

COURT FILE NUMBER 2001 06423
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE **CALGARY**

IN THE MATTER OF THE COMPROMISE OF
ARRANGEMENT OF ENTREC
CORPORATION, CAPSTAN HAULING LTD.,
ENTREC ALBERTA LTD., ENT CAPITAL
CORP., ENTREC CRANES & HEAVY
HAULING INC., ENTREC HOLDINGS INC.
ENT OILFIELD GROUP LTD., and ENTREC
SERVICES LTD.



\$50.00
COM
April 27 2022

DOCUMENT **APPLICATION – STAY EXTENSION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Norton Rose Fulbright Canada LLP
#3700, 400 Third Avenue SW
Calgary, Alberta T2P 4H2

Attention: Howard A. Gorman, Q.C. | Gunnar Benediktsson
Phone: 403.267.8144
Fax: 403.264.5973
Email: howard.gorman@nortonrosefulbright.com |
gunnar.benediktsson@nortonrosefulbright.com
File No: 1001122095

NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent. You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date: April 27, 2022
Time: 10:00 AM
Where: CALGARY (via Webex)
Before Whom: The Honourable Mr. Justice D.B. Nixon

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. This Application is brought by Alvarez & Marsal, Inc. (**A&M**, or the **Monitor**) in its capacity as the Court-appointed Monitor of the applicants, ENTREC Corporation, Capstan Hauling Ltd, ENT Capital Corp., ENT Oilfield Group Ltd., ENTREC Services Ltd., ENTREC Holdings Inc., and

ENTREC Cranes and Heavy Haul Inc., (collectively, the **Applicants** or **ENTREC**). The Monitor, on behalf of the Applicants, seeks an order pursuant to the *Companies' Creditors Act*, RSC 1985, c C-36, as Amended (the **CCAA**), in substantially the form attached hereto as **Schedule A**, among other things

- a) extending the Stay Period (as defined below) to October 31, 2022, or such other date as this Honourable Court deems just;
- b) lifting the stay of proceedings granted by the Court in respect of this Proceeding in respect of Capstan Hauling, Ltd. (**Capstan**), for the limited purpose of permitting an application to assign Capstan into bankruptcy, and for no other purpose;
- c) approving the conduct and activities set out in the Tenth Report of the Monitor, filed herewith (the **Tenth Report**); and
- d) granting such further and other relief as counsel may advise and this Honourable Court deem just and appropriate.

Grounds for making this application:

2. On May 15, 2020, the Applicants were granted an order under the CCAA by the Honourable Madam Justice B.E. Romaine (as amended and restated from time to time in this proceeding, the **ARIO**), which among other things appointed A&M as Monitor, and granted a stay of proceedings in respect of the assets, property, and undertaking of ENTREC (the **Stay**) for a period initially expiring May 25, 2020.
3. On November 24, 2020, the Monitor was granted enhanced powers in respect of ENTREC (the Enhanced Powers Order). Among other things, the Enhanced Powers Order authorizes the Monitor to conduct, supervise, or direct the continuation or commencement of any legal process on behalf of ENTREC, and to settle, extend or compromise any indebtedness owing to or by ENTREC.
4. The Stay, as extended by a subsequent order of this Court on August 23, 2021, is currently set to expire on the earlier of April 30, 2022, or the CCAA Termination Date, as defined in the CCAA Termination Order dated November 24, 2020 (the CCAA Termination Order).
5. Substantially all of the assets of ENTREC have now been sold and/or liquidated and operations have ceased in both Canada and the U.S. The Monitor continues to perform its duties pursuant to the Enhanced Powers Order, and to work toward winding up the affairs of ENTREC and concluding this CCAA Proceeding, as set out further in the Tenth Report.
6. Since the Enhanced Powers Order was granted, the Monitor has been working, on behalf of ENTREC and in accordance with the Enhanced Powers Order, toward a winding up of ENTREC and its affairs. Among other things, the Monitor has been working diligently and in good faith during the Stay Period including by:
 - a) monitoring cash flow and other operation matters;
 - b) attending to various legal matters in respect of the Wolverine Litigation, as subsequently defined, and the collection of receivables;
 - c) preparing monthly reports to and attending monthly meetings with the Agent and its advisors;
 - d) preparing the Eighth Cash Flow Forecast;

