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July 23, 2020
Justice D.B. Nixon

COURT FILE NUMBER
COURT
JUDICIAL CENTRE
MATTER

2001-08434
COURT OF QUEEN'S BENCH OF ALBERTA
CALGARY
IN THE MATTER OF SECTION 192 OF THE CANADA BUSINESS
CORPORATIONS ACT, R.S.C. 1985, C. C-44, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF
12178711 CANADA INC., CALFRAC WELL SERVICES LTD.,
CALFRAC (CANADA) INC., CALFRAC WELL SERVICES CORP.
and CALFRAC HOLDINGS LP, by its General Partner CALFRAC
(CANADA) INC.

APPLICANT

WILKS BROTHERS, LLC

RESPONDENTS

12178711 CANADA INC., CALFRAC WELL SERVICES LTD.,
CALFRAC (CANADA) INC., CALFRAC WELL SERVICES CORP.
and CALFRAC HOLDINGS LP, by its General Partner CALFRAC
(CANADA) INC.

DOCUMENT

CERTIFICATE OF COMMISSIONER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Cassels Brock & Blackwell LLP
Suite 3810 Bankers Hall West
888 – 3rd Street SW
Calgary, AB T2P 5C5


Attention: **Jeffrey Oliver / Lara Jackson**
Tel: 403.351.2921
Fax: 403.648.1151
Email: joliver@cassels.com
ljackson@cassels.com
File : 50456-7

As per the March 25, 2020 Notice to the Profession and Public: "Remote Commissioning":

THIS IS TO CERTIFY that I, Jason M. Holowachuk, Barrister & Solicitor and Notary Public/Commissioner to the Affidavit sworn July 18, 2020, am satisfied that the process of utilizing video technology and the process for remote commissioning of the affidavit was necessary as it was unsafe to be physically present with the affiant, Sherry Nadeau.

DATED at Calgary, Alberta

on July 18, 20 20.


Signature of Commissioner to the Affidavit of
Sherry Nadeau

JASON M. HOLOWACHUK
Barrister & Solicitor

Print Name of Commissioner to the Affidavit
of Service

COURT FILE NUMBER	2001-08434	<div style="border: 1px solid black; padding: 10px; width: fit-content;">Clerk's Stamp</div>
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
MATTER	IN THE MATTER OF SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, C. C-44, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 12178711 CANADA INC., CALFRAC WELL SERVICES LTD., CALFRAC (CANADA) INC., CALFRAC WELL SERVICES CORP. and CALFRAC HOLDINGS LP, by its General Partner CALFRAC (CANADA) INC.	
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RESPONDENTS	12178711 CANADA INC., CALFRAC WELL SERVICES LTD., CALFRAC (CANADA) INC., CALFRAC WELL SERVICES CORP. and CALFRAC HOLDINGS LP, by its General Partner CALFRAC (CANADA) INC.	
DOCUMENT	AFFIDAVIT	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Cassels Brock & Blackwell LLP Suite 3810 Bankers Hall West 888 – 3rd Street SW Calgary, AB T2P 5C5 Attention: Jeffrey Oliver / Lara Jackson Tel: 403.351.2921 Fax: 403.648.1151 Email: joliver@cassels.com ljackson@cassels.com	
AFFIDAVIT OF	SHERRY NADEAU	
SWORN	July 18, 2020	

I, SHERRY NADEAU, of the City of Airdrie, in the Province of Alberta, MAKE OATH AND SAY THAT:

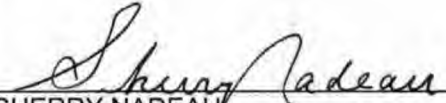
1. I am a legal assistant at Cassels, Brock & Blackwell LLP, counsel for the Applicant, and as such I have personal knowledge of the facts and matters hereinafter deposed to,

except where stated to be based upon information and belief and where so stated I do verily believe the same to be true.

2. Attached hereto and marked as **Exhibits "A" and "B"** respectively are documents provided to me by Ms. Lara Jackson as counsel for the Applicant, being copies of a Transcript and Order Granting Emergency Provisional Relief arising from a July 14, 2020 hearing before the Honourable Justice D.R. Jones in the United States Bankruptcy Court for the Southern District of Texas, Houston Division in respect of *In Re Calfrac Well Services Corp. et. al.*, Chapter 15 Case No. 20-33529 (DRJ), and which I believe to be true copies of the same.
3. Attached hereto and marked as **Exhibit "C"** to this my Affidavit is a copy of a News Release titled "Calfrac Announces Commencement of CBCA Stay Proceedings, Recapitalization Transaction and Financial Update", which I obtained on July 16, 2020 upon review of documents filed for Calfrac Well Services Ltd. on the System for Electronic Document Analysis and Retrieval (SEDAR) website located online at <https://sedar.com>, indicating therein a filing date of July 14, 2020 08:14:42 Eastern Time.
4. In swearing this Affidavit, I was not physically present before the commissioner for oaths/notary public but was linked with the commissioner for oaths/notary public utilizing video technology and, to the best of my knowledge, the process described in Court of Queen's Bench of Alberta Notice to the Profession and Public on Remote Commissioning of Affidavits for use in Civil and Family Proceedings During the COVID-19 Pandemic dated March 25, 2020 was followed.

SWORN BEFORE ME at the City of Calgary, in)
the Province of Alberta this 18th day of July,)
2020.)


A Commissioner for Oaths in and for Alberta


SHERRY NADEAU

JASON M. HOLOWACHUK
Barrister & Solicitor

DN

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

THIS IS EXHIBIT " A "
Referred to in the Affidavit of

Sherry Nadeau

Sworn before me this 18 day of
July, A.D. 2020

A Commissioner for Oaths in and for
Albera

JASON M. HOLOWACHUK
Barrister & Solicitor

IN RE:) CASE NO: 20-33529
) CHAPTER 15
)
CALFRAC WELL SERVICES CORP.,) Houston, Texas
)
) Tuesday, July 14, 2020
Debtor.)
) 11:30 a.m. to 12:27 p.m.

HEARING

BEFORE THE HONORABLE DAVID R. JONES,
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES FOR:

Debtor: JOHN F. HIGGINS, IV, ESQ.
ERIC M. ENGLISH, ESQ.
Porter Hedges, LLP

ADAM GOLDBERG, ESQ.
CAROLINE RECKLER, ESQ.
NACIF TAOUSSE, ESQ.
CHRISTOPHER HARRIS, ESQ.
Lathan & Watkins, LLP

Wilks Brothers: DANIEL FLIMAN, ESQ.
Stroock & Lavan, LLP

TREY MONSOUR, ESQ.
Fox Rothschild

Transcribed by: Exceptional Reporting Services, Inc.
P.O. Box 8365
Corpus Christi, TX 78468
361 949-2988

Proceedings recorded by electronic sound recording;
transcript produced by transcription service.

EXCEPTIONAL REPORTING SERVICES, INC

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Houston, Texas; Tuesday, July 14, 2020; 11:30 a.m.

(Participants appearing telephonically)

Call to Order

THE COURT: Good morning, everyone. This is Judge Jones. The time is 11:30. Today is Tuesday, July the 14th, 2020.

Next on this morning's docket are the generally administered cases under Case Number 20-33529, *Calfrac Well Services Corp.*

For those of you who came on later we'll just remind everyone that I am taking appearances electronically. If you've not done this before very simple, one click link from a web site. It will take you 20 seconds, you can do it at any time before the conclusion of the hearing and that will end up on the appearance sheet that will be attached to the Minute entry.

The first time you speak if you would simply state your name, who you represent it will give us a good voice print in the event a transcript is required.

Who is taking the lead this morning for the Debtors?

(No audible response)

THE COURT: No takers?

MR. GOLDBERG: Good morning, your Honor, can you hear me?

THE COURT: Very well, I left -- I should have said

1 this. I very much don't like using the hand raising feature so
2 I only do it when there's a lot of noise, so I had everybody
3 on, my apologies, I should have said that.

4 **MR. GOLDBERG:** Thank you, your Honor. It's Adam
5 Goldberg of Latham & Watkins on behalf of Ronald Mathison as
6 foreign representative for the Canadian proceedings of Calfrac
7 Well Services and I'll be taking the lead today for now.

8 **THE COURT:** Terrific, whenever you're ready.

9 **MR. GOLDBERG:** Thank you, your Honor.

10 Before I begin I'd like to mention that I am joined
11 today by my co-counsel, John Higgins and Eric English of Porter
12 Hedges, my partners, Caroline Reckler and Chris Harris, and my
13 colleagues, Nacif Taousse, Michael Hale, (indisc.) and Paul
14 (indisc.).

15 We are also joined today by the foreign
16 representative, Mr. Ronald Mathison, who is the Chairman of
17 Calfrac, as well as our Canadian counsel to the company, Kevin
18 Zych and Chris Simard of Bennett Jones. Mr. Simard and
19 Mr. Mathison each submitted Declarations in support of the
20 relief we are requesting today, as well as our Petitions for
21 Recognition which are Docket Numbers 4 and 5 respectively.

22 Your Honor, thank you for the opportunity to be heard
23 on such short notice this morning. The purposes of this
24 hearing is to seek provisional relief to provide necessary
25 protection for Calfrac Well Services pending a hearing on our

1 Petition for Recognition and to seek an Order to schedule a
2 hearing on that Petition for Recognition.

3 I note that your Honor has already granted an Order
4 directing joint administration of the five Chapter 15 cases
5 that we filed and we thank you for doing so this morning.

6 If your Honor would like I would offer a brief
7 presentation on Calfrac, its pending Canadian proceeding that
8 we have -- what we have filed before this Court and then move
9 onto a submission of evidence in support of our request for
10 provisional relief, a presentation of that Motion, and then
11 handling the Scheduling Motion at the end.

12 **THE COURT:** That makes perfect sense to me. I do
13 want to tell you, Mr. Goldberg, I didn't know if you've had a
14 chance to see it, I was thinking about this this morning and I
15 have actually, on my own Motion, applied the complex procedures
16 to these Chapter 15 cases and I have entered an Order making
17 those procedures applicable to these jointly administered
18 cases.

19 I think it's helpful. If you decide that it's not
20 you certainly -- it's certainly without prejudice to say no, we
21 really didn't want those procedures applied, but I think it
22 actually helps, but if I've missed something, please do reach
23 out and let me know.

24 **MR. GOLDBERG:** Thank you, your Honor. We appreciate
25 your help on that and we expect it will help in this case as

1 well. I will certainly let you know if we have issues about
2 it.

3 **THE COURT:** All right, thank you.

4 **MR. GOLDBERG:** Thank you. So just to jump into an
5 overview of Calfrac, Calfrac is a global oil field services
6 company providing specialized services including fracturing,
7 coil tubing, cementing and other well stimulation services.

8 The company's equity is publicly traded on the
9 Toronto's docket sheet. The company has operations in Canada,
10 the United States, Russia and Argentina and we have described
11 those operations in some detail in our verified Petition which
12 is at Docket Number 3.

13 The company has funded debt consisting of a first
14 lien credit facility of approximately 173.5 million dollars
15 outstanding with 233.8 million dollars available; second lien
16 notes in a principal amount of approximately 120 million
17 dollars; and unsecured notes in the principal amount of
18 approximately 432 million dollars.

19 Yesterday, July 13th, the five Chapter 15 debtors
20 that are before this Court sought relief before the Court of
21 the Queen's Bench of Alberta with respect to a proposed
22 arrangement under Section 192 of the Canada Business
23 Corporations Act, which is referred to as the CBCA.

24 The purpose of this proceeding is to effect a
25 deleveraging restructuring through a plan of arrangement

1 supervised by the Canadian Court.

2 At the hearing yesterday the Canadian Court entered
3 an Interim Order granting, among other things, a Stay to
4 protect the five applicants who are the Chapter 15 Debtors from
5 any action under their second lien notes and the unsecured
6 notes based upon defaults arising from the application to the
7 Canadian Court under the CBCA, the Debtors being subject to
8 that Canadian proceeding, any steps relating to that Canadian
9 proceeding including seeking recognition before this Court, the
10 failure to pay any amounts due under the company's unsecured
11 notes, and any default or cross default under the second lien
12 notes or unsecured notes.

13 The Interim Order authorized an officer of the
14 applicant to seek recognition of the Canadian proceedings in
15 the United States.

16 The Interim Order is listed as Exhibit Number 7 on
17 our Exhibit list filed with the Court at Docket Number 9, and
18 it also appears as an exhibit to Mr. Mathison's Declaration at
19 Docket Number 4.

20 Following that hearing before the Canadian Court last
21 night Calfrac announced the entry into a Restructuring Support
22 Agreement with certain of its unsecured noteholders. The
23 primary terms of that RSA are that the company's unsecured
24 notes of 432 million dollars will be exchanged into 86 percent
25 of the pro forma common equity of the company.

1 Holders of the unsecured notes who execute the RSA by
2 July 24th will receive their pro rata share of an additional 6
3 percent of the equity in the company.

4 Existing shareholders will be diluted down to
5 approximately 8 percent of the common equity remaining after
6 the transactions.

7 The company will obtain access to committed new
8 financing of 60 million dollars through a private placement of
9 1.5 lien notes.

10 The company will be seeking any necessary amendments
11 from its personally and credit facility lenders.

12 The company's second lien notes will be unaffected
13 and trade debt will also ride through.

14 In sum, the company's debt load will be reduced by
15 roughly 570 million Canadian dollars, and the annual cash
16 interest expense will be reduced by approximately 52 million
17 Canadian dollars.

18 Last night we also filed the Chapter 15 cases for the
19 five Chapter 15 Debtors which are the five applicants in the
20 Canadian CBCA proceeding. The purpose of these proceedings is
21 to seek an immediate provisional Stay in the United States to
22 ensure the company has the opportunity to restructure and
23 effect its RSA through the Canadian proceeding, to seek
24 recognition of the Canadian proceeding and to seek enforcement
25 of the CBCA arrangement in the United States when that

1 arrangement has been approved by the Canadian Court.

2 Your Honor, we recognize that the provisional relief
3 we seek today in particular is on short notice and that for all
4 functional purposes the parties-in-interest did not receive
5 notice of our document until this morning. Given the necessity
6 to seek provisional relief as soon as possible we tried to
7 mobilize all of the resources we could to do the best we can
8 under the circumstances to provide notice to all of the parties
9 in this case.

10 In order to ensure that we're noticing parties to the
11 best of our ability we retained Stretto to handle noticing in
12 this case. I believe your Honor is familiar with Stretto and
13 their qualifications. They have served this purpose in
14 bankruptcy cases in this and other Districts.

15 We have provided Stretto with a notice list for the
16 purposes of noticing in these cases, for the purposes of
17 today's provisional relief, and we filed the documents today in
18 accordance with Bankruptcy Rule 2002 on the United States
19 Trustee, the Debtors and their Canadian counsel, the first lien
20 agent and their counsel, the second lien notes Trustee and
21 their counsel, unsecured notes Trustee and their counsel,
22 certain of the unsecured noteholders, specifically G2S2 Capital
23 and AIMCo.

24 We served the Wilks Brothers and their counsel, and I
25 have also followed up personally this morning with an email to

1 their counsel at Stroock and Stroock and Lavan with a link to
2 the Stretto website in this case and to all of the filed
3 documents.

4 We have sent notice to all parties listed through our
5 litigation with the Debtors to the best of our knowledge where
6 we had notice information available, and we also served the
7 SEC.

8 All of these were served via email with the exception
9 of the registered agent in one litigation case under the title
10 Voorhees versus Wildcat Minerals, LLC, et al which was served
11 via overnight mail because we could not find an email address
12 for them.

13 We have also placed in capitalized and bolded font on
14 the front of our Emergency Motion, which we have served as I
15 have just described, noticing today's hearing as well as style
16 and related appearance information.

17 We have submitted two Declarations in support of our
18 Motion for provisional relief in the Petitions, your Honor.
19 Those are the Declarations of Mr. Ronald Mathison, the foreign
20 representative and Chairman of Calfrac, and Mr. Chris Simard of
21 Bennett Jones, counsel to Calfrac in connection with the
22 Canadian proceedings.

23 I'll briefly describe under the vast circumstances of
24 these cases some of the key points in Mr. Mathison's
25 Declaration which is at Docket Number 4.

1 He testifies in that Declaration that he has been the
2 Chairman of Calfrac for over 20 years and is familiar with its
3 operations and their restructuring efforts.

4 The five Chapter 15 Debtors before the Court are
5 Calfrac Well Services, Limited, Calfrac Canada, Inc., 1217877
6 Canada, Inc., which I'll refer to as Arangco going forward,
7 Calfrac Holdings, LP and Calfrac Well Services Corp.

8 Calfrac Well Services, Limited is a public company
9 parent of the company. It's organized under the Alberta
10 Business Corporations Act and its headquarters is in Calgary.

11 Calfrac Canada, Inc. is a corporation organized under
12 the Alberta Business Corporations Act. Its headquarters is in
13 Calgary. It serves as the general partner of Debtor Calfrac
14 Holdings, LP.

15 Arangco is organized under the CBCA. This entity
16 does not have any operations or liabilities. It's anticipated
17 that this entity will be amalgamated which some or all of the
18 corporations in the group is part of the execution of the
19 arrangement when it is approved by the Canadian Court.

20 Calfrac Holdings LP is a Delaware limited partnership
21 with its general partner, as I mentioned, Calfrac Canada, Inc.
22 As a limited partnership all of its business is conducted
23 through the general partner. It has no material operations
24 except to act as a financing entity related to issuance of the
25 company's notes.

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1 Calfrac Well Services Corp., the lead Debtor in these
2 cases, is a Delaware Corporation and houses the group's US
3 operations. It has an office in Houston and its headquarters
4 is in Calgary.

5 The group headquarters in Calgary houses all of the
6 Debtors' key management and operational personnel who oversee
7 and implement the company's business.

8 The company's ability to operate effectively depends
9 upon the centralized leadership through the Calgary
10 headquarters. That has allowed the company to maintain the
11 efficiency and profitability of operations, push through
12 technological innovations across the globe, execute on quality
13 control and corporate functions such as human resources and IT
14 management, and it also provides for centralized management of
15 supply chain and procurement activity for the group globally.

16 Mr. Mathison has also testified in his Declaration
17 that in the absence of a provisional stay the company could
18 face immediate and irreparable harm arising from creditor
19 action in the United States that could deprive the company from
20 having the ability to effectively restructure its debt through
21 the CBCA proceedings.

22 Your Honor, that's a brief summary of Mr. Mathison's
23 Declaration and I would ask that that Declaration be submitted
24 into evidence.

25 **THE COURT:** Let me ask everyone on the phone, I have

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1 read both the Declaration with Mr. Mathison at 4, as well as
2 Mr. Simard at 5. Any objections to my admitting them both?

3 (No audible response)

4 THE COURT: All right, then, for purposes of today's
5 hearing they are both admitted.

6 ((Debtor's Exhibit 4 Declaration by Ronald Mathison and
7 Exhibit 5 Declaration by Chris Simard were received in
8 evidence)

9 MR. GOLDBERG: Thank you, your Honor.

10 If your Honor would like I can briefly describe the
11 key points of Mr. Simard's Declaration as well, but it sounds
12 like you have already read it so I can jump over that.

13 THE COURT: You know, it's not Judge Isgur, my memory
14 is still good and I remember what I read so it's all just fine.

15 MR. GOLDBERG: Okay, thank you, your Honor.

16 So with the submission of those two Declarations into
17 evidence I'll move on.

18 I would also ask your Honor that our Exhibits, which
19 are at Docket Number 9 be admitted into evidence.

20 THE COURT: All right. Again, pursuant to the
21 emergency protocol any objections to admitting what I will
22 designate as Debtor Exhibits 9-1 through 9-9?

23 (No audible response)

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1 **THE COURT:** All right, they're admitted.

2 **(Debtors' Exhibit Numbers 9-1 through 9-9 were received in**
3 **evidence)**

4 **MR. GOLDBERG:** Thank you, your Honor.

5 Now, in terms of argument, on our Motion for
6 Provisional Relief, we are seeking a provisional Order applying
7 a Stay under Section 362 of the Bankruptcy Code within the
8 United States and granting enforcement of the Canadian Interim
9 Order within the territorial jurisdiction of the United States.

10 The Court is authorized to grant this provisional
11 relief under Section 1519 of the Bankruptcy Code and there is
12 precedent in this District for such relief in the Chapter 15
13 case of BOS Solutions which was before your Honor and also
14 concerned a Canadian proceeding.

15 Although the standard for Preliminary Injunction does
16 not apply to the availability of relief under Section 1519 in
17 our view the preliminary injunction standard is, nonetheless,
18 satisfied here.

