Form 49
[Rule 13.19]

COURT FILE NO.	1601-06131	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	CLERK OF THE COURT FILED NOV 07 2016 CALGARY, 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	**AFFIDAVIT**	
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 Attn: Shayne Kukulowicz/Ryan Jacobs/Jeffrey Oliver Tel: 403-351-2920 Fax: 403-648-1151 skukulowicz@casselsbrock.com rjacobs@casselsbrock.com joliver@casselsbrock.com	

AFFIDAVIT NO. 6 OF MERLE JOHNSON
Sworn on November 7, 2016

I, Merle Johnson, of Calgary, Alberta, **SWEAR AND SAY THAT:**

1. I am the Chief Executive Officer and a director of Connacher Oil and Gas Limited ("**Connacher**" or the "**Applicant**"). As such I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, in which case I do verily believe the same to be true.

2. I previously swore an affidavit in this Action on May 16, 2016 (the "**First Affidavit**"), a second affidavit on May 30, 2016, a third affidavit on August 2, 2016, a fourth affidavit on August 15, 2016, and a fifth affidavit on September 6, 2016. Where I use capitalized terms in this Affidavit No. 6, but do not define them, I intend them to have the meaning given to them in the First Affidavit.

3. I make this Affidavit No. 6 in support of an application for an Order:

   (a) extending, until January 13, 2017, the stay of proceedings contained in the Initial Order granted by this Honourable Court on May 17, 2016 (the "**Initial Order**") and subsequently extended on June 10, 2016, August 10, 2016, and most recently on September 13, 2016 to November 15, 2016 (the "**Stay Period**");

   (b) authorizing and approving the Supplemental KERP (as defined below);

   (c) that all obligations under the Supplemental KERP shall be secured by the KERP/LTIP Charge (as created and defined in the Initial Order) and that the beneficiaries of the Supplemental KERP be granted all of the rights and benefits of the KERP/LTIP Charge set out in the Initial Order; and

   (d) sealing on the Court file Confidential Exhibit "1" hereto (discussed below).

4. I am advised by the Monitor and do verily believe that the Monitor supports this application. Further, I am advised by counsel for the Interim Financing Agent and First Lien Agent (each as defined in the Initial Order) and do verily believe that the Interim Financing Agent and First Lien Agent also support this application.

5. All references to dollar amounts contained herein are to Canadian Dollars unless otherwise stated.

I. ACTIVITIES TO DATE

6. Since the commencement of this CCAA proceeding, the Applicant has been actively engaged in advancing the restructuring proceedings for the benefit of all stakeholders. 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 Interim Financing Agent, the Interim Lenders (as defined in the Initial Order) and the First Lien Agent), suppliers, trade creditors, employees, contractors and others;

   (c) Entering into the Interim Financing Credit Agreement (as defined in the Initial Order) and most recently the Amendment Agreement (as defined below) with the Interim Lenders, as authorized in the Initial Order, and receiving funding thereunder;

   (d) 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 as detailed further below;

   (e) Preparing and sending disclaimer notices for certain contracts, including in respect of Connacher's head office lease;

   (f) Negotiating lease arrangements for new head office space, which Connacher has moved into;

(g) Working with the Monitor to administer the Claims Procedure, as set out in the Claims Procedure Order granted by this Honourable Court on August 24, 2016, including reviewing and analyzing claims submitted in the Claims Procedure; and

(h) Continuing to operate and manage the Applicant's business in the ordinary course subject to the terms of the Initial Order.

II. UPDATE ON SISP AND RESTRUCTURING

7. Since the initial application in this proceeding, the Applicant, the Monitor and their advisors have worked diligently to implement the SISP. The formal marketing process for the SISP began on May 18, 2016, immediately following entry of the Initial Order.

8. The Applicant received interest in the SISP from various types of parties, including industry participants and financial parties. The Applicant and the Monitor worked closely to ensure that information was made available to potential bidders in a timely and efficient manner, in order to encourage active participation in the process.

9. On June 24, 2016, Connacher extended the Phase I Bid Deadline (receipt of non-binding letters of intent) to July 14, 2016.

