

COURT FILE  
NUMBER

2001 06423

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL  
CENTRE

CALGARY



IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

C100645

Oct 19, 2023  
COM

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF ENTREC CORPORATION, 984506  
ALBERTA LTD. (FORMERLY CAPSTAN HAULING LTD.), ENT  
CAPITAL CORP., ENTREC CRANES & HEAVY HAUL INC.,  
ENTREC HOLDINGS INC., ENT OILFIELD GROUP LTD. and  
ENTREC SERVICES LTD.

DOCUMENT

**THIRTEENTH REPORT OF THE MONITOR**  
**October 6, 2023**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF PARTY  
FILING THIS  
DOCUMENT

**MONITOR**

**Alvarez & Marsal Canada Inc.**  
250 6<sup>th</sup> Avenue SW, Suite 1110  
Calgary, AB T2P 3H7

Phone: +1 604.638.7440  
Fax: +1 604.638.7441  
Email: [atillman@alvarezandmarsal.com](mailto:atillman@alvarezandmarsal.com) /  
[vchan@alvarezandmarsal.com](mailto:vchan@alvarezandmarsal.com)

Attention: Anthony Tillman / Vicki Chan

**COUNSEL**

**Norton Rose Fulbright Canada LLP**  
400 3rd Avenue SW, Suite 3700  
Calgary, Alberta T2P 4H2

Phone: +1 403.267.8222  
Fax: +1 403.264.5973  
Email: [howard.gorman@nortonrosefulbright.com](mailto:howard.gorman@nortonrosefulbright.com) /  
[gunnar.benediktsson@nortonrosefulbright.com](mailto:gunnar.benediktsson@nortonrosefulbright.com)

Attention: Howard A. Gorman, K.C. / Gunnar Benediktsson

## TABLE OF CONTENTS

1.0	INTRODUCTION.....	- 1 -
2.0	PURPOSE .....	- 2 -
3.0	TERMS OF REFERENCE .....	- 3 -
4.0	ACTIVITIES OF THE MONITOR .....	- 3 -
5.0	UPDATE ON THE WOLVERINE DISPUTE .....	- 4 -
6.0	ACTUAL CASH FLOW RESULTS COMPARED TO TENTH CASH FLOW FORECAST .....	- 4 -
7.0	ELEVENTH CASH FLOW FORECAST.....	- 6 -
8.0	FUNDS HELD IN MONITOR’S ACCOUNTS .....	- 7 -
9.0	OTHER MATTERS.....	- 7 -
10.0	EXTENSION OF STAY OF PROCEEDINGS .....	- 8 -
11.0	RECOMMENDATIONS .....	- 8 -

## APPENDICES

**Appendix A** – Eleventh Cash Flow for the period from October 1, 2023 to April 30, 2024

## 1.0 INTRODUCTION

- 1.1 On May 15, 2020, ENTREC Corporation, 984506 Alberta Ltd. (formerly, Capstan Hauling Ltd.), ENTREC Alberta Ltd., ENT Capital Corp., ENTREC Cranes & Heavy Haul Inc., ENTREC Holdings Inc., ENT Oilfield Group Ltd., and ENTREC Services Ltd. (collectively, the “**Applicants**” or “**ENTREC**”), were granted an initial order (the “**Initial Order**”, and as subsequently amended and restated the “**ARIO**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Among other things, the Initial Order provided for a stay of proceedings in respect of the Applicants for a period initially expiring on May 25, 2020 (the “**Stay Period**”).
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor (the “**Monitor**”) in the CCAA Proceedings.
- 1.3 Pursuant to an order dated November 24, 2020, the Monitor was granted enhanced powers in respect of ENTREC (the “**Enhanced Powers Order**”). Among other things, the Enhanced Powers Order authorized the Monitor to conduct, supervise, or direct the continuation or commencement of any legal process on behalf of ENTREC, and to settle, extend or compromise any indebtedness owing to or by ENTREC.
- 1.4 The Monitor, as foreign representative of the Applicants, filed petitions for each of the Applicants under Chapter 15 of the U.S. Bankruptcy Code (the “**U.S. Proceedings**”) in the United States Bankruptcy Court for the Southern District of Texas (the “**U.S. Court**”), Jointly Administered Case No. 20-32643. On May 15, 2020, the U.S. Court in the U.S. Proceedings entered an order granting provisional relief providing that the Initial Order be given full force and effect in all respects on an interim basis, including, without limitation, with respect to property of the Applicants located in the U.S.
- 1.5 On August 31, 2020, the Court granted orders, which among other things, authorized the sale of all the Applicants’ assets in the U.S. excluding leased assets and receivables (the “**Wolverine Transaction**”) to Wolverine Energy and Infrastructure Inc. (“**Wolverine**”), which was approved by the U.S. Court on September 9, 2020. Subsequently, on October 1, 2020, the Applicants notified the Court and the Service List that the Wolverine Transaction had been terminated due to a dispute between the parties.
- 1.6 On November 2, 2020, the Court, and subsequently, the U.S. Court, granted orders which, *inter alia*, authorized the sale of substantially all of the U.S. assets (the “**Prolift Transaction**”) to

