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JUDICIAL CENTRE OF EDMONTON
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COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	ATB FINANCIAL
DEFENDANT	D.L.M. OILFIELD ENTERPRISES LTD.
DOCUMENT	**RECEIVER'S THIRD SUPPLEMENT TO THE THIRD REPORT** **MARCH 10, 2020**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER** ERNST & YOUNG INC. EPCOR Tower 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Dan McCulloch Telephone: 780-638-6642 / 780-441-4695 Fax: 780-428-8977 Email: matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com **COUNSEL** MLT AIKINS LLP Dana M. Nowak / Catrina Webster 2200, 10235 - 101 Street Edmonton, AB T5J 3G1 Telephone: 780-969-3506 / 403-693-4347 Fax: 780-969-3549 Email: dnowak@mltaikins.com cwebster@mltaikins.com

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INTRODUCTION AND PURPOSE OF THE REPORT

1. On February 8, 2019, pursuant to an application made by ATB Financial ("**ATB**"), Ernst & Young Inc. ("**EY**" or the "**Receiver**") was appointed as Receiver and Manager over the properties, assets and undertakings of D.L.M Oilfield Enterprises Ltd. ("**DLM**") by virtue of an order (the "**Receivership Order**") granted by the Court on that date.

2. Over the course of the receivership proceedings, there have been a number of applications to the Court by the Receiver and, more recently, an application was made by the Receiver to make certain - distributions to creditors, repay the Receiver's borrowings, approve the Receiver's actions as set out in the Receiver's Third Report, and seeking various other relief. This application was set to be heard on December 12, 2019, however, due to a priority concern raised by Bond Capital regarding the proposed distribution to ATB Financial, the application was ultimately adjourned.

3. The purpose of this brief report (the "**Receiver's Third Supplement to the Third Report**") is to provide the Court and DLM's stakeholders with the following in advance of the application currently set for March 20, 2020:

   (a) new details in relation to the settlement of the BMO Asset matter; and

   (b) information recently received by the Receiver from one of DLM's secured creditors (Paccar Financial Services Ltd. ("**Paccar**")) in relation its claims in these proceedings, and a revised proposed distribution as a result.

DISCLAIMER

4. In preparing the Receiver's Third Supplement to the Third Report, the Receiver has relied upon DLM's unaudited financial information, DLM's books and records, certain financial information prepared by DLM, and discussions with Management, as well as security interest documentation provided to it by ATB, Paccar and Bond Capital. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this report or relied upon in its preparation.

5. This report should be read in conjunction with any other materials filed before the date of the upcoming application being March 20, 2020. All reports and Orders, save for items directed to be sealed for confidentiality purposes, are available on the Receiver's website established for these proceedings that is located at www.ey.com/ca/dlm.

6. Unless otherwise stated, all references to monetary amounts contained herein are expressed in Canadian currency. Capitalized terms used herein, not otherwise defined, are as defined in the previous reports of the Receiver or other materials filed in connection with these proceedings.

BMO ASSET MATTER UPDATE

7. As discussed in the Receiver's Third Report, counsel for the Receiver, Laurentian Bank, Maynards and BMO (hereafter collectively referred to as the "**Parties**") were working through finalizing the details of a proposed settlement in respect of the BMO Asset matter. As at the date of this report, the Parties have reached an agreement in principle and the Receiver is awaiting final sign-off of the terms by counsel for BMO.

8. By way of update and for clarity, the high-level agreement among the parties is that BMO will receive a distribution totaling $56,050.00, which amount the Receiver has suggested be subject to the following updated terms:

   a) the Receiver will distribute an amount totaling $56,050.00 to BMO, which amount has been paid by Maynards to the Receiver in respect of resolving the sale of the BMO Asset and which amount includes reimbursement by Maynards to BMO of the buyer's premium associated with Maynards' sale of the BMO Asset;

   b) the Receiver will distribute an additional amount totaling $1,682.50 to Ritchie Bros Auctioneers, which amount has been paid by Maynards to the Receiver in respect of the resolution of the costs associated with the refurbishment of the wrong asset by BMO being a 2015 Peterbilt Model 388 having serial number 1XPWDP9X1FD258700 (the "**Laurentian Bank Unit**") and described as a refurbishment inspection (being an amount totaling $709.50) and a mechanical issue notification (being an amount totaling $973.00) in respect of the Laurentian Bank Unit; and

c) none of the above amounts shall be paid by the Receiver until such time as BMO and Laurentian Bank enter into a mutual release on commercially reasonable terms which will, inter alia, permit Laurentian Bank to take possession of the Laurentian Bank Unit free and clear of any claims or entitlements by BMO.

