



Clerk's stamp:

COURT FILE NUMBER

1601 - 12571

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 COMPROMISE OR ARRANGEMENT OF LIGHTSTREAM RESOURCES LTD, 1863359 ALBERTA LTD, LTS RESOURCES PARTNERSHIP, 1863360 ALBERTA LTD AND BAKKEN RESOURCES PARTNERSHIP

APPLICANTS

LIGHTSTREAM RESOURCES LTD, 1863359
ALBERTA LTD AND 1863360 ALBERTA LTD

PARTIES IN INTEREST

LTS RESOURCES PARTNERSHIP AND BAKKEN
RESOURCES PARTNERSHIP

DOCUMENT

APPLICATION (STAY EXTENSION)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
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Fax No.: 403-260-9700
File: 89691/8

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>Tuesday, October 11, 2016</u>
Time	<u>10:00 a.m.</u>
Where	<u>Calgary Courts Centre</u>
Before Whom	<u>Honourable Mr. Justice A.D. Macleod</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. Lightstream Resources Ltd, 1863359 Alberta Ltd and 1863360 Alberta Ltd, as applicants (collectively, the "**Applicants**"), are seeking an Order substantially in the form attached hereto as Schedule "A" (the "**Stay Extension Order**"):
 - (a) abridging the time for service of this Application and declaring that this Application is properly returnable today, if necessary, and further service of the 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 December 16, 2016; and
 - (c) 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 Applicants rely in making the within Application for granting of the Stay Extension Order are as follows:
 - (a) the Applicants, Lightstream Resources Partnership and Bakken Resources Partnership (collectively, the "**CCAA Parties**") were granted protection from

their creditors under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "CCAA"), pursuant to an initial order granted by the Honourable Mr. Justice A.D. Macleod on September 26, 2016 (the "**Initial Order**");

- (b) the Initial Order, *inter alia*:
 - (i) appointed FTI Consulting Canada Inc. as monitor (the "**Monitor**") of the CCAA Parties;
 - (ii) stayed all proceedings, enforcement processes and remedies from being commenced or continued against the Monitor, the directors and officers of the Applicants, or affecting the Business or Property (as each term is defined in the Initial Order), for an initial period of 30 days up to and including October 26, 2016 (the "**Stay Period**"); and
 - (iii) approved the Sale Procedures (as defined in the Initial Order) and authorized and directed the Applicants to perform their obligations thereunder;
- (c) the CCAA Parties have been working diligently since the commencement of the CCAA proceedings and the CCAA Parties have, with the assistance of, and in consultation with, the Monitor:
 - (i) met regularly with the Monitor and provided the Monitor with full cooperation and complete access to their property, premises and books and records;
 - (ii) implemented procedures for the monitoring of their operations and financial circumstances, including receipts and disbursements;
 - (iii) communicated with their stakeholders, including their creditors (including responding to specific inquiries of and providing requested information to

- the plaintiffs in the Unsecured Noteholder Litigation, (the "**Plaintiffs**"), customers and employees;
- (iv) at the request of the Plaintiffs, allowed the Plaintiffs to question Peter D. Scott on his affidavit sworn September 21, 2016;
 - (v) continued to perform their duties and obligations under the Sale Procedures; and
 - (vi) as contemplated by the Sale Procedures, continued to negotiate the terms of a definitive form of asset purchase agreement in respect of the Secured Noteholder Credit Bid (the "**Credit Bid APA**");
- (d) the CCAA Parties require an extension of the Stay Period until December 16, 2016 to:
- (i) advance the determination of the threshold issue in respect of the Unsecured Noteholder Litigation, as directed by the Court at the hearing of the Initial Order application, and to the extent necessary, seek this Court's assistance in that regard;
 - (ii) continue to negotiate and finalize the Credit Bid APA; and
 - (iii) continue to implement the sale process in accordance with the Sale Procedures, including to seek this Court's approval of any successful bid(s) resulting from the implementation of the Sale Procedures;
- (e) the CCAA Parties will have sufficient funds to continue their operations and fund these CCAA proceedings until December 16, 2016;
- (f) the stability provided by the stay of proceedings is critical to the CCAA Parties' ability to pursue a sale process that aims to maximize value for all stakeholders;

- (g) the CCAA Parties have acted and continue to act diligently and in good faith such that an extension of the Stay Period is appropriate in the circumstances;
- (h) the First Lien Lenders, the *Ad Hoc* Committee of Secured Noteholders and the Monitor are all supportive of the relief sought by the Applicants; and
- (i) such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

- 3. The Applicants intend to rely upon the following materials:
 - (a) the Initial Order;
 - (b) the Affidavit of Peter D. Scott sworn October 5, 2016, filed;
 - (c) the First Report of the Monitor, anticipated to be filed;
 - (d) all pleadings and proceedings filed in this action; and
 - (e) such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable rules:

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

Applicable Acts and regulations:

- 5. The Applicants 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:

- 6. None.

How application is proposed to be heard or considered:

7. Oral submission by counsel at an application before the Honourable Mr. Justice A.D. Macleod at 10:00 a.m. on October 11, 2016.

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 Applicants 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 Applicants.

Schedule "A"

Form of Stay Extension Order

(see attached)

Clerk's stamp:

COURT FILE NUMBER 1601 - 12571

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
COMPROMISE OR ARRANGEMENT OF
LIGHTSTREAM RESOURCES LTD, 1863359
ALBERTA LTD, LTS RESOURCES PARTNERSHIP,
1863360 ALBERTA LTD AND BAKKEN
RESOURCES PARTNERSHIP

APPLICANTS LIGHTSTREAM RESOURCES LTD, 1863359
ALBERTA LTD AND 1863360 ALBERTA LTD

PARTIES IN INTEREST LTS RESOURCES PARTNERSHIP AND BAKKEN
RESOURCES PARTNERSHIP

DOCUMENT **ORDER (STAY EXTENSION)**

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BLAKE, CASSELS & GRAYDON LLP
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milly.chow@blakes.com
Fax No.: 403-260-9700
File: 89691/8

DATE ON WHICH ORDER WAS PRONOUNCED: October 11, 2016

LOCATION OF HEARING: Calgary Court Centre, Justice Chambers

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Mr. Justice A.D. Macleod

UPON the application (the "**Application**") of Lightstream Resources Ltd, 1863359 Alberta Ltd and 1863360 Alberta Ltd (collectively, the "**Applicants**"); **AND UPON** having read the Application, the Affidavit of Peter D. Scott sworn October 5, 2016, the First Report of the Monitor, dated October [●], 2016, and the Affidavit of Service of [●], sworn October [●], 2016; **AND UPON** hearing counsel for the Applicants, the First Lien Lenders, the Secured Noteholders, the Unsecured Noteholders 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 15 of the Initial Order granted in these proceedings by this Honourable Court on September 26, 2016, is hereby further extended up to and including December 16, 2016.

J.C.Q.B.A.

Schedule "B"

Service List

(see attached)

COURT FILE NUMBER 1601- 12571
 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 COMPROMISE OR
 ARRANGEMENT OF LIGHTSTREAM RESOURCES LTD,
 1863359 ALBERTA LTD, LTS RESOURCES PARTNERSHIP,
 1863360 ALBERTA LTD AND BAKKEN RESOURCES
 PARTNERSHIP

SERVICE LIST

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