

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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In re: : Chapter 11  
: :  
TRIDENT RESOURCES CORP., et al., : Case No. 09-\_\_\_\_ (\_\_\_\_)  
: :  
: :  
Debtors. : (Jointly Administered)  
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**DEBTORS' MOTION PURSUANT TO SECTIONS 105(a), 345(b), 363(c),  
364(a) AND 503(b)(1) OF THE BANKRUPTCY CODE FOR AN ORDER:  
(A) AUTHORIZING AND APPROVING THE CONTINUED USE OF  
CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND BUSINESS  
FORMS; (B) PERMITTING CONTINUED INTERCOMPANY  
TRANSACTIONS, GRANTING ADMINISTRATIVE PRIORITY STATUS  
TO POSTPETITION INTERCOMPANY CLAIMS AND PRESERVING  
AND PERMITTING THE EXERCISE OF INTERCOMPANY  
SETOFF RIGHTS; AND (C) EXTENDING THE DEBTORS' TIME TO  
COMPLY WITH SECTION 345 OF THE BANKRUPTCY CODE**

The above-captioned debtors and debtors in possession (each a “Debtor” and collectively, the “Debtors” or the “Company”),<sup>1</sup> by and through this motion (the “Motion”), hereby move this Court for entry of an order substantially in the form attached hereto as **Exhibit C**, approving pursuant to sections 105(a), 345(b), 363(c), 364(a), and 503(b)(1) of title 11 of the United States Code (the “Bankruptcy Code”) (a) the continued use of their Cash Management System, including existing Bank Accounts and Business Forms (each as defined herein), (b) permitting continued Intercompany Transactions (as defined herein), granting administrative priority status to postpetition Intercompany Claims (as defined herein), and permitting the exercise of intercompany setoff rights, (c) extending the Debtors’ time to comply with section

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with each Debtor’s place of incorporation and the last four digits of its federal tax identification number, where applicable, are: Trident Resources Corp. (*Delaware*) (2788), Aurora Energy LLC (*Utah*) (6650), NexGen Energy Canada, Inc. (*Colorado*) (9277), Trident CBM Corp. (*California*) (3534), and Trident USA Corp. (*Delaware*) (6451).

345(b) of the Bankruptcy Code by sixty (60) days from the Petition Date (as defined herein), and (d) granting the Debtors such other and further relief as the Court deems just and proper. In support of the Motion, the Debtors rely on the Affidavit of Todd A. Dillabough in Support of the Debtors' Chapter 11 Petitions and Request for First Day Relief (the "Dillabough Affidavit"), and respectfully represent as follows:

### **Jurisdiction**

1. This Court has jurisdiction to hear the Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are sections 105, 345, 363, 364, and 503(b)(1) of the Bankruptcy Code.

### **Background**

2. On September 8, 2009 (the "Petition Date"), the Debtors commenced reorganization proceedings (the "Chapter 11 Cases") under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Court"). All of the Debtors are also applicants in the Canadian Proceedings (defined below). The Debtors are continuing in possession of their respective properties and are operating and managing their businesses, as debtors in possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. On the Petition Date, Trident Resources Corp. ("TRC"), Trident Exploration Corp. and certain of their U.S. and Canadian subsidiaries and affiliates (collectively, the "Canadian Debtors")<sup>2</sup> filed an application with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Canadian Court") under the Companies' Creditors Arrangement

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<sup>2</sup> The Canadian Debtors include the following entities: Trident Exploration Corp., Fort Energy Corp., Fenenergy Corp., 981384 Alberta Ltd., 981405 Alberta Ltd., 981422 Alberta Ltd., Trident Resources Corp., Trident CBM Corp., Aurora Energy LLC, NexGen Energy Canada, Inc., and Trident USA Corp.

Act (Canada) (the “CCAA”), seeking relief from their creditors (collectively, the “Canadian Proceedings”).<sup>3</sup>

## **Trident’s Businesses**<sup>4</sup>

### General Overview

4. Trident consists of a group of affiliated corporations in Canada and the United States in the business of natural gas exploration and development, principally focused on coal bed methane (“CBM”)<sup>5</sup> and shale gas<sup>6</sup> from lands in the Western Canadian Sedimentary Basin (“WCSB”) and certain areas in the Northwestern United States. Trident currently concentrates its developments in four geographic areas: Horseshoe Canyon coals of Alberta, Mannville coals of Alberta, Montney Shale play in British Columbia, and the Columbia River Basin that straddles certain areas of Washington and Oregon in the United States.

5. Trident’s business was founded in 2000 with the acquisition of certain working interests in lands in Alberta and British Columbia. Trident’s businesses have grown steadily over the years and by mid-2009, Trident achieved a significant drilling milestone having operated the drilling of greater than 900,000 meters (or 3,000,000 feet) of horizontal and multi-lateral horizontal drilling in the first commercial Mannville CBM field in Canada. In 2009,

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<sup>3</sup> A court appointed monitor (the “Monitor”) will be appointed in the Canadian Proceedings. Once appointed, it is anticipated that the Monitor, as the foreign representative of the Canadian Debtors that are not debtors in these cases, will file petitions and seek an order of the Court granting foreign main recognition status to such entities, under Chapter 15 of the Bankruptcy Code.

<sup>4</sup> “Trident” refers to TRC and its subsidiaries and affiliates.

<sup>5</sup> In Alberta, methane gas produced from coal seams is generally referred to as coal bed methane gas. CBM gas is the same natural gas used to heat homes and generate electricity. CBM gas is liberated from buried coal deposits. The gas is stored within the molecular structure of the coal and is held in place by the pressure of the overlying rock and, in many cases, by ancient salt water circulating through the coal seam. To produce this gas as is the case with the Mannville coal in Alberta, the water must be first removed from the coal or dewatered. Upon dewatering the pressure in the coal seam reduces and the gas is then liberated from within the coal seam flowing up the wells to the pipeline. The produced water is then re-injected into deeper geological zones within the field boundaries. The Horseshoe Canyon coal trend in Alberta by contrast is a dry coal not requiring any dewatering to produce commercial gas rates.

