Form 27
[Rules 6.3 and 10.52(1)]

CLERK OF THE COURT
FILED
SEP 19 2013
JUDICIAL CENTRE
OF CALGARY

Clerk's Stamp

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 DRILLING SERVICES US LP, BW SERVICES LUXEMBOURG S.A.R.L., 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.
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 DRILLING SERVICES US LP, BW SERVICES LUXEMBOURG S.A.R.L., BWES SERVICES DE MEXICO, S. DE R.L. DE C.V., PAN AMERICAN DRILLING S. DE R.L. DE C.V., CALMENA LUXEMBOURG HOLDING S.A.R.L.** **(collectively, the "Calmena Group")**
DOCUMENT	**APPLICATION FOR ADVICE & DIRECTIONS**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Jessica L. Cameron Borden Ladner Gervais LLP 1900, 520 3rd Ave. S.W. Calgary, AB T2P 0R3 Telephone: (403) 232-9715 Facsimile: (403) 266-1395 Email: jcameron@blg.com File No. 413255/000043

NOTICE TO RESPONDENTS: See Service List, Schedule "A" to this Application

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

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

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

Date	September 27, 2016
Time	10:00 a.m.
Where	Calgary Courts Centre, 601-5th Street S.W., Calgary Alberta
Before Whom	The Honourable Justice A.D. Macleod

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. ("**CESI**"), Calmena Energy Holdings Ltd., Calmena Energy Services Operating Limited Partnership, 1414995 Alberta Ltd., Calmena Energy Services USA Corp. ("**US Corp**"), Calmena Drilling Services LLC ("**Calmena LLC**"), Calmena Drilling Services US LP ("**Drilling** LP", collectively with the foregoing named corporations and partnerships, the "**Debtors**" or the "**Calmena Group**"), seeks an Order from this Honourable Court:

   (a) deeming service of this Application together with all supporting materials to be good and sufficient, and abridging the time for service of said documents, if necessary; and

   (b) advice and directions respecting 1616057 Alberta Ltd.'s ("**161**") failure to remit to the Receiver the amount of USD$54,989.74 (the "**Outstanding Adjustment**"), being the amount owing by 161 to the Receiver pursuant to the Final Statement of Adjustments (the "**FSA**") delivered pursuant to the APA (as defined below).

2. Such further and other relief as counsel may advise and this Honourable Court deem just.

Grounds for making this application:

3. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Asset Purchase and Sale Agreement between Calmena Luxembourg Holding S.À.R.L., Calmena Drilling Services LLC, and Calmena Drilling Services US (LP) (collectively the "**Vendors**") and 161 dated May 14, 2015 (the "**APA**").

Receivership Background

4. 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 (collectively, the "**Receivership Order**").

5. On March 5, 2015, the within proceedings and the Receiver's appointment as receiver and manager of US Corp, Calmena LLC, and Calmena Drilling Services US LP, were formally recognized in the concurrent proceedings in the United States Bankruptcy Court for the Southern District of Texas (the "**U.S. Recognition Order**") under Chapter 15 of the United States Bankruptcy Code.

6. The Calmena Group's foreign subsidiaries in Mexico, namely: Calmena Mexico, BWES Services de Mexico, S. de R.L. de C.V., and Pan American Drilling, S. de R.L. de C.V. (collectively, the "**Mexican Subsidiaries**") and Luxembourg, namely: BW Luxembourg ("**BW Lux**") and Calmena Luxembourg Holding S.A.R.L. ("**Calmena Luxembourg**", together with BW Lux, the "**Luxembourg Subsidiaries**"), were removed from the within receivership proceedings by an Order of this Honourable Court on February 9, 2015 and are not otherwise in formal insolvency proceedings in those jurisdictions.

7. 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 the Receiver's local counsel in Mexico and Luxembourg, respectively.

8. The Calmena Group's first secured creditor, HSBC, consented to the removal of the Mexican and Luxembourg Subsidiaries from the Receivership Order. Further, HSBC provided the Luxembourg Subsidiaries with standstill letters each dated January 29, 2015, confirming that it would not enforce its security against those entities at that time (the "**Standstill Letters**"). The Standstill Letters remain effective.

