Action No: 0901-15051

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

IN THE MATTER OF THE *COMPANY'S CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BRUTE FORCE OIL FIELD HAULING INC.

SECOND REPORT OF THE MONITOR
HARDIE & KELLY INC.
NOVEMBER 20, 2009

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INTRODUCTION

1. On October 15, 2009, Brute Force Oil Field Hauling Inc. (the "Company" or "Brute Force") made application for and obtained protection from its creditors under the *Company's Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended, (the "CCAA") pursuant to an order (the "Initial Order") of the Court of Queen's Bench of Alberta (the "Court").

2. Pursuant to the Initial Order, Hardie & Kelly Inc. was appointed as monitor (the "Monitor") of the Company.

3. On November 12, 2009, the Monitor prepared a report to this Honourable Court (the "First Report") in advance of the Company's application for an extension of the stay of proceedings (the "Stay") provided in the Initial Order.

4. On November 13, 2009, this Honourable Court granted an extension of the Stay through to November 20, 2009.

5. The purpose of this second report (the "Second Report") is to provide an update to this Honourable Court with respect to the following:
    a. The Company's operations since the date of the First Report;
    b. The Company's restructuring activities;
    c. Financial performance since the date of the First Report;
    d. The revised cash flow forecast for the period November 16 to December 20, 2009;
    e. The Notice of Motion filed by Guarantee Company of North America; and
    f. The Company's request for a further extension of the Stay and the Monitor's recommendation thereto.

TERMS OF REFERENCE

6. In preparing this Second Report, the Monitor has relied upon unaudited financial information, records of the Company and discussions with the Company's management ("Management"). The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future oriented financial information relied upon in this report is based on Management's assumptions regarding future events and actual results achieved may vary from this information and the variations may be significant.

OPERATIONAL UPDATE

Ongoing Operations

7. The Company continues to work towards the completion of two construction contract projects the most significant of which is located near Brooks, Alberta (the "Newell Project") for Newell Regional Services Corporation ("Newell").

8. The Monitor has spoken with a representative of Newell who has advised he is very satisfied with the work Brute Force has been performing and with the progress towards a targeted completion date of the middle of December.

9. The completion of the Newell project is critical to the Company's ability to ultimately advance a plan of arrangement and compromise to its creditors ("Plan of Arrangement").

10. On November 13, 2009, Corix Water Projects ("Corix"), who are owed approximately $900,000 by Brute Force, filed a builders' lien (the "Lien") against the lands upon which the Newell Project is located.

11. Newell wishes to have the Lien discharged and has agreed to post security in the amount of 10% of the value of the work done and materials furnished by Brute Force, plus an amount for costs (the "Lien Fund"). The Company will be seeking an Order directing the Lien to be discharged upon the establishment of the Lien Fund.

Accounts Receivable Collections

12. In the First Report, the Monitor advised this Honourable Court of the difficulties the Company was encountering with collecting certain accounts receivable in light of the Company's customers delaying making payment to Brute Force due to the uncertainty created by unpaid suppliers to Brute Force contacting customers directly for payment.

13. The Company's legal counsel continues to correspond with a number of the customers withholding payments to Brute Force to attempt to negotiate mutually satisfactory arrangements; however, progress has been slow. The Company has collected approximately $700,000 since the November 13, 2009 Court application to the time of filing of this Second Report.

GUARANTEE COMPANY OF NORTH AMERICA

14. In the First Report, the Monitor advised the Court that the Guarantee Company of North America ("GCNA") is the surety under a number of labour and material bonds and performance bonds in respect of 11 construction projects for which Brute Force has been responsible for, including the Newell Project. GCNA has advanced concerns regarding the potential prejudice GCNA may suffer from the Company's use of funds collected on bonded projects.

15. GCNA filed a Notice of Motion seeking amendments to the Initial Order in order to satisfy its issues, however, on November 13, 2009, the matter was adjourned until November 20, 2009 to be heard concurrent with the Company's application for a further extension of the Stay.

16. Management believes that GCNA's proposed amendments to the Initial Order may be outside the scope of supplier's legal rights under the *Builder's Lien Act* and will significantly affect the Company's ability to restructure under the CCAA.