Prolift Rigging Company, LLC (“**Prolift**”) and assigned to Prolift the contracts required to be assigned as part of the Prolift Transaction pursuant to Section 11.3 of the CCAA.

- 1.7 On April 27, 2022, the Court granted an order which extended the Stay Period until the earlier of: (i) the filing of a certificate by the Monitor to terminate the CCAA Proceedings and discharge the Monitor (the “**Termination Certificate**”) and (ii) October 31, 2022, as well as lifted the stay of proceedings for the limited purpose of permitting an application to assign 984506 Alberta Ltd. (“**984**”) into bankruptcy and to approve the activities of the Monitor as set out in the Monitor’s Tenth Report dated April 18, 2022.
- 1.8 On April 24, 2023, the Court granted an order (the “**April 24 Order**”) which extended the Stay Period until the earlier of: (i) the filing of the Termination Certificate and (ii) October 31, 2023, and approved the activities of the Monitor as set out in the Monitor’s Eleventh Report dated October 12, 2022 and Twelfth Report dated April 17, 2023 (the “**Twelfth Report**”).
- 1.9 Concurrent with this report, the Monitor has filed a notice of application, returnable October 19, 2023, for an order (the “**Stay Extension Order**”) to extend the Stay Period until the earlier of: (i) the filing of the Termination Certificate and (ii) April 30, 2024, and to approve the activities of the Monitor as set out herein.
- 1.10 Further information regarding these CCAA Proceedings, including copies of the court orders, affidavits, reports of the Monitor and all other court-filed documents and notices are available on the Monitor’s website at [www.alvarezandmarsal.com/entrec](http://www.alvarezandmarsal.com/entrec) (the “**Monitor’s Website**”). Information regarding the U.S. Proceedings is available on the website of the U.S. notice agent at <https://cases.stretto.com/entrec>.

## **2.0 PURPOSE**

- 2.1 This Thirteenth Report of the Monitor (the “**Thirteenth Report**”) was prepared to provide information to this Honourable Court in respect of:
  - a) the activities of the Monitor since the Twelfth Report;
  - b) developments in the disputed Wolverine Transaction since the Twelfth Report;
  - c) a comparison of ENTREC’s actual cash receipts and disbursements for the period from April 1, 2023 to September 30, 2023, compared to the cash flow forecast, as appended to the Monitor’s Twelfth Report (the “**Tenth Cash Flow Forecast**”);
  - d) an updated and extended cash flow forecast for the period from October 1, 2023, to April 30, 2024 (the “**Eleventh Cash Flow Forecast**”);
  - e) the funds held in trust by the Monitor;

- f) other outstanding matters; and
- g) the recommendations of the Monitor in respect of the foregoing, as applicable.

2.2 The Thirteenth Report should be read in conjunction with the Stay Extension Order. Background information, including capitalized terms not defined herein, are contained in the Initial Order, the ARIO, and the Monitor's previous reports, and have not been repeated herein.

### **3.0 TERMS OF REFERENCE**

3.1 Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by the Monitor. An examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projections, and the variations could be significant.

3.2 Unless otherwise stated, all monetary amounts contained in this Thirteenth Report are expressed in Canadian dollars.

### **4.0 ACTIVITIES OF THE MONITOR**

4.1 The Monitor's activities since the Twelfth Report include:

- a) monitoring the legal proceedings in respect of the Wolverine Dispute, as subsequently defined;
- b) monitoring cash flow and other operational matters, in accordance with the Support Agreement dated May 14, 2020, as amended from time to time (the "RSA"). Though the RSA expired on June 30, 2021, the Monitor and the Agent on behalf of the Syndicate have agreed that it does not need to be renewed and the Monitor has continued to report to the Agent;
- c) preparing the Eleventh Cash Flow Forecast;
- d) collecting outstanding accounts receivable;
- e) assisting with various wind-down activities including attending to compliance matters with tax and other regulatory bodies in Canada;
- f) attending to the bankruptcy proceedings of 984;
- g) approving and preparing disbursements;
- h) communicating with various trade creditors and other stakeholders;
- i) posting of non-confidential materials filed with this Court to the Monitor's Website; and
- j) preparing this Thirteenth Report.

