COURT FILE NUMBER	1601-06131	Clerk's Stamp CLERK OF THE COURT FILED JAN 21 2019 JUDICIAL CENTRE OF CALGARY
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** Bankers Hall West, 888-3rd Street SW Suite 3810 Calgary, Alberta T2P 5C5 Attn: Ryan Jacobs/Joseph Bellissimo/Natalie E. Levine Tel: 403-351-2920 Fax: 403-648-1151 rjacobs@casselsbrock.com jbellissimo@casselsbrock.com nlevine@casselsbrock.com	

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:	January 25, 2019
Time:	10:00 a.m.
Where:	Calgary Courts Centre, 601 - 5 Street S.W. Calgary, AB T2P 5P7
Before Whom:	The Honourable Madam Justice B.E.C. Romaine

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 under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") substantially in the form attached hereto as Schedule "A" (the "**Stay Extension Order**") extending the Stay Period (as defined in the Initial Order granted by the Honourable Madam Justice Dario on May 17, 2016) until the earlier of (i) the filing of the Monitor's certificate (the "**Monitor's Certificate**") confirming the completion of the Plan Transaction (as defined below) and (ii) March 15, 2019.

Grounds for making this Application:

Overview of the Application

2. On August 2, 2018, Connacher and East River Oil and Gas Ltd. (the "**Plan Sponsor**") entered into transaction agreements to affect a going concern sale of Connacher's business to the Plan Sponsor through either (i) the implementation of a CCAA plan (the "**Plan**") of compromise and arrangement (the "**Plan Transaction**") or (ii) in the event of a CCAA Plan Termination Event, a sale of substantially all of Connacher's assets (the "**Purchase Transaction**" and collectively with the Plan Transaction, the "**Plan Sponsor Transactions**").

3. The Plan Sponsor Transactions were identified through a Court-approved sale and investment solicitation process (the "**SISP**") implemented by Connacher in conjunction with the Court-appointed monitor, Ernst & Young Inc. (the "**Monitor**") and the Court-appointed financial advisor, Houlihan Lokey Capital, Inc.

4. On August 22, 2018, this Honourable Court approved Connacher's entry into the definitive transaction agreements. On October 3, 2018, Connacher's affected creditors voted to approve the Plan and on October 4, 2018, this Honourable Court sanctioned the Plan pursuant to the CCAA.

5. The Plan Sponsor has not yet received all required regulatory approvals from the People's Republic of China required to implement the Plan or close the Purchase Transaction (the "**PRC Approvals**").

6. The Stay Period will expire on January 31, 2019. By this application, Connacher seeks an extension of the Stay Period to provide additional time to complete either one of the Plan Sponsor Transactions or the Credit-Bid Transaction (as defined below).

7. In the event that the Plan Sponsor Transactions cannot be completed, the extension of the Stay Period will allow Connacher to, subject to various terms and conditions, consummate a pre-negotiated transaction whereby certain of the first lien lenders (the "**Consenting First Lien Lenders**") holding in excess of 75% of the principal amount of debt outstanding under the First Lien Credit Agreement dated as of May 23, 2014, as amended (the "**First Lien Credit Agreement**") will direct the agent under the First Lien Credit Agreement (the "**First Lien Agent**") to form a new company to credit-bid a portion of the first lien debt in exchange for all or substantially all of Connacher's assets (the "**Credit-Bid Transaction**").

Extension of the Stay Period

8. The Stay Period is currently set to expire on the earlier of (i) the filing of the Monitor's Certificate, and (ii) January 31, 2019.

9. In the event that the Plan Sponsor is unable to obtain all PRC Approvals and complete one of the Plan Sponsor Transactions by January 31, 2019, Connacher requires additional time to complete either (i) a Plan Sponsor Transaction by such other date and on such other terms as may be agreed with the Plan Sponsor with the consent of the Consenting First Lien Lenders and in consultation with the Monitor, or (ii) the Credit-Bid Transaction.

10. Connacher respectfully requests that this Honourable Court grant an extension of the Stay Period until the earlier of (i) the filing of the Monitor's Certificate, and (ii) March 15, 2019.

11. Based on Connacher's current cash on hand and cash flow projections, Connacher will have sufficient liquidity through the proposed extension of the Stay Period.

12. Connacher has acted and continues to act in good faith and with due diligence in this proceeding, including in continuing its efforts to complete the Plan Sponsor Transactions. It is in the best interests of Connacher and its stakeholders that the Stay Period be extended to the earlier of (i) the filing of the Monitor's Certificate, and (ii) March 15, 2019.

Material or evidence to be relied on:

13. The Affidavit of Jeff Beeston, sworn January 21, 2019, filed.

14. The 19th Report of the Monitor, to be filed.

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

Applicable rules:

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

17. Such further and other rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

18. The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended.

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

20. 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:

21. None.

How the Application is proposed to be heard or considered:

22. 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

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' 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**	
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DATE ON WHICH ORDER WAS PRONOUNCED: January 25, 2019

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice B.E.C. Romaine

UPON the application of Connacher Oil and Gas Limited (the "**Applicant**"); **AND UPON** having read the Affidavit of Jeff Beeston sworn January 21, 2019, the Nineteenth Report of the Monitor filed January ●, 2019; 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, Ernst & Young Inc. in its capacity as monitor of the Applicant (the "**Monitor**"), the First Lien Agent (as defined in the Initial Order), and East River Oil and Gas Ltd. (the "**Plan Sponsor**"), 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 January ●, 2019, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Initial Order.

STAY OF PROCEEDINGS

2. The Stay Period, as ordered and defined in paragraph 14 of the Initial Order is hereby extended until and including the earlier of (i) the filing of the Monitor's Certificate substantially in the form attached as Schedule "B" to the Applicant's Amended and Restated Plan of Compromise and Arrangement dated August 13, 2018; and (ii) March 15, 2019.

MISCELLANEOUS

3. This Order shall be posted on the Website at www.ey.com/ca/connacheroilandgas and only be required to be served upon the parties on the service list and those parties who appeared at the hearing of the application for this Order.

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Justice of the Court of Queen's Bench of Alberta