



ENTERED
07/13/2020

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

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In re: : Chapter 11
: :
HI-CRUSH INC., *et al.*,¹ : Case No. 20-33495 (DRJ)
: :
Debtors. : (Jointly Administered)
: :
----- X

ORDER (I) AUTHORIZING CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM, INCLUDING MAINTENANCE OF EXISTING BANK ACCOUNTS, CHECKS, AND BUSINESS FORMS, (II) AUTHORIZING CONTINUATION OF EXISTING DEPOSIT AND INVESTMENT PRACTICES, (III) APPROVING THE CONTINUATION OF INTERCOMPANY TRANSACTIONS, AND (IV) GRANTING ADMINISTRATIVE EXPENSE STATUS TO CERTAIN POSTPETITION INTERCOMPANY CLAIMS

[Relates to Motion at Docket No. 10]

Upon the motion (the “**Motion**”)² of the Debtors for entry of an Order (i) authorizing, but not directing, the Debtors to continue to maintain and use their existing cash management system, including maintenance of their existing bank accounts, checks, and business forms; (ii) granting the Debtors an extension of time to comply with certain bank account and related requirements of the Office of the United States Trustee for the Southern District of Texas (the “**U.S. Trustee**”) to the extent that such requirements are inconsistent with the Debtors’ practices under their existing

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Hi-Crush Inc. (0530), OnCore Processing LLC (9403), Hi-Crush Augusta LLC (0668), Hi-Crush Whitehall LLC (5562), PDQ Properties LLC (9169), Hi-Crush Wyeville Operating LLC (5797), D & I Silica, LLC (9957), Hi-Crush Blair LLC (7094), Hi-Crush LMS LLC, Hi-Crush Investments Inc. (6547), Hi-Crush Permian Sand LLC, Hi-Crush Proppants LLC (0770), Hi-Crush PODS LLC, Hi-Crush Canada Inc. (9195), Hi-Crush Holdings LLC, Hi-Crush Services LLC (6206), BulkTracer Holdings LLC (4085), Pronghorn Logistics Holdings, LLC (5223), FB Industries USA Inc. (8208), PropDispatch LLC, Pronghorn Logistics, LLC (4547), and FB Logistics, LLC (8641). The Debtors’ address is 1330 Post Oak Blvd, Suite 600, Houston, Texas 77056.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.



cash management system or other actions described in the Motion or herein; (iii) authorizing, but not directing, the Debtors to continue to maintain and use their existing deposit and investment practices notwithstanding the provisions of section 345(b) of the Bankruptcy Code; (iv) approving the continuation of the Intercompany Transactions; (v) authorizing the Debtors to open and close bank accounts; (vi) according administrative expense status to postpetition intercompany claims arising from transactions among the Debtors; and (vi) granting related relief; and the Court having reviewed the Motion and the First Day Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and all objections, if any, to entry of this Order having been withdrawn, resolved, or overruled; and upon the record herein; and after due deliberation thereon; and the Court having determined that there is good and sufficient cause for the relief granted in the Order, it is hereby

ORDERED THAT:

1. The Debtors are authorized, but not directed, to continue to use their current existing Cash Management System and shall maintain through the use thereof detailed records reflecting all transfers of funds, all under the terms and conditions provided for by, and in accordance with, the existing cash management agreements, except as modified by this Order. In connection with the ongoing utilization of the Cash Management System, the Debtors shall maintain accurate and detailed records with respect to all transfers, including with respect to

postpetition Intercompany Claims and Intercompany Transactions, so that all transactions can be readily ascertained, traced, properly recorded, and distinguished between prepetition and postpetition transactions. The Debtors shall make such records available upon request by the U.S. Trustee and any statutory committee appointed in these Chapter 11 Cases.

2. The Debtors are authorized, but not directed, to continue to engage in Intercompany Transactions solely between Debtors on a postpetition basis and to make payments to, or set off amounts owed from, the applicable Debtor entity on account of postpetition Intercompany Claims, in a manner consistent with their practices in effect as of the Petition Date in the ordinary course of business or as necessary to execute the Cash Management System.

