

**Action No. 0903 06823**

**Respec Oilfield Services Ltd.**

**SUPPLEMENT TO THE MONITOR'S FIRST REPORT  
May 21, 2009**

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF EDMONTON

IN THE MATTER OF THE  
*BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED

AND THE  
*COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF RESPEC OILFIELD SERVICES LTD.

**SUPPLEMENT TO THE FIRST REPORT TO THE COURT  
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.  
IN ITS CAPACITY AS MONITOR**

**INTRODUCTION**

1. Respec Oilfield Services Ltd. ("Respec" or the "Company") is a privately-held corporation, duly incorporated under the *Alberta Business Corporations Act* and is duly registered to carry on business in the Province of Alberta.
2. Respec is in the civil construction business, is involved in the building of roads, the construction of oil well facilities, including well production pads, camps, pipelines and other projects involving the use of heavy equipment. Respec is headquartered in Rainbow Lake, Alberta.
3. As described in the Affidavit of Doug Rewega sworn May 8, 2009, the Company's current financial predicament is primarily attributable to (1) lagging sales caused by a slow down in the oil and gas sector in Alberta; and (2) increased expenses as a result of capital assets purchased for anticipated projects prior to the slow down.
4. On May 4, 2009, the Company filed a Notice of Intention to File a Proposal under the *Bankruptcy and Insolvency Act*. These proceedings were subsequently taken up under the *Companies' Creditors Arrangement Act* ("CCAA"), as discussed below.

5. On May 8, 2009, the Company made an application under the CCAA and an initial order (the "Initial Order") was granted by the Honourable Madam Justice M. Bielby of the Court of Queen's Bench of Alberta granting, *inter alia*, a stay of proceedings against the Company until and including May 23, 2009 (the "Stay Period") and appointing PricewaterhouseCoopers Inc. as monitor ("PwC" or the "Monitor").
6. The purpose of the Monitor's Supplement to the First Report is to advise the Court of the following:
  - (i) The results of the Monitor's cursory review of Respec's equipment and the values ascribed to the equipment by the Company;

#### **REVIEW OF EQUIPMENT AND VALUES**

7. Attached as Exhibit 1 is a listing prepared by the Company of equipment owned or leased by Respec. The Monitor has not reviewed this list for accuracy or completeness and has not reconciled this list to the financial records of the Company.
8. On May 6 and May 7, 2009 Mr. Terry Capp, a certified appraiser in our office, attended various locations around Nampa and Red Earth, Alberta to view the equipment listed in Exhibit 1.
9. Mr. Capp viewed approximately 95% of the equipment listed, advises that the equipment is in good shape and is of the view that the amounts ascribed to the "value" of the equipment by Respec in Exhibit 1, totalling approximately \$11,900,000, appear to be reasonable on a going concern basis. The Monitor has not verified amounts attributed by the Company to "paid amount", "balance", "equity", "interest" and "payment".

The Monitor respectfully submits to the Court this, its Supplement to the First Report.

Dated this 21<sup>st</sup> day of May 2009.

**PricewaterhouseCoopers Inc.**  
**In its capacity as Monitor of**  
**Respec Oilfield Services Ltd.**

Action No: 0903 06823

May 21, 2009

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LTD.

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SUPPLEMENT TO THE FIRST REPORT OF THE  
MONITOR

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**PricewaterhouseCoopers Inc.**