19 First, the foreign representative is likely to
20 succeed on the merits of its Petition for Recognition. The
21 CBCA proceedings are of a type that -- are a type and form of
22 proceeding that are regularly recognized by Bankruptcy Courts
23 in the United States through Chapter 15 Petitions.

24 For example, the cases of Catalyst Paper Corporation
25 in the District of Delaware in 2017; the cases of Mega Brands

1 also in the District of Delaware in 2010, and the cases of
2 Kimback Industries (phonetic) which were in the SDNY in 2008.

3 The foreign representative has been validly appointed
4 by the Canadian Court as evidenced by the Order attached to
5 Mr. Mathison's Declaration and also included in our exhibits.

6 Each of the Debtors is an applicant and a debtor in
7 the Canadian proceeding. Each of the Debtors has its CoMI or
8 center of main interest in Calgary where the CBCA proceeding is
9 pending.

10 On that I would note, your Honor, that three of the
11 Debtors are Canadian entities, two Alberta organizations and
12 one organized under the CBCA and they are entitled to a
13 presumption of CoMI in the jurisdiction of their registered
14 office in Canada. That presumption is supported by the fact
15 that the Debtors' nerve center for operations out of its
16 Calgary headquarters.

17 As to the two of the Debtors that are Delaware
18 entities the presumption of their CoMI in Delaware is rebutted
19 by that same nerve center based in Calgary. In particular with
20 respect to the limited partnership entity it can only conduct
21 business through its general partner, which is a Canadian
22 company and, therefore, it should be viewed as having its base
23 of operations and nerve center in Canada.

24 Likewise with the US corporation and US operations,
25 the lead Debtor in this case, the Calgary headquarters serves

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1 as it's Center of Main Interest where its leadership and
2 primary business functions reside.

3 Accordingly, your Honor, the Canadian proceedings
4 will likely be recognized as foreign main proceeding, and even
5 if one or more of these cases is recognized as non-main
6 proceedings the same relief will still be available pursuant to
7 Section 1521 of the Bankruptcy Code.

8 Second, your Honor, the Debtors will face irreparable
9 harm in the absence of relief. In particular, the reasons we
10 have filed this case and sought a hearing so swiftly is to
11 obtain the protection of a Stay and to guard against the
12 potential for involuntary bankruptcy filing in the United
13 States.

14 Although we do not believe that there is a basis for
15 such a filing it would, nevertheless, become a costly
16 distraction and could jeopardize the company's ability to
17 achieve the restructuring that it has fought hard to secure for
18 the benefit of all of its stakeholders under the RSA.

19 Third, the balance of harms weighs in favor of the
20 Debtors. The grant of relief would give the Debtors the
21 protection of this Court and a fair shot at restructuring on
22 behalf of all of its stakeholders. Little harm, if any, would
23 be suffered by the creditors of the company particularly
24 because the Canadian Order is already in place and provides
25 protection for the company globally. The purpose of the relief

1 would be to preserve the status quo and creditors can and will
2 continue to be heard in both the Canadian Court and in this
3 Court on an orderly basis.

4 Fourth, the public interest favors the relief we have
5 requested. In particular the relief would further the express
6 purposes of Chapter 15 enumerated in Section 1501 of the
7 Bankruptcy Code to foster cooperation between the courts of the
8 United States and other countries, here, Canada.

9 Second, to provide greater legal certainty for trade
10 which would be benefitted here by allowing the Debtors an
11 opportunity to implement their RSA.

12 Third, fair and efficient administration of cross
13 border restructurings with the status quo preserved.

14 Fourth, protection of the Debtors' assets pending a
15 hearing on recognition and supporting the rescue of financially
16 troubled businesses, thereby protecting investment and
17 preserving employment.

18 Your Honor, that concludes my presentation on our
19 Request for Provisional Relief and I would request that the
20 Court enter the Order.

21 **THE COURT:** All right, thank you. Anyone else wish
22 to be heard?

23 **MR. FLIMAN:** Yes, your Honor, if I may be heard?

24 This is Daniel Fliman of Stroock and Stroock and
25 Lavan on behalf of Wilks Brothers.

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1 **THE COURT:** Yes, sir.

2 **MR. FLIMAN:** And I'm joined with me on the phone by
3 Trey Monsour at Fox Rothschild, their local counsel.

4 Your Honor, as I said, we represent Wilks Brothers.
5 They are a substantial stakeholder, if not the largest
6 stakeholder in the capital structure. They hold the majority
7 of the two well (phonetic) notes and approximately 19 percent
8 of the company's common stock.

9 We rise, your Honor, today to point out two very
10 important things that we think the Court needs to be made aware
11 of in connection with the proceeding that has been commenced in
12 Calgary and as it pertains to the relief that's been sought
13 here by the foreign representative.

14 But first, your Honor, and we plan to raise this in
15 Calgary, is that we really believe this should have been
16 commenced in a Chapter 11 before this Court and before your
17 Honor, and with all of the protections and rights that
18 correspond with the Chapter 11 proceedings.

19 We do not believe that the CBCA will ultimately be a
20 foreign main proceeding, we know that's for another day, but we
21 think it's important for your Honor to hear the following as it
22 pertains to the relief being requested.

23 While Calfrac Well Services, Ltd. is a Alberta
24 corporation, the common stock is issued on the Toronto
25 Exchange, the two L notes that we hold, which were issued just

1 five months ago, were issued by Calfrac Holdings, LP, which is
2 a Delaware limited partnership.

3 **THE COURT:** Delaware.

4 **MR. FLIMAN:** The indenture is governed by New York
5 law. The largest holder of the note is Wilks Brothers, which
6 is based in Texas. The notes are guaranteed by the parent
7 company, but also by a Delaware corporation.

8 And, your Honor, we know that a majority of the
9 collateral is located in the United States -- throughout the
10 United States in Colorado, North Dakota, Pennsylvania, Texas
11 and Mexico. As a matter of fact if you were to look at the
12 company's financials you would see the vast amount of the
13 revenue is generated by the US operations.

14 And we're prepared to show, in connection with
15 recognition, that the Center of Main Interest is not in Canada,
16 it's in the United States, and that this is not -- they
17 obviously need to ask to recognize the proceeding that is not a
18 foreign main proceeding.

19 The second issue, your Honor, that ties into the
20 relief requested today really pertains to the serious
21 infirmities with the relief that's being sought in Canada and
22 these are issues that we will raise with the Court up there.

23 The proceeding was brought at a CBCA, which is
24 effectively an in court consensual workout. You have heard
25 today from counsel representing that there will be nothing to

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1 impact the two wells held by our client.

2 At the same time, your Honor, you also heard that
3 about 60 million dollars of 1.5 priority debt is going to be
4 placed on this company which means that our clients that will
5 be primed by 60 million dollars and, of course, as counsel also
6 conceded, our client's sizable equity holdings will also be
7 severely diluted. CBCA is intended to be a consensual process,
8 and there will not be a consensual process given the massive
9 impairment that will inflicted on our clients.

10 And we know this, your Honor, because what you didn't
11 hear from counsel is that the CBCA proceeding was filed on an
12 ex parte basis with no notice to parties, and certainly not
13 adequate notice to parties.

14 The company ran into court and obtained a Stay which
15 far exceeds the Stay that is permitted for a CBCA and we are
16 seeking a hearing next week in order to undo that Stay, but
17 it's important, your Honor, to realize that unlike in a CTAA,
18 which is akin to our Chapter 11 proceeding, given that the CBCA
19 is intended to be consensual it is unprecedented for a Stay of
20 this magnitude to be issued in the CBCA. And we note that,
21 your Honor, because of the following:

22 If a foreign representative receives the provisional
23 relief that's being sought today then your Honor will
24 effectively be sanctioning a Stay that we believe should never
25 have been issued and added up, and that Stay that we also

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1 believe will be vitiated once the recognition proceeding comes
2 before your Honor given that this is not a foreign main
3 proceeding.

4 So, your Honor, we rise to raise all of that as
5 concerns. We wanted to make you aware of the litigations that
6 we anticipate coming out in Canada and the impact of the relief
7 that's being requested of you today as that will effectively
8 sanction what we believe was improperly granted in the initial
9 CBCA proceeding.

10 **THE COURT:** So let me ask you this if I could, and
11 let me start by saying as a practitioner I have some degree of
12 familiarity with the Canadian process; I've certainly also seen
13 it since I've been on the bench and I have a lot of faith in
14 the process that the Canadian justice system engages in, is I
15 look at what's being requested and the authority that I have
16 under 1519, it appears to me that what I'm doing -- not what
17 the Debtors are asking me to do, but if I grant the relief it
18 seems to me what I'm doing is I'm simply ensuring a level
19 playing field in all jurisdictions until we sort these issues
20 that you have raised out, whether that be in front of the
21 Canadian Court, whether it be in front of this Court, but I've
22 got to, it seems to me, to ensure due process to all, I need to
23 make sure that we maintain the status quo until you get an
24 opportunity to appear and raise your issues, again, in whatever
25 court that it is.



1 Tell me, and I'm really focused on sort of the
2 sanctioning the bad conduct argument that you made, I don't see
3 that I'm doing that at all. What I see that I'm doing is that
4 I am simply making sure that we preserve the status quo for
5 everyone, not just your clients, but even those who can't
6 afford to hire a lawyer, until these issues get put in front of
7 the Canadian Court or they get put in front of me, whatever the
8 appropriate venue is.

9 Tell me what I'm not thinking about correctly.

10 **MR. FLIMAN:** So two points to that, your Honor. I
11 appreciate that. And, you know, the first is the request
12 requested in the provisional Order --

13 **THE COURT:** Uh-huh (yes.)

14 **MR. FLIMAN:** -- that's placed in front of the Court,
15 is not limited to the outcome of what may happen in the CBCA
16 with respect to the Interim Order that's been entered and the
17 comeback hearing that was called that we are requesting next
18 week.

19 **THE COURT:** Right.

20 **MR. FLIMAN:** And so to the extent that the relief
21 requested here is limited and cabined by whatever it is that
22 happens in Canada then I think we're more comfortable with the
23 relief that's being requested, meaning what we don't want have
24 happen is that by virtue of your Honor's ruling it in any way
25 undermines the arguments that we intend to make in Calgary.

AN

1 **THE COURT:** So help me --

2 **MR. FLIMAN:** The second point, your Honor --

3 **THE COURT:** Can we stay on the first one for just a
4 second?

5 I'm not sure, and I want to make sure that I fully
6 appreciate what you're telling me, I don't see how anything
7 that I'm being asked to do changes the position that you have
8 in Canada. All I'm doing, effectively, is granting temporary
9 comedy. I mean, I know that's not a specific legal term, but
10 practically isn't that what I'm doing? I'm simply saying until
11 this issue moves a little further along I'm recognizing good or
12 bad what the Canadian Court did, and I don't see what the
13 Canadian Court did as being so far afield that it violates
14 public policy of the United States. And I'm not suggesting
15 that it's right or wrong and so I don't want this to be
16 construed as anything, but I think that there is ground between
17 being exactly right and violating the public policy of the
18 United States. I think there's an awful lot of gray area in
19 there, you can be wrong but still be entitled to all of the
20 protections that, in my view, 1519 contemplates. I mean, what
21 am I missing?

22 **MR. FLIMAN:** No, your Honor, I -- listen, I
23 appreciate that and I am also cognitive that this is not the
24 forum to litigate whether what happened in Calgary is correct
25 or not.

an

1 **THE COURT:** Right.

2 **MR. FLIMAN:** Our proposal on that, so, specifically,
3 what we would do on the Order if your Honor is inclined to
4 answer it, is to specifically provide with the relief in here
5 aimed to the extent that the Stay is terminated in the CBCA
6 proceeding because what we don't want, your Honor, is a
7 situation where by virtue of this Order that's being asked of
8 the Court today, the outcome becomes nonconsequential in a way
9 to CBCA because of the Order that's been entered here. So our
10 specific ask would be if your Honor is inclined to enter the
11 Order that we make the relief automatically terminate to the
12 extent that we prevail in undoing the Stay that's been imposed
13 in the Court in Calgary, that's on the first point.

14 And if I may move to the second point, your Honor?

15 **THE COURT:** Well, wait a minute, let me -- let's make
16 sure that we deal with the first point because I want to be
17 clear in my mind and I also, quite frankly, think it's only
18 fair to you to understand how I'm thinking about the process.

19 You don't know me very well, but I really don't like
20 things that terminate automatically with me ever -- with me not
21 knowing what happened, with me not having an opportunity to
22 understand what happened. And I do this, if you want another
23 example in the Chapter 11 context, I haven't approved a DIP
24 financing or a cash collateral Order yet that doesn't have
25 termination provisions where everybody comes back to me, and

1 I'll make the same accommodation to you as I would in that
2 Order.

3 I will hear you on an emergency basis, and I've known
4 Mr. Monsour for 30 years, you've got a good local counsel, and
5 he is far more than a mail drop. He knows how to litigate, he
6 knows how to ask for things, and if something happens and you
7 need emergency relief you're not going to wait more than 24, 48
8 hours in terms of business days to be back in front of me,
9 explain what happened, let me hear what everyone said and we'll
10 proceed forward. I just don't like automatic terminations
11 because it tends -- I don't know when reliance begins and ends,
12 so it's -- I hear you, and the combination that I'm willing to
13 make is that I'll give you my word that if you need quick
14 access, I don't think there isn't a lawyer on the phone that
15 has appeared in front of me that won't tell you that you can't
16 get a hearing on 24-48 hours' notice. I will make that work.
17 So that's what I'm willing to do with respect to that.

18 **MR. FLIMAN:** We appreciate that, your Honor.

19 **THE COURT:** All right.

20 **MR. FLIMAN:** Thank you.

21 **THE COURT:** Yes, sir. Point two?

22 **MR. FLIMAN:** Point two, your Honor, is the Proposed
23 Order specifically asks your Honor to recognize, grant comedy
24 and to hold as full force and effect the Interim Order.

25 And that goes beyond the remainder of the Order that

1 asks you to impose the automatic Stay with respect to assets in
2 the United States.

3 And our concern there, your Honor, is that the
4 Interim Order, as we understand it, goes beyond what the
5 automatic Stay potentially provides, and to be specific about
6 it, we understand that there may be an argument that's going to
7 be made by the company that by virtue of an Interim Order,
8 notwithstanding that the indenture provides for automatic
9 acceleration of the two well notes upon commencement of a
10 proceeding like the CBCA, that the company will take the
11 position that the Interim Order prevents that automatic
12 acceleration that requires no notice by anybody from taking
13 place. And we raise that because we all know that the
14 automatic stay in the United States does not prevent automatic
15 acceleration within the four corners of the document, and our
16 concern is that because the foreign representative asks only
17 for a condition of automatic stay and effectuation of the
18 Interim Order. What they're asking for is something that goes
19 beyond the Stay, and is something that would preclude the
20 automatic acceleration of the debt being blessed by your Honor.

21 **THE COURT:** And so are you focused on Paragraph 2 of
22 the requested Order?

23 **MR. FLIMAN:** I am, your Honor.

24 **THE COURT:** Okay. Mr. Goldberg, do you want to
25 respond to that?

DN

1 **MR. GOLDBERG:** Yes, thank you, your Honor. Again,
2 for the record, Adam Goldberg of Latham and Watkins on behalf
3 of the foreign representative.

4 Just to respond to a couple of issues that have been
5 raised here.

6 First, the Wilks Brothers certainly are a party known
7 to the Debtors here. They appeared before the Canadian Court
8 at the hearing yesterday represented by counsel, and then as
9 counsel mentioned they have requested what the Canadian counsel
10 referred to as a comeback hearing before the Canadian Court
11 regarding the terms of that Interim Order. So there is --
12 there should be no question that they have the opportunity to
13 be heard in Canada just as they do here, and we are not seeking
14 to do anything today other than to preserve the status quo and
15 for the opportunity for the Canadian process to have its
16 effect.

17 You know, your Honor this is a Canadian-based
18 company. It is based -- it is listed on the Toronto stock
19 exchange. Its headquarters is in Calgary. It started in
20 Canada and it has pursued fracing work around the world where
21 that work is being done, but it is a home grown Canadian
22 company and that is where the company has elected in good faith
23 to pursue its restructuring process.

24 And what we're here today to seek is nothing more
25 than preserving the status quo pending a hearing on the

1 recognition Order and, frankly, your Honor, that does include
2 granting effect to the Interim Order, whatever that may be if
3 the Canadian Court (indisc.) --

4 **THE COURT:** So -- if I could interrupt you, Mr. --
5 and I'm sorry, it's so hard over video and audio to do this, so
6 my apologies.

7 So I just want to make sure that we're on the same
8 page. If the Interim Order is subsequently reduced, if we
9 could use that term, if it is reduced in scope by the Canadian
10 Court, do we all agree and stipulate that that is the limit of
11 the effect that this Order would have going forward?

12 In other words, it can't be anything more than what
13 the Interim Order is as is subsequently modified by the
14 Canadian Court. Do we all agree to that?

15 **MR. GOLDBERG:** As to this Paragraph 2 of the Order,
16 absolutely, your Honor, there is -- we're not trying to do
17 something more than what we would have with the Interim Order
18 in Canada.

19 **THE COURT:** Yeah, I -- yeah, that seemed pretty
20 straightforward to me, but I just wanted to confirm that. And,
21 again, I am going to extend the Canadian Court the same respect
22 as I am confident that they would extend to me if this were in
23 reverse. The Canadian Court, I think, is the place to seek a
24 review of the Canadian Order and any adjustments that need to
25 be made.

DN

1 I have every confidence in the world that they will
2 be made promptly and if there's a change in strategy, whatever
3 it may be, in my view this Order does nothing that changes
4 anyone's options, it is simply, again, preserving the status
5 quo for all parties until we see where this going to go. I
6 don't think it increases anyone's rights, I don't think it
7 decreases anyone's rights, it's simply ensures a level playing
8 field going forward. And with that I note the objection to the
9 extent that there remains an objection.

10 It's overruled, but it's overruled without prejudice.

11 I'll grant the Motion requesting emergency
12 provisional relief with the acknowledgements that have been
13 made on the record today. I have signed the Order submitted at
14 8-2, and that is now off the docketing.

15 All right, so can we talk about scheduling?

16 **MR. GOLDBERG:** Thank you, your Honor. Yes.

17 **MR. FLIMAN:** Thank you, your Honor.

18 **THE COURT:** Yes, sir. So let me -- because I want to
19 make sure this all works, do you-all have something in mind?
20 Have you talked?

21 I mean, since you-all know what's coming in Canada,
22 have we thought about how the puzzle fits together?

23 **MR. GOLDBERG:** We have not had a chance to confer
24 with counsel to Wilks about the scheduling yet. If your Honor
25 would like us to do so we're happy to do so. But I think at

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1 this point in terms of what we're requesting relief the
2 schedule would be a hearing on the Petition for Recognition of
3 the Chapter 15 cases as main cases, or, in the alternative as
4 non-main cases --

5 **THE COURT:** Right.

6 **MR. GOLDBERG:** -- which --

7 **THE COURT:** No, I'm sorry, go ahead. I was talking
8 to myself.

9 **MR. GOLDBERG:** Sure. So I think our Scheduling
10 Motion, which is fairly typical, essentially seeks relief from
11 the Court to provide notice, as well as discuss specific
12 hearing dates. I'm happy to go through the details of those
13 procedures but, of course, the key points to be discussed with
14 your Honor are filling in the dates for the hearing on
15 recognition, the deadline for an objection and the deadline for
16 us to provide notice of the --

17 **THE COURT:** Sure. Let me -- I should have been more
18 pointed. What I really want to make sure that we all do is --
19 'cause you-all know much better than I the anticipated schedule
20 in Canada, I don't want to pick a day that's right on top of a
21 Canadian proceeding because I don't want that to be perceived
22 as anything disrespectful to the Canadian Court. That's all I
23 was asking. I just -- I'm asking for your input so that we
24 have a schedule that gives everyone time to think about and
25 react to any ruling that may occur in Canada, and I also want

1 the schedule to, on its face, be respectful of the Canadian
2 process, that's all I'm after. Other than that I don't really
3 care what the dates are.

4 **MR. GOLDBERG:** Thank you, your Honor. Well, let me
5 -- if you'll allow me I can give you an explanation of my
6 understanding of the current schedule in Canada and, you know,
7 this remains subject to the Wilks Brothers' request for a
8 comeback hearing which I don't think has been scheduled yet.

9 But in terms of what Calfrac will be seeking from the
10 Canadian Court we would anticipate that there will be a further
11 hearing before the Canadian Court at some point in early August
12 regarding the proposed arrangement and the request to convene a
13 meeting for voting on that arrangement, and that that would
14 proceed towards a meeting of the creditors with respect to that
15 arrangement in mid-September with a final hearing on the
16 approval of the arrangement in late September.

17 So I think in terms of how these proceedings should
18 fit into that schedule I think it would make sense to me that
19 there be a hearing on the recognition Order at some point in
20 early to mid-August, you know, roughly 21 days or more after
21 this -- after today's date so as to permit the Wilks Brothers
22 an opportunity to seek their comeback hearing in Canada, and
23 then for us to engage with them as to any objections that they
24 may raise to this recognition proceeding.

25 **THE COURT:** Does that fit within Wilks Brothers' view

1 of how the Canadian proceedings are going to progress?

2 **MR. FLIMAN:** Your Honor, this is Daniel Fliman at
3 Stroock.

4 **THE COURT:** Sure.

5 **MR. FLIMAN:** So the visibility that I have is that we
6 hope and expect a comeback hearing next week.

7 **THE COURT:** Okay.

8 **MR. FLIMAN:** The balance, I assume, is correct. I
9 take Counsel at their word. I don't know the remainder of the
10 schedule. I do know that with respect to the comeback hearing
11 we're hoping for next week.

12 In terms of the overall timing of 21 days, I do
13 anticipate we will seek limited discovery, and I think the 21
14 days may be a little bit tight for that, but I don't think that
15 it should drag or at least drag much longer than that.

16 **THE COURT:** All right, let's see if we can't craft
17 something. Let me put up the Order. So this was the Order
18 submitted.

19 So, Mr. Goldberg, what were you thinking in terms of
20 getting your notice out?

21 **MR. GOLDBERG:** I would expect that we can have that
22 done by tomorrow.

23 **THE COURT:** So let's go -- how about July 17th?

24 **MR. GOLDBERG:** That works for us, your Honor. Thank
25 you.

DN

1 **THE COURT:** 'Cause Ms. Reckler's got to continue her
2 art work which I am not letting pass, I just want you to know
3 that, Ms. Reckler. We're going to talk about that, about the
4 artwork in the background there.

5 All right.

6 **MS. RECKLER:** I have a second piece that I can show
7 you, I will adjust my camera.

8 **THE COURT:** That's -- I'm still trying to process
9 that one, so that may be just enough. All right.

10 So notices out by July the 17th. So --

11 **MR. GOLDBERG:** If I might interject, I apologize --

12 **THE COURT:** Sure.

13 **MR. GOLDBERG:** I think the date we just filled in was
14 for objections, and that the Paragraph 2 is for the notice
15 deadline.

16 **THE COURT:** See, you're right. See, it's that piece
17 of art that's just got me all discombobulated. My apologies.

18 All right, so, obviously we'll back this up from when
19 we pick a hearing date.

20 Let's assume, Mr. Goldberg -- let's assume that you
21 reach no accommodation with the Wilks Brothers, how long do you
22 think -- and I'm not going to put a stop watch on you, I'm just
23 trying to make sure that I give you -- I allocate enough time
24 for you.

25 How long do you think a hearing takes? I mean, the

1 issues are relatively narrow, but can certainly be complex to
2 some degree.

3 **MR. GOLDBERG:** I would think that the issues should
4 be fairly narrow. I think what we don't have visibility on at
5 this point is the sense of which there could be factual or
6 disputes. It would seem to me at this point that the facts
7 themselves should be something ascertainable and that the
8 primary question will be arguing about what those facts mean.
9 So I would think that a couple of hours should be sufficient at
10 the most, I would hope, but certainly we'll have to see what
11 issues are raised.

12 **THE COURT:** Sure. So --

13 **MR. GOLDBERG:** I would welcome any comments from the
14 Wilks Brothers' counsel on what they anticipate at this point.

15 **THE COURT:** Sure. I'll make that circle, but let me
16 overlay a couple of things on this if I could.

17 Based upon what we know now with respect to the COVID
18 situation a hearing in August would be by video and audio,
19 which I've done quite a bit and I'm entirely comfortable. I
20 take evidence, I take witness testimony, I am extremely
21 comfortable doing it. I also have the easiest job of all so
22 it's not up to me to put that on.

23 And the reason that I'm telling you this is the last
24 Order that I issued and, again, it was based upon what I knew
25 at the time, was audio video hearings until the Tuesday after

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1 Labor Day and so, again, I just want you to know that so that
2 you can make --

3 Again, I don't know what travel is out of New York.
4 I know that next week I start to travel within the District,
5 you know, just because I sit in other Divisions, but I want you
6 to have all of the information so that you can make the right
7 decision. I don't know if you are contemplating a video
8 hearing, I don't know if you were contemplating having an in
9 person hearing. I need some feedback from you so that we can
10 pick a day.

11 If you are open to doing this by video I learned this
12 morning a trial that I had set for August the 25th, and I had
13 all day, is that there has been a death amongst the parties; I
14 don't know which side or whom, or how that affects it, but I'm
15 going to guess that I can probably move that relatively easily
16 and give you the whole day if you think that this could span a
17 whole day.

18 **MR. GOLDBERG:** Well, until we know more I think we
19 would appreciate the time with your Honor and we'll certainly
20 advise the Court of the issues as we identify them and how much
21 time we need as we learn more.

22 **THE COURT:** Sure.

23 **MR. GOLDBERG:** From my perspective that date would
24 work well for us.

25 In terms of a video hearing I think the additional

1 issue that complicates it, your Honor, is that our witnesses
2 are in Canada, and it may not be that even if we're capable of
3 traveling within the United States that they're capable of
4 traveling across the border at this stage, and so under the
5 circumstances we would appreciate the opportunity to have the
6 hearings done by video.

7 **THE COURT:** All just fine by me and, you know, we can
8 work through and I would hope that we would -- if this turns
9 out to be the site that it could be that we would have some
10 cooperation between technical people so that we can get cameras
11 tested and computers situated and that sort of thing so that we
12 can do this in an efficient way.

13 Any objection to just going ahead and reserving the
14 whole day on the 25th from anyone?

15 **MR. FLIMAN:** This is Daniel Fliman. Not from us,
16 your Honor. We think two hours is probably too optimistic and
17 it will likely be less than a whole day, and August 25th works
18 for us.

19 **THE COURT:** All right. The one thing that I have
20 learned is that it does take longer just with objections and
21 things that come up and it's -- you know, it's hard to confer
22 on an issue when you've got to adjourn and then go get on
23 another phone call and that's where things -- I want to be
24 respectful of that process.

25 So, Vriana, let's do this, if you would have Albert

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1 move the Carmichael trial from the 25th, and then just reserve
2 the whole day on August the 25th, all right?

3 **THE CLERK:** Okay.

4 **THE COURT:** All right, so let's see, since I think --
5 well, the folks in Calgary are going to be Mountain time,
6 right?

7 **MR. GOLDBERG:** Yes.

8 **THE COURT:** Okay. So should we start at 10:00
9 o'clock so that we don't make it painfully early for those
10 folks?

11 **MR. GOLDBERG:** I'm sure that that will be
12 appreciated, but I also expect that they would be happy to be
13 available for your Honor as the schedule permits.

14 **THE COURT:** Yeah. That would be heard -- and then
15 can we just --

16 **(Pause)**

17 **THE COURT:** So, again, what I don't want, and I have
18 made this mistake before, I've had some folks thinks they
19 should be here and so I've actually put a couple of folks at
20 risk because they thought they had to come to the courthouse.
21 Everyone else was on audio and video and they show up and, you
22 know, in full PPP gear which makes me feel horrible.

23 That work? I know we need another date, but does
24 that make sense?

25 **MR. GOLDBERG:** Yes.

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1 **MR. FLIMAN:** Yes, sir.

2 **THE COURT:** All right. And -- yes, sir?

3 **MR. FLIMAN:** I would say that works for us, your
4 Honor.

5 **THE COURT:** Thank you. All right. And then --

6 **MS. RECKLER:** Your Honor, it's Caroline Reckler.

7 I just have one question. I have heard that the
8 software was going to change from join.me and I just want to
9 sure we include the correct instructions in our notice.

10 **THE COURT:** Yes. So you are absolutely correct, I
11 was going to mention it before we ended today's call, I'm happy
12 to do it now.

13 So effective August 1st Isgur and I have been testing
14 a new platform that has the required stability that we got with
15 join.me and has gotten all of the necessary security approvals
16 from people I didn't even know existed when I took this job,
17 and so effective August 1st we will be using GoToMeeting. It's
18 in the same product family as join.me It has some really
19 terrific features, but doesn't give up much in terms of the
20 stability that was always the big selling point for join.me.

21 We are available either by group, firm, case, however
22 you-all want to do it to do training if you need it. All you'd
23 need to do is reach out to either Linthu (phonetic) or Albert
24 and just say "Hey, look, we'd like 20 minutes here are the
25 number of folks that we have."

1 It's really easy to use, but you'll really like some
2 of the additional features if you have used it before and it
3 will depend on when you used it last because it's been totally
4 redone at least from when I learned to use it five years ago,
5 it's so much better. But, yes, thank you, Ms. Reckler.

6 **MS. RECKLER:** Thank you, your Honor.

7 **THE COURT:** And so to finish off that question, we
8 are today or tomorrow, I need Isgur to sign off on my last
9 changes, there will be a new version of the complex procedures
10 that will contain notice language as well as the instructions
11 in it, and that will be out this week so you can cut and paste
12 from that.

13 Mr. Goldberg, in terms of an objection, that line,
14 did you have something in mind?

15 Number one, I know you need to have some time to
16 talk, but you probably would also like to have as much time as
17 possible to try and keep an objection from being filed?

18 **MR. GOLDBERG:** Yes. And certainly understanding that
19 there may be some discovery coming our way, that that would
20 obviously be sooner -- these are dealt with the sooner we can
21 get it, what I might suggest is that we set an objection
22 deadline in three weeks from now, August 4th, which would
23 provide ample time for us to have some discussions and yet and
24 then still ample time from that date until the hearing date to
25 work out any discovery or other issues, and we can always

1 request to adjourn that deadline if necessary or productive.

2 **THE COURT:** Any reaction to that from Wilks Brothers?

3 **MR. FLIMAN:** You've got -- it seems like we have got
4 more time to play with than that.

5 **THE COURT:** Okay.

6 **MR. FLIMAN:** I think that we could certainly move it
7 to the week after that so that we're not in a position in the
8 middle of discovery asking for an extension which you never
9 want to be in that spot.

10 **THE COURT:** Right.

11 **MR. FLIMAN:** And so I would request that we deem the
12 week of the 10th as opposed to on the 4th.

13 **THE COURT:** Okay, so you can live with the 11th?

14 **MR. FLIMAN:** Yes, your Honor.

15 **THE COURT:** Okay, that make sense to me and I will
16 expect you-all to work together and tailor discovery if there
17 is a requirement. I mean, it can't be that broad, so I'll
18 leave that to you-all.

19 I will say this, if there are issues I want to know
20 about them sooner rather than later. Don't let them sit there
21 and grow. If there are issues give them to me sooner rather
22 than later.

23 All right, any other comments?

24 And, again, I know that Wilks Brothers is preserving
25 all of its rights, it's not agreed to anything. I'm really

1 asking for just comments on the form of the Order.

2 (No audible response)

3 THE COURT: All right, then with that --

4 All right, I have signed the Order and it is off the
5 docketing.

6 Folks, what else do we need to --

7 MR. GOLDBERG: Thank you, your Honor.

8 THE COURT: Yes, sir.

9 What else do we need to talk about?

10 MR. GOLDBERG: Those are all of the issues that we
11 have for your Honor today.

12 THE COURT: All right. I do have to -- it's nice to
13 see that you have your youngsters included on the call today.
14 There's -- I do have to -- I'm going to embarrass him a little
15 bit because he did such a terrific job yesterday. You know,
16 you should be proud to have him on the call with you today. He
17 just did a nice job yesterday.

18 MR. SPEAKER: (indisc.) Thank you.

19 THE COURT: All right.

20 MS. RECKLER: Thank you, your Honor.

21 MR. FLIMAN: Thank you, your Honor. Have a good day.

22 THE COURT: Anything else that we need to talk about?

23 (No audible response)

24 THE COURT: All right, everyone stay safe. If there
25 are issues please let me know, and until I hear from anyone

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1 I'll see everybody on the 25th and, again, be safe. And we'll
2 be adjourned.

3 MS. RECKLER: Thank you, your Honor.

4 MR. GOLDBERG: Thank you, your Honor.

5 MR. FLIMAN: Thank you, Judge.

6 (This proceeding was adjourned at 12:27 p.m.)

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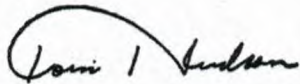
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CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.



Signed

July 16, 2020

Dated

TONI HUDSON, TRANSCRIBER



ENTERED
07/14/2020

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re

Calfrac Well Services Corp., *et al.*,¹

Debtors in a Foreign Proceeding

Chapter 15

Case No. 20-33529 (DRJ)

Jointly Administered

(Docket No. 8)

THIS IS EXHIBIT "B"	
Referred to in the Affidavit of	
Sherry Nadeau	
Sworn before me this	18 day of
July	A.D. 2020
A Commissioner for Oaths in and for Alberta	

JASON M. HOLOWACHUK
Barister & Solicitor

ORDER GRANTING EMERGENCY PROVISIONAL RELIEF

Upon the *Motion for Provisional Relief* (the "**Motion**"),² filed on July 13, 2020, by the duly authorized Foreign Representative of the Chapter 15 Debtors, seeking, on an emergency basis, (a) entry of an order (this "**Order**") granting provisional relief applying the stay provided for in section 362 of the Bankruptcy Code on a limited basis to the Chapter 15 Debtors and their property that is within the territorial jurisdiction of the United States pending chapter 15 recognition of the Canadian Proceeding; (b) granting of effect within the territorial jurisdiction of the United States to the order of the Canadian Court granting a stay for the protection of all of the Chapter 15 Debtors and their assets (the "**Interim Order**"); and (c) such other relief as may be just and proper; and this Court having considered (i) the Motion, (ii) the Petition, (iii) the Mathison Declaration, (iv) the Simard Declaration, and (v) the evidence presented at the hearing before this Court on July 14, 2020 (the "**Hearing**"); and appropriate and timely notice of the filing of the Motion and the Hearing having been given to the Office of the United States Trustee, the Securities and Exchange Commission, all parties to litigation currently pending in

¹ The Chapter 15 Debtors, along with the last four digits of each U.S. Debtor's federal tax identification number, where applicable, are as follows: Calfrac Well Services Corp. ("**CWSC**") (1738), 12178711 Canada Inc. ("**Arrangeco**"), Calfrac Well Services Ltd. ("**Calfrac**") (3605), Calfrac (Canada) Inc. ("**CCI**"), and Calfrac Holdings LP ("**CHLP**") (0236).

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

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the United States in which any of the Chapter 15 Debtors is a party, the First Lien Agent, the Second Lien Note Trustee, the Unsecured Note Trustee, and all parties required to be given notice under Bankruptcy Rule 2002(q)(1) of which the Foreign Representative is aware, and that no other or further notice need be provided; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, the Court finds and concludes as follow:³

a) The Chapter 15 Cases were properly commenced pursuant to Bankruptcy Code §§ 1504, 1509, and 1515.

b) This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2)(P).

c) Venue is proper in this district pursuant to 28 U.S.C. § 1410.

d) This Court may enter a final order consistent with Article III of the United States Constitution.

e) The Canadian Proceeding is pending in Canada, and the Foreign Representative has been authorized to act as foreign representative of the Debtors in these Chapter 15 Cases.

f) Based on the pleadings filed to date, the Court concludes that the Foreign Representative has demonstrated a likelihood of success on the merits of the Petition.

g) The relief sought by the Foreign Representative in the Motion is authorized under Section 1519 of the Bankruptcy Code, and the Foreign Representative has demonstrated that irreparable harm to the Debtors may occur in the absence of the relief sought in the Motion.

h) The relief sought by the Motion will not cause undue hardship to any party in

³ The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, or any of the following conclusions of law constitute findings of fact, they are adopted as such.

interest and, to the extent that any hardship may result to such parties, it is outweighed by the benefits of the requested relief to the Debtors and all of its creditors.

i) The relief granted hereby is necessary and appropriate in the interests of the public and international comity and it is consistent with the public policy of the United States.

j) No security is required for the relief granted herein under Bankruptcy Rule 7063 or otherwise.

Now therefore, it is hereby **ORDERED**:

i. Section 362 of the Bankruptcy Code shall apply to the Provisional Relief Parties with respect to such of the Chapter 15 Debtors and the property of the Chapter 15 Debtors that is within the territorial jurisdiction of the United States. For the avoidance of doubt, and without limiting the generality of the foregoing, the relief granted by this Order shall impose a stay within the territorial jurisdiction of the United States, applicable to the Provisional Relief Parties, of:

- i. The commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the Chapter 15 Debtors that was or could have been commenced before the commencement of the Chapter 15 Debtors' Chapter 15 Cases, or to recover a claim against the Debtors that arose before the commencement of the Chapter 15 Debtors' Chapter 15 Cases;
- ii. The enforcement, against the Debtors or against the property of the Chapter 15 Debtors, of a judgment obtained before the commencement of the Chapter 15 Debtors' Chapter 15 Cases;
- iii. Any act to obtain possession of property of the Chapter 15 Debtors or of property from the Chapter 15 Debtors or to exercise control over property of the Chapter 15 Debtors;
- iv. Any act to create, perfect, or enforce any lien against property of the Chapter 15 Debtors;
- v. Any act to create, perfect, or enforce against property of the Chapter 15 Debtors to the extent that such lien secures a claim that arose before the commencement of the Chapter 15 Debtors' Chapter 15 Cases;

- vi. Any act to collect, assess, or recover a claim against the Chapter 15 Debtors that arose before the commencement of the Chapter 15 Debtors' Chapter 15 Cases; and
- vii. The setoff of any debt owing to the Chapter 15 Debtors that arose before the commencement of the Chapter 15 Debtors' Chapter 15 Cases against any claim against the Chapter 15 Debtors.

2. The Interim Order is recognized, granted comity, and entitled to full force and effect against all entities (as that term is defined in section 101(15) of the Bankruptcy Code) in accordance with their terms, and such terms shall be binding and fully enforceable on the Provisional Relief Parties for the purposes of U.S. law, whether or not they actually agreed to be bound by the Interim Order or participated in the Canadian Proceedings.

3. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (i) this Order shall be effective immediately and enforceable upon entry; (ii) the Foreign Representative is not subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order; and (iii) the Foreign Representative is authorized and empowered and may, in his discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

4. This Court shall retain jurisdiction with respect to: (i) the enforcement, amendment or modification of this Order; (ii) any requests for additional relief or any adversary proceeding brought in or through these Chapter 15 Cases; and (iii) any request by an entity for relief from the provisions of this Order, for cause shown, as to any of the foregoing, and provided the same is properly commenced and within the jurisdiction of this Court.

Signed: July 14, 2020.


DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

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Calfrac Announces Commencement of CBCA Stay Proceedings, Recapitalization Transaction and Financial Update



CALGARY, AB, July 14, 2020 /CNW/ - Calfrac Well Services Ltd. ("Calfrac" or the "Company") (TSX: CFW) announces that Calfrac and certain related entities (collectively, the "Calfrac Applicants") have obtained a preliminary interim order (the "Preliminary Interim Order") under the Canada Business Corporations Act (the "CBCA") from the Court of Queen's Bench of Alberta (the "Court") (the "CBCA Proceedings"). Calfrac also announces that it has entered into support agreements with certain holders of its outstanding 8.50% senior unsecured notes due 2026 (the "Unsecured Notes"), holding approximately 50% of the outstanding principal amount of the Unsecured Notes and certain holders of common shares ("Common Shares") including all directors, the Executive Chairman, President and Chief Operating Officer and Chief Financial Officer of the Company, holding approximately 23% of the outstanding Common Shares, to give effect to a recapitalization transaction (the "Recapitalization Transaction") as described below.

The CBCA is a Canadian corporate statute that, among other things, allows corporations to restructure certain debt obligations. In most cases, a corporation working through a CBCA process will be able to complete a recapitalization transaction in a more efficient manner based on time, cost and other key factors. The CBCA is not a bankruptcy or insolvency statute. All trade debt and obligations of the Company to employees, customers, suppliers and service providers shall be unaffected and shall be paid or satisfied in the normal course of business.

Preliminary Interim Order

The Preliminary Interim Order authorizes the Calfrac Applicants to apply to the Court to seek a further order under the CBCA Proceedings (the "Interim Order Application"), which would permit the Calfrac Applicants to call, hold and conduct the required special meetings (the "Special Meetings") of its affected stakeholders to consider and vote on a plan of arrangement to give effect to the Recapitalization Transaction (the "Arrangement"). In addition, the Preliminary Interim Order grants a stay of proceedings in favour of Calfrac and its subsidiaries in respect of any defaults that may result from Calfrac's decision to initiate the CBCA Proceedings, or arising in connection with Calfrac's previously announced election to defer the cash interest payment due on June 15, 2020, in respect of its outstanding Unsecured Notes, which were issued pursuant to an indenture dated May 30, 2018.

Recapitalization Transaction

Pursuant to the Recapitalization Transaction:

- Each holder of Unsecured Notes will receive newly issued Common Shares representing its pro rata share (based on the face value of the Unsecured Notes) of 86% of the pro forma issued and outstanding Common Shares in consideration for the exchange and transfer of the Unsecured Notes.
- Holders of Unsecured Notes who provide voting instructions to vote in favour of the Plan on or prior to a specified early consent date (which will be set pursuant to Court order) will receive additional newly issued Common Shares representing its pro rata share (based on face value of the Unsecured Notes) of 6% of the pro forma issued and outstanding Common Shares.
- The existing holders of Common Shares shall retain their Common Shares, subject to dilution based on the Common Shares issued to holders of Unsecured Notes. The existing holders of Common Shares will hold 8% of the pro forma issued and outstanding Common Shares following completion of the Arrangement.

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- In connection with the Recapitalization Transaction, Calfrac will conduct a new money offering of new senior secured convertible 10% PIK notes (the "**1.5 Lien Notes**"), in an aggregate principal amount of \$60 million (the "**New 1.5 Lien Offering**" or the "**Offering**"), as further described below. The proceeds of the New 1.5 Lien Offering will initially refinance indebtedness outstanding under the Company's credit facilities, creating additional liquidity. This liquidity will fund: working capital requirements as the Company's business improves in North America, from historic lows, maintenance capital for the Company's worldwide operating fleet, interest payments on the Company's debt obligations, and the payment of transaction costs associated with the Recapitalization Transaction. Completion of the Offering is contingent upon completion of the Recapitalization Transaction. The New 1.5 Lien Offering will be backstopped by the Initial Commitment Parties (as defined below) and the percentages of outstanding Common Shares above are subject to further dilution as a result of Common Shares to be issued in payment of the applicable backstop fee.
- Calfrac will be seeking any necessary amendments or waivers of its credit facilities as may be required to facilitate the Recapitalization Transaction. The lenders under Calfrac's credit facilities have waived any event of default that may result under such credit facilities as a result of the CBCA Proceedings.
- Holders of 10.875% second lien secured notes of Calfrac Holdings LP due 2026 (the "**Second Lien Notes**"), in their capacity as such holders, will be unaffected by the implementation of the Recapitalization Transaction.
- All trade debt and obligations of the Company to employees, customers, suppliers and service providers shall be unaffected by the Recapitalization Transaction and shall continue to be paid or satisfied in the ordinary course of business.
- As a result of the completion of the Recapitalization Transaction and the Offering, total debt will be reduced by approximately \$570 million and annual cash interest expenses will be reduced by approximately \$52 million.
- Following completion of the Recapitalization Transaction, there will be approximately 1,877 million Common Shares issued and outstanding (4,128 million Common Shares on a cumulative basis after giving effect to the issuance of the Common Shares issuable on conversion of the 1.5 Lien Notes, assuming conversion on the closing date of the Recapitalization Transaction).

Completion of the Recapitalization Transaction will be subject to, among other things, completion of the Offering, approval of the transaction by the affected security holders of Calfrac; other approvals that may be required by the Court, the approval of the Toronto Stock Exchange; and the receipt of all necessary regulatory approvals. In connection with the Recapitalization Transaction, the Company intends to continue under the CBCA.

Offering of 1.5 Lien Notes

In connection with the Recapitalization Transaction, Calfrac will conduct an offering of the 1.5 Lien Notes, in an aggregate principal amount of \$60 million. The 1.5 Lien Notes will be issued to: (i) G2S2 Capital Inc., or an affiliate thereof ("**G2S2**") as to approximately \$18 million of 1.5 Lien Notes; (ii) members of a supporting ad hoc committee of noteholders (the "**Ad Hoc Committee**") as to approximately \$14 million of 1.5 Lien Notes; and (iii) MATCO Investments Ltd. ("**MATCO**") as to approximately \$13 million of 1.5 Lien Notes (collectively, the "**Initial Commitment Parties**"), provided that the Company may allocate up to \$6 million of such amounts (together with the associated backstop commitment) to other holders of Unsecured Notes on or before July 31, 2020 (together with the "**Initial Commitment Parties**", the "**Commitment Parties**"), which shall reduce the foregoing amounts pro rata. In addition, an additional aggregate of \$15 million of 1.5 Lien Notes will be reserved for other holders of Unsecured Notes (subject to certain qualifying criteria). Each Commitment Party (other than G2S2 and MATCO) will subscribe for and backstop any portion of the \$15 million of 1.5 Lien Notes reserved for other holders of Unsecured Notes on a pro rata basis and G2S2 as to the remaining amount. The Commitment Parties shall be entitled to an aggregate fee of \$1.5 million in respect of such backstopped amount, payable in Common Shares following the

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conversion of the Unsecured Notes to Common Shares pursuant to the Recapitalization Transaction. G2S2 and the members of the Ad Hoc Committee have entered into support agreements with the Company.

The 1.5 Lien Notes will include the following terms:

- A term to maturity of three years from closing. The Company will have no right of redemption.
- The New 1.5 Lien Notes will bear interest at a rate of 10% per annum payable in cash semi-annually on March 15 and September 15 of each year (commencing on September 15, 2020, each, an **"Interest Payment Date"**). On each Interest Payment Date, the Company may elect to defer and pay in kind any interest accrued as of such Interest Payment Date by increasing the unpaid principal amount of the New 1.5 Lien Notes as at such date (each, a **"PIK Interest Payment"**), which PIK Interest Payment shall be allocated pro rata to all New 1.5 Lien Noteholders. Following each such increase in the principal amount of the New 1.5 Lien Notes as a result of any PIK Interest Payment, the New 1.5 Lien Notes will bear interest on such increased principal amount from and after the date of each such PIK Interest Payment. Upon repayment of the New 1.5 Lien Notes, any interest which has accrued thereon but has not been capitalized as set forth above shall be paid in cash. Upon and following the occurrence of an event of default that is continuing, the New 1.5 Lien Obligations shall bear interest at a rate equal to 2% above the applicable rate.
- The obligations in respect of the 1.5 Lien Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis (the **"1.5 Priority Lien"**) by the Obligors, and shall be secured over not less than all of the present and future existing collateral securing the Company's first lien credit facility and the Second Lien Notes. The 1.5 Priority Lien will form part of the Company's senior secured obligations and will rank: (a) senior to all of the Company's future obligations, unsecured obligations and the obligations of the Company in respect of the Second Lien Notes; and (b) junior to the obligations under the Company's credit agreement.
- The 1.5 Lien Notes will be convertible at the holder's option into Common Shares at any time prior to maturity at a conversion price of \$0.0266 per Common Share (prior to giving effect to a share consolidation contemplated by the Recapitalization Transaction (the **"Conversion Price"**)). The Conversion Price shall be subject to standard anti-dilution adjustments upon, among other things, share consolidations, share splits, spin-off events, rights issues, reorganizations and for certain dividends or distributions to holders of Common Shares.
- Upon the occurrence of certain changes of control, the Company will be required to offer to repurchase all outstanding 1.5 Lien Notes at a purchase price equal to 101% of the aggregate principal amount of the 1.5 Lien Note unpaid interest, if any, to the date of repurchase.
- The 1.5 Lien Notes will contain customary events of default.
- The 1.5 Lien Notes will contain customary covenants, representations and warranties for a senior secured note issuance. Pursuant to the 1.5 Lien Note indenture, the Company shall be required to obtain approval of holders of 1.5 Lien Notes holding not less than 66⅔% of aggregate principal amount of 1.5 Lien Notes (the **"Consenting 1.5 Lien Noteholders"**) for certain fundamental events, including certain incurrences of debt; amendment of constituting documents; the alteration of the Company's share capital; the increase of the size of the board of directors of the Company (the **"Board"**) from seven (7) members; the making of change of control payments to directors, officers or employees resulting from with the Recapitalization Transaction; and entering into agreements which materially restrict the ability of the Company to conduct business.
- The Board will consist of seven (7) members. For so long as each of G2S2, the Ad Hoc Committee and MATCO, including their respective affiliates, shall own at least 50% of their respective initial 1.5 Lien Notes, they shall each have the right to nominate one (1) director to the Board.
- If one or more director nominees of the holders of 1.5 Lien Notes fails to be elected as a director, such nominee shall be designated an observer to the Board, and the Company shall be required to obtain approval of the Consenting 1.5 Lien Noteholders in respect of certain

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- additional matters, including: purchases, sales or leases in excess of \$25 million; or entering into related party transactions in excess of \$0.5 million.
- The Initial Commitment Parties will be granted certain pre-emptive rights in connection with offerings of equity or debt securities by the Company.

Completion of the Offering is subject to, among other things, completion of the Recapitalization Transaction; the approval of the Toronto Stock Exchange and any shareholder approval required pursuant thereto; the approval of a majority of a minority of shareholders as required under Multilateral Instrument 61-101 ("**MI 61-101**"); and the receipt of all necessary regulatory approvals. Pursuant to MI 61-101, the Company intends to rely upon the exemption from the requirement to prepare a formal valuation in connection with the issuance of 1.5 Lien Notes to MATCO, as a related party of the Company, pursuant to the exemption contained in section 5.5(g) of MI 61-101. In connection therewith, the independent directors of the Board for such purpose, consisting of Gregory S. Fletcher, James S. Blair, Kevin R. Baker and Douglas R. Ramsay (the "**Independent Directors**") have determined unanimously that the Company is in serious financial difficulty, the Offering is designed to improve the financial position of the Company, and the terms of the Offering are reasonable in the circumstances of the Company. The Board has also made these determinations.

The transaction term sheets in respect of the Recapitalization Transaction, the forms of support agreement and the forms of consent agreements (in each case subject to redactions for certain confidential and/or commercially sensitive information contained in such agreements) will be filed on SEDAR under Calfrac's profile (www.sedar.com) and Calfrac's website (www.calfrac.com). Additional information in connection with the implementation of the Recapitalization Transaction, including with respect to CBCA Proceedings, will also be made publicly available by the Company.

Additional Information About the Recapitalization Transaction

Calfrac, with the assistance of the Company's legal and financial advisors, and in consultation with key stakeholders, conducted a review of potential alternatives available to the Company to address its outstanding debt, improve liquidity and strengthen its overall financial position. The Company has carefully reviewed and considered, among other things, its overall capital structure and financial condition, its debt levels and cash interest payments, the Company's previously announced decision to defer the June 15, 2020 interest payment on the Unsecured Notes, challenging industry conditions and the effects of the ongoing COVID-19 pandemic, and weakened commodity prices. In connection with this evaluation, the Company views the proposed Recapitalization Transaction and the Offering as achieving the Company's goals of improving its capital structure and liquidity.

Peters & Co. Limited ("**Peters & Co.**"), an independent financial advisor to the Board, has provided opinions to the Board that: (i) the holders of Unsecured Notes and the existing holders of Common Shares would be in a better financial position, respectively, under the Recapitalization Transaction than if the Company were liquidated; and (ii) the Recapitalization Transaction is fair, from a financial point of view, to the Company.

Following the Company's review and consultation process, and after careful consideration and based on a number of factors, including the opinions of Peters & Co., legal advice from the Company's counsel, financial advice from the Company's financial advisors, the facts and circumstances facing the Company, the terms of the Recapitalization Transaction and the Offering, the Board unanimously determined that the Recapitalization Transaction is in the best interests of the Company, and unanimously recommends that holders of Unsecured Notes and Common Shares support and vote in favour of the Recapitalization Transaction.

Tudor, Pickering & Holt & Co. / Perella Weinberg Partners LP and RBC Capital Markets are acting as financial advisors to the Company, and Bennett Jones LLP and Latham & Watkins LLP are acting as legal counsel. Goodmans LLP is legal counsel to the Ad Hoc Committee.

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Update Concerning Wilks Brothers

In the course of the CBCA Proceedings, Calfrac disclosed previously non-public information concerning prior discussions and correspondence with Wilks Brothers, LLC and its related parties (collectively, "**Wilks Brothers**"). Wilks Brothers holds approximately 19.78% of the common shares of Calfrac and, according to regulatory filings by it, over 50% of the Second Lien Notes. Wilks Brothers also owns ProFrac Services Ltd., a competitor of Calfrac in the U.S.; and has other publicly disclosed investments in oilfield services companies, some of which are also competitors of Calfrac.

The documents filed as part of the CBCA Proceedings disclosed the fact that Wilks Brothers submitted unsolicited, non-binding proposals to Calfrac on June 22 and June 29, 2020, respectively. Both proposals described prospective transactions whereby Wilks Brothers would acquire Calfrac's U.S. business in exchange for the Second Lien Notes of Calfrac held by Wilks Brothers at each of the relevant dates, and cash.

After reviewing the proposed transaction terms with its financial advisors, Calfrac firmly declined both proposals for two principal reasons. Most importantly, the consideration offered by Wilks Brothers significantly undervalued Calfrac's U.S. business, a division that represents more than two-thirds of Calfrac's global enterprise.

Further, neither Wilks Brothers proposal was considered by Calfrac's board of directors to be practical or executable. The Wilks Brothers' proposals sought to leave the first-lien, senior creditors of Calfrac with less than one-third of the collateral that they currently hold, with no debt reduction. In addition, a vastly disproportionate amount of debt was proposed to be left owing by Calfrac, after the proposed transaction, relative to what was suggested by Wilks Brothers to become Calfrac's remaining assets, collateral and operations.

Calfrac also disclosed in the materials filed for the CBCA Proceedings that Wilks Brothers has been a significant shareholder of Calfrac since at least 2016, and had self-identified in September of 2017 as an activist investor in Calfrac, who "may seek to effect material changes in [Calfrac's] business or corporate structure".

As disclosed in Calfrac's press release dated May 7, 2019, in a decision released on that date the Alberta Court of Queen's Bench granted Calfrac's summary judgment application and ruled that Wilks Brothers had breached its confidentiality agreement with Calfrac and dismissed Wilks Brothers motion for summary judgment. Calfrac's action is continuing in relation to damages issues.

Calfrac has confirmed as part of the CBCA Proceedings that it does not believe that separating Calfrac's U.S. business from the balance of the Company would be in the best interests of all stakeholders, particularly at below fair market value, and the significant amount of debt that would remain with Calfrac post the transaction as had been proposed by Wilks Brothers.

Financial Update

In connection with obtaining the Preliminary Interim Order, and the Company's ongoing negotiations concerning a Recapitalization Transaction, the Company is providing an update concerning its available debt capacity, as well as forecasts concerning certain financial measures.

Tables 1 illustrates the Company's current secured debt capacity as of April 30, 2020. As at April 30, 2020, the Company's actual cash balance was \$51.4 million.

Table 1: Secured Debt Capacity (C\$ in millions)

Secured Debt Capacity	
Based on Fixed Baskets	
Credit Facilities Starter Basket	\$375
General Liens Basket	\$84

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Total Secured Debt Capacity	\$489
Less: Credit Facility Drawn	(\$173)
Available Lien Capacity	\$286
Less: Second Lien Notes Outstanding	(\$167)
Net Available Secured Debt Capacity	\$119

Table 2 illustrates the Company's historical and forecast financial performance as of April 30, 2020.

Table 2: Historical and Forecast Financial Performance (C\$ in millions)

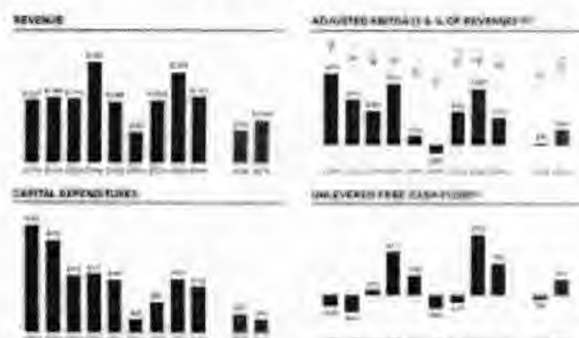


Table 2: Historical and Forecast Financial Performance (C\$ in millions) (CNW Group/Calfrac Well Services Ltd.)

- (1) Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring.
- (2) With the adoption of IFRS 16, the accounting treatment for operating leases when Calfrac is the lessee, changed effective January 1, 2019. Calfrac adopted IFRS 16 using the modified retrospective approach and the comparative information was not restated. As a result, the Company's 2019 Adjusted EBITDA is not comparable to periods prior to January 1, 2019. For the year ended December 31, 2019, Adjusted EBITDA excludes \$21.9 million of lease payments that would have been recorded as an operating expense prior to the adoption of IFRS 16. Estimated Adjusted EBITDA for 2020 and 2021 includes the impact of lease obligation principal repayments under IFRS 16.
- (3) Unlevered free cash flow is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring less capital expenditures and changes in items of working capital.

Certain measures presented in this press release, including Adjusted EBITDA and unlevered free cash flow, do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), these supplementary measures are also non-GAAP measures. These measures have been described and presented in order to provide additional information regarding the Company's forecasts, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are explained below.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it gives an indication of the results from the Company's principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges.

Unlevered free cash flow is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring less capital expenditures and changes in items of working capital. Unlevered free cash flow is presented because it gives an indication of the Company's liquidity prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges.

Adjusted EBITDA and unlevered free cash flow for the actual periods noted below are calculated as follows:

	2011	2012	2013	2014	2015	2016	2017	2018	2019
(C\$000s)									
(Unaudited)									
Net income (loss)	187,157	96,361	26,733	67,502	(227,426)	(203,557)	586	(26,177)	(156,203)

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Add back (deduct):

Depreciation	87,457	90,381	110,006	134,395	156,638	162,822	130,783	180,475	261,227
Unrealized foreign exchange (gain) loss	11,945	(10,885)	1,380	17,660	(42,582)	22,493	34,646	11,461	2,911
Non-recurring realized foreign exchange losses	-	-	-	-	-	-	-	29,288	-
Loss (gain) on disposal of property, plant and equipment	(88)	802	(1,514)	1,577	(2,257)	(491)	13,039	160	1,670
Business combination	-	-	2,474	-	(30,867)	-	-	-	-
Impairment (reversal) of property, plant and equipment	-	-	-	4,620	14,479	-	(76,266)	115	2,165
Impairment of inventory	-	-	-	-	14,333	3,225	-	7,167	3,744
Impairment of goodwill	-	-	-	678	8,544	-	-	-	-
Provision for settlement of litigation	-	-	-	4,640	3,165	-	(139)	-	-
Restructuring charges	-	-	-	7,607	13,833	7,862	1,131	1,078	5,040
Losses attributable to non-controlling interest	294	785	1,181	647	491	30	5,363	7,988	-
Stock-based compensation	8,500	6,990	5,454	4,138	3,082	2,361	4,985	5,612	4,626
Interest	35,480	36,354	41,905	50,584	65,967	83,110	85,450	106,630	85,826
Income taxes	88,379	41,375	7,206	48,746	(114,097)	(109,632)	(7,725)	(4,592)	(58,288)
Adjusted EBITDA⁽¹⁾	419,333	262,163	194,878	367,236	62,067	(44,780)	191,823	329,408	189,119
Deduct:									
Capital expenditures	(323,962)	(279,017)	(170,517)	(177,586)	(157,934)	(38,707)	(91,803)	(158,764)	(139,105)
Add back (deduct):									
Changes in items of working capital	(122,972)	(25,786)	(12,842)	(69,245)	154,661	49,905	(117,188)	(13,638)	62,686
Unlevered free cash flow	(27,601)	(42,640)	11,519	110,405	48,814	(33,551)	(17,268)	156,006	82,610

(1) With the adoption of IFRS 16, the accounting treatment for operating leases when Calfrac is the lessee, changed effective January 1, 2019. Calfrac adopted IFRS 16 using the modified retrospective approach and the comparative information was not restated. As a result, the Company's 2019 Adjusted EBITDA is not comparable to periods prior to January 1, 2019. For the year ended December 31, 2019, Adjusted EBITDA excludes \$21,893,000 of lease payments that would have been recorded as an operating expense prior to the adoption of IFRS 16.

A specific reconciliation of forecast Adjusted EBITDA and unlevered free cash flow to net income or loss is not possible as the applicable GAAP measures have not been determined.

Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW". Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells drilled throughout western Canada, the United States, Argentina and Russia.

All references to "\$" are to Canadian dollars, unless otherwise indicated.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to the completion of the proposed Recapitalization Transaction and the Offering, including expected reductions in total debt and cash interest expenses, and the Company's intentions and expectations, including forecasted financial results.

These forward-looking statements and information are based on certain key expectations and assumptions made by Calfrac in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances, including, but not limited to, the following: the Recapitalization Transaction and the Offering will be completed as proposed, economic and political environment in which Calfrac operates; Calfrac's expectations for its customers' capital budgets and geographical areas of focus; the effect unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; Calfrac's existing contracts and the status of current negotiations with key customers and suppliers; the effectiveness of cost reduction measures instituted by Calfrac; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Although Calfrac believes that the expectations and assumptions on which such forward looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Calfrac cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and

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conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with: Calfrac's ability to continue to manage the effect of the COVID-19 pandemic on its operations; default under the Company's credit facilities and/or the Company's senior notes due to a breach of covenants therein; failure to reach any additional agreements with the Company's lenders; the impact of events of defaults in respect of other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; failure of existing shareholders and holders of Unsecured Notes to vote in favour of the Recapitalization Transaction; failure to receive any applicable regulatory approvals in respect of the Recapitalization Transaction or the Offering, global economic conditions; along with those risk and uncertainties identified under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 10, 2020 and filed on SEDAR at www.sedar.com.

The forward-looking statements and information contained in this press release are made as of the date hereof and Calfrac does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent an exemption from registration under the Securities Act of 1933.

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For further information: Scott Treadwell, Vice President, Capital Markets and Strategy,
Telephone: (403) 266-6000, Fax: (403) 266-7381

CO: Calfrac Well Services Ltd.

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Clerk's Stamp

COURT FILE NUMBER 2001-08434

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF SECTION 192 OF THE CANADA
BUSINESS CORPORATIONS ACT, R.S.C. 1985, C. C-44, AS
AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT
OF 12178711 CANADA INC., CALFRAC WELL SERVICES
LTD., CALFRAC (CANADA) INC., CALFRAC WELL
SERVICES CORP. and CALFRAC HOLDINGS LP, by its
General Partner CALFRAC (CANADA) INC.

APPLICANT WILKS BROTHERS, LLC

RESPONDENTS 12178711 CANADA INC., CALFRAC WELL SERVICES LTD.,
CALFRAC (CANADA) INC., CALFRAC WELL SERVICES
CORP. and CALFRAC HOLDINGS LP, by its General Partner
CALFRAC (CANADA) INC.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT **Cassels Brock & Blackwell LLP**
Suite 3810 Bankers Hall West
888 – 3rd Street SW
Calgary, AB T2P 5C5

Attention: Jeffrey Oliver / Lara Jackson
Tel: 403.351.2921
Fax: 403.648.1151
Email: joliver@cassels.com
ljackson@cassels.com

AFFIDAVIT OF **SHERRY NADEAU**

SWORN July 18, 2020

I, SHERRY NADEAU, of the City of Airdrie, in the Province of Alberta, MAKE OATH AND SAY
THAT:

1. I am a legal assistant at Cassels, Brock & Blackwell LLP, counsel for the Applicant, and
as such I have personal knowledge of the facts and matters hereinafter deposed to,



except where stated to be based upon information and belief and where so stated I do verily believe the same to be true.

2. Attached hereto and marked as **Exhibits "A" and "B"** respectively are documents provided to me by Ms. Lara Jackson as counsel for the Applicant, being copies of a Transcript and Order Granting Emergency Provisional Relief arising from a July 14, 2020 hearing before the Honourable Justice D.R. Jones in the United States Bankruptcy Court for the Southern District of Texas, Houston Division in respect of *In Re Calfrac Well Services Corp. et. al.*, Chapter 15 Case No. 20-33529 (DRJ), and which I believe to be true copies of the same.
3. Attached hereto and marked as **Exhibit "C"** to this my Affidavit is a copy of a News Release titled "Calfrac Announces Commencement of CBCA Stay Proceedings, Recapitalization Transaction and Financial Update", which I obtained on July 16, 2020 upon review of documents filed for Calfrac Well Services Ltd. on the System for Electronic Document Analysis and Retrieval (SEDAR) website located online at <https://sedar.com>, indicating therein a filing date of July 14, 2020 08:14:42 Eastern Time.
4. In swearing this Affidavit, I was not physically present before the commissioner for oaths/notary public but was linked with the commissioner for oaths/notary public utilizing video technology and, to the best of my knowledge, the process described in Court of Queen's Bench of Alberta Notice to the Profession and Public on Remote Commissioning of Affidavits for use in Civil and Family Proceedings During the COVID-19 Pandemic dated March 25, 2020 was followed.

SWORN BEFORE ME at the City of Calgary, in)
the Province of Alberta this 18th day of July,)
2020.)
)
)
)

A Commissioner for Oaths in and for Alberta

SHERRY NADEAU



UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:) CASE NO: 20-33529
) CHAPTER 15
)
CALFRAC WELL SERVICES CORP.,) Houston, Texas
)
) Tuesday, July 14, 2020
Debtor.)
) 11:30 a.m. to 12:27 p.m.

HEARING

BEFORE THE HONORABLE DAVID R. JONES,
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES FOR:

Debtor: JOHN F. HIGGINS, IV, ESQ.
ERIC M. ENGLISH, ESQ.
Porter Hedges, LLP

ADAM GOLDBERG, ESQ.
CAROLINE RECKLER, ESQ.
NACIF TAOUSSE, ESQ.
CHRISTOPHER HARRIS, ESQ.
Lathan & Watkins, LLP

Wilks Brothers: DANIEL FLIMAN, ESQ.
Stroock & Lavan, LLP

TREY MONSOUR, ESQ.
Fox Rothschild

Transcribed by: Exceptional Reporting Services, Inc.
P.O. Box 8365
Corpus Christi, TX 78468
361 949-2988

Proceedings recorded by electronic sound recording;
transcript produced by transcription service.

Houston, Texas; Tuesday, July 14, 2020; 11:30 a.m.

(Participants appearing telephonically)

Call to Order

THE COURT: Good morning, everyone. This is Judge Jones. The time is 11:30. Today is Tuesday, July the 14th, 2020.

Next on this morning's docket are the generally administered cases under Case Number 20-33529, *Calfrac Well Services Corp.*

For those of you who came on later we'll just remind everyone that I am taking appearances electronically. If you've not done this before very simple, one click link from a web site. It will take you 20 seconds, you can do it at any time before the conclusion of the hearing and that will end up on the appearance sheet that will be attached to the Minute entry.

The first time you speak if you would simply state your name, who you represent it will give us a good voice print in the event a transcript is required.

Who is taking the lead this morning for the Debtors?

(No audible response)

THE COURT: No takers?

MR. GOLDBERG: Good morning, your Honor, can you hear me?

THE COURT: Very well, I left -- I should have said

1 this. I very much don't like using the hand raising feature so
2 I only do it when there's a lot of noise, so I had everybody
3 on, my apologies, I should have said that.

4 **MR. GOLDBERG:** Thank you, your Honor. It's Adam
5 Goldberg of Latham & Watkins on behalf of Ronald Mathison as
6 foreign representative for the Canadian proceedings of Calfrac
7 Well Services and I'll be taking the lead today for now.


8 **THE COURT:** Terrific, whenever you're ready.

9 **MR. GOLDBERG:** Thank you, your Honor.

10 Before I begin I'd like to mention that I am joined
11 today by my co-counsel, John Higgins and Eric English of Porter
12 Hedges, my partners, Caroline Reckler and Chris Harris, and my
13 colleagues, Nacif Taousse, Michael Hale, (indisc.) and Paul
14 (indisc.).

15 We are also joined today by the foreign
16 representative, Mr. Ronald Mathison, who is the Chairman of
17 Calfrac, as well as our Canadian counsel to the company, Kevin
18 Zych and Chris Simard of Bennett Jones. Mr. Simard and
19 Mr. Mathison each submitted Declarations in support of the
20 relief we are requesting today, as well as our Petitions for
21 Recognition which are Docket Numbers 4 and 5 respectively.

22 Your Honor, thank you for the opportunity to be heard
23 on such short notice this morning. The purposes of this
24 hearing is to seek provisional relief to provide necessary
25 protection for Calfrac Well Services pending a hearing on our




1 Petition for Recognition and to seek an Order to schedule a
2 hearing on that Petition for Recognition.

3 I note that your Honor has already granted an Order
4 directing joint administration of the five Chapter 15 cases
5 that we filed and we thank you for doing so this morning.

6 If your Honor would like I would offer a brief
7 presentation on Calfrac, its pending Canadian proceeding that
8 we have -- what we have filed before this Court and then move
9 onto a submission of evidence in support of our request for
10 provisional relief, a presentation of that Motion, and then
11 handling the Scheduling Motion at the end.

12 **THE COURT:** That makes perfect sense to me. I do
13 want to tell you, Mr. Goldberg, I didn't know if you've had a
14 chance to see it, I was thinking about this this morning and I
15 have actually, on my own Motion, applied the complex procedures
16 to these Chapter 15 cases and I have entered an Order making
17 those procedures applicable to these jointly administered
18 cases.

19 I think it's helpful. If you decide that it's not
20 you certainly -- it's certainly without prejudice to say no, we
21 really didn't want those procedures applied, but I think it
22 actually helps, but if I've missed something, please do reach
23 out and let me know. 

24 **MR. GOLDBERG:** Thank you, your Honor. We appreciate
25 your help on that and we expect it will help in this case as

1 well. I will certainly let you know if we have issues about
2 it.

3 **THE COURT:** All right, thank you.


4 **MR. GOLDBERG:** Thank you. So just to jump into an
5 overview of Calfrac, Calfrac is a global oil field services
6 company providing specialized services including fracturing,
7 coil tubing, cementing and other well stimulation services.

8 The company's equity is publicly traded on the
9 Toronto's docket sheet. The company has operations in Canada,
10 the United States, Russia and Argentina and we have described
11 those operations in some detail in our verified Petition which
12 is at Docket Number 3.

13 The company has funded debt consisting of a first
14 lien credit facility of approximately 173.5 million dollars
15 outstanding with 233.8 million dollars available; second lien
16 notes in a principal amount of approximately 120 million
17 dollars; and unsecured notes in the principal amount of
18 approximately 432 million dollars.

19 Yesterday, July 13th, the five Chapter 15 debtors
20 that are before this Court sought relief before the Court of
21 the Queen's Bench of Alberta with respect to a proposed
22 arrangement under Section 192 of the Canada Business
23 Corporations Act, which is referred to as the CBCA.

24 The purpose of this proceeding is to effect a
25 deleveraging restructuring through a plan of arrangement




1 supervised by the Canadian Court.

2 At the hearing yesterday the Canadian Court entered
3 an Interim Order granting, among other things, a Stay to
4 protect the five applicants who are the Chapter 15 Debtors from
5 any action under their second lien notes and the unsecured
6 notes based upon defaults arising from the application to the
7 Canadian Court under the CBCA, the Debtors being subject to
8 that Canadian proceeding, any steps relating to that Canadian
9 proceeding including seeking recognition before this Court, the
10 failure to pay any amounts due under the company's unsecured
11 notes, and any default or cross default under the second lien
12 notes or unsecured notes.

13 The Interim Order authorized an officer of the
14 applicant to seek recognition of the Canadian proceedings in
15 the United States.

16 The Interim Order is listed as Exhibit Number 7 on
17 our Exhibit list filed with the Court at Docket Number 9, and
18 it also appears as an exhibit to Mr. Mathison's Declaration at
19 Docket Number 4.

20 Following that hearing before the Canadian Court last
21 night Calfrac announced the entry into a Restructuring Support
22 Agreement with certain of its unsecured noteholders. The
23 primary terms of that RSA are that the company's unsecured
24 notes of 432 million dollars will be exchanged into 86 percent
25 of the pro forma common equity of the company.



1 Holders of the unsecured notes who execute the RSA by
2 July 24th will receive their pro rata share of an additional 6
3 percent of the equity in the company.

4 Existing shareholders will be diluted down to
5 approximately 8 percent of the common equity remaining after
6 the transactions.


7 The company will obtain access to committed new
8 financing of 60 million dollars through a private placement of
9 1.5 lien notes.

10 The company will be seeking any necessary amendments
11 from its personally and credit facility lenders.

12 The company's second lien notes will be unaffected
13 and trade debt will also ride through.

14 In sum, the company's debt load will be reduced by
15 roughly 570 million Canadian dollars, and the annual cash
16 interest expense will be reduced by approximately 52 million
17 Canadian dollars.


18 Last night we also filed the Chapter 15 cases for the
19 five Chapter 15 Debtors which are the five applicants in the
20 Canadian CBCA proceeding. The purpose of these proceedings is
21 to seek an immediate provisional Stay in the United States to
22 ensure the company has the opportunity to restructure and
23 effect its RSA through the Canadian proceeding, to seek
24 recognition of the Canadian proceeding and to seek enforcement
25 of the CBCA arrangement in the United States when that



1 arrangement has been approved by the Canadian Court.

2 Your Honor, we recognize that the provisional relief
3 we seek today in particular is on short notice and that for all
4 functional purposes the parties-in-interest did not receive
5 notice of our document until this morning. Given the necessity
6 to seek provisional relief as soon as possible we tried to
7 mobilize all of the resources we could to do the best we can
8 under the circumstances to provide notice to all of the parties
9 in this case.

10 In order to ensure that we're noticing parties to the
11 best of our ability we retained Stretto to handle noticing in
12 this case. I believe your Honor is familiar with Stretto and
13 their qualifications. They have served this purpose in
14 bankruptcy cases in this and other Districts.

15 We have provided Stretto with a notice list for the
16 purposes of noticing in these cases, for the purposes of
17 today's provisional relief, and we filed the documents today in
18 accordance with Bankruptcy Rule 2002 on the United States
19 Trustee, the Debtors and their Canadian counsel, the first lien
20 agent and their counsel, the second lien notes Trustee and
21 their counsel, unsecured notes Trustee and their counsel,
22 certain of the unsecured noteholders, specifically G2S2 Capital
23 and AIMCo. 


24 We served the Wilks Brothers and their counsel, and I
25 have also followed up personally this morning with an email to

1 their counsel at Stroock and Stroock and Lavan with a link to
2 the Stretto website in this case and to all of the filed
3 documents.

4 We have sent notice to all parties listed through our
5 litigation with the Debtors to the best of our knowledge where
6 we had notice information available, and we also served the
7 SEC.

8 All of these were served via email with the exception
9 of the registered agent in one litigation case under the title
10 Voorhees versus Wildcat Minerals, LLC, et al which was served
11 via overnight mail because we could not find an email address
12 for them.

13 We have also placed in capitalized and bolded font on
14 the front of our Emergency Motion, which we have served as I
15 have just described, noticing today's hearing as well as style
16 and related appearance information.

17 We have submitted two Declarations in support of our
18 Motion for provisional relief in the Petitions, your Honor.
19 Those are the Declarations of Mr. Ronald Mathison, the foreign
20 representative and Chairman of Calfrac, and Mr. Chris Simard of
21 Bennett Jones, counsel to Calfrac in connection with the
22 Canadian proceedings. 

23 I'll briefly describe under the vast circumstances of
24 these cases some of the key points in Mr. Mathison's
25 Declaration which is at Docket Number 4.

1 He testifies in that Declaration that he has been the
2 Chairman of Calfrac for over 20 years and is familiar with its
3 operations and their restructuring efforts.


4 The five Chapter 15 Debtors before the Court are
5 Calfrac Well Services, Limited, Calfrac Canada, Inc., 1217877
6 Canada, Inc., which I'll refer to as Arangco going forward,
7 Calfrac Holdings, LP and Calfrac Well Services Corp.

8 Calfrac Well Services, Limited is a public company
9 parent of the company. It's organized under the Alberta
10 Business Corporations Act and its headquarters is in Calgary.

11 Calfrac Canada, Inc. is a corporation organized under
12 the Alberta Business Corporations Act. Its headquarters is in
13 Calgary. It serves as the general partner of Debtor Calfrac
14 Holdings, LP.

15 Arangco is organized under the CBCA. This entity
16 does not have any operations or liabilities. It's anticipated
17 that this entity will be amalgamated which some or all of the
18 corporations in the group is part of the execution of the
19 arrangement when it is approved by the Canadian Court.

20 Calfrac Holdings LP is a Delaware limited partnership
21 with its general partner, as I mentioned, Calfrac Canada, Inc.
22 As a limited partnership all of its business is conducted
23 through the general partner. It has no material operations
24 except to act as a financing entity related to issuance of the
25 company's notes.



1 Calfrac Well Services Corp., the lead Debtor in these
2 cases, is a Delaware Corporation and houses the group's US
3 operations. It has an office in Houston and its headquarters
4 is in Calgary.

5 The group headquarters in Calgary houses all of the
6 Debtors' key management and operational personnel who oversee
7 and implement the company's business.

8 The company's ability to operate effectively depends
9 upon the centralized leadership through the Calgary
10 headquarters. That has allowed the company to maintain the
11 efficiency and profitability of operations, push through
12 technological innovations across the globe, execute on quality
13 control and corporate functions such as human resources and IT
14 management, and it also provides for centralized management of
15 supply chain and procurement activity for the group globally.

16 Mr. Mathison has also testified in his Declaration
17 that in the absence of a provisional stay the company could
18 face immediate and irreparable harm arising from creditor
19 action in the United States that could deprive the company from
20 having the ability to effectively restructure its debt through
21 the CBCA proceedings.

22 Your Honor, that's a brief summary of Mr. Mathison's
23 Declaration and I would ask that that Declaration be submitted
24 into evidence.

25 **THE COURT:** Let me ask everyone on the phone, I have

1 read both the Declaration with Mr. Mathison at 4, as well as
2 Mr. Simard at 5. Any objections to my admitting them both?

3 (No audible response)

4 THE COURT: All right, then, for purposes of today's
5 hearing they are both admitted.

6 ((Debtor's Exhibit 4 Declaration by Ronald Mathison and
7 Exhibit 5 Declaration by Chris Simard were received in
8 evidence)

9 MR. GOLDBERG: Thank you, your Honor.

10 If your Honor would like I can briefly describe the
11 key points of Mr. Simard's Declaration as well, but it sounds
12 like you have already read it so I can jump over that.

13 THE COURT: You know, it's not Judge Isgur, my memory
14 is still good and I remember what I read so it's all just fine.

15 MR. GOLDBERG: Okay, thank you, your Honor.

16 So with the submission of those two Declarations into
17 evidence I'll move on.

18 I would also ask your Honor that our Exhibits, which
19 are at Docket Number 9 be admitted into evidence.

20 THE COURT: All right. Again, pursuant to the
21 emergency protocol any objections to admitting what I will
22 designate as Debtor Exhibits 9-1 through 9-9?

23 (No audible response)

24 //

25 //



1 **THE COURT:** All right, they're admitted.


2 **(Debtors' Exhibit Numbers 9-1 through 9-9 were received in**
3 **evidence)**

4 **MR. GOLDBERG:** Thank you, your Honor.

5 Now, in terms of argument, on our Motion for
6 Provisional Relief, we are seeking a provisional Order applying
7 a Stay under Section 362 of the Bankruptcy Code within the
8 United States and granting enforcement of the Canadian Interim
9 Order within the territorial jurisdiction of the United States.

10 The Court is authorized to grant this provisional
11 relief under Section 1519 of the Bankruptcy Code and there is
12 precedent in this District for such relief in the Chapter 15
13 case of BOS Solutions which was before your Honor and also
14 concerned a Canadian proceeding.

15 Although the standard for Preliminary Injunction does
16 not apply to the availability of relief under Section 1519 in
17 our view the preliminary injunction standard is, nonetheless,
18 satisfied here.

19 First, the foreign representative is likely to
20 succeed on the merits of its Petition for Recognition. The
21 CBCA proceedings are of a type that -- are a type and form of
22 proceeding that are regularly recognized by Bankruptcy Courts
23 in the United States through Chapter 15 Petitions. 


24 For example, the cases of Catalyst Paper Corporation
25 in the District of Delaware in 2017; the cases of Mega Brands

1 also in the District of Delaware in 2010, and the cases of
2 Kimback Industries (phonetic) which were in the SDNY in 2008.

3 The foreign representative has been validly appointed
4 by the Canadian Court as evidenced by the Order attached to
5 Mr. Mathison's Declaration and also included in our exhibits.

6 Each of the Debtors is an applicant and a debtor in
7 the Canadian proceeding. Each of the Debtors has its CoMI or
8 center of main interest in Calgary where the CBCA proceeding is
9 pending.

10 On that I would note, your Honor, that three of the
11 Debtors are Canadian entities, two Alberta organizations and
12 one organized under the CBCA and they are entitled to a
13 presumption of CoMI in the jurisdiction of their registered
14 office in Canada. That presumption is supported by the fact
15 that the Debtors' nerve center for operations out of its
16 Calgary headquarters.

17 As to the two of the Debtors that are Delaware
18 entities the presumption of their CoMI in Delaware is rebutted
19 by that same nerve center based in Calgary. In particular with
20 respect to the limited partnership entity it can only conduct
21 business through its general partner, which is a Canadian
22 company and, therefore, it should be viewed as having its base
23 of operations and nerve center in Canada. 

24 Likewise with the US corporation and US operations,
25 the lead Debtor in this case, the Calgary headquarters serves


1 as it's Center of Main Interest where its leadership and
2 primary business functions reside.

3 Accordingly, your Honor, the Canadian proceedings
4 will likely be recognized as foreign main proceeding, and even
5 if one or more of these cases is recognized as non-main
6 proceedings the same relief will still be available pursuant to
7 Section 1521 of the Bankruptcy Code.

8 Second, your Honor, the Debtors will face irreparable
9 harm in the absence of relief. In particular, the reasons we
10 have filed this case and sought a hearing so swiftly is to
11 obtain the protection of a Stay and to guard against the
12 potential for involuntary bankruptcy filing in the United
13 States.

14 Although we do not believe that there is a basis for
15 such a filing it would, nevertheless, become a costly
16 distraction and could jeopardize the company's ability to
17 achieve the restructuring that it has fought hard to secure for
18 the benefit of all of its stakeholders under the RSA.

19 Third, the balance of harms weighs in favor of the
20 Debtors. The grant of relief would give the Debtors the
21 protection of this Court and a fair shot at restructuring on
22 behalf of all of its stakeholders. Little harm, if any, would
23 be suffered by the creditors of the company particularly
24 because the Canadian Order is already in place and provides
25 protection for the company globally. The purpose of the relief



1 would be to preserve the status quo and creditors can and will
2 continue to be heard in both the Canadian Court and in this
3 Court on an orderly basis.

4 Fourth, the public interest favors the relief we have
5 requested. In particular the relief would further the express
6 purposes of Chapter 15 enumerated in Section 1501 of the
7 Bankruptcy Code to foster cooperation between the courts of the
8 United States and other countries, here, Canada.

9 Second, to provide greater legal certainty for trade
10 which would be benefitted here by allowing the Debtors an
11 opportunity to implement their RSA.

12 Third, fair and efficient administration of cross
13 border restructurings with the status quo preserved.


14 Fourth, protection of the Debtors' assets pending a
15 hearing on recognition and supporting the rescue of financially
16 troubled businesses, thereby protecting investment and
17 preserving employment.

18 Your Honor, that concludes my presentation on our
19 Request for Provisional Relief and I would request that the
20 Court enter the Order.

21 **THE COURT:** All right, thank you. Anyone else wish
22 to be heard?

23 **MR. FLIMAN:** Yes, your Honor, if I may be heard?

24 This is Daniel Fliman of Stroock and Stroock and
25 Lavan on behalf of Wilks Brothers.



1 **THE COURT:** Yes, sir.

2 **MR. FLIMAN:** And I'm joined with me on the phone by
3 Trey Monsour at Fox Rothschild, their local counsel.


4 Your Honor, as I said, we represent Wilks Brothers.
5 They are a substantial stakeholder, if not the largest
6 stakeholder in the capital structure. They hold the majority
7 of the two well (phonetic) notes and approximately 19 percent
8 of the company's common stock.

9 We rise, your Honor, today to point out two very
10 important things that we think the Court needs to be made aware
11 of in connection with the proceeding that has been commenced in
12 Calgary and as it pertains to the relief that's been sought
13 here by the foreign representative.

14 But first, your Honor, and we plan to raise this in
15 Calgary, is that we really believe this should have been
16 commenced in a Chapter 11 before this Court and before your
17 Honor, and with all of the protections and rights that
18 correspond with the Chapter 11 proceedings.

19 We do not believe that the CBCA will ultimately be a
20 foreign main proceeding, we know that's for another day, but we
21 think it's important for your Honor to hear the following as it
22 pertains to the relief being requested.

23 While Calfrac Well Services, Ltd. is a Alberta
24 corporation, the common stock is issued on the Toronto
25 Exchange, the two L notes that we hold, which were issued just



1 five months ago, were issued by Calfrac Holdings, LP, which is
2 a Delaware limited partnership.

3 **THE COURT:** Delaware.


4 **MR. FLIMAN:** The indenture is governed by New York
5 law. The largest holder of the note is Wilks Brothers, which
6 is based in Texas. The notes are guaranteed by the parent
7 company, but also by a Delaware corporation.

8 And, your Honor, we know that a majority of the
9 collateral is located in the United States -- throughout the
10 United States in Colorado, North Dakota, Pennsylvania, Texas
11 and Mexico. As a matter of fact if you were to look at the
12 company's financials you would see the vast amount of the
13 revenue is generated by the US operations.

14 And we're prepared to show, in connection with
15 recognition, that the Center of Main Interest is not in Canada,
16 it's in the United States, and that this is not -- they
17 obviously need to ask to recognize the proceeding that is not a
18 foreign main proceeding.

19 The second issue, your Honor, that ties into the
20 relief requested today really pertains to the serious
21 infirmities with the relief that's being sought in Canada and
22 these are issues that we will raise with the Court up there.

23 The proceeding was brought at a CBCA, which is
24 effectively an in court consensual workout. You have heard
25 today from counsel representing that there will be nothing to




1 impact the two wells held by our client.

2 At the same time, your Honor, you also heard that
3 about 60 million dollars of 1.5 priority debt is going to be
4 placed on this company which means that our clients that will
5 be primed by 60 million dollars and, of course, as counsel also
6 conceded, our client's sizable equity holdings will also be
7 severely diluted. CBCA is intended to be a consensual process,
8 and there will not be a consensual process given the massive
9 impairment that will inflicted on our clients.

10 And we know this, your Honor, because what you didn't
11 hear from counsel is that the CBCA proceeding was filed on an
12 ex parte basis with no notice to parties, and certainly not
13 adequate notice to parties.

14 The company ran into court and obtained a Stay which
15 far exceeds the Stay that is permitted for a CBCA and we are
16 seeking a hearing next week in order to undo that Stay, but
17 it's important, your Honor, to realize that unlike in a CTAA,
18 which is akin to our Chapter 11 proceeding, given that the CBCA
19 is intended to be consensual it is unprecedented for a Stay of
20 this magnitude to be issued in the CBCA. And we note that,
21 your Honor, because of the following:


22 If a foreign representative receives the provisional
23 relief that's being sought today then your Honor will
24 effectively be sanctioning a Stay that we believe should never
25 have been issued and added up, and that Stay that we also



1 believe will be vitiated once the recognition proceeding comes
2 before your Honor given that this is not a foreign main
3 proceeding.

4 So, your Honor, we rise to raise all of that as
5 concerns. We wanted to make you aware of the litigations that
6 we anticipate coming out in Canada and the impact of the relief
7 that's being requested of you today as that will effectively
8 sanction what we believe was improperly granted in the initial
9 CBCA proceeding.

10 **THE COURT:** So let me ask you this if I could, and
11 let me start by saying as a practitioner I have some degree of
12 familiarity with the Canadian process; I've certainly also seen
13 it since I've been on the bench and I have a lot of faith in
14 the process that the Canadian justice system engages in, is I
15 look at what's being requested and the authority that I have
16 under 1519, it appears to me that what I'm doing -- not what
17 the Debtors are asking me to do, but if I grant the relief it
18 seems to me what I'm doing is I'm simply ensuring a level
19 playing field in all jurisdictions until we sort these issues
20 that you have raised out, whether that be in front of the
21 Canadian Court, whether it be in front of this Court, but I've
22 got to, it seems to me, to ensure due process to all, I need to
23 make sure that we maintain the status quo until you get an
24 opportunity to appear and raise your issues, again, in whatever
25 court that it is.



1 Tell me, and I'm really focused on sort of the
2 sanctioning the bad conduct argument that you made, I don't see
3 that I'm doing that at all. What I see that I'm doing is that
4 I am simply making sure that we preserve the status quo for
5 everyone, not just your clients, but even those who can't
6 afford to hire a lawyer, until these issues get put in front of
7 the Canadian Court or they get put in front of me, whatever the
8 appropriate venue is.

9 Tell me what I'm not thinking about correctly.


10 **MR. FLIMAN:** So two points to that, your Honor. I
11 appreciate that. And, you know, the first is the request
12 requested in the provisional Order --

13 **THE COURT:** Uh-huh (yes.)

14 **MR. FLIMAN:** -- that's placed in front of the Court,
15 is not limited to the outcome of what may happen in the CBCA
16 with respect to the Interim Order that's been entered and the
17 comeback hearing that was called that we are requesting next
18 week.

19 **THE COURT:** Right.

20 **MR. FLIMAN:** And so to the extent that the relief
21 requested here is limited and cabined by whatever it is that
22 happens in Canada then I think we're more comfortable with the
23 relief that's being requested, meaning what we don't want have
24 happen is that by virtue of your Honor's ruling it in any way
25 undermines the arguments that we intend to make in Calgary.




1 **THE COURT:** So help me --

2 **MR. FLIMAN:** The second point, your Honor --

3 **THE COURT:** Can we stay on the first one for just a
4 second?

5 I'm not sure, and I want to make sure that I fully
6 appreciate what you're telling me, I don't see how anything
7 that I'm being asked to do changes the position that you have
8 in Canada. All I'm doing, effectively, is granting temporary
9 comedy. I mean, I know that's not a specific legal term, but
10 practically isn't that what I'm doing? I'm simply saying until
11 this issue moves a little further along I'm recognizing good or
12 bad what the Canadian Court did, and I don't see what the
13 Canadian Court did as being so far afield that it violates
14 public policy of the United States. And I'm not suggesting
15 that it's right or wrong and so I don't want this to be
16 construed as anything, but I think that there is ground between
17 being exactly right and violating the public policy of the
18 United States. I think there's an awful lot of gray area in
19 there, you can be wrong but still be entitled to all of the
20 protections that, in my view, 1519 contemplates. I mean, what
21 am I missing?

22 **MR. FLIMAN:** No, your Honor, I -- listen, I
23 appreciate that and I am also cognitive that this is not the
24 forum to litigate whether what happened in Calgary is correct
25 or not.




1 **THE COURT:** Right.

2 **MR. FLIMAN:** Our proposal on that, so, specifically,
3 what we would do on the Order if your Honor is inclined to
4 answer it, is to specifically provide with the relief in here
5 aimed to the extent that the Stay is terminated in the CBCA
6 proceeding because what we don't want, your Honor, is a
7 situation where by virtue of this Order that's being asked of
8 the Court today, the outcome becomes nonconsequential in a way
9 to CBCA because of the Order that's been entered here. So our
10 specific ask would be if your Honor is inclined to enter the
11 Order that we make the relief automatically terminate to the
12 extent that we prevail in undoing the Stay that's been imposed
13 in the Court in Calgary, that's on the first point.

14 And if I may move to the second point, your Honor?

15 **THE COURT:** Well, wait a minute, let me -- let's make
16 sure that we deal with the first point because I want to be
17 clear in my mind and I also, quite frankly, think it's only
18 fair to you to understand how I'm thinking about the process.

19 You don't know me very well, but I really don't like
20 things that terminate automatically with me ever -- with me not
21 knowing what happened, with me not having an opportunity to
22 understand what happened. And I do this, if you want another
23 example in the Chapter 11 context, I haven't approved a DIP
24 financing or a cash collateral Order yet that doesn't have
25 termination provisions where everybody comes back to me, and



1 I'll make the same accommodation to you as I would in that
2 Order.


3 I will hear you on an emergency basis, and I've known
4 Mr. Monsour for 30 years, you've got a good local counsel, and
5 he is far more than a mail drop. He knows how to litigate, he
6 knows how to ask for things, and if something happens and you
7 need emergency relief you're not going to wait more than 24, 48
8 hours in terms of business days to be back in front of me,
9 explain what happened, let me hear what everyone said and we'll
10 proceed forward. I just don't like automatic terminations
11 because it tends -- I don't know when reliance begins and ends,
12 so it's -- I hear you, and the combination that I'm willing to
13 make is that I'll give you my word that if you need quick
14 access, I don't think there isn't a lawyer on the phone that
15 has appeared in front of me that won't tell you that you can't
16 get a hearing on 24-48 hours' notice. I will make that work.
17 So that's what I'm willing to do with respect to that.

18 **MR. FLIMAN:** We appreciate that, your Honor.

19 **THE COURT:** All right.

20 **MR. FLIMAN:** Thank you.

21 **THE COURT:** Yes, sir. Point two?

22 **MR. FLIMAN:** Point two, your Honor, is the Proposed
23 Order specifically asks your Honor to recognize, grant comedy
24 and to hold as full force and effect the Interim Order. 

25 And that goes beyond the remainder of the Order that


1 asks you to impose the automatic Stay with respect to assets in
2 the United States.

3 And our concern there, your Honor, is that the
4 Interim Order, as we understand it, goes beyond what the
5 automatic Stay potentially provides, and to be specific about
6 it, we understand that there may be an argument that's going to
7 be made by the company that by virtue of an Interim Order,
8 notwithstanding that the indenture provides for automatic
9 acceleration of the two well notes upon commencement of a
10 proceeding like the CBCA, that the company will take the
11 position that the Interim Order prevents that automatic
12 acceleration that requires no notice by anybody from taking
13 place. And we raise that because we all know that the
14 automatic stay in the United States does not prevent automatic
15 acceleration within the four corners of the document, and our
16 concern is that because the foreign representative asks only
17 for a condition of automatic stay and effectuation of the
18 Interim Order. What they're asking for is something that goes
19 beyond the Stay, and is something that would preclude the
20 automatic acceleration of the debt being blessed by your Honor.

21 **THE COURT:** And so are you focused on Paragraph 2 of
22 the requested Order?

23 **MR. FLIMAN:** I am, your Honor.

24 **THE COURT:** Okay. Mr. Goldberg, do you want to
25 respond to that?



1 **MR. GOLDBERG:** Yes, thank you, your Honor. Again,
2 for the record, Adam Goldberg of Latham and Watkins on behalf
3 of the foreign representative.

4 Just to respond to a couple of issues that have been
5 raised here.

6 First, the Wilks Brothers certainly are a party known
7 to the Debtors here. They appeared before the Canadian Court
8 at the hearing yesterday represented by counsel, and then as
9 counsel mentioned they have requested what the Canadian counsel
10 referred to as a comeback hearing before the Canadian Court
11 regarding the terms of that Interim Order. So there is --
12 there should be no question that they have the opportunity to
13 be heard in Canada just as they do here, and we are not seeking
14 to do anything today other than to preserve the status quo and
15 for the opportunity for the Canadian process to have its
16 effect.

17 You know, your Honor this is a Canadian-based
18 company. It is based -- it is listed on the Toronto stock
19 exchange. Its headquarters is in Calgary. It started in
20 Canada and it has pursued fracing work around the world where
21 that work is being done, but it is a home grown Canadian
22 company and that is where the company has elected in good faith
23 to pursue its restructuring process.

24 And what we're here today to seek is nothing more
25 than preserving the status quo pending a hearing on the

1 recognition Order and, frankly, your Honor, that does include
2 granting effect to the Interim Order, whatever that may be if
3 the Canadian Court (indisc.) --

4 **THE COURT:** So -- if I could interrupt you, Mr. --
5 and I'm sorry, it's so hard over video and audio to do this, so
6 my apologies.

7 So I just want to make sure that we're on the same
8 page. If the Interim Order is subsequently reduced, if we
9 could use that term, if it is reduced in scope by the Canadian
10 Court, do we all agree and stipulate that that is the limit of
11 the effect that this Order would have going forward?

12 In other words, it can't be anything more than what
13 the Interim Order is as is subsequently modified by the
14 Canadian Court. Do we all agree to that?

15 **MR. GOLDBERG:** As to this Paragraph 2 of the Order,
16 absolutely, your Honor, there is -- we're not trying to do
17 something more than what we would have with the Interim Order
18 in Canada.

19 **THE COURT:** Yeah, I -- yeah, that seemed pretty
20 straightforward to me, but I just wanted to confirm that. And,
21 again, I am going to extend the Canadian Court the same respect
22 as I am confident that they would extend to me if this were in
23 reverse. The Canadian Court, I think, is the place to seek a
24 review of the Canadian Order and any adjustments that need to
25 be made.

1 I have every confidence in the world that they will
2 be made promptly and if there's a change in strategy, whatever
3 it may be, in my view this Order does nothing that changes
4 anyone's options, it is simply, again, preserving the status
5 quo for all parties until we see where this going to go. I
6 don't think it increases anyone's rights, I don't think it
7 decreases anyone's rights, it's simply ensures a level playing
8 field going forward. And with that I note the objection to the
9 extent that there remains an objection.

10 It's overruled, but it's overruled without prejudice.

11 I'll grant the Motion requesting emergency
12 provisional relief with the acknowledgements that have been
13 made on the record today. I have signed the Order submitted at
14 8-2, and that is now off the docketing.

15 All right, so can we talk about scheduling?

16 **MR. GOLDBERG:** Thank you, your Honor. Yes.

17 **MR. FLIMAN:** Thank you, your Honor.

18 **THE COURT:** Yes, sir. So let me -- because I want to
19 make sure this all works, do you-all have something in mind?
20 Have you talked?

21 I mean, since you-all know what's coming in Canada,
22 have we thought about how the puzzle fits together?

23 **MR. GOLDBERG:** We have not had a chance to confer
24 with counsel to Wilks about the scheduling yet. If your Honor
25 would like us to do so we're happy to do so. But I think at

1 this point in terms of what we're requesting relief the
2 schedule would be a hearing on the Petition for Recognition of
3 the Chapter 15 cases as main cases, or, in the alternative as
4 non-main cases --

5 **THE COURT:** Right.

6 **MR. GOLDBERG:** -- which --

7 **THE COURT:** No, I'm sorry, go ahead. I was talking
8 to myself.

9 **MR. GOLDBERG:** Sure. So I think our Scheduling
10 Motion, which is fairly typical, essentially seeks relief from
11 the Court to provide notice, as well as discuss specific
12 hearing dates. I'm happy to go through the details of those
13 procedures but, of course, the key points to be discussed with
14 your Honor are filling in the dates for the hearing on
15 recognition, the deadline for an objection and the deadline for
16 us to provide notice of the --

17 **THE COURT:** Sure. Let me -- I should have been more
18 pointed. What I really want to make sure that we all do is --
19 'cause you-all know much better than I the anticipated schedule
20 in Canada, I don't want to pick a day that's right on top of a
21 Canadian proceeding because I don't want that to be perceived
22 as anything disrespectful to the Canadian Court. That's all I
23 was asking. I just -- I'm asking for your input so that we
24 have a schedule that gives everyone time to think about and
25 react to any ruling that may occur in Canada, and I also want

1 the schedule to, on its face, be respectful of the Canadian
2 process, that's all I'm after. Other than that I don't really
3 care what the dates are.

4 **MR. GOLDBERG:** Thank you, your Honor. Well, let me
5 -- if you'll allow me I can give you an explanation of my
6 understanding of the current schedule in Canada and, you know,
7 this remains subject to the Wilks Brothers' request for a
8 comeback hearing which I don't think has been scheduled yet.

9 But in terms of what Calfrac will be seeking from the
10 Canadian Court we would anticipate that there will be a further
11 hearing before the Canadian Court at some point in early August
12 regarding the proposed arrangement and the request to convene a
13 meeting for voting on that arrangement, and that that would
14 proceed towards a meeting of the creditors with respect to that
15 arrangement in mid-September with a final hearing on the
16 approval of the arrangement in late September.

17 So I think in terms of how these proceedings should
18 fit into that schedule I think it would make sense to me that
19 there be a hearing on the recognition Order at some point in
20 early to mid-August, you know, roughly 21 days or more after
21 this -- after today's date so as to permit the Wilks Brothers
22 an opportunity to seek their comeback hearing in Canada, and
23 then for us to engage with them as to any objections that they
24 may raise to this recognition proceeding.

25 **THE COURT:** Does that fit within Wilks Brothers' view

1 of how the Canadian proceedings are going to progress?

2 **MR. FLIMAN:** Your Honor, this is Daniel Fliman at
3 Stroock.

4 **THE COURT:** Sure.

5 **MR. FLIMAN:** So the visibility that I have is that we
6 hope and expect a comeback hearing next week.

7 **THE COURT:** Okay.

8 **MR. FLIMAN:** The balance, I assume, is correct. I
9 take Counsel at their word. I don't know the remainder of the
10 schedule. I do know that with respect to the comeback hearing
11 we're hoping for next week.

12 In terms of the overall timing of 21 days, I do
13 anticipate we will seek limited discovery, and I think the 21
14 days may be a little bit tight for that, but I don't think that
15 it should drag or at least drag much longer than that.

16 **THE COURT:** All right, let's see if we can't craft
17 something. Let me put up the Order. So this was the Order
18 submitted.

19 So, Mr. Goldberg, what were you thinking in terms of
20 getting your notice out?

21 **MR. GOLDBERG:** I would expect that we can have that
22 done by tomorrow.

23 **THE COURT:** So let's go -- how about July 17th?

24 **MR. GOLDBERG:** That works for us, your Honor. Thank
25 you.

1 **THE COURT:** 'Cause Ms. Reckler's got to continue her
2 art work which I am not letting pass, I just want you to know
3 that, Ms. Reckler. We're going to talk about that, about the
4 artwork in the background there.

5 All right.

6 **MS. RECKLER:** I have a second piece that I can show
7 you, I will adjust my camera.

8 **THE COURT:** That's -- I'm still trying to process
9 that one, so that may be just enough. All right.

10 So notices out by July the 17th. So --


11 **MR. GOLDBERG:** If I might interject, I apologize --

12 **THE COURT:** Sure.

13 **MR. GOLDBERG:** I think the date we just filled in was
14 for objections, and that the Paragraph 2 is for the notice
15 deadline.

16 **THE COURT:** See, you're right. See, it's that piece
17 of art that's just got me all discombobulated. My apologies.

18 All right, so, obviously we'll back this up from when
19 we pick a hearing date.

20 Let's assume, Mr. Goldberg -- let's assume that you
21 reach no accommodation with the Wilks Brothers, how long do you
22 think -- and I'm not going to put a stop watch on you, I'm just
23 trying to make sure that I give you -- I allocate enough time
24 for you. 

25 How long do you think a hearing takes? I mean, the

1 issues are relatively narrow, but can certainly be complex to
2 some degree.

3 **MR. GOLDBERG:** I would think that the issues should
4 be fairly narrow. I think what we don't have visibility on at
5 this point is the sense of which there could be factual or
6 disputes. It would seem to me at this point that the facts
7 themselves should be something ascertainable and that the
8 primary question will be arguing about what those facts mean.
9 So I would think that a couple of hours should be sufficient at
10 the most, I would hope, but certainly we'll have to see what
11 issues are raised.

12 **THE COURT:** Sure. So --

13 **MR. GOLDBERG:** I would welcome any comments from the
14 Wilks Brothers' counsel on what they anticipate at this point.

15 **THE COURT:** Sure. I'll make that circle, but let me
16 overlay a couple of things on this if I could.

17 Based upon what we know now with respect to the COVID
18 situation a hearing in August would be by video and audio,
19 which I've done quite a bit and I'm entirely comfortable. I
20 take evidence, I take witness testimony, I am extremely
21 comfortable doing it. I also have the easiest job of all so
22 it's not up to me to put that on.

23 And the reason that I'm telling you this is the last
24 Order that I issued and, again, it was based upon what I knew
25 at the time, was audio video hearings until the Tuesday after


1 Labor Day and so, again, I just want you to know that so that
2 you can make --

3 Again, I don't know what travel is out of New York.
4 I know that next week I start to travel within the District,
5 you know, just because I sit in other Divisions, but I want you
6 to have all of the information so that you can make the right
7 decision. I don't know if you are contemplating a video
8 hearing, I don't know if you were contemplating having an in
9 person hearing. I need some feedback from you so that we can
10 pick a day.

11 If you are open to doing this by video I learned this
12 morning a trial that I had set for August the 25th, and I had
13 all day, is that there has been a death amongst the parties; I
14 don't know which side or whom, or how that affects it, but I'm
15 going to guess that I can probably move that relatively easily
16 and give you the whole day if you think that this could span a
17 whole day.

18 **MR. GOLDBERG:** Well, until we know more I think we
19 would appreciate the time with your Honor and we'll certainly
20 advise the Court of the issues as we identify them and how much
21 time we need as we learn more.

22 **THE COURT:** Sure.

23 **MR. GOLDBERG:** From my perspective that date would
24 work well for us. 

25 In terms of a video hearing I think the additional

1 issue that complicates it, your Honor, is that our witnesses
2 are in Canada, and it may not be that even if we're capable of
3 traveling within the United States that they're capable of
4 traveling across the border at this stage, and so under the
5 circumstances we would appreciate the opportunity to have the
6 hearings done by video.

7 **THE COURT:** All just fine by me and, you know, we can
8 work through and I would hope that we would -- if this turns
9 out to be the site that it could be that we would have some
10 cooperation between technical people so that we can get cameras
11 tested and computers situated and that sort of thing so that we
12 can do this in an efficient way.

13 Any objection to just going ahead and reserving the
14 whole day on the 25th from anyone?

15 **MR. FLIMAN:** This is Daniel Fliman. Not from us,
16 your Honor. We think two hours is probably too optimistic and
17 it will likely be less than a whole day, and August 25th works
18 for us.

19 **THE COURT:** All right. The one thing that I have
20 learned is that it does take longer just with objections and
21 things that come up and it's -- you know, it's hard to confer
22 on an issue when you've got to adjourn and then go get on
23 another phone call and that's where things -- I want to be
24 respectful of that process.

25 So, Vriana, let's do this, if you would have Albert

1 move the Carmichael trial from the 25th, and then just reserve
2 the whole day on August the 25th, all right?

3 **THE CLERK:** Okay.

4 **THE COURT:** All right, so let's see, since I think --
5 well, the folks in Calgary are going to be Mountain time,
6 right?

7 **MR. GOLDBERG:** Yes.

8 **THE COURT:** Okay. So should we start at 10:00
9 o'clock so that we don't make it painfully early for those
10 folks?

11 **MR. GOLDBERG:** I'm sure that that will be
12 appreciated, but I also expect that they would be happy to be
13 available for your Honor as the schedule permits.


14 **THE COURT:** Yeah. That would be heard -- and then
15 can we just --

16 **(Pause)**

17 **THE COURT:** So, again, what I don't want, and I have
18 made this mistake before, I've had some folks thinks they
19 should be here and so I've actually put a couple of folks at
20 risk because they thought they had to come to the courthouse.
21 Everyone else was on audio and video and they show up and, you
22 know, in full PPP gear which makes me feel horrible.

23 That work? I know we need another date, but does
24 that make sense?

25 **MR. GOLDBERG:** Yes.



1 **MR. FLIMAN:** Yes, sir.

2 **THE COURT:** All right. And -- yes, sir?

3 **MR. FLIMAN:** I would say that works for us, your
4 Honor.

5 **THE COURT:** Thank you. All right. And then --


6 **MS. RECKLER:** Your Honor, it's Caroline Reckler.

7 I just have one question. I have heard that the
8 software was going to change from join.me and I just want to
9 sure we include the correct instructions in our notice.

10 **THE COURT:** Yes. So you are absolutely correct, I
11 was going to mention it before we ended today's call, I'm happy
12 to do it now.

13 So effective August 1st Isgur and I have been testing
14 a new platform that has the required stability that we got with
15 join.me and has gotten all of the necessary security approvals
16 from people I didn't even know existed when I took this job,
17 and so effective August 1st we will be using GoToMeeting. It's
18 in the same product family as join.me It has some really
19 terrific features, but doesn't give up much in terms of the
20 stability that was always the big selling point for join.me.

21 We are available either by group, firm, case, however
22 you-all want to do it to do training if you need it. All you'd
23 need to do is reach out to either Linthu (phonetic) or Albert
24 and just say "Hey, look, we'd like 20 minutes here are the
25 number of folks that we have."



1 It's really easy to use, but you'll really like some
2 of the additional features if you have used it before and it
3 will depend on when you used it last because it's been totally
4 redone at least from when I learned to use it five years ago,
5 it's so much better. But, yes, thank you, Ms. Reckler.

6 **MS. RECKLER:** Thank you, your Honor.

7 **THE COURT:** And so to finish off that question, we
8 are today or tomorrow, I need Isgur to sign off on my last
9 changes, there will be a new version of the complex procedures
10 that will contain notice language as well as the instructions
11 in it, and that will be out this week so you can cut and paste
12 from that.

13 Mr. Goldberg, in terms of an objection, that line,
14 did you have something in mind?

15 Number one, I know you need to have some time to
16 talk, but you probably would also like to have as much time as
17 possible to try and keep an objection from being filed?

18 **MR. GOLDBERG:** Yes. And certainly understanding that
19 there may be some discovery coming our way, that that would
20 obviously be sooner -- these are dealt with the sooner we can
21 get it, what I might suggest is that we set an objection
22 deadline in three weeks from now, August 4th, which would
23 provide ample time for us to have some discussions and yet and
24 then still ample time from that date until the hearing date to
25 work out any discovery or other issues, and we can always

1 request to adjourn that deadline if necessary or productive.

2 **THE COURT:** Any reaction to that from Wilks Brothers?

3 **MR. FLIMAN:** You've got -- it seems like we have got
4 more time to play with than that.

5 **THE COURT:** Okay.

6 **MR. FLIMAN:** I think that we could certainly move it
7 to the week after that so that we're not in a position in the
8 middle of discovery asking for an extension which you never
9 want to be in that spot.

10 **THE COURT:** Right.

11 **MR. FLIMAN:** And so I would request that we deem the
12 week of the 10th as opposed to on the 4th.

13 **THE COURT:** Okay, so you can live with the 11th?


14 **MR. FLIMAN:** Yes, your Honor.

15 **THE COURT:** Okay, that make sense to me and I will
16 expect you-all to work together and tailor discovery if there
17 is a requirement. I mean, it can't be that broad, so I'll
18 leave that to you-all.

19 I will say this, if there are issues I want to know
20 about them sooner rather than later. Don't let them sit there
21 and grow. If there are issues give them to me sooner rather
22 than later.

23 All right, any other comments?

24 And, again, I know that Wilks Brothers is preserving
25 all of its rights, it's not agreed to anything. I'm really



1 asking for just comments on the form of the Order.

2 (No audible response)

3 THE COURT: All right, then with that --

4 All right, I have signed the Order and it is off the
5 docketing.

6 Folks, what else do we need to --

7 MR. GOLDBERG: Thank you, your Honor.

8 THE COURT: Yes, sir.

9 What else do we need to talk about?

10 MR. GOLDBERG: Those are all of the issues that we
11 have for your Honor today.

12 THE COURT: All right. I do have to -- it's nice to
13 see that you have your youngsters included on the call today.
14 There's -- I do have to -- I'm going to embarrass him a little
15 bit because he did such a terrific job yesterday. You know,
16 you should be proud to have him on the call with you today. He
17 just did a nice job yesterday.

18 MR. SPEAKER: (indisc.) Thank you.

19 THE COURT: All right.

20 MS. RECKLER: Thank you, your Honor.

21 MR. FLIMAN: Thank you, your Honor. Have a good day.

22 THE COURT: Anything else that we need to talk about?

23 (No audible response)

24 THE COURT: All right, everyone stay safe. If there
25 are issues please let me know, and until I hear from anyone

1 I'll see everybody on the 25th and, again, be safe. And we'll
2 be adjourned.

3 MS. RECKLER: Thank you, your Honor.

4 MR. GOLDBERG: Thank you, your Honor.

5 MR. FLIMAN: Thank you, Judge.

6 (This proceeding was adjourned at 12:27 p.m.)

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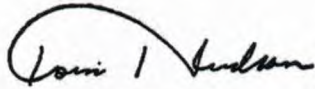
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CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.



Signed

July 16, 2020

Dated

TONI HUDSON, TRANSCRIBER





ENTERED
07/14/2020

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re

Calfrac Well Services Corp., *et al.*,¹

Debtors in a Foreign Proceeding

Chapter 15

Case No. 20-33529 (DRJ)

Jointly Administered

(Docket No. 8)

THIS IS EXHIBIT "B"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 18 day of
July, A.D. 2020
A Commissioner for Oaths in and for
Alberta

ORDER GRANTING EMERGENCY PROVISIONAL RELIEF

Upon the *Motion for Provisional Relief* (the "**Motion**"),² filed on July 13, 2020, by the duly authorized Foreign Representative of the Chapter 15 Debtors, seeking, on an emergency basis, (a) entry of an order (this "**Order**") granting provisional relief applying the stay provided for in section 362 of the Bankruptcy Code on a limited basis to the Chapter 15 Debtors and their property that is within the territorial jurisdiction of the United States pending chapter 15 recognition of the Canadian Proceeding; (b) granting of effect within the territorial jurisdiction of the United States to the order of the Canadian Court granting a stay for the protection of all of the Chapter 15 Debtors and their assets (the "**Interim Order**"); and (c) such other relief as may be just and proper; and this Court having considered (i) the Motion, (ii) the Petition, (iii) the Mathison Declaration, (iv) the Simard Declaration, and (v) the evidence presented at the hearing before this Court on July 14, 2020 (the "**Hearing**"); and appropriate and timely notice of the filing of the Motion and the Hearing having been given to the Office of the United States Trustee, the Securities and Exchange Commission, all parties to litigation currently pending in

¹ The Chapter 15 Debtors, along with the last four digits of each U.S. Debtor's federal tax identification number, where applicable, are as follows: Calfrac Well Services Corp. ("**CWSC**") (1738), 12178711 Canada Inc. ("**Arrangeco**"), Calfrac Well Services Ltd. ("**Calfrac**") (3605), Calfrac (Canada) Inc. ("**CCI**"), and Calfrac Holdings LP ("**CHLP**") (0236).

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

the United States in which any of the Chapter 15 Debtors is a party, the First Lien Agent, the Second Lien Note Trustee, the Unsecured Note Trustee, and all parties required to be given notice under Bankruptcy Rule 2002(q)(1) of which the Foreign Representative is aware, and that no other or further notice need be provided; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, the Court finds and concludes as follow:³

a) The Chapter 15 Cases were properly commenced pursuant to Bankruptcy Code §§ 1504, 1509, and 1515.

b) This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2)(P).

c) Venue is proper in this district pursuant to 28 U.S.C. § 1410.

d) This Court may enter a final order consistent with Article III of the United States Constitution.

e) The Canadian Proceeding is pending in Canada, and the Foreign Representative has been authorized to act as foreign representative of the Debtors in these Chapter 15 Cases.

f) Based on the pleadings filed to date, the Court concludes that the Foreign Representative has demonstrated a likelihood of success on the merits of the Petition.

g) The relief sought by the Foreign Representative in the Motion is authorized under Section 1519 of the Bankruptcy Code, and the Foreign Representative has demonstrated that irreparable harm to the Debtors may occur in the absence of the relief sought in the Motion.

h) The relief sought by the Motion will not cause undue hardship to any party in

³ The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, or any of the following conclusions of law constitute findings of fact, they are adopted as such.

interest and, to the extent that any hardship may result to such parties, it is outweighed by the benefits of the requested relief to the Debtors and all of its creditors.

i) The relief granted hereby is necessary and appropriate in the interests of the public and international comity and it is consistent with the public policy of the United States.

j) No security is required for the relief granted herein under Bankruptcy Rule 7065 or otherwise.

Now therefore, it is hereby **ORDERED**:

1. Section 362 of the Bankruptcy Code shall apply to the Provisional Relief Parties with respect to each of the Chapter 15 Debtors and the property of the Chapter 15 Debtors that is within the territorial jurisdiction of the United States. For the avoidance of doubt, and without limiting the generality of the foregoing, the relief granted by this Order shall impose a stay within the territorial jurisdiction of the United States, applicable to the Provisional Relief Parties, of:

- i. The commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the Chapter 15 Debtors that was or could have been commenced before the commencement of the Chapter 15 Debtors' Chapter 15 Cases, or to recover a claim against the Debtors that arose before the commencement of the Chapter 15 Debtors' Chapter 15 Cases;
- ii. The enforcement, against the Debtors or against the property of the Chapter 15 Debtors, of a judgment obtained before the commencement of the Chapter 15 Debtors' Chapter 15 Cases;
- iii. Any act to obtain possession of property of the Chapter 15 Debtors or of property from the Chapter 15 Debtors or to exercise control over property of the Chapter 15 Debtors;
- iv. Any act to create, perfect, or enforce any lien against property of the Chapter 15 Debtors;
- v. Any act to create, perfect, or enforce against property of the Chapter 15 Debtors to the extent that such lien secures a claim that arose before the commencement of the Chapter 15 Debtors' Chapter 15 Cases;

- vi. Any act to collect, assess, or recover a claim against the Chapter 15 Debtors that arose before the commencement of the Chapter 15 Debtors' Chapter 15 Cases; and
- vii. The setoff of any debt owing to the Chapter 15 Debtors that arose before the commencement of the Chapter 15 Debtors' Chapter 15 Cases against any claim against the Chapter 15 Debtors.

2. The Interim Order is recognized, granted comity, and entitled to full force and effect against all entities (as that term is defined in section 101(15) of the Bankruptcy Code) in accordance with their terms, and such terms shall be binding and fully enforceable on the Provisional Relief Parties for the purposes of U.S. law, whether or not they actually agreed to be bound by the Interim Order or participated in the Canadian Proceedings.

3. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (i) this Order shall be effective immediately and enforceable upon entry; (ii) the Foreign Representative is not subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order; and (iii) the Foreign Representative is authorized and empowered and may, in his discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

4. This Court shall retain jurisdiction with respect to: (i) the enforcement, amendment or modification of this Order; (ii) any requests for additional relief or any adversary proceeding brought in or through these Chapter 15 Cases; and (iii) any request by an entity for relief from the provisions of this Order, for cause shown, as to any of the foregoing, and provided the same is properly commenced and within the jurisdiction of this Court.

Signed: July 14, 2020.



DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE



Calfrac Announces Commencement of CBCA Stay Proceedings, Recapitalization Transaction and Financial Update

THIS IS EXHIBIT "C"
REFERRED TO IN THE ANSWER OF
Company Name:
Document Type and Date: 18 May 2020
July A.O. 2020
A Commissioner for Courts in and for Alberta

CALGARY, AB, July 14, 2020 /CNW/- **Calfrac Well Services Ltd. ("Calfrac" or the "Company")** (TSX: CFW) announces that Calfrac and certain related entities (collectively, the **"Calfrac Applicants"**) have obtained a preliminary interim order (the **"Preliminary Interim Order"**) under the Canada Business Corporations Act (the **"CBCA"**) from the Court of Queen's Bench of Alberta (the **"Court"**) (the **"CBCA Proceedings"**). Calfrac also announces that it has entered into support agreements with certain holders of its outstanding 8.50% senior unsecured notes due 2026 (the **"Unsecured Notes"**), holding approximately 50% of the outstanding principal amount of the Unsecured Notes and certain holders of common shares (**"Common Shares"**) including all directors, the Executive Chairman, President and Chief Operating Officer and Chief Financial Officer of the Company, holding approximately 23% of the outstanding Common Shares, to give effect to a recapitalization transaction (the **"Recapitalization Transaction"**) as described below.

The CBCA is a Canadian corporate statute that, among other things, allows corporations to restructure certain debt obligations. In most cases, a corporation working through a CBCA process will be able to complete a recapitalization transaction in a more efficient manner based on time, cost and other key factors. The CBCA is not a bankruptcy or insolvency statute. All trade debt and obligations of the Company to employees, customers, suppliers and service providers shall be unaffected and shall be paid or satisfied in the normal course of business.

Preliminary Interim Order

The Preliminary Interim Order authorizes the Calfrac Applicants to apply to the Court to seek a further order under the CBCA Proceedings (the **"Interim Order Application"**), which would permit the Calfrac Applicants to call, hold and conduct the required special meetings (the **"Special Meetings"**) of its affected stakeholders to consider and vote on a plan of arrangement to give effect to the Recapitalization Transaction (the **"Arrangement"**). In addition, the Preliminary Interim Order grants a stay of proceedings in favour of Calfrac and its subsidiaries in respect of any defaults that may result from Calfrac's decision to initiate the CBCA Proceedings, or arising in connection with Calfrac's previously announced election to defer the cash interest payment due on June 15, 2020, in respect of its outstanding Unsecured Notes, which were issued pursuant to an indenture dated May 30, 2018.

Recapitalization Transaction

Pursuant to the Recapitalization Transaction:


- Each holder of Unsecured Notes will receive newly issued Common Shares representing its pro rata share (based on the face value of the Unsecured Notes) of 86% of the pro forma issued and outstanding Common Shares in consideration for the exchange and transfer of the Unsecured Notes.
- Holders of Unsecured Notes who provide voting instructions to vote in favour of the Plan on or prior to a specified early consent date (which will be set pursuant to Court order) will receive additional newly issued Common Shares representing its pro rata share (based on face value of the Unsecured Notes) of 6% of the pro forma issued and outstanding Common Shares.
- The existing holders of Common Shares shall retain their Common Shares, subject to dilution based on the Common Shares issued to holders of Unsecured Notes. The existing holders of Common Shares will hold 8% of the pro forma issued and outstanding Common Shares following completion of the Arrangement.

