

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

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In re:	:	Chapter 15
	:	
CATALYST PAPER CORP., <u>et al.</u> ,	:	Case No. 12-10221 (PJW)
	:	
Debtors. ¹	:	Jointly Administered
	:	
	X	

**EXPEDITED MOTION TO SHORTEN NOTICE AND FOR EMERGENCY HEARING
ON (A) AMENDED MOTION FOR PROVISIONAL RELIEF AND FINAL
RECOGNITION OF A FOREIGN PROCEEDING PURSUANT TO
11 U.S.C. §§ 105(a), 1517, 1519, 1520, AND 1521; AND (B) MOTION FOR
PROVISIONAL RELIEF IN CONNECTION WITH DEBTOR-IN-POSSESSION
FINANCING PURSUANT TO 11 U.S.C. §§ 105(a), 1519, AND 1521**

Catalyst Paper Corporation (“CPC”), as the authorized foreign representative for itself and its above-captioned affiliates (collectively, the “Debtors” and, together with their non-debtor affiliates, the “Company”) in a proceeding (the “CCAA Proceeding”) under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”), *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, and *Business Corporations Act*, S.B.C.

¹ The last four digits of the United States Tax Identification Number or Canadian Business Number of the Debtors, as applicable, follow in parentheses: (i) 0606890 B.C. Ltd. (2214); (ii) Catalyst Paper Corporation (1171); (iii) Catalyst Paper Energy Holdings Inc. (3668); (iv) Catalyst Paper General Partnership (6288); (v) Catalyst Pulp and Paper Sales Inc. (2085); (vi) Catalyst Pulp Operations Ltd. (4565); (vii) Catalyst Pulp Sales Inc. (4021); (viii) Elk Falls Pulp and Paper Ltd. (9493); (ix) Pacifica Poplars Ltd. (6048); (x) Catalyst Paper Holdings Inc. (7177); (xi) Pacifica Papers U.S. Inc. (7595); (xii) Pacifica Poplars Inc. (9597); (xiii) Pacifica Papers Sales Inc. (7594); (xiv) Catalyst Paper (USA) Inc. (6890); (xv) Catalyst Paper (Recycling) Inc. (8358); (xvii) Catalyst Paper (Snowflake) Inc. (7015); (xvii) The Apache Railway Company (0017) (0606890 B.C. Ltd., Catalyst Paper Corporation, Catalyst Paper Energy Holdings Inc., Catalyst Paper General Partnership, Catalyst Pulp and Paper Sales Inc., Catalyst Pulp Operations Ltd., Catalyst Pulp Sales Inc., Elk Falls Pulp and Paper Ltd., and Pacifica Poplars Ltd., collectively, the “Canadian Debtors”) (Catalyst Paper Holdings Inc., Pacifica Papers U.S. Inc., Pacifica Poplars Inc., Pacifica Papers Sales Inc., Catalyst Paper (USA) Inc., Catalyst Paper (Recycling) Inc., Catalyst Paper (Snowflake) Inc. and The Apache Railway Company, collectively, the “U.S. Debtors”). The Debtors’ executive headquarters’ addresses are 2nd Floor, 3600 Lysander Lane, Richmond, BC V7B 1C3, Canada; 2101 Fourth Avenue, Suite 1950, Seattle, WA 98121; and Spur 277 N., Snowflake, AZ 85937.

2002, c.57, before the Supreme Court of British Columbia (the “Canadian Court”), by and through its undersigned counsel, hereby moves (the “Motion to Shorten”), pursuant to section 102 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), for entry of an order shortening notice of, and scheduling an emergency hearing on, the *Amended Motion for Provisional Relief and Final Recognition of a Foreign Proceeding Pursuant to 11 U.S.C. §§ 105(a), 1517, 1519, 1520, and 1521* (the “Amended Recognition Motion”) and entry of a separate order shortening notice of, and scheduling a hearing on, the *Motion for Provisional Relief In Connection With Debtor-In-Possession Financing Pursuant to 11 U.S.C. §§ 105(a), 1519, and 1521* (the “Financing Motion”)². In support of the Motion to Shorten, CPC respectfully represents as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue is proper in this District pursuant to 28 U.S.C. § 1410.
3. The statutory predicates for the relief requested herein are section 102 of the Bankruptcy Code and Local Rule 9006-1(e).