1501 Toronto Dominion Tower

10088 102 Avenue

Edmonton, Alberta

T5J 2Z1

(780) 441-6700

## EXHIBIT 1

crawler tractor

tems	unit	year	make and model	serial number	hours	paid amount	value	balance	equity	Interest	payments
01	C01	2002	CATERPILLAR D7R 11 W/RIPPER <b>cwb.1</b>	CAT00D7RKAGN00549	4600	\$489,402.00	\$300,000.00	\$159,548.00	\$140,452.00	\$980.00	\$8,117.69
02	C02	2004	CATERPILLAR D6R LGP 11 W/WINCH W/MULTI-SHANK RIPPER <b>cwb.1</b>	CAT00D6RTADE00468	4416	\$366,451.00	\$270,000.00	\$159,548.00	\$110,452.00	\$980.00	\$8,117.69
	C02		CATTERPILLAR RIPPER / VALVING BOUGHT SEPERATLY	9AN-RR-6		\$28,248.00	\$28,248.00	\$-	\$28,248.00	\$-	\$-
03	C03	2004	CATERPILLAR D6R LGP 11 W/WINCH <b>cwb.1</b>	CAT00D6RHADE00367	4585	\$405,951.00	\$270,000.00	\$159,548.00	\$110,452.00	\$980.00	\$8,117.69
04	C04	2005	CATERPILLAR D6N LGP W/6 WAY-BLADE W/WINCH <b>cwb.1</b>	CAT00D6NJALY01653	3210	\$340,000.00	\$230,000.00	\$159,548.00	\$70,452.00	\$980.00	\$8,117.69
05	C05	2005	CATERPILLAR D6N LGP W/6 WAY-BLADE W/WINCH <b>cat.3</b>	CAT00D6NTALY02233	3210	\$356,231.00	\$250,000.00	\$179,022.85	\$70,977.15	\$990.00	\$10,505.95
06	C06	2007	CATERPILLAR D6R LGP 111 W/MULTI-SHANK RIPPER W/WINCH <b>cat.2</b>	CAT00D6RHWCB00177	1811	\$465,535.00	\$370,000.00	\$269,068.10	\$10,093.19	\$1,458.00	\$9,452.17
07	C07	2007	CATERPILLAR D8T DS W/MULTI-SHANK RIPPER <b>caterpillar.5</b>	CAT00D8TAKPZ01519	1200	\$732,000.00	\$660,000.00	\$459,026.04	\$200,973.96	\$2,487.00	\$16,125.23
08	C08	2007	CATERPILLAR D6R LGP 111 W/MULTI-SHANK RIPPER <b>caterpillar.2</b>	CAT00D6RAWCB00211	1290	\$445,269.00	\$390,000.00	\$276,352.21	\$113,647.79	\$1,497.00	\$9,708.04
09	C10	2007	CASE 750K LGP PIPELAYER <b>GE FINANCING.1</b>	CAL003338		\$190,000.00	\$150,000.00	\$86,963.95	\$63,036.05	\$521.00	\$5,733.87
10	C11	2007	CASE 750K LGP PIPELAYER <b>GE FINANCING.1</b>	CAL003339		\$190,000.00	\$150,000.00	\$86,963.95	\$63,036.05	\$521.00	\$5,733.87
11	C12	2007	CATERPILLAR D4G LGP W/WINCH <b>caterpillar</b>	CAT00D4GCTLX01268		\$156,415.00	\$140,000.00	\$24,153.85	\$115,846.15	\$-	\$6,038.48
12	C13	1997	JOHN DEERE 550G PIPELAYER W/18'-5" BOOM <b>wells fargo</b>	KT0550GL834567		\$51,940.00	\$40,000.00	\$27,467.65	\$21,532.35	\$257.13	\$1,576.09
13	C14	2007	CATERPILLAR D7R XR DS 11 W/MULTI-SHANK RIPPER <b>caterpillar</b>	CAT00D7RPAGN01554		\$358,039.00	\$500,000.00	\$333,767.24	\$166,232.76	\$1,693.00	\$7,220.07
14	C15	2007	CATERPILLAR D8T W/MULTI-SHANK RIPPER <b>cat.4</b>	CAT00D8TCKPZ01727		\$478,640.00	\$460,000.00	\$295,959.86	\$164,040.14	\$1,885.00	\$6,317.26
01	G01	2003	CATERPILLAR 14H W/MULTI-SHANK RIPPER <b>cwb.1</b>	CAT00114HKASE00817		\$475,000.00	\$340,000.00	\$159,548.00	\$180,452.00	\$980.00	\$8,117.69
						<b>\$5,529,121.00</b>	<b>\$4,548,248.00</b>	<b>\$2,836,485.70</b>	<b>\$1,629,923.59</b>	<b>\$16,209.13</b>	<b>\$118,999.48</b>

crawler tractor attachments

tems	unit	year	make and model	serial number	hours	paid amount	value	balance	equity	interest	payments
01	C01		WELDCO BRUSH RAKE	2043		\$17,500.00	\$17,500.00	\$-	\$17,500.00	\$-	\$-
02	02-C03		ADJUSTABLE BRUSH RAKE	2048		\$17,500.00	\$17,500.00	\$-	\$17,500.00	\$-	\$-
						<b>\$35,000.00</b>	<b>\$35,000.00</b>	<b>\$-</b>	<b>\$35,000.00</b>	<b>\$-</b>	<b>\$-</b>

