

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

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

**MOTION OF DEBTORS FOR ORDER LIMITING NOTICE AND APPROVING FORM  
AND MANNER THEREOF AND GRANTING OTHER RELATED RELIEF**

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-44, and Business Corporations Act, S.B.C. 2002, c. 57, before the Supreme Court of British Columbia (the “Canadian Court”), hereby moves (this “Motion”) this Court, pursuant to section 105(a) of title 11 of the United States Code (the “Bankruptcy Code”), and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for entry of an order substantially in the form attached hereto as Exhibit A (the “Proposed Order”): limiting notice of the *Motion of Debtors for Order (I) Authorizing and Approving the Private Sale of Certain Properties Free and Clear of*

---

<sup>1</sup> These jointly administered cases are those of the following Debtors: 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”) in addition to 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”).



12102211203270000000000003

*All Liens, Claims, Encumbrances, and Other Interests; (II) Approving the Purchase Agreement; (III) Authorizing Payment of Brokerage Fee In Connection with Sale; and (IV) Granting Other Related Relief* (the “Sale Motion”), filed concurrently herewith, to those parties designated below, and granting such other and further relief as the Court deems just and proper. CPC respectfully represents as follows:

1. This Court has jurisdiction over these matters pursuant to 28 U.S.C. §§ 157 and 1334. These matters are core proceedings within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408, 1409 and 1410.

2. The statutory bases for the relief requested herein are sections 105(a) of the Bankruptcy Code and Rules 2002 and 6004 of the Bankruptcy Rules.

3. Pursuant to Bankruptcy Rule 6004(a), “[n]otice of a proposed use, sale, or lease of property, other than cash collateral, not in the ordinary course of business shall be given pursuant to Rule 2002(a)(2), (c)(1), (i), and (k).” Fed. R. Bankr. P. 6004(a). Bankruptcy Rule 6004(c) goes on to state that “[a] motion for authority to sell property free and clear of liens and other interests . . . shall be served on the parties who have liens or other interest in the property to be sold.” Id. at 6004(c).

4. Furthermore, Bankruptcy Rule 2002(a) requires that 21 days’ notice be provided to all creditors, indenture trustee, and other parties-in-interest of any “proposed use, sale, or lease of property other than in the ordinary course of business, unless the court for cause shown shortens the time or directs another method of giving notice.” Fed. R. Bankr. P. 2002(a)(2).

5. The Debtors are proposing to sell a portion of certain real property located in Washington state for a total purchase price of \$3.6 million. In this case, service of the Sale Motion would be prohibitively expensive and burdensome on the Debtors and their estates,

particularly given the de minimis nature of the sale transaction. In fact, as discussed in the Sale Motion and the accompanying *Fifth Declaration of Brian Baarda* (the “Fifth Baarda Declaration”), the proposed sale transaction falls within certain de minimis exceptions to asset sale restrictions imposed by both the indenture agreement for the 2014 Notes<sup>2</sup> and the credit agreement for the debtor-in-possession financing facility. See Sale Motion ¶ 32; Fifth Baarda Declaration ¶¶ 17 – 18.

6. CPC proposes to notify the following parties of the filing of the Sale Motion: (a) the Office of the United States Trustee for the District of Delaware; (b) the Securities and Exchange Commission; (c) the Internal Revenue Service; (d) the United States Attorney Office for District of Delaware; (e) counsel for certain holders of 2016 Notes; (f) counsel for certain holders of 2014 Notes; (g) counsel to the Administrative Agent of the debtor-in-possession financing facility; (h) all other known parties with liens of record<sup>3</sup> on the Properties; (i) the Buyers; and (j) those persons filing notices of appearance or requests for notice under Bankruptcy Rule 2002 in these cases (collectively, the “Notice Parties”). CPC will provide notice in form and 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] (the “Notice Order”).

7. CPC submits that providing notice to the Notice Parties in the manner identified above will reduce the significant expense associated with service of notice upon all creditors and parties-in-interest. Such notice is designed to timely advise parties with liens, claims,

---

<sup>2</sup> Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Sale Motion.

<sup>3</sup> To be determined by review of an applicable title report and UCC financing lien search results.

encumbrances, or other interests on the Properties of the relief requested in the Sale Motion, and as stated above, any party with such an interest will be provided notice. CPC submits that the proposed limited notice is adequate and sufficient for entry of an order on the Sale Motion.

8. CPC proposes to notify all Notice Parties of the filing of this Motion in accordance 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] (the "Notice Order"). 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 this Court (i) grant this Motion and the relief requested herein; (ii) enter the Proposed Order substantially in the form attached hereto as Exhibit A; and (iii) grant such other and further relief as it deems just and proper.

Dated: Los Angeles, California  
March 27, 2012

/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**

**Proposed Order**

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

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

**ORDER LIMITING NOTICE AND APPROVING FORM AND MANNER THEREOF  
AND GRANTING OTHER RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> 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”), pending before the Supreme Court of British Columbia (the “Canadian Court”) under section 105(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for an order limiting notice of the *Motion of Debtors for Order (I) Authorizing and Approving the Private Sale of Certain Properties Free and Clear of All Liens, Claims, Encumbrances and Other Interests; (II) Approving the Purchase Agreement; (III)*

---

<sup>1</sup> These jointly administered cases are those of the following Debtors: 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”) in addition to 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”).

