

COURT FILE NUMBER: 2201- 02699

COURT COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF NATIONAL BANK OF CANADA

DEFENDANTS BALANCED ENERGY OILFIELD SERVICES
INC., BALANCED ENERGY OILFIELD
SERVICES (USA) INC., BALANCED
ENERGY HOLDINGS INC., MICHELLE
THOMAS, NEIL SCHMEICHEL, DARREN
MILLER, and CODIE BELLAMY

DOCUMENT: **APPLICATION (Appointment of Receiver)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT MLT AIKINS LLP
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Calgary, Alberta T2P 0B4
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Attention: Ryan Zahara/Catrina Webster
File: 0002330.00382



COM
March 7 2022

NOTICE TO RESPONDENTS

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

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

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

Date: March 7, 2022
Time: 2:00 p.m.
Where: Calgary Courts Centre
Before Whom: The Honourable Justice A.D. Grosse

Remedy claimed or sought:

1. The Applicant, National Bank of Canada (the "**Applicant**" or "**NBC**"), seeks an Order substantially in the form attached hereto as **Schedule "A"** and as **Schedule "B"**:
 - (a) abridging the time for, and validating service of, this Application on the parties set out in the Service List attached hereto as **Schedule "C"** and the materials filed in support of this Application, if necessary, and dispensing with service on any party not served;

- (b) granting an Order (the "**Receivership Order**") appointing FTI Consulting Canada Inc. ("**FTI**") as receiver (the "**Receiver**") pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended ("**BIA**") over the current and future assets, undertakings, and properties of Balanced Energy Oilfield Services Inc. ("**BCAN**"), Balanced Energy Oilfield Services (USA) Inc. ("**BUSA**"), and Balanced Energy Holdings Inc. ("**BEH**");
- (c) sealing on the Court record the Confidential Exhibit 1 to the Affidavit of Dana Ades-Landy sworn on February 28, 2022 (the "**NBC Affidavit**");
- (d) granting costs of this Application to NBC on a solicitor own-client (full indemnity) basis; and
- (e) such further and other relief as may be sought by NBC and this Honourable Court may deem appropriate.

Grounds for Making this Application:

- 2. The grounds upon which NBC relies in making the Application for the receivership Order are as follows:
 - (a) pursuant to the following agreements NBC advanced funds to BCAN and BUSA (collectively, the "**Borrowers**"):
 - i. an offer of financing dated June 8, 2020 between NBC, BCAN, and BUSA and accepted by BCAN and BUSA on June 10, 2020 (the "**Offer of Financing**");
 - ii. a forbearance and amending agreement effective as of March 2, 2021 (the "**Forbearance Agreement**");
 - iii. a first amending agreement to the Forbearance Agreement effective as of March 31, 2021 (the "**First Amending Agreement**");
 - iv. a renewal and amending agreement to the Offer of Financing effective as of June 30, 2021 (the "**Second Amending Agreement**");

- v. an amending agreement to the Offer of Financing and Forbearance Agreement effective as of August 18, 2021 (the “**Third Amending Agreement**”);
 - vi. an extension and amending agreement effective as of August 27, 2021 (the “**Fourth Amending Agreement**”).
- (b) pursuant to an offer of financing dated June 25, 2021 between NBC and BCAN respecting a **Highly Affected Sectors Availability Program Term Loan** (“**HASCAP Offer of Financing**”, together with the Offer of Financing, the Forbearance Agreement, the First Amending Agreement, the Second Amending Agreement, the Third Amending Agreement and the Fourth Amending Agreement, the “**Offers of Financing**”);
- (c) in accordance with the Offer of Financing, NBC extended credit under the following credit facilities (the “**OF Facilities**”) to BCAN and BUSA and as of January 26, 2022, the amount owing to NBC by the Borrowers under the OF Facilities is \$23,695,717.24, excluding legal and professional fees, costs, charges, disbursements, and expenses incurred by NBC prior to and after January 26, 2022;
- (d) in accordance with the HASCAP Offer of Financing, NBC extended credit under a Highly Affected Sectors Availability Program Term Loan (the “**HASCAP Facility**”, together with the OF Facility, the “**Facilities**”) to BCAN and as of January 26, 2022, the amount owing to NBC by BCAN under the HASCAP Facility is \$1,003,397.26, excluding legal and professional fees, costs, charges, disbursements, and expenses incurred by NBC prior to and after January 26, 2022;
- (e) as of January 26, 2022, the total indebtedness of BCAN and BUSA to NBC pursuant to the OF Facilities is \$23,695,717.24 and of BCAN to NBC pursuant to the HASCAP Facility is \$1,003,397.26 which collectively amount to \$24,699,114.50, with interest accruing thereafter at the rates set out in the Offers of Financing, plus all legal and other costs and expenses incurred by NBC in

