



**COURT FILE NUMBER** 1501-09213

**COURT** COURT OF QUEEN'S BENCH OF ALBERTA

**JUDICIAL CENTRE** CALGARY

**PLAINTIFF** COMPUTERSHARE TRUST COMPANY OF CANADA IN ITS  
CAPACITY AS COLLATERAL AGENT FOR GUGGENHEIM  
CORPORATE FUNDING, LLC

**DEFENDENT** SEKUR ENERGY MANAGEMENT CORP.

**DOCUMENT** FIRST REPORT OF THE RECEIVER AND MANAGER  
DELOITTE RESTRUCTURING INC.

DATED SEPTEMBER 17, 2015

**ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT**

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# Table of Contents

|  |    |
|--|----|
| Introduction and Background .....                                | 1  |
| Introduction .....   | 1  |
| Notice to Reader .....   | 2  |
| Sealing of the Confidential Supplement to the First Report ..... | 2  |
| Background and Court Proceedings .....                           | 2  |
| Receiver's Activities .....                                      | 5  |
| Assets .....   | 7  |
| Cash in bank .....   | 7  |
| Accounts receivable .....  | 7  |
| Prepaid expenses .....   | 7  |
| PNG Properties .....   | 7  |
| Creditor claims .....  | 8  |
| Sale of the PNG Properties .....                                 | 9  |
| The Sale Process .....   | 9  |
| The Response Transaction .....                                   | 9  |
| The Re-Bid Process .....   | 10 |
| The Vermillion Transaction .....                                 | 11 |
| Proposed Interim Distribution .....                              | 12 |
| Interim Statement of Receipts and Disbursements .....            | 13 |
| Conclusion .....   | 14 |

## **SCHEDULES**

|            |  |
|------------|--|
| Schedule 1 | Notice of Receiver and Receiver's Statement, dated August 27, 2015                                 |
| Schedule 2 | Receiver's Interim Statement of Receipts and Disbursements for the Period Ended September 14, 2015 |

# Introduction and Background

## Introduction

1. Pursuant to the Order (the "**Receivership Order**") granted by the Court of Queen's Bench of Alberta (the "**Court**") on August 12, 2015, Deloitte Restructuring Inc. ("**Deloitte**") was appointed as receiver and manager (the "**Receiver**") of Sekur Energy Management Corp. ("**Sekur**" or the "**Company**"). A copy of the Receivership Order and further filed pleadings and proceedings can be accessed via Deloitte's website at <http://www.insolvencies.deloitte.ca>.
2. The Receivership Order was granted pursuant to an application by Computershare Trust Company of Canada (the "**Collateral Agent**") in its capacity as collateral agent for a syndicate of lenders (collectively, the "**Lenders**") in respect of whom Guggenheim Corporate Funding, LLC ("**Guggenheim**") acts as the administrative agent. The Lenders were owed approximately \$39.3 million at the date of Receivership and the Collateral Agent holds registered security over all of the Company's present and after acquired property for and on behalf of the Lenders. The Company consented to the Receivership Order.
3. The Receiver has engaged independent legal counsel, McCarthy Tetrault LLP ("**McCarthy**"), to complete a review of the security held by Guggenheim (the "**Security Review**"). McCarthy has opined that Guggenheim's security (the "**Guggenheim Security**") is valid and enforceable and ranks in priority to the unsecured creditors of Sekur and to any subsequently appointed trustee in bankruptcy of Sekur. McCarthy is conducting searches against the petroleum and natural gas properties (the "**PNG Properties**") being sold by the Receiver to confirm that there are no apparent competing claims to the proceeds of sale thereof which might rank in priority to the Guggenheim Security.
4. The Pre-Filing Report of the Receiver dated August 7, 2015 (the "**Pre-Filing Report**") was filed for the following purpose:
  - 4.1. To provide the Court with information on Deloitte's qualification to act as Receiver and the sale process (the "**Sale Process**") that had been undertaken by NRG Divestitures Inc. ("**NRG**");
  - 4.2. To provide the Court with information on proposed sales to Signalta Resources Inc., Twin Butte Energy Ltd. and Head First Energy Inc. (the "**August Sales**");

4.3. In support of an application by the Receiver, once appointed, to approve the August Sales and to have a Confidential Affidavit sworn by Chris Gillanders on August 7, 2015 (the “**Confidential Affidavit**”), which provided further information regarding the August Sales, sealed by the Court.

## Notice to Reader

5. In preparing this report, the Receiver has relied on unaudited financial information, the books and records of Sekur and discussions with the Company’s former employees, interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.
6. The Monitor assumes no responsibility or liability of any loss of damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report
7. Capitalized terms not otherwise defined herein have the meanings given to them in the Pre-Filing Report.
8. All amounts in this report are in Canadian dollars unless otherwise indicated. All amounts are rounded to the nearest \$100.

## Sealing of the Confidential Supplement to the First Report

9. The Receiver will provide a Confidential Supplement to the First Report (the “**Supplement**”) to the Court in advance of a hearing scheduled for September 22, 2015 (the “**September 22 Hearing**”) and request that the Supplement remain under seal (the “**Sealing Order**”), unless otherwise ordered by the Court, to avoid any negative impact that could result from the dissemination of the information contained therein. The Supplement is being provided to the Court and to Guggenheim, as the Company’s primary secured creditor, and no other party. The Supplement contains sensitive information pertaining to transactions which have not yet closed. Should any of these transactions fail to close, then the disclosure of this information may hamper efforts to remarket the corresponding PNG Properties. Further, such disclosure may also hamper efforts of the Receiver to sell other PNG Properties for the best possible price in the circumstances.
10. Any interested party may apply, on notice to the Receiver, to vary the terms of the Sealing Order or to unseal the Supplement.