<sup>6</sup> Shale gas is natural gas produced from buried shale deposits. Shale gas deposits require underground fracturing processes that releases natural gas so that it can flow up the wells to the pipeline.

development in the emerging Montney Shale play in British Columbia has become a more significant portion of Trident's capital expenditure program. Trident also has significant ownership interests in certain exploratory land positions in the Northwestern United States.

#### Operations and Assets

6. Trident has assembled an extensive property base. As of June 30, 2009, Trident had natural gas and oil leasehold interests in approximately 1.7 million gross (1.3 million net) acres,<sup>7</sup> of which approximately 75% were undeveloped. Based on the evaluation of approximately 20% of its total net undeveloped acreage, it has identified approximately 1,750 risked evaluated surface drilling locations, which are locations specifically identified and scheduled by management as an estimate of Trident's near-term multi-year drilling activities on existing acreage over the next five to seven years. As of the end of the second quarter of 2009, Trident owned interests in 1045 economic producing wells. Trident's average working interest in the wells is approximately 54%.

7. Trident has demonstrated itself to be one of the most proficient operators of CBM assets in the WCSB, both in terms of successfully implementing innovative drilling techniques and compression solutions, resulting in higher production rates and lower per unit operating costs than our peers.

#### Events Leading to These Chapter 11 Cases

8. Despite its successes, the precipitous drop in natural gas pricing combined with the extreme fluctuations in the Canada/US currency exchange rate have had a substantial negative impact on Trident with respect to its financial covenants under its debt facilities.

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<sup>7</sup> A "gross acre" is an acre in which a working interest is owned; a "net acre" is the sum of the fractional working interests owned in gross acres.

9. As a producer of natural gas, Trident does not have the balance of both gas and oil portfolios, and therefore is more sensitive to gas price fluctuations. A drop in natural gas prices has the potential to significantly affect Trident's financial results and impede its growth. Lower natural gas prices may not only decrease near term cash flow, but also may reduce the amount of natural gas that Trident can produce economically over time because Trident might be forced to delay reinvesting in the future drilling programs set forth in its long-term plans.

10. Trident has forecasted that, at the end of the September 30, 2009 reporting period (the "September Measurement Period"), as a result of the drop in recent and projected natural gas prices and the fluctuations in currency exchange rates, among other factors beyond its control, it may be in default of its Proven Reserves Value to Net Debt Ratio ("PV-10 Ratio") under its second lien facility (the "Second Lien Facility") and, as a result of applicable cross-default provisions, will be exposed to acceleration of the total debt under its credit facilities.

11. In addition, the global economic crisis and the precipitous drop in the price of natural gas has had a substantial negative impact on Trident's ability to generate revenue and maintain a consolidated EBITDA level consistent with the leverage ratio (the "Leverage Ratio") mandated by the Second Lien Facility and that certain credit agreement dated as of November 24, 2006 among TRC, the subsidiary guarantors named therein, and Credit Suisse (the "2006 Facility").<sup>8</sup> The Second Lien Facility and the 2006 Facility require Leverage Ratios of 4.5:1.0 and 9.0:1.0 respectively for the September Measurement Period. Trident's significant

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<sup>8</sup> Pursuant to the Second Lien Facility and the 2006 Facility, "Leverage Ratio" means at any date of determination, the ratio of (a) Consolidated Debt of the Borrower and its Subsidiaries at such date minus cash and Cash Equivalents of the Parent and the Borrower and its Subsidiaries at such date minus Obligations of the Borrower and its Subsidiaries under their Guarantees of the Unsecured Credit Agreement at such date minus Obligations of the Borrower and its Subsidiaries under their Guarantees of the Subordinated Unsecured Loan Agreement at such date to (b) Consolidated EBITDA of the Borrower and its Subsidiaries for the most recently completed Measurement Period. Capitalized Terms used in this footnote shall have the meanings ascribed to them in the Second Lien Facility and 2006 Facility.

leverage and recent cash shortfalls significantly threaten Trident's ability to satisfy the Leverage Ratio for the September Measurement Period.

12. Given the potential breaches under its debt facilities and the need to restructure its highly leveraged balance sheet, Trident has commenced plenary proceedings in the United States under Chapter 11 of the Bankruptcy Code and in Canada under the CCAA to restructure its debt obligations.

### **Facts Relevant to this Motion**

13. In furtherance of Trident's North American business operations, in the ordinary course of business, Trident uses a cash management system (the "Cash Management System") similar to those utilized by other large corporate enterprises to transfer funds between and among the Canadian Debtors, Debtors and non-debtor affiliates to manage operations and their cash needs. The Debtors' Cash Management System is designed to efficiently collect, transfer, and disburse funds generated through Trident's operations and to accurately record such collections, transfers, and disbursements as they are made. The Cash Management System is managed as part of Trident's North American business operations primarily by financial treasury personnel and operations personnel, as necessary. Trident maintains a series of bank, brokerage and investment accounts to facilitate the movement and investment of cash necessary for its North American operations. The details of the Cash Management System are discussed more fully below.

#### **A. Bank, Brokerage and Investment Accounts**

14. The Debtors maintain 10 bank accounts (the "Bank Accounts") with the financial institutions identified on **Exhibit A**, annexed hereto (collectively, the "Banks"). The

movement of funds to and through these accounts is described below and is illustrated in the chart attached as **Exhibit B**, which is incorporated herein by reference.