9. Attached as **Schedule "A"** to this report is a draft of the proposed settlement agreement in relation to this matter.

10. Provided that the Parties sign-off on the above noted settlement, the Receiver recommends that the Court approve same, as well as a proposed distribution to BMO and RBA upon finalization of the Mutual Release.

PACCAR SECURITY - NEW INFORMATION RECEIVED AND IMPACT ON REVISED PROPOSED DISTRIBUTION

11. On or about January 7, 2020, counsel for Paccar advised counsel for the Receiver that the Receiver's proposed distribution to creditors does not contemplate equipment cross-collateralizations granted by DLM in favour of Paccar. On February 12, 2020, counsel for the Receiver received copies of four cross-collateralizations from counsel for Paccar, subsequent to the receipt of which the Receiver reconsidered the proposed distribution to Paccar. An example of one of the Paccar cross-collateralizations is appended to this report as **Schedule "B"**. The Receiver advises that the only difference in the four Paccar cross-collateralizations is the date on which they were executed.

12. The Receiver and its counsel reviewed the documentation provided by Paccar and determined that Paccar's new cross-collateralization claim appears to be valid and enforceable in the circumstances.

13. Based on the above, the Receiver proceeded to review the Revised Proposed Distribution which was provided as an attachment to the Receiver's Second Supplement to the Third Report to determine if this new claim would cause any impact on or changes to the amounts proposed to be distributed to creditors.

14. Based on the Receiver's review of the Revised Proposed Distribution and the amounts allocated to the assets noted therein (using the Inflation Calculation as required), there is surplus equity in one of the Paccar units which should be reallocated back to Paccar. Currently, based on information filed with the Court by the Receiver to date, the Receiver advises that the changes required to the Revised Proposed Distribution will only impact ATB and Paccar. Set out in the chart below is a comparison of the amounts previously proposed to be paid to each of ATB and Paccar versus what the Receiver now believes should be paid in light of the cross-collateralization documents provided by Paccar:

	ATB	**Paccar**
Proposed Distribution from "Revised Proposed Distribution"	$5,743,110.90	$333,296.95
Proposed Distribution from "Second Revised Proposed Distribution"	$5,696,185.45	$380,222.40
Difference	-$46,925.45	$46,925.45

15. In addition to the above, the Receiver has prepared a Second Revised Proposed Balances for Allocation Purposes to Secured Creditors and Second Revised Proposed Distribution, both of which are attached to this report as **Schedule "C"** and **Schedule "D"** respectively. Schedule C and D attached, incorporate the proposed distribution changes to Paccar and ATB discussed above.

CONCLUSION

16. Based on the matters outlined in this brief report, the Receiver respectfully:

    a) recommends that the settlement in relation to the BMO Asset be approved; and

    b) reiterates its recommendations to the Court set out at paragraph 75 of the Receiver's Third Report, subject to the adjustments to the Receiver's Proposed Distribution as particularized in this supplemental report.

Respectfully submitted this 10th day of March 2020.

Ernst & Young Inc.
In its capacity as Receiver of
D.L.M. Oilfield Enterprises Ltd.
and not in its Personal Capacity

Per:

Matt McCulloch, CA, CPA, CIRP, LIT,
Senior Vice President

Schedule “A”

Schedule “B”

PACCAR FINANCIAL

CROSS-DEFAULT AND CROSS COLLATERAL AGREEMENT

TO: PACCAR Financial Services Ltd.

You have made one or more loans and/or leases to us (herein designated 'Accounts') for the purpose of our buying, or refinancing already purchased, equipment and/or inventory (herein designated 'Collateral'). The Accounts create security interests in the Collateral.

In order to induce you to extend our time of payment on one or more Accounts and/or to make additional loans to us and/or to lease Collateral to us and/or to purchase additional Accounts, and in consideration of you so doing, and for other good and valuable consideration, the receipt and sufficiency of which we hereby acknowledge, we agree as follows:

(1) All presently existing and hereafter acquired Collateral (the description of which is incorporated herein by reference) in which you have or shall have a security interest shall secure the payment and performance of all of our liabilities and obligations to you of every kind and character, whether joint or several, direct or indirect, absolute or contingent, due or to become due, and whether under presently existing or hereafter created Accounts or agreements or otherwise (herein individually and collectively designated 'Obligations').