## Background and Court Proceedings

11. Sekur is a private junior oil and gas company, which was incorporated pursuant to the laws of Canada and extra-provincially registered in Alberta in 2012. At the date of Receivership, the Company held PNG Properties throughout Central Alberta, which included 150,395 gross acres of land and were producing approximately 430 barrels of oil equivalent per day.

12. At a hearing on August 12, 2015, the Court granted the Receivership Order and additional Orders approving the August Sales and sealing the Confidential Affidavit.
13. At a hearing on September 10, 2015, NRG made a Court application (the "**September 10 Hearing**") seeking approval of the payment of commissions due to them pursuant to the Sale Process for the August Sales and for future sales of the PNG Properties being completed by the Receiver. At the September 10 Hearing, the Court granted an Order including the following relief:
  - 13.1. Payment of an aggregate commission of \$35,700 in respect of the August Sales;
  - 13.2. Payment of a commission of 6% of the purchase price payable pursuant to the Response Transaction (as defined herein);
  - 13.3. Payment of a commission of 3% of the purchase price payable by purchasers in connection with other sales by the Receiver of the PNG Properties, excluding sales to selected entities set out in an agreement between NRG and Sekur dated May 7, 2015 (the "**Excluded Parties**"); and
  - 13.4. Payment of a commission of 1% (capped at \$20,000) of the purchase price in connection with any sales of the PNG Properties to the Excluded Parties.
14. This report constitutes the first report of the Court-Appointed Receiver (the "**First Report**"). The First Report is being filed in support of the Receiver's application to this Honourable Court on September 22, 2015, (the "**September 22 Hearing**") requesting the following relief:
  - 14.1. Approval of the reported actions of the Receiver to date in respect of administering these receivership proceedings;
  - 14.2. Approval of the transaction contemplated in the bid from Response Energy Corporation ("**Response**", the "**Response Transaction**"), and vesting the assets that are the subject of the Response Transaction in Response free and clear of all claims, liens and encumbrances;
  - 14.3. Approval of the transaction contemplated in the bid from Newcrest Resources Ltd. ("**Newcrest**", the "**Newcrest Transaction**") and vesting the assets that are the subject of the Newcrest Transaction in Newcrest free and clear of all claims, liens and encumbrances;
  - 14.4. Approval of the transaction contemplated in the further bid from Newcrest for a specific asset in the Vermillion region (the "**Vermillion Transaction**") and vesting the asset that is the subject of the Vermillion Transaction in Newcrest free and clear of all claims, liens and encumbrances;

- 14.5. Approval of an interim distribution to Guggenheim in the amount of \$1.0 million (the “**Interim Distribution**”), and the future distribution of funds to Guggenheim as they become available. The Interim Distribution will be subject to such reserves as the Receiver deems necessary, acting reasonably, including any amounts agreed to with the Alberta Energy Regulator (the “**AER**”) related to any future transactions that negatively impact Sekur’s license liability rating and any further security or other interests identified by McCarthy as ranking in priority to the Guggenheim Security; and
- 14.6. Approval of the Sealing Order with respect to the First Confidential Supplement.

# Receiver's Activities

15. The Receiver's powers are detailed in Paragraph 3 of the Receivership Order. They include the power to take and maintain possession and control of the Sekur's property, the power to manage operate and carry on the business of Sekur and the power to market and sell Sekur's property, subject to Court approval as required by the Receivership Order.
16. Immediately following the Receivership Order, the Receiver attended at Sekur's premises located at 900, 717 7<sup>th</sup> Avenue SW in Calgary, Alberta (the "**Premises**") and took possession of the Company's assets including the PNG Properties. The Receiver undertook a complete inventory of Sekur's physical assets and all external locks at the Premises were changed. Digital imaging and backup were completed for all of Sekur's computer systems and access to non-authorized external users was restricted.
17. Sekur has insurance coverage through the Energy Insurance Group. The insurance policy (the "**Policy**") includes commercial general liability coverage, operators' extra expense, liability in connection with a critical sour gas well and property boiler and machinery coverage. The Receiver has made the required payments to continue the Policy until November 15, 2015 and has amended the coverage from time to time as selected PNG Properties have been sold. The Receiver has been named as a loss payee on the Policy.
18. Sekur did not have any employees leading up to or at the date of Receivership. Instead, the Company had a management contract with CGB Energy Consultants Inc. (the "**CGB Contract**"). The CGB Contract provided Sekur with management services and the use of various office equipment. The CGB Contract was terminated as at the date of Receivership and temporary contracts were extended to four individuals, who worked in finance, land administration and field operations (the "**Contractors**"). As the CGB Contract had been prepaid for August 2015, amounts were only payable to the Contractors beginning in September 2015. The Contractors have been providing assistance to the Receiver with a specific emphasis on the collection of accounts receivable, supporting the sale of the PNG Properties, updating Sekur's books and records and overseeing field operation compliance.