**B. Intercompany Transactions and Transfers Among Debtors and Non-Debtor Affiliates**

15. In the ordinary course of their business, the Debtors use a consolidated cash management system to receive and disburse funds. Funds are transferred to TRC from its principal operating subsidiary, TEC, as required based on an assessment of cash needs<sup>9</sup> principally to fund and develop Trident's United States land interests. As described in greater detail in the Dillabough Affidavit, Trident has significant ownership interests in certain exploratory land positions in the Northwestern United States that may prove to be valuable in the near term to the estates and their creditors. Intercompany transfers of cash to develop the U.S. land interests are documented on accounting ledgers, which automatically records those transfers. Funds received by Debtor entities may be in Canadian dollars (transferred into a Canadian dollar account) or in United States dollars (transferred into a United States dollar account), as required to pay the Debtors' obligations. TRC pays the majority of its administrative and operating costs, as well as the property costs of its wholly owned subsidiary, Trident USA, from funds received from TEC.<sup>10</sup> Other minor disbursements incurred by TRC include corporate registry costs of Aurora Energy LLC, Nexgen Energy Canada, Inc. and Trident CBM Corp. in their various jurisdictions of incorporation within the United States.

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<sup>9</sup> As of June 30, 2009, intercompany transfers between TEC and TRC were limited to \$5 million per annum to comply with certain financial covenants in Trident's credit agreements.

<sup>10</sup> TRC pays its administrative expenses and property expenses for Trident USA substantially from its Canadian resident accounts at TD Canada Trust in Calgary, Alberta. Depending on the currency of the obligation being discharged, it will disburse funds via check or wire transfer from its Canadian dollar checking or United States dollar checking account at this institution. Minor investment income is earned from invested funds in both TRC and Trident USA, but that income is insufficient to satisfy the Debtors' property, administrative and operating expenses, as required.

16. Pursuant to the Cash Management System, inter-company ledger accounts are maintained and adjusted in the ordinary course to reflect (i) the flow of funds through the Cash Management System and (ii) the amounts due to and from each entity. Because the Company conducts business through its various subsidiaries and foreign corporate subsidiaries, it would be difficult and expensive for the Debtors to establish and maintain a different cash management system.

17. The Debtors will (i) continue to maintain all receipts, disbursements, and records of all transfers within the Cash Management System used postpetition, (ii) properly document all transfers and transactions, and (iii) maintain accurate intercompany balances in their books and records. Based on the foregoing, the Debtors believe that maintenance of the existing Cash Management System is in the best interest of their estates and all parties in interest.

#### **Relief Requested**

18. By this Motion, the Debtors seek an order of this Court (a) authorizing and approving the continued use of the Cash Management System, Bank Accounts and Business Forms (defined herein); (b) permitting continued Intercompany Transactions, granting administrative priority status to postpetition Intercompany Claims and preserving and permitting the exercise of intercompany setoff rights; and (c) extending the Debtors' time to comply with section 345(b) of the Bankruptcy Code by sixty (60) days from the Petition Date.

#### **Basis for Relief**

##### **A. Continued Use of the Cash Management System is Warranted**

19. The relief sought by the Debtors is contemplated by the Bankruptcy Code. Section 363(c)(1) of the Bankruptcy Code authorizes a debtor in possession to "use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). The purpose of section 363(c)(1) of the Bankruptcy Code is to provide a debtor in possession

with the flexibility to engage in the ordinary transactions required to operate its business without unneeded oversight by its creditors or the court. See, e.g., In re Roth American, Inc., 975 F.2d 949, 952 (3rd Cir. 1992); Med. Malpractice Ins. Ass'n v. Hirsch (In re Lavigne), 114 F.3d 379, 384 (2d Cir. 1997); In re Enron Corp., Case No. 01-16034 (AJG), 2003 WL 1562202, at \*15 (Bankr. S.D.N.Y. Mar. 21, 2003); In re Crystal Apparel, Inc., 207 B.R. 406, 409 (S.D.N.Y. 1997); In re H & S Transp. Co., 115 B.R. 592, 599 (M.D.Tenn.1990). Included within the purview of section 363(c) is a debtor's ability to continue the "routine transactions" necessitated by a debtor's cash management system. See, e.g., Amdura Nat'l Distrib. Co. v. Amdura Corp. (In re Amdura Corp.), 75 F.3d 1447, 1453 (10th Cir. 1996). Accordingly, the Debtors seek authority under section 363(c)(1) of the Bankruptcy Code to continue the collection, concentration, and disbursement of cash in the ordinary course of business pursuant to its Cash Management System described above.<sup>11</sup>

20. The maintenance of the current Cash Management System is critical to Trident's efforts to develop U.S. lands assets of potentially significant value to the estates and their creditors, and to complete a successful restructuring of the Debtors' debt obligations. Therefore, the Debtors request permission for them to continue, in their own discretion, to employ cash management procedures that permit the transfer of funds between or among the Debtors and their affiliates periodically in the amounts as necessary to continue the U.S. operations.

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<sup>11</sup> The Court may exercise its equitable powers to grant the relief requested. Section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process, or judgment that is necessary to carry out the provisions of this title." 11 U.S.C. § 105(a). As described herein, because continuing the Cash Management System without interruption will improve the efficient and economic administration of the Debtors' estates, the Court may approve the Debtors' continued use of the Cash Management System pursuant to section 105(a) of the Bankruptcy Code.

21. The Cash Management System has been continuously utilized by Trident and constitutes a customary and essential business practice. The Cash Management System is similar to those commonly employed by multinational corporate enterprises of comparable size and complexity as the Debtors. Importantly, the system provides numerous benefits to the Debtors, including the ability to (i) tightly control the use of corporate funds, (ii) ensure cash availability to develop potentially valuable assets for the benefit of the estates and their creditors, (iii) maximize interest income via low-risk overnight investments, and (iv) reduce administrative expenses by facilitating the movement of funds and the development of timely and accurate account balance and presentment information. The Cash Management System also facilitates the Debtors' efforts to forecast and report their cash position and monitor collections and disbursements.

