

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

In re: § **Case No. 16-50778**
§
Sanjel (USA) Inc., et al.,¹ § **(Chapter 15)**
§
Debtors in a foreign proceeding. § **JOINTLY ADMINISTERED**

**JOINDER OF THE CHAPTER 15 DEBTORS TO THE REPLY BRIEF OF
PRICEWATERHOUSECOOPERS INC., AS FOREIGN REPRESENTATIVE,
IN SUPPORT OF PETITION FOR RECOGNITION AND RELATED RELIEF**

COMES NOW the Chapter 15 Debtors and file this Joinder of the Chapter 15 Debtors to the Reply Brief of PricewaterhouseCoopers, Inc., as Foreign Representative, in Support of Petition for Recognition and Related Relief and in support thereof would state the following:

I. PROCEDURAL BACKGROUND

1. On April 4, 2016, the Chapter 15 Debtors and certain of their affiliates (collectively, the “CCAA Debtors”) filed for restructuring under the CCAA, and on that date the Canadian Court, *inter alia*, (a) granted the initial order (the “Initial Order”) for relief in the Canadian Proceedings and (b) appointed PricewaterhouseCoopers, Inc. (“PwC” or “Monitor”) as the Monitor and foreign representative of the Chapter 15 Debtors. A true and correct copy of the Initial Order is attached to the *Notice of Filing of Documents in Support of First Day Motions* [Docket No. 24] (the “Notice”) as **Exhibit A.**

2. On April 4, 2016, the Monitor, in its capacity as the foreign representative, filed on behalf of the Chapter 15 Debtors, Chapter 15 petitions and the *Expedited Petition for Recognition as Foreign Main Proceeding Pursuant to Sections 1515 and 1517 of the United States Bankruptcy Code*

¹ The debtors in these jointly administered Chapter 15 cases are as follows: Sanjel Corporation (“Sanjel Corp.”), Suretech Group Ltd. (“Suretech”), Sanjel Energy Services (USA) Inc. (“Sanjel Energy”), Sanjel (USA) Inc. (“SUSA”), Suretech Completions (USA) Inc. (“Suretech USA”), Sanjel Capital (USA) Inc. (“Sanjel Capital”), Terracor Group Ltd. (“Terracor Group”), Terracor (USA) Inc. (“Terracor USA”), Terracor Resources (USA) Inc. (“Terracor Resources”) and Terracor Logistics (USA) Inc. (“Terracor Logistics”), and Sanjel Canada Ltd. (collectively, the “Chapter 15 Debtors”).



and Related Relief [Docket No. 9] (the “Petition for Recognition”).² On April 11, 2016, the Monitor, in its capacity as foreign representative, filed a Chapter 15 Petition on behalf of Sanjel Canada Ltd. (“Sanjel Canada Recognition Petition”). A hearing on the Petition for Recognition and the Sanjel Canada Recognition Petition is scheduled to occur before this Court on April 26, 2014 at 10:30 a.m. (Central Time).

II. JOINDER

3. The Chapter 15 Debtors hereby join in and adopt the arguments presented by the Monitor in the Reply Brief of PricewaterhouseCoopers, Inc., as Foreign Representative, in Support of Petition for Recognition and Related Relief (the “Reply Brief”) and the Petition for Recognition.

4. The Chapter 15 Debtors respectfully submit that the CCAA proceedings is a foreign main proceeding for each of the Chapter 15 Debtors.

5. Despite the assertions of the Bond Trustee to the contrary, as clearly pointed out in the Petition for Recognition and Reply Brief, the “nerve center” test and additional factors overwhelmingly show that Canada is the Chapter 15 Debtors’ center of main interest. Among other things:

- a. All strategic and substantive decisions for the Chapter 15 Debtors are made by the executive management team who are Canadian citizens and reside and work in the Calgary Head Office.
- b. All other officers report directly to the executive management team located in its Calgary Head Office.
- c. Almost all of the corporate officers reside in Canada and work in Calgary.
- d. All financing and treasury functions are conducted in the Calgary Head Office.
- e. All negotiations and approval of all major contracts are directed and controlled from the Calgary Head Office.
- f. All corporate policies and procedures, including human resources, accounting, code of ethics, corporate governance, information and telecommunications, engineering and technology, health, safety and environmental, employee benefits and the like, are developed, directed and controlled from offices located in Calgary.

² Capitalized terms used but not otherwise defined herein are used as defined in the Petition for Recognition.

g. All corporate training and employee training is centralized in the Pro Park Facility located in Calgary.

6. The Chapter 15 Debtors constitute an integrated business enterprise doing business primarily in Canada and the United States. While the Chapter 15 Debtors have assets in the United States, substantially all of these assets are pledged to secure debt to the Syndicate under a credit agreement governed by Canadian law. The debt owed to the Syndicate is the largest debt obligation of the Sanjel entities. All twelve of the members of the Syndicate are Canadian financial institutions or international financial institutions lending through their Canadian branches or offices. The debt owed to the Syndicate is under a single credit facility secured by the assets of an integrated business enterprise. Additionally, the debt owed to the Bondholders arises from a single loan to Sanjel Corporation, a Canadian Company, that was guaranteed by various subsidiaries that operate both in Canada and the United States.

7. While the Chapter 15 Debtors certainly have creditors in the United States, as indicated in the Petition for Recognition the largest amount of debt in the aggregate and the majority of creditors are located in Canada.

8. For these and the other reasons stated in the Petition for Recognition and Reply Brief, the center of main interest for the Chapter 15 Debtors is Calgary, Canada and the CCAA proceedings qualify as foreign main proceedings that should be recognized as such by this Court.

9. The Chapter 15 Debtors reserve the right to amend and/or supplement this joinder, to introduce evidence in support of the joinder and Petition for Recognition and to be heard at any hearings with respect to these matters.

Dated: April 25, 2016.

Respectfully submitted,

VINSON & ELKINS L.L.P.

By /s/ John E. West

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Joinder has been served upon Al Togut, One Penn Plaza, Suite 3335, New York, New York 10019, counsel for Nordic Trustee ASA, via U.S. First Class mail, postage prepaid and electronically upon those parties registered to receive electronic notice via the Court's CM/ECF list or electronic mail on April 25, 2016.

/s/ John E. West
John E. West