



Clerk's stamp:

COURT FILE NUMBER 1601-11708
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, RSC 1985,
C C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF
ARRANGEMENT OF QUATTRO EXPLORATION
PRODUCTION LTD.

APPLICANT QUATTRO EXPLORATION AND PRODUCTION
LTD.

DOCUMENT **APPLICATION (Stay Extension and Sealing Order)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY SUBMITTING THIS DOCUMENT
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Attention: Ryan Zahara/James Reid
Telephone No.: 403-260-9628/403-260-9731
Fax No.: 403-260-9700
Client File No.: 87882/1

NOTICE TO RESPONDENT

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

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

Date January 3, 2017
Time 2:30 p.m.
Where Calgary Courts Centre, Justice Chambers
Before Whom The Honourable Madam Justice K.M. Eidsvik

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. Quattro Exploration and Production Ltd. ("**Quattro**") is seeking an Order substantially in the form attached hereto as Schedule "**A**":
 - (a) abridging the time for service of this Application and declaring that this Application is properly returnable today, if necessary, and further service of this Application, other than to those listed on the Service List attached hereto as Schedule "**B**" is hereby dispensed with;
 - (b) extending the Stay Period (as defined below) to and including January 31, 2017;
 - (c) sealing Confidential Exhibit "**B**" to the Affidavit of Leonard Van Betuw sworn December 23, 2016; and
 - (d) such further and other relief as counsel may request and this Honourable Court may deem appropriate.

GROUND FOR MAKING THIS APPLICATION:

Background on these proceedings

2. Quattro was granted protection from its creditors under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"), pursuant to the Initial Order granted on September 8, 2016 by the Honourable Madam Justice G.A. Campbell (the "**Initial Order**").
3. the Initial Order, among other things:
 - (a) stayed all proceedings and remedies taken, or that might be taken, in respect of Quattro or any of its property, except as otherwise set forth in the Initial Order or as otherwise permitted by law, for an initial period of 30 days to and including October 8, 2016 (the "**Stay Period**");
 - (b) granted the approval of a sale and investor solicitation process (the "**SISP**");
 - (c) appointed Hardie & Kelly Inc. as monitor (the "**Monitor**") of Quattro; and

- (d) permitted Quattro to file with the Court a plan or plans of compromise or arrangement between Quattro and its creditors.
- 4. On October 7, 2016, the Honourable Mr. Justice K.D. Yamauchi granted an Order that, among other things, extended the Stay Period to and including November 30, 2016.
- 5. On November 23, 2016, the Honourable Mr. Justice C.M. Jones granted: (i) an Order that extended the Stay Period to and including December 16, 2016; and (ii) an Order approving the commencement of claims procedures (the "**Claims Procedure**") for the purpose of reviewing the validity, priority and quantum of potential claims against Quattro.
- 6. On December 14, 2016, the Honourable Madam Justice K.M. Horner granted: (i) an Order that extended the Stay Period to and including January 4, 2017 (the "**Third Stay Extension**"); and (ii) an Order approving the sale and vesting of one of Quattro's non-core assets in British Columbia in the name of the purchaser, ARC Resources Ltd., free and clear of encumbrances, except for permitted encumbrances.

Stay Extension

- 7. Since the Third Stay Extension was granted, Quattro has taken significant steps to advance these restructuring proceedings, including, but not limited to:
 - (a) cooperating with the Monitor to facilitate its monitoring of Quattro's business and operations;
 - (b) communicating with various stakeholder groups and their advisors, including Quattro's first secured creditor, Business Development Bank of Canada;
 - (c) concluding the SISP in accordance with the Initial Order;
 - (d) negotiating and executing an Asset Purchase and Sale Agreement for the sale of certain of Quattro's assets in Alberta (the "**Transaction**");
 - (e) applying to the Alberta Energy Regulator for approval of the transfer of well licences in respect of the Transaction;

- (f) continuing discussions with interested parties to finalize binding agreements for the sale of certain of Quattro's remaining assets in Alberta and for an investment in the business and operations of Quattro;
 - (g) continuing to operate and manage the business and operations of Quattro in the ordinary course, subject to the terms of the Initial Order; and
 - (h) continuing to work with the Monitor to implement and carry out the Claims Procedure.
8. The extension of the Stay Period to and including February 4, 2017 (the "**Stay Extension Period**") will provide Quattro with the additional time necessary to continue its restructuring efforts, which include, among other things: (i) closing the Transaction, subject to Court approval; (ii) finalizing definitive agreements with respect to the sale of certain of Quattro's remaining assets in Alberta; and (iii) finalizing definitive agreements for an investment in the business and operations of Quattro.
9. The Stay Extension Period is necessary in order to allow for the continuation and completion of the Claims Procedure and to formulate a plan of arrangement or compromise that will be presented to Quattro's creditors.
10. Quattro has acted and continues to act diligently and in good faith such that the Stay Extension Period is appropriate in the circumstances.
11. Quattro will have sufficient cash on hand to fund its operations and these proceedings during the Stay Extension Period.