## **5.0 UPDATE ON THE WOLVERINE DISPUTE**

- 5.1 As detailed in the Monitor's previous reports, the Wolverine Transaction did not close on September 30, 2020, as a dispute arose between the parties in respect of a price adjustment requested by Wolverine; the Wolverine Transaction was subsequently terminated.
- 5.2 On November 2, 2020, Wolverine filed an adversary complaint against the Applicants in the U.S. Proceedings (the "**Wolverine Dispute**") seeking, among other things, a return of the bid deposit of \$3.35 million (the "**Deposit**") and additional damages and costs of approximately USD \$1.0 million plus costs and interest. The Monitor, on behalf of ENTREC, filed its Answer and Counterclaim on December 18, 2020.
- 5.3 The trial concluded on December 9, 2021. On August 9, 2022, the U.S. Court issued its opinion and judgement in favour of ENTREC and awarded ENTREC the bid deposit of \$3.35 million and certain costs (the "**Bill of Costs**") with respect to the trial.
- 5.4 On August 17, 2022, Wolverine's counsel filed a Notice of Filing an Appeal (the "**Appeal**") and subsequently on August 29, 2022, filed a Statement of Issues, which highlighted six issues for appeal, along with designations to file all materials and transcripts from the trial.
- 5.5 On September 2, 2022, Wolverine's counsel filed an objection to the Bill of Costs, which was granted by the U.S. Court on February 10, 2023.
- 5.6 Between October 28 to December 30, 2022, briefs from each party in respect of the Appeal were filed with the U.S. Court.
- 5.7 Since the Twelfth Report a decision has not yet been issued by the U.S. Court and no guidance regarding timing has been provided.
- 5.8 As discussed in the Twelfth Report, and in the Monitor's prior reports, the Monitor continues to hold the Deposit pending a consensual resolution or final judicial determination of the Wolverine Dispute. The Monitor is hopeful that the ongoing Wolverine Litigation will be resolved in the near term but is unable to estimate timing of when this will occur.

## **6.0 ACTUAL CASH FLOW RESULTS COMPARED TO TENTH CASH FLOW FORECAST**

- 6.1 As part of the ongoing oversight and monitoring of the business and financial affairs of ENTREC, the Monitor has set-up a monthly cash flow review protocol to compare actual cash flows against the Tenth Cash Flow Forecast.

- 6.2 The Applicants' actual cash receipts and disbursements as compared to the Tenth Cash Flow Forecast during the period from April 1, 2023, to September 30, 2023 (the "**Reporting Period**") are summarized below:

<b>ENTREC Corporation</b> <b>Cash Flow Variance Analysis</b> <b>For the period from April 1, 2023 to September 30, 2023</b> <b>(in CAD\$000s)</b>			
	<u>Actual*</u>	<u>Forecast**</u>	<u>Variance</u>
<b>Operating receipts</b>			
Other receipts	\$ 18	\$ 15	\$ 3
<b>Total operating receipts</b>	<u>18</u>	<u>15</u>	<u>3</u>
<b>Disbursements</b>			
Professional fees	83	136	(53)
Interim Facility interest costs	1,609	2,408	(799)
Contingency	10	15	(5)
<b>Total Disbursements</b>	<u>1,702</u>	<u>2,559</u>	<u>(803)</u>
<b>Net cash flow</b>	<u><b>\$ (1,684)</b></u>	<u><b>\$ (2,544)</b></u>	<u><b>860</b></u>
<b><u>Continuity of Reserve Fund</u></b>			
Opening Balance	334	334	-
Receipts collected by the Monitor	18	15	3
Less: draws	(93)	(151)	58
FX adjustment	(1)	-	(1)
<b>Ending balance</b>	<u><b>\$ 258</b></u>	<u><b>\$ 198</b></u>	<u><b>61</b></u>
<b><u>Continuity of Financing</u></b>			
<b><u>Pre-filing debt</u></b>			
Operating line	1,940	1,940	-
<b>Ending balance</b>	<u><b>1,940</b></u>	<u><b>1,940</b></u>	<u><b>-</b></u>
<b><u>Interim Facility</u></b>			
Opening balance	36,242	36,242	-
Draws (repayments)	1,609	2,408	(799)
<b>Ending Interim Facility balance (cash)</b>	<u><b>37,851</b></u>	<u><b>38,650</b></u>	<u><b>(799)</b></u>
<b>Total financing, ending position</b>	<u><b>\$ 39,791</b></u>	<u><b>\$ 40,590</b></u>	<u><b>(799)</b></u>
*Amounts denominated in US currency were converted into Canadian dollars at the average exchange rate for the applicable period			
**Amounts denominated in US currency were converted into Canadian dollars at an exchange rate of C\$1:US\$.7389			