RELIEF REQUESTED

4. By this Motion to Shorten, CPC respectfully requests that the Court enter an order substantially in the form attached hereto as Exhibit A: (i) permitting only the provisional relief sought in the Amended Recognition Motion to be heard at the Court’s earliest convenience; (ii) shortening the applicable notice period such that only such provisional relief sought in the

² As discussed below, CPC plans to file such motion on or before February 3, 2012.

Amended Recognition Motion can be heard at the hearing scheduled by the Court; and (iii) granting such other relief as the Court deems appropriate. Furthermore, by this Motion to Shorten, CPC also respectfully requests that the Court enter an order to be presented at the hearing on the Amended Recognition Motion: (i) permitting the provisional relief sought in the Financing Motion to be heard at the Court's convenience on or before February 10, 2012; (ii) shortening the applicable notice period such that the provisional relief sought in the Financing Motion can be heard at the hearing scheduled by the Court; and (iii) granting such other relief as the Court deems appropriate. To be clear, by this Motion to Shorten, CPC does not seek to shorten or otherwise limit the twenty-one-day notice period required by Rule 2002(q)(1) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

BASIS FOR RELIEF

A. Amended Recognition Motion

5. As described more fully in the Amended Recognition Motion, the Debtors have requested provisional relief under section 1519(a) of the Bankruptcy Code, including application of sections 362 and 365(e) of the Bankruptcy Code on a provisional basis during the pendency of these chapter 15 cases. The requested provisional relief is necessary in order to protect the Debtors and their estates from the real possibility of immediate and irreparable harm from (a) individual creditors' collection and enforcement actions, (b) the attempted termination of certain contracts as a result of the filing of these chapter 15 cases and the CCAA Proceeding, and (c) prejudice that could result from decentralized administration of the Debtors' assets.

6. Relief similar to the provisional relief requested in the Amended Recognition Motion has been previously granted by this Court in connection with the Debtors' petitions for recognition of a foreign proceeding under Canada's *Canada Business Corporations Act*, R.S.C.

1985, c. C-44 (the “CBCA Proceeding”). See *Order Granting Provisional Relief for Recognition of a Foreign Proceeding Pursuant to 11 U.S.C. §§ 105(a), 1517, 1519, 1520 and 1521* [Docket No. 22] (January 19, 2012). The Debtors have since commenced the CCAA Proceeding, and expect to abandon or request dismissal of the CBCA Proceeding promptly. In order to ensure that there is no gap in the important provisional relief that protect the Debtors in connection with their restructuring efforts, CPC requests that a hearing on the provisional relief sought in the Amended Recognition Motion be held as soon as practicable.

7. Furthermore, the Debtors are requesting provisional relief in order to prevent the Debtors from suffering irreparable harm due to the disruption in business operations and interference with reorganization efforts that would result from the exercise of remedies by vendors under various contracts. As noted at the first hearing in these cases, there is a substantial amount of vendor and supplier confusion regarding the chapter 15 process. The Debtors will suffer irreparable harm in the absence the imposition of a stay. Every day of delay in the application of the important provisional relief results in potential threat to the Debtors’ supply chain and customer relationships and may therefore cause the Debtors to suffer lost value. In order to preserve the Debtors’ value to the maximum extent possible, the Debtors request that a hearing be held on February 1, 2012 if possible.

8. Accordingly, CPC believes that, pursuant to 11 U.S.C. § 102 and Local Rule 9006-1(e), there is sufficient cause, and it is appropriate and necessary, for the Court to deviate from the time frame set forth in Local Rule 9006-1(c)(i) and shorten time on the notice of, and schedule an emergency hearing on, the Amended Recognition Motion so as to allow the Debtors to obtain the requested provisional relief at the earliest time possible.

