates the wells and revenues are split between NAPCUS and Equal on a 70/30 ratio. The revenues received by NAPCUS are an integral source of funding for all of the Debtors and their operations.

12. The Debtors have begun drilling operations (otherwise known as "spudding") on over 60 wells in the Hunton Resource Play under the Farmout Agreement, many of which remain producing wells today (collectively, the "Wells").

Debt Structure

13. To support their drilling activities, NAPCUS and Prize entered into a secured credit agreement, originally dated August 25, 2005 (as amended, supplemented or otherwise modified from time to time), with Texas Capital Bank, N.A. (as Administrative Agent) and Compass Bank, Administrative Agent, as Successor in Interest to Guaranty Bank, F.S.B. (as Co-Agent Bank) on behalf of the lender parties thereto (the "Lenders"), which agreement provides the Debtors with a $200 million credit facility (the "Secured Credit

Agreement"). As of May 2010, approximately $103 million remained outstanding under the Secured Credit Agreement.

14. Petroflow guarantees the obligations of NAPCUS and Prize under the Secured Credit Agreement.

15. The Debtors required the construction of certain waste-water disposal and other infrastructure improvements to complement their drilling activities. To that end, under an agreement (the "Capital Recovery Agreement") between Equal and NAPCUS, Equal agreed to provide up-front funding for the construction of such infrastructure improvements for the Wells.

16. Equal asserts that pursuant to the Capital Recovery Agreement, NAPCUS was obligated to: (a) reimburse Equal up to 110% of its proportionate costs of the up-front funding; and (b) to pay a service fee for Equal's use of such infrastructure as operator of the Wells.

17. Further, Equal asserts that all such improvements remained property of Equal, and that NAPCUS, Prize or Petroflow did not retain any interest in such improvements. Finally, Equal asserts that approximately $15 million remains to be paid to Equal under the Capital Recovery Agreement.

Events leading to the Chapter 11 Proceedings

18. A series of unforeseen events placed significant strain on the Debtors' ability to comply with certain of the financial covenants contained in the Secured Credit Agreement and the Capital Recovery Agreement. Those events include: (a) the unprecedented downturn in the United States oil and natural gas industry; (b) the resulting deterioration in the Debtors' financial performance; (c) the dispute with Equal; and (d) the Debtors' unsuccessful out-of-court restructuring efforts.

The Downturn in the United States Oil and Natural Gas Industries

19. Since June 2008, the United States oil and natural gas industry has experienced an unprecedented decline. Natural gas prices have plummeted nearly 75% during the period from June 2008 (when natural gas was over $13/MMBTU) to August 2009 (when natural

gas was just over $3/MMBTU). With almost 70% of domestic drilling rigs aimed at natural gas reserves, the impact was substantial; the total average domestic rig count decreased over 55% during the period from September 2008 to June 2009. Moreover, despite the reduced rig count, technological advances in natural drilling practices caused domestic natural gas supplies to increase, further reducing natural gas prices and compounding the problem.

20. The substantial deterioration in the oil and gas markets was followed by the rapid softening of the economy and tightening of the U.S. financial markets in the second half of 2008, which resulted in the effective collapse of the U.S. credit markets. As has been widely reported, the U.S. financial markets did not show much sign of improvement through the first three quarters of 2009. Economic conditions in the oil and gas markets and more broadly continued to negatively impact the Debtors' restructuring efforts and ultimately led to the filing of the Debtors chapter 11 cases.

The Deterioration of the Debtors' Financial Performance

21. The adverse market conditions have taken a toll on the Debtors' financial position over the last year. With no immediate reduction in service costs, reduced revenues related to falling commodity process and minimal growth, the Debtors' profit margins eroded significantly.

The Dispute with Equal

22. In December 2009, Equal alleged that NAPCUS had not met certain timing deadlines regarding the drilling of certain of the Wells and sent notice of the purported termination of the Farmout Agreement. The Debtors dispute Equal's allegations and purported termination, as well as Equal's subsequent attempts to submit the aforesaid dispute to arbitration.

23. In mid-February, 2010, Equal asserted certain mechanics liens under Oklahoma lien law statutes against NAPCUS arising from infrastructure and operational costs allegedly paid for by Equal under the Capital Recovery Agreement. As of May 26, 2010, Equal had asserted liens in an approximate amount of $9.2 million.

24. Equal also provided notice of these alleged liens to the Debtors' customers, largely consisting of major oil and gas distributors who purchase natural gas produced by the Wells (collectively, the "Customers"). Moreover, Equal directed the Customers to withhold payments belonging to the Debtors derived from Equal's operation of the Wells.

25. The Customers began holding back funds (totalling approximately \$2.4 million per month) owed to the Debtors. These holdbacks shut off all of the Debtors' revenue, liquidity and ability to service their debt. The Debtors estimate that, as of March 30, 2010, there was approximately \$7 million of revenue in suspense.

Unsuccessful Out-of-Court Restructuring Initiatives

26. In light of Equal's actions and after careful review, the Debtors determined that the most prudent alternative would be to seek to restructure their operations. To that end, on May 11, 2010, the Debtors successfully negotiated a second forbearance agreement with the Lenders (a prior forbearance having been executed on February 16, 2010), providing the Debtors with incremental funding to bridge their operations through to a sale or other restructuring transaction. However, on May 24, 2010, the Lenders terminated said forbearance.

The Chapter 11 Proceedings of NAPCUS and Prize

27. Recognizing the challenges facing them, the Debtors decided to commence Chapter 11 proceedings with the goal of restoring cash flow (deriving primarily from accounts receivable) while simultaneously implementing a balance sheet restructuring with minimal disruption to their operations.

28. On May 25, 2010, each of NAPCUS and Prize filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") (the "First Filed Petitions"). Concurrently, NAPCUS and Prize filed a motion seeking joint administration of the First Filed Petitions pursuant to Rule 1015(b) of the Federal Bankruptcy Procedure.