3. The Debtors are authorized to (i) continue to use the Bank Accounts at the Banks in existence as of the Petition Date in the same manner and with the same account numbers, styles, and document forms as are currently employed and subject to the existing cash management agreements with the Banks, including, without limitation, those Bank Accounts identified on Exhibit B of the Motion, consistent with historical practice, and need not comply with the UST Requirement to open new bank accounts designated as debtor-in-possession accounts; (ii) deposit funds in and withdraw funds from the Bank Accounts in the ordinary course by all usual means, including checks, wire transfers, drafts, and electronic funds transfers or other items presented, issued, or drawn on the Bank Accounts; (iii) pay ordinary course Bank Fees in connection with the Bank Accounts (in accordance with the existing cash management agreements), including any Bank Fees arising prior to the Petition Date; (iv) perform their obligations under the documents and agreements governing the Bank Accounts; and (v) for all purposes, treat the Bank Accounts as accounts of the Debtors in their capacities as debtors in possession. For the avoidance of doubt, any other legal rights afforded to the Banks under applicable law shall be preserved.

4. The Banks and the Debtors' financial institutions shall be, and hereby are, authorized, when requested by the Debtors in their sole discretion, (i) to process, honor, pay, and, if necessary, reissue any and all checks, including prepetition checks that the Debtors reissue postpetition, and electronic funds transfers drawn on the Bank Accounts relating to payments permitted by an order of this Court, whether such checks were presented or funds transfer requests were submitted prior to or subsequent to the Petition Date; provided that sufficient funds are available in the applicable accounts to make the payments, and (ii) to debit the Debtors' Bank Accounts in the ordinary course of business for all undisputed prepetition Bank Fees outstanding as of the date hereof, if any.

5. The Debtors are authorized to continue the Fuel Card Program, including payment of obligations thereunder, whether arising before, on, or after the Petition Date, in the ordinary course of business and consistent with prepetition practices.

6. In each instance in which the Debtors hold Bank Accounts at banks that are party to a Uniform Depository Agreement with the U.S. Trustee, within fifteen days after entry of this Order the Debtors shall (i) contact the Banks, (ii) provide the Banks with each of the Debtors' employer identification numbers, and (iii) identify their bank accounts held as being held by a debtor in possession in a bankruptcy case and provide the main case number. In each instance in which the Debtors hold Bank Accounts at banks that are not a party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall use their good faith efforts to cause the banks to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee within thirty days of the date of this Order, to the extent such Bank is a domestic bank. The U.S. Trustee's rights to seek further relief from this Court in the event that the aforementioned banks are unwilling

to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

7. The Debtors are authorized to continue to use their existing checks, correspondence, and other business forms without alteration or change and without the designation “Debtor in Possession” or a bankruptcy case number imprinted upon them. Notwithstanding the foregoing, once the Debtors’ existing checks have been used, the Debtors shall, when reordering checks, require the designation “Debtor in Possession” and the main bankruptcy case number on all checks; *provided that*, with respect to checks that the Debtors or their agents print themselves, the Debtors shall begin printing the “Debtor in Possession” legend and the main case number on such items within ten days of the date of entry of this Order.

8. The Debtors are authorized to continue to utilize all third-party providers necessary for the administration of their Cash Management System. In addition, the Debtors are authorized, but not directed, to pay all postpetition amounts due to such third party providers.

9. Effective as of the Petition Date, and subject to the terms of this Order, all Banks at which the Bank Accounts are maintained are authorized to continue to administer, service, and maintain the Bank Accounts as such accounts were administered, serviced, and maintained prepetition, without interruption and in the ordinary course (including making deductions and setoffs for Bank Fees, and all other rights and remedies afforded under any applicable cash management agreements) and consistent with and subject to the cash management agreements, and, when requested by the Debtors in their sole discretion, to honor any and all checks, drafts, wires, electronic funds transfers, or other items presented, issued, or drawn on the Bank Accounts on account of a claim against the Debtors arising on or after the Petition Date; *provided, however*, that unless otherwise ordered by the Court and directed by the Debtors, no checks, drafts, electronic

funds transfers (excluding any electronic funds transfer that the Banks are obligated to settle), or other items presented, issued, or drawn on the Bank Accounts on account of a claim against the Debtors arising prior to the Petition Date shall be honored. In no event shall the Banks be required to honor overdrafts or to pay any check, wire, electronic funds transfers, or other debit against the Bank Accounts that is drawn against uncollected funds or, subject to the below, that was issued prior to the Petition Date. Notwithstanding the foregoing, the Banks are authorized to rely on the Debtors' designation of any particular check or electronic payment request, funds transfer, or other transaction (including foreign currency exchanges, transactions or trades) as being approved by order of the Court and have no duty to inquire as to whether such payments are authorized by an order of this Court.

10. If any Bank honors a prepetition check, wire or item drawn on any account that is the subject of this Order (i) at the direction of the Debtors to honor such prepetition check, wire or item, (ii) in the good faith belief that the Court has authorized such prepetition check, wire or item to be honored, or (iii) as a result of a good faith error, such Bank shall not be deemed liable to any party on account of such prepetition check, wire or item being honored postpetition or otherwise in violation of this Order.

