

C82611  
**Entered**



COURT FILE NUMBER

2001-09604

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

COM  
Sept 6 2022

PLAINTIFF

HALIBURTON GLOBAL AFFILIATES HOLDINGS  
B.V.

DEFENDANT

RAPTOR RIG LTD.

DOCUMENT

FOURTH REPORT OF FTI CONSULTING CANADA  
INC., IN ITS CAPACITY AS COURT APPOINTED  
RECEIVER AND MANAGER OF RAPTOR RIG LTD.

**August 25, 2022**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**RECEIVER'S COUNSEL**

Osler, Hoskin & Harcourt LLP

Brookfield Place, Suite 2700

225 – 6<sup>th</sup> Ave SW

Calgary, AB T2P 1N2

Randal Van de Mosselaer

Telephone: (403) 260-7000

Fax: (403) 260-7024

Email: [RVandemosselaer@osler.com](mailto:RVandemosselaer@osler.com)

**FOURTH REPORT OF THE RECEIVER**

**Table of Contents**

INTRODUCTION ..... 3

TERMS OF REFERENCE ..... 5

RECEIVER’S ACTIVITIES..... 6

SALE TRANSACTIONS ..... 7

RECEIPTS AND DISBURSEMENTS..... 8

SECURED DEBTS AND PRIORITY REVIEW ..... 10

PROPOSED HOLDBACK AND FINAL DISTRIBUTION..... 11

TERMINATION OF RECEIVERSHIP PROCEEDINGS AND DISCHARGE OF  
THE RECEIVER ..... 12

APPROVAL OF FEES ..... 12

RECEIVER’S RECOMMENDATIONS ..... 13

## INTRODUCTION

1. On August 10, 2020 (the “**Appointment Date**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all the assets, undertakings and properties (the “**Property**” or “**Business**”) of Raptor Rig Ltd. (“**Raptor**” or the “**Company**”) pursuant to an Order of the Honourable Justice Douglas R. Mah (the “**Receivership Order**”).
2. The Company’s primary business was the construction, delivery and operation of oilfield rigs, including a coiled tubing rig which was developed and built by the Company (the “**CT Rig**”) and a proprietary type of land drilling rig known as the Velociraptor Rig (the “**VR Rig**”).
3. The Receivership Order authorized the Receiver to, among other things, manage, operate and carry on the Business of the Company, market any or all of the Property including advertising and soliciting offers to purchase the Property, and make such arrangements or agreements as deemed necessary by the Receiver.
4. On June 7, 2021, this Honourable Court granted an order authorizing the Receiver to sell certain of the Property consisting of ancillary equipment and vehicles (the “**Equipment Auction**”) by way of public auction (the “**Auction Approval Order**”), pursuant to the terms of an auction proposal dated May 19, 2021 (the “**Auction Proposal**”), between the Receiver and G.D. Auctions & Appraisals Inc. (“**GD Auctions**”).
5. On September 16, 2021, this Honourable Court granted the following relief:
  - a. an order (the “**Nisku Group SAVO**”) approving the sale of VR Rig 1, the VR Rig 2 Parts, the VR Rig IP, Rig Control IP, Raptor Trademarks and associated intellectual property to Nisku Supply Industrial Oilfield Services Ltd. (the “**Nisku Group**”) pursuant to an asset purchase agreement dated

August 27, 2021, between the Nisku Group and the Receiver (the “**Nisku Group APA**”);

- b. an order (the “**Halliburton SAVO**”) approving the sale of the intellectual property related to the CT Rig to Halliburton Global Affiliates Holdings B.V, (“**Halliburton**” or the “**Secured Lender**”) pursuant to an asset purchase agreement dated September 6, 2021, between Halliburton and the Receiver (the “**Halliburton APA**”); and
  - c. an order approving an interim distribution to Halliburton as secured lender (the “**Interim Distribution Order**”).
6. In conjunction with this Report (the “**Fourth Report**”), the Receiver filed an Application returnable on September 6, 2022, seeking the following relief:
- a. approval of the activities of the Receiver since the Third Report including the Receiver’s statement of receipts and disbursements for the period from the Appointment Date to August 19, 2022 (the “**Final R&D**”);
  - b. approval of the fees of the Receiver and its legal counsel, Osler, Hoskin & Harcourt LLP (“**Receiver’s Counsel**”);
  - c. authorizing the Receiver to make a final distribution to Halliburton;
  - d. discharging the Receiver and terminating these receivership proceedings upon the completion of certain remaining administrative tasks and the Receiver filing with the Clerk of the Court a sworn Affidavit (the “**Discharge Affidavit**”) signed by a Licensed Insolvency Trustee employed by the Receiver; and
  - e. authorizing the Receiver to destroy the Company’s corporate books and records if not claimed by the former directors within 30 days of the former