29. On May 28, 2010, the U.S. Court entered an order directing the joint administration and procedural consolidation of the First Filed Petitions.

The chapter 11 Filing of Petroflow

30. After filing the First Filed Petitions, the Debtors and their advisors subsequently determined that in order to fully restructure the Debtors' debt obligations and strengthen their going forward operations, Petroflow should file for chapter 11. Accordingly, on August 20, 2010, Petroflow filed a voluntary petition with the U.S. Court under chapter 11 of the Bankruptcy Code (the "Petroflow Petition"). A copy of the Petroflow Petition is attached as Schedule "A" to the Application.

31. By way of a Joint Motion filed August 20, 2010, NAPCUS and Prize (the "First Filed Debtors"), together with Petroflow, as debtor and debtor in possession, requested entry of an order, pursuant to section 105(a) of the Bankruptcy Code, directing that certain orders entered in respect of the First Filed Petition be made applicable to Petroflow (the "Joint Motion"). The Order on the Joint Motion was filed under Certification of Counsel with the U.S. Court on September 10, 2010 and the requested order was entered on September 10, 2010 (the "Order"). Attached hereto and marked as Exhibit "2" are copies of the materials filed in support of the Joint Motion. A copy of the Order is attached as Schedule "B to the Application.

32. Petroflow seeks to have the Petroflow Petition and the Order recognized in all provinces and territories in Canada.

33. Petroflow seeks to have Ernst & Young Inc. ("E&Y") appointed to act as information officer in this proceeding. Neil Narfason, a partner and senior vice president of E&Y, would be principally responsible for E&Y's actions as information officer in this proceeding. In its capacity as information officer, E&Y would report to this Court at least once every three months regarding the status of Petroflow's chapter 11 proceeding. Additionally, E&Y would provide any creditor of Petroflow located in Canada with information provided by Petroflow in response to reasonable creditor requests for information. As evinced by the curriculum vitae of Neil Narfason, attached hereto and

marked as Exhibit "3", E&Y has extensive experience in providing the services of an information officer and, therefore, is qualified to act as information officer in this proceeding. Attached hereto and marked as Exhibit "4" is a copy of the consent of E&Y to act as information officer in this proceeding ***[draft note: we do not have a copy of this yet]***.

Basis for the Relief Requested

34. The business operations of Petroflow are most closely connected to the jurisdiction of the U.S. Court.

35. Petroflow's Canadian operations are inextricably linked with the business operations carried out in the jurisdiction of the U.S. Court.

36. I believe that a recognition order under section 47 of the CCAA will allow for an efficient and orderly restructuring of Petroflow and its affiliates and that a greater benefit will be achieved for the creditors of Petroflow by the restructuring than any other available alternative.

37. Moreover, I believe that a stay will ensure that there is limited interruption of supply and services to Petroflow's Customers.

SWORN BEFORE ME at New Orleans, in the State of Louisiana in the United States of America, this 14th day of September, 2010.	)	
A COMMISSIONER FOR OATHS IN AND FOR State of Louisiana	)	LOUIS G. SCHOTT Date Sworn: the day of September, 2010

STEPHEN O. SCANDURRO
Notary Public, Bar No. 20362
Parish of Jefferson, State of Louisiana
My Commission is issued for Life

	(1) Name of Creditor	(2) Creditor Name, telephone number and complete mailing address, including zip code of employee, agents, or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, government contracts, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to set off	(5) Amount of claim (secured also state value of security)[2]
1	ERCB (Energy Resources Conservation Board)	ERCB (Energy Resources Conservation Board) 640 – 5th Avenue SW Calgary AB T2P 3G4 CANADA Phone: 403-297-8311 Fax: 403-297-7336	Trade Debt	Contingent, Unliquidated, Disputed	$80,473.36
2	Estancia Investments	Estancia Investments 450, 707 – 7th Avenue SW Calgary AB T2P 3H6 CANADA Phone: 403-262-4381 Fax: 403-262-5228	Trade Debt	Contingent, Unliquidated, Disputed	$65,640.66
3	Bowne of Canada, Ltd.	Bowne 300 – 5th Avenue SW, Suite 1250 Calgary AB T2P 3C4 CANADA Phone: 403-221-9400 Fax: 403-221-9416	Trade Debt	Contingent, Unliquidated, Disputed	$57,446.60
4	Gowlings Lafleur Henderson LLP	Gowlings Lafleur Henderson LLP 1400 Scotia Centre 700, 2nd Street S.W. Calgary AB T2P 4V5 CANADA Phone: 403-298-1000 Fax: 403-263-9193	Trade Debt	Contingent, Unliquidated, Disputed	$57,397.91

This is Exhibit "1" referred to
in the Affidavit of
Louis G. Schott

Sworn before me this 14th
Day of September 2010

A Commissioner for Oaths in and for ~~the Province of Alberta~~
State of Louisiana

2 Amounts in column (5) are in U.S. currency. Amounts that were originally asserted in Canadian currency are converted to U.S. currency using the exchange rate as of August 19, 2010.

