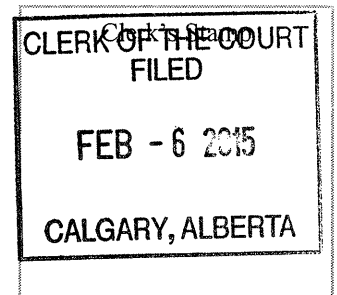


COURT FILE NUMBER **1501-00681**
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



**IN THE MATTER OF THE BANKRUPTCY
AND INSOLVENCY OF CALMENA ENERGY
SERVICES INC., CALMENA ENERGY
HOLDINGS LTD., CALMENA ENERGY
SERVICES OPERATING LIMITED
PARTNERSHIP, 1414995 ALBERTA LTD.,
CALMENA ENERGY SERVICES USA
CORP., CALMENA DRILLING SERVICES
LLC, CALMENA DRILLING SERVICES US
LP, BW SERVICES LUXEMBOURG S.A.R.L.,
BWES SERVICES DE MEXICO, S. DE R.L.
DE C.V., PAN AMERICAN DRILLING S. DE
R.L. DE C.V., CALMENA ENERGY
SERVICES DE MEXICO, S. DE R.L. DE C.V.,
CALMENA LUXEMBOURG HOLDINGS
S.A.R.L.**

PLANTIFF **HSBC BANK CANADA**

DEFENDANTS **CALMENA ENERGY SERVICES INC.,
CALMENA ENERGY HOLDINGS LTD.,
CALMENA ENERGY SERVICES
OPERATING LIMITED PARTNERSHIP,
1414995 ALBERTA LTD., CALMENA
ENERGY SERVICES USA CORP.,
CALMENA DRILLING SERVICES LLC,
CALMENA DRILLING SERVICES US LP,
BW SERVICES LUXEMBOURG S.A.R.L.,
BWES SERVICES DE MEXICO, S. DE R.L.
DE C.V., PAN AMERICAN DRILLING S. DE
R.L. DE C.V., CALMENA ENERGY
SERVICES DE MEXICO, S. DE R.L. DE C.V.,
CALMENA LUXEMBOURG HOLDINGS
S.A.R.L.**

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Patrick T. McCarthy, Q.C. / Jessica L. Duhn
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AFFIDAVIT OF NEIL NARFASON

Sworn on February 4, 2015

I, NEIL NARFASON, of Calgary Alberta, Chartered Accountant and Chartered Insolvency and Restructuring Professional, SWEAR AND SAY THAT:

1. I am a senior vice-president of Ernst & Young Inc. (“EY”) and as such, I have personal knowledge of the matters and facts herein sworn to except where stated to be based on information and belief, and where so based I verily believe the same to be true. I am authorized by EY to swear this Affidavit.
2. EY was appointed receiver and manager of Calmena Energy Services Inc., Calmena Energy Holdings Ltd., Calmena Energy Services Operating Limited Partnership, 1414995 Alberta Ltd., Calmena Energy Services USA Corp., Calmena Drilling Services LLC, Calmena Drilling Services US LP, BW Services Luxembourg S.A.R.L., BWES Services de Mexico, S. de R.L. de C.V., Pan American Drilling S. de R.L. de C.V., Calmena Energy Services de Mexico, S. de R.L. de C.V., Calmena Luxembourg Holdings S.A.R.L. (together, the “**Calmena Group**”) pursuant to an order of this Honourable Court dated January 20, 2015 (the “**Receivership Order**”).
3. Calmena Energy Services Inc. (“**Calmena Services**”) is the parent company directly or indirectly of all of the corporate entities comprising the Calmena Group. Attached hereto and marked as **Exhibit “A”** is a corporate organizational chart setting out the corporate structure of the Calmena Group.
4. As can be seen from Exhibit “A”, the Calmena Group conducts operations in Canada, the United States, Mexico and elsewhere through a number of corporate entities incorporated in various jurisdictions including Canada, the United States, Mexico and Luxembourg.

Mexican subsidiaries

5. In Mexico the Calmena Group's sole operating entity is Calmena Energy Services de Mexico S. de R.L. de C.V. ("**Calmena Mexico**"). BWES de Mexico, S. de R.L. de C.V. ("**BWES Mexico**") employs the Calmena Group's administrative staff in Mexico and provides administrative and financial support to Calmena Mexico. Pan American Drilling Services S. de R.L. de C.V. ("**Pan American**") is inactive, having no operations or employees.

Luxembourg subsidiaries

6. The Calmena Group's major equipment, consisting mainly of drilling and fracking rigs and related equipment, is largely owned by two Luxembourg entities, BW Services Luxembourg S.A.R.L. and Calmena Luxembourg Holdings S.A.R.L. (together the "**Luxembourg Subsidiaries**"), which historically have leased that equipment to various entities within the Calmena Group.
7. Under the terms of the Receivership Order EY was appointed Receiver of all of Calmena Mexico, BWES Mexico, Pan American (together, the "Mexican Subsidiaries") and the Luxembourg Subsidiaries.

Foreign recognition

8. The Receiver is presently in the process of seeking recognition of these proceedings and of its appointment as receiver and manager of Calmena Energy Services USA Corp., Calmena Drilling Services LLC, Calmena Drilling Services US LP in the United States pursuant to Chapter 15 of the US Bankruptcy Code (which corresponds generally to Part XIII of the *Bankruptcy and Insolvency Act*), and is advised by its US counsel that its application in that regard will likely be filed this week. Such recognition proceedings for Canadian receivers are not infrequent and the Receiver's US counsel advise that no undue difficulties or delays are expected in obtaining recognition of the Receiver's appointment over the US entities listed above.
9. The Receiver has also retained local counsel in both Luxembourg and Mexico to advise it in respect of obtaining court or other official recognition of these proceedings and its appointment as receiver and manager of the Luxembourg and Mexican Subsidiaries, to allow it to obtain legal status to take control of the assets and operations of those entities as mandated by the Receivership Order.


10. The legal advice the Receiver has been given in both jurisdictions is that formal insolvency proceedings with respect to both the Mexican and Luxembourg Subsidiaries will be difficult and involve considerable delay and expense. By way of example, Mexican counsel advise that while Mexico enacted legislation equivalent to Chapter 15 of the US Bankruptcy Code there have been only a handful of foreign recognition proceedings brought pursuant to those provisions in the past fifteen years, and that obtaining an initial hearing for such a proceeding would take at least two to three months. Counsel in Luxembourg advise that no equivalent to Chapter 15 of the US Bankruptcy Code or Part XIII of the *Bankruptcy and Insolvency Act* exists in Luxembourg for insolvency proceedings commenced outside of the European Union, and that while Luxembourg courts both recognize and respect the principles of comity, there is no practical legal mechanism by which the Receiver could be given any form of court or other recognition to allow it to take direct control of the assets and operations of the Luxembourg Subsidiaries.

Control of Mexican and Luxembourg Subsidiaries

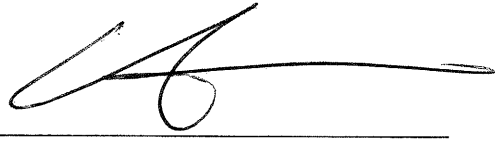
11. Despite having been unable to take direct control of the assets and operations of the Mexican and Luxembourg Subsidiaries the Receiver has had the co-operation of the directors of both groups of companies and has been able to exercise general control (subject to the directors' discharge of their legal obligations) over the Mexican and Luxembourg Subsidiaries by virtue of its role as Receiver of their parent company, Calmena Services. The Receiver currently expects that it will be able to continue to exercise such control to the extent required to allow an orderly disposition of the business, assets and operations of both the Mexican and the Luxembourg Subsidiaries.
12. Conversely, based upon the understanding the Receiver has now gained of the obstacles it faces in gaining legal status to enable it to discharge its duties as Receiver of the Mexican and Luxembourg Subsidiaries, the Receiver has concluded that there is currently little to be gained by seeking such status.
13. Based on the foregoing, the Receiver respectfully requests that the Receivership Order be amended, *nunc pro tunc*, to delete the Mexican and Luxembourg Subsidiaries from the entities over which EY was appointed receiver and manager.
14. I swear this Affidavit in support of an Amended Receivership Order, removing all of Calmena Energy Services de Mexico S. de R.L. de C.V., BWES de Mexico, S. de R.L. de C.V., Pan American Drilling Services S. de R.L. de C.V., BW Services Luxembourg S.A.R.L. and Calmena

Luxembourg Holdings S.A.R.L., *nunc pro tunc* from the Receivership Order, and for no other purpose.

SWORN BEFORE ME at Calgary, Alberta,)
this 4th day of February, 2015.)


_____)
Commissioner for Oaths in and for the)
Province of Alberta)

L. R. HUBER)
MY COMMISSION EXPIRES)
MARCH 27, 20 17)



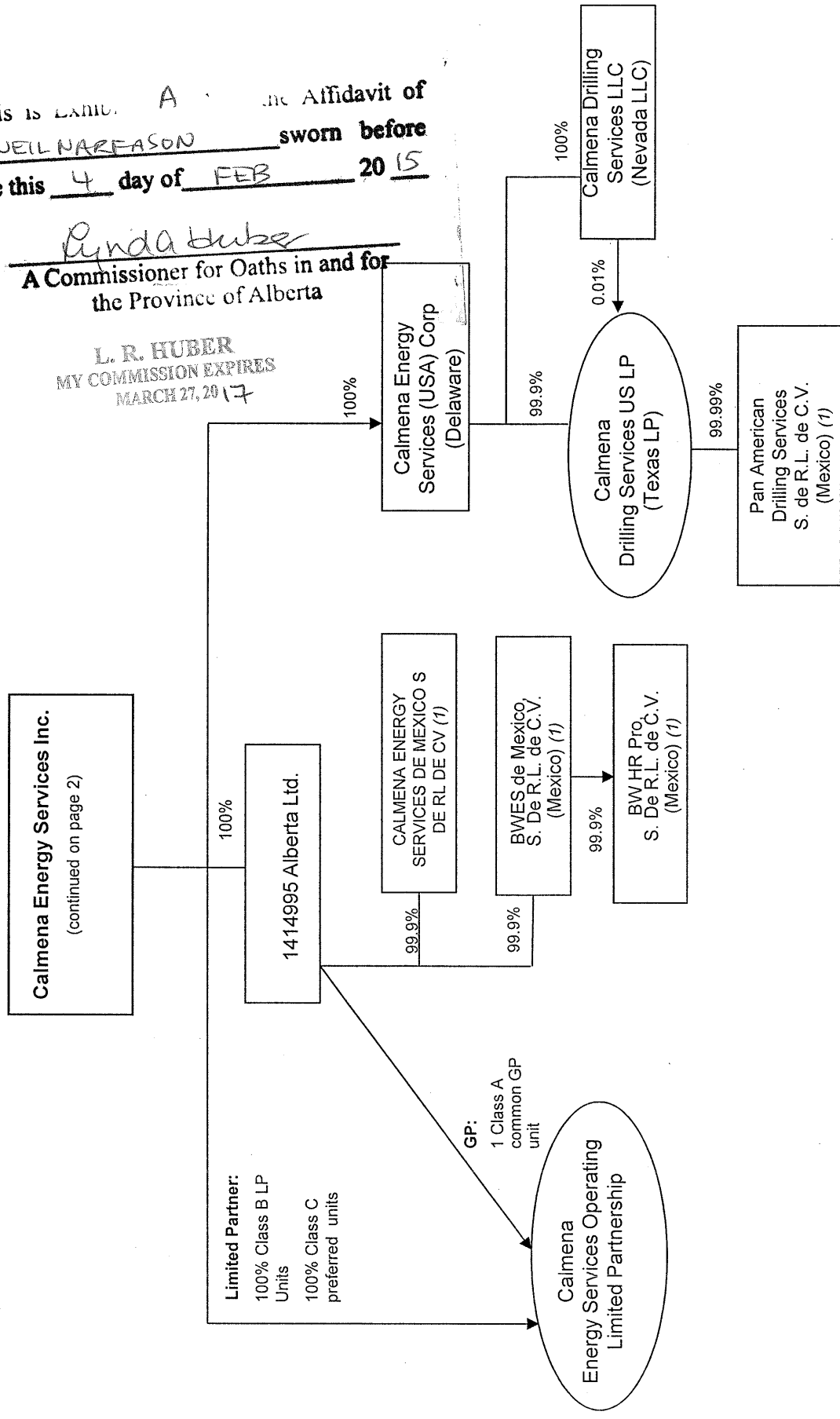
_____)
NEIL NARFASON)

