

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
MIDLAND DIVISION**

In re: KODIAK SERVICES USA, INC., Debtor in Foreign Proceeding.	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending
In re: KODIAK SERVICES PARTNERSHIP, Debtor in Foreign Proceeding.	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending
In re: KODIAK WIRELINE SERVICES LTD., Debtor in Foreign Proceeding.	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending
In re: KODIAK ENERGY SOLUTIONS LTD., Debtor in Foreign Proceeding.	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending
In re: KODIAK TOOLS LTD., Debtor in Foreign Proceeding.	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending
In re: 1623360 ALBERTA LTD., Debtor in Foreign Proceeding. ¹	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending

¹ The last four digits of the United States Tax Identification Number or Canadian Business Number of the Debtors, as applicable, follow in parentheses: Kodiak Services USA, Inc. (0169) ("Kodiak USA"), Kodiak Services Partnership (9809) ("Kodiak Partnership"), Kodiak Wireline Services Ltd. (2948) ("Kodiak Wireline"), Kodiak Energy Solutions Ltd. (2892) ("Kodiak Solutions"), Kodiak Tools Ltd. (3099) ("Kodiak Tools"), and 1623360 Alberta Ltd. (1045) ("162 Alberta", collectively with Kodiak Partnership, Kodiak Wireline, Kodiak Solutions, and Kodiak Tools, the "Canadian Debtors"). The Debtors' headquarters is located at #2230, 13 Mission Avenue, St. Alberta, Alberta. Kodiak's principal place of business in the US is located at its leased premises in Midland, Texas.

**MOTION PURSUANT TO FED R. BANKR. P. 1015(b) FOR
ORDER DIRECTING JOINT ADMINISTRATION OF CASES
UNDER CHAPTER 15 OF THE BANKRUPTCY CODE**

Ernst & Young Inc. as receiver (the “Receiver”), and the putative foreign representative, for the above-captioned affiliates (collectively, the “Debtors” or “Kodiak”) in a proceeding (the “Receivership Proceeding”) under Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the “BIA”) and Section 13(2) of the *Judicature Act*, RSA 2000 c J-2, as amended (the “Judicature Act”) before the Court of Queen’s Bench of Alberta (the “Canadian Court”), hereby moves (the “Motion”) this Court for entry of an order pursuant to section 105(a) of title 11 of the United States Code (“Bankruptcy Code”), Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rules 1015 and 9013 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Western District of Texas (the “Local Rules”), (i) authorizing and directing the joint administration of these related chapter 15 cases (the “Chapter 15 Cases”) for procedural purposes only, and (ii) declaring that, in the event this Motion is contested and Local Rule 9013 applies hereto. In support of the Motion, the Receiver relies upon and incorporates by reference the *Declaration of Dan McCulloch in Support of Verified Petitions for Recognition under Chapter 15 and for Additional Relief* (the “McCulloch Declaration”), filed with the Court concurrently herewith. In further support of the Motion, the Receiver respectfully represents as follows:

BACKGROUND

1. Kodiak carries on business providing wireline services to customers in the oil and gas industry, which services included oil well completion using perforating guns and numerous oil well testing services. Kodiak has historically operated throughout Northern Alberta,

Saskatchewan, and British Colombia, Canada, and Midland, Texas though as at the date of the January 10, 2019, it was operating only in Alberta and Texas.

2. Kodiak holds various assets necessary to provide wireline services, including, among other things, vehicles, trailers, and industry specific equipment including explosives and nuclear materials in the United States.

3. Kodiak Partnership also holds leasehold interests in real property in Calgary, Alberta, Red Deer, Alberta, Slave Lake, Alberta, and Provost, Alberta. Kodiak USA holds a leasehold interest in Midland, Texas (the “Midland Lease”). Kodiak Partnership also owns property in Whitecourt, Alberta, that is subject to a mortgage in favour of ATB Financial, formerly Alberta Treasury Branches, (“ATB”) and Business Development Bank of Canada.

4. Kodiak is financed primarily through loans provided by ATB to Kodiak Partnership and Kodiak Wireline, and loans provided by Export Development Canada (“EDC”) to Kodiak USA.

5. ATB is a corporation existing pursuant to the provisions of the *ATB Financial Act*, RSA 2000 c A-45.2.

6. EDC is a self-financing Canadian Crown corporation existing pursuant to the *Export Development Act*, RSC 1985 c E-20, which supports and develops Canada’s export trade by helping Canadian companies respond to international business opportunities.

