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COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT

IN THE MATTER OF THE BANKRUPTCY AND  
INSOLVENCY ACT, R.S.C. 1985, c.B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF CASA  
ENERGY SERVICES CORP.

DOCUMENT

**FIRST REPORT OF  
ALVAREZ AND MARSAL CANADA INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
CASA ENERGY SERVICES CORP.**

**May 29, 2015**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
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## INTRODUCTION

1. On April 21, 2015, Casa Energy Services Corp. (“Casa” or the “Company”) sought protection from its creditors through the filing of a Notice of Intention (the “NOI”) to Make a Proposal (the “Proposal”), under section 50.4(1) of the *Bankruptcy and Insolvency Act* (“BIA”), R.S.C. 1985, c.B-3, as amended. The NOI filing was accepted by the Office of the Superintendent of Bankruptcy Canada (“OSB”) and protection was obtained from Casa’s creditors on April 21, 2015 (the “Filing Date”). Alvarez & Marsal Canada Inc. (the “Proposal Trustee”) was named as the Proposal Trustee under the NOI.
2. Casa lodged its Proposal with the Proposal Trustee and the Proposal Trustee filed the Proposal with OSB on May 21, 2015. A copy of the Proposal, as filed, is attached as Appendix “A” to this Report.
3. The Meeting of Creditors to consider the Proposal has been scheduled for 10:00 a.m. (MT) on June 10, 2015.
4. Section 50(5) of the BIA provides that the “Proposal Trustee shall make or cause to be made such an appraisal and investigation of the affairs of the debtor as to enable the Proposal Trustee to estimate with reasonable accuracy the financial situation of the debtor and the cause of the debtor’s financial difficulties or insolvency and report the result thereof at the meeting of creditors.”
5. The purpose of this Report on the Proposal and first report of the Proposal Trustee under the NOI (the “Report”) is to provide the Court and Creditors with an update in respect of the following:
  - a) the financial situation and cause of financial difficulties of Casa;
  - b) the Proposal filed with the OSB and the Court;
  - c) the Proposal Trustee’s analysis of the Proposal;

- d) the budget to actual variance analysis for the period of April 21, 2015 to May 20, 2015 (the “Reporting Period”);
  - e) the updated cash flow projections (the “Updated Forecast”) from May 20 to July 8, 2015 (the “Forecast Period”); and
  - f) the Proposal Trustee’s recommendations.
6. Capitalized terms not defined in the Report are as defined in the Proposal.
7. All references to dollars are in Canadian currency unless otherwise noted.

**TERMS OF REFERENCE**

8. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information, Casa’s books and records, and discussions with Directors, management and advisors of Casa. The Proposal Trustee has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants (“CICA”) Handbook has not been performed. Future oriented financial information relied upon in this report is based on Casa’s assumptions regarding future events and actual results achieved may vary from this information and the variations may be material.

**LIMITATION IN SCOPE OF REVIEW**

9. This Report has been prepared by the Proposal Trustee pursuant to the rules and regulations as set out in the BIA. The BIA provides that the Proposal Trustee shall incur no liability for any act or omission pursuant to its appointment or fulfillment of its duties, save and except for gross negligence or wilful misconduct on its part.
10. This Report is not and should not be construed or interpreted as an endorsement, comment or recommendation to any creditor, prospective investor, or any persons to advance credit and/or goods and services or to continue to provide credit and/or

goods and services or to lend monies to Casa during these proceedings and/or at any other such time.

11. The Proposal Trustee has not audited or reviewed the assets of Casa, and with respect to such assets, but has relied to a significant degree upon information provided by Casa.
12. The Proposal Trustee is specifically not directed or empowered to take possession of the assets of the Company or to manage any of the business and affairs of the Company.

## **BACKGROUND AND FINANCIAL SITUATION**

13. Casa is a privately owned oil & gas service company that has operated in several regions of Alberta and Saskatchewan since 2011 when it was incorporated under the *Business Corporations Act, Alberta* (“ABCA”). Casa provided various services to its customers which included coil tubing, drilling, and service rig operations.
14. The Company’s statement of affairs (“SOA”) is attached as Appendix “B”. The SOA indicates that before a restructuring of its debt, Casa’s liabilities exceed its assets (valued on a going concern basis), by approximately \$12.0 million. The Proposal Trustee has investigated the affairs of the Company and is of the view that the statement of affairs accurately reflects the financial situation of the Company
15. Casa’s financial difficulty was due mainly to the significant decline in commodity prices in the energy sector that led Casa to suffer significant financial losses, become undercapitalized and without sufficient liquidity to operate its business. As a result, Casa attempted to restructure informally by downsizing its business through the sale of its coil tubing and drilling divisions. The proceeds of sale of these divisions did not recover the original cost and Casa suffered further losses on the sale of these divisions. The sale proceeds were largely used to satisfy outstanding obligations to its secured creditors. Only the service rig division

remains and Casa is now a much smaller operating entity with lower revenues and margins. These various matters have created an unmanageable capital structure that cannot be supported. Casa also has a critical lack of liquidity in order to continue its operations without the continuing support of West Face its largest secured creditor. West Face has committed to support Casa's restructuring through the filing of a Proposal pursuant to the BIA.

16. Further information on the Casa proceeding can be found on the Proposal Trustee's website at [www.alvarezandmarsal.com/casa-energy-services-corporation](http://www.alvarezandmarsal.com/casa-energy-services-corporation).

## **PROPOSAL**

### **Overview**

17. Casa has continued to operate its business during the stay of proceedings as afforded by the NOI and during that time the Proposal Trustee has monitored its financial results of Casa.
18. Casa has acted diligently, with assistance from its legal counsel and the Proposal Trustee, to prepare the Proposal.
19. The purpose of the Proposal is to allow for a restructuring of the business and operations of Casa for the benefit of the Unsecured Creditors. It is expected that the Unsecured Creditor Class will derive a greater benefit from a restructured Casa than they would from the alternative of a forced liquidation of Casa's Assets in a receivership or bankruptcy proceeding.
20. The Proposal is only being made to Unsecured Creditors. There shall be one general class of unsecured creditors consisting of all Unsecured Creditors with Proven Claims of Unsecured Creditors as of the NOI date.

21. If at the Creditors' Meeting the Company does not receive a majority in number and 2/3 in value of Unsecured Creditors voting in favor of the Proposal, Casa will be deemed to have automatically made an assignment in bankruptcy.
22. In addition to receiving the requisite majorities of Unsecured Creditors voting in favor of the Proposal, the Proposal must be approved by the Court. If the Court does not approve the Proposal, Casa will be deemed to have automatically made an assignment in bankruptcy.
23. Upon the Unsecured Creditor Class and the Court approving the Proposal, the Proposal will be binding on the Company and the members of the Unsecured Creditor Class.
24. The key terms of the Proposal are as follows:
  - i. The restructuring of the Company being undertaken through this Proposal only includes a compromise of the Claims of its Unsecured Creditors.
  - ii. Claims of Secured Creditors, other than the West Face Secured Claim, shall be paid in full accordance with their terms and shall be unaffected by the terms of this Proposal. Secured Creditors, other than ATB and West Face, shall be required to prove their claims in this Proposal by filing a Proof of Claim but shall not be entitled to vote on this Proposal.
  - iii. As a condition to Implementation of the Proposal, one Business Day after the date on which the Court grants a Final Order approving the Proposal, Casa shall Reorganize its share structure pursuant to the applicable provisions of the ABCA by (i) consolidating all of the Existing Shares into one common share; (ii) changing the designation of the common shares to Class "B" common share redeemable by Casa on demand for \$1.00; the redemption by the Company of the one (1) issued and outstanding Class "B" common share; and (iv) creating a new class of Class "A" common shares; (v) issuing the New Common Shares in consideration for West Face

releasing and discharging the West Face Secured Claim, for which West Face shall provide a full and final release in form satisfactory to the Company and the Proposal Trustee.

- iv. The Unsecured Creditor Fund of \$100,000 shall be paid to the Proposal Trustee by the Company and shall be administered by the Proposal Trustee. The Proposal Trustee shall distribute the Dividends on the a date that is no later than thirty (30) days after a Final Order is obtained approving the Proposal;
- v. Unsecured Creditors with a Proven Claim shall receive payment from the Unsecured Creditor Fund of the lesser of the amount of their Proven Claim or \$1,500 up to a maximum aggregate Dividend equal to the amount of the Unsecured Creditor Fund.
- vi. In the event that the aggregate Dividend payable to the Unsecured Creditors exceeds the amount of the Unsecured Creditor Fund then each Unsecured Creditor shall receive its *pro rata* share from the Unsecured Creditor Fund. However, based on the known creditor claims at this time, the Proposal Trustee does not believe the aggregate Dividend will exceed \$100,000.
- vii. After the Company has completed the Reorganization pursuant to the Articles of Reorganization, payment of the Unsecured Creditor Fund to the Proposal Trustee and distribution of the Dividends payable to the Unsecured Creditors, Casa will have fully performed its obligations under the Proposal and shall be entitled to a certificate of full compliance to be issued by the Proposal Trustee pursuant to the provisions of the BIA.
- viii. Upon making the distribution contemplated in the Proposal and the Proposal being fully performed by the Company, the Proposal Trustee shall be entitled to apply for its discharge as Proposal Trustee.



- ix. The Company may amend the Proposal at any time prior to the conclusion of the Creditors' Meeting provided the amendment does not reduce the rights and benefits given to the Creditors pursuant to the Proposal as filed May 21, 2015.

#### Preferred Creditors

25. All Section 224 Claims and Employee Claims, if any, shall be paid in full immediately after Court approval of the Proposal.. All Creditors who have Section 224 Claims and Employee Claims shall not be required to prove their claims under the Proposal and shall not be entitled to vote on the Proposal.

#### **PROPOSAL TRUSTEE'S ANALYSIS OF THE PROPOSAL**

26. The basis for the Proposal is that the recovery to Creditors under an orderly restructuring process conducted by Casa is greater than the value likely to be realized through liquidation of all the Assets under a bankruptcy or receivership.
27. In determining whether the Proposal is fair and equitable to Unsecured Creditors, the Proposal Trustee has reviewed and analysed the Company's estimated realizable value of the Assets detailed in its SOA, obtained a desktop liquidation appraisal of the Capital Assets, had discussions with Casa management, obtained an independent legal opinion on the security held by West Face, and considered other public information available.