<sup>2</sup> Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

*Authorizing Payment of Brokerage Fee In Connection with Sale; and (IV) Granting Other Related Relief* (the “Sale Motion”) to those parties designated therein, and granting such other and further relief as the Court deems just and proper; and the Court having reviewed the Motion submitted in support thereof; and the Court having determined that the relief requested in this Motion is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest; and it appearing that notice of the Motion was good and sufficient under the particular circumstances and that no other or further notice need be given; and upon consideration of the record and the hearing on the Motion held before this Court; and after due deliberation thereon; and good and sufficient cause appearing therefore;

It is hereby **FOUND AND DETERMINED THAT**.<sup>3</sup>

A. **Jurisdiction and Venue.** This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408, 1409, and 1410.

B. **Statutory Predicates.** The statutory predicates for the relief requested herein are Bankruptcy Code sections 105(a), and Bankruptcy Rules 2002 and 6004.

C. **Notice.** Good and sufficient notice of the Motion and the relief granted by this Order has been given and no other or further notice is required.

D. **Best Interest of Debtors.** The relief requested in the Motion is in the best interests of the Debtors and their estates. Service of the Sale Motion and notice thereof upon all creditors and parties-in-interest, as required under Bankruptcy Rule 2002, would be

---

<sup>3</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Bankruptcy Rule 7052.



prohibitively burdensome and expensive for the Debtors' states, particularly given the de minimis nature of the sale transaction which is the subject of the Sale Motion.

NOW, THEREFORE, IT IS ORDERED THAT:

1. The Motion is GRANTED as provided herein as of the date hereof with respect to all parties.

2. The Debtors shall serve the Sale Motion and notice thereof, in a form and manner consistent with the Notice Order, upon the following parties: (a) the Office of the United States Trustee for the District of Delaware; (b) the Securities and Exchange Commission; (c) the Internal Revenue Service; (d) the United States Attorney Office for District of Delaware; (e) counsel for certain holders of 2016 Notes; (f) counsel for certain holders of 2014 Notes; (g) counsel to the Administrative Agent of the debtor-in-possession financing facility; (h) all other known parties with liens of record<sup>4</sup> on the Properties; (i) the Buyers; and (j) those persons filing notices of appearance or requests for notice under Bankruptcy Rule 2002 in these cases.

3. The proposed limited notice is adequate and sufficient for entry of an order on the Sale Motion. No other or further notice of the Sale Motion is necessary or required under either the Bankruptcy Code or the Bankruptcy Rules.

4. Notwithstanding any provision in the Bankruptcy Rules to the contrary, including without limitation, Bankruptcy Rule 6004(h): (i) this Order shall be effective immediately and enforceable upon its entry; (ii) the Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order, and (iii) the Debtors are authorized and empowered, and may in their discretion and without further delay,

---

<sup>4</sup> To be determined by review of an applicable title report and UCC financing lien search results.

take any action and perform any act necessary to implement and effectuate the terms of this Order.

Dated: Wilmington, Delaware  
March \_\_\_\_\_, 2012

---

HONORABLE PETER J. WALSH

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

Type: bk

Chapter: 15 v

Office: 1 (Delaware)

Assets: y

Judge: PJW

Case Flag: CLAIMS, MEGA,  
LEAD**U.S. Bankruptcy Court****District of Delaware**

## Notice of Electronic Filing

The following transaction was received from Van C. Durrer entered on 3/27/2012 at 7:43 PM EDT and filed on 3/27/2012

**Case Name:** Catalyst Paper Corporation**Case Number:** 12-10221-PJW**Document Number:** 98**Docket Text:**

Motion to Limit Notice *Motion of Debtors for Order Limiting Notice and Approving Form and Manner Thereof and Granting Other Related Relief* (related document(s)[96]) 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 Limit Notice.pdf**Electronic document Stamp:**

[STAMP bkecfStamp\_ID=983460418 [Date=3/27/2012] [FileNumber=10664214-0]  
] [94718683ac7a204e58b68d42e53d0f3fabbc3ece4bb82a5863720ef5b764c3717e4  
da645d1ba0b63b71b77f3e4f59bdda6648c883670abeface92ffbb153bdfe]]

**Document description:**Proposed Form of Order**Original filename:**Motion to Limit Notice - Ex A - Order.pdf**Electronic document Stamp:**

[STAMP bkecfStamp\_ID=983460418 [Date=3/27/2012] [FileNumber=10664214-1]  
] [63e4fc638a984a621025c7dd1557b02ffa4f572e93dc53ffcf9820aaeafff9b55ce  
f83eec557bd1e950d29caf3b771a139d240c044d580495962f6d7be2212cf]]

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

Timothy P. Cairns on behalf of Interested Party Certain Holders of 2014 Notes  
tcairns@pszjlaw.com

Mark L. Desgrosseilliers on behalf of Interested Party Andritz Inc., Andritz Ltd., and Andritz Iggesund  
Tools Canada, Inc.  
mdesgrosseilliers@wcsr.com, pgroff@wcsr.com;klytle@wcsr.com;hsasso@wcsr.com

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