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COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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., 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.

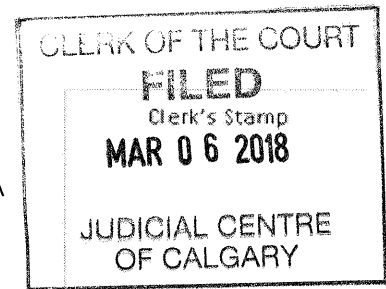
DOCUMENT SIXTH REPORT OF ERNST & YOUNG INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER

March 6, 2018

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

RECEIVER

ERNST & YOUNG INC.
2200, 215 - 2nd Street SW
Calgary, AB T2P 1M4
Neil Narfason / Peter Chisholm
Telephone: (403) 206-5067 / (403) 206-5061
Email: neil.narfason@ca.ey.com
peter.chisholm@ca.ey.com



COUNSEL

Borden Ladner Gervais LLP
Patrick T. McCarthy, Q.C. / Jessica L. Cameron
1900, 520 3rd Ave S.W.
Calgary, AB T2P 0R3
Phone: (403) 232-9715
Fax: (403) 266-1395
Email: pmccathy@blg.com
jcameron@blg.com

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INTRODUCTION

1. Ernst & Young Inc. was appointed as Receiver and Manager (the "Receiver") of the property, assets and undertakings (the "Property") of Calmena Energy Services Inc. ("CESI"), Calmena Energy Holdings Ltd. ("Calmena Holdings"), Calmena Energy Services Operating Limited Partnership ("Calmena LP"), 1414995 Alberta Ltd. ("141 AB"), Calmena Energy Services USA Corp. ("Calmena US Corp"), Calmena Drilling Services LLC ("Calmena Drilling Services"), Calmena Drilling Services US LP ("Calmena US LP"), BW Services Luxembourg S.A.R.L. ("BW Luxembourg"), BWES Services Mexico, S. De R.L. De C.V. ("BWES Mexico"), Pan American Drilling S. De R.L. De C.V. ("PanAm Mexico"), Calmena Energy Services De Mexico S. De R.L. De C.V. ("CES Mexico"), Calmena Luxembourg Holding S.A.R.L. ("Luxembourg Holding") (collectively the "Calmena Group") pursuant to an Order (the "Receivership Order") of this Honourable Court dated January 20, 2015 (the "Appointment Date").
2. On February 5, 2015, the Receiver filed a Petition for Recognition for CESI, Calmena Drilling Services, Calmena Drilling Services US LP, and Calmena US Corp under Chapter 15 of the United States Bankruptcy Code in United States Bankruptcy Court for the Southern District of Texas (the "US Court") in Case No. 15-30786 (the "Chapter 15 Proceedings"). On March 5, 2015, the US Court entered an Order Granting the Receiver's Petition for Recognition as a Foreign Main Proceeding and recognizing the Receiver as the Foreign Representative.
3. Certain of the Calmena Group's foreign subsidiaries, namely BWES Mexico, PanAm Mexico, BW Luxembourg and Luxembourg Holding, were removed from the within receivership proceedings by Order of this Honourable Court dated February 9, 2015 and are not otherwise in formal insolvency proceedings. BW Luxembourg and Luxembourg Holding are together referred to herein as "Calmena Luxembourg". The Calmena Group's senior secured creditor, HSBC Bank Canada ("HSBC") consented to the Order.
4. The purpose of this sixth report (the "Sixth Report") of the Receiver is to provide this Honourable Court with the Receiver's comments and information in respect of:
 - a) The activities of the Receiver since the fifth report of the Receiver dated November 14, 2016 (the "Fifth Report"), and to provide an updated statement of receipts and disbursements for the period from the Appointment Date to February 28, 2018 (the "Reporting Period"); and

- b) The Receiver's application for its discharge as the Court appointed receiver of Calmena Holdings and other relief related to the sale of the shares of Calmena Holdings.

TERMS OF REFERENCE

5. Capitalized terms not defined in this Sixth Report are as defined in the Receivership Order.
6. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

7. The Calmena Group is an international oilfield services company with operational entities which provided well bore construction services and both conventional and directional drilling.
8. For additional background on Calmena, please refer to the Receiver's website, www.ey.com/ca/calmena.

