

First Interim Report of the Receiver
(Subsection 246(2) of the *Bankruptcy and Insolvency Act*)

**In the Matter of the Receivership of
Petrocapita Oil and Gas LP, Petrocapita G.P. I Ltd.,
Petrocapita Processing L.P. and Petrocapita G.P. II Ltd.**

INTRODUCTION

Pursuant to an Order (the “**Receivership Order**”) granted by the Court of Queen’s Bench of Alberta (the “**Court**”) on June 11, 2019, Hudson & Company Insolvency Trustees Inc. was appointed as receiver and manager (the “**Receiver**”) of Petrocapita Oil and Gas L.P. and Petrocapita G.P. I Ltd. By order dated August 19, 2019, the Receiver Order was amended to include two additional entities (the “**Amended Receivership Order**”), namely Petrocapita Processing L.P. and Petrocapita G.P. II Ltd. and collectively, these four entities are hereinafter referred to as **Petrocapita** or the **Company**.

A copy of the Receivership Order as well as the Amended Receivership Order, as well as further information with respect to the receivership can be found on our website at www.bankruptcycalgary.com/corporate-files.

ASSETS

The Receiver took possession and control of the Petrocapita Oil and Gas assets on June 12, 2019.

In our report dated August 12, 2019, a copy of which can be found on the above noted website, as Receiver we outlined the steps taken during the first few weeks of the receivership.

Since that time, the Receiver has been actively marketing the Company’s assets for sale and has been in ongoing discussions and negotiations with several companies that have expressed an interest in all or a portion of the Company’s assets. In addition, the Receiver has held several discussions with the regulatory authorities in both Alberta and Saskatchewan, as they would ultimately need to consider and approve any corresponding license transfer.

The Receiver has also continued to operate the 12 wells that were producing at the start of the receivership, and has recently taken steps to maintain both the producing and non-producing

locations through the winter months.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

A Statement of Receipts and Disbursements for the period ending December 10, 2019 is attached as Appendix A.

NEXT STEPS

The Receiver will continue to operate Petrocapita and will work towards the completion of a sale of the assets.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

In its capacity as Court-Appointed Receiver and Manager of Petrocapita Oil and Gas LP, Petrocapita G.P. I Ltd, Petrocapita Processing LP and Petrocapita G.P. II Ltd. and not in its personal capacity



Stefan DuChene, CPA, CA, CIRP
Senior Vice-President

**IN THE MATTER OF THE RECEIVERSHIP OF
PETROCAPITA OIL AND GAS L.P., et al.
Hudson & Company Insolvency Trustees Inc., Receiver
Statement of Receipts and Disbursements
For the period of June 11, 2019 to December 10, 2019**

RECEIPTS

Totals

Operating receipts - sale of oil and related products	\$	1,071,753.38
Net of joint-interest-billings		30,509.26
Net oil sale receipts		1,041,244.12
Accounts receivable		312,118.21
GST collected		69,074.94
Fund on hand at date of receivership		50,602.84
GST refund		36,758.39

TOTAL RECEIPTS

\$ 1,509,798.50

DISBURSEMENTS

Outside consulting - staffing		272,060.23
Operating expenses (well maintenance, supplies, etc.)		203,756.60
Other disbursements incl. royalties, GORR's, surface rentals, etc.		151,976.60
Transport and trucking costs		92,566.08
Receiver's fees and costs to July 31, 2019		79,699.00
Legal fees and costs to September 30, 2019		68,785.73
Insurance		39,972.00
Occupation rent		33,154.50
GST remitted to CRA		32,953.56
GST paid on disbursements		30,186.10
GST on Receiver's fees and costs		3,984.96
GST on legal fees and costs		3,435.90
Other administrative costs		3,421.05
PST paid on disbursements		2,740.21

TOTAL DISBURSEMENTS

\$ 1,018,692.52

Excess of Receipts over Disbursements/

Remaining Funds on Hand

\$ 491,105.98