

Clerk's Stamp:

ESTATE NUMBER 25-2802560

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF VERTEX DOWNHOLE LTD.

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTIES FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP

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File No. 74909-14

NOTICE TO RESPONDENT(S)

This application is made against you. You are Respondents.

You have the right to state your side of this matter before the Master/Judge.

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

Date: April 14, 2022
Time: 2:00 pm
Where: Edmonton Courts Centre via Webex
Before Whom: The Honourable Justice M. E. Burns on the Commercial List

Go to the end of this document to see what else you can do and when you must do it.

Remedy Claimed or Sought:

1. The Applicant, Vertex Downhole Ltd. ("**Vertex**" or the "**Applicant**") respectfully seeks an Order substantially in the form attached hereto as **Schedule "A"** (the "**Extension Order**"):
 - (a) if necessary, abridging the time for service of this Application and the supporting materials and deeming service thereof to be good and sufficient;
 - (b) pursuant to section 50.4 of the *BIA*, extending the period of time within which Vertex is required to file a proposal to its creditors (the "**Proposal Period**") by 45 days up to and including May 30, 2022 (the "**Stay Extension**");
 - (c) amending the Sales and Investment Solicitation Process (the "**SISP**") attached Appendix "1" to the Order granted by Justice K.M. Horner on March 4, 2022 in the within proceedings (the "**SISP Order**") to afford greater protection to the Proposal Trustee (defined below); and
 - (d) such further and other relief as may be sought by Vertex and this Honourable Court may deem appropriate.

Grounds for Making this Application:

2. On February 4, 2022, Vertex commenced the within proceedings (the "**NOI Proceedings**") by filing a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4(1) of the *BIA* with the Office of the Superintendent of Bankruptcy.
3. Vertex is a Canadian Controlled Private Corporation, incorporated pursuant to the laws of the Province of Alberta with its registered office located in Calgary, Alberta. Vertex is widely held by seventy-five different shareholders, made up of institutional investors,

individuals, family trusts, current and former employees. The largest single shareholder owns 11% of the issued and outstanding shares.

4. In turn, Vertex is the sole shareholder of:
 - (a) HPC Energy Services Holdings (USA) Inc., a Delaware corporation; which is the sole shareholder of:
 - (b) HPC Energy Services Subsidiary (USA) Inc., a Delaware corporation; which is the sole shareholder of
 - (c) Vertex Downhole Inc; a Delaware corporation ("**Vertex US**"),

(collectively, the "**Vertex Group**").
5. Vertex is group of integrated oil and gas service companies with a product base uniquely designed to support downhole drilling.
6. HSBC Bank of Canada ("**HSBC**") is Vertex's senior-secured creditor.
7. MNP Ltd. is the proposal trustee of Vertex (in such capacity, the "**Proposal Trustee**").

Extension of the Proposal Period

8. Vertex requires the Stay Extension to continue the restructuring of its business and affairs, to work towards making a viable proposal to its creditors, and in order to amend and continue assisting the Proposal Trustee with implementing the SISP.
9. The Stay Extension is appropriate for, among others, the following reasons:
 - (a) Vertex has acted, and continues to act in good faith and with due diligence;
 - (b) Vertex will likely be able to make a viable proposal if the Stay Extension is granted; and
 - (c) no creditor will be materially prejudiced by the requested Stay Extension.

10. The Proposal Trustee and HSBC support the Stay Extension.
11. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Amendment to Sales Process

12. The SISP commenced on or about March 7, 2022. The Phase I Bid Deadline when Potential Bidders are required to submit letters of intent in order to become Qualified Bidders (each as defined in the SISP) is set for April 21, 2022 or such other date as the Proposal Trustee selects.
13. The Proposal Trustee has requested that Vertex seek an amendment to paragraph 19 of the SISP in order to afford the Proposal Trustee greater protection.
14. Vertex has agreed to seek to amend the SISP as the relief requested by the Proposal Trustee is reasonable in the circumstances.

Material of Evidence to be Relied On:

15. Affidavit No. 2 of Craig Flint sworn April 4, 2022.
16. Brief of Vertex, to be filed.
17. First Report of MNP, to be filed.
18. Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations

19. The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended; and

20. Such further and other Acts and Regulations as counsel may advise and that this Honourable Court may permit.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

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DOCUMENT **Order (Extension of Time to File Proposal, Sales Process Amendment)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTIES FILING THIS DOCUMENT
Burnet, Duckworth & Palmer LLP
2400, 525 - 8 Avenue SW
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Email: dlegeyt@bdplaw.com / ralgar@bdplaw.com
File No. 74909-14

DATE ON WHICH ORDER WAS PRONOUNCED: April 14, 2022

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton

JUSTICE WHO MADE THIS ORDER: The Honourable Justice M.E. Burns

UPON THE APPLICATION of Vertex Downhole Ltd. ("**Vertex**" or the "**Applicant**"); **AND UPON** reading Affidavit No. 2 of Craig Flint sworn April 4, 2022 ("**Flint Affidavit No.2**"); **AND UPON** reading the Affidavit of Service of • sworn April •, 2022; **AND UPON** reading the First Report (the "**First Report**") of MNP Ltd in its capacity as the proposal trustee of Vertex (in such capacity, the "**Proposal Trustee**") dated April •, 2022; **AND UPON**

hearing submissions by counsel for Vertex and any other counsel or other interested parties present;

IT IS HEREBY ORDERED THAT:

SERVICE

1. The time for service of the notice of application (the "**Application**") for this order (the "**Order**") is hereby abridged and deemed good and sufficient and the Application is properly returnable today, and no other than those persons served is entitled to service of the notice of Application.

INTERPRETATION

2. Capitalized terms not otherwise defined in this Order shall have the meaning set forth in the Application, Flint Affidavit No.1, or the First Report.

EXTENSION OF TIME TO FILE A PROPOSAL

3. The time within which Vertex is required to file a proposal to its creditors with the Official Receiver under section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**") is hereby extended to May 30, 2022.

AMENDMENT TO SALES PROCESS

4. The Sales and Investment and Solicitation Process (the "**SISP**") attached as Appendix "1" to the Order granted by Justice K.M. Horner on March 4, 2022 in the within proceedings (the "**SISP Order**") is hereby amended as follows

- (a) Paragraph 19 of the SISP is hereby amended to read as follows:

The Proposal Trustee and its respective professionals and advisors are not responsible for, and shall have no liability with respect to, any information obtained by any Potential Bidder. The Proposal Trustee, the Company and their respective advisors do not make any representations or warranties whatsoever as to the information or the materials provided, including as to the accuracy of same. Without restricting the foregoing, the Proposal Trustee shall have no liability whatsoever to any Person, including without

limitation any Potential Bidder or Qualified Bidder, or any other creditor or other stakeholder of Vertex, for any act or omission related to the process contemplated by these SISP Procedures or any actions taken by any Person relating to the Transaction, except to the extent that such act or omission is the result of gross negligence or willful misconduct on the part of the Proposal Trustee. By submitting a Bid, each Potential Bidder and Qualified Bidder shall be deemed to have agreed that it has no claim against the Proposal Trustee for any reason whatsoever, except to the extent such claim is the result of gross negligence or willful misconduct on the part of the Proposal Trustee

5. Except as otherwise amended by this Order, nothing in this Order is intended to alter, amend or otherwise modify the SISP or the SISP Order.
6. Service of this Order shall be deemed to be achieved by posting a copy of this Order on the website of MNP in its capacity as Proposal Trustee and by delivering a copy of this Order to those parties listed on the Service List prepared by counsel to Vertex.

J.C.Q.B.A