11. The Debtors and the Banks are authorized, without further order of this Court and consistent with the existing cash management agreements, to agree to and implement such non-material, reasonable changes consistent with this Order to the Cash Management System as the Debtors and the Banks may deem necessary or appropriate, including, without limitation, the opening and closing of Bank Accounts. Any of the Banks are authorized to (a) honor the Debtors' directions with respect to the opening and closing of any Bank Account and (b) accept and hold,

or invest, the Debtors' funds in accordance with the Debtors' instructions, provided that the Banks shall not have any liability to any party for relying on such representations.

12. Subject to the terms and conditions of any DIP Orders, and in consultation with the lenders of and administrative agents for any postpetition financing facilities approved thereunder, the Debtors may close any of the Bank Accounts (subject to the terms of the existing cash management agreement) or open any additional bank accounts following the Petition Date (the "New Accounts") wherever the Debtors deem that such accounts are needed or appropriate. Notwithstanding the foregoing, the Debtors shall open such New Account(s) only at banks that have executed a Uniform Depository Agreement with the U.S. Trustee for the Southern District of Texas, or at such banks that are willing to immediately execute such an agreement, and any New Account that the Debtors open shall be (i) at a bank that is organized under the laws of the United States of America or any state therein, and that is insured by the FDIC or the Federal Savings and Loan Insurance Corporation, (ii) designated a "Debtor in Possession" account by the relevant bank, and (iii) at a bank that agrees to be bound by the terms of this Order. The New Accounts are deemed to be Bank Accounts and are similarly subject to the rights, obligations, and relief granted in this Order. The Banks are authorized (but not required, except as set forth in the cash management agreements between the Bank and the Debtors) to honor the Debtors' requests to open or close (as the case may be) such Bank Account(s) or New Account(s). In the event that the Debtors open or close any Bank Account(s) or New Account(s), such opening or closing shall be timely indicated on the Debtors' monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee, counsel to the Ad Hoc Group, and counsel to any statutory committee appointed in the Chapter 11 Cases within ten business days after the opening or closing of any such account.

13. The Debtors are authorized to deposit and invest funds in accordance with existing practices under the Cash Management System as in effect as of the Petition Date, subject to any reasonable non-material changes, consistent with this Order, to the Cash Management System that the Debtors may implement. To the extent such practices or Bank Accounts do not comply with the requirements of section 345(b) of the Bankruptcy Code, the Debtors are hereby granted an extension of time for a period of 60 days from the Petition Date (*i.e.* until September 10, 2020) (the “**Extension Period**”) within which to either come into compliance with section 345(b) of the Bankruptcy Code or to make such other arrangements as agreed with the U.S. Trustee. Such extension is without prejudice to the Debtors’ right to obtain a further extension of the Extension Period by entering into a written stipulation with the U.S. Trustee and filing such stipulation on the Court’s docket without the need for further Court order.

14. Despite the Debtors’ use of a consolidated Cash Management System, the Debtors shall calculate any quarterly fees due under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of who makes the disbursements.

15. The Debtors shall not be required to establish separate accounts for cash collateral and/or tax payments except as otherwise required by any applicable agreements between the Debtors and the Banks.

16. All Intercompany Claims arising after the Petition Date owed by a Debtor to another Debtor under any postpetition Intercompany Transactions authorized hereunder are hereby accorded administrative expense status under sections 503(b) and 507(a) of the Bankruptcy Code; provided, that Intercompany Claims shall remain junior to the Superpriority Claims granted in favor of the DIP Agents, on their own behalf and on behalf of the DIP Secured Parties, under the DIP Facilities (each as defined in the DIP Orders).

17. Nothing contained in the Motion or this Order shall be construed to (i) create, alter, or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date, or (ii) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

18. Nothing in the Motion or this Order, or the Debtors' payment of any claims pursuant to this Order, shall be construed as: (i) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors' properties; (ii) a waiver of the Debtors' rights to dispute any claim or lien on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim would constitute an allowed claim; (v) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; or (vi) a limitation on the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to this Order. Nothing contained in this Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

19. Notwithstanding anything to the contrary contained herein, (i) any payment made or to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any order approving a postpetition financing facility or any order regarding the use of cash collateral approved by this Court in these Chapter 11 Cases (collectively, the "**DIP Orders**"), and (ii) to the extent there is any inconsistency between the terms of the DIP Orders and any action taken or proposed to be taken hereunder, the terms of the DIP Orders shall control. For the avoidance of doubt, the Debtors are not authorized to make any payments pursuant to this Order except as permitted by the Budget (as defined in the DIP Orders).