B. Financing Motion

9. The Debtors are seeking debtor-in-possession financing (such financing, the “DIP Facility”) in connection with their restructuring efforts, and have sought a hearing to obtain final court approval of the terms and conditions of the DIP Facility in the Canadian Court for February 3, 2012. A copy of the DIP Term Sheet and DIP Commitment Letter is attached to the Second Baarda Declaration as Exhibit B thereto.

10. CPC intends to seek provisional relief in connection with the DIP Facility in the instant chapter 15 proceedings, and will file a separate motion seeking such provisional relief no later than the date set for a hearing on such DIP Facility in the Canadian Court. The Financing Motion will provide additional disclosure of the terms and conditions of the DIP Facility. In addition, CPC will serve the Financing Motion in a manner consistent with this Court’s *Order (I) Specifying Form and Manner of Service of Notice of Filing of Petitions and Other Pleadings Pursuant to Chapter 15 of the Bankruptcy Code and (II) Scheduling a Hearing on Chapter 15 Petitions for Recognition* [Docket No. 23].

11. The Debtors will be requesting provisional relief in connection with the DIP Facility in order to obtain full access to the funds available under the DIP Facility. The Debtors require immediate access to the DIP Facility in order to fund their reorganization efforts and prevent disruptions to their business operations during the pendency of the reorganization. In order to prevent potential harm to the Debtors’ business operations and reorganization efforts, CPC requests that a hearing be held on the Financing Motion no later than February 10, 2012.

12. Accordingly, CPC believes that, pursuant to 11 U.S.C. § 102 and Local Rule 9006-1(e), there is sufficient cause, and it is appropriate and necessary, for the Court to deviate from the time frame set forth in Local Rule 9006-1(c)(i) and shorten time on the notice of, and

schedule an emergency hearing on, the Financing Motion so as to allow the Debtors to obtain the requested provisional relief at the earliest time possible.

NOTICE

13. CPC will provide notice of this Motion to Shorten to: (a) Debtors' Canadian counsel, (b) counsel for secured creditors, (c) counsel to the Administrative Agent for the Debtors' postpetition credit facility, J.P. Morgan Chase Bank, N.A., Toronto Branch, (d) the United States Trustee, (e) counsel to PricewaterhouseCoopers Inc. as monitor, and (e) any additional party requesting notices. In light of the nature of the relief requested herein, CPC submits that no other or further notice of this Motion is necessary or required.

CONCLUSION

WHEREFORE, CPC respectfully requests that the Court enter an order substantially in the form attached hereto as Exhibit A (i) granting the Motion to Shorten with respect to the Amended Recognition Motion; (ii) permitting only the provisional relief sought in the Amended Recognition Motion to be heard at the Court's earliest convenience; (iii) shortening the applicable notice period such that only such provisional relief sought in the Amended Recognition Motion can be heard at the hearing scheduled by the Court; and (iv) granting such other relief as the Court deems appropriate. CPC also respectfully requests that the Court enter an order substantially in the form attached hereto as Exhibit B (i) granting the Motion to Shorten with respect to the Financing Motion; (ii) permitting the provisional relief sought in the Financing Motion to be heard at the Court's convenience on or before February 10, 2012; (iii) shortening the applicable notice period such that the provisional relief sought in the Financing Motion can be heard at the hearing scheduled by the Court; and (iv) granting such other relief as the Court deems appropriate.

Dated: January 31, 2012
Los Angeles, CA

/s/ Van C. Durrer, II

Van C. Durrer, II (I.D. No. 3827)
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
300 South Grand Avenue
Los Angeles, California 90071
(213) 687-5000

Counsel for Catalyst Paper Corporation

EXHIBIT A

Order Granting Motion to Shorten

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

	X	
	:	Chapter 15
In re:	:	
	:	Case No. 12-10221 (PJW)
CATALYST PAPER CORP., <u>et al.</u> ,	:	
	:	Jointly Administered
Debtors. ¹	:	
	:	Hrg. Date: TBD
	:	Obj. Date: TBD