MATERIAL OR EVIDENCE TO BE RELIED ON:

12. Quattro intends to rely upon the following materials:
- (a) the Initial Order;
 - (b) the Affidavit of Leonard Van Betuw sworn December 23, 2016, filed;
 - (c) all pleadings and proceedings filed in this action; and

- (d) such further and other materials as counsel may advise and this Honourable Court may permit.

APPLICABLE RULES:

13. Quattro will rely upon and refer to the *Alberta Rules of Court* during the making of the Application.

APPLICABLE ACTS AND REGULATIONS:

14. Quattro will rely upon and refer to the provisions of the CCAA during the making of the Application.

ANY IRREGULARITY COMPLAINED OF OR OBJECTION RELIED ON:

15. None.

HOW APPLICATION IS PROPOSED TO BE HEARD OR CONSIDERED:

16. Oral submission by counsel at an application before the Honourable Madam Justice K.M. Eidsvik on January 3, 2017.

AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant 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 at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

Schedule "A"
(Stay Extension and Sealing Order)

Schedule "B"
(Service List)

Clerk's stamp:

COURT FILE NUMBER 1601-11708
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

**IN THE MATTER OF THE COMPANIES' CREDIT
ARRANGEMENT ACT, RSC 1985, C C-36, AS
AMENDED**

**AND IN THE MATTER OF A PLAN OF
ARRANGEMENT OF QUATTRO EXPLORATION
PRODUCTION LTD.**

APPLICANT QUATTRO EXPLORATION AND PRODUCTION LTD.

DOCUMENT **ORDER (STAY EXTENSION & SEALING)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY SUBMITTING THIS
DOCUMENT

BLAKE, CASSELS & GRAYDON LLP
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Attention: Ryan Zahara/James Reid
Telephone No.: 403-260-9628/403-260-9731
Fax No.: 403-260-9700
Client File No.: 87882/1

DATE ON WHICH ORDER WAS PRONOUNCED: January 3, 2017

LOCATION OF HEARING: Calgary Court Centre, Justice Chambers

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice K.M. Eidsvik

UPON the application (the "**Application**") of Quattro Exploration and Production Ltd. ("**Quattro**"); **AND UPON** having read the Application, the Affidavit of Leonard Van Betuw sworn December [23], 2016 (the "**Van Betuw Affidavit**") filed; the Fifth Report of the Monitor, dated [●] (the "**Fifth Report**") filed; the Affidavit of Service of [●] sworn [●],

filed; **AND UPON** hearing counsel for Quattro, counsel for Hardie & Kelly Inc. (the "**Monitor**"), counsel for Business Development Bank of Canada and any other interested parties in attendance;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. Service of this Application is hereby abridged, if necessary, and the Application is properly returnable today and any requirement for service of the Application upon any party not served is hereby dispensed with.

Stay Extension

2. The Stay Period, as defined in paragraph 16 of the Initial Order granted in these proceedings by this Honourable Court on September 8, 2016 and as extended by the Orders of this Honourable Court on October 7, 2016, November 23, 2016 and December 14, 2016, is hereby extended until and including February 4, 2017.

Sealing

3. The Clerk of the Court shall file Confidential Exhibit "**B**" to the Van Betuw Affidavit in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY
QUATTRO EXPLORATION AND PRODUCTION LTD.; and

THE CONFIDENTIAL MATERIALS ARE SEALED FOR SIXTY (60) DAYS
FROM THE DATE OF THIS ORDER UNTIL FURTHER ORDER PURSUANT
TO THE SEALING ORDER ISSUED BY THE HONOURABLE JUSTICE K.M.
EIDSVIK ON JANUARY 3, 2017.

4. Leave is hereby granted to any person, entity or party affected by this Order to apply to this Court for a further Order vacating, substituting, modifying or varying the terms of this Order, with such application to be brought on notice to Quattro and any other affected party in accordance with the Alberta *Rules of Court*.

J.C.Q.B.A.

COURT FILE NUMBER

1601-11708

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT

CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF A PLAN OF ARRANGEMENT
OF QUATTRO EXPLORATION AND PRODUCTION LTD.

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