

**ENTERED**

COURT FILE NUMBER 2001 06423  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE **CALGARY**  
APPLICANT(S) IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC 1985, C. c-36, AS AMENDED



AND 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  
COM  
Feb. 25, 2021  
Justice Eidsvik

DOCUMENT **APPLICATION – STAY EXTENSION**

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File No: 1001122095

#### **NOTICE TO THE 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 Court.

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

Date: February 25, 2021  
Time: 10:00 AM  
Where: CALGARY (via Webex)  
Before: The Honourable Madam Justice K. Eidsvik

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

## Remedy 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, ENTREC Alberta 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**). 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 August 25, 2021, or such other date as this Court deems just;
  - b) approving the conduct and activities set out in the Eighth Report of the Monitor, filed herewith (the **Eighth Report**); and
  - c) granting such further and other relief as this Honourable Court deems just in the circumstances.

## Grounds for making this Application

2. On May 15, 2020, the Applicants were granted an initial 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 for an initial period.
3. As set out further in the Eighth Report, with the exception of various equipment, substantially all of the assets of ENTREC have now been sold. A number of matters continue to require the Monitor's attention as ENTREC winds up its affairs and this CCAA proceeding, as set out further in the Eighth Report.
4. ENTREC had previously entered into an asset purchase agreement with Wolverine Energy & Infrastructure Inc. (**Wolverine**), in respect of the US assets of ENTREC (the **Wolverine APA**). The Wolverine APA was approved by this Court, but did not close due to a dispute that arose between Wolverine and ENTREC regarding a purported price adjustment. Subsequently, the US assets of ENTREC were sold to Prolift Rigging Company, LLC (the **Prolift APA**). The Prolift APA was approved by this Court on November 2<sup>nd</sup>, 2020 and the transaction contemplated by the Prolift APA has closed.

5. Wolverine has commenced litigation against ENTREC in the Southern District Court of Texas, Houston Division, in respect of the termination of the Wolverine APA, and is requesting the return of a deposit (the **Deposit**) paid to ENTREC under the Wolverine APA, and costs and other damages as further described in the Eighth Report (the **Wolverine Litigation**).
6. 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.
7. The Enhanced Powers Order extended the stay period, such that it is currently set to expire on the earlier of February 26, 2021, or the CCAA Termination Date as that term is defined in the CCAA Termination Order (the **Stay Period**).
8. Since the granting of the Enhanced Powers Order, 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) assisting the Applicants with communications to their employees, customers, vendors, and other parties;
  - b) conducting ongoing discussions, meetings and communications with the Applicants and their legal counsel regarding the CCAA Proceedings and ongoing business and financial affairs, including wind-down plans;
  - c) monitoring cash flow and other operational matters, in accordance with the RSA (as that term is defined in the Eighth Report);
  - d) preparing weekly reports to and attending bi-weekly meetings with the Agent and its advisors;
  - e) preparing the Sixth Cash Flow Forecast;
  - f) collecting sale and other proceeds and distributing same to the Agent;
  - g) assisting with various wind-down activities including the sale of residual assets, collection of receivables, and release of holdbacks;
  - h) approving and preparing disbursements,

- i) issuing the Charge Release Certificate and releasing the KERP/KEIP Charge, the Sales Agent Charge and the Directors' Charge following the U.S. Court granting comity to the CCAA Termination Order;
  - j) assisting Management to disclaim certain telecommunication and software services contracts in accordance with the relevant provisions of the CCAA with the consent of the Monitor and approval by the Agent;
  - k) communicating with various trade creditors and other stakeholders;
  - l) posting non-confidential materials filed with this Court to the Monitor's Website; and
  - m) preparing the Eighth Report.
9. 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 attending to remaining matters such as reconciling and applying for the return of deposits and holdbacks, filing of GST returns on behalf of ENTREC and managing payroll-related obligations, as well as storage of ENTREC's physical and digital books and records and resolving certain outstanding letters of credit.
10. Among the matters that the Monitor is now attending to on behalf of ENTREC is the Wolverine Litigation. Although not yet certain, the Monitor is hopeful that the Wolverine Litigation can be resolved in the relatively near future. The Monitor continues to hold the Deposit pending resolution of the Wolverine Litigation.
11. The Monitor is seeking an extension of the Stay Period to August 25, 2021 (the **Stay Extension Period**). It is appropriate to grant the Stay Extension Period, among other things in order to give the Monitor an opportunity to resolve the Wolverine Litigation prior to concluding the remaining administration of the affairs of ENTREC and seeking its discharge.
12. The Monitor has prepared the Sixth Cash Flow Forecast, attached as Schedule A to the Eighth Report. The Sixth Cash Flow Forecast shows that 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.

**Affidavit of other evidence to be used in support of this application:**

- 14. The pleadings, affidavits, and other materials filed on the Court file, including the Eight 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 make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this 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.



Court dated November 24, 2020 (the **CCAA Termination Order**); and the Eighth Report of the Monitor (the "**Eighth Report**");

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

**IT IS HEREBY ORDERED AND DECLARED 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 and including the earlier of (1) the CCAA Termination Date, as defined in the CCAA Termination Order, or (ii) August 25, 2021.

**Approval of Monitor's Activities**

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

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J.C.Q.B.A.