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*Attorneys for FTI Consulting Canada, Inc., Solely in its Capacity  
as Receiver for US Oil Sands Inc. and US Oil Sands (Utah) Inc.*

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

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In re:  US OIL SANDS INC.,  Debtor in a Foreign Proceeding.	Case No. [ _____ ]  Chapter 15  Judge [ _____ ]
In re:  US OIL SANDS (UTAH) INC.,  Debtor in a Foreign Proceeding.	Case No. [ _____ ]  Chapter 15  Judge [ _____ ]

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**DECLARATION OF DERYCK HELKAA IN SUPPORT OF  
RECEIVER'S PETITION FOR RECOGNITION AS FOREIGN MAIN  
PROCEEDING PURSUANT TO SECTION 1517 OF THE UNITED  
STATES BANKRUPTCY CODE AND RELATED RELIEF**

1. My name is Deryck Helkaa and I am a Senior Managing Director of FTI Consulting Canada Inc. with an office in Calgary, Alberta, Canada.
2. I earned a Bachelor of Arts (Economics) degree from the University of Western Ontario.

3. I have more than 20 years of restructuring experience providing financial advice to receivers, debtor companies, shareholders, and management in both formal and out-of-court restructurings.

4. I am a licensed trustee in bankruptcy, a chartered insolvency and restructuring professional, and a chartered accountant in Canada. In addition, I am a member of the (a) Canadian Association of Insolvency and Restructuring Professionals, (b) Insolvency Institute of Canada, and (c) Turnaround Management Association. I also am the past President of the Turnaround Management Association's Northwest Chapter (Alberta, British Columbia, Washington, and Oregon).

5. I have diverse industry experience with a primary focus on oil and gas, including companies operating in exploration and production, midstream, and oilfield services sectors. I have been involved in numerous formal and informal restructuring transactions, receiverships and consulting engagements in the oil and gas, manufacturing, real estate, and various other industries. I have experience with and have participated in multiple cross-border restructurings, including acting as the foreign representative for Argent Energy and Tuscany International Drilling.

6. Prior to joining FTI Consulting, I was a partner in the Transaction and Advisory Services group at Ernst & Young.

7. I am authorized on behalf of FTI Consulting Canada Inc. to submit this declaration (this "**Declaration**") in support of the *Receiver's Petition for Recognition as Foreign Main Proceeding Pursuant to Section 1517 of the United States Bankruptcy Code and Related Relief* filed with this Court (the "**Petition for Recognition**").

**FTI Consulting Canada Inc. as Receiver**

8. FTI Consulting Canada Inc. has been appointed as the receiver and manager (the "**Receiver**") of the assets, properties, and undertakings of US Oil Sands Inc. and US Oil Sands (Utah) Inc. (collectively, the "**Chapter 15 Debtors**"), under the Canadian Bankruptcy and

Insolvency Act (the “CBIA”) based upon the *Receivership Order* dated September 14, 2017 (the “**Receivership Order**”), entered by the Court of Queen’s Bench of Alberta in a proceeding brought before it (the “**Canadian Proceeding**”). A true and correct copy of the Receivership Order is attached as Exhibit A to the *Chapter 15 Petition for Recognition of a Foreign Proceeding* filed in each of the above-referenced Chapter 15 cases (collectively, the “**Chapter 15 Petitions**”).

9. Pursuant to the Receivership Order, the Receiver is also the authorized foreign representative of the Chapter 15 Debtors. *See Receivership Order*, at ¶ 29.

10. Except as otherwise indicated, all statements set forth in this Declaration are based upon: (a) my personal knowledge; (b) documents and other information prepared or collected by other members of the Chapter 15 Debtors’ management, their employees, or their professionals; (c) documents and other information prepared or collected by the Receiver’s management, its employees, or its professionals; (d) my review of relevant documents; and/or (e) my opinion based upon my experience and knowledge of the Chapter 15 Debtors’ operations and financial condition. If I were called upon to testify, I could and would testify competently to the facts set forth herein based upon my personal knowledge, review of documents, and/or opinion.

#### **The Chapter 15 Debtors and Their Business**

11. The Chapter 15 Debtors comprise a group of Canadian-based companies that have been placed into a receivership proceeding under the CBIA in Calgary, Alberta, Canada. The Chapter 15 Debtors are headquartered in Calgary, Alberta, Canada.

