



COURT FILE NUMBER BK NO: 25-1543324

COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

PROCEEDING IN THE MATTER OF THE BANKRUPTCY OF DESMARAIS ENERGY
CORPORATION

DOCUMENT APPLICATION

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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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 master/judge.

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

DATE	<u>October 26, 2011</u>
TIME	<u>11:00 a.m.</u>
WHERE	<u>Court House, Calgary, Alberta</u>
BEFORE WHOM	<u>The Honourable Justice Streckf</u>

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. An Order abridging the time for service of this Application and the supporting materials, as necessary, and deeming service thereof to be good and sufficient.

STAY OF PROCEEDINGS

2. An Order extending the stay of proceedings under the BIA to December 9, 2012.

ADMINISTRATION CHARGE

3. An Order declaring that the Trustee, counsel to the Trustee and counsel to the Applicant shall be paid their reasonable fees and disbursements, and declaring that the Trustee, counsel to the Trustee, if any, and the Applicant counsel, as security for the professional fees and disbursements incurred both before and after the granting of the requested Order, shall be entitled to the benefits of and are hereby granted a first priority charge (the "Administration Charge") on all present and after-acquired property of the Applicant (the "Property"), which charge shall not exceed an aggregate amount of \$100,000.

DIP CHARGE

4. An Order declaring that the Applicant shall be authorized and empowered to obtain and borrow under a credit facility from DEC DIP Financial Group (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$100,000 unless permitted by further order of this Court.
5. An Order declaring that the DIP Lender shall be entitled to the benefits of and is hereby granted a charge (the "DIP Lender's Charge") on the Property to secure all obligations under the DIP Loan ranking in priority to all claims except the Administration Charge.
6. Such further and other relief as counsel may advise and this Honourable Court deem just.

Grounds for making this application:

7. The Applicant requires an extension of the stay of proceedings in order to complete its financial restructuring and a proposal to its creditors.
8. In order to ensure the participation of professionals in the restructuring, an Administration Charge is required to protect and secure the fees and disbursements of the said professionals.
9. The DIP Lender is prepared to advance funds to the Applicant to ensure that it has the necessary working and operating capital to continue its restructuring efforts, provided that a charge against the assets of the Applicant is provided to protect the interest of the DIP Lender.

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

Material or evidence to be relied on:

11. Affidavit of James Long, sworn October 21, 2011, filed.

12. The First Report of the Proposal Trustee dated October __, 2011

13. Such further and other materials as counsel may advise and this Honourable Court deem fit.

Applicable Rules:

14. N/A

Applicable Acts and Regulations:

15. *Bankruptcy and Insolvency Act*, ss. 50.47, 50.6 and 64.2

Any irregularity complained of or objection relied on:

16. N/A

How the application is proposed to be heard or considered:

17. This Application is proposed to be heard in Justice Chambers before Justice Streckf.

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.