22. Given the Debtors' corporate and financial structure and the number of affiliated entities participating in the Cash Management System, it would be difficult and unduly burdensome for the Debtors to establish an entirely new system of accounts and a new cash management system for each separate legal entity. Thus, under the circumstances, maintenance of the Cash Management System not only is essential, but also is in the best interests of the Debtors' respective estates and creditors. In addition, preserving a "business as usual" atmosphere and avoiding the unnecessary distractions that inevitably would be associated with any substantial disruption of the Cash Management System will (a) facilitate the Debtors' stabilization of their postpetition business operations and (b) assist the Debtors in their reorganization efforts. The Debtors will continue to maintain accurate and current records with respect to all transactions, whether transfers of cash, setoffs or otherwise, so that all transactions can be readily ascertained, traced and recorded properly on applicable intercompany accounts.

**B. Continued Intercompany Transactions and Administrative Treatment are Appropriate**

23. As described above, prior to the Petition Date, and in the ordinary course of business, funds were transferred to TRC from its principal operating subsidiary, TEC, as required based on an assessment of cash needs<sup>12</sup> principally to fund and develop Trident's United States land interests. These transactions are recorded as intercompany obligations (collectively, the "Intercompany Transactions"). If the Intercompany Transactions were to be discontinued postpetition, the prospect of realizing on potentially valuable U.S. land interests would be severely jeopardized. It is the Debtors' judgment that the making of these Intercompany Transfers is a proper and beneficial use of the Debtors' assets under section 363(c) of the Bankruptcy Code, consistent with the Debtors' prior business practices. In re Nellson Nutraceutical, Inc., 369 B.R. 787, 797 (Bankr. D. Del. 2007) ("[I]f the Court determines that a transaction is in the ordinary course of a debtor's business, the Court will not entertain an objection to the transaction, provided that the conduct involves a business judgment made in good faith upon a reasonable basis and within the scope of authority under the Bankruptcy Code."); In re Roth American, Inc., 975 F.2d 949, 952 (3d Cir. 1992) ("The framework of section 363 is designed to allow a trustee (or debtor-in-possession) the flexibility to engage in ordinary transactions without unnecessary creditor and bankruptcy court oversight, while protecting creditors by giving them an opportunity to be heard when transactions are not ordinary.").

24. To ensure that non-Debtor affiliates will not, at the expense of their creditors, fund the operations of another entity, the Debtors will continue to maintain records of such transfers, including records of all current intercompany receivables and payables.

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<sup>12</sup> As of June 30, 2009, intercompany transfers between TEC and TRC were limited to \$5 million per annum to comply with certain financial covenants in Trident's prepetition credit agreements.

Additionally, the Debtors request that, pursuant to section 364(a) of the Bankruptcy Code, all claims relating to Intercompany Transactions (collectively, the “Intercompany Claims”) arising after the Petition Date be accorded administrative priority of the kind specified in section 503(b) of the Bankruptcy Code.<sup>13</sup>

25. Administrative priority treatment for postpetition Intercompany Claims, as requested here, has been granted in other Chapter 11 Cases in this District. See, e.g., In re Nortel Networks Inc., Case No. 09-10138 (KGG) (Bankr. D. Del. Jan. 14, 2009); See, e.g., In re Tropicana Entm't, LLC, Case No. 08-10856 (KJC) (Bankr. D. Del. May 6, 2008); In re Pope & Talbot Inc., Case No. 07-11738 (CSS) (Bankr. D. Del. Dec. 7, 2007); In re Dura Auto. Sys., Case No. 06-11202 (KJC) (Bankr. D. Nov. 21, 2006); In re Pliant Corp., Case No. 06-10001 (MFW) (Bankr. D. Del. Jan. 4, 2006); In re FLYi, Inc., Case No. 05-20011 (MFW) (Bankr. D. Del. Nov. 8, 2005); In re Federal-Mogul Global Inc., Case No. 01-10578 (Bankr. D. Del. Oct. 4, 2001); In re NationsRent, Inc., Case No. 01-11628 (Bankr. D. Del. Dec. 18, 2001).

**C. Continuation of the Bank, Brokerage and Investment Accounts is Warranted**

26. As set forth in **Exhibit B**, within the Cash Management System, the Debtors and their affiliated non-Debtors utilize ten (10) deposit, collection, payment, investment and brokerage accounts on a regular basis in the ordinary course of business.<sup>14</sup> To avoid substantial disruption to the normal operation of their businesses and to preserve a “business as usual” atmosphere, as part of their request to maintain the Cash Management System, the Debtors hereby request that they be permitted to continue to use the bank, brokerage and

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<sup>13</sup> The Canadian Debtors are also seeking approval to secure any postpetition Intercompany Claims by a court-ordered charge in the Canadian Proceedings against all of the assets of the Debtor beneficiary of any such Intercompany Transaction.

<sup>14</sup> Debtor TRC is holding deposits in trust in its Canadian domiciled U.S. and Canadian currency checking accounts of \$4,000 in the aggregate (\$2,000 in each account) for each of the non-TRC Debtors, pursuant to a Trust Agreement among the parties dated September 6, 2009.

investment accounts. Allowing these accounts to be maintained with the same account numbers will greatly assist the Debtors in accomplishing a smooth transition to operating in chapter 11.

27. In addition, the Debtors request authority to maintain their Bank Accounts in the period after the Petition Date with the same account numbers; provided, however, that any checks or electronic fund transfers issued or dated prior to the Petition Date will not be honored without a prior order of the Court. Further, the Debtors seek authorization to open or close any Bank Accounts; provided, however, that any new domestic account is established at a bank insured with the FDIC or the FSLIC and that it is organized under the laws of the United States or any State therein, or in the case of accounts that may carry a balance that exceed the insurance limitations set thereby, that the bank holding the account has entered into a Uniform Depository Agreement with the Office of the United States Trustee for the District of Delaware.

28. The Debtors believe that the relief requested will best serve all parties in interest by maintaining and preserving the business continuity of the Debtors and non-Debtors and avoiding the disruption and delay to the Debtors' collection and disbursement procedures that would result from having to close the Bank Accounts and open new accounts. Accordingly, the Debtors respectfully request authority to maintain the Bank Accounts in the ordinary course of business and to pay any ordinary course bank fees that the Debtors may incur in connection with the Bank Accounts.

