



Clerk's stamp:

COURT FILE NO. 1501-01523
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANT PALLISER OIL & GAS CORPORATION
DOCUMENT APPLICATION

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
BLAKE, CASSELS & GRAYDON LLP
3500, 855 – 2nd Street S.W.
Calgary, AB T2P 4J8
Attn: Ryan Zahara / James Reid
Telephone: 403-260-9628 / 403-260-9731
Facsimile: 403-260-9700
File: 79294/7
Email: ryan.zahara@blakes.com
james.reid@blakes.com

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	<u>Friday, January 20, 2017</u>
Time	<u>2:00 p.m.</u>
Where	<u>Calgary Courts Centre, Justice in Chambers</u>
Before Whom	<u>The Honourable Madam Justice G.A., Campbell</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. FTI Consulting Canada Inc., in its capacity as Court-appointed receiver and manager (the "**Receiver**") of Palliser Oil & Gas Corporation ("**Palliser**"), seeks an order substantially in the form attached hereto as Schedule "**A**":
 - (a) abridging the time for service of this application and declaring that this motion 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) authorizing and approving the Receiver to make an interim distribution in the amount of \$2,563,436, substantially as described in the Second Report of the Receiver dated January 11, 2017 (the "**Second Report**");
- (c) approving the proposed holdback of \$280,377 by the Receiver, as more particularly described in the Second Report;
- (d) approving the actions, conduct and activities of the Receiver and its legal counsel as outlined in the Second Report and all other reports filed by the Receiver in these receivership proceedings;
- (e) approving the Receiver's Statement of Receipts and Disbursements for the period from February 12, 2015 to January 11, 2017 as set out in the Second Report;
- (f) authorizing the Receiver to destroy the books and records of Palliser that are not claimed by the former directors within 30 days of the filing of the receiver's certificate discharging the Receiver;
- (g) approving the Receiver's accounts and the accounts of its independent legal counsel, inclusive of all accrual for the fees and disbursements of the Receiver and those of its legal counsel in connection with the completion of these receivership proceedings, including the costs of this Application;
- (h) declaring that the Receiver has duly and properly discharged its duties, responsibilities and obligations as Receiver;
- (i) discharging and releasing the Receiver from any and all further obligations as Receiver and any and all liability in respect of any act done by the Receiver in these receivership proceedings, and its conduct as Receiver pursuant to its appointment in accordance with the Receivership Order, or otherwise; and
- (j) such further and other relief as counsel may request and this Honourable Court may deem appropriate.

Grounds for making this application:

2. The grounds upon which the Receiver relies in making the within Application are as follows:
- (a) on February 12, 2015, Palliser became subject to these receivership proceedings pursuant to an Order of the Honourable Mr. Justice S.J. LoVecchio dated February 12, 2015 (the "**Receivership Order**");
 - (b) the realization of all assets and property of Palliser is complete and there are no further assets to be realized upon or recovered;
 - (c) as set out in the Second Report, the Receiver and its counsel have reviewed the claims against Palliser and the Receiver proposes to distribute a total of \$2,563,436 of the \$2,843,813 of funds available for distribution to certain secured creditors, lien claimants and super priority claimants;
 - (d) the Receiver intends to holdback \$280,377, which is the remainder of funds available for distribution, for: (i) estimated costs in relation to operational wind down expenses; (ii) pending Canada Revenue Agency audits; (iii) professional fees; and (iv) the Saskatchewan BLA Section 22(2) Liens (as defined in the Second Report);
 - (e) other than the claims discussed in the Second Report, the Receiver is not aware of any other claims that would rank ahead of the security of the National Bank of Canada;
 - (f) with the exception of some minor administrative matters, the Receiver has performed its mandate as Receiver under the Receivership Order and it is now appropriate that the Receiver be discharged as Receiver, subject to the completion of the final administrative tasks;
 - (g) the reasons described in the Second Report; and
 - (h) such further and other reasons as counsel may request and this Honourable Court may deem just.

Material or evidence to be relied on:

3. The Receiver intends to rely upon the following materials:
- (a) the Receivership Order, filed;

- (b) the Second Report, filed; and
- (c) such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable rules:

- 4. The Receiver will rely upon and refer to the Alberta *Rules of Court* during the making of the Application.

Applicable Acts and Regulations:

- 5. The Receiver will rely upon and refer to the provisions of the *Bankruptcy & Insolvency Act*, RSC 1985, c B-3, as amended.

Any irregularity complained of or objection relied on:

- 6. None.