7. The loans provided by ATB to Kodiak Partnership and Kodiak Wireline were guaranteed by the other Kodiak entities. Kodiak’s obligations to ATB are supported by various security agreements, which provide for liens on certain of Kodiak’s property. As of the summer of 2018, Kodiak Partnership and Kodiak Wireline were in default of their loan agreements with ATB.

8. On August 7, 2018, ATB entered into a forbearance agreement with Kodiak (the “Forbearance Agreement”), in respect of which Kodiak defaulted and which expired through the effluxion of time.

9. On January 10, 2019, the Canadian Court entered an order in the Receivership Proceeding (the “Initial Receivership Order”), appointing the Receiver as receiver over the assets and undertakings of Kodiak Partnership, Kodiak Wireline, Kodiak Solutions, Kodiak Tools, and 162 Alberta (the “Initial Receivership Entities”). The Initial Receivership Order was consented to by each of the Initial Receivership Entities. The Initial Receivership Order expressly granted ATB leave to apply for an order appointing a receiver and manager over the current and future assets, undertakings, and properties of Kodiak USA.

10. On March 13, 2019, on the application of ATB, the Canadian Court amended the Initial Receivership Order in the Receivership Proceeding (Initial Receivership Order, as amended, being the “Receivership Order”), appointing the Receiver as receiver over the assets and undertakings of Kodiak USA as well.

11. The factual background regarding the Debtors, including their business operations, indebtedness, and the events leading to the filing of the Receivership Proceeding and the Chapter 15 Cases, is set forth in the McCulloch Declaration.

JURISDICTION AND VENUE

12. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

13. Venue is proper in this District pursuant to 28 U.S.C. § 1410.

14. The statutory predicates for the relief requested herein are section 105(a) of the Bankruptcy Code, Bankruptcy Rule 1015(b) and Local Rule 1015.

RELIEF REQUESTED

15. By this Motion, the Receiver respectfully requests the entry of an order, in the form attached hereto as Exhibit A, (a) authorizing and directing the joint administration of the Chapter 15 Cases for procedural purposes only, (b) declaring the Motion to satisfy the requirements pursuant to Local Rule 9013, in the event this Motion, and (c) granting such other relief as the Court deems just and proper.

16. The Receiver also requests that the caption of the Chapter 15 Cases be modified to reflect the joint administration of the Chapter 15 Cases substantially as follows:

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS**

----- X	:	
In re:	:	Chapter 15
	:	
KODIAK SERVICES USA, INC., <i>et al.</i> ,	:	Case No. ____ - ____ (____)
	:	
Debtors. ¹	:	Jointly Administered
	:	
----- X	:	

¹ The last four digits of the United States Tax Identification Number or Canadian Business Number of the Debtors, as applicable, follow in parentheses: Kodiak Services USA, Inc. (0169) ("Kodiak USA"), Kodiak Services Partnership (9809) ("Kodiak Partnership"), Kodiak Wireline Services Ltd. (2948) ("Kodiak Wireline"), Kodiak Energy Solutions Ltd. (2892) ("Kodiak Solutions"), Kodiak Tools Ltd. (3099) ("Kodiak Tools"), and 1623360 Alberta Ltd. (1045) ("162 Alberta", collectively with Kodiak Partnership, Kodiak Wireline, Kodiak Solutions, and Kodiak Tools, the "Canadian Debtors"). The Debtors' headquarters is located at #2230, 13 Mission Avenue, St. Alberta, Alberta. Kodiak's principal place of business in the US is located at its leased premises in Midland, Texas.

17. In addition, the Receiver requests that the Court authorize and direct that a notation substantially similar to the following notation be entered on the docket for each of the Debtors to reflect the joint administration of these cases:

An order (the "Joint Administration Order") has been entered in this case directing the joint administration of the chapter 15 cases listed below. The docket in the chapter 15 case for Kodiak Services USA, Inc., case no. ____ - ____, should be consulted for all matters affecting this case. The following chapter 15 cases are jointly administered pursuant to the Joint Administration Order: Kodiak

Services USA, Inc., Kodiak Services Partnership, Kodiak Wireline Services Ltd., Kodiak Energy Solutions Ltd., Kodiak Tools Ltd., and 1623360 Alberta Ltd.

