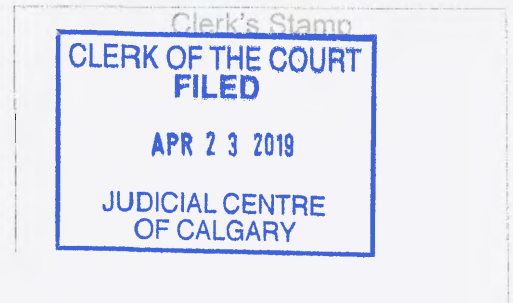


COURT FILE NUMBER 1801-06866
COURT COURT OF QUEEN'S
BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



APPLICANT ATB FINANCIAL
RESPONDENTS MUSTANG WELL SERVICES LTD., KKSER ENTERPRISES LTD.,
COMPLETE OILFIELD MANUFACTURING INC., REACTION
OILFIELD SUPPLY (2012) LTD. and MRBD LTD.

DOCUMENT NOTICE OF APPLICATION OF RECEIVER FOR DISCHARGE

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3rd Street SW
Calgary, Alberta, T2P 5C5
Telephone 403-351-2921
Facsimile 403-648-1151

File No. 45306-7

Attention: Jeffrey Oliver/Danielle Marechal

NOTICE TO RESPONDENTS:

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

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

Date: Friday, May 3, 2019
Time: 10:00 a.m.
Where: Calgary Law Courts
Before Whom: The Honourable Mr. Justice C.M. Jones –
Commercial List

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

Remedy claimed or sought:

1. An Order substantially in the form of Schedule "A", attached hereto:

- (a) Abridging the time for service of the notice of this Application and, if necessary, deeming service of this Application together with all supporting materials to be good and sufficient;
- (b) Approving the accounts of FTI Consulting Canada Inc. in its capacity as receiver and manager (in such capacity, the "**Receiver**") of the Debtors (as defined below) for fees and disbursements as set out in the Third Report of the Receiver (the "**Third Report**"), without the necessity of a formal passing of accounts;
- (c) Approving the accounts of the Receiver's legal counsel, Cassels Brock & Blackwell LLP, for fees and disbursements as set out in the Third Report, without the necessity of a formal passing of accounts;
- (d) Approving the Receiver's activities from the date of the Second Report of the Receiver, including the Statement of Receipts and Disbursements as attached to the Third Report;
- (e) Declaring that the Receiver is authorized to destroy the corporate books and records of Mustang Well Services Ltd., KCSR Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd. and MRBD Ltd. (collectively, the "**Debtors**") if unclaimed by any of the current or former directors of the Debtors within thirty days of the Receiver providing such notice;
- (f) Declaring that the Receiver is authorized to make further distributions as outlined in paragraph 7 below;
- (g) Discharging the Receiver as the court appointed receiver and manager of the assets, undertakings and properties of the Debtors and declaring that the Receiver has satisfied its obligations under and pursuant to the terms of the order granted in the within proceedings, up to and including the date hereof; and
- (h) Declaring that the Receiver is not liable for any act or omission on its part, including without limitation, any act or omission pertaining to the discharge of its duties in the within proceedings, save and except the usual exclusions, and declaring that any claims against the Receiver in connection with the performance of its duties are stayed, extinguished and forever barred.

Grounds for making this application:

Background

2. On May 17, 2018, on application by ATB Financial (“**ATB**”), this Honourable Court granted an order (the “**Receivership Order**”) appointing FTI Consulting Canada Inc. as receiver and manager of the current and future assets, undertakings and properties of the Debtors.

Discharge of Receiver, Second Interim Distribution and Final Distribution

3. Since its appointment, the Receiver has performed its mandate as Receiver under the Receivership Order, including the liquidation of the Debtors’ assets, and there is no further property remaining to be realized upon.
4. As at April 19, 2019, the Receiver is currently holding approximately \$2.6 million in cash on hand.
5. The Receiver is aware of, *inter alia*, the following secured claims, charges and liens against the Debtors:
 - (a) a secured claim by ATB in the amount of approximately \$16.3 million as of April 18, 2019;
 - (b) a trust claim by Canada Revenue Agency (“**CRA**”) under subsection 22(3) of the *Excise Tax Act* (Canada) in the amount of \$108,868.01; and
 - (c) a claim by Workers’ Compensation Board (“**WCB**”) under subsection 129 of the *Workers’ Compensation Act* (Alberta) in the amount of \$35,748.52 as of September 4, 2018.
6. The Receiver has obtained an opinion from its legal counsel (subject to the usual assumptions and qualifications) that ATB holds valid and enforceable security interests in the personal property of the Debtors described in the ATB security documents and this Honourable Court has previously authorized the Receiver to make an interim distribution to ATB (the “**First Interim Distribution**”).

