

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 15 Case
	§	
FLO-BACK EQUIPMENT INC.,	§	
	§	Case No. 24-90059 (MI)
Debtor in a Foreign Proceeding.	§	
	§	

**DECLARATION OF DUSTIN OLVER IN SUPPORT OF RECEIVER’S
(A) VERIFIED PETITION FOR (I) RECOGNITION OF FOREIGN PROCEEDING,
(II) RECOGNITION OF FOREIGN REPRESENTATIVE, AND (III) RELATED RELIEF
UNDER CHAPTER 15 OF THE BANKRUPTCY CODE, AND
(B) EMERGENCY MOTION FOR ORDER AND RELIEF PURSUANT TO
SECTIONS 105(A) AND 1519 OF THE BANKRUPTCY CODE**

I, Dustin Olver, do hereby declare as follows:

1. I am over the age of 18, and I am authorized to submit this declaration (the “Declaration”) on behalf of the Receiver (as defined below).

2. I am a Senior Managing Director in the Corporate Finance and Restructuring group at FTI Consulting Canada Inc. (“FTI”). I hold a Bachelor of Commerce from the University of Saskatchewan. I am a Chartered Professional Accountant, a Chartered Insolvency and Restructuring Professional, and a Licensed Insolvency Trustee. I have more than fifteen (15) years of experience specializing in corporate restructuring having worked for and with large and small, public and private companies, in a variety of industries including oil and gas exploration and production, oil field services, transportation and logistics, and real estate. I am on the Global Board of Trustees for the Turnaround Management Association (“TMA”). My office is located at: 520 5th Avenue SW, Suite 1610, Calgary, AB T2P 3R7 Canada.

3. FTI is the court-appointed receiver and manager (“Receiver”) of Flo-Back Equipment Inc. (“FBE” or “Debtor”) pursuant to the *Consent Receivership Order* dated

December 8, 2023 (the “Receivership Order”), entered by the Court of King’s Bench of Alberta in Judicial Centre of Calgary, Alberta, Canada, Court File No. 2301-16371 (the “Canadian Court” and the “Canadian Proceeding”) pending under Canada’s *Bankruptcy and Insolvency Act* (“BIA”).

4. I am the Senior Managing Director in charge at FTI in connection with its role as Receiver, and I am authorized to provide this Declaration by and on behalf of the Receiver.

5. Acting on behalf of the Receiver, I have investigated the business and affairs of the Debtor to the best of my ability since my engagement on this matter and make this Declaration based on that investigation. All facts set forth in this Declaration are based upon my personal knowledge; my review of relevant documents; information provided to me by employees of FTI working under my direction or supervision; my discussions with current or former representatives and/or agents of the Debtor; and/or my opinions based upon my experience concerning the Debtor’s operations and financial condition. If called to testify, I could and would testify competently as stated herein.

6. I submit this Declaration in support of the *Verified Petition for (I) Recognition of Foreign Proceeding, (II) Recognition of Foreign Representative, and (III) Related Relief Under Chapter 15 of the Bankruptcy Code* (the “Verified Petition”),¹ and the *Emergency Motion for Relief Pursuant to Sections 105(A) and 1519 of the Bankruptcy Code* (the “Motion”), filed contemporaneously herewith.

7. I have reviewed the Verified Petition and the Motion, and believe the factual assertions therein are true and correct, and to the best of my knowledge the relief requested therein is appropriate and necessary for the Receiver to fully and efficiently perform its duties under the Receivership Order. I further declare as follows:

¹ Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Verified Petition.

I. BACKGROUND

A. The Debtor's Business and Corporate Structure

8. The Debtor provides full-service well testing, flow-back, and testing equipment rental services in support of oil and gas producers throughout North America. The Debtor is one of four operating units of the Wolverine Group, a set of eight companies that make up a diversified energy and infrastructure service provider in Western Canada and the United States. Each of the other companies in the Wolverine Group is organized under the laws of Canada.

