

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

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

AND IN THE MATTER OF **CANADIAN SUPERIOR ENERGY INC.**

AND IN THE MATTER OF **SEEKER PETROLEUM LTD.**

AND IN THE MATTER OF **CANADIAN SUPERIOR TRINIDAD AND TOBAGO
LIMITED**

AFFIDAVIT

I, Leif Snethun, of the City of Calgary, in the Province of Alberta, MAKE OATH
AND SAY AS FOLLOWS,

1. Until April 29, 2009 I was the Vice-President, Western Canada, and since that time the Chief Operating Officer ("COO"), of Canadian Superior Energy Inc. (hereinafter the "Corporation"), and as such have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, and where so stated I do verily believe the same to be true.
2. Since the last application before this Court on March 25th, a number of changes have occurred within the Corporation. Those changes are more particularly described in the Affidavit of Richard Watkins, sworn the 24th day of April 2009 and his Supplementary Affidavit sworn the 28th day of April 2009.


3. Since the March 25th application before this Court, Scotia Waterous has continued its process with respect to the marketing of the Block 5(c) Assets. As a result of those marketing efforts, Scotia Waterous has identified prospective bidders and has, under the direction of the Independent Committee of the Board (the "IC") and through its financial advisor, Jennings Capital Inc. ("Jennings"), engaged in detailed discussions with respect to the sale of all or a portion of the Corporation's interest in Block 5(c).
4. As disclosed in the Affidavit of Mike Coolen sworn on the 24th day of March 2009, the Western Canadian Assets had been the subject of an unsolicited bid.
5. As a result of the IC's desire to further expose the Western Canadian Assets to potential bidders, Jennings was instructed by the IC to conduct a limited auction, which is more particularly described in the Affidavit of Richard Watkins sworn on the 24th day of April 2009.
6. The IC has also been involved in negotiations with Challenger with a view to concluding the outstanding issues between the Corporation and Challenger. Those issues include the manner in which the Challenger obligations to the Corporation, which total in excess of \$55,000,000 (Cdn), will be satisfied. They also include settling, *inter alia*, the issue of the nature of Challenger's interest in Block 5(c).
7. The Projected Cash Flows are attached to Mr. Coolen's March 24th Affidavit. The Cash Flow as of March 23, 2009 was anticipated to be \$2,616,710. The actual Cash Flow was \$4,248,181. Attached hereto and marked **Exhibit "A"** to this Affidavit is the actual Cash Flow Summary for March 23rd through April 24th, 2009. The major reason for the increase in Cash Flow for this period was as a result of a GST refund, and capital recover from joint venture partners.
8. Attached hereto and marked **Exhibit "B"** to this my Affidavit are the Cash Flow Projections for May 4th through June 1st, 2009. The projected deficit of \$2.1

million in cash flow is the result of a number of issues, all disclosed to the Canadian Western Bank. Some of the issues contributing to this deficit are:

- (a) The Company is catching up on Crown and Freehold Royalties. Essentially three months of royalty payments for January, February and March are being paid, in the approximate amount of \$1.8 million;
 - (b) The Company is now facing capital expenditures as a result of the season. Amongst other things, the Company is required to engage in lease clean ups on farmers fields, in advance of the planting season.
 - (c) There are two lease period payments contemplated by this cash flow;
 - (d) There are three payroll periods in this cash flow;
 - (e) There is only one revenue receipt in this cash flow.
9. Some of the Trinidad dollars previously returned to the Company have been incorporated into this cash flow, and it is the intention of the Company at this time to make use of some of those funds to assist in the Company's operations.
10. The Cash Flow Projections demonstrate that by a further extension of thirty (30) days, the Creditors will not be adversely impacted in any material way.
11. The Corporation has continued to act in good faith and diligently with respect to pursuing its work out process under the CCAA, it will continue to do so, and I believe that it is in the best interests of the Applicants and of all stakeholders that this Honourable Court grant a further extension of the stay period under the Initial Order to June 4 2009.

12. I make this my Affidavit in support of an application by the Corporation for an extension of the said stay period to June 4, 2009.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
1 day of May, 2009.)



A Commissioner for Oaths in and for)
The Province of Alberta)



LEIF SNETHUN

JAMES G. HANLEY
Barrister & Solicitor

Actual
Receipts/Disbursements to April 24, 2009

RECEIPTS

Petroleum and natural gas revenues	\$ 6,058,758
Other Receipts	\$ 1,596,870
Less:	
Transportation	\$ (112,604)
Crown royalties	\$ -
Subtotal	\$ 7,543,024

DISBURSEMENTS

Operating Costs	\$ (512,034)
Capital expenditures	\$ (1,776)
Payroll	
Employees & Benefits	\$ (703,253)
Consultants	\$ (148,783)
Lease Payments	
Premises	\$ (251,640)
Operating	\$ (14,817)
Land Lease Rentals	\$ (240,610)
General & administrative	\$ (216,386)
Engineering Fees	\$ (128,836)
Professional Fees	\$ (138,237)
Bank Interest	\$ (199,803)
Restructuring Costs	\$ (738,668)
Subtotal	\$ (3,294,843)

NET CASH FLOW	\$ 4,248,181
OPENING CASH AND AVAILABLE LINE OF CREDIT	\$ 2,760,506
CLOSING CASH AND AVAILABLE LINE OF CREDIT	\$ 7,008,687
FUNDS HELD IN TRUST BY MONITOR (USD \$)	\$ 2,269,668

This is Exhibit "A" referred to in the
Affidavit of
LEIF SNETHUN
Sworn before me this *15th* day
of *MAY* A.D. 20 *09*
A Commissioner for Oaths in and
the Province of Alberta.