7. ATB is the primary secured creditor of the Debtors and, following the First Interim Distribution, is owed approximately \$16.3 million, with interest and legal fees continuing to accrue. The Receiver is recommending a Second Interim Distribution and a Final Distribution to ATB as set out below:
- (a) a Second Interim Distribution of up to \$2.4 million made to ATB with a corresponding holdback of approximately \$233,592 (the "**Holdback**") to be retained by the Receiver on account of the remaining costs to complete the administration of the receivership and to account for any claims which may have priority over the claims of ATB; and
 - (b) a Final Distribution to ATB consisting of any residual funds that may remain from the Holdback in the event that the Receiver assigns Mustang into bankruptcy and upon the completion of the receivership proceedings.
8. The Receiver has acted honestly and in good faith, and has dealt with the Debtors' property and carried out the Receiver's mandate in a commercially reasonable manner. Given that there are no further realizable assets remaining in the estate of the Debtors, the Receiver is seeking its discharge.

Assignment in Bankruptcy

9. As set out in more detail in the Third Report, the Receiver intends to assign Mustang into bankruptcy. The Receiver believes it is appropriate under the circumstances and it is permitted to do so for, *inter alia*, the following reasons:
- (a) Paragraph 3(r) of the Receiver Order specifically empowered and authorized the Receiver to assign the Debtors into bankruptcy;
 - (b) Paragraph 27 of the Receivership Order provides that nothing in the Receivership Order shall prevent the Receiver from acting as the trustee in bankruptcy of the Debtors;
 - (c) Mustang is currently in receivership and is considered an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada). Mustang has failed to meet its obligations generally as they became due, in that Mustang has failed to meet its obligations to ATB and others, which obligations exceed \$1,000; and

- (d) ATB has requested and is supportive of the Receiver's intention to assign the Debtors into bankruptcy in order to convert the CRA and WCB claims into unsecured claims.

Actions of the Receiver

10. The Receiver's actions and activities as described in the Third Report are lawful and proper and consistent with its powers and duties under the Receivership Order.

Approval of Fees and Disbursements of Receiver and its Legal Counsel

11. The accounts of the Receiver total approximately \$189,415.00 in fees and disbursements, excluding the proposed Holdback.
12. The accounts of counsel to the Receiver total approximately \$159,051 in fees and disbursements, excluding the proposed Holdback.
13. The invoices rendered by the Receiver and its counsel are reasonable and were validly incurred in accordance with the provisions of the Receivership Order.

Material or evidence to be relied on:

14. Receivership Order granted by the Honourable Justice A.D. Macleod May 17, 2018;
15. Sale Approval and Vesting Order granted by the Honourable Justice A.D. Macleod May 17, 2018;
16. Order Approving Interim Distribution, Auction Agreement and Actions of Receiver granted by the Honourable Madam Justice M.H. Hollins September 5, 2018;
17. Approval and Vesting Order granted by the Honourable Madam Justice M.H. Hollins September 5, 2018;
18. Sealing Order granted by the Honourable Madam Justice M.H. Hollins September 5, 2018;
19. Order granted by the Honourable Justice R.A. Neufeld November 1, 2018;
20. Pre-Filing Report of the Receiver dated May 15, 2018;

21. First Report of the Receiver dated August 27, 2018;
22. Second Report of the Receiver dated October 9, 2018;
23. Third Report of the receiver dated April 23, 2019; and
24. Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable rules:

25. *Alberta Rules of Court*, Alta Reg 124/2010, including Rules 1.2, 1.3, 6.1, 6.3 and 13.5; and
26. *Bankruptcy and Insolvency General Rules*, CRC 1978, c 368.