**ORDER GRANTING EXPEDITED MOTION TO SHORTEN NOTICE AND FOR
EMERGENCY HEARING ON THE AMENDED MOTION FOR PROVISIONAL
RELIEF AND FINAL RECOGNITION OF A FOREIGN PROCEEDING
PURSUANT TO 11 U.S.C. §§ 105(a), 1517, 1519, 1520, AND 1521**

Upon consideration of the motion [Docket No. ____] (the “Motion”) of Catalyst Paper Corporation (“CPC”), as the authorized foreign representative for itself and its above-captioned affiliates (collectively, the “Debtors” and, together with their non-debtor affiliates, the “Company”) in a proceeding (the “CCAA Proceeding”) under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”), *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, and *Business Corporations Act*, S.B.C. 2002, c.57,

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(cont’d)

before the Supreme Court of British Columbia (the “Canadian Court”), pursuant to section 102 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) seeking entry of an order (i) granting the Motion, (ii) permitting only the provisional relief sought in the Amended Recognition Motion to be heard at the Court’s earliest convenience; (iii) shortening the applicable notice period such that only such provisional relief sought in the Amended Recognition Motion can be heard at the hearing scheduled by the Court; and (iv) granting such other relief as the Court deems appropriate; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these cases and the Motion in this District is proper pursuant to 28 U.S.C. § 1410; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and due and sufficient notice of this Motion having been given; and it appearing that no other or further notice need be given under the circumstances; and after due deliberation and sufficient cause appearing therefore:

(cont’d from previous page)

V7B 1C3, Canada; 2101 Fourth Avenue, Suite 1950, Seattle, WA 98121; and Spur 277 N., Snowflake, AZ 85937.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

1. The relief requested in the Motion is hereby GRANTED;
2. The provisional relief sought in the Amended Recognition Motion will be heard at _____ (EST) on February ____, 2012.
3. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: _____, 2012
Wilmington, Delaware

Honorable Peter J. Walsh
UNITED STATES BANKRUPTCY JUDGE

File a Motion:12-10221-PJW Catalyst Paper Corporation

Type: bk

Chapter: 15 v

Office: 1 (Delaware)

Assets: y

Judge: PJW

Case Flag: MEGA, LEAD

Processing**U.S. Bankruptcy Court****District of Delaware**

Notice of Electronic Filing

The following transaction was received from Van C. Durrer entered on 1/31/2012 at 4:04 PM EST and filed on 1/31/2012

Case Name: Catalyst Paper Corporation**Case Number:** 12-10221-PJW**Document Number:** 37**Docket Text:**

Motion to Shorten *Notice (Expedited) And For Emergency Hearing On (A) Amended Motion For Provisional Relief And Final Recognition Of A Foreign Proceeding Pursuant To 11 U.S.C. Sections 105 (A), 1517, 1519, 1520, And 1521; And (B) Motion For Provisional Relief In Connection With Debtor-In-Possession Financing Pursuant To 11 U.S.C. Sections 105(A), 1519, And 1521* Filed by Catalyst Paper Corporation. (Attachments: # (1) Proposed Form of Order) (Durrer, Van)

The following document(s) are associated with this transaction:

Document description:Main Document**Original filename:**H:\temp\convert\Motion to Expedite.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=1/31/2012] [FileNumber=10486869-0]
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c15447a5877bd09f33798b6c2ebd01be438c958a5a67c2778931141bc7c4c]]

Document description:Proposed Form of Order**Original filename:**MST - Ex A.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=1/31/2012] [FileNumber=10486869-1]
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b8fc25d41ef607f99630453c0d2f564c776cd586afc1411a39aab8eea75f5]]

12-10221-PJW Notice will be electronically mailed to:

Van C. Durrer on behalf of Debtor 0606890 B.C. Ltd.

van.durrer@skadden.com,

debank@skadden.com;christopher.heaney@skadden.com;wendy.lamanna@skadden.com;annie.li@skadden.com

Albert Kass on behalf of Interested Party Kurtzman Carson Consultants LLC

ECFpleadings@kccllc.com, ecfpleadings@kccllc.com