17. Immediately after the Court application on November 13, 2009, Mr. Terry Evenson, President of Brute Force, and the Monitor met with a representative of GCNA, Mr. Steven Muxlow, to review GCNA's information requirements. Over the course of the past week, Management and staff have spent dozens of hours compiling information to attempt to satisfy the information requests of GCNA.

18. To date, the Company and GCNA have been unable to come to a resolution satisfactory to both parties.

RESTRUCTURING EFFORTS

19. Since the date of the First Report, Management has:

    a. continued to work towards the completion of the Newell Project;
    b. continued to solicit the collection of outstanding accounts receivable and work with the Company's legal counsel to attempt to release certain receivables being held back by customers;
    c. compiled information to attempt to satisfy the information requests of GCNA;
    d. kept the Company's principal lender, The Toronto-Dominion Bank ("TD") apprised of the status of the proceedings; and
    e. provided full co-operation and access to information as requested by the Monitor.

20. In the First Report, the Monitor advised the Court that, to date, TD had allowed the Company continued access to the existing credit facility on the understanding that the Company will continue to collect accounts receivable and generate a sufficient level of new receivables such that TD's security does not deteriorate beyond a level acceptable to TD.

21. TD has recently expressed its concern to Management and the Monitor that since the commencement of proceedings, the Company has been funding operations and in particular the expenditures associated with the Newell Project from the collection of accounts that would otherwise be subject to TD's security; yet the significant benefit from the receivables and profit generated from the Newell Project is not forecasted to be recouped until the middle of December. In view of the Lien Claim and the Company's unresolved issues with GCNA, TD is extremely concerned with the Company's ability to ultimately collect any receivables from the Newell Project.

22. In light of TD's concern regarding the potential deterioration of its security, TD advised Management that the Company must establish and achieve certain acceptable benchmarks of ongoing permanent reductions of the credit facility over the course of the coming weeks.

23. Management recognizes TD's concerns and is attempting to negotiate a form of accelerated payment schedule with Newell with a view towards reducing the exposure to TD. However, as of the time of filing of this Second Report a definitive resolution has not been reached.

24. As of the morning of November 20, 2009, in view of its overall concerns TD has advised it is likely to make application for the appointment of a Receiver.

FINANCIAL PERFORMANCE

25. Concurrent with the November 13, 2009 application for an extension of the Stay, the Company filed a cash flow forecast for the period November 9 – December 20, 2009 attached as Exhibit "A" of the November 10, 2009 Affidavit of Mr. Barry Watson (the "November 9 Forecast").

26. A variance analysis of the Company's actual receipts and disbursements over the week of November 9 – November 15, 2009 versus the corresponding week in the November 9 Forecast is set out in the following table.

November 9 – November 15, 2009	Actual	Forecast	Variance
RECEIPTS			
Accounts receivable	118,040	282,374	(164,334)
	118,040	**282,374**	**(164,334)**
DISBURSEMENTS			
Gross payroll	(227,079)	(226,883)	(196)
Subcontract personnel	(56,523)	(50,000)	(6,523)
Fuel	(30,050)	(34,125)	4,075
Utilities	-	(7,000)	7,000
Repairs and maintenance	(4,216)	(7,500)	3,284
Employee subsistence and expenses	(20,799)	(20,000)	(799)
Overhead/G&A	(7,719)	(8,365)	646
Live out costs	(3,961)	(15,000)	11,039
Critical supplier payments	(11,233)	(34,500)	23,267
Restructuring costs	(82,454)	(80,000)	(2,454)
	(444,034)	**(483,373)**	**39,339**
NET CASH FLOW	(325,994)	(200,999)	(124,995)
OPENING - LINE OF CREDIT	(2,825,213)	(2,825,213)	-
CLOSING - LINE OF CREDIT	(3,151,207)	(3,026,212)	(124,995)

27. Overall, the Company's net cash flow for the week of November 9 was approximately $125,000 less than projected in the November 9 Forecast principally as a result of the ongoing collection difficulties.