- 6.3 During the Reporting Period, ENTREC experienced a net favourable cash flow variance of approximately \$860,000 due to a decision by the Syndicate to cease recording interest effective in August 2023.
- 6.4 The cash flow reporting does not include the Deposit, which is currently invested in a guaranteed investment certificate ("**GIC**") issued by a Canadian chartered bank.
- 6.5 As detailed and defined in the Seventh Report, the Monitor is holding the Reserve to satisfy post-filing obligations incurred by the Applicants in the ordinary course of business and through the wind-down of the CCAA Proceedings. During the Reporting Period, the net decrease to the

Reserve was \$76,000, which was used to fund wind-down costs, professional fees, and other matters related to these CCAA Proceedings.

- 6.6 Net advances under the Interim Facility were \$1.6 million over the Reporting Period, which consisted entirely of interest costs.

## 7.0 ELEVENTH CASH FLOW FORECAST

- 7.1 The Applicants have prepared an updated cash flow forecast for the period from October 1, 2023 to April 30, 2024 (the “Forecast Period”). A copy of the Eleventh Cash Flow Forecast, together with the accompanying notes, is attached to this report as Appendix “A” and is summarized below:

<b>ENTREC Corporation</b> <b>Eleventh Cash Flow Forecast</b> <b>For the period from October 1, 2023 to April 30, 2024</b> <b>(in CAD\$000s)</b>	
<b>Operating receipts</b>	
Other receipts	\$ 18
<b>Total operating receipts</b>	<u>18</u>
<b>Disbursements</b>	
Professional fees	\$ 98
Contingency	<u>20</u>
<b>Total disbursements</b>	<u>118</u>
<b>Net cash flow</b>	<u><b>\$ (100)</b></u>
<b><u>Continuity of Reserve Fund</u></b>	
Opening balance	258
Receipts collected by the Monitor	18
Less: draws	<u>(118)</u>
<b>Ending balance</b>	<u><b>\$ 158</b></u>
<b><u>Continuity of Financing</u></b>	
<b>Pre-filing debt</b>	
Operating line	<u>1,940</u>
<b>Ending balance</b>	<u><b>1,940</b></u>
<b>Interim Facility</b>	
Opening balance	37,851
Draws (repayments)	<u>-</u>
<b>Ending Interim Facility balance (cash)</b>	<u><b>37,851</b></u>
<b>Total financing, ending position</b>	<u><b>\$ 39,791</b></u>

- 7.2 The Eleventh Cash Flow Forecast has been prepared solely for the purpose described in Note 1 of the Eleventh Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.
- 7.3 The Eleventh Cash Flow Forecast indicates that the Applicants will experience a net cash outflow of \$100,000 over the Forecast Period based on the following key assumptions:
- a) forecast receipts of \$18,000 represents monthly installments from an accounts receivable settlement and interest earned; and



b) professional fees are forecast to be approximately \$98,000 during the Forecast Period and include the Monitor and its legal counsel, the Syndicate's financial advisor and its legal counsel in Canada and the U.S., and the U.S. noticing agent.

7.4 Pursuant to the CCAA Termination Order granted by the Court on November 24, 2020, and as detailed in the Monitor's Seventh Report, the Reserve will be utilized to satisfy post-filing obligations incurred by the Applicants during the Forecast Period and to complete such steps as are necessary to wind-down the Applicants' operations. If there are any excess funds remaining in the Reserve, these funds are to be distributed to the Agent, provided that the aggregate amount of all distributions does not exceed the aggregate obligations owing to the Syndicate by the Applicants.

7.5 The Reserve does not include any amounts held back for the Deposit, which is currently invested in a GIC pending resolution of the Wolverine Dispute.