STEPHEN O. SCANDURRO
Notary Public, Bar No. 20362
Parish of Jefferson, State of Louisiana
My Commission is issued for Life

	(1) Name of Creditor	(2) Creditor Name, telephone number and complete mailing address, including zip code of employee, agents, or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, government contracts, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to set off.	(5) Amount of claim (secured also state value of security)[2]
5	Fasken Martineau Dumoulin LLP	Fasken Martineau Dumoulin LLP Suite 4200,Toronto Dominion Bank Tower Box 20, Toronto-Dominion Centre Toronto, ON M5K 1N6 CANADA Phone: 416-366-8381 Fax: 416-364-7813 or Fasken Martineau Dumoulin LLP C/O Octagon Capital Corp Octagon Capital Corp Attn: Carlene Garrison Attn: John Palumbi 181 University Avenue, Suite 400 Toronto, ON M5H 3M7 CANADA Phone: 416-306-2559 Fax: 416-368-6010	Trade Debt	Contingent, Unliquidated, Disputed	$17,839.03
6	Edgar Online, Inc.	Edgar Online, Inc. 88747 Expedite Way Chicago IL 60695 USA Phone: 203-852-5666 Fax: 203-852-5667	Trade Debt	Contingent, Unliquidated, Disputed	$5,575.00
7	PricewaterhouseCoopers	PricewaterhouseCoopers 111 5th Avenue SW, Suite 3100 Petro-Canada Centre Calgary AB T2P DL3 CANADA Phone: 403-509-7500 Fax: 403-781-1825	Trade Debt	Contingent, Unliquidated, Disputed	$5,214.40
8	Valiant Trust Company	Valiant Trust Company 310, 606 – 4th Street SW Calgary AB T2P 1T1 CANADA Phone: 403-233-2801 Fax:403-233-285	Trade Debt	Contingent, Unliquidated, Disputed	$3,544.29

	(1) Name of Creditor	(2) Creditor Name, telephone number and complete mailing address, including zip code of employee, agents, or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, government contracts, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to set off	(5) Amount of claim (secured also state value of security)2
9	Public Company Accounting Oversight Board	Public Company Accounting Oversight Board P.O. Box 631116 Baltimore MD 21263-1116 USA Phone: 866-606-3982 Fax: 877-379-0491	Trade Debt	Contingent, Unliquidated, Disputed	$301.50
10	Financial Accounting Standards Board	Financial Accounting Standards Board P.O. Box 630420 Baltimore MD 21263-0420 USA Phone: 866-606-3982 Fax: 877-379-0491	Trade Debt	Contingent, Unliquidated, Disputed	$100.50

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
NORTH AMERICAN PETROLEUM CORPORATION USA, *et al.*,	)	Case No. 10-11707 (CSS)
Debtors.	)	Jointly Administered
In re:	)	Chapter 11
PETROFLOW ENERGY LTD.,	)	Case No. 10-12608 (___)
Debtor.	)	Joint Administration Requested

This is Exhibit "2" referred in the Affidavit of Louis G. Scholl
Sworn before me this 17 Day of September 2010
A Commissioner for Oaths in and for ~~the Province of Alberta~~
State of Louisiana

STEPHEN O. SCANDURRO
Notary Public, Bar No. 20362
Parish of Jefferson, State of Louisiana
My Commission is issued for Life

JOINT MOTION OF THE FIRST FILED DEBTORS AND PETROFLOW ENERGY LTD. FOR ENTRY OF AN ORDER, PURSUANT TO SECTION 105(A) OF THE BANKRUPTCY CODE, DIRECTING THAT CERTAIN ORDERS IN THE FIRST FILED DEBTORS' CHAPTER 11 CASES BE MADE APPLICABLE TO PETROFLOW ENERGY LTD.

North American Petroleum Corporation USA ("NAPCUS") and Prize Petroleum LLC, as debtors and debtors in possession (collectively, the "First Filed Debtors"),[1] together with Petroflow Energy Ltd., the First Filed Debtors' corporate parent, as debtor and debtor in possession ("Petroflow,"[2] and together with the First Filed Debtors, the "Debtors"), submit this motion (the "Motion") requesting entry of an order directing that the First Filed Debtors' Orders

1 The First Filed Debtors in these chapter 11 cases, along with the last four (4) digits of each First Filed Debtor's federal tax identification number, are: North American Petroleum Corporation USA (9766) and Prize Petroleum LLC (2460). The location of the First Filed Debtors' corporate headquarters and the Debtors' service address is: 1401 17th Street, Suite 310, Denver, Colorado 80202-1241, Attn: Tucker Franciscus.

2 The last four (4) digits of Petroflow's Canadian corporation number are: Petroflow Energy Ltd. (517-5).

(as defined below) be made applicable to Petroflow. In support of this Motion, the Debtors respectfully state as follows:

Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105(a), 361, 362, and 363 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 4001, 6003, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Bankruptcy Rules").

Background[3]

General Description of Petroflow

4. Petroflow is the parent company of the First Filed Debtors organized under the laws of Alberta, Canada and directly owns all of the equity interests in North American Petroleum Corporation USA. Petroflow's assets consist almost exclusively of its equity interests in North American Petroleum Corporation USA.[4] As with the First Filed Debtors, Petroflow maintains its headquarters and business records in Denver, Colorado. Other than providing a

[3] A detailed description of NAPCUS's business, capital structure, and the events leading to the commencement of these chapter 11 cases is contained in the *Declaration of Tucker Franciscus, Chief Financial Officer of North American Petroleum Corporation USA in Support of First Day Motions*, filed on the First Filed Debtors' Petition Date [Docket No. 8].

[4] Though Petroflow also maintains interests in three oil and gas Canadian wells, all of these wells have been "shut in" (*i.e.*, closed) since at least April 2009. Petroflow does not believe it has any outstanding obligations or liabilities with respect to these wells.

guarantee of the First Filed Debtor's prepetition secured bank facility, as discussed below, Petroflow does not maintain any funded debt.

Description of the Debtors' Business and Reasons for Chapter 11 Filings

5. The Debtors operate an independent exploration and production company that predominantly engages in unconventional well drilling operations for natural gas extraction in certain locations in Oklahoma (specifically, the "Hunton Resource Play"). Over the past several years, virtually all of the Debtors' operations have taken place pursuant to a 2006 farmout agreement (the "Farmout Agreement") with Enterra Energy Corp. and certain of its affiliates (collectively, "Enterra"). Under the Farmout Agreement, the Debtors agreed to provide certain drilling services to Enterra, in return for a 70% interest in Enterra's working interest in the underground natural gas reserves. Generally, once the Debtors drill a well and necessary infrastructure improvements to the premises have been made, Enterra operates the wells and revenues are split between the Debtors and Enterra on a 70/30 ratio. The Debtors have "spud" over 60 wells in the Hunton Resource Play under the Farmout Agreement, many of which remain producing wells today (collectively, the "Wells").