28. The Proposal Trustee has also considered whether the Proposal will provide a greater benefit to the Creditors over the alternative of a bankruptcy as detailed in the table and notes below:

<b>Casa Energy Services Corporation</b>			
<b>Estimated Realizable Values ("ERV") - Proposal to Bankruptcy Comparisons</b>			
<b>As at May 21, 2015</b>			
	<i>Notes :</i>	<i>ERV - Proposal</i>	<i>ERV - Bankruptcy</i>
<b>Distributable Funds</b>			
Cash on Hand	A	\$ 2,488,433	\$ 2,488,433
Prepaid Deposits	B	21,300	15,975
Collection of Accounts Receivable	C	943,802	707,851
Estimated Value of Capital Assets	D	20,000,000	7,000,000
<b>Total Distributable Funds</b>		<b>23,453,535</b>	<b>10,212,259</b>
<b>Ongoing Operation Costs</b>			
Estimated Secured Claims	E	(750,000)	(750,000)
Estimated Secured Claims	F	(34,929,049)	(39,929,049)
Shortfall on Estimated Secured Claims		(12,225,514)	(30,466,790)
<b>Total Unencumbered Funds Available for Distribution</b>	G	<b>-</b>	<b>-</b>
Payment of Unsecured Creditor Fund	H	100,000	-
<b>Total Funds available for distribution to Unsecured Creditor Class</b>		<b>\$ 100,000</b>	<b>\$ -</b>
<b>Estimated Unsecured Claims less West Face Unsecured Claim</b>	I	<b>\$ 400,000</b>	<b>\$ 400,000</b>
<b>Average recovery for Unsecured Creditors (%)</b>		<b>25%</b>	<b>0%</b>

*Notes and Comments on Estimated Realizable Values*

29. The following are the Proposal Trustee's and assumptions to the estimated realizable values set out in the table above:

- i. Note A: At the date of the filing of the Proposal the reconciled Cash on Hand of Casa's operating accounts was \$2,488,432 and is fully recoverable.
- ii. Note B: The Company currently holds \$23,100 in Prepaid Deposits which in a liquidation scenario would be difficult to recover in full due to

potential set off rights of Casa creditors. The Proposal Trustee has assumed that in a bankruptcy scenario it would collect 75% of outstanding Prepaid Deposits.

- iii. Note C: Outstanding Accounts Receivable due to Casa at the date of the filing of the Proposal was \$943,802. If the Company were to be taken through a formal liquidation process the full collection of these amounts is unlikely due to potential set off claims of Casa creditors. The Proposal Trustee has assumed that a bankruptcy scenario would likely result in a 75% recovery of Accounts Receivable.
- iv. Note D: The Capital Assets of the Company consist of approximately 20 service rigs, servicing vehicles, and trade fixtures. Casa has estimated that the current going concern value of their Capital Assets is approximately \$20,000,000. The value is based on the condition of the fleet, the book value and current market conditions. The book value at the date of the Proposal was approximately \$27,150,000. The Company has completed its own due diligence and as stated above an independent desktop appraisal has been commissioned by the Proposal Trustee to assess the forced sale value of the Capital Assets. The forced sale value of the Capital Assets in a bankruptcy scenario would likely result in approximately a \$7,000,000 recovery.
- v. Note E: As estimated in Casa's Updated Forecast discussed in paragraph 48 of this Report, the Company has estimated it will have approximately a net \$750,000 in ongoing operating costs between the time of filing its Proposal with the Proposal Trustee and having a Final Order granted by the Court. These amounts do not take into consideration any additional liquidation costs that would be associated with a bankruptcy or receivership.
- vi. Note F: West Face has indicated in the Proposal that they will value \$5.0 million of their claim as unsecured, which leaves a secured claim of

\$34,929,242.07. In a bankruptcy scenario, the West Face Secured Claim would amount to \$39,929,242.07 as they would not allocate any portion of their claim as unsecured.

- vii. Note G: After taking into account the value of the assets in both a going concern and liquidation scenario the West Face Secured Claim would, in the absence of the payment of the \$100,000 under the Proposal, extinguish any opportunity for recovery to the other creditors of Casa.
- viii. Note H: As detailed in the Proposal, West Face has agreed that Casa can release \$100,000 to the Proposal Trustee to fund the Unsecured Creditor Fund for distributions by the Proposal Trustee to the Proven Creditors of Casa. In a bankruptcy all cash and other assets would be subject to the security of West Face.
- ix. Note I: Casa has indicated on the SOA that they have approximately \$400,000 of unsecured debt due to its creditors, excluding the West Face Unsecured Claim. Casa has also advised that it has several contingent creditor claims that consist of severance claims of former employees and outstanding litigation. The Proposal Trustee has reviewed the known contingent claims and estimates the maximum unsecured claims, excluding the West Face Unsecured Claim to total approximately \$1,000,000 if the contingent claims were accepted as Proven Claims. The Proposal Trustee has not at this stage received any claims and has not evaluated whether they may be accepted.

#### Proposal to Bankruptcy Comparison

- 30. The Unsecured Dividend Fund established pursuant to the Proposal will be the only available monies for distribution to the Unsecured Creditors of Casa. As noted in the table above and discussed in this Report, the Proposal Trustee estimates that in the Proposal scenario the Unsecured Creditor class as a whole would recover a range of 10% to 25% depending upon whether contingent claims

are proven as valid claims. Individually, Unsecured Creditors will receive in the range of 3 to 100% depending on the size of their Proven Claim. However, in a bankruptcy or receivership scenario the Unsecured Creditors will have no recovery.

31. There are several creditors that have contingent claims against Casa that will have to be reviewed by the Proposal Trustee should Proofs of Claim (“POC”) be submitted. As discussed, in the event that the aggregate Dividend payable to the Unsecured Creditors exceeds the amount of the Unsecured Creditor Fund then each Unsecured Creditor shall receive its *pro rata* share from the Unsecured Creditor Fund. However, based on the known creditor claims and potential contingent claims at this time, the Proposal Trustee does not believe the aggregate Dividend will exceed \$100,000.
32. The Proposal Trustee has obtained an independent legal opinion of the validity and enforceability (the “Opinion”) of West Face’s security. Based on the Opinion, the Proposal Trustee has determined that West Face’s security is valid and enforceable against Casa’s Assets. Based on the estimated realizable value of the Assets compared to the Secured Claim of West Face, in a bankruptcy scenario there would be no funds available for distribution to the Unsecured Creditors of Casa.

#### *Equity Claims*

33. The existing share capital of Casa is approximately \$45 million. In order for the Proposal to be implemented Casa must complete the Reorganization in accordance with the Articles of Reorganization attached as Schedule “1” to the Proposal.
34. The BIA provides that no payments can be made on account of equity claims unless all creditor claims are paid in full.
35. It is clear, based on the above analysis by the Proposal Trustee that the value of the Company as a whole is less than the debt of the Company. Unsecured creditors

are being fairly compromised in the Proposal and West Face, the main secured creditor, would not under any scenario recover its loans to Casa. Consequently, there is no amount, or value that would accrue to the existing shareholders under either the Proposal or a bankruptcy. Therefore, the current and future value of the existing equity is nil and it is fair and equitable for the Company to reorganize its share structure pursuant to the Articles of Reorganization in order for the Proposal to be implemented.

### *Conclusion*

36. The Proposal Trustee is of the view that the Proposal is fair and equitable to creditors and proven Unsecured Creditors with Proven Claims will receive a greater recovery of amounts due to them in a Proposal than in that of a bankruptcy order receivership

### **PROCEDURE FOR DEALING WITH THE PROPOSAL**

37. The Creditors' Meeting will be held on June 10, 2014 at 10:00 a.m. in the Barclay Room located at 300, 205 5<sup>th</sup> Ave SW, Calgary, Alberta to vote to accept or reject the Proposal. For the Proposal to be accepted, the BIA requires that at least two-thirds (66.7%) of voting Unsecured Creditors by dollar value and more than fifty percent (50%) of Unsecured Creditors by number of those who vote, vote in favour at the meeting either in person, by proxy or by voting letter.
38. To be eligible to vote, creditors must have filed with the Proposal Trustee before the Creditors Meeting, a POC form, properly completed, accompanied by a statement of account, signed and witnessed, as required.
39. On May 29, 2015, the Proposal Trustee sent to all known Creditors a package with the required documentation to consider the proposal and financial affairs of Casa, prove their claim (which should include any Director Claims), vote on the proposal, and if necessary, appointment a proxy.

40. Those Creditors who do not intend to have a personal representative at the Creditors' Meeting, may participate in the vote by completing and submitting the voting letter, indicating their vote For or Against the acceptance of the Proposal.
41. If the Proposal is accepted by the statutory majority, within five days of its acceptance, the Proposal Trustee will then make application to the Court for approval of the Proposal. If the Court approves the Proposal, the Proposal as approved by the Creditors, will be binding on all the creditors with claims pursuant to the provisions of the BIA.
42. Pursuant to s.102.(4) of the BIA, the Proposal Trustee arranged to publish a notice of the Creditors' Meeting in the Calgary Sun and the Edmonton Journal on June 3, 2015 and also posted the Creditors' Claim Package on the Proposal Trustee's website.

## ACTUAL TO BUDGET RESULTS – APRIL 21, 2015 TO MAY 20, 2015

43. The actual to budget cash flow attached to this Report as Appendix “C” for the Reporting Period contains the actual cash receipts and disbursements relating to Casa’s operations. The table below provides a summary of the budget to actual cash flow:

Casa Energy Services Corporation Actual to Forecast Cash Flow Results For the period April 21 - May 20, 2015 (the "Reporting Period") (in CDN dollars)			
Week Ended	FORECAST April 21 - May 20, 2015	Actual April 21 - May 20, 2015	Variance April 21 - May 20, 2015
<b>Receipts</b>			
Collection of A/R	355,880	720,248	364,369
<b>Total receipts</b>	<b>355,880</b>	<b>720,248</b>	<b>364,369</b>
<b>Disbursements</b>			
Operating expenses	(215,747)	(192,597)	23,150
General Administrative	(93,953)	(101,557)	(7,604)
Contractors	(20,000)	(15,722)	4,278
Professional fees	-	-	-
Relocation expenditures	-	-	-
Contingency	(25,000)	(35,000)	(10,000)
<b>Total disbursements</b>	<b>(354,700)</b>	<b>(344,876)</b>	<b>9,823</b>
<b>Net change in cash flow</b>	<b>1,180</b>	<b>375,372</b>	<b>374,192</b>
<b>Opening Cash</b>	<b>2,129,877</b>	<b>2,129,877</b>	<b>-</b>
Net change in cash	1,180	375,372	374,192
<b>Ending Cash</b>	<b>2,131,057</b>	<b>2,505,249</b>	<b>374,192</b>

44. Actual Receipts for the Reporting Period totalled \$720,248 which, due to a timing difference, exceeded the Forecast collection of accounts receivable by Casa by \$364,369.