9. The Wolverine Group's business is cyclical in nature. Normally, the Wolverine Group would weather slow seasons through management of its capital structure, monitoring and reviewing actual and forecasted cash flows, and maintaining credit facilities to ensure there are available cash resources to meet its liquidity needs. However, among other factors, knock-on effects of pre-Covid expansion, rising interest rates, ongoing legal disputes, and slowing economic conditions – in combination with the Wolverine Group's slow season – have resulted in the Wolverine Group being unable to meet their obligations as they fall due.

10. The Debtor's management and executives are located in Calgary, Alberta. The Debtor's cash management and accounting functions were also managed in Alberta prior to Receivership. The Debtor has assets supporting its business in Texas, Wyoming, Pennsylvania, North Dakota, and Grand Prairie, Alberta. The Debtor's assets include flow iron and supporting joints, test separators, storage vessels, support equipment, flare stacks, manifolds, portable office units, and line heaters. The Receiver has retained the Debtor's approximately thirty-three (33) employees to continue operations and assist with the Receivership proceedings and sale process, described further below. The Wolverine Group, including the Debtor, is currently operating and is being marketed as a going concern business.

11. If not currently rented to customers, the Debtor's assets are held, generally, at leased storage areas or yards in the Canadian Province of Alberta and Wyoming, Texas, and Pennsylvania. Any attempt to terminate these leases based on the Canadian Proceeding would be disruptive to the Debtor's business. In addition, certain of the Debtor's assets are currently held for refurbishment and repair with a vendor in Monahans, Texas.

12. The Receiver estimates that the value of the Debtor's assets, combined with that of the rest of the Wolverine Group, is insufficient to pay secured creditors, further described below.

13. Outside Canada, Debtor maintains bank account number ending in 8777 at Starion Bank (the "Debtor Account") in the United States. Receiver has, and needs to retain, access to the Debtor Account. In the ordinary course of business, the Debtor engages in intercompany transactions with other members of the Wolverine Group and the Debtor's sources and uses of cash are directly or indirectly dependent upon the operations of the Wolverine Group.

14. WEI is the borrower under a set of credit facilities with Canadian Western Bank. The Debtor executed the Full Liability Guaranty and the General Security Agreement, both dated October 3, 2018, in favor of Canadian Western Bank. Following a default under the Credit Facilities, on or around October 2, 2023, Canadian Western Bank demanded payment on the Credit Facilities from the Wolverine Group, and the indebtedness remains outstanding in the amount of \$16,787,345 plus any and all accruing interest, fees, and expenses related thereto.

15. The Debtor has approximately ninety (90) unsecured creditors, which generally include suppliers, utility providers, governmental and taxing authorities, and other vendors. The Debtor also owes approximately \$260,000 to Starion Bank pursuant to a U.S. Small Business Administration-backed Paycheck Protection Program loan. Debtor's unsecured creditors are

collectively owed approximately CAD \$1,750,000 (USD \$1,300,000). The Debtor has several creditors in Houston, Texas and throughout the Southern District of Texas.

B. The Canadian Receivership Proceeding

16. On December 8, 2023, Justice J.T. Neilson for the Canadian Court entered the Receivership Order pursuant to section 243(1) of the BIA. The Receivership Order was entered with the consent of the Wolverine Group following the termination of the stay in a competing application for relief filed by the Wolverine Group under the *Companies' Creditors Arrangement Act* (Canada).

C. Pending U.S. Civil Actions

17. To the best of my knowledge there are no pending or threatened litigations against the Debtor in the United States.

D. Receivership Status and Proposed Canadian Sales Process

18. Since the Receiver's appointment, the Receiver has spent significant time analyzing the books and records of the Debtor to assess its assets and liabilities.

