



COURT FILE NUMBER 1501-06320

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF WELLS FARGO FOOTHILL CANADA ULC

DEFENDANTS BIG EAGLE HYDRO-VAC INC., BIG EAGLE LIMITED PARTNERSHIP, BIG EAGLE HYDRO-VAC (NORTH) INC., and BIG EAGLE (NORTH) LIMITED PARTNERSHIP

DOCUMENT FOURTH REPORT OF THE COURT APPOINTED RECEIVER AND MANAGER OF BIG EAGLE HYDRO-VAC INC., BIG EAGLE LIMITED PARTNERSHIP, BIG EAGLE HYDRO-VAC (NORTH) INC., and BIG EAGLE (NORTH) LIMITED PARTNERSHIP

DATED SEPTEMBER 16, 2015

PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Introduction and background

Introduction

1. Pursuant to an Order (the “**Receivership Order**”) granted by the Court of Queen’s Bench of Alberta (the “**Court**”) on June 8, 2015 (the “**Date of Receivership**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as receiver and manager (the “**Receiver**”) of Big Eagle Hydro-Vac Inc., Big Eagle Limited Partnership, Big Eagle Hydro-Vac (North) Inc., and Big Eagle (North) Limited Partnership (collectively “**Big Eagle**” or the “**Companies**”). A copy of the Receivership Order and other information regarding these proceedings can be accessed on the Receiver’s website at:
<http://www.insolvencies.deloitte.ca/en-ca/Pages/Big-Eagle-Group.aspx>.
2. The Receivership Order was granted pursuant to an application by Wells Fargo Foothill Canada ULC (“**Wells Fargo**”), who holds registered security over all of the Companies’ present and after-acquired personal property (“**Wells’ Security**”).
3. The Receiver’s independent legal counsel, Gowling Lafleur Henderson LLP (“**Gowlings**”), has been assisting the Receiver with various matters and previously completed an independent review (the “**Security Review**”) of the Wells’ Security over the property, assets and undertakings of the Companies, except for the three (3) pieces of owned real estate (the “**Owned Properties**”). Gowlings has now completed its review of the Wells’ Security as it relates to the Owned Properties and has concluded that Wells Fargo also has valid and enforceable security, in first priority, in relation to the Owned Properties.

Notice to reader

4. In preparing this report, Deloitte has relied on unaudited financial information, the Companies’ books and records and discussions with former management, Realization Services, Inc. (“**RSI**”), interested parties and the Companies’ stakeholders. The Receiver has not performed an independent review or audit of the information provided.
5. All amounts in this report are in Canadian dollars unless otherwise indicated.
6. Capitalized terms used in this fourth report (“the **Fourth Report**”) but not defined herein are as defined in the first report of the Receiver dated June 26, 2015 (the “**First Report**”), the second report of the Receiver dated July 17, 2015 (the “**Second Report**”) and the third report of the Receiver dated August 12, 2015 (the “**Third Report**”), as applicable.

Background

7. Big Eagle provided industrial and oilfield service solutions across the energy sector in Western Canada and the Northwest Territories. With its fleet of over 450 units, which included Nitrogen, Coiled Tubing, Super Heaters, Vac, Water, Hydro-vac, Combo, Heating and Pressure Equipment, Tank Cleaning, Pipeline and Plant Turn-around support crews and equipment, the Companies provided a comprehensive range of recurring and non-discretionary facility services, including facility turnaround and maintenance, industrial cleaning, hydro excavating, and tank cleaning. The Companies also provided extensive upstream services, including nitrogen pumping, fluid management, and frac water heating.
8. Wells Fargo and Apollo Global Management LLC et al ("**Apollo**") are the most significant economic stakeholders in Big Eagle (the "**Stakeholders**") with combined indebtedness owing of approximately \$53.9 million as at the Date of Receivership (the "**Secured Debt**"). Wells Fargo is the principal lender to the Companies and holds various security positions as against the Companies and their assets. Apollo is the majority shareholder of Big Eagle. Apollo purchased and has subordinated participation interests in the Secured Debt in the aggregate amount of approximately \$34.9 million at the Date of Receivership, with interest accruing since that date (the "**Apollo Participation**"). The Apollo Participation is secured by the Wells' Security. Wells Fargo's senior portion of the secured debt was approximately \$19.0 million at the Date of Receivership, and this amount has increased with accrued interest since then.
9. Big Eagle Limited Partnership was the operating entity which owned the Companies' assets and retained the employees. Big Eagle (North) Limited Partnership ("**Big Eagle North**") did not own any of the Companies' assets and, as at the Date of Receivership, Big Eagle North had no active employees.
10. The First Report provided an update on the steps taken by the Receiver to take possession and control of the assets of the Companies as well as details of the agency and consulting agreements entered into by the Receiver, the ongoing operations of the Companies and the assets owned and liabilities outstanding. The First Report also provided details of the auction proposal solicitation process undertaken by the Receiver and RSI and the auction services agreement (the "**Great American ASA**") entered into by the Receiver with Great American Global Partners, LLC ("**Great American**"). In the First Report, the Receiver sought approval of the reported actions of the Receiver, approval of the Coil Tubing Sale (as defined in below), approval of the Great American ASA, and approval of an auction and asset solicitation process (the "**AASP**").
11. Pursuant to the First Report, the Court granted an Order on June 29, 2015 (the "**AASP Order**") declaring and ordering that, among other things:
 - a) The actions of the Receiver reported to date were ratified and approved;
 - b) The Receivership Order was amended to reflect the proper legal description of the Owned Properties;
 - c) The Great American ASA (the "**Stalking Horse Bid**") was approved;
 - d) The AASP was approved;

- e) The Receiver was authorized to take any steps that were reasonably necessary or desirable to carry out the AASP; and
 - f) The sale of the five (5) coiled tubing units and trailers to 2015 DHS Capital Co. (the “**Coil Tubing Sale**”) was approved.
12. The Second Report provided an update on the Receiver’s activities since the First Report, detailed the results of the AASP, sought Court approval of the Successful Bidder, and requested an interim distribution to Wells Fargo.
13. Pursuant to the Second Report, the Court granted an Order on July 23, 2015 (the “**Distribution Order**”) declaring and ordering that, among other things:
- a) The actions of the Receiver reported to date were ratified and approved;
 - b) That the Stalking Horse Bid was the successful bid in accordance with the AASP;
 - c) The Receiver was authorized and directed to pay to Wells Fargo an interim distribution in the amount of \$3,400,000; and
 - d) The Receiver was authorized to make such further and other distributions required to satisfy the amounts owing by the Company to Wells Fargo, subject to any reserves the Receiver deemed necessary.
14. The Third Report provided an update on the Receiver’s activities since the Second Report and sought the advice and direction of the Court with regards to the priority of security interests as between Wells Fargo and Gator Frac Heating and Rentals, LLC (“**Gator Frac**”) as they related to two leased units.
15. Pursuant to the Third Report, on August 31, 2015, the Court issued Reasons for the Decision in relation to the leased Gator Frac units, and ordered that the Receiver was entitled to dispose of the two leased units in accordance with the Receivership Order and distribute the proceeds of sale in accordance with the Distribution Order dated July 23, 2015.
16. The Fourth Report is filed in support of the Receiver’s application to this Honourable Court on September 22, 2015 seeking:
- a) Approval of the reported actions of the Receiver since the Third Report in respect of administering these receivership proceedings;
 - b) An order sealing the Confidential Report of the Receiver (as defined later in this Fourth Report);
 - c) Approval of the Fort Nelson Property sale and Final Offer (as defined later in this Fourth Report); and
 - d) Approval to distribute the net proceeds from the future sale or sales of any Owned Properties to Wells Fargo.

Powers of the Receiver

17. The Receiver's powers are detailed in Paragraph 4 of the Receivership Order. They include the power to take and maintain possession and control of the assets of the Companies; the power to manage, operate and carry on the business of the Companies; and the power to market and sell the Companies' assets (subject to Court approval if one sale exceeds \$400,000 or if in the aggregate the sales exceed \$2.0 million), among others.
18. The Receivership Order also empowers the Receiver 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 \$3.0 million (or such greater amount as the Court may by further Order authorize) (the "**Borrowing Facility**").

Update on the Receiver's activities

Receiver's activities

19. Since the Third Report, the Receiver has undertaken, with the assistance of RSI in some cases, the following activities:

- a) Supervising and directing RSI and the other retained employees;
- b) Corresponding with creditors and parties interested in the assets of Big Eagle;
- c) Administering the Wage Earner Protection Program and corresponding with employees in regards to same;
- d) Collecting accounts receivable and sweeping of funds from Big Eagle's Bank of Montreal account to the Receiver's account on a daily basis;
- e) Soliciting and analyzing proposals from collection agencies that may be engaged to assist with further collection activities;
- f) Continuing the coordination and consolidation of the Companies assets at the Swift Current, Edmonton and Grande Prairie locations (the "**Remaining Sites**");
- g) Corresponding with potential interested parties and the listing agents with respect to the Owned Properties, including the existing tenants;
- h) Reviewing equipment liens, assessing the Companies' equity positions, and arranging for payout of valid lien holders as appropriate;
- i) Reviewing disbursements and arranging for payment, including payroll for the retained employees;
- j) Coordinating site maintenance and clean-up at the Companies' various leased premises;
- k) Organizing and packing the Companies' books and records at the Remaining Sites and arranging for off-site storage;
- l) Terminating the lease and exiting the Companies' head office location and entering into a new short term lease, for a smaller space, at a reduced cost;
- m) Finalizing and closing the sale of the Companies' Zama City, Alberta property;
- n) Monitoring, in accordance with paragraph 14 of the Receivership Order, the reserve account (the "**Statutory Payment Reserve**") established for the sole purpose of enabling Big Eagle to pay certain pre-filing statutory obligations. In this regard, all of the known pre-filing wages, vacation pay and payroll source deductions have been paid and the final stub period GST and provincial

sales tax returns (the "**Final Returns**") have been filed for the period June 1 to June 8, 2014. The Receiver is expecting GST refunds in the amount of \$23,138 (\$11,884 for Big Eagle and \$11,254 for Big Eagle North) for the stub period. There is currently no remaining balance in the Statutory Payment Reserve account and the Receiver has paid \$63,950 to cover a shortfall to date. This shortfall may increase after trust audits are completed by CRA for GST and payroll source deductions. The Receiver has requested the completion of these audits, but CRA has not responded to these requests and no date has been set for the audits;

- o) Continuing to coordinate the orderly shut-down of the Operating Divisions, which included terminating a number of the previously retained employees;
- p) Coordinating and assessing equipment maintenance and repair needs with Great American Global Partners, LLC ("**Great American**") pursuant to the Great American ASA;
- q) Assisting Great American in preparation for the September auction which included reviewing and coordinating equipment repair requests, assisting with staff retention and hiring of temporary mechanics/labourers, reviewing publication materials and website postings, and coordinating ongoing security at the Remaining Sites;
- r) Reviewing all pre-auction sales completed by Great American and assessing realizations in relation to the appraised equipment values;
- s) Assisting RSI with the finalization of the ongoing Receivership budget; and
- t) Updating the Secured Lenders on a regular basis with respect to the status of the Receivership proceedings.

Sale of the Fort Nelson Property

20. One of Big Eagle's Owned Properties is located at 5101-44th Avenue, Fort Nelson, British Columbia (the "**Fort Nelson Property**"). The Fort Nelson Property is comprised of approximately 2.23 acres of land and contains a single tenant industrial building (approximately 3,462 square feet) with storage yard and mobile living quarters (approximately 1,280 square feet).
21. A search of the Prince George Land Titles Office with respect to the Fort Nelson Property is attached as **Appendix A**.

Appraisal

22. In order to assess the value of the Fort Nelson Property, on June 11, 2015, the Receiver engaged Colliers International ("**Colliers**") to conduct full narrative appraisal reports on each of the Companies' Owned Properties. The purpose of the appraisals was to estimate the current market value of the premises, on an "as is" basis.
23. On July 10, 2015, Colliers provided a full narrative appraisal to the Receiver. The full appraisal is appended to the confidential report of the Receiver (the "**Confidential Report**").

Sales process

24. On August 6, 2015, the Receiver entered into a listing agreement (the "**Listing Agreement**") with Remax Best Results Realty ("**Remax**") to list the Fort Nelson Property at a price of \$560,000. Remax has advised that their marketing efforts included website and local newspaper advertising, window signage, and circulation of Remax feature sheets subsequent to signing the Listing Agreement.
25. The Receiver has been advised that marketing and sale of the Fort Nelson Property was complicated by the following:
 - a) Difficult economic conditions in Fort Nelson due to the significant decline in both gas exploration and production and the forestry industry; and
 - b) Certain inherent short comings with the property, as outlined further below.
26. On August 19, 2015, the Receiver was advised by Remax that the Fort Nelson Property had been shown to four (4) potential purchasers since being listed. All of the potential purchasers had expressed three common concerns with the Fort Nelson Property: the bays were too short, the property was not fenced, and there was no office area/space. Despite the concerns, one potential purchaser (the "**Buyer**") submitted an offer (the "**Initial Offer**"). The Initial Offer received is appended to the Confidential Report.

27. The Receiver entered into negotiations with the Buyer, which occurred during the period August 19, 2015 to August 26, 2015.
28. On August 27, 2015, with the consent of Wells Fargo and Apollo, the Receiver entered into a final contract of purchase and sale with the Buyer (the "**Final Offer**"). The Final Offer received is appended to the Confidential Report.
29. As part of the negotiation process with respect to the Fort Nelson Property, the Receiver consulted with Deloitte's real estate advisory group, and Wells Fargo and Apollo, and is satisfied that the Final Offer is commercially reasonable in the circumstances.

Proposed distribution

30. As previously discussed, Gowlings has completed its review of the Wells' Security as it relates to the Owned Properties and has concluded that Wells Fargo has valid and enforceable security, in first priority, in relation to the Owned Properties.
31. At the September 22, 2015 Application, the Receiver will seek Court approval of a distribution of the net proceeds to be received from the Final Offer on the Fort Nelson Property to Wells Fargo.
32. The Receiver will also seek Court approval to distribute the net proceeds from the future sale or sales of any of the remaining Owned Properties to Wells Fargo in accordance with the Wells' Security.

Statement of Receipts and Disbursements

33. The Receiver has prepared a Statement of Receipts and Disbursements for the period of June 8, 2015 to September 15, 2015 for Big Eagle, as shown in **Appendix B**.
34. As at the date of this Fourth Report, the Receiver has realized sufficient funds from the collection of accounts receivable and, as a result, has not drawn on the Court authorized Borrowing Facility.

Approvals sought

35. As a result of the foregoing, the Receiver respectfully requests:

- a) Approval of the reported actions of the Receiver since the Third Report in respect of administering these receivership proceedings;
- b) Approval of the sale of the Final Offer for the Fort Nelson Property; and
- c) Approval to distribute the proceeds of any future sale or sales of all Owned Properties to Wells Fargo.

DELOITTE RESTRUCTURING INC.,
in its capacity as Receiver and Manager of
Big Eagle Hydro-Vac Inc, Big Eagle Limited
Partnership, Big Eagle Hydro-Vac (North) Inc.,
and Big Eagle (North) Limited Partnership
and not in its personal capacity.



Jeff Keeble, CA • CIRP, CBV
Senior Vice President

Appendix A – Land Title Search

TITLE SEARCH PRINT

2015-09-09, 14:49:54

File Reference: 90289

Requestor: Aimee Roessler

CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN

Land Title District

Land Title Office

PRINCE GEORGE

PRINCE GEORGE

Title Number

From Title Number

CA4558488

BA99563

Application Entered

2015-07-28

Application Received

2015-07-24

Registered Owner in Fee Simple

Registered Owner/Mailing Address:

BIG EAGLE HYDRO-VAC INC., INC.NO. C879483

3815 A-47 AVENUE

CAMROSE, AB

T4V 4S4

Taxation Authority

NORTHERN ROCKIES REGIONAL MUNICIPALITY

Description of Land

Parcel Identifier:

026-025-124

Legal Description:

LOT 6 DISTRICT LOT 1535 PEACE RIVER DISTRICT PLAN BCP12890

Legal Notations

SUBJECT TO PROVISOS, SEE CROWN GRANT BW128465

ZONING REGULATION AND PLAN UNDER THE AERONAUTICS ACT (CANADA) FILED
UNDER NO. T4554 (PLAN 28992)**Charges, Liens and Interests**

Nature:

UNDERSURFACE AND OTHER EXC & RES

Registration Number:

BW128466

Registration Date and Time:

2004-03-31 09:32

Registered Owner:

THE CROWN IN RIGHT OF BRITISH COLUMBIA

Remarks:

INTER ALIA

SEE BW128465

Nature:

CRYSTALLIZED FLOATING CHARGE

Registration Number:

CA4613582

Registration Date and Time:

2015-08-18 11:20

Registered Owner:

WELLS FARGO FOOTHILL CANADA ULC

TITLE SEARCH PRINT

2015-09-09, 14:49:54

File Reference: 90289

Requestor: Aimee Roessler

| | |
|-----------------------------|-----------------------------------|
| Nature: | CERTIFICATE OF PENDING LITIGATION |
| Registration Number: | CA4614707 |
| Registration Date and Time: | 2015-08-18 15:19 |
| Registered Owner: | WELLS FARGO FOOTHILL CANADA ULC |

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

Appendix B –
Statement of Receipts and
Disbursements for the Period June 8,
2015 to September 15, 2015

BIG EAGLE HYDRO-VAC INC., BIG EAGLE LIMITED PARTNERSHIP, BIG EAGLE HYDRO-VAC (NORTH) INC. and BIG EAGLE (NORTH) LIMITED PARTNERSHIP
STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the period of June 8, 2015 to September 15, 2015

| | | |
|--|-----------|-------------------|
| Accounts receivable collections | \$ | 2,916,406 |
| Funds swept by Wells Fargo prior to June 17, 2015 and paid to Receiver | | 1,231,509 |
| Great American Group LLC bid deposit | | 3,740,000 |
| Great American Group LLC - pre-sales | | 6,099,357 |
| Great American Group LLC - GST collections | | 304,968 |
| Government refunds | | 61,573 |
| GST collections | | 16,632 |
| Interest | | 116 |
| Other | | 7,075 |
| Refunds (WCB/Insurance/CAFO) | | 401,752 |
| Sale of equipment | | 103,351 |
| Sale of real estate | | 30,000 |
| Transfer from Bank of Montreal disbursement and payroll account | | 82,354 |
| Total Receipts | | 14,995,092 |
| Bank fees | | 294 |
| Commissions on sales | | 36,023 |
| Contract consultants - C. Anderson and M. Myden | | 103,769 |
| Contract mechanics / labour | | 32,148 |
| Courier charges | | 286 |
| Disposal costs | | 44,944 |
| Employee expenses | | 24,498 |
| Employment insurance refund to employees | | 25,408 |
| Environmental assessments | | 12,900 |
| Fuel | | 44,055 |
| Filing fees | | 280 |
| GST paid on disbursements | | 98,223 |
| GST paid on legal fees | | 2,866 |
| GST paid on Receiver's fees and costs | | 16,063 |
| Great American LLC make ready costs | | 159,238 |
| Insurance | | 639 |
| Legal fees and costs | | 57,365 |
| Locksmith charges | | 5,137 |
| Miscellaneous | | 17,000 |
| Occupation rent | | 464,740 |
| Payments to secured creditors (equipment release) | | 59,852 |
| Pre-funding statutory reserve shortfall | | 63,950 |
| Property taxes | | 87,701 |
| PST paid on operations | | 6,558 |
| Real estate appraisals | | 10,969 |
| Realization Services Inc. (RSI) | | 411,334 |
| Realization Services Inc. withholding tax | | 72,866 |
| Receiver's fees and costs | | 450,247 |
| Repairs and maintenance | | 12,155 |
| Safety audit | | 7,918 |
| Security | | 425,356 |
| Source deductions | | 213,678 |
| Technology costs | | 4,601 |
| Transportation costs | | 365,050 |
| Tank cleaning | | 65,531 |
| Utilities | | 9,422 |
| Wages | | 382,798 |
| Total Disbursements | | 3,795,865 |
| Payments to Wells Fargo | | 3,740,000 |
| Excess of Receipts over Disbursements | \$ | 7,459,227 |
| Great American Group LLC - ASA Trust Account | | 6,370,744 |
| Funds Available to the Receiver | \$ | 1,088,483 |