## The AER

19. On August 18, 2015, the Receiver received a letter from the AER seeking various written confirmations by August 25, 2015 (the “**August 25 Request**”) and confirmation of the licenses, permits and approvals held by Sekur by September 25, 2015 (the “**September 25 Request**”). The Receiver responded to the August 25 Request within the time period specified. In the confirmations in the August 25 Request, the AER expressed a number of legal conclusions with respect to the obligations of a Receiver under the *Oil and Gas Conservation Act* and the *Pipeline Act*. In its response to the confirmations requested in the August 25 Request, the Receiver indicated its willingness to work with the AER, but also expressed disagreement with those legal conclusions. The Receiver is currently working with the AER to satisfy the September 25 Request.
20. The Notice of Receiver and Receiver's Statement was issued to all of Sekur's known creditors on August 27, 2015 (the “**Notice**”) and was subsequently posted on Deloitte's website. A copy of the Notice is attached hereto as “Schedule 1”.
21. Other duties performed by the Receiver to date include, but are not limited to the following:
  - 21.1. Reporting to and responding to inquiries from creditors and other stakeholders;
  - 21.2. Communicating with various working interest partners of Sekur;
  - 21.3. Communicating with the Canada Revenue Agency (“**CRA**”);
  - 21.4. Providing updates and having discussions with Guggenheim regarding the receivership process;
  - 21.5. Negotiating with interested parties with respect to the sale of the PNG Properties;
  - 21.6. Communicating with the AER related to various requests for information and the sale of PNG Properties;
  - 21.7. Providing updates and having discussions with legal counsel regarding the receivership process; and
  - 21.8. Overseeing the preparation of schedules and conveyances to close the August Sales.



# Assets

## Cash in bank

22. At the date of Receivership, Sekur held approximately \$656,900 in two accounts at Alberta Treasury Branches (“**ATB**”, the “**ATB Accounts**”). The ATB Accounts have now been closed and the funds held therein have been provided to the Receiver.

## Accounts receivable

23. At the date of Receivership, Sekur listed approximately \$1.3 million in accounts receivable. As at September 14, 2015, approximately \$96,000 of these accounts receivable had been collected. The Receiver has now had the opportunity to meet with the Contractors and review the Company’s account receivable listing in detail. Taking into account claims for set-off and updates to reflect payments that had been made pre-receivership, the Receiver understands that accounts receivable of \$680,100 are currently outstanding, of which the collection of \$353,600 is deemed to be doubtful.

## Prepaid expenses

24. Sekur’s records listed prepaid expenses and deposits (the “**Prepays**”) totalling approximately \$630,500 as at the date of Receivership. The Receiver currently anticipates that only approximately \$52,000 of the Prepays will be collectible.

## PNG Properties

25. The PNG Properties include both operated and non-operated properties. No values are being released for the remaining PNG Properties held by Sekur at this time in order to avoid impairing the Receiver’s sale efforts. At the time of this report, the August Sales had closed, which generated net receipts of approximately \$580,200.

# Creditor claims

26. As previously noted, Guggenheim is Sekur's primary secured creditor. Guggenheim was owed approximately \$39.3 million as at the date of bankruptcy.
27. Bearspaw Petroleum Ltd. ("**Bearspaw**") also has security over specific PNG Properties, which appear to be based on specific operating and joint venture agreements (the "**Bearspaw Security**"). The Receiver has requested that McCarthy review the Bearspaw Security in order to assess any competing claims to the proceeds of sale from the PNG Properties. F12 Networks Inc. also holds security over specific computer and network equipment of Sekur. In addition, the Receiver is currently reviewing any outstanding claims for property taxes that may impact future sales of PNG Properties.
28. As Sekur did not have any employees, there are no amounts owing to CRA for payroll source deductions.
29. The Company has indicated that there is an outstanding pre-receivership GST liability for approximately \$2,500. The Receiver is coordinating a GST trust audit with CRA.
30. As at the date of Receivership, Sekur listed unsecured creditors with claims of approximately \$2.9 million. It is anticipated that there will be a significant shortfall in satisfying the claims of the secured creditors and, as such, there will be no distribution to the unsecured creditors.

# Sale of the PNG Properties

## The Sale Process

31. As described in the Pre-Filing Report, Sekur had previously retained NRG to conduct the Sale Process, which included the identification of potential alternatives for its PNG Properties including a corporate transaction, a group disposition or individual asset sales. As a result of the Sale Process, the August Sales were completed and additional interested parties came forward. The Receiver is currently involved in ongoing negotiations with some of these parties.
32. As discussed in the Pre-Filing report, the deadline for binding offers during the Sale Process was scheduled for July 8, 2015, on which date NRG was presented with 15 offers to purchase the PNG Properties from 12 interested parties.

## The Response Transaction

33. Subsequent to the Sale Process, the Receiver undertook further negotiations with two interested parties with respect to various PNG Properties in the Morinville area. With the assistance of the Contractors, the Receiver performed a detailed analysis of offers from two interested parties and agreed to execute a Purchase and Sale Agreement (the “PSA”) with Response, subject to Court approval.
34. The Receiver reports as follows with respect to the Response Transaction:
  - 34.1. The Response Transaction includes PNG Properties in the Morinville area of Alberta, which are being sold on an “as is, where is” basis;
  - 34.2. Response has paid a deposit in the amount of 10% of the offered purchase price into trust with the Receiver;
  - 34.3. Response and the Receiver have agreed to the form of PSA, which has been executed by Response and will be executed by the Receiver in the event that the Court approves the Response Transaction. A copy of the PSA executed by Response is attached as “Schedule 1” to the Supplement;
  - 34.4. All of the PNG Properties included in the Response Transaction are non-operated so there is no negative impact on Sekur’s license liability rating with the AER;
  - 34.5. The closing date is set to occur on the business day following Court approval of the Response Transaction (unless otherwise agreed in writing by the parties); and

34.6. The Receiver has reviewed the Response Transaction with the assistance of the Contractors and in consultation with Deloitte's Resources Evaluation Advisory Group. The Receiver is satisfied that the Sale Process adequately exposed the PNG Properties included in the Response Transaction to the market and that the Response Transaction is commercially reasonable. Guggenheim has consented to the Response Transaction.