45. Actual Disbursements for the Reporting Period totalled \$344,876 representing a positive variance of approximately \$9,823 over the Forecast. This variance was primarily due to:

- i. positive permanent variance of \$23,150 in operating expenses;



- ii. negative permanent variance of \$7,604 relating to the general administrative expenses;
- iii. positive permanent variance of \$4,278 relating to contractor expenses; and,
- iv. negative timing variance of \$10,000 relating to contingency expenses in the nature of deposits required by suppliers for continuation of services. These deposits are expected to be returned to Casa upon the full performance of the Proposal.

46. The ending total cash balance as at May 20, 2015 was \$2,505,249 compared to the forecast cash balance amount of \$2,131,057, for the reasons discussed above.

#### **UPDATED CASH FLOW FORECAST THROUGH JULY 8, 2015**

47. Casa has prepared an Updated Forecast for Forecast Period, which is attached as Appendix "D". Casa has prepared the Updated Forecast based on the most current information available and filed it with its Proposal as submitted to the Proposal Trustee and the Official Receiver on May 21, 2015.

48. The table below summarizes cash flow for the Forecast Period:

<b>Casa Energy Services Corporation</b>				
<b>Projected Cash Flow Statement</b>				
<b>For the period May 20, 2015 - July 8, 2015 (the "Reporting Period")</b>				
<b>(in CDN dollars)</b>				
	<b>Notes</b>	<b>Weeks 1 to Week 4</b>	<b>Week 5 to Week 8</b>	<b>Total</b>
		<b>May 20 - June 16, 2015</b>	<b>June 17 - July 8, 2015</b>	<b>May 20 - July 8, 2015</b>
<b>Receipts</b>				
Collection of Accounts Receivable	<b>C</b>	332,000	266,000	598,000
<b>Total Receipts</b>		<b>332,000</b>	<b>266,000</b>	<b>598,000</b>
<b>Disbursements</b>				
Operating expenses	<b>D</b>	(381,000)	(462,000)	(843,000)
General Administrative	<b>E</b>	(99,000)	(85,000)	(184,000)
Contractors	<b>F</b>	(16,000)	(13,000)	(29,000)
Professional fees	<b>G</b>	(20,000)	(20,000)	(40,000)
Relocation expenditures	<b>H</b>	(200,000)	-	(200,000)
Contingency		(25,000)	(25,000)	(50,000)
<b>Total disbursements</b>		<b>(741,000)</b>	<b>(605,000)</b>	<b>(1,346,000)</b>
<b>Net change in cash flow</b>		<b>(409,000)</b>	<b>(339,000)</b>	<b>(748,000)</b>
<b>Opening Cash</b>		<b>2,488,433</b>	<b>2,079,433</b>	<b>2,488,433</b>
Net change in cash		(409,000)	(339,000)	(748,000)
<b>Ending Cash</b>		<b>2,079,433</b>	<b>1,740,433</b>	<b>1,740,433</b>

- i. Significant assumptions made by Casa in their Updated Forecast are explained in Appendix "D".
- ii. Based on Casa's assumptions, the Updated Forecast indicates that Casa will continue to have sufficient available liquidity to meet its obligations through the Forecast Period.

## **PROPOSAL TRUSTEE'S RECOMMENDATION**

49. The Proposal Trustee recommends that the Unsecured Creditors vote to accept the Proposal for the following reasons:

- i. The Proposal Trustee believes that the Proposal is in the best interest of the Unsecured Creditors and represents the highest and best recovery available to the Unsecured Creditors on account of Casa's financial circumstances as outlined in this Report;
- ii. If the Proposal is rejected and a bankruptcy or receivership ensues, the Proposal Trustee has estimated and is confident that the Unsecured

Creditors will not recover any of the amounts due to them, whereas, if the Proposal is accepted, the Unsecured Creditors will be eligible to share in the Unsecured Creditor Fund and receive individual recoveries ranging from 3 to 100% of their Claims; and,

- iii. The Proposal Trustee intends to vote the proxies it has received, naming the Proposal Trustee as Proxy Holder, in favour of the Proposal.

All of which is respectfully submitted this 29<sup>th</sup> day of May, 2015.

**ALVAREZ & MARSAL CANADA INC.,**  
*in its capacity as Proposal Trustee under the Notice  
of Intention to Make a Proposal of  
Casa Energy Services Corporation  
and not in its personal capacity.*



Tim Reid, CA•CIRP  
Senior Vice-President



Court File No.

**ALBERTA COURT OF QUEEN'S BENCH  
(IN BANKRUPTCY & INSOLVENCY)**

**IN THE MATTER OF THE PROPOSAL OF  
CASA ENERGY SERVICES CORP.**

**PURSUANT TO THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B.3,  
AS AMENDED**

**AND IN THE MATTER OF SECTION 191 OF THE *BUSINESS CORPORATIONS ACT*  
(ALBERTA), RSA 2000, c B-9, AS AMENDED**

**PROPOSAL**

CASA Energy Services Corp., hereby submits the following Proposal to all of its unsecured creditors and secured creditors pursuant to the *Bankruptcy and Insolvency Act*.

**ARTICLE 1  
DEFINITIONS**

**1.1 Definitions**

In this Proposal:

- (a) "ABCA" means the *Business Corporations Act* (Alberta), RSA 2000, c B-9, as amended and in force as at the Date of the Proposal;
- (b) "Administrative Fees and Expenses" means the proper fees, expenses and legal fees and disbursements of the Trustee and the Company on and incidental to the negotiation, preparation, presentation, consideration and implementation of the Company's Proposal and the proceedings arising out of or incidental to the Proposal;
- (c) "Articles of Reorganization" means Articles of Reorganization substantially in the form of the Articles of Reorganization as set out in Schedule "1" of the Proposal;
- (d) "BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended and in force as at the Date of the Proposal;
- (e) "Business Day" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Calgary, Alberta;
- (f) "Claim" means:

- (i) any right of any Person against the Company in connection with any indebtedness, liability or obligation of any kind of the Company, which indebtedness, liability or obligation is in existence at the NOI Date, including any claim arising from a disclaimer of lease on or before the date of the filing of the Proposal, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise, and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of the NOI Date, or on or before the date of the filing of the Proposal in respect of a claim arising from a disclaimer of a lease; and
- (ii) a Director Claim;
- (g) "Company" means CASA Energy Services Corp.;
- (h) "Court" means the Alberta Court of Queen's Bench (in Bankruptcy and Insolvency);
- (i) "Court Approval Date" means the date on which the Court makes the Final Order;
- (j) "Creditor" means any Person having one or more Claims and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (k) "Creditors' Meeting" means the meeting of the Unsecured Creditors called for the purpose of considering and voting upon this Proposal;
- (l) "Creditors' Meeting Date" means 10:00 a.m. on June 10, 2015 or such other date and time as may be called by the Trustee;
- (m) "Date of the Proposal" means May 21, 2015, the date of the filing of the Proposal with the Official Receiver;
- (n) "Director" means a director of the Company on or before the Date of the Proposal;
- (o) "Director Claim" means any right of any Person against a Director in connection with any indebtedness, liability or obligation of the Company for which the Director is at law liable in his or her capacity as a Director of the Company that arose before the NOI Date, but does not include any claims that: (a) relate to contractual rights of one or more Persons arising from contracts with one or more Directors; or (b) are based on allegations of misrepresentation made by Directors to Creditors or wrongful or oppressive conduct by Directors;

- (p) "Distribution Date" means a date that is no later than thirty (30) days after the Final Order approving the proposal;
- (q) "Dividend" means the payment to be made to the Unsecured Creditors by the Trustee as contemplated in section 7.2, and in each case less the levy pursuant to section 147(1) of the BIA;
- (r) "Employees" means all employees at the Company;
- (s) "Employee Claims" means all Claims of employees and former employees of the Company for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA if the Company became bankrupt on the NOI Date;
- (t) "Existing Shareholders" means shareholders who hold Existing Shares as of the NOI Date;
- (u) "Existing Shares" means all shares in the capital of the Company that are issued and outstanding as of the NOI Date;
- (v) "Final Order" in respect of any matter means an order of the Court with respect to such matter, provided that such order will not be a Final Order until after (i) the expiry of applicable appeal periods and (ii) in the event of an appeal or application for leave to appeal, final determination by the applicable appellate tribunal;
- (w) "Implementation" means: (i) the consolidation and redesignation of the Existing Shares held by the Existing Shareholders as set out in Schedule 1; (ii) the issuance by the Company of the New Common Shares to West Face in consideration for West Face releasing and discharging the West Face Secured Claim; (iii) the redemption of the Class "B" common share issued to the Existing Shareholders pursuant to the Reorganization; (iv) delivery to Existing Shareholders of all documents required to be delivered to Existing Shareholders by this Proposal; and (v) payment by the Company of the amount of the Unsecured Creditor Fund to the Trustee on the Implementation Date;
- (x) "Implementation Date" has the meaning ascribed thereto in section 7.1;
- (y) "Landlord" means the lessor of the premises situated at #201, 525 – 11<sup>th</sup> Avenue SW, Calgary, Alberta T2R 0C9 and subject to a commercial lease dated July 19, 2012, as amended by the lease amending agreements, dated March 14, 2013 and August 1, 2013;
- (z) "New Common Shares" means 2,000,000 Class "A" common shares in the capital of the Company with all of the share rights, privileges, restrictions and conditions set out in Schedule "A" of Schedule "1" to be authorized for issuance by the Company pursuant to the Reorganization;

