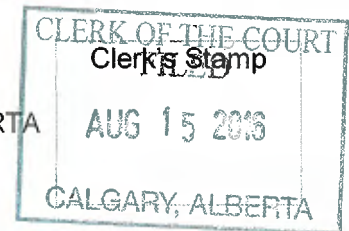


COURT FILE NO. 1601-06131
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



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

**AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
CONNACHER OIL AND GAS LIMITED**

DOCUMENT **BENCH BRIEF OF THE APPLICANT**

HEARING **WEDNESDAY, AUGUST 24, 2016**

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I INTRODUCTION

1. This Bench Brief is submitted on behalf of Connacher Oil and Gas Limited ("**Connacher**", the "**Company**" or the "**Applicant**") in support of an application for a Claims Procedure Order substantially in the form attached at Schedule "A" of the Applicant's Application filed August 15, 2016. The application is supported by the Monitor, Interim Financing Agent and First Lien Agent.
2. The application will be supported by, among other things, the Affidavit No. 4 of Merle Johnson, sworn on August 15, 2016 (the "**Johnson Affidavit No. 4**"). The Applicant also refers to and relies upon the Affidavit of Mr. Johnson sworn May 16, 2016 in support of the application for the Initial Order (the "**Johnson Affidavit No. 1**"). Capitalized terms not defined herein have the meanings given to them in the Johnson Affidavit No. 1 or the Johnson Affidavit No. 4, as applicable.
3. The purpose of this Bench Brief is to outline for the Court certain legislation and jurisprudence that is relevant to the relief being sought in the Company's application on August 24, 2016.

II CLAIMS PROCEDURE ORDER

4. Pursuant to sections 5.1 and 19 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**"), certain types of claims against an applicant and its directors and officers may be compromised through a plan of compromise or arrangement.
5. Section 12 of the CCAA gives the Court authority to establish deadlines for the purposes of voting and distributions under a plan.

The court may fix deadlines for the purposes of voting and for the purposes of distributions under a compromise or arrangement.

CCAA, s. 12

[TAB 1]

6. Although the CCAA does not expressly provide for a claims process order, it is common practice for a CCAA court to make such an order to facilitate a restructuring.

ScoZinc Ltd. (Re), 2009 NSSC 136, paras. 18, 23

[TAB 2]

7. This Court has recognized that the objective of a claims procedure order, and in particular, a claims bar date is:

to attempt to ensure that all legitimate creditors come forward on a timely basis. A claims procedure order provides the debtor and the Monitor with the information necessary to fashion a plan that may prove acceptable to the requisite majority of creditors given the financial circumstances of the debtor and that may be sanctioned by the court.

BA Energy Inc., Re, 2010 ABQB 507 at para 41

[TAB 3]

8. Orders similar to the requested Claims Procedure Order are routinely granted in CCAA proceedings in this jurisdiction and others.

Re Quicksilver Resources Canada Inc. et al, Claims Procedure Order dated May 26, 2016, Court File No. 1601-03113 (ABQB)

[TAB 4]

Re Lone Pine Resources Canada Ltd., et al, Claims Procedure Order dated October 9, 2013, Court File No. 1301-11352 (ABQB)

[TAB 5]

9. The Applicant is seeking the Claims Procedure Order at this stage because commencing a process to determine the nature, quantum, and validity of each claim against the Applicant and its directors and officers through the Claims Procedure, will allow the Applicant to be in a position to make informed decisions regarding bids received in the SISP and better evaluate, and ultimately implement, available restructuring options without undue delay. Obtaining further information regarding claims against the Applicant will further the restructuring process.

Johnson Affidavit No. 4 at para 8

10. The Claims Procedure sets September 26, 2016 at 5:00 p.m. (Calgary time) as the last date and time for any claimant to file a proof of claim asserting claims against the Applicant or its directors or officers, other than in respect of claims arising from a post-filing termination or disclaimer of a contract by the Applicant which must be filed by the later (i) 5:00 p.m. (Calgary time) on September 26, 2016 or (ii) fifteen calendar days following the termination or disclaimer.

Johnson Affidavit No. 4 at para 8

III CONCLUSION AND RELIEF SOUGHT

11. The Applicant seeks an Order under the CCAA substantially in the form as attached to the Application in order to facilitate a restructuring for the benefit of stakeholders.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 15th day of August, 2016.

CASSELS BROCK & BLACKWELL LLP

Estimated Time for Argument: 30 minutes

Per:

Shayne Kukulowicz/ Ryan Jacobs/
Jeffery Oliver
Solicitors for the Applicant

TABLE OF AUTHORITIES

Legislation

1. *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36.

Jurisprudence

2. *ScoZinc Ltd. (Re)*, 2009 NSSC 136.
3. *BA Energy Inc., Re*, 2010 ABQB 507.
4. *Re Quicksilver Resources Canada Inc. et al*, Claims Procedure Order dated May 26, 2016, Court File No. 1601-03113 (ABQB).
5. *Re Lone Pine Resources Canada Ltd., et al*, Claims Procedure Order dated October 9, 2013, Court File No. 1301-11352 (ABQB).