29. As noted, the Debtors propose that no Bank shall honor or pay any check issued on account of a prepetition debt, except that the Banks may honor any checks issued on account of prepetition debts where this Court has specifically authorized such checks to be honored. Furthermore, notwithstanding anything to the contrary in any other "first day" order or other order of this Court, the Debtors request that the Court authorize the Banks to accept and

honor all representations from the Debtors as to which checks to honor or dishonor consistent with any order(s) of this Court, whether or not the checks are dated prior to, on, or subsequent to the Petition Date. The Debtors propose that the Banks will not be liable to any party on account of following the Debtors' instructions or representations regarding which checks the Banks should honor, and the Banks will be permitted to accept and process charge-backs against the Bank Accounts arising out of returned deposits into such accounts without regard to the date such return item was deposited.

30. In other Chapter 11 Cases, courts in this and other districts have recognized that strict enforcement of the requirement that a debtor in possession close its bank accounts does not serve the rehabilitative process of chapter 11. Accordingly, this Court has waived those requirements and replaced them with alternative procedures similar to those proposed by the Debtors in this Motion. See, e.g., In re Nortel Networks Inc., Case No. 09-10138 (KG) (Bankr. D. Del. Jan. 14, 2009); In re VeraSun Energy Corp., Case No. 08-12606 (BLS) (Bankr. D. Del. Oct. 31, 2008); In re Hilex Poly Co., LLC, Case No. 08-10890 (KJC) Bankr. D. Del. May 7, 2008); In re Sharper Image Corp., Case No. 08-10322 (KG) (Bankr. D. Del. Feb. 20, 2008); In re Lillian Vernon Corp., Case No. 08-10323 (BLS) (Bankr. D. Del. Feb. 21, 2008); In re Buffets Holdings, Inc., Case No. 08-10141 (MFW) (Bankr. D. Del. Jan. 23, 2008); In re Delta Fin. Corp., Case No. 07-11880 (CSS) (Bankr. D. Del. Dec. 19, 2007); Am. Home Mortgage Holdings, Inc., Case No. 07-11047 (CSS) (Bankr. D. Del. Aug. 7, 2007); In re Dura Auto. Sys., Inc., Case No. 06-11202 (KJC) (Bankr. D. Del. Oct. 31, 2006). Similar authorization is appropriate in these Chapter 11 Cases.

**D. Continued Use of Business Forms is Warranted**

31. In the ordinary course of their businesses, the Debtors use different correspondence and business forms, including, but not limited to, purchase orders, invoices,

multi-copy checks, letterhead, envelopes, promotional materials, and other business forms (collectively, as they may be modified, the “Business Forms”). To avoid disruption of the Cash Management System and unnecessary expense, pursuant to Local Rule 2015-2(a), the Debtors request that they be authorized to continue to use the Business Forms substantially in the forms existing immediately before the Petition Date, without reference to their status as debtors in possession, provided, however, that once the Debtors’ existing check stock has been used, any future checks ordered by the Debtors, if any, will include the legend “Debtor-in-Possession.” In the absence of such relief, the estates will be required to bear a potentially significant expense, which the Debtors respectfully submit is unwarranted.

32. Authority to continue the use of Business Forms without alteration has been granted in numerous other Chapter 11 Cases in this district. See, e.g., In re Nortel Networks Inc., No. 09-10138 (KGG) (Bankr. D. Del Jan. 14, 2009); In re Delta Mills, Inc., No. 06-11144 (CSS) (Bankr. D. Del. Oct. 13, 2006); In re Global Home Prods., LLC, No. 06-10340 (KG) (Bankr. D. Del. Apr. 11, 2006); In re Premium Papers HoldCo, LLC, No. 06-10269 (CSS) (Bankr. D. Del. Mar. 23, 2006); In re Nellson Nutraceutical Inc., No 06-10072 (PJW) (Bankr. D. Del. Jan. 31, 2006); In re Astropower INC., No. 04-10322 (MFW) (Bankr. D. Del. Feb. 3, 2004); In re Thaxton Group, INC., No. 03-13182 (PJW) (Bankr. D. Del. Oct. 22, 2003); In re Orion Ref., Inc., No. 03-11483 (MFW) (Bankr. D. Del. May 15, 2003).

**E. The Court Should Grant the Debtors an Extension of Time to Either Comply With the Deposit Requirements of 11 U.S.C. § 345(b) or to File a Motion Seeking to Waive Them**

33. As described above, the Debtors and their non-Debtor affiliates invest funds, as necessary, in certain money market and other investment accounts.<sup>15</sup> Although the

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<sup>15</sup> As of the Petition Date, C\$1.1 million in funds is held amongst the Debtors.

current investment practices may not strictly comply with the approved investment guidelines identified in section 345 of the Bankruptcy Code in all cases, the Debtors' deposits and investments nevertheless are prudent and designed to yield the maximum reasonable net return of the funds invested, taking into account the safety of such deposits and investments.

34. Pursuant to section 345(b) of the Bankruptcy Code, any deposit or other investment made by a debtor, except those insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States, must be secured by either a bond in favor of the United States that is secured by the undertaking of a corporate surety approved by the U.S. trustee for the relevant district or the deposit of securities of the kind specified in 31 U.S.C. § 9303. Section 345(b) of the Bankruptcy Code provides further, however, that a bankruptcy court may allow the use of alternative to these approved investment guidelines "for cause." 11 U.S.C. § 345(b); see also In re Serv. Merch. Co., 240 B.R. 894, 896-97 (Bankr. M.D. Tenn. 1999) (concluding that "cause" existed in that case because the debtors were "large, sophisticated [companies] with a complex cash management system" that had the ability to shift money as needed to ensure the safety of their funds and that the failure to waive § 345(b)'s requirements "would 'needlessly handcuff' these debtors' reorganization efforts.").

