

COURT FILE NUMBER 24-2806908

COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE EDMONTON

IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS
AMENDED

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF 915245
ALBERTA LTD. o/a PRAIRIE TECH OILFIELD
SERVICES

DOCUMENT **AFFIDAVIT**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY FILING
THIS DOCUMENT **DLA Piper (Canada) LLP**
2700, 10220-103 Ave NW
Edmonton, AB T5J 0K4
Attention: Jerritt R. Pawlyk / Kevin Hoy
Phone: 780.426.5330
Email: jerritt.pawlyk@dlapiper.com /
kevin.hoy@dlapiper.com
File No.108761-00001

THIRD AFFIDAVIT OF DWAYNE VOGEL

I, Dwayne Vogel, of the Town of Elk Point, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am an officer and director of 915245 Alberta Ltd. (operating as Prairie Tech Oilfield Services) (the "**Company**"), and as such, I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be on information and belief, and whereso stated, I verily believe the same to be true.
2. Herein, I make reference to my Affidavits filed in these proceedings dated March 15, 2022 (the "**First Vogel Affidavit**") and March 30, 2022 (the "**Second Vogel Affidavit**"). Capitalized terms not expressly defined in this Affidavit have the same meanings ascribed to them in the First Vogel Affidavit. I also make reference herein to the Second Report of the Proposal Trustee dated April 25, 2022 (the "**Second Report**").

3. I swear this Affidavit in support of the Company's Application for a Second Extension Order in these proceedings.

Update On the Company's Operations

4. Since the granting of the Order of Honourable Justice Burns dated March 21, 2022, in these proceedings (the "**First Extension Order**"), the Company has continued to carry on its oilfield services business in the ordinary course without material interruptions resulting from the pendency of the Company's restructuring proceedings.
5. As is shown in Appendix "A" to the Second Report, the Company receipted a total of \$1,703,670 during the period between February 26, 2022, and April 15, 2022. I note that this figure is \$331,213 lower than the amount initially forecasted for this period. The variance in receipts is largely attributable to the cessation of work for one of the Company's clients, Canadian Natural Resources Limited ("**CNRL**").
6. Recent significant increases in diesel fuel forced the Company to re-negotiate fuel surcharges passed on to its customers. Subsequent to the Company's entry into these restructuring proceedings, CNRL declined to agree to an increase in the fuel surcharge applied to the Company's accounts. As a result, the Company has, for the time being, ceased to provide services to CNRL, as doing so without CNRL's agreement to an increase in fuel surcharges would have rendered such work unprofitable. The Company was ultimately able to repurpose the equipment that it had utilized to provide services to work for other clients. However, the temporary downtime in the Company's utilization of its equipment and manpower following the cessation of work for CNRL adversely impacted the Company's receipts for the period ending April 15, 2022.
7. I note that the Cash-Flow Statement dated April 22, 2022, (the "**April 22 Cash-Flow Statement**") attached to the Second Report at Exhibit "A" thereto shows negative weekly balances for the weeks ending April 22, 2022, May 6, 2022, and July 22, 2022. The Company was able to make up the shortfall for the week ending April 22, 2022, by relying on its operating line of credit and available cash-on-hand deposited in its accounts. The Company anticipates that it will be able to use its operating line of credit or cash-on-hand to make up future weekly shortfalls as well. I note that, despite the occurrence of weekly shortfalls in the April 22 Cash Flow Statement, the Company



forecasts that its cash flow will be net-positive throughout the period ending in the week of July 15, 2022.

8. Notwithstanding the foregoing, the Company continues to be in a position to self-finance both its operations and the costs associated with its restructuring without the assistance of interim financing secured by an interim financing charge granted under section 50.6 of the *BIA*.
9. The Company has continued to work closely with the Proposal Trustee to ensure that it remains in compliance with all applicable reporting instructions. To this end, the Company and its restructuring counsel have provided the Proposal Trustee with information relating to the Company's financial affairs and operations when requested by the Proposal Trustee.

April 6 Replevin Application

10. For the reasons that are fully particularized in the Second Vogel Affidavit, the Company brought forward an Application, which was heard on April 6, 2022, seeking an Order for the replevin of certain equipment impounded by repair shops that had performed repairs on such equipment.
11. This Honourable Court reserved its decision in respect of the Company's April 6, 2022, Application. As I noted in the Second Vogel Affidavit, the Company taking possession of the impounded Equipment described in the Second Vogel Affidavit would aid in the Company's efforts to restructure its affairs by enabling it to utilize such Equipment in its operations and to surrender newer, similar implements to 136 AB Ltd. The fact that the Company has not yet taken possession of the Equipment, however, will not jeopardize the Company's restructuring such that the Company no longer expects that it will be able to put forward a viable Proposal to its creditors.

Implementation of the Company's Restructuring Plan

12. The Company provided layoff notices to 3 employees during the week of April 18, 2022, after determining that such employees were not absolutely necessary for the Company's business and operations at this time. Such layoffs will eventually reduce the salaries and wages payable by the company by approximately \$15,000 *per* month. One of the employees has been paid pay in lieu of notice of termination. The remaining two laid-off

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employees are scheduled to continue to work for the Company through to the end of their respective notice periods.

13. The Company has made arrangements with 136 AB Ltd. to surrender certain of its surplus equipment -- particularly, 5 Super-B type gravel trailers, 3 logging trailers, 8 trucks and 6 tri-axle tankers (the "**Surrendered Equipment**") -- so as that the same may be liquidated for the purpose of: (a) reducing the cross-collateralized indebtedness owing by the Company to the equipment lessors and financiers of 136 AB Ltd. in its capacity as the guarantor of 136 AB Ltd.'s debts; and (b), reducing the Company's equipment rental obligations.
14. The Surrendered Equipment described above is scheduled to be sold at an auction to be conducted by Ritchie Bros. Auctioneers on May 2, 2022. As is shown in the April 22 Cash Flow Statement, the Company anticipates that its weekly equipment rental costs will be reduced from \$64,405 to \$52,293 in the week of May 20, 2022, following the planned auction. For greater certainty, the Company is not and has never been the owner of any of the implements included in the Surrendered Equipment, all of which were acquired by 136 AB Ltd. before being rented by the Company from 136 AB Ltd.
15. The Company anticipates that the net proceeds realized from the liquidation of the Surrendered Equipment at the above-described Ritchie Bros. auction will:
 - a. fully or mostly retire the secured indebtedness owed by the Company to Servus in its capacity as the guarantor of 136 AB Ltd.;
 - b. reduce the secured indebtedness owing by the Company to Canadian Western Bank in its capacity as the guarantor of 136 AB Ltd. by approximately \$100,000; and
 - c. reduce the secured indebtedness owing by the Company to Essex Lease Financial Corporation in its capacity as the guarantor of 136 AB Ltd. by approximately \$577,000.
16. The Company intends to continue to look for additional opportunities to surrender its equipment so as to further reduce its equipment rental costs and obligations owing under guarantees of 136 AB Ltd.'s debts.



Preparation of Proposal

17. Since obtaining the First Extension Order, the Company has worked with both its restructuring counsel and the Proposal Trustee to: (a) further assess its current financial position and future outlook; and (b), identify options for the key terms of the Proposal based upon an assessment of the Company's financial position.
18. As of the date of this Affidavit, the Company is not yet ready to enter into discussions with its major stakeholders to discuss key terms of the Proposal. The Company anticipates that it will be in a position to enter into such discussions with its stakeholders including, without limitation, the Cornerstone Co-op by mid-May of 2022.
19. The Company had previously hoped to engage in such discussions prior to the expiry of the First Extension Order. However, the Company was unable to engage with its restructuring counsel to confer on matters relating to its restructuring plan due, in part, to significant amounts of time being allocated towards the Replevin Application described above immediately following the granting of the First Extension Order.
20. It remains the Company's plan to file a Proposal that contemplates the full payment of its secured debts and payment of its unsecured debts on a compromised basis over an as-yet to be determined term. At this time, the Company intends to constitute a proposal fund from its future revenues.

Remote Commissioning of Affidavit


21. I am not physically present before the solicitor retained by the Company who is serving as the Commissioner for Oaths taking this Affidavit (the "**Commissioner**"). Rather, I am linked to the Commissioner by video conference. The following steps have been taken by the Commissioner and myself:
 - a. I have shown the Commissioner the front and back of my government-issued photo identification ("**ID**");
 - b. the Commissioner has compared my image to the information on my ID;



- c. the Commissioner has taken a screen shot of the front and back of my ID to retain it;†
- d. the Commissioner and I have a paper copy of this Affidavit before us;†
- e. the Commissioner and I have reviewed each page of this Affidavit to verify that the pages are identical and have initialed each page in the lower right corner;†
- f. at the conclusion of our review of the Affidavit, the Commissioner administered the oath to me, and the Commissioner watched me sign my name to this Affidavit; †and
- g. I will send this signed Affidavit electronically to the Commissioner.†

22. I make this Affidavit in support of the Company's Application for Second Extension Order and other relief under the *BIA* and for no other or improper purpose.

SWORN BEFORE ME at City of Calgary, in
 the Province of Alberta, on April 25th, 2022.

) _____
) 
) Dwayne Vogel
)

 A Commissioner for Oaths in and for the
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Being a Solicitor

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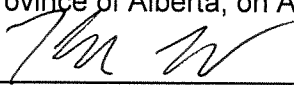
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SWORN BEFORE ME at City of Calgary, in
the Province of Alberta, on April 25th, 2022.



Dwayne Vogel

A Commissioner for Oaths in and for the
Province of Alberta
Being a Solicitor

KEVIN HOY
Barrister and Solicitor



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DOCUMENT **CERTIFICATE FOR REMOTE COMMISSIONING
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Phone: 780.426.5330
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kevin.hoy@dlapiper.com
File No.108761-00001

I, Kevin Hoy, administered the oath of Dwayne Vogel (the “**Deponent**”) for his Affidavit sworn/affirmed April 25, 2022. I am a solicitor and Commissioner for Oaths in the Province of Alberta.

The Deponent was linked with me utilizing video technology. I followed the process for remote commissioning of affidavits described in the Notice to the Profession and Public 2020-02, and complied with the Law Society of Alberta best practices for using video-conferencing.

I certify that I am satisfied that the process for the remote commissioning of affidavits was necessary because it was impossible or unsafe, for medical reasons, for the Deponent and the commissioner to be physically present together.

DATED at the City of Calgary, Alberta, this 25th day of April, 2022.



Kevin Hoy
Commissioner for Oaths

KEVIN HOY
Barrister and Solicitor