28. In the First Report, the Monitor advised this Honourable Court that in the face of the collection issues being encountered by the Company, Management was making arrangements for a temporary DIP facility with TD to ensure the funding of the November 13 payroll. Although, the DIP facility arrangement was not finalized in writing, TD honoured the Company's request to temporarily exceed the $3 Million credit facility. Negotiations with respect to the overage were being held in conjunction with the discussions described in Paragraph 22 above.

CASH FLOW FORECAST

29. Attached as Appendix "A" is the Company's revised cash flow forecast for the period November 16 – December 20, 2009 (the "November 16 Forecast") prepared by Management with assistance from the Monitor. Management has prepared the November 16 Forecast based on the most current information available.

30. The November 16 Forecast reflects a positive cash flow of approximately $1.8 Million. A summary of the November 16 Forecast is provided in the table below.

November 16 – December 20, 2009	Forecast	Notes
RECEIPTS		
Accounts receivable	3,973,905	a)
Less:		
Lienable payable payments	(285,013)	b)
Net Receipts	**3,688,892**	
DISBURSEMENTS		
Gross payroll and benefits	(471,212)	
Subcontract personnel	(148,631)	
Fuel	(226,550)	
Utilities	(7,000)	
Repairs and maintenance	(37,500)	
Employee subsistence	(60,799)	
Insurance	(105,000)	
Rent	(16,343)	
Overhead/G&A	(41,825)	
Live out costs	(61,500)	
Equipment leases	(67,500)	
Principal and interest - TD	(10,000)	
GST remittance	(30,000)	
Critical suppliers	(403,134)	c)
Restructuring costs	(226,645)	d)
Total Disbursements	**(1,913,639)**	
Net Cash Flow	**1,775,253**	

31. Significant observations with respect to the November 16 Forecast are as follows:

a. The Company's ability to achieve its forecasted collection of accounts receivable continues to be dependent on an acceptable form of protocol being agreed to by the Company, TD, GCNA and the respective project owners or by order of the Court. Also, significant collections are not forecast to be made until the week of December 7;

b. The forecasted payments to potential lien creditors are dependent on the Company's ability to secure the collection of accounts receivable. We note the anticipated payments to potential lien creditors have been reduced by approximately $894,000 since the November 9 Forecast as Management is now of the view that certain suppliers, including Corix, that they initially believed had lien rights with respect of the Newell Project will not have to be paid in priority to other creditors;

c. Payments to critical suppliers represents the payments to significant suppliers for goods and services supplied post-filing; and

d. Represents payment of fees and expenses for the Company's legal counsel, the Monitor and the Monitor's counsel.

RECOMMENDATION

32. The Monitor is only supportive of a further extension of the Stay provided the following issues are resolved forthwith:

a. the Company is able to negotiate a satisfactory arrangement with Newell that will see a significant payment on account or advance made to Brute Force by Newell early next week; and

b. the conflict between the Company and GCNA can be settled in such a matter that will not hinder the ongoing collection and use by the Company of accounts receivable.

33. Absent the above issues being immediately resolved, and without the support of TD, the Company will be unable to fund its ongoing expenses making the likelihood of the Company filing a viable Plan of Arrangement remote.

All of which is respectfully submitted this 20h day of November 2009.

Hardie & Kelly Inc., in its capacity as Monitor of
Brute Force Oil Field Hauling Inc.
and not in its personal capacity

Per: ______________________
Marc Kelly, CA•CIRP
Senior Vice President

Exhibit “A

Brute Force Oil Field Hauling Inc.
Projected Cash-Flow Statement
for the period November 16, 2009 - December 20, 2009
(note 1)