respect of the Offers of Financing on a solicitor and own client (full-indemnity) basis (collectively, the “**Outstanding Indebtedness**”);

- (f) as security for all amounts owing by BCAN to NBC, on February 20, 2018, BEH granted a guarantee in favour of NBC regarding the indebtedness of BCAN in an unlimited amount, plus interest payable from the date of demand, including all legal fees on a solicitor and own client (full-indemnity) basis (the “**BEH Guarantee**”);
- (g) as security for all amounts owing by BCAN to NBC, on July 6, 2021, BUSA granted a guarantee in favour of NBC regarding the indebtedness of BCAN in an unlimited amount, plus interest payable from the date of demand, including all legal fees on a solicitor and own client (full-indemnity) basis (the “**BUSA Guarantee**”);
- (h) as further security, Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy (the “**Individual Guarantors**”) each provided limited personal guarantees each in the amount of \$300,000 in favour of NBC respecting the indebtedness of the Borrowers (collectively, the “**Individual Guarantees**”);
- (i) the Outstanding Indebtedness is secured by the following agreements granted by BCAN, BUSA, and BEH in favour of NBC:
 - i. a general security agreement executed on February 20, 2018 by BCAN in favour of NBC (the “**BCAN GSA**”);
 - ii. a security agreement executed on September 26, 2018 by BUSA in favour of NBC (the “**BUSA SA**”); and
 - iii. a general security agreement executed on February 20, 2018 by BEH in favour of NBC (the “**BEH GSA**”)(collectively, the “**Security**”);
- (j) on February 16, 2018, NBC registered its security interests respecting the Security against BCAN and BEH at the Alberta Personal Property Registry and

on September 27, 2018 against BUSA in the Uniform Commercial Code Filing Registry;

- (k) beginning in December 2020, BCAN began experiencing financial difficulty and defaulted under the terms of the Offers of Financing. As a result, on March 2, 2021, NBC entered into the Forbearance Agreement with BCAN and the related guarantors to provide the parties an opportunity to repay the Outstanding Indebtedness by August 31, 2021 by finding alternative financing or other sources of equity;
- (l) the Forbearance Agreement was amended by certain amendments, including the Third Amending Agreement, which extended the deadline to repay the Outstanding Indebtedness to December 31, 2021;
- (m) the Borrowers continued to experience financial difficulty which resulted in the Borrowers accumulating outstanding accounts payable to trade creditors in the amount of approximately \$10,118,000 as of January 23, 2022;
- (n) following the expiration of the December 31, 2021 deadline to repay the Outstanding Indebtedness pursuant to the Forbearance Agreement and the Third Amending Agreement, the Borrowers failed to repay the Outstanding Indebtedness;
- (o) notwithstanding that the Borrowers were provided with 13 months to obtain financing or seek alternatives to financing from NBC, including with the assistance of BDO Canada LLP in conducting a sales and investment process, the Borrowers failed to repay the Outstanding Indebtedness;
- (p) on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to BCAN, which required full payment of the Outstanding Indebtedness;
- (q) also on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to BUSA, which required full payment of the indebtedness owing pursuant to the Offers of Financing;

- (r) also on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to BUSA, which required full payment of the indebtedness owing pursuant to the HASCAP Facility pursuant to the BUSA Guarantee;
- (s) also on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to the guarantor, BEH, which required full payment of the Outstanding Indebtedness pursuant to the terms of the BEH Guarantee;
- (t) also on January 26, 2022, NBC issued demand letters to each of Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy requiring full payment in the amount of \$300,000 from each of the Individual Guarantors pursuant to the terms of the Individual Guarantees;
- (u) from December 2020 to January 2021, the Borrowers were provided with substantial time and opportunity to obtain financing or pursue other alternatives to repay the Outstanding Indebtedness to NBC, and no financing was obtained which would repay the Outstanding Indebtedness to NBC;
- (v) NBC has significant concerns about the Borrowers' ability to continue operating as a going concern;
- (w) the Borrowers are unable to pay the Outstanding Indebtedness that is due and owing to NBC. The failure of the Borrowers to pay amounts owed to NBC when due and owing is an Event of Default pursuant to the Offers of Financing and the Security;
- (x) the BCAN GSA, the BUSA SA, and the BEH GSA provide that, upon an Event of Default, NBC is entitled to, among other things, apply for the appointment of a receiver;
- (y) NBC believes that any sale of the assets of BCAN, BUSA, and BEH will be more efficiently and effectively accomplished by a receiver. NBC is not prepared to allow BCAN, BUSA, and BEH to further attempt to seek alternatives to receivership;

- (z) NBC, along with the proposed receiver and a new entity (the “**Purchaser**”) incorporated by one of the former principals of the Borrowers has negotiated a term sheet (the “**Term Sheet**”) dated February 28, 2022 pursuant to which the Borrowers, by and through the proposed receiver, would sell (the “**Transaction**”) certain assets and equipment to the Purchaser. NBC supports the proposed Transaction and believes that it will significantly streamline the matters to be completed within the receivership proceedings and understands that the proposed receiver will be returning to Court shortly seeking approval of the Transaction;
- (aa) the appointment of a receiver and manager is a just, convenient, and appropriate remedy in the circumstances and FTI has consented to act as the receiver;
- (bb) the sealing of Confidential Exhibit 1 is necessary as Confidential Exhibit 1 contains commercially sensitive and confidential information regarding the proposed purchase price for the purchase of the assets through the Transaction;
- (cc) the grounds set out in the NBC Affidavit; and
- (dd) such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or Evidence to be Relied on:

- 3. NBC intends to rely on the following materials:
 - (a) the NBC Affidavit;
 - (b) the Consent to Act as Receiver, executed by a duly authorized representative of the FTI as the proposed Receiver; and
 - (c) such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

4. NBC intends to rely on the following rules:
 - (a) the *Alberta Rules of Court*, AR 124/2010, as amended; and
 - (b) such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

5. The Applicant intends to rely on the following Acts:
 - (a) the BIA, including sections 243 and 244; and
 - (b) 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:

6. There are no irregularities complained of or objections relied on.

How the Application is Proposed to be Heard or Considered:

7. Oral submission by counsel via Webex at an application before the Honourable Justice A.D. Grosse at 2:00 p.m. on March 7, 2022.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant 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 this form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

Form of Receivership Order

(See attached)

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COURT COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA



DEFENDANTS BALANCED ENERGY OILFIELD SERVICES INC.,
BALANCED ENERGY OILFIELD SERVICES
(USA) INC., BALANCED ENERGY HOLDINGS
INC., MICHELLE THOMAS, NEIL SCHMEICHEL,
DARREN MILLER, and CODIE BELLAMY

DOCUMENT **RECEIVERSHIP ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
MLT AIKINS LLP
2100, 222 - 3rd Ave SW
Calgary, Alberta T2P 0B4
Phone: 403.693.5420/4311
Fax: 403.508.4349
Attention: Ryan Zahara/Kaitlin Ward
File: 0002330.00382

DATE ON WHICH ORDER WAS PRONOUNCED: MARCH 7, 2022
LOCATION OF HEARING OR TRIAL: CALGARY, ALBERTA
NAME OF JUSTICE WHO MADE THIS ORDER: JUSTICE A.D. GROSSE

UPON the application of National Bank of Canada (the "**Applicant**" or "**NBC**") in respect of Balanced Energy Oilfield Services Inc., Balanced Energy Oilfield Services (USA) Inc., and Balanced Energy Holdings Inc. (collectively, the "**Debtors**"); **AND UPON** having read the Application, the Affidavit of Dana Ades-Landy, sworn on February 28, 2022, and the Affidavit of Service of Joy Mutuku, sworn on March 4, 2022; **AND UPON** reading the consent of FTI Consulting Canada Inc. ("**FTI**") to act as receiver and manager (the "**Receiver**") of the Debtors, filed; **AND UPON** hearing from counsel for NBC and any other counsel or other interested parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”), FTI is hereby appointed Receiver, without security, of all of the Debtors’ current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000.00 provided that the aggregate consideration for all such transactions does not exceed \$1,000,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, RSA 2000, c P-7 or any other similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including, without limitation, confidentiality or sealing orders) necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtors and not in its personal capacity;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtors, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or

making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body’s investigation in respect of the Debtors or an action, suit or proceeding that is taken in respect of the Debtors by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. “**Regulatory Body**” means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OR REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtors

or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with the written consent of the Receiver or leave of this Court, provided, however, that nothing in this Order shall:

- (a) empower the Debtors to carry on any business that the Debtors are not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment.
10. Nothing in this Order shall prevent any party from taking an action against the Debtors where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Receiver at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Receiver, or leave of this Court.

CONTINUATION OF SERVICES

12. All persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtors, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtors
- are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may

be required by the Receiver or exercising any other remedy provided under such agreements or arrangements. The Receiver shall be entitled to the continued use of the Debtors' current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with the payment practices of the Debtors, or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the *BIA*, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the *BIA* or under the *Wage Earner Protection Program Act*, SC 2005, c 47.
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, SC 2000, c 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete

one or more sales of the Property (each, a “Sale”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph 16(a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph 16(a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - A. complies with the order, or

- B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

- 17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the *BIA*.

RECEIVER'S ACCOUNTS

- 18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge (the "**Receiver's Charge**") on the Property as security for their professional fees and disbursements incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the *BIA*.

19. The Receiver and its legal counsel shall pass their accounts from time to time.
20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000.00 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver's Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the *BIA*.
22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver's Certificates**”) for any amount borrowed by it pursuant to this Order.
24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

25. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
29. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.
31. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is

authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. The Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs on a solicitor-client full indemnity basis, to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
33. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

34. This Order is issued and shall be filed in Court of Queen's Bench Action No. 2201-_____.
35. The Receiver shall establish and maintain a website in respect of these proceedings at <http://cfcanada.fticonsulting.com/balancedenergy> (the "**Receiver's Website**") and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publicly available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
36. Service of this Order shall be deemed good and sufficient by:
 - (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order; and

(b) posting a copy of this Order on the Receiver's Website,
and service on any other person is hereby dispensed with.

37. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that FTI Consulting Canada Inc. the receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of Balanced Energy Oilfield Services Inc., Balanced Energy Oilfield Services (USA) Inc., and Balanced Energy Holdings Inc., appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "**Court**") dated March 7, 2022 (the "**Order**") made in action number 2201-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of **[\$]**, being part of the total principal sum of **[\$]** that the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly after the date hereof at a notional rate per annum equal to the rate of **[●]** per cent above the prime commercial lending rate of NBC from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at **[●]**.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

FTI Consulting Canada Inc., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

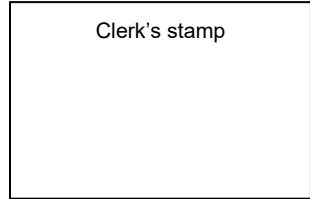
Per: _____
Name:
Title:

SCHEDULE "B"

Form of Sealing Order

(See attached)

COURT FILE NUMBER: 2201-
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANTS BALANCED ENERGY OILFIELD
SERVICES INC., BALANCED ENERGY
OILFIELD SERVICES (USA) INC.,
BALANCED ENERGY HOLDINGS INC.,
MICHELLE THOMAS, NEIL SCHMEICHEL,
DARREN MILLER, and CODIE BELLAMY



DOCUMENT: **SEALING ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT MLT AIKINS LLP
2100, 222 - 3rd Ave SW
Calgary, Alberta T2P 0B4
Phone: 403.693.5420/4347
Fax: 403.508.4349
Attention: Ryan Zahara/Catrina Webster
File: 0002330.00382

DATE ON WHICH ORDER WAS PRONOUNCED: MARCH 7, 2022
LOCATION OF HEARING OR TRIAL: CALGARY, ALBERTA
NAME OF JUSTICE WHO MADE THIS ORDER: JUSTICE A.D. GROSSE

UPON the application of National Bank of Canada (the "**Applicant**" or "**NBC**") in respect of Balanced Energy Oilfield Services Inc., Balanced Energy Oilfield Services (USA) Inc., and Balanced Energy Holdings Inc. (collectively, the "**Debtors**"); **AND UPON** having read the Application, the Affidavit of Dana Ades-Landy, sworn on February 28, 2022, and the Affidavit of Service of Joy Mutuku, sworn on March 4, 2022; **AND UPON** reading the consent of FTI Consulting Canada Inc. to act as receiver and manager (the "**Receiver**") of the Debtors, filed; **AND UPON HAVING READ** Confidential Exhibit 1 to the Affidavit of Dana Ades-Landy, sworn on February 28, 2022 (the "**Confidential Document**"); **AND UPON** hearing from counsel for NBC and any other counsel or other interested parties present.

IT IS HEREBY ORDERED THAT:

1. The Confidential Document contained in the Affidavit of Dana Ades-Landy, sworn on February 28, 2022 is hereby sealed.
2. The Clerk of the Court is hereby directed to seal the Confidential Document on the Court file until the earlier of:
 - i) an Order of this Court directs that the Confidential Document be filed in this Action; or
 - ii) a sale of the Debtors assets by the Receiver has closed and the Receiver files its Receiver's Certificate with the Clerk of the Court confirming a sale of the Debtors assets has closed. The Clerk of the Court is hereby directed to seal the Confidential Documents in an envelope setting out the style of cause in the within proceedings and labelled:

THIS ENVELOPE CONTAINS A CONFIDENTIAL DOCUMENT. THE CONFIDENTIAL DOCUMENT IS SEALED ON COURT FILE 2201- PURSUANT TO THE ORDER ISSUED BY THE HONOURABLE JUSTICE A.D. GROSSE ON MARCH 7, 2022. THIS CONFIDENTIAL DOCUMENT IS NOT TO BE ACCESSED BY ANY PERSON UNTIL THE EARLIER OF AN ORDER OF THE COURT DIRECTING THAT THE CONFIDENTIAL DOCUMENT BE FILED AND/OR THE FILING OF A RECEIVER'S CERTIFICATE FROM FTI CONSULTING CANADA INC., IN ITS CAPACITY AS RECEIVER OF THE DEBTORS, CONFIRMING THIS CONFIDENTIAL DOCUMENT MAY BE FILED.

**_____
THE HONOURABLE JUSTICE A.D. GROSSE
JUSTICE OF THE COURT OF QUEEN'S BENCH
OF ALBERTA**

SCHEDULE "C"

Service List

(See attached)

COURT FILE NUMBER: 2201-
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE: CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANTS BALANCED ENERGY OILFIELD SERVICES
INC., BALANCED ENERGY OILFIELD
SERVICES (USA) INC., BALANCED ENERGY
HOLDINGS INC., MICHELLE THOMAS, NEIL
SCHMEICHEL, DARREN MILLER, and CODIE
BELLAMY
DOCUMENT SERVICE LIST
ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT: MLT AIKINS LLP
Barristers & Solicitors
2100 Livingston Place – 222 3rd Avenue SW
Calgary, AB T2P 0B4
Attention: Ryan Zahara/Catrina Webster
Phone: 403.693.5420/4347
File: 0002330.00382

PARTY	ROLE
<p>NATIONAL BANK OF CANADA 600, 311 - 6th Avenue S.W. Calgary, Alberta T2P 3H2</p>	<p>Counsel to National Bank of Canada</p> <p>MLT AIKINS LLP Barristers and Solicitors 2100, 222 - 3rd Avenue S.W. Calgary, Alberta T2P 0B4</p> <p>Attention: Ryan Zahara Email: rzahara@mltaikins.com</p> <p>Attention: Catrina Webster Email: cwebster@mltaikins.com</p>
<p>FTI CONSULTING INC. 1610, 520-5th Avenue S.W. Suite 1610 Calgary, Alberta T2P 3R7</p> <p>Attention: Deryck Helkaa Email: deryck.helkaa@fticonsulting.com</p> <p>Attention: Dustin Olver Email: dustin.olver@fticonsulting.com</p> <p>Attention: Brett Wilson Email: Brett.wilson@fticonsulting.com</p>	<p>Counsel to FTI Consulting Inc.</p> <p>OSLER, HOSKIN & HARCOURT LLP Barristers and Solicitors 2700, Brookfield Place 225 – 6th Avenue S.W. Calgary, Alberta T2P 1N2</p> <p>Attention: Randal Van de Mosselaer Email: rvandemosselaer@osler.com</p> <p>Attention: Emily Paplawski Email: epaplawski@osler.com</p> <p>Attention: Ilia Kravtsov Email: ikravtsov@osler.com</p>
<p>BALANCED ENERGY OILFIELD SERVICES INC. c/o Registered Office #1003, 4th Avenue Lethbridge, Alberta T1J 0P7</p>	
<p>BALANCED ENERGY OILFIELD SERVICES (USA) INC. 1209 Orange Street Wilmington, DE 19801 New Castle County</p>	

<p>BALANCED ENERGY HOLDINGS INC. c/o Registered Office #1003, 4th Avenue Lethbridge, Alberta T1J 0P7</p>	
<p>MICHELLE THOMAS 71 Fairview Way Brooks, Alberta, T1R 1C6</p> <p>Email: mthomas@balancedcoiltubing.com</p>	
<p>NEIL SCHMEICHEL Box 1865 Brooks, Alberta T1R 1C6</p> <p>Email: nschmeichel@balancedcoiltubing.com</p>	
<p>DARREN MILLER 5119A Township Road 114 Cypress County, Alberta T1B 0K8</p>	
<p>CODIE BELLAMY 10 Blue Heron View Lake Newell Resort, Alberta T1R 0X5</p> <p>Email: cbellamy@balancedcoiltubing.com</p>	
<p>XDI ENERGY SOLUTIONS INC.</p>	<p>Counsel to XDI Energy Solutions Inc.</p> <p>Bennett Jones LLP Barristers and Solicitors 4500, 855 – 2nd Street S.W. Calgary, Alberta T2P 4K7</p> <p>Attention: Chris Simard Email: SimardC@bennettjones.com</p> <p>Attention: Kristos Latridis Email: LatridisK@bennettjones.com</p>

<p>LAURENTIAN BANK OF CANADA 1981 McGill College Suite 1585 Montreal, Quebec H3A 3K3</p>	<p>Thornton Grout Finnigan LLP Barristers and Solicitors 3200, 100 Wellington Street West P.O. Box 3299, Toronto-Dominion Centre Toronto, Ontario M5K 1K7 Attention: Leanne M. Williams Email: lwilliams@tgf.ca</p>
<p>LBEL INC. 1981 Avenue McGill College, Bureau 1585 Montreal, Quebec H3A 3K3 LBEL INC. 5035 South Service Rd Box 5060 Burlington, Ontario L7L 6M9</p>	
<p>LBC CAPITAL INC. 5035 South Service RD Box 5060 Burlington, Ontario L7L 6M9</p>	
<p>LBEF INC. 5035 South Service RD Box 5060 Burlington, Ontario L7L 6M9</p>	
<p>CROPAC EQUIPMENT INC. 1007 South Service RD. West Oakville, Ontario L6L 6R3 Email: Rajit@Cropac.Com</p>	
<p>SUMMIT ACCEPTANCE CORP. 1260 Highfield Crescent S.E. Calgary, Alberta T2G 5M3 Email: abppsa_Notifications@Kaizenauto.com</p>	
<p>ROCKET LEASING LTD. 4801 - 46 Avenue Taber, Alberta T1G 2A4 Email: admin@Rocketleasing.com</p>	

<p>CANADIAN WESTERN BANK 744 4 Avenue South Lethbridge, Alberta T1J 0N8</p> <p>Email: admin@Rocketleasing.Com</p>	
<p>FUNDTHROUGH 260 Spadina Ave Toronto, Ontario M5T 2E4</p> <p>Email: absecparties@Avssystems.ca</p>	