12. US Oil Sands Inc. is a Canadian corporation that was publicly traded on the TSX Venture Exchange prior to being delisted effective June 29, 2017. US Oil Sands Inc. continues to be a reporting issuer under Canadian securities laws and is subject to Canadian continuous disclosure requirements. US Oil Sands Inc., in turn, owns all of the issued stock of US Oil Sands (Utah) Inc. Both Chapter 15 Debtors are subject to the Receivership Order entered by the court in the Canadian Proceeding.

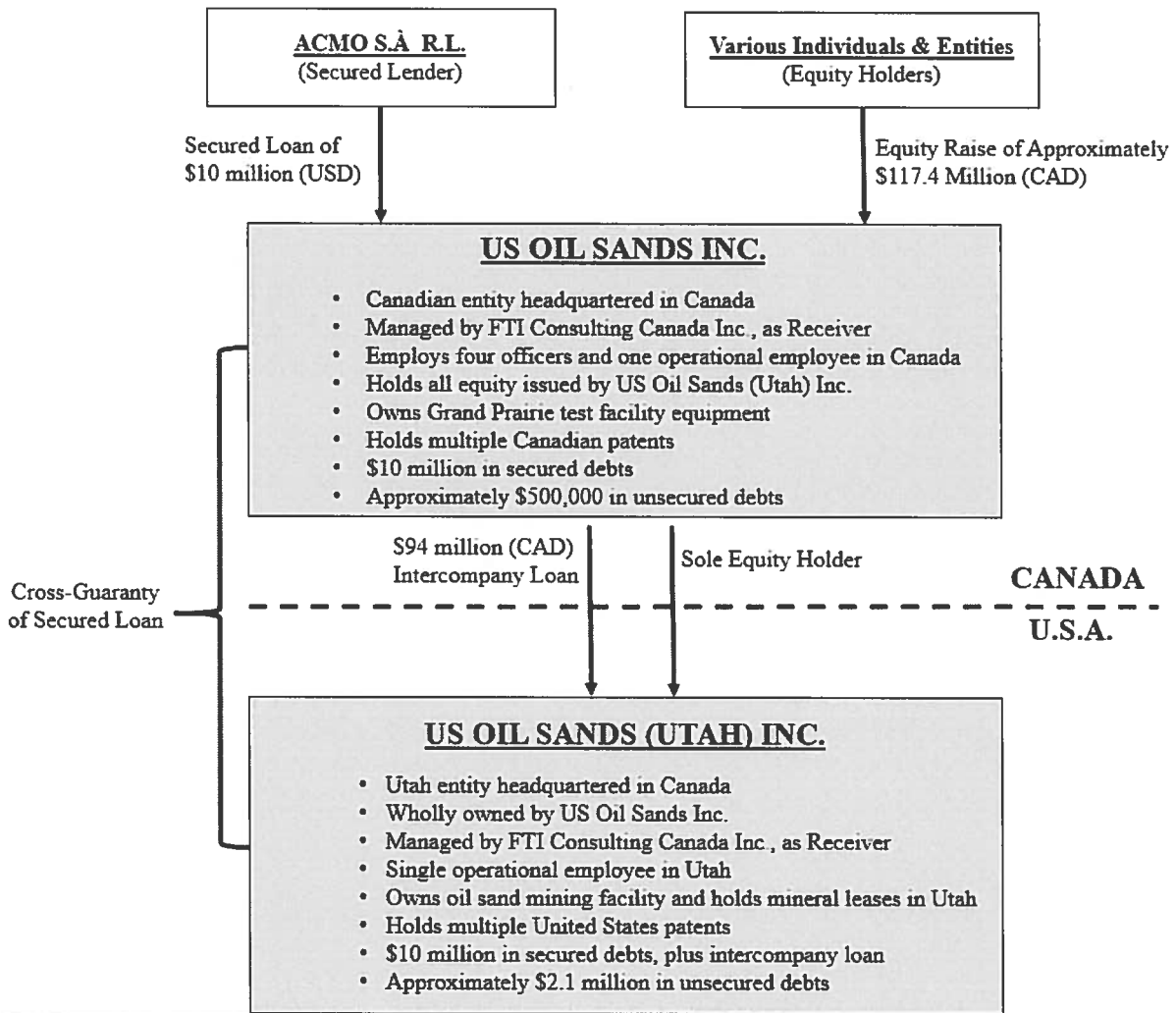
13. The Chapter 15 Debtors' business focused on environmentally sustainable heavy oil (bitumen) production of oil sands. All directors of the Chapter 15 Debtors resigned prior to entry of the Receivership Order. The Chapter 15 Debtors do, however, currently have six employees, of which four are senior management located in Canada, one is an operational staff member securing the Chapter 15 Debtors' facility in Grand Prairie, Alberta, Canada, and the final employee is an operational staff member that secures the Chapter 15 Debtors' moth-balled facility in eastern Utah.