How application is proposed to be heard or considered:

- 7. Oral submission by counsel at an application before the Honourable Madam Justice G.A. Campbell on January 20, 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"

Form of Order

(see attached)

Clerk's Stamp

COURT FILE NUMBER **1501-01523**
COURT **COURT OF QUEEN'S BENCH OF ALBERTA**
JUDICIAL CENTRE **CALGARY**
PLAINTIFF **NATIONAL BANK OF CANADA**
DEFENDANT **PALLISER OIL & GAS CORPORATION**
DOCUMENT **ORDER (Interim Distribution and Discharge)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BLAKE, CASSELS & GRAYDON LLP
Barristers & Solicitors
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Facsimile: 403-260-9700
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File: 79294/7

DATE ON WHICH ORDER WAS PRONOUNCED: January 20, 2017
LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre
NAME OF JUSTICE WHO MADE THIS ORDER: Honourable Madam Justice G.A. Campbell

UPON THE APPLICATION by FTI Consulting Canada Inc. in its capacity as the Court-appointed receiver and manager (the "**Receiver**") of all the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, of Palliser Oil & Gas Corporation (the "**Debtor**");

AND UPON having read the Application, the Second Report of the Receiver dated January 11, 2017 (the "**Second Report**"), filed; **AND UPON** having read the Affidavit of Service of [●] sworn [●], filed; **AND UPON** hearing counsel for the Receiver and counsel for other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:**SERVICE**

1. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this Application, and time for service of this Application is abridged to that actually given.
2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the receivership order dated February 12, 2015 by the Honourable Mr. Justice S.J. LoVecchio (the "**Receivership Order**") and the Second Report.

INTERIM DISTRIBUTION

3. The Receiver is hereby authorized and directed to make a distribution (the "**Interim Distribution**") in the amount of \$2,563,436 in accordance with the proposed interim distribution described in paragraph 38 of the Second Report.
4. The Receiver is hereby authorized and directed to holdback \$280,377 (the "**Holdback**") of the funds available for distribution for: (i) estimated operation and wind down expenses; (ii) pending audits from the Canada Revenue Agency; (iii) professional fees; and (iv) amounts relating to the Saskatchewan BLA Section 22(2) Liens.
5. The actions, conduct and activities of the Receiver to date, as outlined in the Second Report and in all previous reports filed by the Receiver in these receivership proceedings are hereby approved.
6. Upon the filing of a receiver's certificate substantially in the form attached hereto as Appendix "1" (the "**Receiver's Certificate**"), the Receiver is hereby unconditionally and absolutely discharged as Receiver of the Property (as such term is defined in the Receivership Order). Upon the filing of the Receiver's Certificate, the Receiver shall have no further duty, liability or obligation with respect to the Property. Notwithstanding the foregoing, the Receiver is authorized and empowered to take any steps necessary or actions necessary to conclude the administration of the Property, including any minor administrative matters as discussed in the Second Report and for distribution of the amount of the Holdback pending the Saskatchewan BLA Section 22(2) Appeal.
7. As of the date of the Second Report and based on the evidence that is currently before this Honourable Court:

- (a) the Receiver has acted honestly and in good faith, and has dealt with the Property in a commercially reasonable manner;
 - (b) the actions and conduct of the Receiver are approved and the Receiver has satisfied all of its duties and obligations as receiver of the Property;
 - (c) the Receiver shall not be liable for any act or omission pertaining to the discharge of the Receiver's duties as receiver of the Property, save and except for any liability arising out of fraud or gross negligence or wilful misconduct on the part of the Receiver; and
 - (d) any and all claims against the Receiver arising from, relating to, or in connection with the performance of the Receiver's duties and obligations as receiver of the Property, save and except for claims based on fraud or gross negligence or wilful misconduct on the part of the Receiver, shall be forever barred and extinguished.
8. No action or proceedings arising from, relating to, or in connection with the performance of the Receiver's duties and obligations in respect of the Debtor and the Property may be commenced or continued without the prior leave of this Honourable Court, on notice to the Receiver and on such terms as this Honourable Court may direct.
9. The Receiver's Statement of Receipts and Disbursements set out in the Second Report is hereby approved.
10. The Receiver's accounts and the accounts of its independent legal counsel are hereby approved.
11. Upon 30 days' notice being provided to the former directors of the Debtor following the filing of the Receiver's Certificate with the Court, the Receiver is authorized and empowered to destroy any and all documents, accounting records, and other papers, records and information related to the business or affairs of the Debtor that are not collected by any of the former directors of the Debtor within the 30 day notice period following the filing of the Receiver's Certificate.