10. Following the revised Phase I Bid Deadline, the Monitor and Connacher received multiple non-binding letters of intent in connection with the SISP. Connacher reviewed and assessed the non-binding letters of intent received, consulted with the Consultation Parties (as defined in the SISP) in respect of those bids and determined to proceed to Phase II of the SISP.

11. On August 5, 2016, Connacher further extended the Phase II Bid Deadline to August 19, 2016.

12. Connacher received multiple bids on or about the revised Phase II Bid Deadline. As required pursuant to the terms of the SISP, Connacher has and continues to engage with the Interim Lenders and the other Consultation Parties with respect to the bids received, and based on feedback from those discussions, Connacher and the Monitor have continued discussions and negotiations with such bidders.

13. In parallel with those discussions, Connacher and the Interim Lenders are engaged in discussions to explore potential creditor sponsored alternative restructuring options for the Applicant.

14. In connection with those efforts, the Interim Lenders have continued to support Connacher. In that regard, on October 26, 2016, Connacher and the Interim Lenders entered into a Waiver, Approval and Modification Agreement (the "**Amendment Agreement**") pursuant to which the Interim Lenders agreed to provide an additional US$5,021,164.00 of availability (the "**Additional Availability**") under the Interim Financing Credit Facility (as defined in the Initial Order). The Additional Availability was contemplated in the Interim Financing Credit Facility approved by this Honourable Court in the Initial Order and Connacher's total borrowings will remain within the US$20 million principal amount cap contained in paragraph 33 of the Initial Order.

15. In conjunction with the Additional Availability, Connacher acknowledged (and the Interim Lenders waived) certain limited defaults under the Interim Financing Credit Facility relating to the SISP timelines and Connacher and the Interim Lender agreed to certain minor amendments to the Interim Financing Credit Facility. I do not believe that any of

the amendments are material to Connacher or its stakeholders and are instead administrative in nature.

16. The Additional Availability under the Amendment Agreement will provide Connacher with sufficient liquidity through the proposed extension of the Stay Period. In the absence of a near term sale transaction or alternative restructuring solution, it is contemplated that Connacher and the Interim Lenders will be working on a longer term funding solution.

17. Attached as **Exhibit "A"** to this Affidavit is a redacted copy of the Amendment Agreement in the form that has been publicly filed.

III. SUPPLEMENTAL KERP

18. Under the Initial Order this Honourable Court approved a key employee retention plan (the "**Initial KERP**") for certain of Connacher's key employees. The KERP was designed to incentivize those key employees to stay with Connacher throughout the implementation of the SISP as, without the retention of those key employees, Connacher's ability to successfully maintain its business operations, preserve asset value in the CCAA proceeding and successfully conduct the SISP would have been seriously compromised.

19. In addition, the Initial Order authorized and directed the payment of incentive payments that would come due to employees (other than employees under the Initial KERP) under an existing long term cash incentive plan ("**LTIP**").

20. The Court granted a charge over Connacher's assets and property in favour of the beneficiaries of the Initial KERP and the LTIP (the "**KERP/LTIP Charge**") which ranked last in priority to the other Charges granted in the Initial Order.

21. The terms of the Initial KERP and the LTIP included several trigger dates for payment of the amounts owing under the Initial KERP and LTIP, including an outside date of September 30, 2016.

22. Accordingly, on September 30, 2016, all amounts owing pursuant to the Initial KERP and LTIP were paid in full.

23. In light of the status of the CCAA proceeding and the expanded horizon for parallel efforts being undertaken to develop and implement a restructuring solution, Connacher's Board of Directors believes that a supplemental key employee retention plan (the "**Supplemental KERP**") is necessary at this time, and in the best interests of Connacher and its stakeholders in order to ensure retention of certain key management employees.

24. The intended beneficiaries of the proposed Supplemental KERP are a smaller group of employees than those who received the benefits of the Initial KERP and the proposed Supplemental KERP is quantitatively smaller than the Initial KERP. The intended beneficiaries of the proposed Supplemental KERP are involved in key management areas of Connacher both at head office and onsite and are critical to assisting the Applicant in concluding the CCAA proceeding.