19. With the approval of Canadian Western Bank, Fiera Private Debt Fund V LP, and Fiera Private Debt Fund VI LP² (collectively, the "Secured Lenders"), the Receiver developed and has proposed to conduct a sale and investment solicitation process for certain assets of the Wolverine Group, including substantially all of the assets of the Debtor (the "SISP"). The SISP was formally launched on January 4, 2024, with the commencement of certain marketing activities. Generally, the SISP contemplates five weeks for the submission of non-binding bids and an additional four weeks for a definitive purchase agreement to be obtained with an overall nine-week process contemplated. The Receiver anticipates selecting a winning bid and seeking approval

² The Fiera Funds are not creditors of the Debtor, but are creditors of other members of the Wolverine Group.

of the transaction in late March/April 2024. The Receiver believes that such a timeline is sufficient to fully market the assets and/or operations of the Wolverine Group, including the Debtor.

20. In addition to the SISP, the Receiver has undertaken a process to sell surplus assets of the Debtor and other members of the Wolverine Group. Under the Receivership Order, the Receiver is authorized to sell, transfer, convey, lease or assign property out of the ordinary course of business without further approval in the Canadian Proceeding as long as the transaction individually does not exceed \$250,000 and, in the aggregate, the consideration of all such transactions does not exceed \$1.5 million. In addition to these guidelines, the Receiver, with approval of the Secured Lenders, is seeking authority in the Canadian Proceeding to market and sell surplus assets, including Debtor assets, if the offer received is in excess of a minimum price based on an estimate of orderly liquidation value. The combination of approaches will maximize value for the Debtor and Wolverine Group's stakeholders.

21. The Receiver shall continue to operate the Debtor's business, including collection of all outstanding receivables and preservation of estate assets, for the benefit of the creditors' pending sale of the assets or some other disposition of the Canadian Proceeding.

E. The Chapter 15 Case and Support for Recognition

22. As foreign representative, pursuant to the Receivership Order, the Receiver has caused to be filed an Official Form 401 chapter 15 petition for the Debtor, the Verified Petition, the Motion, and certain other related filings. The Receiver seeks recognition of the Canadian Proceeding and, specifically, the Receivership Order, as a foreign main proceeding or, in the alternative, as a foreign non-main proceeding as defined in chapter 15 of title 11 of the United States Code (the "Bankruptcy Code").

23. Pursuant to the Receivership Order, the Receiver is the foreign representative of the Debtor and is specifically authorized to act as the Debtor's representative for the purpose of having

the Canadian Proceeding recognized in a jurisdiction outside of Canada, including the United States.

24. To the best of my knowledge and for the reasons stated in the Verified Petition, I believe that the Canadian Proceeding is a foreign main proceeding as defined under section 1502(4) of the Bankruptcy Code, or, in the alternative, a foreign non-main proceeding as defined under section 1502(5) of the Bankruptcy Code.

25. The Debtor is a Delaware corporation and is controlled by the Receiver (located in Canada). Canada is the Debtor's nerve center because the Debtor's management resides in Canada and, currently, the Debtor is controlled by the Receiver (located in Canada). The Debtor's corporate functions are in Canada. The Debtor's secured debt obligations—representing the vast majority of the Debtor's outstanding obligations—are owed to Canadian Western Bank, guaranteed by Canadian guarantors, and are governed by Canadian law. Moreover, a large portion of the assets of the Debtor is located in Alberta, Canada.

F. Support for the Motion and Provisional Relief

26. Pending recognition of the Canadian Proceeding, the Receiver requests provisional relief pursuant to section 1519 of the Bankruptcy Code to, among other things, enjoin any collection efforts against the assets of the Debtor which would frustrate the SISP and other sales process and the Receiver's efforts to maximize value. To the best of my knowledge, I understand that relief granted pursuant to section 1519 requires satisfaction of the standards for injunctive relief, which, as shown below, are satisfied.