9. BW HR Pro, S. de R.L. de C.V. ("**BW Pro**") was never a part of the within Receivership proceedings; however, BW Pro is one of the Calmena Group's Mexican Subsidiaries.

10. The Receiver is in the process of effecting 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., which is either directly or indirectly the parent company of all of the corporate entities comprising the Calmena Group, and with the co-operation of the respective directors of the Mexican and Luxembourg Subsidiaries.

11. The Receiver intends and is working to wind-down the operations of the Mexican and Luxembourg subsidiaries in the ordinary course.

FSA Dispute

12. The Receiver effected the sale of the entire operating assets of the Vendors pursuant to two separate asset purchase and sale agreements, one of which was to 161. Pursuant to the APA, 161 agreed to pay a purchase price of $835,000.00 for all of the Vendors' measurement-while-drilling systems and associated parts (the "**MWD Assets**").

13. Further, pursuant to Article 3.6 of the APA it was agreed that all Taxes, including property taxes, other than Transfer Taxes, payable in respect of the Purchased Assets would be apportioned on an accrual basis between the Parties as of the Effective Time, and would be set out on the Final Statement of Adjustments.

14. On May 21, 2015, the APA was approved by this Honourable Court.

15. Completion of the final statement of adjustments under the APA was originally scheduled for August 31, 2015 (the "**FSA Deadline**"). The parties mutually agreed to extend the FSA Deadline to November 30, 2015, at which time receipt of certain US property tax invoices (the "**Tax Invoices**") were expected, such invoices being required to complete the final statement of adjustments pursuant to the APA.

16. As no final Tax Invoices were received by the Receiver in the fall of 2015, the Receiver instructed its U.S. counsel to begin obtaining estimates of the Tax Invoices in order to prepare a draft final statement of adjustments. On November 17 and 18, 2015, respectively, the Receiver advised 161 that based on the estimates obtained thus far, the property taxes owing by 161 were USD$59,197.64 and USD$54,989.74.

17. The Receiver did not receive the final Tax Invoices until January 2016, as the taxing authorities erroneously delivered the invoices to closed Calmena facilities.

18. Based upon the Tax Invoices estimates prepared by the Receiver and delivered to 161 in mid-November 2015, 161 and the Receiver agreed to a further late delivery of the Final Statement of Adjustments to allow the Receiver to investigate the ability to challenge the Tax Invoices.

19. Through these investigations the Receiver discovered that the ability to dispute the amount of the Tax Invoices was dependent upon successfully disputing the prior property value assessments. As with the final Tax Invoices, these property assessments were also sent by the taxing authorities erroneously to Calmena's closed offices in the spring of 2015. The property assessments were not forwarded to the Receiver's attention until the fall of 2015, subsequent to the 30-day appeal period having expired. As a result, the Receiver was advised by its U.S. counsel that there was no basis upon which it could challenge the Tax Invoices.

20. The Receiver delivered the Final Statement of Adjustments to 161 on March 2, 2016 showing the Outstanding Adjustment, and requesting payment of the Outstanding Adjustment from 161.

21. On April 27, 2016, 161 requested evidence from the Receiver that it disputed the Tax Invoices, without which 161 disputed its liability to pay the Outstanding Adjustment as it was too high.

22. The Receiver detailed the history of the Tax Invoices and its investigative efforts in a letter to 161's counsel on May 3, 2016, and demanded payment of the Outstanding Adjustment. No reply was received to this correspondence.

23. Having received no response, the Receiver again sent a letter to 161's counsel on May 19, 2016, reiterating its demand for payment of the Outstanding Adjustment. Again, no reply was received to this correspondence.

24. Such further and other basis as Counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

25. The Receiver's Fourth Report, dated September 19, 2016.

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

Applicable rules:

27. Alberta *Rules of Court*, AR 124/2010, and in particular Rules 1.3, 3.75, 6.3, 6.4, 11.27, 11.29 and 13.5.

28. *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 permit.

Applicable Acts and regulations:

30. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and in particular Part XI thereof.

31. Such further and other acts and regulations as Counsel may advise and this Honourable Court 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 A.D. Macleod, 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.

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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.***

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