25. These employees are highly skilled individuals who will likely have access to other employment opportunities. In addition, given these individuals' specialized skills and intimate knowledge of the Applicant's affairs, it would be very difficult to replace them in the current circumstances.

26. The key elements of the proposed Supplemental KERP are:

(a) Eligible employees will receive a one-time cash incentive payment payable upon the earliest of:

(i) Closing of a sale of all or substantially all of the assets of Connacher and approved by the CCAA Court on a final basis;

(ii) Implementation of a restructuring transaction through a CCAA plan of compromise or arrangement sanctioned by the CCAA Court;

(iii) Termination of Connacher's CCAA proceeding;

(iv) Termination of employment by Connacher without cause; and

(v) May 15, 2017.

(b) Eligible employees will not receive the incentive payment if they:

(i) have disclosed the arrangements to anyone other than to their immediate family members or their personal accounting, tax or legal advisors; or

(ii) have resigned, been terminated with cause, or, in the opinion of their direct supervisors and the Special Committee, failed to perform their duties and responsibilities diligently, faithfully and honestly.

27. Attached as **Exhibit "B"** to this Affidavit is a copy of the letter that would be sent to the beneficiaries of the Supplemental KERP, if approved by the Court, setting out the terms of the Supplemental KERP that the beneficiaries would be required to acknowledge and agree to in order to be entitled to the Supplemental KERP.

28. The proposed Supplemental KERP is available to ten management employees, including executives. Attached as **Confidential Exhibit "1"** to this Affidavit is a copy of a spreadsheet containing details of the names of the employees that would be eligible for the proposed Supplemental KERP, their annual salaries and the incentive payments that will be offered to them under the Supplemental KERP if approved by the Court (the "**Confidential KERP Summary**").

29. The Confidential KERP Summary contains sensitive commercial and personal information, the disclosure of which would be very harmful to the Applicant's commercial interests, as well as the personal privacy interests of the employees. Therefore, the Applicant is requesting that the Confidential KERP Summary in Confidential Exhibit "1" be sealed on the Court file.

IV. CHARGE FOR THE SUPPLEMENTAL KERP

30. In order to secure the obligations under the Supplemental KERP, it is proposed that the beneficiaries under the Supplemental KERP would be granted the benefit of the existing KERP/LTIP Charge that was established in the Initial Order for the benefit of the beneficiaries of the Initial KERP and LTIP.

31. The Applicant believes that granting the beneficiaries of the Supplemental KERP a charge over the assets and property of Connacher is fair and reasonable in the circumstances.

32. The Interim Financing Agent, the First Lien Agent, and the proposed Monitor each support Connacher's request for approval of the Supplemental KERP including the granting of the KERP/LTIP Charge to secure Connacher's obligations thereunder.

33. Given that the KERP/LTIP Charge ranks last in priority to the other Charges granted in the Initial Order, none of the beneficiaries of the other Charges would be prejudiced by the making of the requested order.

V. STAY EXTENSION

34. The Applicant is seeking an extension of the Stay Period to January 13, 2017.

35. In light of the ongoing parallel restructuring efforts being undertaken at this time, Connacher believes that a further extension of the Stay Period to January 13, 2017 is necessary and in the best interests of Connacher and its stakeholders.

36. Based on the Applicant's current cash on hand and cash flow projections, the Applicant will have sufficient liquidity through the proposed extension of the Stay Period. An updated cash flow projection for the period covering the proposed extension of the Stay Period will be attached to the Fifth Report of the Monitor.

37. I believe that the Applicant has been acting in good faith and with due diligence in these proceedings and I believe it is in the best interests of the Applicant and its stakeholders that the Stay Period be extended to January 13, 2017.

38. As noted above, each of the Monitor, the Interim Financing Agent and the First Lien Agent support an extension of the Stay Period to January 13, 2017.

VI. CONCLUSION

39. The Applicant believes that the relief requested in the Order is crucial to its ability to develop and implement a path that maximizes value for its stakeholders.