## 8.0 FUNDS HELD IN MONITOR'S ACCOUNTS

8.1 As at September 30, 2023, the Monitor currently holds in trust approximately \$3.7 million, comprised of the following:

Monitor Cash Holdings September 30, 2023 (in CAD\$000s)	
Wolverine Deposit*	\$ 3,350
Interest earned on Wolverine Deposit	141
Reserve	258
<b>Total</b>	<b>\$ 3,749</b>
*The Wolverine Deposit is invested in a guaranteed investment certificate issued by a Canadian chartered bank.	

8.2 The Monitor expects to continue to draw down the Reserve to fund operating and other costs to complete the administration of the CCAA Proceedings and to distribute any remaining funds to the Agent upon the completion of the CCAA Proceedings.

## 9.0 OTHER MATTERS

9.1 As discussed in the Twelfth Report, 984 was adjudged bankrupt and a bankruptcy order was made as a result of a petition initiated by the Agent and A&M was appointed trustee (the "Trustee") in the bankruptcy proceedings. A&M was subsequently affirmed as Trustee by the creditors of 984 at the first meeting of creditors held on July 20, 2022.

9.2 The Trustee is nearing the completion of the administration of the estate and expects to seek its discharge in due course.

## **10.0 EXTENSION OF STAY OF PROCEEDINGS**

10.1 Pursuant to the April 24 Order, the Stay Period will expire the earlier of: (i) the date of the filing of the Termination Certificate; and (ii) October 31, 2023. The Monitor, on behalf of the Applicants, is seeking an extension of the Stay Period to the earlier of: (i) the date of the filing of the Termination Certificate; and (ii) April 30, 2024.

10.2 The Monitor supports extending the Stay Period for the following reasons:

- a) the proposed extension of the Stay Period will provide the necessary stability and certainty to enable the Monitor to facilitate the wind-down of the CCAA Proceedings including collecting outstanding accounts, and concluding the Wolverine Dispute, which if not resolved by April 30, 2024, will result in the Monitor seeking additional extensions of the Stay Period;
- b) with the Reserve in place, there is sufficient liquidity to fund the remaining costs anticipated as being required to complete the administration of the CCAA Proceedings; and
- c) no creditor of the Applicants would be materially prejudiced by the extension of the Stay Period and the Monitor understands that the Syndicate supports the extension.

## **11.0 RECOMMENDATIONS**

11.1 The Monitor respectfully recommends that this Honourable Court grant the Stay Extension Order.

\*\*\*\*\*

All of which is respectfully submitted to this Honourable Court this 6<sup>th</sup> day of October 2023.

**Alvarez & Marsal Canada Inc.,  
in its capacity as Monitor of  
ENTREC Corporation and its subsidiaries**



---

Per: Anthony Tillman  
Senior Vice President



---

Per: Vicki Chan  
Vice President

## **APPENDIX A**

**Eleventh Cash Flow for the period from October 1, 2023 to April 30, 2024**

**For the 7-month period from October 1, 2023 to April 30, 2024  
(in CAD\$000s)**

[illegible]

**ENTREC Corporation**  
**Eleventh Cash Flow Forecast**  
**Notes and Assumptions**

1. These cash flow projections in respect of ENTREC Corporation and its subsidiaries ("ENTREC") for the 7-month period from October 1, 2023 to April 30, 2024 (the "Eleventh Cash Flow Forecast") have been prepared by the Monitor based on unaudited financial information, and estimates of projected receipts and disbursements. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material.

There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below with respect to operations, including the assumption that ENTREC continues to operate within the protections afforded as a result of the Amended and Restated Initial Order granted on May 25, 2020 and as may be amended from time to time during the CCAA Proceedings.

The Eleventh Cash Flow Forecast is presented in thousands of Canadian dollars and amounts denominated in US currency have been converted into Canadian dollars at an exchange rate of C\$1:US\$0.7396 throughout the period.

2. Receipts represent monthly collections from an outstanding accounts receivable account.
3. Professional fees have been forecast based on estimates of professional service firm costs relating to the CCAA Proceedings and include the Monitor and its legal counsel, the Syndicate's financial advisor and its legal counsel in Canada and the U.S., and the U.S. noticing agent.
4. Contingency costs include unanticipated expenses over the forecast period.
5. The Reserve Fund is expected to fund approximately \$118,000 of ongoing disbursements during the forecast period.