- (aa) "NOI Date" means April 21, 2015, the date of the filing of the notice of intention to make a proposal with the Official Receiver;
- (bb) "Official Receiver" shall have the meaning ascribed thereto in the BIA;
- (cc) "Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (dd) "Preferred Creditor" means any Creditor entitled to receive payment of any amount owed to it in priority to other creditors as provided under section 136 of the BIA;
- (ee) "Proof of Claim" shall have the meaning ascribed thereto in section 5.1;
- (ff) "Proposal" means this proposal together with any amendments or additions thereto;
- (gg) "Proposal Period": means the period between the Court Approval Date and the Implementation Date;
- (hh) "Proposed Trustee" means Alvarez & Marsal Canada Inc, the Trustee acting in regard to the proposal of the Company;
- (ii) "Proven Claim" means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the BIA and this Proposal;
- (jj) "Reorganization" means a reorganization under section 192 of the ABCA pursuant to Articles of Reorganization providing for, *inter alia* (i) the consolidation of all of the Existing Shares into one (1) common share; (ii) changing the designation of the common shares to Class "B" common shares redeemable by the Corporation on demand for \$1.00; (iii) the redemption by the Company of the one (1) issued and outstanding Class "B" common share; (iv) creating a new class of Class "A" common shares with all of the share rights, privileges, restrictions and conditions set out in Schedule "A" of Schedule "1"; and (v) issuing the New Common Shares to West Face in consideration for West Face releasing and discharging the West Face Secured Claim, substantially in the form of the Articles of Reorganization attached hereto as Schedule "1", which Articles of Reorganization shall be filed immediately before Implementation;
- (kk) "Section 224 Claim" means all claims of Her Majesty in Right of Canada or a province for all amounts of a kind that could be subject to a demand under subsection 224(1.2) of the *Income Tax Act* or under any substantially similar provision of provincial legislation and that were outstanding at the NOI Date;
- (ll) "Secured Creditor" means any Person holding Security against various assets of the Company with respect to their Claims;
- (mm) "Security" means a mortgage, hypothec, pledge, charge, lien, privilege, encumbrance or security interest on or against the property of the Company or



any part thereof as security for a debt due or accruing due to them by the Company and shall include Claims by any Person which may be based upon or secured by a negotiable instrument held as collateral security and upon which the Company is only indirectly or secondarily liable other than the West Face Security;

- (nn) "Unsecured Creditor Class" shall have the meaning ascribed thereto in section 4.1;
- (oo) "Unsecured Creditor Fund" means an amount equal to \$100,000 to be paid by the Company to the Trustee on the Implementation Date and to be distributed by the Trustee in accordance with section 7.2;
- (pp) "Unsecured Creditors" means those Persons with Proven Claims, except for Claims that are:
  - (i) Claims of Secured Creditors;
  - (ii) the West Face Secured Claim;
  - (iii) the Employee Claims; and
  - (iv) the Section 224 Claims.
- (qq) "West Face" means West Face Long Term Opportunities Limited Partnership, West Face Long Term Opportunities Master Fund L.P., and West Face Long Term Opportunities (USA) Limited Partnership;
- (rr) "West Face Claim" means an amount equal to \$39,929,049.21 owing pursuant to the West Face Senior Notes, of which \$5,000,000 is hereby deemed to be an Unsecured Claim and \$34,929,049.21 is secured under the West Face Security;
- (ss) "West Face Secured Claim" means \$34,929,049.21, representing that portion of the West Face Claim subject to the West Face Security;
- (tt) "West Face Senior Notes" means the Senior Secured Convertible Notes in the principal amount of \$38,977,242.07 plus interest of \$760,323.19 issued by the Company to West Face, due on or before March 30, 2015; and
- (uu) "West Face Security" means the general security agreement granted by the Company in favour of BNY Trust Company of Canada, as collateral agent on behalf of West Face, dated March 30, 2012.

## 1.2 Accounting Terms

All accounting terms not otherwise defined herein will have the meaning ascribed to them in accordance with Canadian generally accepted accounting principles including those prescribed by the Canadian Institute of Chartered Accountants. Accounting policies and standards of financial disclosure will be in accordance with Canadian generally accepted accounting principles.

### **1.3 Articles of Reference**

The terms "hereof", "hereunder", "herein" and similar expressions refer to this Proposal and not to any particular article, section, subsection, clause or paragraph of this Proposal and include any agreements supplemental hereto. In this Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

### **1.4 Interpretation Not Affected by Headings**

The division of this Proposal into articles, sections, subsections, clauses or paragraphs and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

### **1.5 Date for Any Action**

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

### **1.6 Time**

All times expressed herein are local time in Calgary, Alberta, Canada unless otherwise stipulated. Where the time for anything pursuant to this Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Calgary, Alberta, Canada.

### **1.7 Numbers, etc.**

In this Proposal, where the context requires, a word importing the singular number will include the plural and vice versa and a word or words importing gender will include all genders.

### **1.8 Currency**

Unless otherwise stated herein, all references to currency in this Proposal are to lawful money of Canada.

### **1.9 Statutory References**

Except as otherwise provided herein, any reference in this Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time, and any statute or regulation that supplements or supercedes such statute or regulation.

### **1.10 Successors and Assigns**

This Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in this Proposal.

## **ARTICLE 2 PURPOSE AND EFFECT OF THIS PROPOSAL**

### **2.1 Purpose of Proposal**

The purpose of this Proposal is to effect a restructuring of the business and affairs of the Company in the expectation that all Creditors will derive a greater benefit from the continued operation of the business and affairs of the Company than would result from a forced liquidation of its assets.

### **2.2 Effect of Proposal**

This Proposal restructures the affairs of the Company and amends the terms of any and all agreements between the Company and the Creditors existing as at the Implementation Date and provides the essential terms on which all Claims will be fully and finally resolved and settled. During the Proposal Period, all Creditors will continue to be stayed from commencing or continuing any proceeding or remedy against the Company or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies owing to Creditors, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.

Notwithstanding the terms and conditions of all arrangements or other arrangements with creditors entered into before the NOI Date, for so long as an event of default in the Proposal has not occurred, or if it has occurred, has been waived or cured, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern.

### **2.3 Persons Affected**

This Proposal will, as of the Implementation Date, be binding on the Company, on all Unsecured Creditors included in the Unsecured Creditor Class that approves the Proposal in the manner provided for in the Act including West Face in its capacity as an Unsecured Creditor and on any Person with a Director Claim.

### **2.4 Post-Proposal Goods and Services**

All debts incurred subsequent to the NOI Date shall be paid in the ordinary course of business by the Company. The Company shall, to the fullest extent possible, carry on its normal business operations and shall not dispose of any assets other than is contemplated by this Proposal, or other than is in the normal and regular course of its ongoing business.

The Company agrees that the Trustee shall not in any case be responsible for ensuring that payment is duly made to all those persons supplying goods and services for any period subsequent to the NOI Date. All Creditors hereby release and forever discharge the Proposal Trustee from any and all liability relating to the Company's non-payment of any liabilities under this paragraph.

## **ARTICLE 3 RESTRUCTURING OF THE COMPANY**

### **3.1 Share Capital**

CASA is a private company incorporated under the ABCA. CASA has approximately 50,730,801 common shares issued and outstanding and its share capital is approximately \$46,500,000. Alberta Treasury Branches is the operating lender, however at the date of the NOI no amount was drawn on the Operating Line. West Face is a secured lien creditor and is owed approximately \$39,929,049.21. The West Face Senior Notes matured on March 31, 2015, are due and payable now, but the Company has no ability to repay or refinance the debt. The value of the Company's assets is considerably less than the West Face Senior Notes.

### **3.2 History**

Historically the Company had three operating divisions including a Drilling Rig Division, a Coil Tubing Unit Division and a Service Rig Division. Over the past year, the Drilling Rig and Coil Tubing Unit Divisions were sold and the proceeds utilized to repay secured creditors. CASA, with only the Service Rig Division is a much smaller operating entity, with reduced revenues and margins. The sale of the two divisions combined with the downturn in the energy sector due to a significant decline in oil prices has led to a capital structure that cannot be supported, operating facilities and assets that are not required and a lack of liquidity to continue to operate without the support of West Face, its second lien lender. The Company is insolvent and needs to restructure if it is to continue.

### **3.3 Operational Restructuring**

The operational restructuring of Company has commenced with the termination of employees and its premise leases in Red Deer and Calgary, Alberta. The Red Deer operations are being relocated to Brooks, Alberta and a lease for smaller head office space in Calgary is being arranged. Certain asset leases have also been terminated and some employees have or will be terminated.

### **3.4 Financial Restructuring**

The financial restructuring of the Company is being undertaken through this Proposal and the Reorganization and includes a compromise of the Claims of its Unsecured Creditors and the issuance of the New Common Shares to West Face in consideration for West Face releasing and discharging the West Face Secured Claim.

### **3.5 Reorganization**

As a condition to the Implementation of the Proposal, the Company will also Reorganize its share structure pursuant to the applicable provisions of the ABCA by (i) consolidating all of the Existing Shares in the capital of the Company into one common share; (ii) changing the designation of the common shares to Class "B" common shares redeemable by the Corporation on demand for \$1.00; (iii) the redemption by the Company of the one (1) issued and outstanding Class "B" common share; (iv) creating a new class of Class "A" common shares with all of the share rights, privileges, restrictions and conditions set out in Schedule "A" of Schedule "1"; (v)

issuing the New Common Shares to West Face in consideration for West Face releasing and discharging the West Face Secured Claim. Consequently Existing Shareholders will essentially receive no consideration for their Existing Shares. The Reorganization is set out in Schedule 1 to the Proposal.

### **3.6 Benefit of Proposal**

The Proposal is the best option for the Company and its stakeholders at this time. If the Proposal is not approved by the Unsecured Creditors the Company will be deemed bankrupt and stakeholders, including employees, suppliers and creditors will receive nothing and be worse off than if the Proposal is implemented.

## **ARTICLE 4 CLASSIFICATION OF CREDITORS AND TREATMENT OF CLAIMS**

### **4.1 For the purpose of considering and voting on the Proposal there shall be one class of Creditors:**

- (a) Unsecured Creditor Class

There shall be one general class of unsecured creditors consisting of all Unsecured Creditors (the "**Unsecured Creditor Class**").

The Proven Claims of all Unsecured Creditors will be paid by the Trustee in accordance with section 7.2.

### **4.2 Secured Creditors**

The Claims of Secured Creditors, other than the West Face Secured Claim, shall be paid in full in accordance with their terms and shall be unaffected by the terms of this Proposal. Secured Creditors, other than ATB and West Face, shall be required to prove their claims in this Proposal by filing a Proof of Claim but shall not be entitled to vote on this Proposal.

West Face shall release and discharge the West Face Secured Claim in consideration for the issuance of the New Common Shares to West Face pursuant to the Reorganization.

### **4.3 Preferred and Priority Claims**

All Administrative Fees and Expenses shall be paid in priority to all Claims. All Section 224 Claims and Employee Claims, if any, shall be paid in full immediately after Implementation of this Proposal.

All Creditors who have Section 224 Claims and Employee Claims shall not be required to prove their claims in this Proposal and shall not be entitled to vote on this Proposal.

### **4.4 Post Filing Goods and Services**

All goods supplied and services rendered to the Company on or after the NOI Date shall be paid for in full by the Company in the ordinary course.