	Notes	22-Nov-09	29-Nov-09	6-Dec-09	13-Dec-09	20-Dec-09	TOTAL
RECEIPTS							
Collection of accounts receivable	2	709,028	319,745	691,065	1,565,829	688,238	3,973,905
Lienable Payable Payments	2b	(57,888)	(99,682)	(51,000)	(3,391)	(73,051)	(285,013)
Subtotal		651,140	220,063	640,065	1,562,438	615,187	3,688,892
DISBURSEMENTS							
Gross payroll & benefits	3	-	(211,258)	(6,196)	(253,758)	-	(471,212)
Subcontract personnel	4	(63,631)	(50,000)	-	(35,000)	-	(148,631)
Fuel	5	(64,675)	(43,750)	(45,625)	(45,625)	(26,875)	(226,550)
Utilities	5	-	(7,000)	-	-	-	(7,000)
Repairs and maintenance	5	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(37,500)
Employee subsistence	5	(20,799)	(20,000)	-	(20,000)	-	(60,799)
Insurance	5a	-	-	(85,000)	(20,000)	-	(105,000)
Shop rental	5b	-	(12,761)	(3,582)		-	(16,343)
Overhead/general and administrative	5	(8,365)	(8,365)	(8,365)	(8,365)	(8,365)	(41,825)
Live Out Costs	5	(16,500)	(15,000)	(15,000)	(15,000)	-	(61,500)
Equipment Leases	6	-	-	(22,500)	(22,500)	(22,500)	(67,500)
Principal and interest - TD	6b	(10,000)	-	-	-	-	(10,000)
GST	7	-	(30,000)	-	-	-	(30,000)
Critical Supplier/Subcontactor Trades	8	(108,134)	(47,500)	(82,500)	(157,500)	(7,500)	(403,134)
Restructuring costs	9	(61,645)	(60,000)	(35,000)	(35,000)	(35,000)	(226,645)
Subtotal		(361,249)	(513,134)	(311,268)	(620,248)	(107,740)	(1,913,639)
NET CASH FLOW		289,891	(293,071)	328,797	942,190	507,447	1,775,253
OPENING - LINE OF CREDIT	10	(2,841,109)	(2,551,218)	(2,844,290)	(2,515,493)	(1,573,303)	(2,841,109)
CLOSING - LINE OF CREDIT	10	(2,551,218)	(2,844,290)	(2,515,493)	(1,573,303)	(1,065,856)	(1,065,856)
New Receivables Generated	11	345,938	345,938	415,628	415,628	415,628	2,284,698

Notes:

1 The purpose of this cash-flow statement is to determine the Company's estimated cash requirements over the forecast period

2 Collection of existing accounts receivable have been forecasted based on Management's best estimates, taking into consideration the customer payment history, the nature of the services provided and the current economic climate. It is assumed that a form of protocol will be established for the collection of accounts receivable where liens may exist.

2b Lienable Payable Payments are those payments contemplated having to be made to accounts payable where management believes the vendor may have valid lien rights.

3 Gross payroll is funded through Ceridian on a bi-weekly basis.

4 Ongoing payments to subcontract personel.

5 Based on Management's estimate of the scope of operations during the forecast period.

5a Insurance Payments based on Management best estimate of costs in light of ongoing negotiations.

5b Shop rent is monthly financing payments made on behalf of related company who is the landlord

6 Assumed by the end of November the company will have determined on a "go forward" basis the equipment requirements and associated leases.

6b Assumed payment of the DIP Fee ($10,000). All other interest and fees will continue to accrue but that payments of principal, interest and fees will be deferred during the forecast period.

7 Payment of GST accrued on a go forward basis.

8 Critical Supplier Payments are those ongoing post-filing payments made to accounts payable suppliers/service providers where they provide supplies or services that cannot be purchased elsewhere or are critical to the business continuing to operate.

9 Includes the fees and expenses of the Company's legal counsel, the Monitor and the Monitor's legal counsel.

10 It is assumed the Company will continue to have access to its existing line of credit during the proceedings.

11 New receivables will be generated throughout the course of the forecast period and have been assumed to be generated evenly throughout the month. (Note: Weeks ending Nov 8, 2009 and Nov 15, 2009, not included in cash flow, would generate an additional $681,250 in new receivables under this assumption).

12 The hypothetical assumptions are reasonable and consistent with the purpose of the projections described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the debtor company and provide a reasonable basis for the projections. All such assumptions are disclosed in Notes 2 - 11.

13 Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

14 The projections have been prepared solely for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-11. Consequently, readers are cautioned that it may not be appropriate for other purposes.