## The Re-Bid Process

35. Further to the Receiver's ongoing negotiations with the interested parties identified pursuant to the Sale Process, expressions of interest had been received from three parties (the "**Re-Bid Parties**") related to properties in a similar or overlapping area. None of these offers fully complied with the terms and conditions of the Sale Process.

36. The Receiver wished to ensure that each of these interested parties was provided with the opportunity to submit an offer on the same pool of PNG Properties in a fair and efficient manner. As such, on August 31, 2015, the Receiver issued correspondence (the "**Re-Bid Correspondence**") to the Re-Bid Parties setting out the terms and conditions of a process (the "**Re-Bid Process**") whereby they could re-submit bids on the relevant PNG Properties (the "**Re-Bid Properties**").

37. Following the issuance of the Re-Bid Correspondence, the Receiver provided additional direction to each of the parties instructing them to value the Re-Bid Properties either on a well-by-well basis or on an en bloc basis if their bid was contingent on taking the package as a whole. The deadline for parties to submit offers pursuant to the Re-Bid Process was September 4, 2015, on which date all three of the Re-Bid Parties submitted binding offers (the "**Re-Bid Offer(s)**"). As further set out in the Supplement, the Re-Bid Offer received from Newcrest, which is the basis of the Newcrest Transaction, had the highest purchase price of any of the Re-Bid Offers.

38. The Receiver reports as follows with respect to the Newcrest Transaction:

38.1. Newcrest complied with the terms and conditions of the Re-Bid Process;

38.2. The Newcrest Transaction includes various non-operated PNG Properties, which are being sold on an "as is, where is" basis;

38.3. Newcrest has paid a deposit in the amount of 10% of the offered purchase price into trust with the Receiver;

38.4. Newcrest and the Receiver have agreed to the form of PSA, which has been executed by Newcrest and will be executed by the Receiver in the event that the Court approves the transaction. A copy of the PSA executed by Newcrest is attached as "Schedule 2" to the Supplement;

38.5. All of the PNG Properties included in the Newcrest Transaction are non-operated so there is no negative impact on Sekur's license liability rating with the AER;

- 38.6. The closing date is set to occur on the business day following Court approval of the Newcrest Transaction (unless otherwise agreed in writing by the parties); and
- 38.7. The Receiver has reviewed the Newcrest Transaction with the assistance of the Contractors and in consultation with Deloitte's Resources Evaluation Advisory Group. The Receiver is satisfied that the Sale Process adequately exposed the PNG Properties included in the Newcrest Transaction to the market and that the Newcrest Transaction is commercially reasonable. Guggenheim has consented to the Newcrest Transaction.

### The Vermillion Transaction

39. Subsequent to the Sale Process, the Receiver received an offer from Newcrest for one PNG Property in the Vermillion area of Alberta (the "**Vermillion Property**"). The Sale Process yielded no offers for the Vermillion Property and the Vermillion Property did not form part of the Re-Bid Process. As the Sale Process represented a thorough canvassing of the market and did not generate any offers on the Vermillion Property, the Receiver proceeded with the Vermillion Transaction and reports as follows with respect to the Vermillion Transaction:
  - 39.1. The Vermillion Transaction includes one of the PNG Properties in the Vermillion region of Alberta, which is being sold on an "as is, where is" basis;
  - 39.2. Newcrest has paid a deposit in the amount of 10% of the offered purchase price into trust with the Receiver;
  - 39.3. Newcrest and the Receiver have agreed to the form of PSA for the Vermillion Transaction, which will be executed by Newcrest in advance of the September 22 Hearing and will be executed by the Receiver in the event that the Court approves the Vermillion Transaction. A copy of the PSA executed in respect of the Vermillion Transaction is attached as "Schedule 3" to the Supplement;
  - 39.4. The PNG Property included in the Vermillion Transaction is non-operated so there is no negative impact on Sekur's license liability rating with the AER;
  - 39.5. The closing date is set to occur on the business day following Court approval of the Vermillion Transaction (unless otherwise agreed in writing by the parties); and
  - 39.6. The Receiver has reviewed the Vermillion Transaction with the assistance of the Contractors and in consultation with Deloitte's Resources Evaluation Advisory Group. The Receiver is satisfied that the Sale Process adequately exposed the PNG Properties included in the Vermillion Transaction to the market and that the Vermillion Transaction is commercially reasonable. Guggenheim has consented to the Vermillion Transaction.
40. The Receiver continues to liaise with the AER and interested parties in evaluating the most effective approach to realizing on Sekur's remaining PNG Properties.

# Proposed Interim Distribution

41. McCarthy has performed the Security Review and has concluded that the Guggenheim Security is valid and enforceable and ranks in priority to the unsecured creditors of Sekur and any subsequently appointed trustee in bankruptcy of Sekur. The Receiver has instructed McCarthy to provide a report on its searches to identify security or other interests against Sekur and the PNG Properties that are being sold by the Receiver may rank in priority to the Guggenheim Security.
42. As noted above, at the September 22 Application, the Receiver will seek the Court's approval to distribute funds collected or realized by the Receiver as follows:
  - 42.1. The Receiver shall pay the Interim Distribution to Guggenheim, subject to receipt by the Receiver of an acceptable report from McCarthy in respect of security and other interests; and
  - 42.2. All additional funds determined to be available for distribution shall be disbursed by the Receiver to Guggenheim as soon as practicable until the senior secured portion of the Guggenheim Security is repaid in full, including all interest and other amounts properly claimable by Guggenheim under the Guggenheim Security, subject to such reserves as the Receiver deems necessary, acting reasonably, including any amounts payable to the AER pursuant to a settlement between Guggenheim and the AER. The reserve is also intended to permit the payment of outstanding professional fees, potential statutory obligations and other costs related to the ongoing administration of the receivership.