JAMES G. HANLEY
Barrister & Solicitor

This is Exhibit "D" referred to in the Affidavit of
JAMES G. HANLEY
 Barrister & Solicitor

Sworn before me this 15th day
 of July A.D. 2009

Attest:
 A Commissioner for Oaths in and for the Province of Alberta.
 2,607,848

Notes 27-Apr-09 4-May-09 11-May-09 18-May-09 25-May-09

Notes	27-Apr-09	4-May-09	11-May-09	18-May-09	25-May-09	TOTAL
RECEIPTS						
Petroleum and natural gas revenues						
Transfer of USD Funds Held by Monitor converted to CDN \$		2,607,848				3,050,100
Less:						
Transportation	(75,000)					(75,000)
Crown royalties		(985,669)				(1,318,263)
Freehold Mineral			(85,607)			(85,607)
GORR			(158,692)	(137,569)		(430,261)
Freehold royalties			(25,821)	(24,041)		(74,862)
Subtotal	(75,000)	1,622,179	(184,513)	(247,217)		3,050,100

DISBURSEMENTS						
Operating Costs	(165,000)	(165,000)	(165,000)	(165,000)		(660,000)
Capital expenditures	(70,900)	(115,650)	(207,150)	(80,000)		(473,700)
Payroll	(373,337)		(356,457)	(75,000)		(804,794)
Consultants	(75,000)					(75,000)
Lease Payments		(20,000)				(20,000)
Premises				(15,000)		(15,000)
Operating						
Land Lease Rentals	(98,766)	(69,700)	(130,000)	(70,000)		(368,466)
General & administrative	(33,657)		(106,509)	(21,380)		(161,546)
Engineering Fees		(55,000)		(25,000)		(80,000)
Professional Fees						
Bank Interest	(175,000)					(175,000)
Restructuring Costs		(250,000)				(250,000)
Carscallen		(51,551)				(51,551)
Thackray Burgess						
Hanley	(88,181)					(88,181)
Brownlee						
Hardie & Kelly			(25,000)			(25,000)
Bennett Jones			(15,000)			(15,000)
BLG			(50,000)			(50,000)
Felesky		(3,900)				(3,900)
Solomon Harris (Trinidad)		(38,670)				(38,670)
Ignatius Chambers (Trinidad)						
Jennings						
McLeod Dixon						
Subtotal	(1,314,841)	(769,471)	(1,272,888)	(511,380)		(3,868,580)

NET CASH FLOW (DEFICIT)						
OPENING CASH AND AVAILABLE BANK LINE OF CREDIT	(1,389,841)	852,708	(1,457,401)	(758,597)	1,497,543	(2,142,183)
CLOSING CASH AND AVAILABLE BANK LINE OF CREDIT	7,008,687	5,618,846	6,471,554	5,014,152	4,255,555	7,008,687
FUNDS HELD IN TRUST BY MONITOR (USD \$)	5,618,846	6,471,554	5,014,152	4,255,555	5,753,098	4,866,504
	2,112,357					

Notes:

- 1 Revenues are based on previous month production and pricing. Transportation costs with TCPL represents May estimate. Revenues are generally received on the 25th of the month.
- 2 Conversion of USD funds held in Trust by Monitor to pay past due, Crown, Freehold and GORR royalties and capital costs.
- 3 Assumption that crown royalties are payable two months after the production month. Therefore January crown royalties are due in March, Feb in April and March in May. Freehold and GORR royalties are due the month following production. These payments are being paid to become current out of Monitor USD funds in Trust.
- 4 Estimated operating costs have been based on required 30 day payments and prepayment of critical services.
- 5 Capital required for lease hold improvements required by City fire code for sub-let floors at 5th and 5th and for PNG land costs for clean up in field.
- 6 It is assumed that wages, benefits and consulting fees will be based on historical results.
- 7 It is assumed that rent and lease obligations will be paid in the ordinary course.
- 8 Western Canada Surface and Land Lease rentals are assumed to be paid in the ordinary course.
- 9 General and administrative costs are based on historical expenditure levels with rationalization of costs where practical. G&A costs include one time payment for TSX fees of \$14,700 and NYSE fees of \$56,100. G&A includes Tunisia for \$80,000 and LNG for \$195,000.
- 10 Represents GLJ reserve report fee and Trinidad report completed by Nutech Energy Alliance
- 11 Professional fees represent audit fees for the 2008 year end and SOX fees with Sunera.
- 12 Represents monthly interest obligations to Canadian Western Bank.
- 13 Costs associated with restructuring including those of the company's legal counsel, tax counsel, the Monitor and counsel for the Monitor.
- 14 Cash balances and available bank line of credit. The opening cash does not include cash held in trust with Monitor of \$2,112,357 USD and 9,715,330 TTS in Trinidad
- 15 Represents Trinidad Dollars covered to USD, transferred to Canada and held in trust by Monitor. Converted in May to cover royalties and capital costs.

AFFIDAVIT OF LEIF SNETHUN
SWORN: MAY 1, 2009
Action No: 0901-02873

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AFFIDAVIT

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