UPDATE ON RECEIVERSHIP PROCEEDINGS

9. Since taking control of the Property on the Appointment Date, the Receiver has effected an orderly disposition of the business assets and operations of the Calmena Group's two main divisions, directional drilling in the United States and conventional drilling in Mexico. The majority of the Calmena Group's Property was owned by Calmena Luxembourg.
10. The monetization efforts undertaken by the Receiver during these proceedings included continuing to operate the Calmena Group in the United States and Mexico in order to preserve accounts receivable, generate positive cash flow in Mexico and enhance recoveries from a going concern sale of the Calmena Group's conventional drilling division in Mexico. The Receiver undertook a sale and investment solicitation process which resulted in a sale of the majority of the business and assets of the Calmena Group, as described in further detail below.
11. Since the Appointment Date, the Receiver distributed approximately \$10.7 million to HSBC. HSBC is the Calmena Group's senior secured lender and was owed approximately \$16.0 million as at the Appointment Date.
12. The Receiver has been discharged from Chapter 15 proceedings commenced in the United States pursuant to an Order of this Honourable Court dated November 23, 2016 and an Order of the United States Bankruptcy Court for the Southern District of Texas Houston Division dated February 1, 2017,

13. The final matters to be resolved before the receivership is complete include:
- a. Resolution of on-going litigation in Mexico to collect an account receivable owing from a former customer of Calmena Mexico for conventional drilling services provided by the Receiver during these receivership proceedings; and
 - b. The formal winding-down or sale of Calmena Luxembourg.

Upon the above two matters being resolved, the Receiver will seek, from this Honourable Court, its full discharge as Receiver of the Calmena Group.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

Consolidated Summary of Receipts and Disbursements

14. The following table is a summary of the Receiver's receipts and disbursements for the Calmena Group on a consolidated basis during the Receivership Period:

Calmena Energy Services Inc. Summary of receipts and disbursements January 20, 2015 to February 28, 2018		Table 1.0	
	Functional Currency	Exchange Rate ¹	Reporting Currency (CAD)
Canadian account (CAD)			
Opening cash balance	-		
Total receipts	10,124,745		
Total disbursements	(10,115,610)		
Ending cash balance	9,134	1.00	9,134
U.S. account (USD)			
Opening cash balance	-		
Total receipts	11,835,648		
Total disbursements	(11,788,221)		
Ending cash balance at	47,427	1.281	60,749
Euro account (EUR)			
Opening cash balance	-		
Total receipts	130,790		
Total disbursements	(91,009)		
Ending cash balance	39,782	1.564	62,211
Total ending cash at February 28, 2018			132,094
¹ Rates obtained from Bank of Canada February 28, 2018 (closing)			

15. As indicated in Table 1.0 above, the Receiver was holding approximately \$132,000 CAD at February 28, 2018. These funds will be used to pay administrative costs associated with

completing the receivership and remaining funds will be distributed to HSBC as a final distribution.

Canadian Dollar Receivership Account

16. The following table is a statement of the Receiver's receipts and disbursements from its Canadian dollar account during the Receivership Period:

Calmena Energy Services Inc.		Table 2.0
Statement of receipts and disbursements - Canadian account		
January 20, 2015 to February 28, 2018		
CAD		
Opening cash balance		-
Receipts		
Net transfers from Receiver's US Dollar Account	8,161,199	
Proceeds from sale of US directional assets	1,641,922	
Intercompany recoveries	186,446	
GST refund	68,342	
Other miscellaneous receipts	66,836	
Total receipts	10,124,745	
Disbursements		
Distribution to secured creditor	(7,056,038)	
Receivers fees and costs	(1,025,370)	
Professional fees	(865,810)	
Salaries and benefits	(542,155)	
Consulting services	(166,429)	
Insurance	(128,190)	
General and administration	(109,968)	
GST paid	(97,438)	
Rent	(96,761)	
Marketing expenses	(16,384)	
Other miscellaneous disbursements	(11,068)	
Total disbursements	(10,115,610)	
Ending cash at February 28, 2018	9,134	

17. The Receiver has collected approximately \$10.1 million in its Canadian dollar receivership account, as follows:
- A net transfer of cash in the amount of \$8.2 million from the Receiver's US dollar trust (see Table 3.0 of this Sixth Report) to the Receiver's Canadian dollar trust account;
 - Proceeds of approximately \$1.6 million received from the sale of the US directional drilling equipment; and
 - Intercompany, GST and other miscellaneous recoveries totalling \$321,624.