SWORN before me at the City of Calgary, in the Province of Alberta, on November 7, 2016

Commissioner for Oaths/Notary Public in and for the Province of Alberta

Danielle S. Maréchal
Barrister and Solicitor

MERLE JOHNSON

The is Exhibit "A"

to the Affidavit of Merle Johnson

Sworn before me this 7th day of November, 2016

A Commission for Oaths/Notary Public
in and for the Province of Alberta

Danielle S. Maréchal
Barrister and Solicitor

WAIVER, APPROVAL AND MODIFICATION AGREEMENT

THIS WAIVER, APPROVAL AND MODIFICATION AGREEMENT (this "*Agreement*") dated as of October 26, 2016 is made among:

CONNACHER OIL AND GAS LIMITED
as borrower (the "***Borrower***")

and

THE LENDERS PARTY HERETO
(collectively, the "***Lenders***" and individually, a "***Lender***")

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as administrative agent and collateral agent for the Lenders
(in such capacity, the "***Administrative Agent***")

RECITALS

WHEREAS the parties hereto entered into a credit agreement dated as of May 25, 2016 (the "***Credit Agreement***") for the purpose of establishing an interim revolving credit facility to fund the Borrower's obligations during the pendency of the CCAA Proceedings;

AND WHEREAS section 7.01(q) of the Credit Agreement provides that an Event of Default will have occurred if the Borrower (i) fails to receive initial expressions of interest from potential purchasers and/or investors satisfactory to the Lenders by June 30, 3016, (ii) fails to receive final, binding offers of purchase and/or investment from potential purchasers and/or investors satisfactory to the Lenders by July 27, 2016; (iii) fails to receive approval of the Court to enter into a purchase and sale agreement or other agreement related to a purchase and sale and/or investment transaction (the "***Transaction Agreements***") by August 8, 2016 and (iv) fails to complete the sale and/or investment transactions contemplated by the Transaction Agreements by August 31, 2016 (collectively, the "***Transaction Defaults***");

AND WHEREAS the Borrower failed to meet the timelines set out in section 7.01(q) of the Credit Agreement and, as such, an Event of Default has occurred under the Credit Agreement;

AND WHEREAS pursuant to section 5.11(b) of the Credit Agreement, the Borrower is required to provide the Administrative Agent with prompt written notice of any Event or Default or Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto by the Borrower, which such notice the Borrower failed to provide to the Administrative Agent (the "***Notice Default***");

AND WHEREAS section 7.01(d) of the Credit Agreement provides that default of section 5.11 of the Credit Agreement by the Borrower constitutes an immediate Event of Default and therefore the Notice Default has also caused an Event of Default under the Credit Agreement (the Notice Default, together with the Transaction Defaults, the "***Specified Events of Default***");

AND WHEREAS the Borrower has requested that the Lenders waive the Specified Events of Default;

AND WHEREAS the Lenders have agreed to waive the Specified Events of Default on the terms and conditions hereinafter set forth;

AND WHEREAS pursuant to section 2.01(b) of the Credit Agreement, at any time after Loans have been made by the Lenders to the Borrower in an amount equal to the Initial Commitment, the Borrower may request, in a writing delivered to the Administrative Agent, that the Lenders establish the Second Commitment;

AND WHEREAS pursuant to section 5.08 of the Credit Agreement, to the extent there are any material updates or changes to any Agreed Budget, the Borrower is required to prepare an update to the Agreed Budget, subject to the approval of the Required Lenders;

AND WHEREAS the Borrower has delivered to the Administrative Agent a request for consent for second commitment dated October 13, 2016, pursuant to which the Borrower (i) requested that the Lenders establish a Second Commitment in the aggregate amount of U.S. $5,021,164.00 (while noting the possibility of requesting a subsequent further increase in the amount of the Second Commitment) and (ii) proposed that the update and extension to the Agreed Budget attached thereto, and attached hereto as Schedule A (the "***October 13, 2016 Extended Budget***"), be approved;

AND WHEREAS the Lenders holding Loans representing at least 66 2/3% of the sum of all the Loans outstanding as at the date hereof wish to establish the Second Commitment in the aggregate amount of U.S. $5,021,164.00, thereby causing the occurrence of an Increased Commitment Event, and, as such, each of the Lenders will be obligated to make Loans available to the Borrower, subject to the terms and conditions of this Agreement and the Credit Agreement, in the aggregate amount set forth opposite such Lender's name in Schedule 2.01 of the Credit Agreement (as such Schedule is amended hereby) under the heading "Second Commitment";

AND WHEREAS the Lenders wish to approve the October 13, 2016 Extended Budget, subject to the terms and conditions of this Agreement;

AND WHEREAS the parties hereto wish to modify the Credit Agreement on the terms and conditions herein provided.