(1) A substantial likelihood of success on the merits

27. For the reasons set forth above, in the Verified Petition and in the Motion, the Receiver submits that it is likely to prevail in obtaining recognition of the Canadian Proceeding. The Canadian Proceeding is a valid proceeding pending pursuant to the BIA that should be

recognized pursuant to chapter 15 of the Bankruptcy Code. As I understand the concept, the center of main interests (“COMI”) of the Debtor is located in Canada for the reasons discussed above. The Receiver has been performing its duties for approximately two (2) months, and has made substantial progress in its efforts for the benefit of the Debtor’s entire creditor body.

28. Accordingly, there is a substantial likelihood that the Canadian Proceeding and, specifically, the Receivership Order will be recognized pursuant to chapter 15 of the Bankruptcy Code; and, respectfully, should be recognized as a foreign main proceeding based on my understanding of chapter 15 and similar recognitions of receivership actions pending under the BIA.

29. If the Court does not find that the Canadian Proceeding is a foreign main proceeding, the Receiver submits that the facts underlying this chapter 15 proceeding support a finding that the Debtor has an establishment in Canada within the meaning of section 1502(2) of the Bankruptcy Code, and thus there is a substantial likelihood that the Court will recognize the Canadian Proceeding as a foreign non-main proceeding. In the event the Canadian Proceeding is recognized as a foreign main proceeding, the Receiver also submits that there is a substantial likelihood that the Court will determine that the relief requested is necessary to effectuate the purpose of chapter 15 and to protect the assets of the Debtor or the interests of the Debtor’s creditors pursuant to sections 1519 and 1521 of the Bankruptcy Code.

(2) **A substantial threat of irreparable injury if the provisional relief is not granted**

30. To the extent necessary to effectuate and complete its duties set forth in the Receivership Order, the Receiver continues to operate the Debtor and/or oversee operations of the Debtor. Without provisional relief recognizing the Receiver’s authority in the United States per the Receivership Order, the Receiver will be frustrated from fully performing its duties, and the value of the Debtor’s assets could be jeopardized.

31. To permit the Receiver to fulfill its obligations to the Debtor's estates, the Receivership Order provides for substantially similar powers and protections pursuant to Canadian law as those afforded to a chapter 7 trustee under the Bankruptcy Code. Among others, the Receiver's Charge, the stay of all collection activities akin to Bankruptcy Code section 362, and the grant of specific authority for the Receiver to seek international recognition of the Receivership Order provides the Receiver with vital powers to maximize value for all rightful creditors.

32. Without recognition and enforcement of the Receivership Order to the fullest extent permitted by chapter 15 of the Bankruptcy Code, the Receiver will be unable to fully discharge its duties to all creditors, specifically including direct negative impact to the Receiver's ability to maximize value for the Debtor's estate and cause the Receiver to expend finite resources to defend potential actions that are intended to be stayed by the Receivership Order.

(3) **That the threatened injury to the movant outweighs any damage the provisional relief might cause to the opponent**

33. I believe that any threatened injury to the Debtor outweighs any damage the injunction might cause to opponents thereof. The requested relief, if granted, would benefit the Debtor's creditors, as a whole, by facilitating the Receiver's efforts to maximum value for the assets and an orderly distribution of that value by and through the Canadian Proceeding.

(4) **That the provisional relief will not disserve the public interest**


34. Finally, the requested relief will not disserve the public interest. To the contrary, granting the relief serves the public interest because it sets to facilitate a cross-border reorganization that will provide a benefit to all rightful creditors of the Debtor.

35. For the above stated reasons and to the best of my knowledge, I respectfully submit that the relief sought is necessary and appropriate, in the interest of the public and international comity, and will not cause any hardship to any party in interest that is not outweighed by the

benefits of granting the requested relief. In the event that the Court finds that the Canadian Proceeding is a foreign main proceeding, the relief requested is still appropriate because the relief may be—and should be—granted in the discretion of the Court.

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.

Respectfully submitted this 20th day of February, 2024.


Dustin Olver