compaction equipment

tems	unit	year	make and model	serial number	hours	paid amount	value	balance	equity	interest	payments
01	P01	2004	CATERPILLAR 815F PADFOOT W/BLADE-STATIC <b>cat.2</b>	CAT0185FVBKL00547	1064	\$383,000.00	\$390,000.00	\$206,916.53	\$183,083.47	\$1,225.00	\$7,325.27
02	P02	2004	CATERPILLAR 815F PADFOOT W/BLADE-STATIC <b>cat.3</b>	CAT0815FPBKL00493	4946	\$294,580.08	\$300,000.00	\$163,840.74	\$136,159.26	\$912.00	\$9,618.71
03	P03	2004	CATERPILLAR 815F PADFOOT W/BLADE-STATIC <b>cat.4</b>	CAT0185FJBKL00626	1584	\$383,978.57	\$390,000.00	\$235,958.50	\$154,041.50	\$1,467.00	\$6,225.51
						<b>\$1,061,558.65</b>	<b>\$1,080,000.00</b>	<b>\$606,715.77</b>	<b>\$473,284.23</b>	<b>\$3,604.00</b>	<b>\$23,169.49</b>

hydraulic excavtors

all units 3 years 6000hrs full warranty

item	unit	year	make and model	serial number	hours	paid amount	value	balance	equity	interest	payment
01	H01	2006	KOMATSU PC400LC-7 komatsu	A86795	4000	\$485,000.00	\$275,000.00	\$92,325.78	\$182,674.22	\$274.00	\$11,717.22
02	H02	2006	KOMATSU PC300LC-7 komatsu	A87093	4300	\$406,910.00	\$225,000.00	\$73,183.30	\$151,816.70	\$218.00	\$9,287.76
03	H03	2006	KOMATSU PC300LC-7 komatsu	A87069	3800	\$406,910.00	\$245,000.00	\$73,183.30	\$171,816.70	\$218.00	\$9,287.76
04	H04	2006	KOMATSU PC300LC-7E0 komatsu	A88508	2300	\$406,910.00	\$265,000.00	\$157,645.24	\$107,354.76	\$191.00	\$9,374.68
05	H05	2007	KOMATSU PC220LC-8 komatsu	A88211	2000	\$279,600.00	\$175,000.00	\$97,099.45	\$77,900.55	\$127.00	\$6,545.94
06	H06	2007	KOMATSU PC300HD-7E0 komatsu	A86042	2000	\$419,100.00	\$300,000.00	\$188,876.67	\$111,123.33	\$270.00	\$9,586.26
07	H07	2007	KOMATSU PC270LC-8 komatsu	A87075	1500	\$351,000.00	\$235,000.00	\$154,908.98	\$80,091.02	\$221.00	\$7,861.78
08	H08	2007	KOMATSU PC400LC-7E0 citicapital finance.1	A87453	2200	\$374,671.00	\$315,000.00	\$251,899.42	\$63,100.58	\$1,792.00	\$5,619.06
09	H09	2007	KOMATSU PC220LC-8 citicapital finance.1	75077	1500	\$196,736.00	\$235,000.00	\$251,899.42	\$16,899.42	\$1,792.00	\$5,619.06
						<b>\$3,326,837.00</b>	<b>\$2,270,000.00</b>	<b>\$1,341,021.56</b>	<b>\$962,777.28</b>	<b>\$5,103.00</b>	<b>\$74,899.52</b>