#### **4.5 Effect of Proposal on Claims of Creditors**

The effect of this Proposal on Creditors shall be:

- (a) to fully satisfy, release and extinguish all Claims (including all interest accruing or accrued thereon) of all Unsecured Creditors; and
- (b) to bar, extinguish and discharge all Claims of the Secured Creditors, other than West Face and ATB, for which a Proof of Claim is not filed in accordance with the terms hereof;

upon Implementation of the Proposal after acceptance of this Proposal by the requisite majorities of the Unsecured Creditors and approval of this Proposal by the Court, all subject to satisfaction of the conditions precedent provided for in section 9.5.

#### **4.6 Different Capacities**

Persons who are affected by this Proposal may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

### **ARTICLE 5 PROCEDURE FOR VALUATION OF CLAIMS**

#### **5.1 Filing Proofs of Claim**

- (a) Unsecured Creditors, other than West Face, are required to file a completed proof of claim ("**Proof of Claim**") with the Trustee (a) on or before the time allotted for the Creditors Meeting in order to vote on the Proposal, and (b) on or before the Implementation Date to receive its share of any distributions provided for in the Proposal.
- (b) The Landlord may file a Proof of Claim with the Trustee for the actual losses resulting from the disclaimer of the Company's lease with the Landlord, such disclaimer having been delivered by the Company to the Landlord on May 21, 2015 pursuant to section 65.2(1) of the BIA.

#### **5.2 Allowance or Disallowance of Claims by the Trustee**

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall allow or disallow same, and shall notify each applicable Unsecured Creditor of the amount of its Proven Claim, as applicable, all in accordance with the provisions of the BIA. Without limiting the generality of the foregoing, the provisions of section 121 and sections 124 to 135 of the BIA, as applicable, shall apply to the filing of Proofs of Claims and the determination by the Trustee of the Proven Claims of each Unsecured Creditor. For greater certainty, other than providing the Trustee with access to its records, the Company shall have no responsibility to examine, allow or disallow any Claim or Proof of Claim.

## **ARTICLE 6 MEETING OF CREDITORS**

### **6.1 Creditors' Meeting**

On the Creditors' Meeting Date, the Company shall hold the Creditors' Meeting in order for the Creditors constituting the Unsecured Creditor Class to consider and vote upon the Proposal.

### **6.2 Time and Place of Meetings**

Unless otherwise ordered by the Court, the Unsecured Creditors' Meeting shall be conducted by the Trustee and shall be held at 10:00 a.m. on June 10, 2015 at Barclay Room, #300, 205- 5th Ave SW Calgary, AB T2P 2V7. All Proofs of Claim shall be delivered in accordance with the provisions of this Proposal, the BIA and any Order which may be issued by the Court in respect of the procedure governing the Creditors' Meeting to be held for the purposes of voting upon the Proposal. The Creditors comprising the Unsecured Creditor Class shall vote on the terms of the Proposal as a separate class.

### **6.3 Conduct of Meeting**

The Official Receiver, or the nominee thereof, shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only persons entitled to attend the Creditors' Meeting are those persons, including the holders of proxies, entitled to vote at the Creditors' Meeting and their legal counsel, if any, and the officers, directors, auditors, advisors and legal counsel of the Company, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other person may be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Creditors, as the case may be.

### **6.4 Adjournment of Meeting**

The Creditors' Meeting may be adjourned in accordance with section 52 of the BIA. If the Creditors' Meeting is adjourned, no further Proofs of Claim nor proxies shall be filed with or accepted by the Trustee or the Company for the purpose of voting at any reconvening of the Creditors' Meeting.

### **6.5 Voting by Creditors**

In order to be entitled to vote at the Creditors' Meeting, an Unsecured Creditor, other than West Face, must file its Proof of Claim with the Trustee prior to the commencement of the Creditors' Meeting. Subject to section 6.6 below and to the extent provided for herein, only Unsecured Creditors shall vote at the Creditors' Meeting and each Unsecured Creditor will be entitled to vote to the extent of the amount which is equal to that Unsecured Creditors' Proven Claim and West Face shall be entitled to vote the amount which is equal to the unsecured portion of the West Face Claim.

## **6.6 Procedure for Valuing Claims**

The procedure for valuing Claims and resolving disputes with respect to Claims will be as set forth in Article 5 hereof and the BIA. The Trustee reserves the right to seek the assistance of the Court in valuing the Claim of any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Unsecured Creditor under the Proposal, as the case may be.

For greater certainty, the Proven Claims of Unsecured Creditors shall not include any interest thereon from the NOI Date and all rights to such interest shall be released and extinguished upon Implementation of this Proposal.

## **6.7 Appointment of Inspectors**

At the Creditors' Meeting, the Creditors may appoint up to five (5) Inspector(s) whose powers will be limited to:

- (a) advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims, and
- (b) advising the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them.

Any decision, direction or act of the Inspector(s) may be referred to the Court by the Proposal Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

The authority and term of office of the Inspector(s) will terminate upon the discharge of the Proposal Trustee.

## **ARTICLE 7 PROPOSAL IMPLEMENTATION STEPS**

### **7.1 Consolidation and Redesignation of Existing Shares and Issuance of the New Common Shares to West Face**

One (1) Business Day after the date on which the Court order approving the Proposal and the Reorganization has become a Final Order and the Reorganization has occurred (the "**Implementation Date**") the Company shall: (i) consolidate all of the Existing Shares into one (1) common share; (ii) change the designation of the common shares to Class "B" retractable common shares; (iii) retract the one (1) issued and outstanding Class "B" common share; (iv) create a new class of Class "A" common shares with all of the share rights, privileges, restrictions and conditions set out in Schedule "A" of Schedule "1"; (v) issue the New Common Shares to West Face in consideration for West Face releasing and discharging the West Face Secured Claim – for which West Face shall provide a full and final release in form satisfactory to the Company; and (vii) pay the amount comprising the Unsecured Creditor Fund to the Trustee. Upon Implementation of the Proposal, the Company shall have performed all of its obligations under the Proposal including any action or step of the Company required to comply with or give effect to the conditions set out in section 9.5.



## **7.2 Unsecured Creditor Distributions**

- (a) Unsecured Creditors with a Proven Claim shall receive payment from the Unsecured Creditor Fund for the lesser of the amount of their Proven Claim or \$1,500 up to a maximum aggregate Dividend equal to the amount of the Unsecured Creditor Fund. In the event that the aggregate Dividend payable to the Unsecured Creditors exceeds the amount of the Unsecured Creditor Fund then each Unsecured Creditor shall receive its *pro rata* share from the Unsecured Creditor Fund based on a Dividend payable to each unsecured creditor of the lesser amount of their Proven Claim or \$1,500.
- (b) To the extent that there are any funds remaining in the Unsecured Creditor Fund following the payment of the Proven Claims of the Unsecured Creditors in accordance with section 7.2(a), such remaining funds shall be returned to the Company one (1) Business Day following the Distribution Date.

## **7.3 Distribution of Dividends**

The Trustee shall distribute the Dividends on the Distribution Date.

# **ARTICLE 8 PROPOSAL TRUSTEE**

## **8.1 Confirmation of Appointment**

Alvarez & Marsal Canada Inc. will be the Trustee under this Proposal.

## **8.2 Responsibilities and Powers of Proposal Trustee**

The Trustee is acting in its capacity as trustee under this Proposal and shall not be responsible or liable for any obligations of the Company. The Trustee shall have the powers granted to it by the Proposal, by the BIA, and by any order of the Court. The Trustee will be exempt from all personal liability in fulfilling any duties or exercising any powers conferred upon it by the Proposal or generally in carrying out the terms of this Proposal unless such acts have been carried out in bad faith and constitute a willful or wrongful act or default. Sections 95 to 101 of the BIA (with the exception of section 97(3)) shall not apply in connection with this Proposal, and the Trustee shall have no responsibility, liability or authority whatsoever in connection therewith.

## **8.3 Administrative Fees and Expenses of the Trustee**

The Administrative Fees and Expenses of the Trustee shall be determined based on the Trustee's standard rates time hours spent.

## **8.4 Discharge of Trustee**

The Trustee, after making the distributions of the Dividends as provided for herein and the repayment, if any, of the Unsecured Creditor Fund to the Company referred to in section 7.2 hereof, will have fully discharged its obligations and duties as Trustee under this Proposal and the Trustee shall be entitled to apply for its discharge as Trustee.

## **ARTICLE 9 MISCELLANEOUS**

### **9.1 Confirmation of the Proposal**

In the event that the Proposal is approved by the requisite majorities of Unsecured Creditors, the Trustee shall, within five (5) days after such acceptance, apply to the Court to obtain the Final Order for the sanction and approval of the Proposal and Reorganization. Following such Unsecured Creditor approval of the Proposal, the Trustee shall forthwith mail a notice of the hearing to the Company and to all Unsecured Creditors, as provided in section 58 of the BIA.

### **9.2 Compromise Effective for all Purposes**

The payment, compromise, extinguishment, other satisfaction of, or other dealing with any Claim under this Proposal, if sanctioned and approved by the Court, will be binding upon each Unsecured Creditor, its heirs, executors, administrators, successors and assigns, for all purposes.

### **9.3 Modification of Proposal**

The Company or any relevant Unsecured Creditor may propose an alteration or modification to the Proposal at the Creditors' Meeting, but no such alteration or modification shall bind West Face unless it consents thereto. After the Creditors' Meeting, the Company may vary, amend, modify or supplement the Proposal in accordance with the BIA but only if West Face consents thereto.

### **9.4 Consents, Waivers and Agreements**

As at 12:01 a.m. on the Implementation Date, each Unsecured Creditor will be deemed to have consented and to have agreed to all of the provisions of this Proposal in its entirety. In particular, and without limiting the generality of the foregoing, unless restricted by the provisions of the BIA, each Creditor will be deemed:

- (a) to have executed and delivered to the Company and the Directors all consents, releases, waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) to have waived any default by the Company in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor, other than the West Face Secured Claim which shall be dealt with separately from this Proposal as set out herein, and the Company that has occurred on or prior to the Date of the Proposal;
- (c) to have agreed that if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Company as at the Date of the Proposal (other than those entered into by the Company on, or with effect from, the Date of the Proposal) and the provisions of this Proposal, then the provisions of this Proposal take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly;

- (d) to have released the Trustee and all employees, agents, directors, officers, shareholders, advisors and solicitors of the Trustee from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgements, expenses, execution liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with the matters herein, other than based on the fraud, gross negligence or wilful misconduct by the Trustee or the employees, agents, directors, officers, shareholders, advisors and solicitors of the Trustee; and
- (e) to have released each and every present and former employee, agent, Director, officer, shareholder, auditor, advisor and solicitor of the Company from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgements, expenses, execution liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including, without limitation, any and all claims in respect of potential statutory liabilities of the former or present Directors and officers of the Company, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Date of the Proposal.