directors being notified of the Receiver's intention to destroy said books and records.

7. The purpose of this Fourth Report is to provide this Honourable Court with an update with respect to the following:
  - a. the status of the Receivership proceedings, including the Receiver's activities since the Third Report;
  - b. an update with respect to the transactions contemplated by the Nisku Group APA and the Halliburton APA (collectively, the "**Sale Transactions**");
  - c. a summary of the Receiver's statement of cash receipts and disbursements since the Appointment Date to August 19, 2022; and
  - d. a summary with respect to the proposed final distribution to Halliburton.
8. This Fourth Report and other publicly available information in respect of these proceedings (the "**Receivership Proceedings**") are posted on the Receiver's website at <http://cfcanada.fticonsulting.com/raptorrig/>

## **TERMS OF REFERENCE**

9. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").

10. Except as described in this Fourth Report:
  - a. the Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
  - b. the Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
11. Future oriented financial information reported or relied on in preparing this Fourth Report is based on assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
12. The Receiver has prepared this Fourth Report in connection with its application returnable on September 6, 2022, and it should not be relied upon for any other purpose.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars and any amounts held or paid in United States dollars have been converted at a rate of 1.28 Canadian dollars to 1 United States dollar. Capitalized terms not otherwise defined herein are as defined in the Receivership Order and the Receiver's Reports previously filed in this Action.

## **RECEIVER'S ACTIVITIES**

14. Since the date of the Third Report, the Receiver's activities have included, among other things, the following:
  - a. closing the Nisku Group APA transaction;
  - b. closing the Halliburton APA transaction;

- c. in accordance with the Interim Distribution Order, the Receiver made an interim distribution to Halliburton in the amount of \$6.4 million (the “**Interim Distribution**”);
- d. corresponding with the Canada Revenue Agency (“**CRA**”) regarding the status of the audits by the CRA of the Company’s corporate tax account, GST and employee source deduction accounts; and
- e. attending to general and administrative tasks pertaining to the Company’s finance and accounting functions.

## **SALE TRANSACTIONS**

- 15. The granting of the Nisku Group SAVO and the Halliburton SAVO by this Honourable Court on September 16, 2021 satisfied the only remaining condition to closing under both the Nisku Group APA and the Halliburton APA.
- 16. On September 20, 2021, the Receiver filed the Receiver’s Certificate with this Honourable Court certifying that the transaction contemplated in the Nisku Group APA was completed, all funds were collected by the Receiver and the transaction was closed.
- 17. On September 24, 2021, the Receiver filed the Receiver’s Certificate with this Honourable Court certifying that the transaction contemplated in the Halliburton APA was completed and the transaction was closed. The Halliburton APA contemplated a credit bid and therefore consideration in the Halliburton APA was a reduction of the secured indebtedness owed to Halliburton by \$3.0 million United States dollars and therefore no funds were exchanged at the time of closing.
- 18. Following the closing of the Nisku Group APA and Halliburton APA, the Receiver has now fully realized on all of the Property.