articulated dump trucks

item	unit	year	make and model	serial number	hours	paid amount	value	balance	equity	interest	payment
01	RT01	2005	KOMATSU HM300-1 cwb.2	1382	3000	\$435,000.00	\$250,000.00	\$164,770.89	\$85,229.11	\$854.00	\$8,365.93
02	RT02	2005	KOMATSU HM300-1 cwb.2	1390	3000	\$435,000.00	\$250,000.00	\$164,770.89	\$85,229.11	\$854.00	\$8,365.93
03	RT03	2005	KOMATSU HM300-1 cwb.2	1381	3000	\$435,000.00	\$250,000.00	\$164,770.89	\$85,229.11	\$854.00	\$8,365.93
04	RT04	2005	KOMATSU HM300-1 cwb.2	1389	3000	\$435,000.00	\$250,000.00	\$164,770.89	\$85,229.11	\$854.00	\$8,365.93
05	RT05	2007	KOMATSU HM300-2 citicapital finance.1	2147	2000	\$420,750.00	\$300,000.00	\$251,899.42	\$48,100.58	\$1,792.00	\$5,619.06
06	RT06	2007	KOMATSU HM300-2 citicapital finance.1	A11043	2000	\$420,750.00	\$300,000.00	\$251,899.42	\$48,100.58	\$1,792.00	\$5,619.06
07	RT07	2007	KOMATSU HM300-2 GE Capital.2	A11046	2000	\$420,750.00	\$300,000.00	\$268,336.39	\$31,663.61	\$1,760.00	\$9,060.93
08	RT08	2007	KOMATSU HM300-2 GE Capital.2	A11045	2000	\$420,750.00	\$300,000.00	\$268,336.39	\$31,663.61	\$1,760.00	\$9,060.93
						<b>\$3,423,000.00</b>	<b>\$2,200,000.00</b>	<b>\$1,699,555.18</b>	<b>\$500,444.82</b>	<b>\$10,520.00</b>	<b>\$62,823.70</b>

timber-salvage-land clearing

item	unit	year	make and model	serial number	hours	paid amount	value	balance	equity	interest	payment
01	SK01	2006	TIGERCAT 630C GRAPEL SKIDDER <b>citicapital.2</b>	6302517		\$312,922.00	\$290,000.00	\$234,191.55	\$55,808.45	\$1,568.00	\$7,522.82
02	FB01	2006	TIGERCAT 860C FELLER BUNCHER <b>citicapital.2</b>	86011718		\$433,822.00	\$400,000.00	\$234,191.55	\$165,808.45	\$1,568.00	\$7,522.82
03	MT01	2004	CATERPILLAR 277B MULTI-TERRAIN LOADER	CAT0277BCMDH01815	1882	\$70,026.48	\$40,000.00	\$-	\$40,000.00	\$-	\$-
04	MT02	2004	CATERPILLAR 287B MULTI-TERRAIN LOADER	CAT0287BTZSA00727	2172	\$79,290.00	\$50,000.00	\$-	\$50,000.00	\$-	\$-
05	MT03	2005	CATERPILLAR 287B MULTI-TERRAIN LOADER	CAT0287BJZSA01381	2150	\$74,852.73	\$50,000.00	\$-	\$50,000.00	\$-	\$-
06	MT04		<b>SOLD</b>			\$-	\$-	\$-	\$-	\$-	\$-
07	MT05	2008	CMI C250 HURRICANE - MULCHER <b>citicapital.2</b>	GBJ05006		\$437,800.00	\$398,000.00	\$234,191.55	\$163,808.45	\$1,568.00	\$7,522.82
08	MT06	2007	CMI C125 TWISTER - MULCHER <b>northshore lease</b>	GBJ02903		\$191,750.00	\$175,000.00	\$155,741.33	\$19,258.67	\$4,286.46	pymnt/int
09	MT07	2007	CMI C125 TWISTER - MULCHER <b>cdn west finance</b>	GBJ02803		\$191,887.50	\$175,000.00	\$148,139.41	\$26,860.59	\$4,116.55	pymnt/int
10	MM3	2002	MARSH MASTER III - AMPHIBIOUS, W/CRANE	33161		\$250,000.00	\$200,000.00	\$-	\$200,000.00	\$-	\$-
						\$2,042,350.71	\$1,778,000.00	\$1,006,455.39	\$771,544.61		

overview			paid amount	value	balance	equity
page.1	crawler tractor		\$5,529,121.00	\$4,548,248.00	\$2,836,485.70	\$1,629,923.59
	crawler attachments		\$35,000.00	\$35,000.00	\$-	\$35,000.00
	compaction equipment		\$1,061,558.65	\$1,080,000.00	\$606,715.77	\$473,284.23
page.2	hydraulic excavator		\$3,326,837.00	\$2,270,000.00	\$1,341,021.56	\$962,777.28
	articulated dump trucks		\$3,423,000.00	\$2,200,000.00	\$1,699,555.18	\$500,444.82
page.3	timber-salvage-land clearing		\$2,042,350.71	\$1,788,000.00	\$1,006,455.39	\$771,544.61
			\$15,417,867.36	\$11,921,248.00	\$7,490,233.60	\$4,372,974.53