- e) collecting sale and other proceeds and distributing same to the Agent;
 - f) assisting with various wind-down activities including attending to compliance matters with tax and other regulatory bodies in Canada and the U.S. and storage of the Applicants' books and records;
 - g) consenting, with approval from the Syndicate, to limited relief from the U.S stay of proceedings to allow a personal injury claim to proceed under the insurance policy to the extent the claim does not exceed applicable insurance coverage;
 - h) approving and preparing disbursements;
 - i) communicating with various trade creditors and other stakeholders;
 - j) posting non-confidential materials filed with this Court to the Monitor's Website; and
 - k) preparing the Tenth Report.
7. In addition, and among other things, the Monitor is working with its U.S. Counsel to conclude ongoing litigation between Wolverine Energy & Infrastructure Inc. and ENTREC in the Southern District Court of Texas (the **Wolverine Litigation**). The trial resumed and concluded on December 9, 2021, however, a decision has not yet been issued and no timing guidance has been provided by the U.S Court. The Monitor is hopeful that the Wolverine Litigation can be finally resolved in the relatively near future.
 8. The Monitor is continuing to attend to various matters on behalf of ENTREC in accordance with the Enhanced Powers Order, including collections and (in certain cases) litigation, managing disbursements and the Reserve funds, and applying for the return of vendor deposits.
 9. Previously, the Monitor had obligations to report to the Agent on behalf of the Syndicate of First Lien lenders to ENTREC pursuant to a Restructuring Support Agreement between the Agent and ENTREC (as amended from time to time, the RSA). As noted in the Tenth Report, the RSA has now expired and the parties have agreed that it need not be renewed but that the Monitor will continue to report to the Agent from time to time as the Agent may reasonably require, until the affairs and administration of ENTREC are finally concluded.
 10. In addition, and as further set out in the Tenth Report, the Syndicate has asked the Monitor to consent to and seek a lifting of the Stay in respect of Capstan, for the limited purpose of assigning Capstan into bankruptcy. The Monitor is prepared to consent to the granting of that relief, for that limited purpose, and expects that an application to assign Capstan into bankruptcy will occur prior to the expiry of the proposed extension of the stay on October 31, 2022, as set out below.
 11. The Monitor is seeking an extension of the Stay Period to October 31, 2022 (the **Stay Extension Period**). It is appropriate to grant the Stay Extension Period, in order to among other things, conclude the Wolverine Litigations and the administration of ENTREC's affairs before the Monitor seeks its discharge.
 12. ENTREC will have sufficient funds to pay for any ongoing operations, and the costs of this proceeding, during the Stay Extension Period.
 13. The Monitor is authorized to bring this application on behalf of ENTREC pursuant to the Enhanced Powers Order.

Material or evidence to be relied on:

14. The pleadings, affidavits, and other materials filed on the court file, including the Tenth Report.
15. Such further and other material or evidence as counsel to the Monitor may advise, and as this Honourable Court may permit

Applicable Acts and regulations:

16. The *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended, and such further and other Acts and regulations as counsel to the Applicant may advise.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Schedule "A"

COURT FILE NUMBER 2001 06423
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE **CALGARY**



IN THE MATTER OF THE COMPROMISE OF
ARRANGEMENT OF ENTREC
CORPORATION, CAPSTAN HAULING LTD.,
ENTREC ALBERTA LTD., ENT CAPITAL
CORP., ENTREC CRANES & HEAVY
HAULING INC., ENTREC HOLDINGS INC.
ENT OILFIELD GROUP LTD., and ENTREC
SERVICES LTD.

DOCUMENT **ORDER**
(Extension of Stay Period | Partial Lifting of Stay)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Norton Rose Fulbright Canada LLP
#3700, 400 Third Avenue SW
Calgary, Alberta T2P 4H2

Attention: Howard A. Gorman, Q.C. | Gunnar Benediktsson
Phone: 403.267.8144
Fax: 403.264.5973
Email: howard.gorman@nortonrosefulbright.com |
gunnar.benediktsson@nortonrosefulbright.com
File No: 1001122095

DATE ON WHICH ORDER WAS PRONOUNCED: April 27, 2022
NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Mr. Justice D.B. Nixon
LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION by Alvarez & Marsal Inc. (**A&M**, or the **Monitor**) in its capacity as the Court-appointed Monitor of the applicants, ENTREC Corporation, Capstan Hauling Ltd, ENT Capital Corp., ENT Oilfield Group Ltd., Entrec Services Ltd., Entrec Holdings Inc., and ENTREC Cranes & Heavy Haul Inc., (collectively, the Applicants or **ENTREC**);

AND UPON HAVING READ the Initial Order of this Court dated May 15, 2020; the Amended and Restated Initial Order of this Court dated May 25, 2020 (the **ARIO**), the CCAA Termination Order of this Court dated November 24, 2020 (the **CCAA Termination Order**); and the Tenth Report of the Monitor (the **Tenth Report**);

AND UPON HEARING the submission of counsel for the Applicants, and any other parties that may be present;

IT IS HEREBY ORDERED THAT:

Service

1. Service of notice of this application and supporting materials is hereby declared good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

Extension of Stay of Proceedings

2. The Stay Period (as defined in the ARIO) is extended to the earlier of (1) the CCAA Termination Date, as defined in the CCAA Termination Order or (ii) October 31, 2022.

Lifting of Stay of Proceedings

3. The Stay of Proceedings is lifted by the Court in respect of this Proceeding in respect of Capstan Hauling, Ltd. (**Capstan**), for the limited purpose of permitting an application to assign Capstan into bankruptcy, and for no other purpose.

Approval of Monitor's Activities

4. The conduct and activities of the Monitor, as set out in the Tenth Report, are hereby approved and ratified.

J.C.Q.B.A