6. To support their drilling activities, the First Filed Debtors entered into that certain senior secured credit agreement originally dated August 25, 2005, with Texas Capital Bank, N.A., as administrative agent, and Guaranty Bank, FSB, as co-agent bank, Compass Bank has since succeeded Guaranty Bank as successor co-agent under the prepetition secured credit facility, on behalf of the lender parties thereto, to provide the Debtors with a $200 million term and revolving credit facility. Approximately $103 million remains outstanding under the prepetition secured credit facility. Petroflow guarantees the obligations of the First Filed Debtors under the prepetition secured credit facility.

7. The Debtors required the construction of certain waste-water disposal and other infrastructure improvements to complement their drilling activities. To that end, under a reimbursement agreement (the "Cost Recovery Agreement") between Enterra and the Debtors, Enterra agreed to provide up-front funding for the construction of such infrastructure improvements for the Wells. Under the Cost Recovery Agreement, the Debtors were obligated (a) to reimburse Enterra for 110% of the costs of the up-front funding and (b) to pay a service fee for Enterra's use of such infrastructure as operator of Wells. Although the Debtors were required pursuant to the Cost Recovery Agreement to ultimately fund more than the entire cost of the infrastructure improvements, all such improvements remained property of Enterra, and the Debtors had no interest in such improvements. Enterra claims that approximately $15 million remains to be paid by the Debtors under the Cost Recovery Agreement.

8. Alleging that the Debtors had not met certain timing deadlines regarding the drilling of certain of the Wells, Enterra purported to send notice of termination of the Farmout Agreement to the Debtors on December 14, 2009. (The Debtors dispute Enterra's allegations and purported termination, as well as Enterra's subsequent attempts to submit the parties' dispute to arbitration.) Moreover, in mid-February, 2010, Enterra filed certain state law mechanics and materialman's liens against the Debtors' interests in Enterra's working interests in the Wells arising from certain infrastructure and operational expenses allegedly assumed and/or paid by Enterra under the Cost Recovery Agreement. Enterra also provided notice of these alleged liens to the Debtors' customers, largely consisting of major oil and gas distributors who purchase natural gas produced by the Wells. Enterra likewise directed these customers to withhold revenues from the Debtors. In response, the customers began holding back funds—totally approximately $2.4 million per month—owed to the Debtors until the parties' disputes were

resolved. The customers' holdbacks shut off all of the Debtors' revenue, liquidity, and ability to service their debt. The Debtors estimate that there currently is approximately $7 million of revenue in suspense.

9. In light of Enterra's actions and after careful review, the Debtors determined that the most prudent alternative would be to seek to restructure their operations, potentially through a sale or other transaction in a chapter 11 proceeding. To that end, on May 11, 2010, the Debtors successfully negotiated a second forbearance agreement with their prepetition bank lenders Lenders (a prior forbearance having been executed on February 16, 2010), providing the Debtors with incremental funding to bridge their operations through to a sale or other restructuring transaction. However, on May 24, 2010, the prepetition bank lenders terminated the forbearance. Recognizing the challenges facing them, on May 25, 2010 (the "First Filed Debtors' Petition Date"), each of the First Filed Debtors filed a voluntary petition with the Court under chapter 11 of the Bankruptcy Code to provide them the opportunity to restructure their operations and debt and implement a restructuring transaction in an orderly and value-maximizing manner under the auspices of a chapter 11 proceeding.

10. After the First Filed Debtors' Petition Date, Petroflow, in conjunction with the First Filed Debtors and their advisors, determined that to fully restructure the Debtors' debt and strength their obligations going forward operations, Petroflow should file for chapter 11. Accordingly, on the date hereof (the "Petroflow Petition Date"), Petroflow filed a voluntary petition with the Court under chapter 11 of the Bankruptcy. Petroflow and the First Filed Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On May 28, 2010, the Court

entered an order directing the joint administration and procedural consolidation of the First Filed Debtors' chapter 11 cases [Docket No. 25].

11. Promptly after entry of the order approving this Motion, Petroflow will seek recognition of its chapter 11 case under Section 18.6 of the *Companies' Creditors Arrangement Act* in the Alberta Court of Queens Bench of Alberta, located in Calgary, Canada to ensure that the orders entered in these chapter 11 cases are recognized and given effect in all provinces and territories in Canada.

Relief Requested

12. By this Motion, the Debtors request entry of an order, substantially in the form attached hereto as Exhibit A, and pursuant to section 105(a) of the Bankruptcy Code, directing that all generally applicable orders previously entered, and any generally applicable proposed orders pending before the Court, in the First Filed Debtors' chapter 11 cases (collectively, the "First Filed Debtors' Orders"), apply to Petroflow in its chapter 11 case. A list of the First Filed Debtors' Orders is annexed to Exhibit A as Exhibit 1.

13. Specifically, the Debtors seek to have: (a) those previously entered orders listed on Exhibit 1 applied to Petroflow effective *nunc pro tunc* to the Petroflow Petition Date; and (b) any orders entered after the Petroflow Petition Date on motions that were pending in the First Filed Debtors' chapter 11 cases on or before the Petroflow Petition Date applied to Petroflow effective as of the entry of any such orders.

14. The Debtors seek this relief in an effort to eliminate the filing of duplicative applications and motions and, therefore, reduce the burdens on the Court and parties in interest. Assuming joint administration of Petroflow's and the First Filed Debtors' cases, each of the First Filed Debtors' Orders would apply to Petroflow as if Petroflow had commenced its chapter 11 case on the First Filed Debtors' Petition Date, with the limited exception that such orders be

effective as of the Petroflow Petition Date. The relief set forth in the First Filed Debtors' Orders is necessary to facilitate a smooth transition into chapter 11 and to preserve the value of Petroflow's estates for the benefit of all parties in interest.