12. Service of this Order on the persons listed in the Service List attached as Schedule "B" to the Application by e-mail, facsimile, courier, registered mail, regular mail or personal delivery shall constitute good and sufficient service of this Order, and no persons other than the persons listed on the Service List are entitled to be served with a copy of this Order.

J.C.Q.B.A.

Appendix "1"
(Form of Receiver's Certificate)
(see attached)

Clerk's stamp:

COURT FILE NUMBER	1501-01523
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	NATIONAL BANK OF CANADA
DEFENDANT	PALLISER OIL & GAS CORPORATION
DOCUMENT	<u>RECEIVER'S CERTIFICATE</u>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	BLAKE, CASSELS & GRAYDON LLP 3500, 855 – 2nd Street S.W. Calgary, AB T2P 4J8 Attn: Ryan Zahara / James Reid Telephone: 403-260-9628 / 403-260-9731 Facsimile: 403-260-9700 File: 79294/7 Email: ryan.zahara@blakes.com james.reid@blakes.com

This Receiver's Certificate is the Receiver's Certificate referred to in paragraph 6 of the Order of the Honourable Madam Justice G.A. Campbell dated January 20, 2017 (the "**Order**"), a copy of which is attached hereto.

Capitalized terms not otherwise defined herein shall have the meaning given to them in the Second Report of the Receiver, dated January 11, 2017 (the "**Second Report**").

FTI Consulting Canada Inc., solely in its capacity as Court-appointed receiver and manager (the "**Receiver**") of Palliser Oil & Gas Corporation ("**Palliser**") and not in its personal capacity, hereby certifies that:

- (a) all funds in the receivership were received and distributed as described in the Statement of Receipts and Disbursements and Interim Distributions described in the Second Report, with the exception of any minor discrepancies as compared to the estimated future amounts;
- (b) all documents, accounting records and other papers, records and information related to the business or affairs of Palliser have been destroyed by the Receiver or have been returned to the former directors of Palliser;
- (c) **[the Receiver has distributed \$[●] of the Holdback (as defined in the Order) to [●] following the Saskatchewan BLA Section 22(2) Appeal]**
- (d) the administration of the receivership proceedings as described in the Receiver's reports to the Court has been completed.

Dated this _____ day of _____, 2017.

FTI Consulting Canada Inc., solely in its capacity as
Court-appointed receiver and manager of Palliser Oil
& Gas Corporation, and not in its personal capacity

Per: _____

Name: Deryck Helkaa

Title: Senior Managing Director

Schedule "B"

Service List

(see attached)

<p>PRAIRIE SKY ROYALTY LTD. 1700, 350 - 7 Avenue SW P.O. Box 780, Station M Calgary AB T2P 3N9</p> <p>DALE R. PERCY E-mail: dale.percy@prairiesky.com</p>	(587) 293-4064	(587) 293-4001	
<p>EAGLE HYDROCARBONS LTD. 136 Eagle Butte Ranch Calgary, AB T3Z 1K3</p> <p>JENNIFER MCDONALD E-mail: land@eaglehydrocarbons.com</p>	(403) 247-3400		
<p>ALBERTA ENERGY REGULATOR 1000, 250 – 5 Street SW Calgary, AB T2P 0R4</p> <p>LAURA CHANT E-mail: laura.chant@aer.ca</p>	(403) 297-8448		
<p>ALBERTA ENERGY REGULATOR 1000, 250 – 5 Street SW Calgary, AB T2P 0R4</p> <p>PATRICIA JOHNSON Q.C. E-mail: patricia.johnson@aer.ca</p> <p>KEELY CAMERON E-mail: keely.cameron@aer.ca</p>	(403)-476-9381	(403) 297-7031	Alberta Energy Regulator
<p>CANADA REVENUE AGENCY PO Box 14002 Stn Main Winnipeg, MB R3C 3P8</p> <p>JILL MEDHURST-TIVADAR E-mail: jill.medhurst-tivadar@justice.gc.ca</p>	(403) 299-3985		
<p>SASKATCHEWAN MINISTRY OF THE ECONOMY 1000 - 2103 - 11th Avenue Regina, SK S4P 3Z8</p>	(306) 787-7134	(306) 787-2159	