35. By this Motion, the Debtors seek a sixty (60) day extension of the time from the Petition Date to comply with section 345(b) of the Bankruptcy Code, without prejudice to the Debtors' ability to seek a final waiver of those requirements. During the extension period, the Debtors will either come into compliance with the requirements of section 345(b) of the Bankruptcy Code or move the Court for authority to deviate from such requirements. Additionally, the Debtors, to the extent necessary, will engage the Office of the United States

Trustee in discussions to determine what modifications to their investment guidelines, if any, would be appropriate under the circumstances. The Debtors believe that the benefits of the requested extension far outweigh any harm to the estate. See generally In re Serv. Merchandise Co., Inc., 240 B.R. 894 (Bankr. M.D. Tenn. 1999).

36. Courts in this District routinely have granted requests for approval of the continued use of investment and deposit guidelines that did not strictly comply with section 345 of the Bankruptcy Code, but that, as here, nevertheless were safe and prudent. See, e.g., In re Robbins Bros. Corporation, Case No. 09-10708 (PJW) (Bankr. D. Del. Mar. 5, 2009); In re Buffets Holdings, Inc., Case No. 08-10141 (MFW) (Bankr. D. Del. Jan. 23, 2008); In re Sharper Image Corp., Case No. 08-10322 (KG) (Bankr. D. Del. Feb. 20, 2008); In re: Lillian Vernon Corporation, Case No. 08-10323 (BLS) (Bankr. D. Del. Feb. 21, 2008); In re Delta Fin. Corp., Case No. 07-11880 (CSS) (Bankr. D. Del. Dec. 19, 2007); Am. Home Mortgage Holdings, Inc., Case No. 07-11047 (CSS) Bankr. D. Del. Aug. 7, 2007); In re Pliant Corp., Case No. 06-10001 (MFW) (Bankr. D. Del. Jan. 4, 2006); In Ultimate Electronics, Inc., Case No. 05-10104 (PJW) (Bankr. D. Del. Jan. 20, 2005).

37. For the foregoing reasons, the Debtors submit that the relief requested herein is necessary and appropriate and is in the best interests of their estates and creditors.

38. Nothing in this Motion should be construed as: (a) an admission as to the validity or priority of any claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any claims or assert any counterclaims or affirmative defenses; or (c) an approval or assumption of any agreement, contract or lease, pursuant to section 365 of the Bankruptcy Code.

39. The Debtors further submit that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein, Bankruptcy Rule 6003 has been satisfied.

**Request for Waiver of Stay of Bankruptcy Rule 6004**

40. In addition, by this Motion, the Debtors seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Rule 6004(h) of the Bankruptcy Rules, “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise.” As set forth above, the immediate and continued use of the Cash Management System, Bank Accounts and Business Forms is essential to preserve a “business as usual” atmosphere and maintain stable postpetition business operations. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the ten-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

**Notice**

41. No trustee, examiner, or statutory committee has been appointed in these Chapter 11 Cases. The Debtors served notice of this Motion on (i) the United States Trustee for the District of Delaware; (ii) the largest unsecured creditors in these cases (on a consolidated basis); (iii) each of the agents, or their counsel, if known, under the Debtors’ prepetition credit facilities; (iv) the Office of the United States Attorney for the District of Delaware; and (v) the Internal Revenue Service. In light of the relief requested, the Debtors submit that no further notice is needed.

**No Previous Request**

42. No previous request for the relief sought in this Motion has been made by the Debtors to this or any other court.

WHEREFORE, the Debtors respectfully move this Court for entry of an order granting the relief requested in the Motion and such further relief as is just and proper.

Dated: September 8, 2009  
Wilmington, Delaware

Respectfully submitted,



Mark D. Collins (No. 2981)  
Paul Heath (No. 3704)  
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and

AKIN GUMP STRAUSS HAUER & FELD LLP  
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Ryan C. Jacobs, *pro hac vice* admission pending  
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(212) 872-1002 (Facsimile)

and

AKIN GUMP STRAUSS HAUER & FELD LLP  
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(202) 887-4288 (Facsimile)

PROPOSED ATTORNEYS FOR THE DEBTORS  
AND DEBTORS IN POSSESSION

**Exhibit A**

**Bank Account List**

<b>Debtor Name</b>	<b>Bank Name/Address</b>	<b>Account Type</b>
Trident Resources Corporation	TD Canada Trust 2 Calgary Place, 340 - 5th Ave SW Calgary, AB T2P 0L3	Checking (U.S. dollar)
Trident Resources Corporation	TD Canada Trust 2 Calgary Place, 340 - 5th Ave SW Calgary, AB T2P 0L3	Money Market (U.S. dollar)
Trident Resources Corporation	TD Canada Trust 2 Calgary Place, 340 - 5th Ave SW Calgary, AB T2P 0L3	Checking (Canadian dollar)
Trident Resources Corporation	TD Canada Trust 2 Calgary Place, 340 - 5th Ave SW Calgary, AB T2P 0L3	Money Market (Canadian dollar)
Trident Resources Corporation	KeyBank National Association 4910 Tiedeman Road, Brooklyn, Ohio	Checking (U.S. dollar)
Trident Resources Corporation	KeyBank National Association 4910 Tiedeman Road, Brooklyn, Ohio	Mutual Fund (U.S. dollar)
Aurora Energy LLC	KeyBank National Association 4910 Tiedeman Road, Brooklyn, Ohio	Checking (U.S. dollar)
Aurora Energy LLC	KeyBank National Association 4910 Tiedeman Road, Brooklyn, Ohio	Mutual Fund <sup>1</sup> (U.S. dollar)
Trident USA Corp.	KeyBank National Association 4910 Tiedman Road, Brooklyn, Ohio	Checking (U.S. dollar)
Trident USA Corp.	KeyBank National Association 4910 Tiedman Road, Brooklyn, Ohio	Mutual Fund (U.S. dollar)