Basis for Relief

15. Section 105(a) of the Bankruptcy Code provides, in relevant part that "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title" 11 U.S.C. § 105(a). Pursuant to section 105(a) of the Bankruptcy Code, the Court has expansive equitable powers to fashion any order or decree that is in the interest of preserving or protecting the value of a debtor's assets. See, e.g., In re Chinichian, 784 F.2d 1440, 1443 (9th Cir., 1986) ("Section 105 sets out the power of the bankruptcy court to fashion orders as necessary pursuant to the purposes of the Bankruptcy Code."); Bird v Crown Convenience (In re NWFX, Inc), 864 F.2d 588, 590 (8th Cir. 1988) ("The overriding consideration in bankruptcy. . . is that equitable principles govern."); In re Cooper Props. Liquidating Trust, Inc., 61 B.R. 531, 537 (Bankr. W D Tenn. 1986) ("the Bankruptcy Court is one of equity and as such it has a duty to protect whatever equities a debtor may have in property for the benefit of its creditors as long as that protection is implemented in a manner consistent with the bankruptcy laws.").

16. Entry of an order directing that the First Filed Debtors' Orders be made applicable to Petroflow will obviate the need for duplicative notices, motions, applications, and orders to be filed in Petroflow's chapter 11 case. The Debtors seek to save considerable time and expense for their estates and reduce the burden on the Court and parties in interest by proceeding in this manner. Petroflow requires the protections and authorizations that are set forth in the First Filed Debtors' Orders to enter chapter 11 in an orderly manner and to restructure successfully. Absent the relief requested herein, Petroflow would have to seek substantially the same

substantive relief granted by the First Filed Debtors' Orders. Those orders address many of the matters that most debtors must deal with in their chapter 11 cases. For example, the orders deal with, among other things, cash management, the payment of taxes, insurance, and utilities, as well as employee related issues.

17. Had Petroflow filed its chapter 11 petition at the same time as the First Filed Debtors, it would have been a movant with respect to the First Filed Debtors' Orders. By this Motion, the Debtors seek to streamline the process for requesting such relief, while at the same time providing the same requisite facts and justification for such relief as if Petroflow had filed such motions.

18. The Debtors believe that the relief requested herein is appropriate to carry out the provisions of the Bankruptcy Code. Further, similar relief has been authorized in other complex chapter 11 cases under similar circumstances. See, e.g., In re WorldSpace, Inc., Case No. 08-12412 (PJW) (Bankr. D. Del. June 1, 2010) [Docket No. 1038]; In re SemCrude, L.P, Case No. 08-11525 (BLS) (Bankr. D. Del. Nov. 6, 2008) [Docket No. 2017]; In re Chi-Chi's, Inc., Case No. 03-13063 (CGC) (Bankr. D. Del. Oct. 24, 2003) [Docket No. 115]; In re Kaiser Aluminum Corp., Case No. 02-10429 (JKF) (Bankr. D. Del. Mar. 19, 2002) [Docket No. 239]; see also In re Chrysler LLC, Case No. 09-50002 (AJG) (Bankr. S.D.N.Y. May 26, 2009) [Docket No. 2188]; In re Lehman Bros. Holdings Inc., Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Oct. 16, 2008) [Docket No, 1093]; In re WorldCom, Inc., Case No. 02-13533 (ALG) (Bankr. S.D.N.Y. 2002).

19. Based on the foregoing, the Debtors submit that the relief requested is necessary and appropriate, is in the best interests of their estates and creditors, and should be granted in all respects.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

20. Under Bankruptcy Rule 6003, the Court may authorize relief because such relief is necessary to avoid immediate and irreparable harm. Immediate and irreparable harm exists where the absence of relief would impair a debtor's ability to reorganize or threaten the debtor's future as a going concern. See In re Ames Dep't Stores, Inc., 115 B.R. 34, 36 n.2 (Bankr. S.D.N.Y. 1990) (discussing the elements of "immediate and irreparable harm" in relation to Bankruptcy Rule 4001).

21. As described above, Petroflow's operations and obligations are integrated with those of the First Filed Debtors. Failure to extend the relief granted previously to the First Filed Debtors to Petroflow would create distraction and additional expense at a time when the Debtors' financial and human resources are limited. Accordingly, the Debtors submit they have satisfied the requirements of Bankruptcy Rule 6003 to support immediate payment of the Employee Obligations as provided herein.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

22. To implement the foregoing successfully, to the extent applicable, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

Notice

23. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee for the District of Delaware; (b) the co-agents under the prepetition secured credit facility; (c) Enterra; (d) the First Filed Debtors' thirty largest unsecured creditors; (e) all known unsecured creditors of Petroflow; (f) the Internal Revenue Service; (g) the Securities Exchange Commission; (h) the Delaware Secretary of State; (i) the Delaware Secretary of the Treasury; and (i) all entities that have filed a

request for service of filings in the First Filed Debtors' chapter 11 cases pursuant to Bankruptcy Rule 2002. As this Motion is seeking "first day" relief, within two business days of the hearing on this Motion, the Debtors will serve copies of this Motion and any order entered respecting this Motion as required by Local Bankruptcy Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

24. No prior request for the relief sought in this Motion has been made to this or any other court.

[Remainder of Page Intentionally Left Blank]

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit A, granting the relief requested herein and granting such other and further relief as the Court deems appropriate.

