CLERK OF THE COURT
FILED
MAR 06 2018
JUDICIAL CENTRE
OF CALGARY

Form 27
[Rules 6.3 and 10.52(1)]

COURT FILE NUMBER	**1501-00681**
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY OF CALMENA ENERGY SERVICES INC., CALMENA ENERGY HOLDINGS LTD., CALMENA ENERGY SERVICES OPERATING LIMITED PARTNERSHIP, 1414995 ALBERTA LTD., CALMENA ENERGY SERVICES USA CORP., CALMENA DRILLING SERVICES LLC, CALMENA ENERGY SERVICES US LP, BW SERVICES LUXEMBOURG SARL, BWES SERVICES DE MEXICO, S. DE R.L. DE C.V., PAM AMERICAN DRILLING S. DE R.L. DE C.V., CALMENA ENERGY SERVICES DE MEXICO, S. DE R.L. DE C.V., CALMENA LUXEMBOURG HOLDING S.A.R.L.
PLAINTIFF:	HSBC BANK CANADA
DEFENDANTS:	CALMENA ENERGY SERVICES INC., CALMENA ENERGY HOLDINGS LTD., CALMENA ENERGY SERVICES OPERATING LIMITED PARTNERSHIP, 1414995 ALBERTA LTD., CALMENA ENERGY SERVICES USA CORP., CALMENA DRILLING SERVICES LLC, CALMENA ENERGY SERVICES US LP, BW SERVICES LUXEMBOURG SARL, BWES SERVICES DE MEXICO, S. DE R.L. DE C.V., PAN AMERICAN DRILLING S. DE R.L. DE C.V., CALMENA ENERGY SERVICES DE MEXICO, S. DE R.L. DE C.V., CALMENA LUXEMBOURG HOLDING S.A.R.L.
DOCUMENT	**APPLICATION BY THE RECEIVER FOR A PARTIAL DISCHARGE**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Patrick T. McCarthy, Q.C./Jessica L. Cameron Borden Ladner Gervais LLP 1900, 520 3rd Ave. S.W. Calgary, AB T2P 0R3 Telephone: (403) 232-9441/9715 Facsimile: (403) 266-1395 Email: PMccarthy@blg.com /JCameron@blg.com File No. 413255/000043

NOTICE TO THE ATTACHED SERVICE LIST (SCHEDULE "A")

This application is made against you or may affect you. You are a respondent, a party to this proceeding or an interested party.

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

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

Date	March 14, 2018
Time	10:30 a.m.
Where	Calgary Courts Centre, 601-5th Street SW, Calgary AB
Before Whom	The Honourable Justice K.D. Yamauchi, in Commercial Chambers

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

Remedy claimed or sought:

1. Ernst & Young Inc., in its capacity as the court-appointed receiver and manager (the "**Receiver**"), of all the current and future property and undertakings of Calmena Energy Services Inc., Calmena Energy Holdings Ltd. ("**Calmena Holdings**"), Calmena Energy Services Operating Limited Partnership, 1414995 Alberta Ltd., Calmena Energy Services USA Corp., Calmena Drilling Services LLC, and Calmena Drilling Services US LP (the "**Debtors**"), seeks an Order for the following relief:

   (a) Declaring service of this Application good and sufficient, and abridging the time for notice of this Application to the time actually given, if necessary;

   (b) Approving the Statement of Receipts and Disbursements in respect of the Debtors for the period from January 20, 2015 to February 20, 2018 as set out in the Receiver's Sixth Report dated March 5, 2018 (the "**Sixth Report**");

   (c) Discharging the Receiver as receiver of Calmena Holdings, including without limitation, declaring that 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 in respect of Calmena Holdings; and,

   (d) Authorizing the Receiver, notwithstanding its discharge, to transfer the shares of Calmena Holdings to 2064365 Alberta Ltd. ("**2064365**"), authorizing the Receiver to deliver to 2064365 such of the books and records of Calmena Holdings as 2064365 may request, and in all other respects authorizing the Receiver to complete the sale of the shares of Calmena Holdings to 2064365 in accordance with the terms of the Calmena Luxembourg Transaction.

2. Such further and other relief as Counsel may advise and this Honourable Court may permit.

Grounds for making this application:

Background

3. The Receiver was appointed as receiver and manager of the Debtors pursuant to an Order of this Honourable Court dated January 20, 2015, as amended on February 9, 2015 and May 20, 2015 (the "**Receivership Order**").

4. Certain of the Debtors' foreign subsidiaries in Mexico, namely BWES Services de Mexico, S. de R.L. de C.V., and Pan American Drilling, S. de R.L. de C.V., as well as the Debtors' Luxembourg subsidiaries, BW Services Luxembourg Sarl ("**BW**") and Calmena Luxembourg Holding S.A.R.L. ("**Luxembourg Holding**") were removed from the within receivership proceedings by Order of this Honourable Court on February 9, 2015 and are not otherwise in formal insolvency proceedings in those jurisdictions. BW and Luxembourg Holding are hereinafter together referred to together as "**Calmena Luxembourg**".

5. The Mexican and Luxembourg subsidiaries were removed from the Receivership Order as a result of the expense and delay associated with pursuing formal insolvency proceedings in those jurisdictions and upon the advice of local counsel in Mexico and Luxembourg respectively.

6. The Calmena Group's first secured creditor, HSBC Bank Canada ("**HSBC**"), consented to the removal of the Mexican and Luxembourg subsidiaries from the Receivership Order.

7. The Receiver has completed an orderly disposition of the business, assets and operations of both the Mexican and Luxembourg subsidiaries by virtue of its control of Calmena Energy Services Inc. ("**CESI**"), which is either directly or indirectly the parent company of all of the Debtors, including Calmena Holdings.

