

**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**

**BEFORE THE HONOURABLE) AT THE CALGARY COURTS CENTRE,
MR. JUSTICE S.J. LOVECCHIO) IN THE CITY OF CALGARY, IN THE
IN CHAMBERS) PROVINCE OF ALBERTA, ON MONDAY,
) THE 14TH DAY OF SEPTEMBER, 2009.**

APPROVAL AND VESTING ORDER

UPON the application of Canadian Superior Energy Inc. ("CSEI"), Seeker Petroleum Limited, and Canadian Superior Trinidad and Tobago Limited (collectively, the "Applicants") for an Order, inter alia, approving differences between the agreement of purchase and sale between CSEI and Centrica Resources Limited (the "Centrica PSA") which was approved by the Order of this Court dated June 11, 2009 (the "Transaction") and the agreement of purchase and sale between CSEI and BG International Limited ("Purchaser") made as of June 30, 2009 (the "Sale Agreement") in respect of a sale of CSEI's right, title, interest and estate in and to the Assets as defined in the Sale Agreement (the "Assets") to Purchaser, and the vesting in Purchaser of all CSEI's right, title, interest and estate in and to the Assets free and clear of all Claims (as defined herein);

AND UPON having reviewed the plans of compromise and arrangement proposed under the *Companies' Creditors Arrangements Act* by each of CSEI and Challenger Energy Corp. ("Challenger"), which have been approved by the creditors of CSEI and Challenger, (the "CSEI Plan" and the "Challenger CCAA Plan", respectively), and which have both been sanctioned and approved by this Honourable Court;

AND UPON noting that it is contemplated by the Challenger CCAA Plan that all of Challenger Energy Corp.'s right, title and interest in property known as the "Intrepid" Block 5(c), covering approximately 80,041 acres located approximately 60 miles off the east coast of Trinidad in the Columbus Basin, will be conveyed to CSEI in accordance with the Challenger CCAA Plan (the "Former Challenger Interest");

AND UPON noting that CSEI Plan contemplates that the Assets to be acquired by the Purchaser from CSEI will include the Former Challenger Interest;

AND UPON having read the affidavit of Richard M. Watkins sworn September 11, 2009 (the "Watkins Affidavit") and the Eleventh Report of Hardie & Kelly Inc., in its capacity as the monitor of the Applicants (the "Monitor"), dated September 14, 2009 (the "Monitor's Eleventh Report"); **AND UPON** hearing counsel for the Applicants, counsel for the Monitor, counsel for the Purchaser and counsel present for other parties; **AND UPON** being satisfied that the Applicants and Purchaser have acted in good faith and that the circumstances exist that make this Order appropriate; **IT IS HEREBY ORDERED AND DECLARED THAT:**

1. Unless otherwise defined herein, capitalized terms shall have the meaning given to them in the Sale Agreement.

SERVICE

2. The manner of service of the Notice of Motion dated September 11, 2009 and the materials in support thereof as set out in the Affidavit of Service of Kelly-Ann Perrault is hereby approved and this application is properly returnable today and further service of the Notice of Motion, on any party other than those listed on the Service List attached to the Notice of Motion, is hereby dispensed with.

APPROVAL OF TRANSACTION AND SALE AGREEMENT

3. The differences between the Transaction and the Sale Agreement are hereby approved (the "Differences").
4. The Differences are commercially reasonable and in the best interests of the Applicants and their stakeholders, and the execution of the Sale Agreement and consummation of the amended transaction contemplated thereby (the "BG Transaction") by CSEI is hereby authorized, directed and approved.
5. CSEI and the Monitor are hereby authorized and directed, subject to the terms and conditions of this Order and the Sale Agreement, to take such additional steps and execute any such additional documents as may be necessary or desirable for the completion of the BG Transaction and for the conveyance of CSEI's right, title and interest in the Assets to Purchaser substantially as contemplated by the terms and conditions of this Order and the Sale Agreement.

VESTING PROVISIONS

6. Upon the filing with this Honourable Court of a Monitor's certificate substantially in the form attached as Schedule "A" hereto (the "Monitor's Certificate"), the form of which is hereby approved, all of CSEI's right, title and interest in and to the Assets (which shall include the Former Challenger Interest) shall vest absolutely in Purchaser, free and clear of and from any and all right, title, interest, claims, hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests (whether contractual, statutory, or otherwise), assignments, actions, levies, taxes, writs of execution, trusts or deemed trusts (whether contractual, statutory or otherwise), options, agreements, disputes, debts, encumbrances or other rights, interests or financial or monetary claims, including, but not limited to (irrespective of whether they might be Permitted Encumbrances) all past, present and future liabilities and obligations under the Amended and Restated Participation Agreement dated December 30, 2005, amended August 11, 2007, between CSEI and Challenger, or under any other agreements between CSEI and Challenger, but excluding Permitted Encumbrances (collectively, the "Claims"), by or of

all persons or entities of any kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies (whether in Canada, The Republic of Trinidad and Tobago, or elsewhere), agencies, authorities or tribunals and all other natural persons, whether acting in their capacity as principals or as agents, trustees, executors, administrators or other legal representatives. For greater certainty, and without limiting the generality of the foregoing, the Claims shall include:

- (a) any encumbrances or charges created by the Initial Order or otherwise in these CCAA proceedings;
- (b) any encumbrances or charges created by the Interim Receivership Order or otherwise in those proceedings;
- (c) any encumbrances or charges created in favour of CWB;
- (e) any and all rights of Challenger: (i) arising from or related to the PSC or the Joint Operating Agreement; (ii) arising from or related to that certain Amended and Restated Participation Agreement; (iii) arising from or related to the arbitration proceedings commenced by BG International Limited against CSEI by a Request for Arbitration dated February 9, 2009; or (iv) by reason of, in connection with or arising out the Block 5(c) natural gas exploration project in Trinidad and Tobago prior to the date hereof;
- (f) any Right of First Refusal that is not a Permitted Encumbrance; and
- (g) all charges, security interests or claims evidenced by registrations pursuant to the Personal Property Security Act (Alberta) or any other personal property registry system.

For greater certainty, this Court orders that all Claims affecting or relating to the Assets are hereby expunged and discharged only as against the Assets.

7. Upon the filing of the Monitor's Certificate with this Honourable Court, any and all Claims shall attach to the balance of the proceeds of the sale of the Assets after payment

of the BG's Receivership Advances and BG's Collection Costs (up to a maximum of \$52,000,000 USD), the Advance and all amounts owed by CSEI to Canadian Western Bank (the "Balance"). The Balance is to be paid to the Monitor pursuant to the terms of the Sale Agreement, and all Claims will have the same priority, if any, as they had with respect to the Assets immediately prior to the filing of the Monitor's Certificate, as if the Assets had not been sold and remained in the possession of CSEI.


8. Upon the filing of the Monitor's Certificate with this Honourable Court, the Monitor's Certificate shall be deemed to be effective nunc pro tunc to the Closing Time provided for in the Sale Agreement.

GENERAL

9. Notwithstanding:
 - (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the Bankruptcy and Insolvency Act (Canada) (the "BIA") in respect of the Applicants and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Applicants; and
 - (d) any applications for a receiver to be appointed in respect of the Applicants, or over any part of their respective businesses, assets or undertaking, now or hereafter issued, under the BIA or otherwise,

the vesting of the Assets in Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of any of the Applicants and shall not be void or voidable by any party, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. This Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, The Republic of Trinidad and Tobago or any other nation or state to give effect to this Order and to assist the Applicants, Purchaser, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants, Purchaser or to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants, Purchaser or the Monitor and their respective agents in carrying out the terms of this Order.



J.C. C.Q.B.A.

ENTERED THIS 15th DAY OF
September, 2009.

V.A. BRANDT 

Clerk of the Court

SCHEDULE "A"
Form of Monitor's Certificate

Action No. 0901-02873

**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 LIMITED

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

MONITOR'S CERTIFICATE

RECITALS

- A. Pursuant to an Order of this Honourable Court dated March 5, 2009, Canadian Superior Energy Inc. ("CSEI"), Seeker Petroleum Limited and Canadian Superior Trinidad and Tobago Limited (collectively, the "Applicants") filed for and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. 36, as amended, and Hardie & Kelly Inc. was appointed as monitor of the Applicants (the "Monitor").
- B. Pursuant to an Approval and Vesting Order of the Court dated ● (the "Approval and Vesting Order"), the Court, inter alia, (i) approved the Transaction (as defined in the Approval and Vesting Order) and the differences between the Centrica PSA (as defined in the Approval and Vesting Order) and the agreement of purchase and sale between CSEI and BG International Limited ("Purchaser") made as of June 30, 2009 (the "Sale Agreement") and (ii) provided for the vesting of the Assets in the Purchaser free and clear of all Claims (as defined in the Approval and Vesting Order), which vesting is to be effective upon the filing by the Monitor with this Honourable Court of a certificate confirming that all of the conditions to Closing under the Sale Agreement have been satisfied or waived in accordance with the Sale Agreement.
- C. Unless otherwise defined herein, capitalized terms have the meaning given to them in the Sale Agreement.

THE MONITOR HEREBY CERTIFIES the following:

1. All of the conditions precedent to Closing under the Sale Agreement have been satisfied or waived in accordance with the Sale Agreement.

DATED this ____ day of _____, 2009.

HARDIE & KELLY INC., in its capacity
as the Monitor of Canadian Superior Energy
Inc., Seeker Petroleum Limited and
Canadian Superior Trinidad and Tobago
Limited

Per: _____

Name:

Title:

I have authority to bind the Corporation

Action No.: 0901-02873

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

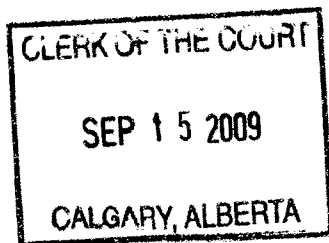
BETWEEN:

**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.**

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**AND IN THE MATTER OF CANADIAN
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APPROVAL AND VESTING ORDER

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