(2) We further agree that your security interest in the Collateral covered by any Account now held or hereafter acquired by you shall not be terminated in whole or part until and unless all of our Obligations to you are fully paid and satisfied and the terms of every Account now owned or hereafter acquired by you have been fully performed by us. It is further agreed that you are to retain your security interest in all Collateral covered by all Accounts now owned or hereafter acquired by you, as security for payment and performance under every Account, notwithstanding the fact that one or more of such Accounts have been or may become fully paid.

(3) A default under any Account or other agreement between us shall be deemed to be a default under all other Accounts and agreements.

(4) Upon our default, any and all Accounts and agreements shall, at your option, become immediately due and payable without notice or demand to us or any other party obligated thereon, and you shall have and may exercise any and all rights and remedies of a secured party under Ontario or Quebec law in the applicable jurisdiction(s) and as otherwise granted or accorded to you under any Account, other agreement, rule of law, judicial decision or statute. We hereby waive, to the maximum extent permitted by law, notices of default, notices of repossession and sale or other disposition of collateral, and all other notices, and in the event any such notice cannot be waived, we agree that if such notice is mailed to us postage prepaid at the address shown below at least ten (10) days prior to the exercise by you of any of your rights or remedies, such notice shall be deemed to be reasonable and shall fully satisfy any requirement for giving notice.

(5) All rights and remedies granted to you hereunder shall be cumulative and not alternative, shall be in addition to, and shall in no manner impair or affect, your rights and remedies under any existing Account, agreement, statute, judicial decision or rule of law.

This instrument is intended to create cross-default and cross-security between and among all Accounts now owned or hereafter acquired by you.

This agreement may not be varied or altered nor its provisions waived except by our duly executed written agreement. This agreement shall inure to the benefit of your successors and assigns and shall be binding upon our heirs, administrators, executors, legal representatives, successors and assigns. IN WITNESS WHEREOF, we have executed this Agreement this seventeenth day of February, 2015.

LESSEE
D.L.M. OILFIELD ENTERPRISES LTD.

ADDRESS
PO BOX 7616
BONNYVILLE, Alberta T9N-2H9

BY:

NAME

TITLE

DATE:
17 February 2015

Schedule "C"

Schedule C
D.L.M. Oilfield Enterprises Ltd. - in Receivership
Ernst & Young Inc., Receiver
Second Revised Proposed Balances for Allocation Purposes to Secured Creditors

SECURED CREDITOR	ASSET				SALE PRICE *(Note 1)*	NMG *(Note 2)*	% of NMG *(Note 3)*	ADJUSTED SALE PRICE *(Note 4)*	PROVEN PROPERTY CLAIMS	PROPOSED BALANCES FOR ALLOCATION PURPOSES *(Note 5)*	
	UNIT #	YEAR	MAKE	VIN or SERIAL NO.							
Diamond International	124	2013	International	1HTNWSMT6DJ328935	0.00	75,000.00	1.11%	65,061.56	17,297.48	17,297.48	
Lash Enterprises	22	2005	Peterbilt	1NPFIU9X85D844255	11,000.00	20,000.00	0.30%	17,349.75	2,782.50	2,782.50	
J.C. Inspections	214T	2008	Scona Rebel Vac Trailer	2E9H45D3783003491	0.00	15,000.00	0.22%	13,012.31	28,918.37	13,012.31	
ARI	P18	2014	Dodge Ram 2500	3C6UR5GLXEG119074	12,000.00	0.00	N/A	12,000.00	3,062.92	3,062.92	
De Lage	240	2015	Kenworth	1XKDP4TX7FJ976409	110,000.00	175,000.00	2.59%	151,810.30	196,528.92	151,810.30	
	240T	2015	Magnum	2P9ST3MU6FA015474							
GMFCLL	P123	2017	GMC Truck Sierra 1500 4X4	3GTU2NEJ4HG428204	28,500.00	0.00	N/A	28,500.00	28,784.23	28,500.00	
Greatwest	257	2009	Kenworth	1XKDDB0X89J940217	0.00	30,000.00	0.44%	26,024.62	53,401.25	64,024.62	
	259	2013	Kenworth T800	1XKDD40X8DJ960102	38,000.00	35,000.00	N/A	38,000.00	60,200.00		
PACCAR	230	2014	Peterbilt	1XPWD40X8ED246084	0.00	90,000.00	1.33%	78,073.87	18,654.66	481,455.51	*(Note 8)*
	232	2014	Peterbilt	1XPTD40XXED220783	95,000.00	115,000.00	1.70%	99,761.05	162,541.52		
	232T	2014	Advance	2AEFSWKH6EE000170							
	233	2014	Peterbilt	1XPTP4EX8ED220782	92,500.00	175,000.00	2.59%	151,810.30	174,773.59		
	233T	2014	Advance	2AEFSYKH2EE000176							
	239	2015	Kenworth T800	1XKDP4TX5FJ976408	0.00	175,000.00	2.59%	151,810.30	221,722.20		
	239T	2015	Magnum	2P9ST3MU8FA015459							
RCAP			Portable gas detectors	N/A	4,000.00	0.00	N/A	4,000.00	19,757.84	4,000.00	
Triton	57	2013	INTERNATIONAL	1HTXYSJT1DJ466891	50,000.00	55,000.00	0.82%	50,000.00	375,788.15	136,284.22	*(Note 9)*
	242	2006	Peter	1XP5DB9X46D884921	6,000.00	15,000.00	0.22%	13,012.31			
	243	2007	Kenworth	1XKWDB0X97R995136	10,500.00	30,000.00	0.44%	26,024.62			
	242T	2012	ACRO	1G9HT3922CA116014	10,000.00	15,000.00	0.22%	13,012.31			
	243T	1997	WESTECH	2E9H45D34V3003749	32,500.00	2,000.00	N/A	32,500.00			
	244T	2001	WESTECH	2AESSWKH9YE0000229	0.00	2,000.00	0.03%	1,734.97			