18. Further, the Receiver requests that the Court authorize the Receiver to utilize a combined service list for the jointly administered cases and that combined notices be sent to the Debtors' creditors and other parties in interest as applicable.

BASIS FOR RELIEF

19. Bankruptcy Rule 1015(b) provides that, if two or more petitions are pending in the same court by or against a debtor and an affiliate, the court may order the joint administration of the cases of a debtor and its affiliates. *See* Fed. R. Bankr. P. 1015(b).

20. The McCulloch Declaration, filed simultaneously herewith, establishes that joint administration of the Chapter 15 Cases (a) is warranted because the Debtors' financial affairs and business operations are closely related, (b) will ease the administrative burden on the Court and the parties, and (c) protects creditors of different Debtors against potential conflicts of interest.

21. The Receiver anticipates that the various notices, applications, motions, other pleadings, hearings, and orders in these cases will affect all of the Debtors. With six affiliated Debtors, each with its own case docket, the failure to administer these cases jointly would result in numerous duplicative pleadings filed for each issue and served upon separate service lists. Such duplication of substantially identical documents would be extremely wasteful and would unnecessarily burden the Clerk of this Court (the "Clerk").

22. Joint administration will permit the Clerk to use a single docket for each of the Debtors' cases and to combine notices to the Debtors' creditors and other parties in interest. Joint administration will protect parties in interest by ensuring that such parties in interest in each of the Chapter 15 Cases will be apprised of the various matters before the Court in all of these cases.

23. The Receiver requests that the official caption to be used by all parties in all pleadings in the Debtors' jointly-administered cases be in the form set forth above.

24. The Receiver submits that use of the simplified caption, without reference in the caption itself to all six of the Debtors, will eliminate cumbersome and confusing procedures and ensure a uniformity of pleading identification.

25. The rights of the respective creditors of each of the Debtors will not be adversely affected by joint administration of these cases inasmuch as the relief sought is purely procedural and is in no way intended to affect substantive rights. Each creditor and party in interest will maintain whatever rights it has against the particular Debtor against which it allegedly has a claim or right. Indeed, the rights of all creditors will be enhanced by the reduction in costs resulting from joint administration. The Court also will be relieved of the burden of entering duplicative orders and keeping duplicative files. Supervision of the administrative aspects of the Chapter 15 Cases by the Office of the United States Trustee will also be simplified.

NOTICE

26. The Receiver proposes to notify all creditors of the Chapter 15 Cases in the method set forth in the Receiver's *Motion to Approve Order (I) Specifying Form and Manner of Service of Notice of Filing of Petitions and Other Pleadings Pursuant to Chapter 15 of the Bankruptcy Code, and (II) Scheduling a Hearing on Chapter 15 Petitions for Recognition*. In light of the nature of the relief requested, the Receiver submits, and requests that this Court hold, that no further notice is required.

CONCLUSION

WHEREFORE, the Receiver respectfully requests that the Court enter an Order, substantially in the form attached hereto as Exhibit A, (a) authorizing the joint administration of the Chapter 15 Cases, (b) declaring the Motion to satisfy the requirements of Local Rule 9013, if applicable, and (c) granting such other relief as the Court deems just and proper.

Dated: March 27, 2019

/s/ Oscar N. Pinkas

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*Counsel for Ernst & Young Inc., in its capacity as
receiver for the Debtors*

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
MIDLAND DIVISION**

In re: KODIAK SERVICES USA, INC., Debtor in Foreign Proceeding.	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending
In re: KODIAK SERVICES PARTNERSHIP, Debtor in Foreign Proceeding.	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending
In re: KODIAK WIRELINE SERVICES LTD., Debtor in Foreign Proceeding.	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending
In re: KODIAK ENERGY SOLUTIONS LTD., Debtor in Foreign Proceeding.	Chapter 15 Case No. ____ - ____ (____) Recognition Request Pending

In re:	Chapter 15
KODIAK TOOLS LTD.,	Case No. ____ - ____ (____)
Debtor in Foreign Proceeding.	Recognition Request Pending
In re:	Chapter 15
1623360 ALBERTA LTD.,	Case No. ____ - ____ (____)
Debtor in Foreign Proceeding. ¹	Recognition Request Pending

