COURT FILE NUMBER	1601-06131	Clerk's Stamp
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 AND IN THE MATTER OF CONNACHER OIL AND GAS LIMITED	
DOCUMENT	TENTH REPORT OF THE MONITOR August 11, 2017	
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INTRODUCTION

1. On May 17, 2016 (the "Filing Date"), Connacher Oil and Gas Limited (the "Company" or "Connacher"), sought and obtained protection pursuant to the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36*, as amended (the "CCAA") pursuant to an Order of this Honourable Court (the "Initial Order").

2. Ernst & Young Inc. was appointed as Monitor (the "Monitor") of the Company pursuant to the terms of the Initial Order.

3. The purpose of this tenth report of the Monitor (the "Tenth Report") is to provide this Honourable Court with the Monitor's comments and recommendation with respect to the proposed sale (the "Seismic Transaction") of certain proprietary seismic survey datasets and associated books and records (jointly, the "Seismic Data"), pursuant to a sale agreement (the "Sale Agreement") entered into between Connacher and Divestco Inc. (the "Purchaser") dated July 18, 2017.

4. All references to dollars are in Canadian currency unless otherwise noted.

5. Capitalized terms not defined herein are as defined in the Initial Order.

BACKGROUND

6. Additional background information on Connacher and these CCAA proceedings is available on the Monitor's website at www.ey.com/ca/connacheroilandgas.

TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this Tenth Report, the Monitor has relied upon unaudited financial information, Company records and discussions with management of the Company. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future orientated financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

SALE OF SEISMIC DATA

8. In June 2017, the Monitor was approached by a party (the "Interested Party") interested in purchasing the Seismic Data. The Seismic Data relates to certain properties previously owned by Connacher that were sold in 2012.

9. The Interested Party had previously submitted an offer to Connacher to purchase the Seismic Data in 2012. Connacher refused the offer received from the Interested Party in 2012 as it was utilizing the Seismic Data in its operations.

10. Connacher, with the assistance of the Monitor, engaged in discussions with the Interested Party and the Interested Party presented a revised offer for the Seismic Data.

11. Both the purchase price offered by the Interested Party in 2012 and in June 2017 are disclosed within Confidential Exhibit "1" to the affidavit of Merle Johnson dated August 8, 2017 (the "Johnson Affidavit No. 10").

12. Since the sale of the underlying conventional oil and gas properties which occurred prior to 2013 Connacher has not used the Data or the Records for its business operations.

13. Connacher and the Monitor also contacted the Purchaser, a known broker of seismic data in Western Canada, who presented a significantly higher offer to acquire the Seismic Data. Connacher subsequently negotiated the Sale Agreement with the Purchaser.

Monitor's Analysis of the Seismic Transaction

14. The Monitor is of the view that approval of the Sale Agreement is in the best interest of all stakeholders for the following reasons:

    a) The Seismic Data represents a redundant asset and is not required for Connacher's ongoing operations or future exploration on its existing mineral leases as Connacher sold its ownership interest in the oil and gas property related to the Seismic Data in 2012;

    b) As identified in Confidential Exhibit "1" to the affidavit of the Johnson Affidavit No. 10, the purchase price under the Sale Agreement is significantly higher than the purchase price proposed by the Interested Party and is to be fully satisfied in cash;

c) The Monitor understands that the Purchaser is an arm's length party to Connacher and that the form of Sale Agreement is standard for transaction involving seismic data;

d) It is the opinion of the Monitor that the Sale Agreement and Seismic Transaction is more beneficial to creditors than a sale under a bankruptcy;

e) The Seismic Data is highly specialized and would only be utilized by oil and gas companies performing exploration in the geographic region covered by the Seismic Data. As a result of depressed oil prices, the Monitor's recent experience in divesting of seismic data is that there is a limited market of interested parties beyond seismic brokers; and

f) The Sale Agreement and the Seismic Transaction have been approved by the Interim Lenders, the Interim Financing Agent, and the First Lien Agent.

RECOMMENDATION

15. The Monitor respectfully recommends that this Honourable Court approve the Seismic Transaction and Sale Agreement.

Dated at Calgary, this 11th day of August, 2017.

ERNST & YOUNG INC.
in its capacity as the Monitor
of Connacher Oil and Gas Limited

Neil Narfason, CPA, CA, CIRP, LIT, CBV Senior Vice-President	Peter Chisholm CPA, CA, CIRP, LIT Vice-President