	NMG per Auction Agreement		Adjusted NMG	
	6,745,000.00		5,851,202.54	
	(Note 6)		*(Note 7)*	

Schedule C - Notes

NOTE

1 The Sale Price is the amount that Maynards received from the sale of the asset.

2 The NMG amounts noted relate to the individual amounts that Maynards estimated and allocated to each asset to determine the NMG of $6,745,000.

3 The % of NMG is simply the percentage of the individual asset's amount of the total NMG.

4 The Adjusted Sale Price was calculated by applying the % of NMG to the Adjusted NMG (Note 7) for any assets where the sale price was lower than the individual NMG figure. Where the Sale Price exceeded the individual NMG figure, the actual Sale Price was used.

5 These figures are either the accepted proven claim amount (where the claim amount accepted by the Receiver was less than the Adjusted Sale Price), or the Adjusted Sale Price, where the accepted claim amount exceeded the Adjusted Sale Price.

6 This amount is Maynards NMG and used to determine the % of NMG for each asset.

7 This amount was calculated by the Receiver by deducting from the NMG the Sale Price of any asset that sold for more than Maynards' individual estimated NMG amount which totalled $893,797.46. This amount was then multiplied by the % of NMG amounts to determine the Adjusted Sale Price of each asset.

8 This amount is the sum of $78,073.87, $99,761.05, $151,810.30, and $151,810.30. PACCAR is entitled to the full amount of the Adjusted Sale Price by virtue of their cross-collateralization agreement with DLM and the fact that aggregate Adjusted Sale Price of PACCAR's assets does not exceed the total amount owed to PACCAR.

9 This amount is the sum of $50,000.00, $13,012.31, $26,024.62, $13,012.31, $32,500.00, and $1,734.97.

Schedule "D"

Schedule D
D.L.M. Oilfield Enterprises Ltd. - in Receivership
Ernst & Young Inc., Receiver
Second Revised Proposed Distribution