ORDER AUTHORIZING JOINT ADMINISTRATION

Upon review of the motion (the "Motion")² of Ernst & Young Inc. as receiver (the "Receiver"), and as the putative foreign representative, for the above-captioned affiliates (collectively, the "Debtors") in a proceeding (the "Receivership Proceeding") under Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and and Section 13(2) of the *Judicature Act*, RSA 2000 c J-2, as amended (the "Judicature Act") before the Court of Queen's Bench of Alberta (the "Canadian Court"), for entry of an order pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Local Rule 1015 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Texas (the "Local Rules"), authorizing and directing the joint administration of the above-captioned chapter 15 cases (the "Chapter 15 Cases") for procedural purposes only; and upon the McCulloch Declaration; and

¹ The last four digits of the United States Tax Identification Number or Canadian Business Number of the Debtors, as applicable, follow in parentheses: Kodiak Services USA, Inc. (0169) ("Kodiak USA"), Kodiak Services Partnership (9809) ("Kodiak Partnership"), Kodiak Wireline Services Ltd. (2948) ("Kodiak Wireline"), Kodiak Energy Solutions Ltd. (2892) ("Kodiak Solutions"), Kodiak Tools Ltd. (3099) ("Kodiak Tools"), and 1623360 Alberta Ltd. (1045) ("162 Alberta", collectively with Kodiak Partnership, Kodiak Wireline, Kodiak Solutions, and Kodiak Tools, the "Canadian Debtors"). The Debtors' headquarters is located at #2230, 13 Mission Avenue, St. Alberta, Alberta. Kodiak's principal place of business in the US is located at its leased premises in Midland, Texas.

² Capitalized terms used, but not otherwise defined herein, have the meanings set forth in the Motion.

due and sufficient notice of the Motion having been given; and it appearing that no other or further notice need be provided; and upon the record of the hearing of the Motion; and it appearing that the relief requested by the Motion is in the best interests of the Debtors' creditors and other parties-in interest; and after due deliberation and sufficient cause appearing therefor; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. § 1410;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The Motion meets the requirements of Local Rule 9013, to the extent applicable.
3. The Chapter 15 Cases are hereby consolidated for procedural purposes only and shall be jointly administered by this Court.
4. Nothing contained in this Order shall be deemed or construed as directing or otherwise effecting a substantive consolidation of the Debtors' enterprises, assets or undertakings, and this Order shall be without prejudice to the rights of the Receiver to seek entry of an order substantively consolidating the same.
5. The caption of the Chapter 15 Cases shall read as follows:

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS**

	X	
In re:	:	Chapter 15
	:	
KODIAK SERVICES USA, INC., <i>et al.</i> ,	:	Case No. ____ - ____ (____)
	:	
Debtors. ¹	:	Jointly Administered
	:	
	X	

¹ The last four digits of the United States Tax Identification Number or Canadian Business Number of the Debtors, as applicable, follow in parentheses: Kodiak Services USA, Inc. (0169) ("Kodiak USA"), Kodiak Services Partnership (9809) ("Kodiak Partnership"), Kodiak Wireline Services Ltd. (2948) ("Kodiak Wireline"), Kodiak Energy Solutions Ltd. (2892) ("Kodiak Solutions"), Kodiak Tools Ltd. (3099) ("Kodiak Tools"), and 1623360 Alberta Ltd. (1045) ("162 Alberta", collectively with Kodiak Partnership, Kodiak Wireline, Kodiak Solutions, and Kodiak Tools, the "Canadian Debtors"). The Debtors' headquarters is located at #2230, 13 Mission Avenue, St. Alberta, Alberta. Kodiak's principal place of business in the US is located at its leased premises in Midland, Texas.

6. A docket entry shall be made in each of the Chapter 15 Cases substantially as follows:

An order (the "Joint Administration Order") has been entered in this case directing the joint administration of the chapter 15 cases listed below. The docket in the chapter 15 case for Kodiak Services USA, Inc., case no. ____ - ____, should be consulted for all matters affecting this case. The following chapter 15 cases are jointly administered pursuant to the Joint Administration Order: Kodiak Services USA, Inc., Kodiak Services Partnership, Kodiak Wireline Services Ltd., Kodiak Energy Solutions Ltd., Kodiak Tools Ltd., and 1623360 Alberta Ltd.

7. The Receiver is hereby authorized to (a) utilize a combined service list for the jointly administered cases and (b) send combined notices to the Debtors' creditors and other parties in interest as applicable.

8. The Receiver is authorized and empowered to take such actions as may be necessary and appropriate to implement the terms of this Order.

9. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

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