NOW THEREFORE, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Defined Terms

Capitalized terms used and not otherwise defined herein (including in the recitals hereto) shall have the meanings set forth in the Credit Agreement.

ARTICLE II
MODIFICATION TO CREDIT AGREEMENT

Section 2.01 Modification

Effective as of the date hereof and upon the satisfaction of the conditions precedent set forth in Section 3.01 below:

(a) Schedule 2.01 of the Credit Agreement is deleted in its entirety and is replaced with Schedule B attached hereto;

(b) the October 13, 2016 Extended Budget (including, for clarity, the schedule and amount of Borrowings under and in connection with the Second Commitment set forth therein) is approved and shall constitute the Agreed Budget for the period to and including December 31, 2016;

(c) section 5.05(a) of the Credit Agreement is amended by deleting the number "90" in the first sentence thereof and inserting the number "120" in its place;

(d) section 5.05(b) of the Credit Agreement is amended by deleting the number "45" in the first sentence thereof and inserting the number "60" in its place.; and

(e) section 6.19 of the Credit Agreement is deleted in its entirety and replaced with the following:

"After the date hereof, enter into any gas, oil, condensate and other production sale contract or gathering, common stream, transportation or processing agreement, in any such case that has a term or duration of longer than three (3) months; provided that, the Required Lenders may at any time and in their sole discretion, by notice to the Borrower from the Administrative Agent (acting solely at the direction of the Required Lenders) in accordance with Section 10.01, modify this Section 6.19 to obligate the Borrower to seek the consent of the Required Lenders in connection with the Borrower entering into any such agreement (regardless of the proposed term or duration), effective as of and after the date of such notice (without, for certainty, any effect on agreements entered into by the Borrower before delivery of any such notice by the Administrative Agent)."

Section 2.02 Waiver

Each of the Lenders hereby waives the Specified Events of Default (collectively, the "***Waiver***"); provided that:

(a) the Waiver is limited solely to and shall be effective only with respect to the Specified Events of Default; and

(b) except as expressly provided herein and for the limited purposes herein, nothing contained herein shall waive, limit or affect: (i) any Obligations or (ii) any provision of the Credit Agreement or the other Loan Documents, all of which continue in full force and effect.

Section 2.03 References to Credit Agreement

Upon the satisfaction of the conditions precedent set forth in Section 3.01 below, each reference in the Loan Documents to the "Credit Agreement" shall be to the Credit Agreement as modified hereby.

Section 2.04 Continuing Effect.

Each of the parties acknowledges and agrees that the Credit Agreement, as modified by this Agreement, and all other Loan Documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed, and the rights and obligations of all parties thereunder will not be affected or prejudiced in any manner except as specifically provided herein.

ARTICLE III
CONDITIONS PRECEDENT

Section 3.01 Conditions Precedent for Modification, Waiver and Approval

This Agreement shall become effective upon each of the following conditions precedent being performed to the satisfaction of the Administrative Agent (solely with respect to the rights and interest of the Administrative Agent) and the Lenders, or waived by the Administrative Agent (solely with respect to the rights and interest of the Administrative Agent) and the Lenders in accordance with the terms of the Credit Agreement:

(a) as at the date hereof, there exists no Default or Event of Default other than the Specified Events of Default;

(b) the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent (solely with respect to the rights and interest of the Administrative Agent) and the Lenders, the following:

(i) a duly executed copy of this Agreement;

(ii) a federal certificate of compliance and a certificate of status in respect of the Borrower issued under the laws of each jurisdiction where the Borrower is registered to carry on business; and