14. The Chapter 15 Debtors' business focused on pursuing oil sand production by using a unique, patented, and environmentally friendly extraction process. The Chapter 15 Debtors' initial commercial project is located in Uintah and Grand Counties, Utah, where they have a 100% interest in bitumen leases covering approximately 32,000 acres of land, the largest commercial oil sands position in the United States. The processing facility was completed in 2016, at which time limited mining operations began. While some amount of bitumen has been mined, no oil has yet been sold. The Chapter 15 Debtors expected first-oil during 2017, however, after experiencing cash flow challenges, they ceased all mining operations more than a month before the filing of these Chapter 15 cases.

15. The following chart provides an overview of the Chapter 15 Debtors' corporate structure, along with a summary of the respective management, employees, assets, liabilities and equity of each Chapter 15 Debtor as of the date these cases were filed, including:

- a. Approximately \$117.4 million (CAD) in funds were raised in a public equity offering by US Oil Sands Inc.;
- b. A secured loan of \$10 million (USD) was obtained by US Oil Sands Inc. from ACMO S.À R.L., which is secured by a first-priority lien against all of the assets of US Oil Sands Inc. and US Oil Sands (Utah) Inc.;

- c. The funds borrowed by US Oil Sands Inc. from ACMO S.À R.L. were, in part, advanced to US Oil Sands (Utah) Inc. through an intercompany loan and were used to fund the construction of the facility in eastern Utah and to provide capital for reserve testing and other costs related to start-up of operations; and
- d. US Oil Sands (Utah) Inc. is a wholly owned subsidiary of US Oil Sands Inc.



### **The Canadian Proceeding**

16. The CBIA is the principal federal law in Canada applicable to bankruptcies and insolvencies. *See* Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 (Can.). The CBIA governs both voluntary and involuntary bankruptcy liquidations.

17. The CBIA also authorizes a court to appoint a receiver upon application by a secured creditor. *See id.*, § 243(1). Such court-appointed receivers are given a mandate and specific powers as set out in the order appointing the receiver. These duties typically include: (a) taking possession and control of the property and assets of the debtor; (b) marketing and selling such property and assets in a commercially reasonable manner under the supervision and approval of the appointing court; and (c) distributing the proceeds of such sales to the stakeholders in accordance with their legal entitlement. The appointing court has broad discretion to authorize the receiver to “take any other action that the court considers advisable.” *Id.*, § 243(1)(c).

18. A court-appointed receiver under the CBIA is a “national” receiver. Canada is divided into ten provinces and three territories. While the CBIA is federal law in Canada, provincial legislative jurisdiction governs property and civil rights, potentially affecting some insolvency-related matters similar to the interplay between state and federal law in the United States. Nonetheless, the CBIA provides a statutory framework for a court-appointed receiver to carry out its mandate on a national basis rather than relying on the various provincial statutes for its authority.

19. The Receivership Order against these Chapter 15 Debtors in the Canadian Proceeding is based upon the powers available under Section 243(1) of the CBIA. The Receivership Order was entered by the Canadian Court and includes a request by the Canadian Court for “aid and recognition of any court . . . having jurisdiction in . . . the United States to give effect to this [Receivership] Order and to assist the Receiver and its agents in carrying out the terms of this [Receivership] Order.” Receivership Order, ¶ 28.