## RECEIPTS AND DISBURSEMENTS

19. The Receiver's cash receipts and disbursements in respect of the Property from August 10, 2020 to August 19, 2022, are summarized as follows:

<b>Schedule of Receipts and Disbursements</b>	
<b>As of August 19, 2022</b>	
<b>CAD \$000s</b>	
<b>Receipts</b>	
Opening cash	\$ 1,493
O&M Receipts	6,170
Proceeds from Sale Transactions	2,300
Parts Receipts	1,549
Equipment Auction Proceeds	1,207
SR&ED Receipts	789
Other Receipts	373
<b>Total Receipts</b>	<b>13,881</b>
<b>Disbursements</b>	
Distribution to Halliburton	6,367
Payroll, benefits, and consulting fees	2,951
Operating expenses	1,017
Receiver's fees	748
Income taxes	424
Insurance	396
Rent and utilities	362
Asset Marketing Expenses	245
Other Professional fees	215
Legal fees	250
General and administration	107
<b>Total Disbursements</b>	<b>13,082</b>
<b>Total Cash on Hand</b>	<b>\$ 799</b>

- a. O&M Receipts - relate to services provided to a drilling contractor pursuant to the terms of an operations and maintenance contract for the CT Rig located in Saudi Arabia (the "O&M Contract");



- b. Proceeds from Sales Transaction – relate to the proceeds from the Nisku Group APA;
- c. Parts Receipts - relate to revenue derived from the purchase of, and markup on, parts purchased in support of the O&M Contract;
- d. Auction Proceeds – relate to the net proceeds from the Equipment Auction;
- e. SR&ED Receipts - include receipts relating to fiscal year 2019 collected under the CRA’s scientific research and development and experimental development program (“SR&ED”);
- f. Other Receipts - include tax refunds, a non-refundable deposit collected as part of the Sale Process and net gains in foreign exchange;
- g. Payroll, benefits, and consulting fees – include employee payroll and benefits and the retention of key employees and consultants;
- h. Operating expenses –include parts purchased to fulfill the O&M Contract in Saudi Arabia, withholding taxes, and freight costs associated with the shipping of parts to Saudi Arabia under the O&M Contract;
- i. Income taxes – relate to income taxes paid with respect to income generated by Raptor Rig (USA) Inc. during the Receivership;
- j. Insurance – relate to expenses paid for asset insurance and general liability insurance;
- k. Rent and utilities – relate to the Company’s leased premises in Calgary;
- l. Asset Marketing Expenses – relate to fees paid to GD Auctions for the facilitation and marketing of the Equipment Auction and Sale Transactions;

- m. General and administration –include the payment of GST and bank charges;
  - n. Receiver’s fees – relate to the Receiver’s fees and disbursements in respect of the Receivership Proceedings;
  - o. Other Professional fees – include payments to professionals who assisted the Receiver with various tasks, such as the preparation of SR&ED returns, Raptor’s patent applications and continuations, tax filings, and the wind-up of Raptor Rig (USA) Inc.; and
  - p. Legal fees - relate to the fees and disbursements of the Receiver’s Counsel in respect of the Receivership Proceedings.
20. At the date of this Fourth Report the Receiver is holding approximately \$799,000 in cash on hand.

#### **SECURED DEBTS AND PRIORITY REVIEW**

21. In the Third Report, the Receiver advised the Court that as at Appointment Date the Company owed Halliburton \$28.9 million plus interest, costs and associated disbursements (the “**Secured Indebtedness**”). Further the Receiver advised of a review of the security documents relating to the Secured Indebtedness by the Receiver’s Counsel who opined that the Secured Indebtedness held a valid and enforceable first charge against the Property (subject to standard assumptions and qualifications).
22. The \$6.4 million Interim Distribution made by the Receiver as directed by the Interim Distribution Order, combined with the reduction of Halliburton’s indebtedness in the amount of USD \$3.0 million (or CAD \$3.8 million) as consideration for the purchase set out in the Halliburton APA, have reduced the Secured Indebtedness by approximately \$10.2 million.

23. After the CRA completed its audits of the Company’s divisional accounts including the Company’s payroll source deduction account, the CRA advanced a deemed trust claim in the amount of \$125,162 (the “**CRA Deemed Trust Claim**”) which was in priority the Secured Indebtedness. On August 16, 2022, the Receiver paid the CRA Deemed Trust Claim in full.
24. With the CRA accounts now in compliance the Receiver is not aware of any other claims or potential claims that may rank in priority to the security held by Halliburton.