#### **9.5 Conditions Precedent of Proposal Implementation**

In addition to the requirements contemplated by the BIA, the Implementation of the Proposal by the Company will be conditional upon the following:

- (a) the Company providing the Unsecured Creditor Fund to the Trustee on the Implementation Date;
- (b) the taking of all necessary actions and proceedings to approve the Proposal and effect the Reorganization and the performance by the Company of its obligations under the Proposal and of all agreements and instruments contemplated thereby;
- (c) a Final Order approving the Proposal being granted;
- (d) the implementation of the Reorganization by the Company by filing the Articles of Reorganization substantially in the form attached hereto as Schedule "1" with the appropriate governmental authorities; and
- (e) in consideration for the issuance of the New Common Shares to West Face, West Face shall release and discharge the West Face Secured Claim.

## 9.6 Notices

Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail, by telecopier or e-mail addressed to:

- (a) if to the Company:

CASA Energy Services Corp.  
Suite 201, 525 11<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2R 0C9

Attention: Brad Kingston, Vice President of Operations  
Email: bradkingston@casaenergyservices.com

with a copy to:

Gowling Lafleur Henderson LLP  
Suite 1600, 421 7th Avenue S.W.  
Calgary, Alberta T2P 4K9

Attention: Maxine Mongeon  
Fax: 403-695-3550  
Email: maxine.mongeon@gowlings.com

- (b) if to the Trustee:

Alvarez & Marsal Canada Inc.  
Bow Valley Square I  
Suite 570, 202 - 6th Avenue SW  
Calgary, Alberta T2P 2R9

Attention: Tim Reid, Managing Director  
Email: treid@alvarezandmarsal.com

- (c) if to West Face:

West Face Capital Inc.  
2 Bloor Street East, Suite 3000  
Toronto, Ontario M4W 1A8

Attention: Thomas P. Dea, Partner  
Email: tom.dea@westfacecapital.com

with a copy to:

Davies Ward Phillips & Vineberg LLP  
155 Wellington Street West, 40<sup>th</sup> Floor  
Toronto, Ontario M5V 3J7

Attention: Robin B. Schwill  
Fax: 416-863-0871  
Email: rschwill@dwpv.com

(d) if to an Unsecured Creditor, other than West Face:

to the address, telecopier number or email address for such Unsecured Creditor specified in the Proof of Claim filed by such Unsecured Creditor or, if no Proof of Claim has been filed, to such other address or telecopier number at which the notifying party may reasonably believe that the Unsecured Creditor may be contacted.

In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by telecopier and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by telecopier, by delivery or by e-mail prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fifth (5th) Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Company to give a notice contemplated hereunder to any particular Unsecured Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

### **9.7 Foreign Currency Obligations**

For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange thereof of the Bank of Canada on the NOI Date.

### **9.8 Applicable Law**

This Proposal shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract.

### **9.9 Non Severability**

It is intended that all provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any particular provision or provisions of this Proposal is found to be void, voidable or unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

### **9.10 Deeming Provisions**

In this Proposal the deeming provisions are not rebuttable and are conclusive and irrevocable.

DATED at the City of Alberta, in the Province of Calgary, this 21<sup>st</sup> day of May, 2015.

**CASA ENERGY SERVICES CORP.**

By:



Name: David P. Smith

Title: Director

I have the authority to bind the Corporation.

## **SCHEDULE "1"**

### **CASA ENERGY SERVICES CORP.**

#### **ARTICLES OF REORGANIZATION**

1. In accordance with the order for reorganization, the articles of incorporation are amended as follows:
  - (a) to consolidate all the issued and outstanding common shares of the Company into one (1) common share;
  - (b) to change the designation of the common shares to Class "B" common shares redeemable by the Company on demand for \$1.00;
  - (c) to create an unlimited number of Class "A" common shares with the rights, privileges, restrictions and conditions attaching thereto as set forth in Schedule "A" hereto
  - (d) to remove the authorized, but unissued preferred shares, and all the rights, privileges, restrictions and conditions attaching thereto and to delete the current Schedule "A" of the Company's Articles of Incorporation;
  - (e) to provide that the number of directors of the Company and the number of directors to be elected at each annual meeting of the shareholders shall be three (3) directors;
  - (f) to provide that Thomas P. Dea, Nandeep Bamrah and David P. Smith are elected as directors of the Company until the next annual meeting of shareholders or until their successors are elected;
  - (g) to provide that the directors of the Company be empowered to determine, by ordinary resolution, (A) the number of directors and (B) to appoint, from time to time, one or more directors within the limits established by the *Business Corporations Act (Alberta)*; and
  - (h) to declare that the capital of the Company after giving effect to the foregoing consists of an unlimited number of Class "A" common shares with the rights, privileges, restrictions and conditions attaching thereto as set forth in Schedule "A" hereto and of one (1) redeemable Class "B" common share.

## **SCHEDULE "A"**

### **SHARE CONDITIONS OF NEW COMMON SHARES**

#### **1. Voting Rights**

Each holder of New Common Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation and to vote thereat, except meetings at which only holders of a specified class of shares (other than New Common Shares) or specified series of shares are entitled to vote. At all meetings of which notice must be given to the holders of the New Common Shares, each holder of New Common Shares shall be entitled to one vote in respect of each New Common Share held by such holder.

#### **2. Dividends**

The holders of the New Common Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive any dividend declared by the Company.

#### **3. Liquidation, Dissolution or Winding-up**

The holders of the New Common Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, to receive the remaining property of the Company on a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.



District of: Alberta  
 Division No. 02 - Calgary  
 Court No. 25-1985694  
 Estate No. 25-1985694

FORM 78  
 Statement of Affairs (Business Proposal)  
 (Paragraph 158(d) of the Act)  
 In the matter of the proposal of  
 Casa Energy Services Corporation

You are required to carefully and accurately complete this Form and the applicable attachments, showing the state of your affairs on the date of the proposal, on the 21st day of April 2015. When completed, this Form and the applicable attached lists will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (As stated and estimated by the officer)
1. Unsecured creditors as per list "A" . . . . . 398,479.07	1. Inventory . . . . . 0.00
Balance of secured claims as per list "B" . . . . . 14,467,027.95	2. Trade fixtures, etc. . . . . 0.00
Total unsecured creditors . . . . . 14,865,507.02	3. Accounts receivable and other receivables, as per List "E"
2. Secured creditors as per list "B" . . . . . 23,543,534.77	Good . . . . . 965,101.82
3. Preferred creditors as per list "C" . . . . . 0.00	Doubtful . . . . . 0.00
4. Contingent, trust claims or other liabilities as per list "D"	Bad . . . . . 0.00
estimated to be reclaimable for . . . . . 0.00	Estimated to produce . . . . . 965,101.82
Total liabilities . . . . . 38,409,041.79	4. Bills of exchange, promissory note, etc., as per List "F" . . . . . 0.00
Surplus . . . . . NIL	5. Deposits in Financial Institutions . . . . . 2,488,432.95
	6. Cash . . . . . 0.00
	7. Livestock . . . . . 0.00
	8. Machinery, equipment and plant . . . . . 0.00
	9. Real property or immovable as per List "G" . . . . . 0.00
	10. Furniture . . . . . 0.00
	11. RRSPs, RRIFs, Life insurance, etc. . . . . 0.00
	12. Securities (Shares, Bonds, Debentures, etc.) . . . . . 0.00
	13. Interests under wills . . . . . 0.00
	14. Vehicles . . . . . 0.00
	15. Other property, as per List "H" . . . . . 20,000,000.00
	If bankrupt is a corporation, add:
	Amount of subscribed capital . . . . . 0.00
	Amount paid on capital . . . . . 0.00
	Balance subscribed and unpaid . . . . . 0.00
	Estimated to produce . . . . . 0.00
	Total assets . . . . . 23,453,534.77
	Deficiency . . . . . 14,955,507.02

I, Brad Kingston, of the city of Calgary in the Province of Alberta, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge a full, true and complete statement of my affairs on the 21st day of May 2015 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with section 67 of the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the city of Calgary in the Province of Alberta, on this 21st day of May 2015.

Maggie Grose  
 Maggie Grose, Commissioner of Oaths  
 For the Province of Alberta  
 Expires Jan. 17, 2017

Brad Kingston  
 Brad Kingston  
 Officer

M. GROSE  
 Commission expires on January 17, 2017

District of: Alberta  
 Division No. 02 - Calgary  
 Court No. 25-1985694  
 Estate No. 25-1985694