# Interim Statement of Receipts and Disbursements

43. The Receiver has prepared an Interim Statement of Receipts and Disbursements (the “**Interim R&D**”) for the period ended September 14, 2015, a copy of which is attached as “Schedule 1”. As reflected therein, as at September 14, 2015, approximately \$1,486,500 was being held in trust by the Receiver.
44. The Interim R&D reflects total receipts of approximately \$1,545,300. The Receiver highlights the following with respect to these receipts:
- 44.1. At the date of Receivership, Sekur held approximately \$656,900 in the ATB Accounts. Subsequent to the date of Receivership, these accounts were closed and all funds were provided, in trust, to the Receiver;
  - 44.2. Net sale proceeds of approximately \$580,200 have been collected from the August Sales; and
  - 44.3. Production revenue of approximately \$111,300 and accounts receivable of \$96,000 have been collected.
45. The Interim R&D reflects disbursements of approximately \$58,800. The Receiver highlights the following with respect to these disbursements:
- 45.1. Commissions totalling \$35,700 related to the August Sales were paid to NRG pursuant to the NRG Order.
  - 45.2. At the date of Receivership, the Company was sub-letting the Premises and rent on the Premises had been paid for the period ended August 31, 2015. The Receiver continues to occupy the Premises in the short-term and rent of \$11,400 has been paid for the period ended September 30, 2015.

# Conclusion

46. The Receiver is recommending approval of the Response Transaction, the Newcrest Transaction and the Vermillion Transaction for the following reasons:
- 46.1. The Receiver believes that the PNG Properties have been sufficiently exposed to the market to ensure that interested parties were made aware of and had the opportunity to participate in the Sale Process and the Re-Bid Process, where applicable;
  - 46.2. The Receiver has discussed the details of the Response Transaction, the Newcrest Transaction and the Vermillion Transaction with Guggenheim and they have consented to each of these transactions; and
  - 46.3. The Receiver believes that the Response Transaction, the Newcrest Transaction and Vermillion Transaction are reasonable given current market conditions and Sale Process and Re-Bid Process that were undertaken.
47. As a result of the foregoing, the Receiver respectfully requests the following:
- 47.1. Approval of the reported actions of the Receiver to date in administering these receivership proceedings;
  - 47.2. Approval of the Response Transaction, the Newcrest Transaction and the Vermillion Transaction;
  - 47.3. Approval of the Interim Distribution; and
  - 47.4. Approval of the Sealing Order with respect to the First Confidential Supplement.

**DELOITTE RESTRUCTURING INC.,**  
in its capacity as Receiver of Sekur Energy  
Management Corp. and not in its personal or  
corporate capacity



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Vanessa Allen, B. Comm, CIRP  
Vice President



# Schedules

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# Schedule 1

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## Notice of Receiver and Receiver's Statement

(Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*)

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### IN THE MATTER OF THE RECEIVERSHIP OF SEKUR ENERGY MANAGEMENT CORP.

#### BACKGROUND

On August 12, 2015, Deloitte Restructuring Inc. ("Deloitte") was appointed by the Court of Queen's Bench of Alberta (the "Court"), as Receiver and Manager (the "Receiver") of all of the current and future assets, undertakings and properties of Sekur Energy Management Corp. ("Sekur" or the "Company"). A copy of the Receivership Order can be found on Deloitte's website at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca) under the link entitled "Sekur Energy Management Corp."

The Receivership was the result of an application by Computershare Trust Company of Canada, in its capacity as collateral agent (the "Collateral Agent") for Guggenheim Corporate Funding, LLC ("Guggenheim"). The Collateral Agent holds registered security over all of Sekur's present and after acquired personal property for, and on behalf of, a syndicate of lenders for whom Guggenheim is the administrative agent.

Sekur is a private junior oil and gas company, which was incorporated pursuant to the laws of Canada and extra-provincially registered in Alberta in 2012. The Company held petroleum and natural gas properties (the "PNG Properties") throughout Central Alberta, which included 150,395 gross acres of land. As at the date of Receivership, the PNG Properties were producing approximately 432 barrels of oil equivalent per day.

#### ASSETS

On August 12, 2015, the Receiver took possession and control of the assets held by Sekur (the "Assets"). The following is a summary of the Assets listed in the books and records of Sekur as at August 12, 2015:

| <u>Assets</u>                        | <u>Net Book Values<br/>(rounded to the<br/>nearest '00s)</u> |          |
|--------------------------------------|--|----------|
| Cash Held in Financial Institutions  | \$ 757,200   |          |
| AR listing – Trade Account           | 221,300  |          |
| AR listing – Joint Interest Billings | 1,329,100  |          |
| Prepaid Expenses                     | 630,500  | (Note 1) |
| Refundable deposits                  | 700  | (Note 1) |
| PNG Properties                       | <u>Not Released</u>  | (Note 2) |
|                                      | <u>\$ 2,938,800</u>  |          |

Notes:

1. No realizable value is expected to be received for this asset.
2. No values are being released for the PNG Properties at this time in order to avoid tainting the sale process which is currently being undertaken by the Receiver.

**LIABILITIES**

Amount owed to each creditor who holds security on property described above:

| <u>Creditor</u>         | <u>Book Value</u>   |
|-------------------------|---------------------|
| Guggenheim              | \$39,392,633        |
| Bearspaw Petroleum Ltd. | <u>48,039</u>       |
|                         | <u>\$39,440,672</u> |

As at August 12, 2015, the Company listed outstanding unsecured creditors of approximately \$2.9 million.

Attached as Schedule A is a listing of the Company's creditors, including the estimated amounts owed, as indicated by the books and records of Sekur.

**PLAN OF ACTION**

Pursuant to Paragraph 3(l) of the Order, the Receiver has been granted the power to sell, transfer, lease, or assign the assets of the Company out of the ordinary course of business, subject to Court approval, as specified therein.

Sekur's operations are currently being continued by the Receiver until such time as a sale of the Assets, including the PNG Properties can be completed.

**CONTACT INFORMATION**

The contact information for the Receiver is:

Deloitte Restructuring Inc.  
700, 850 2 Street SW  
Calgary, AB T2P 0R8

**Attention: Joseph Sitholé**

Tel: 587-293-3203 | Fax: 403-718-3681 | Email: josithole@deloitte.ca

Dated at Calgary, Alberta, this 27<sup>th</sup> day of August, 2015.

**DELOITTE & TOUCHE INC.**

In its capacity as Receiver and Manager of  
Sekur Energy Management Corp.  
and not in its personal capacity



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Jeff Keeble, CA, CIRP, CBV  
Senior Vice-President

Schedule A - Sekur Energy Management Corp.

*Please note the following:*

- *This list of creditors has been prepared from information contained in the books and records of the Sekur Energy Management Corp as at August 12, 2015.*
- *The amounts included in this list of creditors do not take into consideration any un-invoiced amounts, nor have the amounts been adjusted for any amounts that may also be receivable from creditors.*
- *This list of creditors has been prepared without admission as to the liability for, or quantum of, any of the amounts shown.*

**Unsecured Creditors**

| <u>Name</u>                            | <u>Amount</u> |
|--|---------------|
| 2COM CONSULTING INC                    | \$ 116        |
| 393959 ALBERTA LTD.                    | 11,600        |
| 4DJ FARMS LTD.                         | 480           |
| 5 STAR PROPANE                         | 6,949         |
| 579546 ALBERTA LTD.                    | 2,969         |
| 658916 ALBERTA LTD.                    | 3,702         |
| 864391 ALBERTA LTD.                    | 7,759         |
| ABACUS ENTERPRISES INC.                | 33,895        |
| ABSA                                   | 1,445         |
| ADDISON ENERGY LIMITED PARTNERSHIP     | 3,950         |
| AGAT LABORATORIES                      | 15,439        |
| ALLIANCE BOREALIS CANADA CORP.         | 1,418         |
| ANDERSON ENERGY INC.                   | 3,582         |
| APACHE CANADA LTD                      | 118,830       |
| ARC RESOURCES LTD.                     | 20,387        |
| ARTEK EXPLORATION LTD.                 | 101           |
| BAKER HUGHES BUSINESS SUPPORT SERVICES | 6,893         |
| BARON PUMPJACK SERVICES                | 28,244        |
| BONAVISTA ENERGY CORPORATION           | 5,577         |
| BONAVISTA ENERGY CORPORATION           | 4,254         |
| BRIAN EDWARD PILSWORTH                 | 6,488         |
| BUMPER DEVELOPMENT CORPORATION LTD.    | 161           |
| CAL NORTH EXPLORATION INC.             | 8,382         |
| CALROC INDUSTRIES INC.                 | 1,394         |
| CANADA REVENUE AGENCY                  | 2,351         |
| CANADIAN ADVANCED ESP INC.             | 93,637        |
| CANETIC RESOURCES INC.                 | 225           |
| CANLIFT TECHNOLOGIES                   | 33,324        |
| CANPAR HOLDINGS LTD.                   | 216           |
| CANSEARCH RESOURCES LTD                | 427           |
| CANWEST PROPANE PARTNERSHIP            | 1,327         |
| CARDINAL ENERGY LTD.                   | 10,488        |
| CASCADE PROCESS CONTROLS LTD           | 11,358        |
| CENOVUS ENERGY INC.                    | 3,082         |
| CENTRAL GLOBAL DO NOT USE NOW QUATTRO  | 196           |
| CHANTAN RESOURCE MANAGEMENT LTD.       | 356           |
| CHINOOK ENERGY INC.                    | 3,555         |

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|--|---------|
| CITY OF RED DEER                                   | 1,470   |
| CLEAN HARBORS ENERGY & INDUSTRIAL SERVICES         | 13,406  |
| CANADIAN NATURAL RESOURCES                         | 70,043  |
| CANADIAN OIL & GAS INTERNATIONAL INC.              | 14,327  |
| CONOCOPHILLIPS CANADA ENERGY PARTNERSHIP           | 182,633 |
| CONSERVE OIL POC NATURAL GAS 1 LIMITED PARTNERSHIP | 12,885  |
| CANADIAN COYOTE ENERGY LTD.                        | 896     |
| CRESCENT POINT RESOURCES PARTNERSHIP               | 844,622 |
| CRITICALCONTROL ENERGY SERVICES INC.               | 525     |
| CURTIS JOHN AND JODY ANGELA PERRY                  | 2,800   |
| D & L METHANOL SERVICES LTD.                       | 2,399   |
| D.W. AXFORD & ASSOCIATES LTD.                      | 120     |
| DAVIS J  | 245     |
| DAVIS JT   | 245     |
| DEVON CANADA                                       | 10,492  |
| DIRECT ENERGY REGULATED SERVICES                   | 284     |
| DIRECT ENERGY RESOURCES PARTNERSHIP                | 32      |
| DUCHARME OIL & GAS LTD.                            | 2,994   |
| ECHO SAND RANCHING LTD.                            | 1,400   |
| EDWARD ZARPARNIUK                                  | 769     |
| ELHEXCO PET  | 1,127   |
| STRIKER EXPLORATION CORP.                          | 3,278   |
| EMBER RESOURCES INC.                               | 4,744   |
| ENCANA CORPORATION                                 | 17,392  |
| ENERPLUS CORPORATION                               | 1,162   |
| EOG RESOURCES CANADA INC.                          | 10,064  |
| ELKWATER RESOURCES LTD. (EXORO)                    | 4,102   |
| FALCON VAC SERVICES LTD.                           | 2,573   |
| FARKAS OIL & GAS LTD.                              | 571     |
| FIREFLY RESOURCES LTD.                             | 66      |
| FORENT ENERGY LTD.                                 | 448     |
| FRANCIS C. ROES & PATRICIA A. ROES                 | 500     |
| FREDERICK GRANT AND JUDY MARIE PUZEY               | 3,000   |
| FUEGO RESOURCES LTD.                               | 269     |
| C. GARRY & DONNA M. JOHNSON                        | 2,750   |
| GARRY ARMAND AND GRACE ADA FIX                     | 2,700   |
| GAS PRO COMPRESSION CORP                           | 15,341  |
| GOVERNMENT OF ALBERTA                              | 6       |
| GOVERNMENT OF ALBERTA                              | 75      |
| GREGORY L. KELTS                                   | 609     |
| HALLIBURTON GROUP CANADA                           | 747,197 |
| HANNA OIL & GAS COMPANY - CANADA ULC               | 153     |
| HANSON WELL SERVICING LTD.                         | 13,664  |
| HARVEST OPERATIONS CORP                            | 459     |
| KATHLEEN AMY HATCH                                 | 548     |
| HEWITT OIL (ALBERTA) LTD.                          | 1,695   |
| HUSKY OIL OPERATIONS LIMITED                       | 718     |
| ICI ARTIFICIAL LIFT INC.                           | 5,040   |
| IHS GLOBAL CANADA LIMITED                          | 11,011  |
| IMPERIAL OIL RESOURCES                             | 201     |
| INCIPIENT EXPLORATION LTD.                         | 112     |
| INTRICATE GROUP INC.                               | 36,438  |

|  |        |
|--|--------|
| JAMES PATRICK ROES                             | 2,350  |
| JAYHAWK RESOURCES LTD.                         | 1,861  |
| KELRO PUMP & MECHANICAL LTD.                   | 5,843  |
| KEYERA PARTNERSHIP                             | 284    |
| KPA PRESSURE SERVICES LTD.                     | 1,092  |
| KSL OILFIELD SERVICES LTD.                     | 1,408  |
| LEGACY OIL & GAS INC.                          | 2,486  |
| LEONARD ALBERT BABCOCK                         | 50     |
| MACDOUGALL MAINTENANCE LTD.                    | 756    |
| MARGO MACLEAN                                  | 108    |
| MARQUEE ENERGY LTD.                            | 902    |
| MATHIESON DEVELOPMENT LTD                      | 2,774  |
| MINISTER OF FINANCE                            | 360    |
| MO-BIL WASH SERVICES LTD.                      | 394    |
| MORRIN INDUSTRIAL REPAIR LTD.                  | 1,050  |
| MOUNTAIN WEST SERVICES LTD.                    | 2,476  |
| MRC CANADA ULC                                 | 20,159 |
| NEIL KRUCHTEN                                  | 2,500  |
| NEO EXPLORATION INC                            | 36,064 |
| NEP CANADA ULS                                 | 784    |
| NEWALTA CORPORATION                            | 113    |
| NEXEN ENERGY ULC                               | 958    |
| NORTHERN PATRIOT OIL & GAS LTD.                | 44     |
| NOVUS ENERGY INC.                              | 785    |
| NUVISTA ENERGY LTD                             | 1,152  |
| NUWAVE INDUSTRIES INC.                         | 3,843  |
| OPTIMUS ENERGY LIMITED                         | 717    |
| PALLISER WELL SERVICE LTD.                     | 4,468  |
| PENGROWTH ENERGY CORPORATION                   | 14,296 |
| PENN WEST PETROLEUM LTD.                       | 9,156  |
| PHANTOM VALLEY FARMS LTD.                      | 2,555  |
| PLAINS MIDSTREAM CANADA ULC                    | 572    |
| SCHLUMBERGER LIFT SOLUTIONS CANADA LTD.        | 28,244 |
| PRAIRIE STORM CONTROLS INC.                    | 943    |
| PRAIRIESKY ROYALTY LTD.                        | 1,688  |
| PURECHEM SERVICES                              | 9,181  |
| CQ ENERGY CANADA RESOURCES PARTNERSHIP         | 450    |
| QUESTFIRE ENERGY CORP.                         | 3      |
| QUICKSILVER RESOURCES CANADA INC.              | 59,664 |
| QUINN PUMPS CANADA LTD.                        | 448    |
| RAVENWOOD ENERGY CORP                          | 50     |
| RESPONSE ENERGY CORPORATION                    | 4,789  |
| RINDAL OILFIELD CONSTRUCTION LTD.              | 3,680  |
| RIVERBEND RANCH INC.                           | 20,819 |
| ROBERT J. OSETSKY                              | 1,510  |
| RUSTUM PETROLEUMS LIMITED                      | 129    |
| SCOTIA OILS LIMITED                            | 4,242  |
| SHANE AND HEATHER CRAIGIE                      | 2,980  |
| SIGNALTA RESOURCES LIMITED                     | 15,395 |
| SPECIAL AREAS BOARD, ALBERTA MUNICIPAL AFFAIRS | 1,771  |
| SPYGLASS RESOURCES CORP.                       | 629    |
| STANLEY AND FRANCOISE HRONEK                   | 2,220  |