Applicable Acts and regulations:

27. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (as amended) and the regulations thereunder;
28. *Judicature Act*, RSA 2000, c J-2 (as amended) and the regulations thereunder;
29. *Personal Property Security Act*, RSA 2000, c P-7 (as amended) and the regulations thereunder; and
30. Such further and other acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

31. None.

How the application is proposed to be heard or considered:

32. In person.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any

order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

COURT FILE NUMBER 1801-06866

COURT COURT OF QUEEN'S
 BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT ATB FINANCIAL

RESPONDENTS MUSTANG WELL SERVICES LTD., KKSER ENTERPRISES LTD.,
 COMPLETE OILFIELD MANUFACTURING INC., REACTION
 OILFIELD SUPPLY (2012) LTD. and MRBD LTD.

Clerk's Stamp



DOCUMENT **ORDER FOR DISCHARGE OF RECEIVER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3rd Street SW
Calgary, Alberta, T2P 5C5

Telephone 403-351-2921
Facsimile 403-648-1151

File No. 45306-7

Attention: Jeffrey Oliver/Danielle Marechal

DATE ON WHICH ORDER WAS PRONOUNCED: MAY 3, 2019

LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY, ALBERTA

NAME OF JUDGE WHO MADE THIS ORDER: THE HONOURABLE JUSTICE C.M. JONES

UPON THE APPLICATION of FTI Consulting Canada Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Mustang Well Services Ltd. ("**Mustang**"), KKSER Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd. and MRBD Ltd. (collectively, the "**Debtors**") for an Order for the final distribution of proceeds, approval of the Receiver's fees and disbursements, approval of the Receiver's activities and discharge of the Receiver; AND UPON having read the First Report of the Receiver dated August 27, 2018, the Second Report of the Receiver dated October 9, 2018 and the Third Report of the Receiver dated April 23, 2019 (the "**Receiver's Report**"); AND UPON hearing counsel for the Receiver, counsel for the Debtors and counsel for various creditors; AND UPON being satisfied that it is appropriate to do so, IT IS ORDERED THAT:

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given;
2. The Receiver's accounts for fees and disbursements, as set out in the Receiver's Report are hereby approved without the necessity of a formal passing of its accounts.
3. The accounts of the Receiver's legal counsel, Cassels Brock & Blackwell LLP, for its fees and disbursements, as set out in the Receiver's Report are hereby approved without the necessity of a formal assessment of its accounts.
4. The Receiver's activities as set out in the Receiver's Report and in all of its other reports filed herein, and the Statement of Receipts and Disbursements as attached to the Receiver's Report, are hereby ratified and approved.
5. The Receiver is authorized to destroy the corporate books and records of the Debtors (collectively, the "**Records**") provided that the Receiver:
 - (a) requests that the former directors of the Debtors claim and collect the Records; and
 - (b) the Records remain unclaimed for thirty (30) days following the Receiver's request in 5(a), above.
6. The Receiver is authorized and directed to make the following distributions:
 - (a) a second interim distribution of up to \$2.4 million to ATB Financial ("**ATB**") with a corresponding holdback of approximately \$233,592 (the "**Holdback**") to be retained by the Receiver on account of the remaining costs to complete the administration of the receivership and to account for any claims which may have priority over the claims of ATB; and
 - (b) a Final Distribution to ATB consisting of any residual funds that may remain from the Holdback in the event that the Receiver assigns Mustang into bankruptcy and upon the completion of the receivership proceedings.
7. On the evidence before the Court, the Receiver has satisfied its obligations under and pursuant to the terms of the Orders granted in the within proceedings up to and including

the date hereof, and the Receiver shall not be liable for any act or omission on its part including, without limitation, any act or omission pertaining to the discharge of its duties in the within proceedings, save and except for any liability arising out of any fraud, gross negligence or willful misconduct on the part of the Receiver, or with leave of the Court. Subject to the foregoing any claims against the Receiver in connection with the performance of its duties are hereby stayed, extinguished and forever barred.

8. No action or other proceedings shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver, except with prior leave of this Court on Notice to the Receiver, and upon such terms as this Court may direct.
9. Upon the Receiver filing with the Clerk of the Court a sworn Affidavit of a licensed Trustee employed by the Receiver confirming that all matters set out in paragraph 6 of this Order have been completed, then the Receiver shall be discharged as Receiver of the Debtors, provided however, that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of the Receiver in its capacity as Receiver.
10. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by Facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
11. Service of this Order on any party not attending this application is hereby dispensed with.

Justice of the Court of Queen's Bench of
Alberta