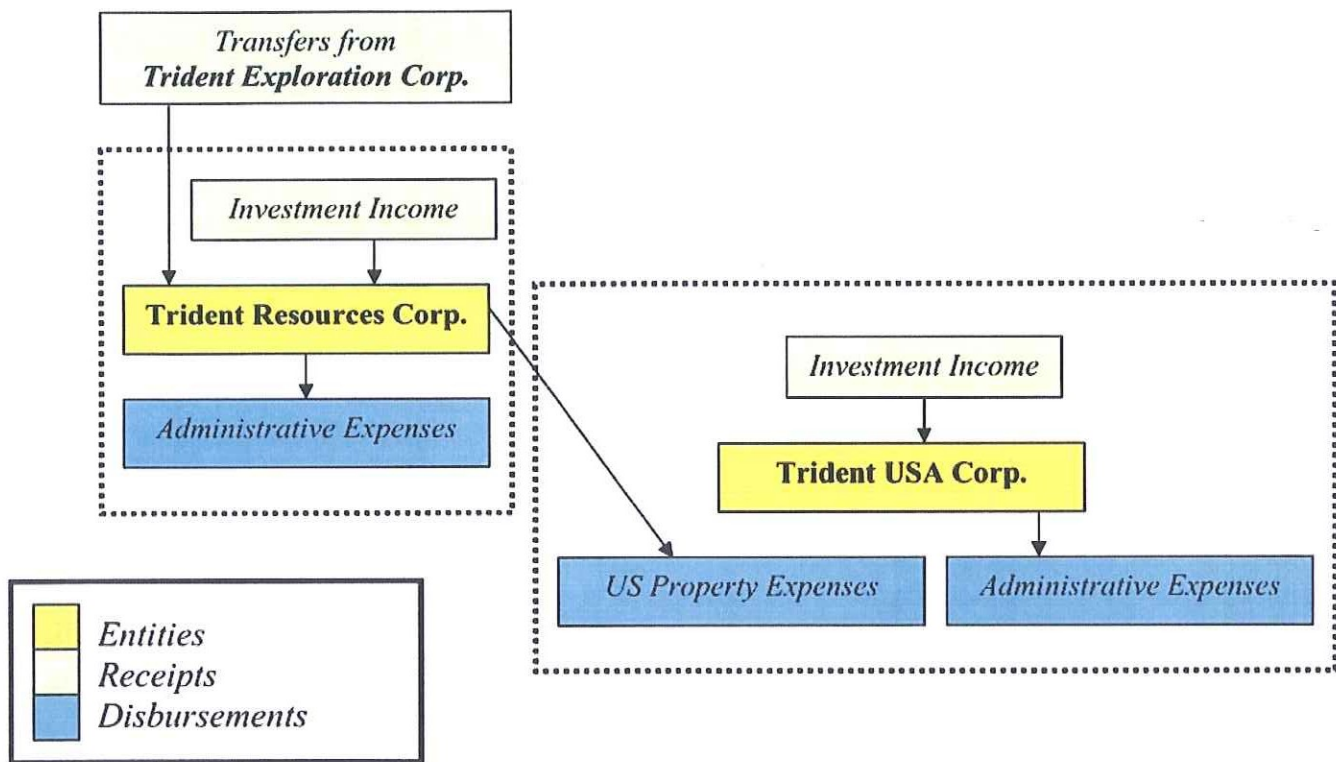
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<sup>1</sup> This account, although opened, currently has a \$0 balance.

## **Exhibit B**

### **Diagram of Debtors' Cash Management System**

## TRIDENT RESOURCES CORP. UNITED STATES CASH MANAGEMENT SYSTEM OPERATION



*(Cash movements are indicated via arrows)*

**Trident Resources Corp.** receives cash from time-to-time from its Canadian operating subsidiary based on estimates of funds required. Trident Resources Corp. earns investment income on its invested funds. It pays administrative expenses for itself and minor corporate maintenance costs for its wholly-owned U.S. subsidiaries Aurora Energy LLC, Nexgen Energy Canada, Inc. and Trident CBM Corp. and pays lease and other property expenses relating to lands held by its wholly-owned subsidiary, Trident USA Corp. Payments made on behalf of Trident USA Corp. are tracked via intercompany loans between Trident Resources Corp. and Trident USA Corp.

**Trident USA Corp.** receives dividend income on its invested funds and pays administrative expenses of bank charges and other minor costs relating to its operation as a corporation.

**Aurora Energy LLC** receives no funds and disburses no funds.

**Nexgen Energy Canada, Inc.** receives no funds and disburses no funds.

**Trident CBM Corp.** receives no funds and disburses no funds.

**EXHIBIT C**

**Proposed Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

-----X  
:
  
In re: : Chapter 11
  
:
  
TRIDENT RESOURCES CORP., et al., : Case No. 09-\_\_\_\_ (\_\_\_\_)
  
:
  
:
  
Debtors. : (Jointly Administered)
  
-----X

**ORDER PURSUANT TO SECTIONS 105(a), 345(b),  
363(c), 364(a) AND 503(b)(1) OF THE BANKRUPTCY CODE  
(A) AUTHORIZING AND APPROVING THE CONTINUED USE OF  
CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND BUSINESS  
FORMS; (B) PERMITTING CONTINUED INTERCOMPANY  
TRANSACTIONS, GRANTING ADMINISTRATIVE PRIORITY STATUS  
TO POSTPETITION INTERCOMPANY CLAIMS AND PRESERVING  
AND PERMITTING THE EXERCISE OF INTERCOMPANY SETOFF  
RIGHTS; AND (C) EXTENDING THE DEBTORS' TIME TO  
COMPLY WITH SECTION 345 OF THE BANKRUPTCY CODE**

Upon the Debtors<sup>1</sup> Motion Pursuant to Sections 105(a), 345(b), 363(c),  
364(a) and 503(b)(1) of the Bankruptcy Code for an Order (A) Authorizing and Approving the  
Continued Use of Cash Management System, Bank Accounts and Business Forms; (B)  
Permitting Continued Intercompany Transactions, Granting Administrative Priority Status to  
Postpetition Intercompany Claims and Preserving and Permitting the Exercise of Intercompany  
Setoff Rights and (C) Extending the Debtors' Time to Comply with Section 345 of the  
Bankruptcy Code (the "Motion");<sup>2</sup> and the Court having jurisdiction pursuant to sections 157 and  
1334 of title 28 of the United States Code to consider the Motion and the relief requested therein;

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with each Debtor's place of incorporation and the last four digits of its federal tax identification number, where applicable, are: Trident Resources Corp. (*Delaware*) (2788), Aurora Energy LLC (*Utah*) (6650), NexGen Energy Canada, Inc. (*Colorado*) (9277), Trident CBM Corp. (*California*) (3534), and Trident USA Corp. (*Delaware*) (6451).