	Totals	ATB	BMO	WEPPA	Diamond	Lash	J.C.	Bond	ARI	De Lage	GMFCLL	Greatwest	PACCAR	RCAP	Triton	NOTES
Realizations to Date																
Accounts receivable	817,598.44	797,398.70		20,199.74				0.00								1
Sale of inventory	24,000.00	24,000.00														
Sale of assets	6,726,250.00	5,824,020.14			17,297.48	2,782.50	13,012.31		3,062.92	151,810.30	28,500.00	64,024.62	481,455.51	4,000.00	136,284.22	2
Receiver's certificate	415,000.00															
Insurance proceeds	139,560.00	139,560.00														
Miscellaneous refunds & interest	28,931.72	28,931.72														
BMO Asset Funds	54,625.00		54,625.00													3
Inter																
Less:																
Receiver's certificate	415,000.00															4
Totals Realized to Date	7,790,965.16	6,813,910.56	54,625.00	20,199.74	17,297.48	2,782.50	13,012.31	0.00	3,062.92	151,810.30	28,500.00	64,024.62	481,455.51	4,000.00	136,284.22	5
Priority Creditors:																
WEPPA	20,199.74			20,199.74												
Diamond International	17,297.48				17,297.48											
Lash Enterprises	2,782.50					2,782.50										
J.C. Inspections	13,012.31						13,012.31									
BMO Asset	54,625.00		54,625.00													
Balances for Allocation Purposes	7,683,048.13	6,813,910.56	0.00	0.00	0.00	0.00	0.00	0.00	3,062.92	151,810.30	28,500.00	64,024.62	481,455.51	4,000.00	136,284.22	5
Proposed Allocation %	100.00%	88.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	1.98%	0.37%	0.83%	6.27%	0.05%	1.77%	5
Proposed Allocated Costs (paid to date):	1,548,894.64	1,373,677.40	0.00	0.00	0.00	0.00	0.00	0.00	617.48	30,604.80	5,745.57	12,907.30	97,060.94	806.40	27,474.76	
WIP and cost to complete of Receiver:	50,829.45	45,079.42	0.00	0.00	0.00	0.00	0.00	0.00	20.26	1,004.35	188.55	423.57	3,185.21	26.46	901.63	
WIP and cost to complete of Counsel:	15,750.00	13,968.30	0.00	0.00	0.00	0.00	0.00	0.00	6.28	311.21	58.42	131.25	986.97	8.20	279.38	
Proposed Net Distribution:	6,175,491.07	5,381,185.45	54,625.00	20,199.74	17,297.48	2,782.50	13,012.31	0.00	2,418.90	119,889.95	22,507.46	50,562.50	380,222.40	3,158.94	107,628.45	
Add:																
Repayment of Borrowings	415,000.00	415,000.00														
Less:																
Hold back (Contingency)	-100,000.00	-100,000.00														
Proposed Final Distribution:	6,490,491.07	5,696,185.45	54,625.00	20,199.74	17,297.48	2,782.50	13,012.31	0.00	2,418.90	119,889.95	22,507.46	50,562.50	380,222.40	3,158.94	107,628.45	

Schedule D - Notes

NOTE

1 Bond:

As per the *Forbearance Amending Agreement* dated December 20, 2018 (the "**Agreement**"), between DLM and ATB , the priority to the proceeds of the liquidation of DLM's current assets shall be paid, firstly, to ATB on account of all amounts outstanding up to $1,485,803.58, secondly, to Bond Capital Partners (2012) Ltd. ("**Bond**") up to $200,000, and the remaining balance up to $13,444,353.84 to ATB. Article 6.6 of the Agreement specifies that should DLM borrow the additional $200,000 from Bond, that DLM will ensure that the priority, as between ATB and Bond will be in accordance with the Agreement. A representative from Bond has confirmed by email to the Receiver that the Agreement stipulates the priority in this regard.

Since the liquidation of the Borrower's current assets realized $983,917.76, ATB is entitled to the full realized amount and, therefore, no proceeds remained for distribution to Bond.

WEPPA:

$20,199.74 is payable to Service Canada, in relation to the *Wage Earner Protection Program* , which ranks above ATB and Bond in relation to DLM's Current Assets.

2 $6,750,250.00 represents the Maynards NMG of $6,745,000.00 and the sale of coil tubing of $5,250.00.

Priority Creditors (Diamond, Lash, and J.C.):

The claims of the priority creditors are comprised of garage keeper's liens that rank ahead of the claims of ATB and Bond. The proposed distributions to Diamond and Lash are based on their respective proven claims. The proposed distribution to J.C. Inspections is based on the adjusted NMG as the asset did not sell and the proven claim was greater (details of which are included in Schedule "C"). As these are priority creditors they do not share in the costs of the receivership.

Secured Creditors (ARI, De Lage, GMFCLL, Greatwest, PACCAR, RCAP, and Triton):

The proposed distribution to the secured creditors, other than ATB and Bond, has been determined based on a percentage of the NMG and their interest in their respective assets (details of which are included in Schedule "C"). These secured creditors share in the costs of the receivership.

3 BMO Asset Funds

The setttlement in relation to the BMO Asset error was not finalized as at the date of this report. Should the settlement proceed as anticipated, the Receiver should receive an additional $3,107.50 from Maynards in this regard. In either event, the Receiver will distribute the total funds received to BMO without any costs allocated, provided the agreement is finalized. Unless there is some unexpected change in the propsed settlement (unlikely) there is no impact of this BMO Asset matter on the distrubutions to the other creditors in these Receivership proceedings.

4 $415,000 represents the Receiver's certificate which has been removed from the realizations to date as this represents the Receiver's working capital to administer the receivership, and does not form part of the realizations available for distribution to creditors.

5 The Proposed Allocation % is based on each creditor's respective recovery. For Service Canada, Diamond International, Lash Enterprises and J.C. Inspections the Receiver did not allocate any costs given these creditors have priority over the other creditors in the circumstance. In addition, no costs were allocated to BMO based on the pending agreement discussed earlier in this report.