18. The Receiver has disbursed approximately \$10.1 million from its Canadian dollar receivership account, as follows:
- a. Interim distributions to HSBC totalling \$7.1 million as approved by an Order of this Court dated December 18, 2015 (the "Interim Distribution Order");
 - b. Receiver's fees and expenses of \$1.0 million;
 - c. Receiver's legal counsels' fees and expenses, including both Canadian and US counsel; and
 - d. Salaries and benefits paid to the Canadian Calmena employees retained by the Receiver and additional consulting services paid to contractors assisting the Receiver in executing on its mandate, collectively totalling \$708,584; and
 - e. Insurance, rent, taxes, storage and other miscellaneous expenditures associated with the Receivership proceeding.

US Dollar Receivership Account

19. The following table is a statement of the Receiver's receipts and disbursements from its US dollar bank account during the Receivership Period.

Calmena Energy Services Inc.	Table 3.0
Statement of receipts and disbursements - US account	
January 20, 2015 to February 28, 2018	
USD	
Opening cash balance	-
Receipts	
Sale of Mexico rigs	6,200,524
Receipt of cash from Calmena Mexico	1,500,000
Initial transfer of debtor bank account	1,378,910
AR collections	990,461
Intercompany recoveries	807,201
Tax refund	477,339
Insurance refunds	350,422
Miscellaneous receipts	130,790
Total receipts	11,835,648
Disbursements	
Transfer of cash to CAD bank account	(6,288,074)
Distribution to secured creditor	(2,645,688)
Mexico operations salaries and benefits	(986,263)
Property taxes	(450,583)
US and Mexico legal fees	(443,200)
Insurance	(318,231)
Luxembourg payments	(273,839)
US directional drilling salaries and benefits	(146,705)
Rent	(96,980)
Miscellaneous disbursements	(76,037)
Luxembourg legal fees	(37,094)
Utilities	(25,527)
Total disbursements	(11,788,221)
Ending cash at February 28, 2018 (USD\$)	47,427

20. The Receiver has collected approximately \$11.8 million USD in its US dollar receivership account, as follows:
- The sale of conventional drilling rigs located in Mexico and the United States to Simmons Edeco Ltd. ("Simmons") for \$2.8 million USD and a conventional drilling rig located in Mexico to GPA Energy, S.A. de C.V. ("GPA Energy"), for \$3.0 million USD. The Calmena Group's conventional drilling equipment was owned by Calmena Luxembourg as at the Appointment Date;
 - The repayment of intercompany loans in the amount of \$1.5 million USD from Calmena Mexico to CESI. These proceeds were recovered through the collection of accounts receivable owed to Calmena Mexico as at the Appointment Date less the settlement of Calmena Mexico's third party liabilities;

- c. \$1.4 million USD transferred from Calmena Drilling Services' operating bank account held with HSBC Bank USA as at the Appointment Date;
 - d. Approximately \$990,000 USD from the collection of outstanding accounts receivable in the United States owed to Calmena Drilling Services; and
 - e. Intercompany recoveries, tax and insurance refunds and other miscellaneous receipts.
21. The Receiver has disbursed approximately \$11.8 million USD from its US dollar receivership account as follows:
- a. Transfer of cash to the Receiver's Canadian dollar trust account of approximately \$6.3 million USD;
 - b. Interim distributions to HSBC of \$2.6 million USD as approved by the Interim Distribution Order, including the \$900,000 USD distribution of residual funds of the Chapter 15 Debtors and CESI, approved in accordance with the Settlement Approval and US Entities Discharge Order;
 - c. Salaries and benefits of \$986,000 USD paid to Calmena Drilling Services' employees in the United States. Employees responsibilities included completing a directional drilling contract that was in progress as of the Appointment Date and managing Calmena Mexico's conventional drilling operations;
 - d. Property taxes of approximately \$451,000 USD associated with the directional drilling equipment and a conventional drilling rig located in Texas;
 - e. Legal fees incurred in Mexico and the United States totalling \$443,000 USD;
 - f. Payments of \$311,000 USD associated with settling Luxembourg in-country third party liabilities, maintaining the Calmena Luxembourg office, filing tax returns and legal fees; and
 - g. Insurance, rent, utilities and other disbursements for expenses incurred in the normal course for \$663,000 USD.