Dated: August 20, 2010

/s/ Domenic E. Pacitti

KLEHR HARRISON HARVEY BRANZBURG LLP
Domenic E. Pacitti (DE Bar No. 3989)
919 Market Street, Suite 1000
Wilmington, Delaware 19801-3062
Telephone: (302) 426-1189
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- and -

Morton Branzburg (admitted *pro hac vice*)
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Philadelphia, Pennsylvania 19103
Telephone: (215) 569-2700
Facsimile: (215) 568-6603

- and -

KIRKLAND & ELLIS LLP
David R. Seligman, P.C. (admitted *pro hac vice*)
Ryan Blaine Bennett (admitted *pro hac vice*)
Paul Wierbicki (admitted *pro hac vice*)
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Proposed Counsel to the Debtors and Debtors in Possession

Exhibit A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
NORTH AMERICAN PETROLEUM CORPORATION USA, *et al.*,	)	Case No. 10-11707 (CSS)
Debtors.	)	Jointly Administered
In re:	)	Chapter 11
PETROFLOW ENERGY LTD.,	)	Case No. 10-12608 (___)
Debtor.	)	Joint Administration Requested

ORDER DIRECTING THAT CERTAIN ORDERS IN THE FIRST FILED DEBTORS' CHAPTER 11 CASES BE MADE APPLICABLE TO PETROFLOW ENERGY LTD.

Upon the motion (the "Motion")[1] of the First Filed Debtors and Petroflow (collectively, the "Debtors")[2] for entry of an order pursuant to section 105(a) of the title 11 of the United States Code (the "Bankruptcy Code"), directing that orders entered in the chapter 11 cases of the First Filed Debtors be made applicable to Petroflow, as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and

1 Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

2 The Debtors in the above-captioned chapter 11 cases, along with the last four (4) digits of each Debtor's federal tax identification number or, with respect to Petroflow, Canadian corporation number, are: North American Petroleum Corporation USA (9766); Petroflow Energy Ltd. (517-5); and Prize Petroleum LLC (2460).

it appearing that no other or further notice need be provided; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their estates and creditors, and all parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.

2. Any and all generally applicable orders heretofore entered in the First Filed Debtors' chapter 11 cases, each of which is identified on Exhibit 1 annexed hereto, are applicable to Petroflow effective *nunc pro tunc* to the Petroflow Petition Date, and any orders entered after the Petroflow Petition Date on motions that were pending in the First Filed Debtors' jointly administered cases on or before the Petroflow Petition Date are applicable to Petroflow effective as of entry of any such orders.

3. Any and all generally applicable orders hereafter entered in the First Filed Debtors' chapter 11 cases in respect of requests for relief pending before the Court on the date hereof shall be applicable to Petroflow, effective as of the dates of entry of such orders in the First Filed Debtors' chapter 11 cases, and as if Petroflow were among the Debtors as set forth in such orders.

4. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion.

5. Notice of the Motion as provided therein shall be deemed good and sufficient and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules are satisfied by such notice.

6. Notwithstanding the possible applicability of Rules 6004(h), 7062, 9014 of the Federal Rules of Bankruptcy Procedure or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

7. The Court shall retain jurisdiction with respect to all matters arising from or relating to the interpretation or implementation of this Order.

Wilmington, Delaware
Date: __________, 2010

____
United States Bankruptcy Judge

Exhibit 1

First Filed Debtors' Orders

North American Petroleum Corporation USA
Case No. 10-11707 (District of Delaware)

Docket No.	Date	Order
25	5/28/2010	Order Directing Joint Administration of Related Chapter 11 Cases
26	5/28/2010	Order Authorizing the Employment and Retention of Epiq Bankruptcy Solutions, LLC as Notice, Claims and Balloting Agent
27	5/28/2010	Interim Order Authorizing the Debtors to Pay Prepetition (A) Wages, Salaries, and other Compensation; (B) Reimbursable Employee Expenses; and (C) Employee Medical and Similar Benefits
28	5/28/2010	Order (A) Authorizing Continued use of Existing Cash Management System and Maintenance of Existing Bank Accounts; and (B) Authorizing Continued Performance under Intercompany Arrangements and Historical Practices
29	5/28/2010	Interim Order (A) Authorizing the Debtors' Use of Cash Collateral, (B) Granting Adequate Protection, (C) Scheduling a Final Hearing and (D) Granting Related Relief
68	6/21/2010	Order Authorizing Rejection of Unexpired Lease, *Nunc Pro Tunc* to May 28, 2010
69	6/21/2010	Order Granting an Extension of Time Within Which to File Schedules and Statements
70	6/21/2010	Order Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees
71	6/21/2010	Order Authorizing the Retention and Employment of Klehr Harrison Harvey Branzburg LLP as Local Bankruptcy Counsel to the Debtors *Nunc Pro Tunc* to the Petition Date Pursuant to Section 327(a) of the Bankruptcy Code
72	6/21/2010	Order Authorizing the Debtors to (A) Continue Prepetition Insurance Policies and Insurance Bonds and (B) Obtain New Insurance Bonds
73	6/21/2010	Order Determining Adequate Assurance of Payment for Future Utility Services
74	6/21/2010	Final Order Authorizing the Debtors to Pay Prepetition (A) Wages, Salaries, and other compensation; (B) Reimbursable Employee Expenses; and (C) Employee Medical and Similar Benefits