(iii) such other documents as are required under this Agreement, the Credit Agreement, or which are reasonable and customary in nature, as the Administrative Agent or the Lenders may reasonably request;

(c) there are no Liens ranking in priority to the Lender Charge, other than Permitted Priority Liens; and

(d) the Administrative Agent shall have received the Additional Upfront Fees (pursuant to section 2.05(c) of the Credit Agreement) and the Financing Fees and Expenses (pursuant to section 10.05(a) of the Credit Agreement) and any other amounts due and payable on or prior to the date hereof, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses required to be reimbursed or paid by the Borrower under the Credit Agreement or under any other Loan Document (and all such amounts may be paid by the Borrower from the proceeds of the initial Borrowing under and in connection with the Second Commitment).

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties

The Borrower hereby represents and warrants to each of the Lenders and the Administrative Agent that, as at the date hereof, the representations and warranties contained in section 3.01 of the Credit Agreement (other than those made as of a specific date and other than the representation and warranty contained in section 3.01(v) of the Credit Agreement as it relates to the Specified Events of Default) are true and correct. Further, the Borrower hereby represents and warrants to each of the Lenders and the Administrative Agent that:

(a) it is duly amalgamated and is validly subsisting under the laws of its governing jurisdiction and has all the requisite corporate capacity, power and authority to carry on its business as presently conducted, to own its property and to execute and deliver this Agreement;

(b) the execution and delivery of this Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval and approval from any other Person (if any required) and (iv) do not and will not contravene or conflict with its constating documents or by-laws or of any law, regulation, judgment, decree or order binding on or applicable to it or to which its property is subject or of any material agreement, lease, license, permit or other instrument to which it is a party or is otherwise bound or by which it benefits or to which its property is subject; and

(c) this Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement and the making of each Borrowing, notwithstanding any investigations or examinations which may be made by or on behalf of the Administrative Agent, the Lenders or their counsel. Such representations and warranties shall survive until the Credit Agreement has been terminated.

ARTICLE V
MISCELLANEOUS

Section 5.01 Governing Law, Jurisdiction; Consent to Service of Process.

(a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE PROVINCE OF ALBERTA AND OF CANADA APPLICABLE THEREIN.

(b) EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE PROVINCE OF ALBERTA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURTS OF THE PROVINCE OF ALBERTA. EACH OF THE PARTIES HERETO AGREES THAT, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE PROVINCE OF ALBERTA. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

Section 5.02 Waiver of Jury Trial

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 5.02.

Section 5.03 Further Assurances.

The Borrower will from time to time forthwith at the Administrative Agent's request and at the Borrower's own cost and expense, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Agreement and the Credit Agreement.

Section 5.04 Enurement

This Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

Section 5.05 Counterparts

This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Agreement by facsimile or other electronic transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

[signature pages immediately follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CONNACHER OIL AND GAS LIMITED

By: (signed) *"Authorized Signatory"*
Name:
Title:

By: (signed) *"Authorized Signatory"*
Name:
Title:

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Administrative Agent and as Collateral Agent

By: (signed) *"Authorized Signatory"*
Name:
Title:

[redacted][1] as
a Lender

By: (signed) *"Authorized Signatory"*
Name:
Title:

By: (signed) *"Authorized Signatory"*
Name:
Title:

[1] Name of Lender redacted

[redacted][2],
as a Lender

By: (signed) *"Authorized Signatory"*
Name:
Title:

By: (signed) *"Authorized Signatory"*
Name:
Title:

[2] Name of Lender redacted

[redacted]

[redacted][3] as a Lender

By: (signed) *"Authorized Signatory"*
Name:
Title:

[3] Name of Lender redacted

[redacted][4] as a Lender

By: (signed) *"Authorized Signatory"*
Name:
Title:

By: (signed) *"Authorized Signatory"*
Name:
Title:

[4] Name of Lender redacted

[redacted]

[redacted][5] as a Lender

By: (signed) *"Authorized Signatory"*
Name:
Title:

By: (signed) *"Authorized Signatory"*
Name:
Title:

[5] Name of Lender redacted

SCHEDULE A
TO THE WAIVER, APPROVAL AND MODIFICATION AGREEMENT

COPY OF OCTOBER 13, 2016 EXTENDED BUDGET

See attached

[Commercially sensitive information has been redacted]

SCHEDULE B
TO THE WAIVER, APPROVAL AND MODIFICATION AGREEMENT

SCHEDULE 2.01
LENDERS AND COMMITMENT

[Commercially sensitive information has been redacted]

The is Exhibit "B"

to the Affidavit of Merle Johnson

Sworn before me this 7th day of November, 2016

A Commission for Oaths/Notary Public
in and for the Province of Alberta

Danielle S. Maréchal
Barrister and Solicitor

[Connacher Letterhead]

STRICTLY PRIVATE AND CONFIDENTIAL **●, 2016**

[INSERT KERP BENEFICIARY]

Dear ●:

RE: Second Retention Incentive Payment

As you are aware, Connacher Oil and Gas Limited ("**Connacher**") remains in proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**") in the Court of Queen's Bench of Alberta (the "**CCAA Court**") and continues to work towards implementing a viable exit strategy. Connacher would like to assure you that your contributions to Connacher continue to be valued during this important period of time.

In consideration of your anticipated ongoing hard work and contributions to Connacher during its CCAA proceedings, subject to the terms contained herein Connacher is offering you, in addition to your regular salary and benefits, a further retention incentive payment (the "**Retention Incentive Payment**") of $● (less any required statutory withholdings) payable upon the earliest of the following events:

1. Closing of a sale of all or substantially all of the assets of Connacher and approved by the CCAA Court on a final basis;
2. Implementation of a restructuring transaction through a CCAA plan of compromise or arrangement sanctioned by the CCAA Court;
3. Termination of Connacher's CCAA proceedings;
4. Termination of your employment by Connacher without cause; and
5. May 15, 2017.

This proposal has been approved by the Board of Directors of Connacher. In addition, Connacher sought and obtained an order of the CCAA Court approving this proposal on a confidential basis and securing the obligation of Connacher to make the Retention Incentive Payment when due and payable under the KERP/LTIP Charge established in the Initial Order dated May 17, 2016 granted by the CCAA Court in Connacher's CCAA proceedings. A copy of all CCAA court orders and other information concerning Connacher's CCAA proceedings may be found at www.ey.com/ca/connacheroilandgas.com.

In order to be entitled to receive the Retention Incentive Payment:

1. You must not have disclosed these arrangements to any person other than your immediate family members and your personal accounting, tax and legal advisors (other than any disclosure required by law); and
2. Prior to the time that the Retention Incentive Payment becomes payable, you have not:

a. resigned;

b. been terminated with cause; or

c. failed to perform your duties and responsibilities diligently, faithfully and honestly in the reasonable opinion of your direct supervisor and the Special Committee of the Board of Directors of Connacher.

In addition to the foregoing, and as consideration for the Retention Incentive Payment and corresponding security of such payment under the KERP/LTIP Charge, by accepting the terms of this letter and by your signature hereto you hereby agree that your sole recourse with respect to the Retention Incentive Payment is in respect of any property of Connacher that is subject to the KERP/LTIP Charge and you fully and unconditionally waive, release and confirm you will not assert or advance, any and all claims, causes of action, or other legal recourse that may exist or that could be asserted at law, equity or otherwise, in respect of the Retention Incentive Payment against any and all current or former directors or officers of Connacher, including in any circumstance where the Retention Incentive Payment is not received by you for any reason.

In order to receive the Retention Incentive Payment you must accept the terms of this letter by signing below and returning one executed original to Suzanne Loov on or before 4:00 p.m. on ●, 2016.

The terms of this letter may only be amended by written agreement between you and Connacher, subject, if necessary, to further approval by the CCAA Court.

We truly appreciate your continued hard work and contribution to Connacher.

Sincerely,

Connacher Oil and Gas Limited

Per: ______________________
Merle Johnson,
Chief Executive Officer

Agreed and accepted by:

____
Name:
Date: