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In the Court of Queen's Bench of Alberta

Judicial Centre of Calgary

Action No. 0901 17555

**BRUTE FORCE OIL FIELD  
HAULING INC.**

***FIRST REPORT OF KPMG INC.  
Receiver and Manager***

January 25, 2010

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# **BRUTE FORCE OIL FIELD HAULING INC.**

## **First Report of KPMG Inc.**

### **Receiver and Manager**

#### **1.0 INTRODUCTION & PURPOSE OF REPORT**

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On November 20, 2009 on an application by the main secured creditor, The Toronto-Dominion Bank (“TD”), KPMG Inc. was appointed Receiver and Manager of Brute Force Oil Field Hauling Inc. (“Brute Force” or the “Company”) by a Receivership Order (“Order”) of the Court of Queen’s Bench of Alberta (“Court”). A copy of the Order is attached as **Appendix I**. The purpose of this report is to provide the Court with a summary of our activities to date and our consent to act as Trustee in Bankruptcy pursuant to an application by TD for a Bankruptcy Order.

#### **2.0 BACKGROUND**

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Brute Force is a private Alberta corporation that was incorporated on May 23, 2006. Brute Force operated throughout Alberta and its head office was located in Spruce Grove, Alberta. Terry Evenson and Barry Watson were the directors of the Company but both have resigned. Brute Force was engaged in the business of civil and commercial construction, oilfield construction, seismic construction, trucking and equipment hauling and transportation and logistical. The Company had previously been granted protection from its creditors through the Companies’ Creditors Arrangement Act (“CCAA”) but the proceedings under the CCAA were terminated by the Court on November 20, 2009.

At the time of our appointment, the Company’s records showed that it had assets and liabilities that consisted of the following:

##### Assets

- Accounts receivable	\$6.1 million
- Inventory, investments and prepaid expenses	\$0.3 million
- Equipment and furniture	\$6.1 million
- Other assets	\$0.3 million

Liabilities

- Trade payable	\$4.7 million
- Other payables	\$0.8 million
- Operating line	\$2.6 million
- Equipment loans and other long-term debt	\$6.2 million

Brute Force’s main secured creditor is TD. TD is owed approximately \$3.2 million and has a general security agreement and specific security over certain equipment.

### **3.0 RECEIVER’S ACTIVITIES**

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#### *3.1 Accounts Receivable/Contracts in Progress*

At the time of our appointment, Brute Force had one major contract in progress and a number of smaller contracts that were near completion. We conducted an assessment of the projects and considered completing the contracts but we were unable to come to satisfactory arrangements with project owners and the bonding company, The Guarantee Company of North America (“GCNA”) on how to fund and complete the contracts. As a result, we ceased working on all job sites and secured the equipment. All of the employees were terminated except those that were required to secure equipment and finalize and compile accounting records and information pertaining to accounts receivable.

We have collected approximately \$250,000 of accounts receivable. We continue to pursue collection of the remaining accounts receivable but many of those accounts relate to projects that were not completed or with suppliers who claim to have not been paid. Brute Force had posted labour and materials bonds and performance bonds on most contracts and GCNA has notified the Receiver that it has received claims on both the labour and materials bonds and the performance bonds. Further, many suppliers have filed liens. We do not know the full extent of the claims being made against the projects or bonds but we do expect that GCNA will be claiming against the funds held by the owners of the projects. Accordingly, we estimate that the most likely range of accounts receivable collections that will come to the Receivership is \$500,000 to \$1.0 million. There is the possibility for more collections and we have taken steps to maintain Brute Force’s rights as an unpaid supplier but in our view the likelihood of significant collections beyond \$1.0 million is remote.

#### *3.2 Equipment*

Since the date of our appointment, we have secured all of the equipment that Brute Force had a possible interest in. We obtained an appraisal of the equipment and we released equipment to

lessor's where it was determined that Brute Force had no equity in the lease. Based on the equipment appraisal, we expect that the sale of the equipment secured by TD will net approximately \$350,000.

#### **4.0 ESTIMATE OF RECOVERIES AND PETITION FOR BANKRUPTCY**

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**Appendix II**, is the Receiver's estimate of Projected Funds Available for distribution on Completion. The estimated shortfall to the TD is expected to be \$2.7 million and it is unlikely that there will be any funds available for unsecured creditors.

We discussed assigning the Company into bankruptcy with the Principals of the Company but both of the former directors have resigned and are not able to make a resolution to assign the Company into bankruptcy. Further, the Receivership Order does not contain any provision for the Receiver to assign the Company into bankruptcy. Accordingly, it is our understanding that TD will be making an application for a Bankruptcy Order in order to have claims administered under the *Bankruptcy & Insolvency Act* and to preserve its interests. Based on the foregoing, it is our view that Brute Force is insolvent and has committed acts of bankruptcy within the past 6 months including, without limitation, ceasing to meet its liabilities generally as they become due. Further, KPMG Inc. hereby consents to an appointment as Trustee in Bankruptcy for Brute Force.

#### **5.0 SCOPE & RESTRICTIONS ON USE**

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This report is not intended for general circulation or publication nor is it to be reproduced or used for any purposes other than outlined herein without our prior written consent in each specific instance. We do not assume any responsibility or liability for losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report. Actual results will vary from those estimated in the report and those variances may be material.



All of which is respectfully submitted.

**KPMG INC.**

Receiver & Manager of Brute Force Oil Field Hauling Inc.

Per:



Cal Shulha, CA-CIRP  
Vice President

CS/es  
Enclosures

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

I hereby certify this to be a true copy of  
the original Order  
Dated this 20 day of Nov 2009  
TD Green Books  
for Clerk of the Court

BETWEEN:

**THE TORONTO-DOMINION BANK**

Plaintiff  
(Applicant)

- and -

**BRUTE FORCE OIL FIELD HAULING INC.**

Defendant  
(Respondent)

BEFORE THE HONOURABLE  
Sam J. Lavacchio  
JUSTICE IN CHAMBERS

) AT THE LAW COURTS IN THE CITY OF  
) CALGARY, IN THE PROVINCE OF ALBERTA  
) ON FRIDAY THE 20<sup>TH</sup> DAY OF  
) NOVEMBER, 2009.

**RECEIVERSHIP ORDER**

UPON the application of The Toronto-Dominion Bank in respect of Brute Force Oil Filed Hauling Inc. (the "Debtor"); AND UPON having read the Notice of Motion and the pleadings and proceedings filed in Action No. 0901-15051; AND UPON noting the consent of counsel for the Debtor; AND UPON reading the consent of KPMG Inc. to act as receiver and manager ("Receiver") of the Debtor, filed; AND UPON hearing counsel for all interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

**SERVICE**

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

## **COMPANIES' CREDITORS ARRANGEMENT ACT PROCEEDINGS**

2. The proceedings of the Debtor commenced under the *Companies' Creditors Arrangement Act* by Order of the Honourable Justice S. J. LoVecchio dated October 15, 2009 (the "Initial Order"), as extended by Order of the Honourable Justice K.M. Eidsvik dated November 13, 2009 in Court of Queen's Bench Action number 0901-15051 are hereby terminated, subject only to the discharge and passing of accounts of Hardie & Kelly Inc., the court-appointed monitor.

## **APPOINTMENT**

3. Pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA"), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, 99(a) of the *Business Corporations Act*, R.S.A. 2000, c.B-9, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7 (choose applicable statute(s)) KPMG Inc. is hereby appointed Receiver, without security, of all of the Debtor's 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**

4. 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 and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
  - (b) to receive, preserve, protect and maintain control of 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 Debtor, 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 other business, or cease to perform any contracts of the Debtor;

- (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 powers and duties conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (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 Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (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 Debtor, 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*, R.S.A. 2000, c. P-7 shall not be required.

- (m) to apply for any vesting order or other 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;
- (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 Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers;

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 (as defined below), including the Debtor, and without interference from any other Person.

## **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

5. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its 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 dependant on maintaining possession) to the Receiver upon the Receiver's request.
6. 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 Debtor, 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 5 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.
7. 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**

- 8. 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 DEBTOR OR THE PROPERTY**

- 9. No Proceeding against or in respect of the Debtor 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 Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall 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 8.

**NO EXERCISE OF RIGHTS OR REMEDIES**

- 10. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH THE RECEIVER**

"SJK" ✓ SUBJECT TO FURTHER ORDER OF THIS COURT ✓ "SJK"

- 11. No Person shall 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 Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in section 2 of the *Bankruptcy and Insolvency Act*) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

**CONTINUATION OF SERVICES**

- 12. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, 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 Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor 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 Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 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 Debtor, 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 (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 (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.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the BIA or any other applicable legislation.

#### RECEIVER'S ACCOUNTS

- 17. Any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall, subject only to the Administrative Charge in the aggregate amount of \$100,000.00 granted in the Initial Order, which shall remain in force and effect notwithstanding any provisions of this Order, form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").
- 18. The Receiver and its legal counsel shall pass their accounts from time to time.
- 19. 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.

*and the D+O charge for matters arising prior to this Order*

*"SJC"*

## **FUNDING OF THE RECEIVERSHIP**

20. 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, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge. Unless otherwise ordered by this Honourable Court, all borrowings by the Receiver shall be from The Toronto-Dominion Bank.
21. 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.
22. 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.
23. 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.

## **ALLOCATION**

24. 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**

25. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
26. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

27. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States 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 or to assist the Receiver and its agents in carrying out the terms of this Order.
28. 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.
29. The Plaintiff shall have its costs of this motion, 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 to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
30. 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.
31. Nothing in this Order shall affect or limit the right of The Toronto-Dominion Bank to enforce any right or remedy against any other entity including, but not limited to, any guarantor of the Debtor.

"S.J. LOVECETT"  
J.C.C.Q.B.A.

CONSENTED TO BY:

OSLER HOSKIN & HARCOURT LLP

"C.L. NICHOLSON"

Christa L. Nicholson  
Solicitors for the Defendant (Respondent)  
Brute Force Oil Field Hauling Inc.

Entered this 20 day  
of November, 20 09  
Clerk of the Court

*K. McQuinn*



ENTERED this \_\_\_\_ day of November,  
2009.

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CLERK OF THE COURT

**SCHEDULE "A"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that KPMG Inc., the receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Brute Force Oil Field Hauling 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 the 20<sup>th</sup> day of November, 2009 (the "Order") made in action number \_\_\_\_\_, 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 \$ \_\_\_\_\_ which 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 [daily] [monthly not in advance on the \_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ 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 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 defined in the Order) 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 \_\_\_\_\_, \_\_\_\_\_.

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

Per: \_\_\_\_\_  
Name:  
Title:

0901-17555

Action No: 0901 - \_\_\_\_\_

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

**THE TORONTO-DOMINION BANK**

Plaintiff  
(Applicant)

- and -

**BRUTE FORCE OIL FIELD HAULING INC.**

Defendant  
(Respondent)

**RECEIVERSHIP ORDER**

**MACLEOD DIXON LLP**

3700 Canterra Tower  
400 - 3<sup>rd</sup> Avenue S.W.  
Calgary, AB T2P 4H2

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NOV 20 2009  
CALGARY ALBERTA

File No. 265746

**Brute Force Oil Field Hauling Inc, in Receivership**  
**Estimate of Realizations**  
**Prepared on January 14, 2010**  
**Preliminary Analysis - For Discussion Purposes Only (see notes)**

		<u>Low</u>	<u>High</u>	<u>Most Likely</u>
<b><u>Estimated Realizations</u></b>				
Accounts receivable	Notes 1	250,000	3,000,000	650,000
Equipment (net of selling costs)	2	250,000	375,000	325,000
Inventory	3	25,000	200,000	50,000
Total estimated realizations		<u>525,000</u>	<u>3,575,000</u>	<u>1,025,000</u>
<b><u>Estimated Costs</u></b>				
<b>CCAA Charges</b>				
- Admin Charge	4	100,000	100,000	100,000
- Directors Charge (note 4)	5	50,000	-	-
<b><u>Receiver Costs</u></b>				
- Professional fees	6	275,000	200,000	250,000
- WEPPA (estimate)	7	100,000	100,000	100,000
- Wages				
- Equip	8	80,000	80,000	80,000
- Other	9	60,000	45,000	47,500
- Fuel/supplies	10	10,000	10,000	10,000
- Insurance				
- First 45 days	11	27,500	27,500	27,500
- next 45 days	11	20,000	5,000	10,000
- Rent	12	30,000	20,000	24,000
- Other - contingency		30,000	10,000	20,000
Total estimated costs		<u>782,500</u>	<u>597,500</u>	<u>669,000</u>
Net estimated realizations before recoveries from leased equipment		(257,500)	2,977,500	356,000
Recovery of costs to leased equipment	13	75,000	130,000	125,000
Estimated net realizations		<u>(182,500)</u>	<u>3,107,500</u>	<u>481,000</u>
TD Debt (approximate)		<u>(3,100,000)</u>	<u>(3,100,000)</u>	<u>(3,100,000)</u>
Estimated shortfall to TD		<u>(3,282,500)</u>	<u>7,500</u>	<u>(2,619,000)</u>

**Notes**

The above analysis is preliminary in nature and is based on future events. We caution that the actual net recoveries may differ from the estimate and that the differences may be material.

- 1) Total accounts receivable collections will largely depend Saddle Hills County, E Construction and Lakeview Village jobs. A more detailed analysis will follow.
- 2) The equipment appraisal indicates an overall forced sale value of \$3.82 million. The appraisal values the TD charged equipment at approximately \$400,000. There may be additional equipment which TD may have a priority to. We are still assessing this.
- 3) The inventory is pipe that was recovered from the Newell job. The Company estimates its value is \$250,000. We hope to sell this pipe back to Newell.
- 4) The Admin Charge granted in the Initial Order in the CCAA will be fully utilized to the authorized amount of \$100,000.
- 5) The Directors Charge granted in the Initial Order in the CCAA could potentially have claims against it of \$50,000 but we do not anticipate employees will make claims against the Directors.
- 6) Receiver and Trustee fees including legal counsel.
- 7) WEPP claims will have a priority for the first \$2,000 paid to each employee. We estimate the total claim will be \$100,000.
- 8) The equipment wages were paid specifically to employees for recovering equipment and returning it to the Brute Force yard.
- 9) The other wages are for the office staff including Terry for administrative matters related to the Receivership and for accounts receivable matters.
- 10) The fuel cost was incurred in recovering the equipment.
- 11) We have maintained the current insurance that Brute had at the date of the Receivership. The per diem cost is \$620 and will be reduced as equipment is released.
- 12) Rent is for the premises owned by Terry.
- 13) The Receiver charged leasing companies for the costs of recovering the equipment.

Action No. 0901 17555

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**IN THE COURT OF QUEEN'S BENCH OF  
ALBERTA  
JUDICIAL CENTRE OF CALGARY**

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**BRUTE FORCE OIL FIELD  
HAULING INC.**

**FIRST REPORT OF KPMG INC.  
RECEIVER & MANAGER**

**January 25, 2010**

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**KPMG INC.**  
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