Docket No.	Date	Order
75	6/21/2010	Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members
76	6/21/2010	Order Authorizing the Debtors to Retain and Compensate Professionals Utilized in the Ordinary Course of Business
77	6/21/2010	Order Authorizing North American Petroleum Corporation USA, et al., to Employ and Retain Kirkland & Ellis LLP as Attorneys *Nunc Pro Tunc* to the Petition Date
78	6/21/2010	Order Authorizing the Employment and Retention of Kinetic Advisors, LLC as Restructuring Advisor for North American Petroleum Corporation USA, *Nunc Pro Tunc* to the Petition Date
80	6/23/2010	Second Interim Order (A) Authorizing the Debtors' Use of Cash Collateral, (B) Granting Adequate Protection, (C) Scheduling a Final Hearing and (D) Granting Related Relief
90	6/25/2010	Order Setting Omnibus Hearing Dates
91	6/28/2010	Order Shortening Time and Limiting Notice of Equal Energy's Emergency Motion for Relief From Stay
117	7/6/2010	Final Order (A) Authorizing the Debtors' Use of Cash Collateral, (B) Granting Adequate Protection and (C) Granting Related Relief
118	7/6/2010	Interim Order (I) Granting Interim Relief on Equal Energy's Emergency Motion for Relief From Stay and (II) Scheduling a Final Hearing
136	7/20/2010	Order Authorizing and Approving the Employment and Retention of Bifferato Gentilotti LLC as Delaware Counsel to the Official Committee of Unsecured Creditors
137	7/20/2010	Order Authorizing and Approving the Employment and Retention of Martin & Drought, P.C. as Counsel to the Official Committee of Unsecured Creditors
162	7/27/2010	Order Granting Motion of Equal Energy for Relief from the Automatic Stay to Continue with Arbitration Proceedings and Brief in Support Thereof
163	7/27/2010	Order Denying Equal Energy Ltd. and Equal Energy U.S. Inc's Emergency Motion for Relief from Stay without Prejudice
222	8/18/2010	Order Enlarging the Period Within Which the Debtors May Remove Causes of Action

Docket No.	Date	Order
227	8/19/2010	*Nunc Pro Tunc* Order Pursuant to 11 U.S.C. §§ 105(a), 1102(b)(3), and 1103(c) Clarifying Requirements to (1) Provide Access to Information, and (2) Solicit and Receive Comments From Unsecured Creditors
228	8/19/2010	Order Authorizing and Approving the Employment and Retention of Mesirow Financial Consulting, LLC as Financial Advisor to the Official Committee of Unsecured Creditors
229	8/19/2010	Order Permitting Official Committee of Unsecured Creditors to Intervene in Adversary Proceedings

Prize Petroleum LLC
Case No. 10-11708 (District of Delaware)

Docket No.	Date	Order
3	5/28/2010	Order Directing Joint Administration of Related Chapter 11 Cases

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
NORTH AMERICAN PETROLEUM CORPORATION USA, *et al.*,	)	Case No. 10-11707 (CSS)
Debtors.	)	Jointly Administered
In re:	)	Chapter 11
PETROFLOW ENERGY LTD.,	)	Case No. 10-12608 (__)
Debtors.	)	Joint Administration Requested
	)	**Hearing Date: September 20, 2010 at 1:00 p.m. (EDT)**
	)	**Obj. Deadline: September 7, 2010 at 4:00 p.m. (EDT)**

NOTICE OF JOINT MOTION OF THE FIRST FILED DEBTORS AND PETROFLOW ENERGY LTD. FOR ENTRY OF AN ORDER, PURSUANT TO SECTION 105(A) OF THE BANKRUPTCY CODE, DIRECTING THAT CERTAIN ORDERS IN THE FIRST FILED DEBTORS' CHAPTER 11 CASES BE MADE APPLICABLE TO PETROFLOW ENERGY LTD.

PLEASE TAKE NOTICE THAT on August 20, 2010, the above-captioned debtors and debtors in possession (collectively, the "**Debtors**") filed the Joint Motion of the First Filed Debtors and Petroflow Energy Ltd. For Entry of an Order, Pursuant to Section 105(a) of the Bankruptcy Code, Directing That Certain Orders in the First Filed Debtors' Chapter 11 Cases be Made Applicable to Petroflow Energy Ltd. (the "**Motion**").

PLEASE TAKE FURTHER NOTICE that any objections to the Motion must be filed on or before **September 7, 2010 at 4:00 p.m. (ET)** (the "**Objection Deadline**") with the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 Market Street, Wilmington, Delaware 19801. At the same time, you must serve a copy of the objection upon the following parties, so as to be received on or before the Objection Deadline: (a) counsel for the Debtors, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attn: David R. Seligman, P.C., Ryan Blaine Bennett and Paul Wierbicki; (b) co-counsel for the Debtors, Klehr Harrison Harvey Branzburg LLP, 919 N. Market St., Suite 1000, Wilmington, Delaware 19801, Attn: Domenic E. Pacitti; (c) the Office of the United States Trustee, Attn: Mark Kenney, Esq., 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801; and (d) those parties who have filed a notice of appearance and request for service of pleadings in these Chapter 11 cases.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON **SEPTEMBER 20, 2010 AT 1:00 P.M. (ET)** BEFORE THE HONORABLE CHRISTOPHER S. SONTCHI AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 5^{TH} FLOOR, COURTROOM No. 6, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: August 20, 2010
Wilmington, Delaware

KLEHR HARRISON HARVEY BRANZBURG LLP

/s/ Domenic E. Pacitti

Domenic E. Pacitti (DE Bar No. 3989)
Margaret M. Manning (DE Bar No. 4183)
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- and -

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- and -

KIRKLAND & ELLIS LLP
David R. Seligman, P.C. (*admitted pro hac vice*)
Ryan Blaine Bennett (*admitted pro hac vice*)
Paul Wierbicki (*admitted pro hac vice*)
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Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Counsel to the Debtors and Debtors in Possession

Professional Profile

This is Exhibit "3" referred to in the Affidavit of
Louis G. Schott
Sworn before me this 1st
Day of September 2010
A Commissioner for Oaths in and for ~~the Province of Alberta~~
State of Louisiana

STEPHEN O. SCANDURRO
Notary Public, Bar No. 20362
Parish of Jefferson, State of Louisiana
My Commission is issued for Life

NEIL NARFASON, CA•CIRP, CBV
Corporate Restructuring & Insolvency
Partner and Senior Vice-President

Firm Responsibilities

Mr. Narfason is a partner & senior vice president and leads Ernst & Young Inc.'s restructuring practice for Alberta. His focus is on providing restructuring advisory services across a wide range of industries including significant inter-jurisdictional issues and international matters.

Particular Expertise

Restructuring and distress corporate finance.

Providing restructuring and insolvency services to businesses in financial difficulty for the past 20 years. Primarily involved in CCAA proceedings, US Chapter 11 & 15 filings, turnaround advisory, business reviews, receiverships and as Trustee in corporate bankruptcies. He is also experienced in fraud investigations, valuations, corporate finance and due diligence having worked on numerous assignments in these areas.

Selected Engagements

- Monitor in the CCAA proceedings of SemGroup L.P.'s Canadian assets which consist of three main entities involved in the midstream gas gathering & processing, crude oil marketing and retail gas supply.
- Court appointed receiver over certain persons and entities relating to a major mortgage fraud committed against a major Canadian bank. Ongoing recovery efforts involve investigations in India and Lebanon.
- Receiver of Klytie's, a real estate investment entity based on Alberta which included a Ch. 15 foreign main proceeding in Colorado. The case involved a material fraud investigation.
- Monitor in the CCAA proceedings of the Concrete Equities Group which has numerous real estate development entities with projects in Canada and Mexico. The case required a detailed investigation of thousands of transactions to reconstruct the books & records of over 45 entities.
- Monitor in the CCAA proceedings of Fairmont Resort Properties Ltd. one of Canada's largest time share sales & operations which has assets located in BC, Hawaii, Mexico, Belize and Nevada.

- Monitor in the CCAA proceedings of JED Oil an SEC registrant and public oil & gas exploration and production entity with approx. 1,500 boe/day of production.
- Monitor in the CCAA proceedings of Calpine Canada, a global integrated power company with operations in Canada and the US that has approximately $4 billion in debt.
- Monitor in the CCAA proceedings of EarthFirst Canada which consisted of wind generation projects with the primary project being the multi-million dollar Dokie Ridge in Northeast BC.
- Monitor in the CCAA proceedings of BA Energy Inc. a partially constructed multi-billion dollar oil upgrader in Alberta.
- Monitor in the CCAA proceedings of Rock Well Petroleum's US and Canadian entities involved in oil extraction using a new recovery technique.
- Monitor in the CCAA proceedings of Mystique Energy Inc., a publicly traded junior oil & gas company focused on exploration and development of petroleum and natural gas reserves in Western Canada.
- Restructuring advisor to a large private oilfield service company operating in Western Canada which has over $135 million of secured debt.
- Monitor in the CCAA proceedings of Octane Energy Services Ltd. a public oilfield services company listed on the TSX Venture Exchange. Octane had over 300 employees and successfully emerged from the CCAA.
- Acted in a key role as the Monitor of the CCAA of Bre-X Resources which included shutting down the Indonesian operations which had over 600 employees.

Selected Engagements

Corporate Finance & Valuations

- Completed a due diligence review related to a proposed purchase of an interest in a foreign oil and gas property valued in excess of US $250 million.
- Completed a due diligence review related to the financing of a management buyout of a worldwide oilfield services (wireline) company.
- Provided corporate finance merger and acquisition advice to a major oil and gas company that was subject to take-over bid.
- Assisted in the valuation of the oil and gas assets of Canada's largest pension fund
- Assisted in the valuation of a joint venture interest in a heavy oil upgrader whose original cost was C$1.6 billion.
- Provided litigation advisory services to a major oilfield service company related to a lawsuit with a group of former employees
- Completed numerous valuations in a variety of industries (energy, oilfield services, manufacturing, service and agriculture).

Significant Clients Served	♦ Public companies listed on major exchanges in North America ♦ Canadian Schedule A Banks ♦ Major US lenders ♦ Asset Based Lenders ♦ Major Law Firms ♦ Multinational exploration and production companies
Professional Designations	Chartered Insolvency and Restructuring Practitioner; Trustee in Bankruptcy; Chartered Business Valuator; Chartered Accountant; and Bachelor of Commerce.
Professional Activities	Member of the Insolvency Institute of Canada; Member of the Canadian Association of Restructuring and Insolvency Professionals; Member of the Turnaround Management Association; Director and Vice-Chair of Vertigo Mystery Theatre; and Speaker at numerous restructuring and insolvency based conferences.

Action No: ___________________

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF PETROFLOW ENERGY LTD.

AND IN THE MATTER OF AN APPLICATION UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

CONSENT OF INFORMATION OFFICER

Ernst & Young Inc. does hereby consent to act as Information Officer of Petroflow Energy Ltd. in these proceedings if so appointed by this Honourable Court.

DATED at the City of Calgary, in the Province of Alberta, this 11th day of September, 2010.

____
Name: H. Neil Narfason
Title: Senior Vice President

This is Exhibit "4" referred to in the Affidavit of
Louis G. Schott
Sworn before me this 14th
Day of September, 2010
A Commissioner for Oaths in and for ~~the Province of Alberta~~
State of Louisiana

STEPHEN O. SCANDURRO
Notary Public, Bar No. 20362
Parish of Jefferson, State of Louisiana
My Commission is issued for Life

Action No. ______________________________

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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AFFIDAVIT OF LOUIS SCHOTT

PARLEE McLAWS LLP
Barristers & Solicitors
Patent & Trademark Agents
3400, 150-6th Avenue S.W.
Calgary, AB T2P 3Y7
Attention: Gregory Stirling
Telephone: (780) 423-8500
Facsimile: (403) 265-8263

File Number: **68789-3/GDS**

Action No. 1001 - 13659

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF PETROFLOW ENERGY LTD.

AND IN THE MATTER OF AN APPLICATION UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AFFIDAVIT OF LOUIS SCHOTT

CLERK OF THE COURT

SEP 10 2010

PARLEE McLAWS LLP
Barristers & Solicitors
Patent & Trademark Agents
3400, 150-6th Avenue S.W.
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Telephone: (780) 423-8500
Facsimile: (403) 265-8263

File Number: **68789-3/GDS**