

COURT FILE NUMBER 1101-16110

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

Clerk's Stamp



AND IN THE MATTER OF OILSANDS QUEST INC., OILSANDS QUEST SASK INC., TOWNSHIP PETROLEUM CORPORATION, STRIPPER ENERGY SERVICES INC., 1291329 ALBERTA LTD., OILSANDS QUEST TECHNOLOGY INC., WESTERN PETROCHEMICALS CORP. and 1259882 ALBERTA LTD.

DOCUMENT **APPLICATION
(Stay Extension)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Norton Rose Canada LLP
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File No. 196023

NOTICE TO THE RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the Application is heard as shown below.

Date: May 11, 2012
Time: 9:30 a.m.
Where: Calgary Courts Centre, 601 - 5th Street SW, Calgary, Alberta
Before: The Honourable Madame Justice B.E.C. Romaine

Go to the end of this document to see what you can do and when you must do it.

Remedy Sought:

1. Abridging, if necessary, the time for service of this Application and supporting materials, and declaring service of same to be good and sufficient;

2. Granting an Order extending the stay of proceedings substantially in the form attached as Schedule "A" to this Application.
3. Such further and other relief as the Applicants may request and this Honourable Court may provide.

Grounds for Making this Application:

4. The within Applicants (collectively, "Oilsands Quest") applied for and obtained an Initial Order under the *Companies' Creditors Arrangement Act* ("CCAA") by Order of this Court, dated November 29, 2011;
5. Oilsands Quest has acted and continues to act in good faith and in cooperation with Ernst & Young Inc., being the Court appointed Monitor (the "Monitor") in the within CCAA proceedings
6. Oilsands Quest has participated in an extensive solicitation process to find investors to acquire, restructure or recapitalize the Company's business. A financial advisor, TD Securities Inc. ("TD Securities"), has been retained to assist with this process.
7. The deadline which was established by the Solicitation Order for bids was, in consultation with the Monitor, extended by Oilsands Quest to April 27, 2012.
8. By April 27, 2012 various bids were received by TD Securities from potential investors. However, none of these bids are presently in a form that Oilsands Quest believes would result in a sale or investment that would be in the best interests of Oilsands Quest, its stakeholders and the within CCAA restructuring proceedings.
9. Oilsands Quest believes that certain bids may, if the subject of further negotiation, be capable of being brought before the Court for approval. Such further negotiation will require an extension of the stay period.
10. The relief request by Oilsands Quest herein is fair, reasonable and in the best interests of Oilsands Quest, its stakeholders and the within CCAA restructuring proceedings.
11. Such further and other grounds as counsel may advise and this Court may permit.

Applicable Acts, Regulations and Rules

12. The provisions of the CCAA including, but not limited to, Sections 11.02, 11.2 and 36 therein.

Affidavit or other evidence to be used in support of this Application

13. The Affidavit of Garth Wong, sworn May 7, 2012, the Sixth Report of the Monitor, to be filed, and the pleadings and proceedings filed herein.

How the Application is proposed to be heard or considered

14. In person.

AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to rely on an affidavit or other evidence when the originating application is heard or considered, you must reply by giving reasonable notice of that material to the applicant(s).

Schedule "A"

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CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF OILSANDS QUEST
INC., OILSANDS QUEST SASK INC.,
TOWNSHIP PETROLEUM CORPORATION,
STRIPPER ENERGY SERVICES INC.,
1291329 ALBERTA LTD., OILSANDS QUEST
TECHNOLOGY INC., WESTERN
PETROCHEMICALS CORP. and 1259882
ALBERTA LTD.**

DOCUMENT **ORDER
(Stay Extension)**

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File No. 196023

DATE ON WHICH ORDER WAS PRONOUNCED May 11, 2012

NAME OF JUSTICE WHO MADE THIS ORDER The Honourable Madam Justice B. E. C. Romaine

UPON THE APPLICATION of Oilsands Quest Inc., Oilsands Quest Sask Inc., Township Petroleum Corporation, Stripper Energy Services Inc., 1291329 Alberta Ltd., Oilsands Quest Technology Inc., Western Petrochemicals Corp. and 1259882 Alberta Ltd. (collectively, the "Applicants"); **AND UPON** hearing read the Affidavit of Garth Wong, sworn May 7, 2012 (the "May 2012 Wong Affidavit"), the Sixth Report of the Monitor, dated May [X], 2012 and the pleadings and proceedings filed herein; **AND UPON** hearing counsel for the Applicants and counsel for the Monitor; **IT IS HEREBY ORDERED AND DECLARED THAT:**

Service

1. The time for service of this notice of this Application for this Order is hereby abridged and deemed good and sufficient and this Application is properly returnable today.

Extension of Stay of Proceedings

2. Paragraph 13 of the November 29, 2011 Initial Order of this Court is hereby further amended to extend the stay period until and including June 29, 2012.

J.C.Q.B.A.