FORM 78 -- Continued

List "A"  
 Unsecured Creditors

Casa Energy Services Corporation

No.	Name of creditor	Address	Unsecured Claim	Balance of Claim	Total Claim
1	AIR LIQUIDE CANADA INC.	10020, 56 AVUE EDMONTON AB T6E 5Z2	11,773.33	0.00	11,773.33
2	Akillo Mechanical Ltd	2002 19 Ave Wainwright AB T9W 1L2	19,145.15	0.00	19,145.15
3	Alan Early	3802 - 53 Avenue Lloydminster AB T1V 1T7	1.00	0.00	1.00
4	All Licenses	3012 106 St NW Edmonton AB T6J 5M5	30.00	0.00	30.00
5	ALLARIE CLEANERS	PO BOX 2176, 116 - 3 Ave NE Slave Lake AB T0G 2A0	641.84	0.00	641.84
6	Andy's Oilfield Hauling Ltd.	5200 Duncan Ave Blackfalds AB T0M 0J0	4,777.50	0.00	4,777.50
7	BFI	400 Applewood Crescent, 2nd Floor Vaughn ON K4K 0C3	601.03	0.00	601.03
8	BIG SKY STEEL FABRICATORS	PO BOX 1705 Kindersley SK S0L 1S0	32,533.65	0.00	32,533.65
9	Blue Flame Manufacturing	235 Spruce Street Red Deer AB T4E 1B4	1.00	0.00	1.00
10	Bulletproof Infotech	11- 7711- 50 AVE Red Deer AB T4P 1M7	4,337.55	0.00	4,337.55
11	BUMPER TO BUMPER WAINWRIGHT	1801-14 AVE Wainwright AB T9W 1T9	131.62	0.00	131.62
12	Canada Revenue Agency	Regional Intake Centre for Insolvency Suite 10, 9700 Jasper Avenue NW Edmonton AB T5J 4C8	1.00	0.00	1.00
13	CANADIAN ASSOCIATION OF OILWELL DRILLING CONTRACTORS	SUITE 2050 717 - 7 AVE SW CALGARY AB T2P 0Z3	20.54	0.00	20.54
14	Candian Urban Limited	10572 105 ST NW Edmonton AB T5H 2W7	21,061.36	0.00	21,061.36
15	CANON CANADA INC.	C/O LOCKBOX 914820 Po Box 4090 ON M5W 0E9	196.55	0.00	196.55
16	CAODC	2050, 717 - 7th Avenue SW (Elveden House) Calgary AB T2P 0Z3	42.82	0.00	42.82
17	CBSC Capital Inc.	1235 North Service Rd W Unit 200 Oakville ON L6M 2W2	895.11	0.00	895.11
18	Chariot Capital 2011 LP	10572 - 105 Street EDMONTON AB T5H 2W7	1.00	0.00	1.00
19	CIP DOCUMENT SOLUTIONS	940A 11TH AVE SW Calgary AB T2R 0E7	272.22	0.00	272.22
20	Communication Group	6172 50 Street Northwest Edmonton AB T6B 2N7	828.45	0.00	828.45
21	COMPAGE COMMUNICATION	1109, 10235 - 124 ST Edmonton AB T5N 1P9	694.43	0.00	694.43
22	Control Drilling Service	5921 87A St NW Edmonton AB T6E 5W6	3,252.70	0.00	3,252.70
23	CONTROL TECHNOLOGY INC	P.O. BOX 400-4305 SOUTH STREET Blackfalds AB T0M 0J0	25,908.76	0.00	25,908.76
24	CULLIGAN (RD)	104 - 6439 67TH ST. Red Deer AB T4P 1A3	67.50	0.00	67.50

21-May-2015

Date



Brad Kingston  
 Officer

District of: Alberta  
 Division No. 02 - Calgary  
 Court No. 25-1985694  
 Estate No. 25-1985694

FORM 78 -- Continued

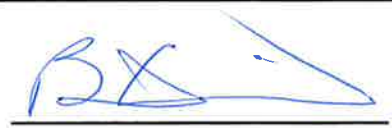
List "A"  
 Unsecured Creditors

Casa Energy Services Corporation

No.	Name of creditor	Address	Unsecured Claim	Balance of Claim	Total Claim
25	Darcy Campbell	129 Tuslewood Drive NW Calgary AB T3L 2V2	1.00	0.00	1.00
26	Dean Hanson	C/O Chapman Riebeck LLP Attn: Tyler Nightingale 4808 Ross Street # 300 Red Deer AB T4N 1X5	1.00	0.00	1.00
27	Discovery Solutions	33 - 3030 Sunridge Way NE Calgary AB T1Y 7K4	3,022.69	0.00	3,022.69
28	DNOW CANADA ULC	PO BOX 664, STN. M Calgary AB T2P 2J3	130.13	0.00	130.13
29	Doris Lefebvre	Red Deer Red Deer AB T2R 2P2	1.00	0.00	1.00
30	Dynacore Safety Consultants	119 Rhatigan Rd. E Edmonton AB T6R 1N4	12,741.00	0.00	12,741.00
31	Electra Welding & Radiator Shop (1988) Ltd.	2152 1 Ave Wainwright AB T9W 1L7	1,138.73	0.00	1,138.73
32	Emagine Software	C/O Quinn Captial 6798 52nd Ave Red Deer AB T4N 4K9	819.00	0.00	819.00
33	Epcor	2000 - 10423 101 Street NW Edmonton AB T5H 0E8	1,624.20	0.00	1,624.20
34	First Aid & Safety Training Services Inc.	17920 118 Ave NW Edmonton AB T5S 2W3	150.00	0.00	150.00
35	FOUNTAIN TIRE (KINDERSLEY) LTD	PO BOX 1325 - 801 10th STREET Kindersley SK S0L 1S0	2,980.15	0.00	2,980.15
36	FOUNTAIN TIRE (WAINWRIGHT)	2317 - 14th AVENUE Wainwright AB T9W 1V7	1,837.54	0.00	1,837.54
37	Grande Prairie Stanford Hotel	11401 100 Ave Grand Prairie AB T8V 5M6	909.06	0.00	909.06
38	Great Plains College	201 Central St, Warman SK S0K 4S0	5,757.00	0.00	5,757.00
39	Greyhound Courier Express	877 Greyhound Way SW Calgary AB T3C 3V8	342.95	0.00	342.95
40	GUPPY'S CAR & TRUCK SPA	BOX 1568 Kindersley SK S0L 1S0	2,888.55	0.00	2,888.55
41	Hangers Fabcar	BOX 473 Kindersley SK S0L 1S0	3,694.90	0.00	3,694.90
42	Heavy Equipment Repair Company	404 Balsam Rd NE Slave Lake AB T0G 2A0	892.82	0.00	892.82
43	HILL ACME MACHINE LTD.	BOX 1810 Kindersley SK S0L 1S0	1,289.03	0.00	1,289.03
44	Horizon 2 Motel	2037 Hunter Frontage Rd Provost AB T0B 3S0	1,777.37	0.00	1,777.37
45	Instalagic Inc.	107 Rockmont Court NW Calgary AB T3G 5V8	1.00	0.00	1.00
46	Iron Eagle Camp	365 Industrial Dr S Red Earth Creek AB T0G 1X0	10,535.75	0.00	10,535.75
47	Jim Peplinski Leasing Inc.	3200 Bloor Street West Toronto ON M8X 1E1	1.00	0.00	1.00

21-May-2015

Date



Brad Kingston  
 Officer

District of: Alberta  
 Division No. 02 - Calgary  
 Court No. 25-1985694  
 Estate No. 25-1985694

FORM 78 -- Continued

List "A"  
 Unsecured Creditors

Casa Energy Services Corporation

No.	Name of creditor	Address	Unsecured Claim	Balance of Claim	Total Claim
48	Key Towing & Storage	4083 78 St Cres Red Deer AB T4P 3E3	525.00	0.00	525.00
49	KINDERSLEY INN	601 - 11TH AVE E. Kindersley SK S0L 1S1	2,390.44	0.00	2,390.44
50	Kirk's Tire Brooks	620 Aquaduct Dr, Brooks AB T1R 1C5	478.55	0.00	478.55
51	Loraas Enviromental	805 47th Street East Saskatoon SK S7K 8G7	172.20	0.00	172.20
52	Madex Supply Ltd.	3923 81 Ave Leduc AB T9E 8S6	13,581.57	0.00	13,581.57
53	MAX FUEL DISTRIBUTORS LTD.	BOX 236 Slave Lake AB T0G 2A0	1,843.86	0.00	1,843.86
54	MID PLAINS DIESEL LTD.	PO BOX 1123 KINDERSLEY SK S0L 1S0	25,034.08	0.00	25,034.08
55	MILLSAP FUEL DISTRIBUTORS LTD.	BOX 1234 Kindersley SK S0L 1S0	25,834.11	0.00	25,834.11
56	Mooney Insurance	4910 45 St, Red Deer Red Deer AB T4N 1K6	39,067.00	0.00	39,067.00
57	Moore, Jim	Edmonton Edmonton AB T2P 0R9	1.00	0.00	1.00
58	MRC Canada	7555 Edgar Industrial Dr Red Deer AB T4P 3R2	3,404.57	0.00	3,404.57
59	Napa Auto Parts	PO BOX 1418 Kindersley SK S0L 1S0	769.97	0.00	769.97
60	NOVA INN - KINDERSLEY	BOX 1657 Kindersley SK S0L 1S0	2,762.75	0.00	2,762.75
61	Petro-Canada Lubricants	2489 North Sheridan Way Mississauga ON L5K 1A8	569.14	0.00	569.14
62	QUALITY INN NORTH HILL	7150 - 50TH AVENUE RED DEER AB T4N 6A5	226.72	0.00	226.72
63	Quinn Capital	6798 52 Ave Red Deer AB T4N 4K9	21,000.00	0.00	21,000.00
64	Reliance Industrial Products	# 54 St. 129-7007 SE Calgary AB T2C 4S3	1,403.67	0.00	1,403.67
65	ROAD DATA SERVICES LTD.	4716 - 60TH ST Red Deer AB T4N 7C7	308.70	0.00	308.70
66	SAM'S CLEANERS A & LAUNDROMAT	4934 - 49 AVE Vermilion AB T9X 1C6	1,135.33	0.00	1,135.33
67	Saskatchewan Workers Compensation Board	115 24 St E Saskatoon AB S7K 1L5	16,055.00	0.00	16,055.00
68	SGI AUTO FUND DIVISION	2260 - 11TH AVENUE Regina SK S4P 2N7	704.69	0.00	704.69
69	Shaw Business	4761 62 St Red Deer AB T4N 2R5	633.54	0.00	633.54
70	Silvertip Rentals	Slave Lake Slave Lake AB T0G 2A0	572.23	0.00	572.23
71	Sim-Con Oilfield Equipment Ltd.	800 10 St W Kindersley SK S0L 1S0	1,080.41	0.00	1,080.41

21-May-2015

Date



Brad Kingston  
 Officer

District of: Alberta  
 Division No. 02 - Calgary  
 Court No. 25-1985694  
 Estate No. 25-1985694