- In connection with the Recapitalization Transaction, Calfrac will conduct a new money offering of new senior secured convertible 10% PIK notes (the "**1.5 Lien Notes**"), in an aggregate principal amount of \$60 million (the "**New 1.5 Lien Offering**" or the "**Offering**"), as further described below. The proceeds of the New 1.5 Lien Offering will initially refinance indebtedness outstanding under the Company's credit facilities, creating additional liquidity. This liquidity will fund: working capital requirements as the Company's business improves in North America, from historic lows, maintenance capital for the Company's worldwide operating fleet, interest payments on the Company's debt obligations; and the payment of transaction costs associated with the Recapitalization Transaction. Completion of the Offering is contingent upon completion of the Recapitalization Transaction. The New 1.5 Lien Offering will be backstopped by the Initial Commitment Parties (as defined below) and the percentages of outstanding Common Shares above are subject to further dilution as a result of Common Shares to be issued in payment of the applicable backstop fee.
- Calfrac will be seeking any necessary amendments or waivers of its credit facilities as may be required to facilitate the Recapitalization Transaction. The lenders under Calfrac's credit facilities have waived any event of default that may result under such credit facilities as a result of the CBCA Proceedings.
- Holders of 10.875% second lien secured notes of Calfrac Holdings LP due 2026 (the "**Second Lien Notes**"), in their capacity as such holders, will be unaffected by the implementation of the Recapitalization Transaction.
- All trade debt and obligations of the Company to employees, customers, suppliers and service providers shall be unaffected by the Recapitalization Transaction and shall continue to be paid or satisfied in the ordinary course of business.
- As a result of the completion of the Recapitalization Transaction and the Offering, total debt will be reduced by approximately \$570 million and annual cash interest expenses will be reduced by approximately \$52 million.
- Following completion of the Recapitalization Transaction, there will be approximately 1,877 million Common Shares issued and outstanding (4,128 million Common Shares on a cumulative basis after giving effect to the issuance of the Common Shares issuable on conversion of the 1.5 Lien Notes, assuming conversion on the closing date of the Recapitalization Transaction).

Completion of the Recapitalization Transaction will be subject to, among other things, completion of the Offering, approval of the transaction by the affected security holders of Calfrac; other approvals that may be required by the Court, the approval of the Toronto Stock Exchange; and the receipt of all necessary regulatory approvals. In connection with the Recapitalization Transaction, the Company intends to continue under the CBCA.

Offering of 1.5 Lien Notes

In connection with the Recapitalization Transaction, Calfrac will conduct an offering of the 1.5 Lien Notes, in an aggregate principal amount of \$60 million. The 1.5 Lien Notes will be issued to: (i) G2S2 Capital Inc., or an affiliate thereof ("**G2S2**") as to approximately \$18 million of 1.5 Lien Notes; (ii) members of a supporting ad hoc committee of noteholders (the "**Ad Hoc Committee**") as to approximately \$14 million of 1.5 Lien Notes; and (iii) MATCO Investments Ltd. ("**MATCO**") as to approximately \$13 million of 1.5 Lien Notes (collectively, the "**Initial Commitment Parties**"). provided that the Company may allocate up to \$6 million of such amounts (together with the associated backstop commitment) to other holders of Unsecured Notes on or before July 31, 2020 (together with the "**Initial Commitment Parties**", the "**Commitment Parties**"), which shall reduce the foregoing amounts pro rata. In addition, an additional aggregate of \$15 million of 1.5 Lien Notes will be reserved for other holders of Unsecured Notes (subject to certain qualifying criteria). Each Commitment Party (other than G2S2 and MATCO) will subscribe for and backstop any portion of the \$15 million of 1.5 Lien Notes reserved for other holders of Unsecured Notes on a pro rata basis and G2S2 as to the remaining amount. The Commitment Parties shall be entitled to an aggregate fee of \$1.5 million in respect of such backstopped amount, payable in Common Shares following the



conversion of the Unsecured Notes to Common Shares pursuant to the Recapitalization Transaction. G2S2 and the members of the Ad Hoc Committee have entered into support agreements with the Company.

The 1.5 Lien Notes will include the following terms:

- A term to maturity of three years from closing. The Company will have no right of redemption.
- The New 1.5 Lien Notes will bear interest at a rate of 10% per annum payable in cash semi-annually on March 15 and September 15 of each year (commencing on September 15, 2020, each, an **"Interest Payment Date"**). On each Interest Payment Date, the Company may elect to defer and pay in kind any interest accrued as of such Interest Payment Date by increasing the unpaid principal amount of the New 1.5 Lien Notes as at such date (each, a **"PIK Interest Payment"**), which PIK Interest Payment shall be allocated pro rata to all New 1.5 Lien Noteholders. Following each such increase in the principal amount of the New 1.5 Lien Notes as a result of any PIK Interest Payment, the New 1.5 Lien Notes will bear interest on such increased principal amount from and after the date of each such PIK Interest Payment. Upon repayment of the New 1.5 Lien Notes, any interest which has accrued thereon but has not been capitalized as set forth above shall be paid in cash. Upon and following the occurrence of an event of default that is continuing, the New 1.5 Lien Obligations shall bear interest at a rate equal to 2% above the applicable rate.
- The obligations in respect of the 1.5 Lien Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis (the **"1.5 Priority Lien"**) by the Obligors, and shall be secured over not less than all of the present and future existing collateral securing the Company's first lien credit facility and the Second Lien Notes. The 1.5 Priority Lien will form part of the Company's senior secured obligations and will rank: (a) senior to all of the Company's future obligations, unsecured obligations and the obligations of the Company in respect of the Second Lien Notes; and (b) junior to the obligations under the Company's credit agreement.
- The 1.5 Lien Notes will be convertible at the holder's option into Common Shares at any time prior to maturity at a conversion price of \$0.0266 per Common Share (prior to giving effect to a share consolidation contemplated by the Recapitalization Transaction (the **"Conversion Price"**). The Conversion Price shall be subject to standard anti-dilution adjustments upon, among other things, share consolidations, share splits, spin-off events, rights issues, reorganizations and for certain dividends or distributions to holders of Common Shares.
- Upon the occurrence of certain changes of control, the Company will be required to offer to repurchase all outstanding 1.5 Lien Notes at a purchase price equal to 101% of the aggregate principal amount of the 1.5 Lien Note unpaid interest, if any, to the date of repurchase.
- The 1.5 Lien Notes will contain customary events of default.
- The 1.5 Lien Notes will contain customary covenants, representations and warranties for a senior secured note issuance. Pursuant to the 1.5 Lien Note indenture, the Company shall be required to obtain approval of holders of 1.5 Lien Notes holding not less than 66⅔% of aggregate principal amount of 1.5 Lien Notes (the **"Consenting 1.5 Lien Noteholders"**) for certain fundamental events, including certain incurrences of debt; amendment of constituting documents; the alteration of the Company's share capital; the increase of the size of the board of directors of the Company (the **"Board"**) from seven (7) members; the making of change of control payments to directors, officers or employees resulting from with the Recapitalization Transaction; and entering into agreements which materially restrict the ability of the Company to conduct business.
- The Board will consist of seven (7) members. For so long as each of G2S2, the Ad Hoc Committee and MATCO, including their respective affiliates, shall own at least 50% of their respective initial 1.5 Lien Notes, they shall each have the right to nominate one (1) director to the Board.
- If one or more director nominees of the holders of 1.5 Lien Notes fails to be elected as a director, such nominee shall be designated an observer to the Board, and the Company shall be required to obtain approval of the Consenting 1.5 Lien Noteholders in respect of certain

- additional matters, including: purchases, sales or leases in excess of \$25 million; or entering into related party transactions in excess of \$0.5 million.
- The Initial Commitment Parties will be granted certain pre-emptive rights in connection with offerings of equity or debt securities by the Company.

Completion of the Offering is subject to, among other things, completion of the Recapitalization Transaction; the approval of the Toronto Stock Exchange and any shareholder approval required pursuant thereto; the approval of a majority of a minority of shareholders as required under Multilateral Instrument 61-101 ("**MI 61-101**") and the receipt of all necessary regulatory approvals. Pursuant to MI 61-101, the Company intends to rely upon the exemption from the requirement to prepare a formal valuation in connection with the issuance of 1.5 Lien Notes to MATCO, as a related party of the Company, pursuant to the exemption contained in section 5.5(g) of MI 61-101. In connection therewith, the independent directors of the Board for such purpose, consisting of Gregory S. Fletcher, James S. Blair, Kevin R. Baker and Douglas R. Ramsay (the "**Independent Directors**") have determined unanimously that the Company is in serious financial difficulty, the Offering is designed to improve the financial position of the Company, and the terms of the Offering are reasonable in the circumstances of the Company. The Board has also made these determinations.

The transaction term sheets in respect of the Recapitalization Transaction, the forms of support agreement and the forms of consent agreements (in each case subject to redactions for certain confidential and/or commercially sensitive information contained in such agreements) will be filed on SEDAR under Calfrac's profile (www.sedar.com) and Calfrac's website (www.calfrac.com). Additional information in connection with the implementation of the Recapitalization Transaction, including with respect to CBCA Proceedings, will also be made publicly available by the Company.

Additional Information About the Recapitalization Transaction

Calfrac, with the assistance of the Company's legal and financial advisors, and in consultation with key stakeholders, conducted a review of potential alternatives available to the Company to address its outstanding debt, improve liquidity and strengthen its overall financial position. The Company has carefully reviewed and considered, among other things, its overall capital structure and financial condition, its debt levels and cash interest payments, the Company's previously announced decision to defer the June 15, 2020 interest payment on the Unsecured Notes, challenging industry conditions and the effects of the ongoing COVID-19 pandemic, and weakened commodity prices. In connection with this evaluation, the Company views the proposed Recapitalization Transaction and the Offering as achieving the Company's goals of improving its capital structure and liquidity.

Peters & Co. Limited ("**Peters & Co.**"), an independent financial advisor to the Board, has provided opinions to the Board that: (i) the holders of Unsecured Notes and the existing holders of Common Shares would be in a better financial position, respectively, under the Recapitalization Transaction than if the Company were liquidated; and (ii) the Recapitalization Transaction is fair, from a financial point of view, to the Company.

Following the Company's review and consultation process, and after careful consideration and based on a number of factors, including the opinions of Peters & Co., legal advice from the Company's counsel, financial advice from the Company's financial advisors, the facts and circumstances facing the Company, the terms of the Recapitalization Transaction and the Offering, the Board unanimously determined that the Recapitalization Transaction is in the best interests of the Company, and unanimously recommends that holders of Unsecured Notes and Common Shares support and vote in favour of the Recapitalization Transaction.

Tudor, Pickering & Holt & Co. / Perella Weinberg Partners LP and RBC Capital Markets are acting as financial advisors to the Company, and Bennett Jones LLP and Latham & Watkins LLP are acting as legal counsel. Goodmans LLP is legal counsel to the Ad Hoc Committee.

Update Concerning Wilks Brothers

In the course of the CBCA Proceedings, Calfrac disclosed previously non-public information concerning prior discussions and correspondence with Wilks Brothers, LLC and its related parties (collectively, "**Wilks Brothers**"). Wilks Brothers holds approximately 19.78% of the common shares of Calfrac and, according to regulatory filings by it, over 50% of the Second Lien Notes. Wilks Brothers also owns ProFrac Services Ltd., a competitor of Calfrac in the U.S.; and has other publicly disclosed investments in oilfield services companies, some of which are also competitors of Calfrac.

The documents filed as part of the CBCA Proceedings disclosed the fact that Wilks Brothers submitted unsolicited, non-binding proposals to Calfrac on June 22 and June 29, 2020, respectively. Both proposals described prospective transactions whereby Wilks Brothers would acquire Calfrac's U.S. business in exchange for the Second Lien Notes of Calfrac held by Wilks Brothers at each of the relevant dates, and cash.

After reviewing the proposed transaction terms with its financial advisors, Calfrac firmly declined both proposals for two principal reasons. Most importantly, the consideration offered by Wilks Brothers significantly undervalued Calfrac's U.S. business, a division that represents more than two-thirds of Calfrac's global enterprise.

Further, neither Wilks Brothers proposal was considered by Calfrac's board of directors to be practical or executable. The Wilks Brothers' proposals sought to leave the first-lien, senior creditors of Calfrac with less than one-third of the collateral that they currently hold, with no debt reduction. In addition, a vastly disproportionate amount of debt was proposed to be left owing by Calfrac, after the proposed transaction, relative to what was suggested by Wilks Brothers to become Calfrac's remaining assets, collateral and operations.

Calfrac also disclosed in the materials filed for the CBCA Proceedings that Wilks Brothers has been a significant shareholder of Calfrac since at least 2016, and had self-identified in September of 2017 as an activist investor in Calfrac, who "may seek to effect material changes in [Calfrac's] business or corporate structure".

As disclosed in Calfrac's press release dated May 7, 2019, in a decision released on that date the Alberta Court of Queen's Bench granted Calfrac's summary judgment application and ruled that Wilks Brothers had breached its confidentiality agreement with Calfrac and dismissed Wilks Brothers motion for summary judgment. Calfrac's action is continuing in relation to damages issues.

Calfrac has confirmed as part of the CBCA Proceedings that it does not believe that separating Calfrac's U.S. business from the balance of the Company would be in the best interests of all stakeholders, particularly at below fair market value, and the significant amount of debt that would remain with Calfrac post the transaction as had been proposed by Wilks Brothers.

Financial Update

In connection with obtaining the Preliminary Interim Order, and the Company's ongoing negotiations concerning a Recapitalization Transaction, the Company is providing an update concerning its available debt capacity, as well as forecasts concerning certain financial measures.

Table 1 illustrates the Company's current secured debt capacity as of April 30, 2020. As at April 30, 2020, the Company's actual cash balance was \$51.4 million.

Table 1: Secured Debt Capacity (C\$ in millions)

Secured Debt Capacity	
Based on Fixed Baskets	
Credit Facilities Starter Basket	\$375
General Liens Basket	\$84



Total Secured Debt Capacity	\$459
Less: Credit Facility Drawn	(\$173)
Available Lien Capacity	\$286
Less: Second Lien Notes Outstanding	(\$167)
Net Available Secured Debt Capacity	\$119

Table 2 illustrates the Company's historical and forecast financial performance as of April 30, 2020.

Table 2: Historical and Forecast Financial Performance (C\$ in millions)

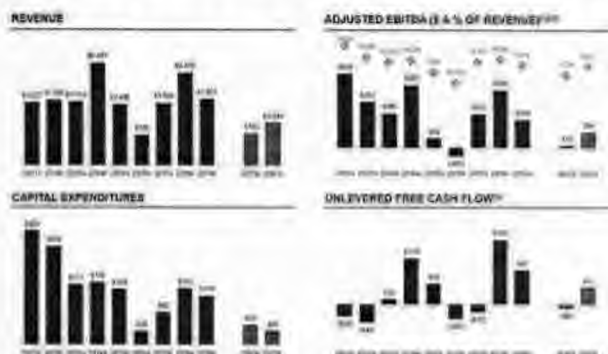


Table 2: Historical and Forecast Financial Performance (C\$ in millions) (CNW Group/Calfrac Well Services Ltd.)

- (1) Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring.
- (2) With the adoption of IFRS 16, the accounting treatment for operating leases when Calfrac is the lessee, changed effective January 1, 2019. Calfrac adopted IFRS 16 using the modified retrospective approach and the comparative information was not restated. As a result, the Company's 2019 Adjusted EBITDA is not comparable to periods prior to January 1, 2019. For the year ended December 31, 2019, Adjusted EBITDA excludes \$21.9 million of lease payments that would have been recorded as an operating expense prior to the adoption of IFRS 16. Estimated Adjusted EBITDA for 2020 and 2021 includes the impact of lease obligation principal repayments under IFRS 16.
- (3) Unlevered free cash flow is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring less capital expenditures and changes in items of working capital.

Certain measures presented in this press release, including Adjusted EBITDA and unlevered free cash flow, do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), these supplementary measures are also non-GAAP measures. These measures have been described and presented in order to provide additional information regarding the Company's forecasts, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are explained below.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it gives an indication of the results from the Company's principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges.

Unlevered free cash flow is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring less capital expenditures and changes in items of working capital. Unlevered free cash flow is presented because it gives an indication of the Company's liquidity prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges.

Adjusted EBITDA and unlevered free cash flow for the actual periods noted below are calculated as follows:

	2011	2012	2013	2014	2015	2016	2017	2018	2019
(C\$000s)									
(Unaudited)									
Net income (loss)	187,157	96,361	26,733	67,502	(227,426)	(203,557)	586	(26,177)	(156,203)

[Handwritten signature]

Add back (deduct):

Depreciation	87,457	90,381	110,006	139,395	156,638	152,822	130,793	190,475	261,227
Unrealized foreign exchange (gain) loss	11,945	(10,895)	1,350	17,660	42,592	22,490	34,646	11,465	2,041
Non-recurring realized foreign exchange losses	-	-	-	-	-	-	-	29,288	-
Loss (gain) on disposal of property, plant and equipment	(88)	802	(1,514)	1,577	(2,257)	(491)	13,039	160	1,870
Business combination	-	-	2,474	-	(30,987)	-	-	-	-
Impairment (reversal) of property, plant and equipment	-	-	-	4,620	114,479	-	(76,296)	115	2,165
Impairment of inventory	-	-	-	-	14,333	3,225	-	7,167	3,744
Impairment of goodwill	-	-	-	979	9,544	-	-	-	-
Provision for settlement of litigation	-	-	-	4,640	3,165	-	(139)	-	-
Restructuring charges	-	-	-	7,907	13,533	7,892	1,131	1,076	6,049
Losses attributable to non-controlling interest	294	785	1,181	547	491	30	5,353	7,989	-
Stock-based compensation	8,500	6,990	5,454	4,138	3,082	2,361	4,985	5,812	4,626
Interest	35,489	36,354	41,985	59,584	68,967	80,110	85,450	106,630	85,826
Income taxes	88,579	41,375	7,209	48,746	(114,097)	(109,632)	(7,725)	(4,592)	(52,226)
Adjusted EBITDA⁽¹⁾	419,333	262,153	194,878	357,295	52,057	(44,750)	191,823	329,408	159,119
Deduct:									
Capital expenditures	(323,962)	(279,017)	(170,517)	(177,585)	(157,934)	(38,707)	(91,933)	(159,764)	(139,305)
Add back (deduct):									
Changes in items of working capital	(122,972)	(25,788)	(12,842)	(69,245)	154,691	49,906	(117,188)	(13,638)	62,696
Unlevered free cash flow	(27,601)	(42,652)	11,519	110,465	48,814	(33,551)	(17,298)	156,006	82,510

(1) With the adoption of IFRS 16, the accounting treatment for operating leases when Calfrac is the lessee, changed effective January 1, 2019. Calfrac adopted IFRS 16 using the modified retrospective approach and the comparative information was not restated. As a result, the Company's 2019 Adjusted EBITDA is not comparable to periods prior to January 1, 2019. For the year ended December 31, 2019, Adjusted EBITDA excludes \$21,893,000 of lease payments that would have been recorded as an operating expense prior to the adoption of IFRS 16.

A specific reconciliation of forecast Adjusted EBITDA and unlevered free cash flow to net income or loss is not possible as the applicable GAAP measures have not been determined.

Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW". Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells drilled throughout western Canada, the United States, Argentina and Russia.

All references to "\$" are to Canadian dollars, unless otherwise indicated.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to the completion of the proposed Recapitalization Transaction and the Offering, including expected reductions in total debt and cash interest expenses, and the Company's intentions and expectations, including forecasted financial results.

These forward-looking statements and information are based on certain key expectations and assumptions made by Calfrac in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances, including, but not limited to, the following: the Recapitalization Transaction and the Offering will be completed as proposed, economic and political environment in which Calfrac operates; Calfrac's expectations for its customers' capital budgets and geographical areas of focus; the effect unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; Calfrac's existing contracts and the status of current negotiations with key customers and suppliers; the effectiveness of cost reduction measures instituted by Calfrac; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Although Calfrac believes that the expectations and assumptions on which such forward looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Calfrac cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and

conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with: Calfrac's ability to continue to manage the effect of the COVID-19 pandemic on its operations; default under the Company's credit facilities and/or the Company's senior notes due to a breach of covenants therein; failure to reach any additional agreements with the Company's lenders; the impact of events of defaults in respect of other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; failure of existing shareholders and holders of Unsecured Notes to vote in favour of the Recapitalization Transaction; failure to receive any applicable regulatory approvals in respect of the Recapitalization Transaction or the Offering, global economic conditions; along with those risk and uncertainties identified under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 10, 2020 and filed on SEDAR at www.sedar.com.

The forward-looking statements and information contained in this press release are made as of the date hereof and Calfrac does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent an exemption from registration under the Securities Act of 1933.

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