

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**
(APPROVAL OF WOOD BUFFALO SETTLEMENT AGREEMENT)

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT **CASSELS BROCK & BLACKWELL LLP**
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NOTICE TO RESPONDENT(S):

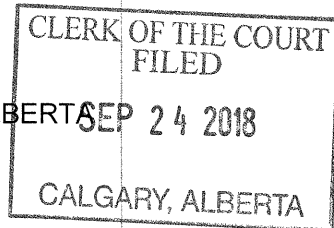
This Application is made against you. You are a Respondent.

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: October 4, 2018
Time: 10:00 a.m.
Where: Calgary Courts Centre, 601 - 5 Street S.W.
Calgary, AB T2P 5P7
Before Whom: The Honourable Justice Macleod

Clerk's Stamp



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. Connacher Oil and Gas Limited ("**Connacher**") seeks an order substantially in the form attached as Schedule "A" to this Application (the "**Settlement Approval Order**") approving a Settlement Agreement dated September 24, 2018 (the "**Settlement Agreement**") made between Connacher and the Regional Municipality of Wood Buffalo ("**Wood Buffalo**") and authorizing Connacher to perform its obligations thereunder.

Grounds for making this Application:

Background

2. On May 17, 2016, the Honourable Madam Justice Dario granted an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), which provided for, among other things, a stay of proceedings up to and including June 16, 2016, which has most recently been extended by this Honourable Court through and including October 31, 2018.
3. On August 22, 2018, this Honourable Court granted three orders which created a framework for Connacher to implement either a CCAA plan transaction or a purchase transaction, in either case to transfer its business to East River Oil and Gas Ltd. (the "**Plan Sponsor**"):
 - (a) the Creditors' Meetings Order;
 - (b) the Supplemental Claims Procedure Order; and
 - (c) the Approval and Vesting Order.
4. Meetings of Connacher's affected creditors are scheduled for October 3, 2018 (the "**Creditors' Meetings**"). If Connacher's CCAA plan (the "**CCAA Plan**") is approved by the requisite majorities of its affected creditors at the Creditors' Meetings, Connacher will seek the Court's sanction of the CCAA Plan on October 4, 2018.

Settlement Agreement with Wood Buffalo

5. Wood Buffalo submitted a proof of claim pursuant to the Supplemental Claims Procedure Order asserting a secured claim in respect of municipal property taxes in the amount of \$13,957,811.63 in respect of which Wood Buffalo asserts a priority secured claim

pursuant to the *Municipal Government Act* (Alberta) (the “**Wood Buffalo Proof of Claim**”).

6. Connacher and Wood Buffalo have engaged in discussions concerning a potential settlement of Wood Buffalo’s alleged priority secured claims. Those discussions have culminated in the Settlement Agreement, which was executed by the parties thereto on September 24, 2018.
7. The key terms of the Settlement Agreement are summarized in the Affidavit of Jeff Beeston sworn on September 24, 2018 (the “**Beeston Affidavit**”) and a copy of the Settlement Agreement is attached at Exhibit “A” to the Beeston Affidavit. The Settlement Agreement is conditional upon the Court granting the Settlement Approval Order.
8. Connacher believes that the Settlement Agreement is a fair and commercially reasonable compromise in the circumstances, will expedite implementation of the CCAA Plan, and that it is in the best interests of Connacher and its stakeholders that the Settlement Approval Order be granted.
9. The Settlement Agreement has been approved by, and is supported by, the Monitor, the First Lien Agent and the Consenting First Lien Lenders.
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 Beeston Affidavit, filed.
12. The Supplement to the 17th Report of the Monitor, to be filed.
13. Such further and other material as counsel may advise and this Honourable Court may permit.

Applicable rules:

14. *Alberta Rules of Court*, AR 124/2010.
15. Such further and other rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

16. The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended.
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" TO APPLICATION

Clerk's stamp:

COURT FILE NO. 1601-06131

Clerk's
Stamp

COURT COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT **IN THE MATTER OF THE *COMPANIES'*
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CONNACHER OIL AND GAS LIMITED**

DOCUMENT **ORDER (WOOD BUFFALO
SETTLEMENT APPROVAL)**

ADDRESS FOR SERVICE
AND CONTACT **Cassels Brock & Blackwell LLP**
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nlevine@casselsbrock.com

DATE ON WHICH ORDER WAS
PRONOUNCED: October 4, 2018

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 Affidavit of Jeff Beeston sworn September 24, 2018 (the "**Beeston Affidavit**"); the ● Report of Ernst & Young Inc., the Court-appointed monitor of the Applicant (the "**Monitor**") filed ●, 2018 (the "**●th Report**"); and the pleadings and proceedings herein; **AND UPON** hearing counsel for the Applicant, the Monitor, the Regional Municipality of Wood Buffalo ("**Wood Buffalo**"), the First Lien Agent and Consenting First Lien Lenders and from any other affected parties that may be present and no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of ● sworn September 24, 2018, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of this Application and supporting documents is hereby deemed to be good and sufficient, the time for notice is hereby abridged to the time provided, and no other person is required to have been served with notice of this Application.

SETTLEMENT AGREEMENT

2. The Settlement Agreement dated September 24, 2018 (the "**Settlement Agreement**") between the Applicant and Wood Buffalo, as attached at Exhibit "A" to the Beeston Affidavit, is hereby approved, and the Applicant is hereby authorized and directed to perform its obligations under the Settlement Agreement.
3. Any disputes in connection with the Settlement Agreement shall be determined by this Court on application, on not less than 7 days' notice, by either the Applicant or Wood Buffalo.

MISCELLANEOUS

4. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicant and its agents in carrying out the terms of this Order. All courts, regulatory tribunals and

administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Applicant as may be necessary or desirable to give effect to this Order or to assist the Applicant and its agents in carrying out the terms of this Order.

5. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
6. Service of this Order on any party not attending this application is hereby dispensed with.

Justice of the Court of Queen's Bench of
Alberta