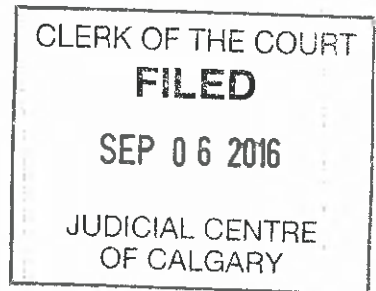


COURT FILE NUMBER 1601-06131

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 **APPLICATION (STAY EXTENSION ORDER)**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT **CASSELS BROCK & BLACKWELL LLP**
Suite 1250, Millennium Tower
440 - 2nd Avenue SW
Calgary, Alberta T2P 5E9

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NOTICE TO 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 Master/Judge.

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

Date: Tuesday, September 13, 2016
Time: 11:00 a.m.
Where: Calgary Courts Centre, 601 - 5 Street S.W.
Calgary, AB T2P 5P7
Before Whom: The Honourable Justice Macleod

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

Remedy claimed or sought:

1. If necessary, an Order abridging the time for service of this Application and supporting materials and declaring service to be good and sufficient;
2. An Order extending the stay of proceedings, as ordered and defined in paragraph 14 of the Initial Order granted herein on May 17, 2016 (the "**Initial Order**") to and including November 15, 2016; and

all in substantially the form of the proposed Order attached hereto as Schedule "A"; and

3. Such further and other relief, advice and directions as counsel may request and this Honourable Court may deem appropriate in the circumstances.

Grounds for making this Application:

4. On May 17, 2016, the Honourable Madam Justice Dario of this Honourable Court granted the Initial Order in this Action which provided for, among other things, a stay of proceedings up to and including June 16, 2016 (the "**Stay Period**").
5. On June 10, 2016, the Honourable Madam Justice G. A. Campbell of this Honourable Court granted an extension of the Stay Period until and including August 16, 2016 and on August 10, 2016, Madam Justice Dario further extended the Stay Period up to and including September 15, 2016.
6. Since the granting of the Initial Order and the last hearing to extend the Stay Period, the Applicant has taken, and continues to take, significant steps to advance the restructuring, including but not limited to:
 - (a) Cooperating with the Monitor to facilitate its monitoring of the Applicant's business and operations;
 - (b) Communicating, in some cases extensively, with various stakeholder groups and their advisors (including the Interim Lenders and the First Lien Agent (each as defined in the Initial Order)), suppliers, trade creditors, employees, contractors and others;

- (c) Working with the Monitor to pursue the sale and investment solicitation process which was approved by this Honourable Court on May 17, 2016, a copy of which is attached to the Initial Order as Schedule "A" (the "**SISP**"), including receiving and evaluating bids that were received in connection with the August 19, 2016 phase II bid deadline; and
- (d) Continuing to operate and manage the Applicant's business in the ordinary course subject to the terms of the Initial Order.

7. Connacher believes that a further extension of the Stay Period to November 15, 2016 is necessary and in the best interests of Connacher and its stakeholders in order to allow sufficient time to complete the SISP, including completion of negotiations with bidders and, if an agreement is reached, court approval and consummation of any transaction(s) that may arise therefrom.

8. Based on the Applicant's current cash on hand and cash flow projections, the Applicant will have sufficient liquidity through November 15, 2016.

9. The Monitor, the Interim Financing Agent and First Lien Agent support the relief being sought in this Application.

10. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

11. The pleadings and proceedings filed in the within Action.

12. The Affidavit No. 5 of Merle Johnson, sworn on September 6, 2016, filed.

13. The Fourth Report of the Monitor, to be filed.

14. Such further and other material as counsel may advise and this Honourable Court may permit.

Applicable rules:

15. *Alberta Rules of Court*, AR 124/2010.

Applicable Acts and regulations:

16. The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the "CCAA").

17. *Judicature Act*, R.S.A. 2000, c. J-2.

18. Such further and other acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

19. None.

How the Application is proposed to be heard or considered:

20. In person.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Schedule "A"

Clerk's stamp:

COURT FILE NO. 1601-06131

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT **IN THE MATTER OF THE *COMPANIES'*
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Fax: 403-648-1151
skukulowicz@casselsbrock.com
rjacobs@casselsbrock.com
joliver@casselsbrock.com

DATE ON WHICH ORDER WAS PRONOUNCED: September 13, 2016

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice Macleod

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Connacher Oil and Gas Limited (the "**Applicant**"); **AND UPON** having read the Application, the Affidavit No. 5 of Merle Johnson sworn on September 6, 2016, the Fourth Report of Ernst & Young Inc., the Court-appointed monitor of the Applicant (the "**Monitor**"), and the pleadings and proceedings herein, including the Initial Order granted on May 17, 2016 (the "**Initial Order**"); **AND UPON** hearing counsel for the Applicant, the Monitor and the Interim Financing Agent and First Lien Agent (as each defined in the Initial Order), and counsel for the other interested parties appearing;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient, no other person is required to have been served with notice of this application and this application is properly returnable today.
2. The Stay Period, as ordered and defined in paragraph 14 of the Initial Order, is hereby extended until and including November 15, 2016.

Justice of the Court of Queen's Bench of Alberta