8. Calmena Holdings is the sole shareholder of BW and Luxembourg Holding. Luxembourg Holding is the parent company of subsidiaries in Barbados, Dubai, Libya and Brazil.

Asset Realizations of Calmena Holdings and its subsidiaries

9. As set out in the Receiver's earlier reports, and in particular its Fifth Report, since taking control of the property of the Debtors the Receiver has effected an orderly disposition of the business, assets and operations of Calmena Luxembourg.

10. The Receiver is satisfied that, while some assets may remain in the various subsidiaries of Calmena Holdings, the cost and difficulty of recovering and realizing on those assets would considerably exceed any prospective value which might be realizable by the Receiver from them.

11. HSBC is the Calmena Group's first secured creditor. The Calmena Group is indebted to HSBC in the approximate amount of $16,000,000 (the "**Calmena HSBC Debt**"). Since the granting of the Receivership

Order and as set out in detail in the Sixth Report, the Receiver has paid interim distributions totaling approximately $10.3 million to HSBC and HSBC is expected to incur a shortfall on the Calmena HSBC Debt.

12. The KAI Trust ("KAI"), formerly Alpine Capital Corp., is the Calmena Group's second secured creditor. Pursuant to an Inter-Lender Agreement dated September 24, 2012, KAI agreed to subordinate its interests to HSBC. The Receiver understands that 2064356 has since acquired the debt owed from the Calmena Group to KAI and associated security interests in property of the Calmena Group, including Calmena Holdings.

13. The Receiver does not anticipate making any distributions to unsecured creditors of the Debtors.

14. HSBC is supportive of the sale of the shares of Calmena Holdings to 2064365.

The Calmena Luxembourg Transaction

15. The Receiver was in the process of finalizing tax returns and financial statements of Calmena Luxembourg when it received an unsolicited offer to purchase the shares of Calmena Holdings (the "**Calmena Luxembourg Transaction**") from 2064365 Alberta Ltd. ("**2064365**").

16. The consideration to be paid to the Receiver under the Calmena Luxembourg Transaction is $25,000. In addition to payment of the purchase price, 2064356 has agreed to discharge the Calmena Group from all liabilities owed to 2065356 as consideration for acquiring the shares of Calmena Holdings.

17. The Receiver believes that receivership of Calmena Holdings is essentially complete.

18. The Receiver has had no interest from prospective purchasers in the shares of Calmena Holdings throughout the course of its realization of the assets of the Debtors.

19. 2064365 has agreed to complete the outstanding tax returns and bring Calmena Luxembourg into good standing in Luxembourg. This would allow the Receiver to avoid additional costs associated with finalizing the tax returns and financial statements of Calmena Luxembourg.

20. Obtaining the purchase price to be received under the Calmena Luxembourg Transaction will, together with the cost savings identified above, increase the recoveries to HSBC, Calmena's senior secured lender. The Receiver believes it would not otherwise be able to monetize the shares of Calmena Holdings and without the Calmena Luxembourg Transaction, it will incur the accounting and other costs referenced above.

21. The Calmena Luxembourg Transaction does not require Court approval as it is below the $500,000 threshold for a single transaction to require Court approval pursuant to the Receivership Order and the Receiver has not previously sold any assets in the receivership without Court approval. Accordingly the Receiver has accepted the offer.

22. It is however a condition of the Calmena Luxembourg Transaction that the parties will make reasonable efforts to apply to the Court as soon as practicable to discharge the Receiver as receiver of Calmena Holdings, and accordingly the Receiver is requesting approval from this Honourable Court to be discharged as receiver of Calmena Holdings, and the authority of this Honourable Court to take the steps required thereafter to complete the Calmena Luxembourg Transaction notwithstanding its discharge as Receiver of Calmena Holdings.

23. It is also a condition of the offer that 2064356 will be responsible for any costs associated with the delivery of books and records of Calmena Holdings and its subsidiaries (the **"Books and Records").** The Receiver is to provide 2064356 or its representative with a reasonable opportunity to review the Books and Records before delivery is made, and 2064356 is not obligated to take any Books and Records other than those it chooses to take. The Receiver also seeks authorization of the Court to fulfill this condition, notwithstanding its discharge as receiver of Calmena Holdings.

Material or evidence to be relied on:

24. The Receiver's Sixth Report, dated March 5, 2018.

25. The pleadings and Receiver's Reports previously filed in these proceedings.

26. Such further and other evidence as counsel may advise and this Honourable Court may permit.

Applicable rules:

27. The *Alberta Rules of Court*, AR 124/2010, and in particular rules 1.3, 6.3, 6.4, 6.47, 11.21, 11.27, 11.29, 11.30 and 13.5.

28. The *Bankruptcy and Insolvency General Rules*, and in particular rules 3, 6 and 11.

29. Such further and other rules as Counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

30. Part XI of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 and s 13 of the *Judicature Act*, RSA 2000, c J-2.

31. 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:

32. None.

How the application is proposed to be heard or considered:

33. In person before the Honourable Justice K. D. Yamauchi, with some or all of the parties present.

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 at the time shown at the beginning of the 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"

Service List

COURT FILE NUMBER	**1501-00681**
COURT	**COURT OF QUEEN'S BENCH OF ALBERTA**
JUDICIAL CENTRE	**CALGARY**
	IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY OF CALMENA ENERGY SERVICES INC., *et al.*
PLANTIFF	**HSBC BANK CANADA**
DEFENDANTS	**CALMENA ENERGY SERVICES INC., *et al.***

SERVICE LIST

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