### **PROPOSED HOLDBACK AND FINAL DISTRIBUTION**

25. The Receiver is currently holding approximately \$799,000 in cash on hand and is seeking approval to make a final distribution (“**Proposed Final Distribution**”) to Halliburton. The Receiver intends to distribute all funds currently held after a holdback of approximately \$39,000 (the “**Holdback**”) for the payment of accrued but unpaid professional fees and final administrative costs inclusive of GST (the “**Holdback Expenses**”).
26. The Receiver’s estimated Proposed Final Distribution after the Holdback is summarized in the table below:

<b>Proposed Final Distribution</b>	
<b>CAD 000's</b>	
<b>Receiver's cash on hand</b>	<b>\$ 799</b>
<b>Closing expenses</b>	
Receiver	(26)
Receiver's Counsel	(8)
Administrative Reserve	<u>(5)</u>
<b>Total - Holdback</b>	<b>(39)</b>
<b>Estimated cash Final Distribution</b>	<b>\$ 760</b>

27. The Proposed Final Distribution is estimated to be approximately \$760,000. In the event there are any residual funds remaining following the payment of the

Holdback Expenses the Receiver will include those amounts in the Proposed Final Distribution.

28. The previous reductions in the Secured Indebtedness as described above, in combination with the Proposed Final Distribution of \$760,000, will total approximately \$11.0 million. The total distributions made by the Receiver in repayment of the Secured Indebtedness will be substantially lower than the \$28.9 million owed to Halliburton as at the Appointment Date, and accordingly Halliburton will realize a deficiency of approximately \$18 million.

#### **TERMINATION OF RECEIVERSHIP PROCEEDINGS AND DISCHARGE OF THE RECEIVER**

29. The closing of the Nisku Group APA, Halliburton APA and finalization of the Company's divisional account with the CRA were the only material matters to be resolved within these receivership proceedings. Those matters have now been completed and the Receiver recommends terminating the receivership proceedings and discharging the Receiver conditional upon the Receiver filing the Discharge Affidavit confirming that it has completed its remaining administrative tasks and made the Proposed Final Distribution.

#### **APPROVAL OF FEES**

30. Invoices rendered by the Receiver for fees and disbursements exclusive of GST since the Date of Appointment total \$748,221 and the Receiver anticipates an additional \$25,000 for accrued unbilled work to date and administrative work to complete these receivership proceedings (collectively, the "**Receiver's Fees**"). The accounts for services rendered will be made available upon request.
31. Invoices rendered by the Receiver's Counsel for fees and disbursements exclusive of GST since the Date of Appointment total \$250,240 and the Receiver anticipates an additional \$7,500 for accrued unbilled work to date and administrative work to complete these receivership proceedings (collectively, the

“Receiver’s Counsel’s Fees”). The accounts for services rendered will be made available upon request.

32. The Receiver believes the Receiver’s Fees and the Receiver’s Counsel’s Fees are appropriate and reasonable in the circumstances given the length of the receivership proceedings, the work required to operate the business from the Appointment Date, and the time required to realize on the Property through multiple transactions and an auction. Accordingly, the Receiver is seeking the approval of this Honourable Court for its fees and the Receiver’s Counsel’s Fees.

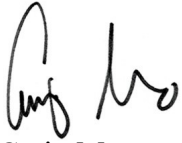
### **RECEIVER’S RECOMMENDATIONS**

33. Based on the foregoing, the Receiver respectfully recommends this Honourable Court grant the following relief:
- a. approval of the Receiver’s activities since the date of the Third Report, including the Final R&D;
  - b. approval of the Receiver’s Fees, including the fees and disbursements of the Receiver’s Counsel;
  - c. authorizing the Receiver to make the Proposed Final Distribution to Halliburton;
  - d. discharging the Receiver and terminating these receivership proceedings upon the completion of the Receiver’s remaining administrative tasks and filing the Discharge Affidavit; and
  - e. authorizing the Receiver to destroy the Company’s corporate books and records if not claims by the former directors within 30 days of being discharged.

\*\*\*\*\*

All of which is respectfully submitted this 25<sup>th</sup> day of August 2022.

**FTI Consulting Canada Inc.**  
**in its capacity as receiver and manager of**  
**Raptor Rig Ltd.**  
**and not in its personal capacity**

A handwritten signature in black ink, appearing to read 'Craig Munro', written in a cursive style.

Craig Munro  
Managing Director