European Receivership Account

22. The following table is a statement of the Receiver's receipts and disbursements from its European bank account during the Receivership Period:

Calmena Energy Services Inc. Table 4.0
Statement of receipts and disbursements - Euro account
January 20, 2015 to February 28, 2018
EUR

Opening cash balance	-
Receipts	
Miscellaneous receipts	130,790
Total receipts	130,790
Disbursements	
Legal fees	(59,163)
Payroll and benefits	(18,616)
Corporate taxes	(12,365)
Miscellaneous fees	(865)
Total disbursements	(91,009)
Ending cash at February 28, 2018	39,782

23. €131,000 in miscellaneous receipts over the Receivership Period relates to funds transferred in from two closed Luxembourg accounts for BW Services Luxembourg SARL and Calmena Luxembourg Holding SARL in September 2016.
24. Legal fees totalling €21,000 over the Receivership Period were directly incurred in connection with the receivership proceedings. The remaining distributions were immaterial and incurred in the normal course.

DISCHARGE AS RECEIVER OF CALMENA ENERGY HOLDINGS LTD.

Background

25. Calmena Holdings is a holding company incorporated in Nova Scotia. The sole assets of Calmena Holdings as at the Appointment Date were its common share ownership of Luxembourg Holding and BW, although Luxembourg Holding in turn is the sole or principal shareholder of subsidiaries in Barbados, Dubai, Libya and Brazil.
26. At the commencement of these receivership proceedings, the Receiver was advised by its local legal counsel in Luxembourg that pursuing formal insolvency proceedings with respect to Calmena Luxembourg would be difficult and involve considerable delay and expense. Given the expense of obtaining foreign recognition in Luxembourg, the Receiver concluded that the cost of doing so outweighed any perceived benefits.

27. Despite having been unable to take direct control of the assets and operations of the Calmena Luxembourg entities, the Receiver has, in co-operation of the directors of those companies, been able to complete sales of the majority of their assets since the Appointment Date.
28. The realizable Property of Calmena Luxembourg as at the Appointment Date consisted of the following:
 - a. five conventional drilling rigs in Mexico and a conventional drilling rig located in Houston, Texas (collectively the "Conventional Drilling Rigs");
 - b. the majority of the Calmena Group's directional drilling equipment located in Oklahoma and Texas (the "Directional Drilling Equipment");
 - c. €131,000 of cash in Calmena Luxembourg's bank accounts; and
 - d. A wholly-owned subsidiary, Calmena Libya Petroleum Services Company ("Calmena Libya").
29. Based upon the Receiver's review of the books and records of the subsidiaries of Luxembourg Holding in Barbados, Dubai, and Brazil, those subsidiaries had little to no asset value in excess of their liabilities. As HSBC did not have security over the assets of those subsidiaries and the Receiver very limited control of those entities through Calmena Holdings' indirect ownership of the voting shares, the Receiver did not take steps to take possession or realize upon their property.

Sale and Investment Solicitation Process

30. The Receiver completed a Sale and Investment Solicitation Process (the "SISP") to solicit offers to purchase the business or property of the Calmena Group including the Conventional Drilling Rigs, the Directional Drilling Equipment and Calmena Libya.
31. The SISP resulted in the Applicants entering into the following sales transactions:
 - a. The Receiver sold Calmena's Directional Drilling Equipment pursuant to two asset purchase agreements to 1616057 Alberta Ltd. and Turbo Drill Industries, Inc. for aggregate consideration of \$1.6 million; and
 - b. The sale of the Conventional Drilling Rigs located in Mexico and the United States to Simmons for \$2.8 million USD and a conventional drilling rig located in Mexico to GPA Energy for \$3.0 million USD.