|                                     |                     |
|-------------------------------------|---------------------|
| STAYURA WELL SERVICES LTD.          | 2,515               |
| STOKES W                            | 612                 |
| STRIKER EXPLORATION CORP.           | 10,497              |
| SURGE ENERGY INC                    | 23,241              |
| SUTTON ENERGY LTD.                  | 6,625               |
| TALLGRASS ENERGY CORP.              | 5,564               |
| TAQA NORTH LTD.                     | 1,982               |
| TECHMATION ELECTRIC & CONTROLS LTD. | 1,407               |
| TERVITA CORPORATION                 | 2,564               |
| TNT PRODUCTION TESTING INC.         | 12,432              |
| TRI-ALTA OILFIELD INDUSTRIES LTD.   | 10,940              |
| TRILOGY OILFIELD LTD.               | 3,880               |
| TYLER EMILIE HRONEK                 | 2,500               |
| VERA M.P. SHUCKBURGH                | 5,350               |
| VERMILION RESOURCES                 | 182                 |
| VIOLET MARIE CHRISTENSEN            | 2,950               |
| W.G. CRAIG RUSSELL                  | 2,000               |
| WAYNE D. REIMER                     | 3,200               |
| WAYVET WELDING                      | 2,630               |
| WESTWIND ENERGY CONSULTING CORP.    | 1,370               |
| WIKIUP ENERGY LLC                   | 1,127               |
| WOODLAND ENERGY RENTALS CORP.       | 4,095               |
| WOROBO FARM LTD.                    | 4,250               |
| X BAR X CATTLE CO. LTD.             | 8,100               |
| ZARGON OIL & GAS PARTNERSHIP        | 2,450               |
| ZEDI CANADA INC.                    | 5,544               |
| <b>Total unsecured</b>              | <b>\$ 2,914,349</b> |

**Secured Creditors**

| <b>Name</b>            | <b>Amount</b>        |
|------------------------|----------------------|
| GUGGENHEIM             | \$ 39,392,633        |
| BEARSPAW PETROLEUM LTD | 48,039               |
| <b>Total secured</b>   | <b>\$ 39,440,672</b> |

**Total due to unsecured and secured creditors** **\$ 42,355,020**



# Schedule 2

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**Sekur Energy Management Corp.**  
**Receiver's Interim Statement of Receipts and Disbursements**  
**For the Period Ended September 14, 2015**

| <b>Description</b>   | <b>Amount</b>              | <b>Notes</b> |
|--|----------------------------|--------------|
| <b>Receipts</b>  |                            |              |
| Cash held in financial institutions                                      | \$ 656,927                 | 1            |
| Sale of PNG Properties   | 580,212                    | 2            |
| Production revenue   | 111,308                    | 3            |
| Collection of accounts receivable / JIBs                                 | 96,015                     | 4            |
| Deposit on future sales of PNG Properties                                | 81,500                     | 5            |
| GST collected  | 6,763                      |              |
| Miscellaneous receipts   | 12,625                     | 6            |
| <b>Total receipts</b>  | <u>1,545,348</u>           |              |
| <b>Disbursements</b>   |                            |              |
| Commission   | 35,700                     | 7            |
| Rent   | 11,359                     | 8            |
| Software services  | 5,947                      | 9            |
| Insurance  | 2,801                      | 10           |
| GST paid   | 2,650                      |              |
| Miscellaneous disbursements  | 343                        |              |
| <b>Total disbursements</b>   | <u>58,801</u>              |              |
| <b>Excess of receipts over disbursements represented by cash in bank</b> | <u><u>\$ 1,486,547</u></u> |              |

**Notes:**

- 1 Represents cash held in two bank accounts with Alberta Treasury Branches as at the date of Receivership.
- 2 Represents net sale proceeds after closing adjustments for sales to Signalta Resources Limited, Twin Butte Energy Ltd. and Head First Energy Inc.
- 3 Represents collection of production revenues from operated properties.
- 4 Represents the collection of pre-receivership accounts receivable/ joint interest billings.
- 5 Represents deposits held in trust related to transactions with Response Energy Corporation and Newcrest Resources Ltd.
- 6 Includes refunds from the Government of Alberta for royalty deposits as a result of lower than expected production and from Canada Revenue Agency for pre-Receivership GST.
- 7 Represents commissions paid to NRG Divestitures Inc. as set out in an agreement with Sekur dated May 7, 2015 and as approved by an Order of the Court of Queen's Bench on September 10, 2015.
- 8 Represents occupation rent for the month of September 2015.
- 9 Represents costs of the production accounting system, the joint venture accounting system and the land management system for August and September 2015.
- 10 Sekur had insurance coverage through the Energy Insurance Group, which has been continued by the Receiver until November 15, 2015.