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

and venue being proper in this Court pursuant to sections 1408 and 1409 of title 28 of the United States Code; and the Debtors having properly provided notice to: (i) the United States Trustee for the District of Delaware; (ii) the largest unsecured creditors in these cases (on a consolidated basis); (iii) each of the agents, or their counsel, if known, under the Debtors' prepetition credit facilities; (iv) the Office of the United States Attorney for the District of Delaware; and (v) the Internal Revenue Service, and it appearing that no other or further notice need be provided; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and the Court having heard the evidence and statements of counsel regarding the Motion and having determined that the legal and factual bases set forth in the Motion and in the Dillabough Affidavit establish just cause for the relief granted herein, it is therefore

**ORDERED**, that the Motion is GRANTED; and it is further

**ORDERED**, that, the Debtors are authorized to: (a) maintain the Cash Management System, in substantially the same form as the Cash Management System described in the Motion; (b) implement ordinary course changes to the Cash Management System; and (c) open and close bank accounts, each in the Debtors' sole discretion; and it is further

**ORDERED**, that the Debtors are authorized to continue to use the Business Forms substantially in the forms existing immediately prior to the Petition Date. The Debtors are authorized to utilize the current Business Forms without reference to their status as debtors in possession, provided, however, that once the Debtors' existing check stock has been used, any future checks ordered by the Debtors shall include the legend "Debtor-in-Possession"; and it is further

**ORDERED**, that the Debtors are authorized to deposit and invest funds in accordance with their current investment practices, notwithstanding that their current investment practices may not strictly comply in all respects with the investment guidelines expressly set forth in section 345 of the Bankruptcy Code. The Banks are authorized to accept and hold or invest funds, at the Debtors' direction, consistent with their current investment practices in accordance with the Investment Guidelines; and it is further

**ORDERED**, that the Banks are authorized to accept and honor all representations from the Debtors as to which checks, drafts, electronic fund transfers or other forms of payment should be honored or dishonored consistent with any order(s) of this Court and governing law, whether such checks, drafts, electronic fund transfers or other forms of payment are dated prior to, on or subsequent to the Petition Date; and it is further

**ORDERED**, that the Debtors are authorized to open any new bank accounts or close any existing bank accounts as they may deem necessary and appropriate in their sole discretion; provided that the Debtors give notice to the Office of the United States Trustee for the District of Delaware prior to opening or closing a Bank Account; and it is further

**ORDERED**, that the Debtors are granted an additional sixty (60) days from the Petition Date to come into compliance with section 345 of the Bankruptcy Code. If the Debtors determine that they are unable to comply with the requirements of section 345 within the sixty (60) day period, the Debtors shall file a motion seeking authority to deviate from such requirements; and it is further

**ORDERED**, that the Debtors are authorized and shall (i) pay undisputed prepetition amounts outstanding as of the date hereof, if any, owed to their Banks as service charges for the maintenance of the Cash Management System and (ii) reimburse the Banks for any claims

arising, or chargebacks of deposits made, before or after the Petition Date in connection with customer checks or other deposits into the Bank Accounts that have been dishonored or returned for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors are responsible therefore by operation of non-bankruptcy law or under the terms of applicable service agreements with the Banks; and it is further

**ORDERED**, that the Banks shall not be liable to any party on account of (a) following the Debtors' instructions or representations as to any order of this Court, (b) the honoring of any prepetition check or item in good faith belief that the Court has authorized such prepetition check or item to be honored or (c) an innocent mistake made despite implementation of reasonable item handling procedures; and it is further

**ORDERED**, that, pursuant to section 364(a) of the Bankruptcy Code, the Debtors are authorized in connection with the ordinary operation of their Cash Management System to obtain unsecured credit and incur unsecured debt in the ordinary course of business without notice and a hearing; and it is further

**ORDERED**, that the Debtors are authorized, in their sole discretion, from and after the Petition Date, to continue to engage in Intercompany Transactions; and it is further

**ORDERED**, that Intercompany Claims held by one Debtor against another Debtor or by a non-debtor affiliate against a Debtor arising from postpetition Intercompany Transactions shall be entitled to administrative expense status pursuant to section 503(b)(1) of the Bankruptcy Code. In connection therewith, the Debtors shall maintain records of each and every transfer within the Cash Management System occurring after the Petition Date, including the Intercompany Transactions, to the same extent maintained by the Debtors before the Petition

Date, such that the Debtors shall adequately and promptly document all postpetition transfers and transactions in the Debtors' books and records; and it is further

**ORDERED**, that within two business days of the entry of this order, the Debtors shall serve a copy of this order on the Banks; and it is further

**ORDERED**, that all time periods referenced in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a); and it is further

**ORDERED**, that notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rules 4001(d) and 6004(a) are waived; and it is further

**ORDERED**, that the Debtors further submit that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein, Bankruptcy Rule 6003 has been satisfied; and it is further

**ORDERED**, that notwithstanding any applicability of Bankruptcy Rules 6004(h), 7062, or 9014, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

**ORDERED**, that this Court shall retain jurisdiction over all matters arising from or related to the interpretation and implementation of this Order.

Dated: September \_\_\_\_, 2009  
Wilmington, Delaware

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UNITED STATES BANKRUPTCY JUDGE