20. The purpose of these Chapter 15 cases is to seek protection for the Company's assets in the United States and cooperation with the Canadian Court as the Receiver executes its charge in the Receivership Order.

**Petition for Recognition**

21. The Receiver has filed the Petition for Recognition requesting that the Court recognize the Canadian Proceeding as a foreign main proceeding pursuant to 11 U.S.C. § 1517 and that it grant relief pursuant to 11 U.S.C. § 1520 and additional relief pursuant to the United States Bankruptcy Code.

22. Each Chapter 15 Petition includes the following required information:

- a. A copy of the Receivership Order;
- b. A statement indicating that the applicable Chapter 15 Debtor's center of main interests is in Canada;
- c. Identification that the foreign proceeding (here, the Canadian Proceeding) is in Canada;
- d. A corporate ownership statement; and
- e. A list containing the names and addresses of all persons or bodies authorized to administer foreign proceedings of the Chapter 15 debtor, all parties to litigation pending in the United States in which the Chapter 15 Debtor is a party at the time of the filing of the petition, and all entities against whom provisional relief is being sought.

23. The Canadian Proceeding is a judicial proceeding pending in Canada.

24. The Receiver is a Canadian corporation and has been authorized in the Canadian Proceeding to act as the Chapter 15 Debtors' foreign representative. *See* Receivership Order, at ¶ 29. The Receivership Order also provides that "the Receiver be at liberty and is hereby authorized

and empowered to apply to any court . . . , wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order . . . .” *Id.*

25. I believe the Canadian Proceeding should be recognized as a foreign main proceeding pursuant to Chapter 15 of the United States Bankruptcy Code as the Chapter 15 Debtors’ center of main interests is in Canada. Specifically:

- a. All officers are based in Canada. None are located in Utah.
- b. All officers report directly to the Receiver (who is located in Canada).
- c. The management team located in Canada develops all short, medium, and long-term strategies.
- d. All annual and quarterly budgets are reviewed and approved by the management team in Canada.
- e. All policies, procedures, operating manuals, and practices are developed, updated, and administered by personnel located in Canada.
- f. All operational support and oversight are administered out of Canada.
- g. The primary bank accounts are in Canada and the cash management system is administered by management in Canada.
- h. Payroll is administered by management in Canada. Employee benefits and salaries are set by Canadian management.
- i. Capital expenditures must be approved through Canadian personnel.
- j. All material disbursements must be signed or electronically released by management in Canada.
- k. Insurance contracts are negotiated by Canadian personnel.
- l. Books and records are maintained in Canada.
- m. Company auditor and corporate counsel are based in Canada.

26. The Chapter 15 Debtors operations and strategy are actively controlled and executed from Canada. In fact, the Chapter 15 Debtors’ only administrative office is in Calgary, Alberta, Canada, all of the Chapter 15 Debtors’ senior executive officers and all other officers are



located in Calgary, and all major business decisions are made by personnel operating from Calgary.

27. The Chapter 15 Debtors' have a real property lease, equity interests, office equipment, and intellectual property located in Canada.

28. The Chapter 15 Debtors' secured lender is a foreign entity, with the majority of debt owed by the Chapter 15 Debtors being subject to Canadian law.

29. I believe the relief requested in the Petition for Recognition is appropriate, that the circumstances weigh heavily in favor of scheduling a hearing on such motion immediately, granting the relief requested therein, and granting such other relief as the circumstances may require to help the Chapter 15 Debtors achieve an orderly liquidation in these cases.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief.

Executed: November 7, 2017



Deryck Helkaa  
Senior Managing Director  
FNI Consulting Canada Inc.,  
Solely in its Capacity as Receiver for US Oil  
Sands Inc. and US Oil Sands (Utah) Inc.

**CERTIFICATE OF SERVICE**

The undersigned certifies that true and correct copies of the foregoing *Declaration of Deryck Helkaa in Support of Receiver's Petition for Recognition as Foreign Main Proceeding Pursuant to Section 1517 of the United States Bankruptcy Code and Related Relief* were forwarded (1) to the parties receiving ECF notifications in this case and (2) via first-class United States mail on November 7, 2017, to the parties-in-interest set forth on the attached Service List.

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Bryan L. Elwood

**Service List**