<p>SASKATCHEWAN MINISTRY OF THE ECONOMY PETROLEUM DEVELOPMENT BRANCH 200 – 201 Scarth Street Regina, SK S4P 2H9</p> <p>CANDY DOMINIQUE E-mail: candy.dominique@gov.sk.ca</p>			
<p>CANADA REVENUE AGENCY PRAIRIES REGIONAL COLLECTION CENTRE PO Box 557, Suite 260 – 1783 Hamilton St. Regina, SK S4P 3A3</p> <p>JOAN SELINGER</p>		(306) 757-1412	
<p>DLA PIPER (CANADA) LLP 250 2nd St SW #1000 Calgary, AB T2P 0C1</p> <p>LAURA EASTON E-mail: laura.easton@dlapiper.com</p>	(430) 698-8753		Quest Logistics Ltd.
<p>ROBB & EVENSON LAWYERS 933 17 Ave SW Calgary, AB T2T 5R6</p> <p>CALVIN ROBB E-mail: crobb@robbevenson.com</p>	(403) 451-1600		Heavy Crude Hauling LP.
<p>GOWLING LAFLEUR HENDERSON LLP #1600 - 421 7th Avenue SW Calgary, AB T2P 4K9</p> <p>CHRISTINE STARKEY E-mail: Christine.Starkey@gowlings.com</p>	(403) 298-1085		Weatherford Canada Partnership
<p>ROBERTSON MOSKAL SARSONS 3801 51 Ave Lloydminster, AB T9V 2C3</p> <p>CHRISTOPHER SARSONS E-mail: csarsons@lloydlaw.ca</p>	(780) 875-7671		Canwest Propane Partnership
<p>ROBERTSON STROMBERG LLP 105 - 21 St E Saskatoon, SK S7K 0B3</p> <p>JARED EPP E-mail: j.epp@rslaw.com</p>	(306) 933-1326		RM of Manitou Lake No 442/Village of Marsden

<p>RM OF TURTLE RIVER NO 469 Box 69, 103 Centre St. Marsden, SK S0M 1P0</p> <p>E-mail: rm469@sasktel.net</p>	<p>(306) 397-2311</p>		
<p>BROWNLEE LLP 10155 102 St NW Edmonton, AB T5J 4G8</p> <p>GREGG PLESTER E-mail: gplester@brownleelaw.com</p>	<p>(403) 260 - 1475</p>		<p>Count of Vermillion River No. 24</p>
<p>COUNTY OF TWO HILLS NO. 21 Box 490 Two Hill, AB T0B 4K0</p> <p>SALLY DARY E-mail: sdary@thcounty.ab.ca</p>	<p>(780) 657-3358</p>		
<p>COUNTY OF FORTY MILE NO. 8 Box 160 Foremost, AB T0K 0X0</p> <p>DALE BROWN E-mail: dale.brown@fortymile.ab.ca</p>	<p>(403) 867-2610</p>		
<p>FLAGSTAFF COUNTY PO Box 358 – 12435 TWP Road 442 Sedgwick, AB T0B 4C0</p> <p>E-mail: county@flagstaff.ab.ca</p>	<p>(780) 384- 4100</p>		
<p>RM OF ENNISKILLEN, NO. 3 Box 179 Oxbow, SK S0C 2B0</p> <p>E-mail: rm3@sasktel.net</p>	<p>(306) 483-2277</p>		
<p>RM OF FRENCHMAN BUTTE NO 501 Box 180 Paradise Hill, SK S0M 2G0</p> <p>KEVIN WENGER E-mail: rm501works@sasktel.net</p>	<p>(306) 344-2034</p>		

<p>RM OF BRITANNIA NO. 502 Box 661, 4824 - 47th St Lloydminster, SK S9V 0Y7</p> <p>E-mail: assistant.rm502@sasktel.net</p>	(306) 825-2610		
<p>RM OF ELDON NO 471 Box 130, 212 Main Street Maidstone, SK S0M 1M0</p> <p>E-mail: rm471@sasktel.net</p>	(306) 893-2391		
<p>RM OF PROGRESS, NO. 351 Box 460 Luseland, SK S0L 2A0</p> <p>E-mail: rm351@sasktel.net</p>	(306) 372-4322		
<p>ALBERTA JUSTICE & SOLICITOR GENERAL ENERGY LEGAL SERVICES 9th Floor, 9945-108 Street Edmonton, Alberta</p> <p>PETER MITTAL E-mail: peter.mittal@gov.ab.ca</p>	(780) 427-1848	(780) 427-1871	
<p>ALBERTA DEPARTMENT OF ENERGY Energy Legal Services 9th Floor, 9945-108 Street Edmonton, Alberta T5K 2G6</p> <p>DELAINE M. DEW E-mail: Delaine.Dew@gov.ab.ca</p>	(780) 427-1866	(780) 427-1871	Alberta Department of Energy