FORM 78 -- Continued

List "A"  
 Unsecured Creditors

Casa Energy Services Corporation

No.	Name of creditor	Address	Unsecured Claim	Balance of Claim	Total Claim
72	SPIRA DATA CORP.	SUITE 500, 630-8TH AVE S.W. Calgary AB T2P 1G6	13,265.96	0.00	13,265.96
73	Springs Motor Inn	2114 14 Ave Wainwright AB T9W 1L2	2,031.14	0.00	2,031.14
74	Suncor Energy Products (SuperPass)	2489 North Sheridan Way Mississauga ON L5K 1A8	5,020.22	0.00	5,020.22
75	Sunlife Financial Canada	PO Box 1601 Stn Waterloo 227 King Street South Waterloo ON N2J 4C5	4,315.88	0.00	4,315.88
76	Tarnes Electric Ltd.	110 9 Ave Kindersley SK S0L 1S0	722.04	0.00	722.04
77	Telecommunications	184, 3359 - 27 STREET NE Calgary AB T1Y 5E4	3,324.91	0.00	3,324.91
78	Telus	PO Box 7575 Vancouver BC V6B 8N9	2,202.94	0.00	2,202.94
79	TISDALE'S SALES	PO Box 1329, 105 - 11TH AVE Kindersley SK S0L 1S0	1,665.12	0.00	1,665.12
80	Town of Kindersley	106 5th Avenue East Kindersley SK S0L 1S0	115.83	0.00	115.83
81	Tracy Lebedoff	C/O Sawers & McFarlane Suite 920, 250 5th Ave SW Calgary AB T2P 0R4	1.00	0.00	1.00
82	Twin Valley Co-op	861 Vine St. Birtle MB R0M 0C0	418.03	0.00	418.03
83	UFA (United Farmers)	Box 5350 Stn. A Calgary AB T2H 2J9	11,256.64	0.00	11,256.64
84	UNITY RIG AND EQUIPMENT LTD.	9 , 1202 - 8TH ST Nisku AB T9E 7M1	1.00	0.00	1.00
85	VALIANT TRUST COMPANY	310, 606 4TH STREET SW Calgary AB T2P 1T1	1,667.92	0.00	1,667.92
86	Vallen	BAY #10, 5251-48 Avenue S.E. Calgary AB T2B 3S2	4,887.90	0.00	4,887.90
87	WAJAX INDUSTRIAL COMPONENTS LP	PO BOX 206 , STATION M Calgary AB T2P 2H6	6,700.03	0.00	6,700.03
88	WENZEL MOTORS	PO BOX 40 Major SK S0L 2H0	1,575.00	0.00	1,575.00
89	WestFace Capital	2nd Bloor St E Toronto ON M4W 1A8	0.00	14,467,027.95	14,467,027.95
90	Wild Cat Industries	Box 2374 Kindersley SK S0L 1S0	1.00	0.00	1.00
<b>Total:</b>			<b>398,479.07</b>	<b>14,467,027.95</b>	<b>14,865,507.02</b>

21-May-2015

Date



Brad Kingston  
 Officer

District of: Alberta  
 Division No. 02 - Calgary  
 Court No. 25-1985694  
 Estate No. 25-1985694

FORM 78 -- Continued

List "B"  
 Secured Creditors

Casa Energy Services Corporation

No.	Name of creditor	Address	Amount of Claim	Particulars of Security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	ATB Financial	100 - 4911 5 <sup>th</sup> Street Red Deer AB T4N 6V4	1.00	Cash in bank - Savings - 76000135861825 - Alberta Treasury Branch	12-Mar-2012	1.00		
				Debts Due - Business - Accounts Receivable	12-Mar-2012	0.00		
				Debts Due - Business - Prepaid Expenses & Deposits	12-Mar-2012	0.00		
				Other - Capital Assets	12-Mar-2012	0.00		
2	WestFace Capital	2nd Bloor St E Toronto ON M4W 1A8	37,920,563.72	Other - Capital Assets	28-Mar-2012	20,000,000.00		
				Debts Due - Business - Prepaid Expenses & Deposits	28-Mar-2012	21,300.22		
				Debts Due - Business - Accounts Receivable	28-Mar-2012	943,801.60		
				Cash in bank - Savings - 76000135861825 - Alberta Treasury Branch	28-Mar-2012	2,488,431.95		14,467,029.95
<b>Total:</b>			<b>37,920,564.72</b>			<b>23,453,534.77</b>	<b>0.00</b>	<b>14,467,029.95</b>

21-May-2015  
 Date

  
 Brad Kingston  
 Officer

District of: Alberta  
Division No. 02 - Calgary  
Court No. 25-1985694  
Estate No. 25-1985694


FORM 78 -- Continued

List "C"  
Preferred Creditors for Wages, Rent, etc.

Casa Energy Services Corporation

No.	Name of creditor	Address and Occupation	Nature of Claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

21-May-2015  
Date



Brad Kingston  
Officer

District of: Alberta  
Division No. 02 - Calgary  
Court No. 25-1985694  
Estate No. 25-1985694

FORM 78 -- Continued

List "D"  
Contingent or Other Liabilities

Casa Energy Services Corporation

No.	Name of creditor or claimant	Address and Occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

21-May-2015  
Date

  
\_\_\_\_\_  
Brad Kingston  
Officer



District of: Alberta  
 Division No. 02 - Calgary  
 Court No. 25-1985694  
 Estate No. 25-1985694

FORM 78 -- Continued

List "E"  
 Debts Due to the Bankrupt  
 Casa Energy Services Corporation

No.	Name of debtor	Address and Occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Accounts Receivable	Numerous locations AB	General Accounts Receivable	943,801.60 0.00 0.00		28-Mar-2012	943,801.60	Secured by ATB and West Face
2	Prepaid Expenses & Deposits	Numerous locations AB	Prepaid Expenses	21,300.22 0.00 0.00		28-Mar-2012	21,300.22	Secured by ATB and West Face
Total:				965,101.82 0.00 0.00			965,101.82	

21-May-2015

Date

Brad Kingston  
 Officer

District of: Alberta  
Division No. 02 - Calgary  
Court No. 25-1985694  
Estate No. 25-1985694

FORM 78 -- Continued

List "F"

Bills of Exchange, Promissory Notes, Lien Notes, Chattel  
Mortgages, etc., Available as Assets

Casa Energy Services Corporation

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupations	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

21-May-2015

Date



Brad Kingston  
Officer

District of: Alberta  
Division No. 02 - Calgary  
Court No. 25-1985694  
Estate No. 25-1985694

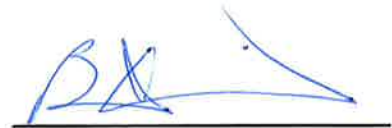
FORM 78 -- Continued

List "G"  
Real Property or Immovable Owned by Bankrupt  
Casa Energy Services Corporation

Description of property	Nature of bankrupts interest	In whose name does title stand	Total Value	Particulars of mortgages, hypothecs, or other encumbrances (Name, Address, Amount)	Equity or surplus
Total:			0.00		0.00

21-May-2015

Date



Brad Kingston  
Officer

District of: Alberta  
 Division No. 02 - Calgary  
 Court No. 25-1985694  
 Estate No. 25-1985694

FORM 78 -- Concluded

List "H"  
 Property

Casa Energy Services Corporation  
 FULL STATEMENT OF PROPERTY

Nature of Property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions	Alberta Treasury Branch 239 8th Ave SW Calgary AB T2P 1B9	76000135861825	2,488,432.95	2,488,432.95
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Capital Assets	31,274,396.84	20,000,000.00
			<b>Total:</b>	<b>22,488,432.95</b>

21-May-2015

Date

Brad Kingston  
 Officer


Casa Energy Services Corporation  
 Projected Cash Flow Statement  
 For the period May 20, 2015 - July 8, 2015 (the "Reporting Period")  
 (in CDN dollars)

	Notes	Weeks 1 to Week 4 May 20 - June 16, 2015	Week 5 to Week 8 June 17 - July 8, 2015	Total May 20 - July 8, 2015
<b>Receipts</b>				
Collection of Accounts Receivable	C	332,000	266,000	598,000
<b>Total Receipts</b>		<b>332,000</b>	<b>266,000</b>	<b>598,000</b>
<b>Disbursements</b>				
Operating expenses	D	(381,000)	(462,000)	(843,000)
General Administrative	E	(99,000)	(85,000)	(184,000)
Contractors	F	(16,000)	(13,000)	(29,000)
Professional fees	G	(20,000)	(20,000)	(40,000)
Relocation expenditures	H	(200,000)	-	(200,000)
Contingency		(25,000)	(25,000)	(50,000)
<b>Total disbursements</b>		<b>(741,000)</b>	<b>(605,000)</b>	<b>(1,346,000)</b>
<b>Net change in cash flow</b>		<b>(409,000)</b>	<b>(339,000)</b>	<b>(748,000)</b>
<b>Opening Cash</b>		<b>2,488,433</b>	<b>2,079,433</b>	<b>2,488,433</b>
<b>Net change in cash</b>		<b>(409,000)</b>	<b>(339,000)</b>	<b>(748,000)</b>
<b>Ending Cash</b>		<b>2,079,433</b>	<b>1,740,433</b>	<b>1,740,433</b>

  
 \_\_\_\_\_  
 Brad Kingston

\_\_\_\_\_  
 Date 20-May-15

*This statement of projected cash flow of Casa Energy Services Corporation has been prepared in accordance with 50 (6) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash-Flow Statement dated the 20th day of May, 2015.*

  
 \_\_\_\_\_  
 Timothy Reid, Trustee  
 Alvarez & Marsal Canada Inc

\_\_\_\_\_  
 Date 20-May-15


**Casa Energy Services Corporation**  
**Notes to Projected Cash Flow Statement**  
**For the period May 20, 2015 – July 8, 2015**  
**(in CDN dollars)**

**Notes and Assumptions:**

- A This cash-flow statement is to be read in conjunction with Form 29 – Trustee’s Report on Cash Flow Statement and Form 30-Report on Cash Flow Statement by the Person Making the Proposal
- The projection has been prepared solely for the purpose of determining the ability of Casa Energy Services Corporation (“Casa” or the “Company”) to fund their operations during the proposal period.
- Readers are cautioned that it may not be appropriate for their purposes.
- B The Cash-Flow Statement is presented on a monthly basis from May 20, 2015 to July 8, 2015 (the “Forecast Period”) and represents Casa’s best estimates of the results of their financial performance during the Forecast Period.
- C The collection of accounts receivable is assumed to collect 25% of Casa’s outstanding receivables.
- D Operating expenses are assumed to be 70% of the gross revenue earned by working rigs and also take into account the cost of hourly contractors and benefit premiums paid on behalf of hourly contractors.
- E General administrative costs take into account lease payments, head office payroll, head office benefits, software expenditures, insurance, and other typical general administrative costs. Casa intends to disclaim its current leases, with the exception of its Kindersley location, in order to move the operations of Casa to a more suitable and cost effective location. General administrative costs assumed take into account these changes.
- F Casa has hired a contract accountant to assist them during the proposal period.
- G In order to relocate the offices and operational facility of Casa, the Company’s fleet and equipment will have to be moved from its current location to the new locations. Management has assumed that this will cost approximately \$200,000 based on current trucking prices and distances to the new locations.
- H The proposal trustee has retained counsel to represent it during the Proposal Period and the fees have been guaranteed by the Company.

Casa Energy Services Corporation

Per:



Brad Kingston  
Interim President

Date: May 20, 2015

Alvarez & Marsal Canada Inc., the trustee acting in  
the Proposal of Casa Energy Services Corporation

Per:



Timothy Reid, CA-CIRP  
Senior Vice-President

Date: May 20, 2015