Calmena Libya – Unsuccessful Sales Process

32. Calmena Libya was a drilling business in Libya with two conventional drilling rigs. Calmena's drilling contracts in Libya had been suspended in April 2014 and there were no active operations. Calmena Libya's employees consisted of two employees in Libya and eight employees in Libya.
33. The Receiver marketed Calmena Libya's operations including without limitation, two drilling rigs and administrative and field employees pursuant to SISP.
34. Due to the unstable political environment within Libya, the Receiver did not receive any offers to the purchase business or assets of Calmena Libya and concluded that no sale was feasible in at least the near to medium term.

Winding Down of Calmena Luxembourg

35. The Receiver agreed to undertake an orderly wind-down of Calmena Luxembourg both as a condition of receiving the cooperation of Calmena Luxembourg's sole director and to avoid the time and cost associated with a formal insolvency filing in Luxembourg.
36. Since the Appointment Date, the Receiver has completed an orderly disposition of the assets of Calmena Luxembourg as described above, settled all third party (non-intercompany) debts of Calmena Luxembourg (approximately, \$125,000) commenced the process of affecting a formal wind-down of Calmena Luxembourg.

Calmena Luxembourg Transaction

37. 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"). Calmena Holdings is the parent company of Calmena Luxembourg.
38. The consideration to be paid to the Receiver under the Calmena Luxembourg Transaction is \$25,000. 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.

39. The Receiver understands that 2064356 has acquired the debt owed from the Calmena Group to the Kai Trust (formerly Alpine Capital Corp.), Calmena's second secured creditor. Pursuant to the Calmena Luxembourg Transaction, 2064356 has agreed to release the Calmena Group from the liabilities owed to it on completion of the transaction.
40. The Receiver believes that the receivership of Calmena Holdings is essentially complete. It is 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 in order to complete the Calmena Luxembourg Transaction.
41. 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 the 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.
42. The Receiver respectfully requests that this Honourable Court approve an Order discharging the Receiver as Receiver of Calmena Holdings and authorizing the Receiver to complete the Calmena Luxembourg Transaction based upon the following:
 - a. Through the SISP, the Receiver disposed of all Property owned by Calmena Holdings and its subsidiaries that the Receiver believed would provide a positive recovery to the Receivership;
 - b. 2064365 has agreed to complete the outstanding tax returns and bring Calmena Luxembourg into good standing in Luxembourg. This will allow the Receiver to avoid additional costs associated with finalizing the tax returns and financial statements of Calmena Luxembourg;
 - c. 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 that without the Calmena Luxembourg Transaction, it will incur those costs;

- d. HSBC, the Calmena Group's first secured creditor, is expected to incur a shortfall on the debt owed to it from the Calmena Group. HSBC is supportive of the Calmena Luxembourg Transaction;
- e. The shares of Calmena Holdings and the business of Calmena Luxembourg was available for purchase through the SISP and no bids were received. Furthermore, the Receiver actively marketed the business and assets of Calmena, including the shares of Calmena Holdings, and received no bids;
- f. The Receiver has completed the administration of the receivership of Calmena Holdings; and
- g. The sole director of Calmena Luxembourg is supportive of the Calmena Luxembourg Transaction.

RECOMMENDATIONS

43. The Receiver recommends that this Honourable Court:

- a. Approve the Statement of Receipts and Disbursements in respect of the Calmena Group for the period from January 20, 2015 to February 20, 2018;
- b. Declare 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;
- c. Discharge the Receiver as receiver of Calmena Holdings; and,
- d. Authorize the Receiver, notwithstanding its discharge, to transfer the shares of Calmena Holdings to 2064365, to deliver to 2064365 such of the books and records of Calmena Holdings as 2064365 may request, and in all other respects complete the sale of the shares of Calmena Holdings to 2064365 as contemplated by the Calmena Luxembourg Transaction.

All of which is respectfully submitted this 6th day of March, 2018.

ERNST & YOUNG INC.
in its capacity as Court Appointed
Receiver of the Calmena Group

A handwritten signature in black ink, appearing to be 'Narfason', with a long horizontal stroke extending to the right.

Neil Narfason, CA, CPA, CIRP, LIT, CBV
Senior Vice-President

A handwritten signature in black ink, appearing to be 'Peter Chisholm', with a stylized, cursive script.

Peter Chisholm, CA, CPA, CIRP, LIT
Vice President