**CALMENA ENERGY SERVICES INC.
LEGAL ENTITY ORGANIZATION CHART**

(There are no external shareholders in any of the entities unless specifically noted)

This is LAWFUL A Notary Public Affidavit of
NEIL NARFASON sworn before
 me this 4 day of FEB 2015
Lynnda Huber
 A Commissioner for Oaths in and for
 the Province of Alberta

L. R. HUBER
 MY COMMISSION EXPIRES
 MARCH 27, 2017

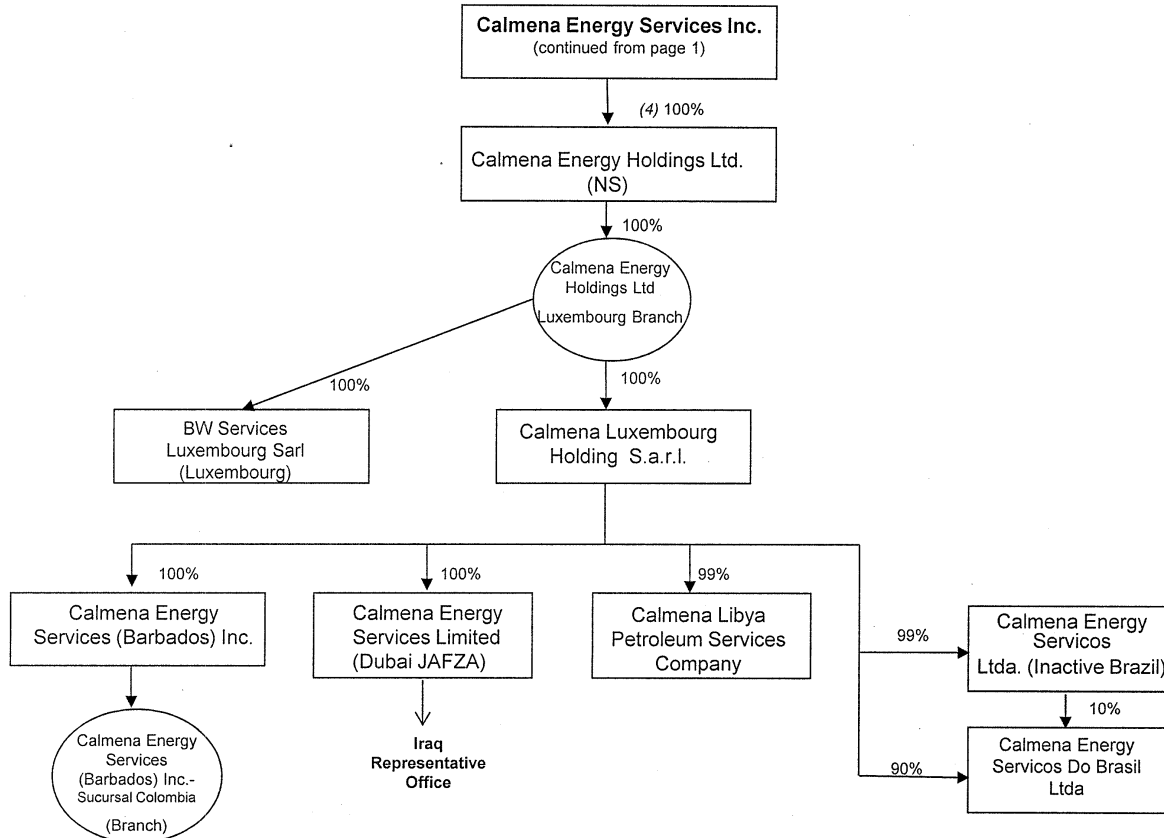


As at May 1, 2013

CONFIDENTIAL - DO NOT DISTRIBUTE

**CALMENA ENERGY SERVICES INC.
LEGAL ENTITY ORGANIZATION CHART**

(There are no external shareholders in any of the entities unless specifically noted)



As at May 1, 2013

CONFIDENTIAL - DO NOT DISTRIBUTE

**CALMENA ENERGY SERVICES INC.
LEGAL ENTITY ORGANIZATION CHART**

NOTES:

1. Nominal interests in Mexico held by CESI
2. 10 c/s held by CESI