20. The contents of the Motion satisfy the requirements of Bankruptcy Rules 6003(b) and 6004(a).

21. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Order shall be effective and enforceable immediately upon entry hereof.

22. The Debtors are hereby authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by this Order.

23. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Signed: July 13, 2020.



DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

United States Bankruptcy Court
Southern District of TexasIn re:
Hi-Crush Inc.
DebtorCase No. 20-33495-drj
Chapter 11**CERTIFICATE OF NOTICE**

District/off: 0541-4

User: emiller
Form ID: pdf002Page 1 of 2
Total Noticed: 3

Date Rcvd: Jul 14, 2020

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Jul 16, 2020.

db +Hi-Crush Inc., 1330 Post Oak Blvd., Suite 600, Houston, TX 77056-3166
 cr +Howard County Tax Office, et al, c/o Laura J. Monroe,
 Perdue, Brandon, Fielder, Collins & Mott, PO Box 817, Lubbock, TX 79408-0817
 op +Kurtzman Carson Consultants LLC, 222 N Pacific Coast Highway, 3rd Floor,
 El Segundo, CA 90245-5614

Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.
NONE. TOTAL: 0

***** BYPASSED RECIPIENTS (undeliverable, * duplicate) *****
 cr Ad Hoc Group of Holders
 cr CIT Bank, N.A.
 cr Cantor Fitzgerald Securities, as DIP Term Loan Agent
 cr Chevron U.S.A. Inc.
 cr JPMORGAN CHASE BANK, N.A.
 cr Trinity Industries Leasing Co.

TOTALS: 6, * 0, ## 0

Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.
USPS regulations require that automation-compatible mail display the correct ZIP.

Transmission times for electronic delivery are Eastern Time zone.

I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.**Meeting of Creditor Notices only (Official Form 309): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.**

Date: Jul 16, 2020

Signature: /s/Joseph Speetjens**CM/ECF NOTICE OF ELECTRONIC FILING**

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on July 13, 2020 at the address(es) listed below:

Ashley L. Harper on behalf of Debtor Hi-Crush Inc. ashleyharper@HuntonAK.com
 Cristina Walton Liebolt on behalf of Creditor JPMORGAN CHASE BANK, N.A.
 Cristina.liebolt@stblaw.com
 Daniel Latham Biller on behalf of Creditor JPMORGAN CHASE BANK, N.A. Daniel.biller@stblaw.com
 Edward L Ripley on behalf of Creditor Chevron U.S.A. Inc. eripley@andrewsmyers.com
 Elisha Graff on behalf of Creditor JPMORGAN CHASE BANK, N.A. egraff@stblaw.com
 Evan Gershbein on behalf of Other Prof. Kurtzman Carson Consultants LLC
 ECFpleadings@kccllc.com, ecfpleadings@kccllc.com
 Hector Duran, Jr on behalf of U.S. Trustee US Trustee Hector.Duran.Jr@usdoj.gov
 John F Higgins, IV on behalf of Creditor Ad Hoc Group of Holders jhiggins@porterhedges.com,
 emoreland@porterhedges.com; eliana-garfias-8561@ecf.pacerpro.com; mwebb@porterhedges.com
 John F Higgins, IV on behalf of Creditor Cantor Fitzgerald Securities, as DIP Term Loan Agent
 jhiggins@porterhedges.com,
 emoreland@porterhedges.com; eliana-garfias-8561@ecf.pacerpro.com; mwebb@porterhedges.com
 Laura J Monroe on behalf of Creditor Howard County Tax Office, et al lmbkr@pbfcm.com,
 kroberson@ecf.inforuptcy.com
 Michael L. Schein on behalf of Creditor CIT Bank, N.A. mschein@vedderprice.com
 Omar Jesus Alaniz on behalf of Creditor Trinity Industries Leasing Co.
 omar.alaniz@bakerbotts.com, omar-alaniz-2648@ecf.pacerpro.com
 Stephen Douglas Statham on behalf of U.S. Trustee US Trustee stephen.statham@usdoj.gov
 Timothy Alvin Davidson, II on behalf of Debtor Hi-Crush Inc. TadDavidson@HuntonAK.com
 Timothy Alvin Davidson, II on behalf of Debtor Hi-Crush Services LLC TadDavidson@HuntonAK.com
 Timothy Alvin Davidson, II on behalf of Debtor PropDispatch LLC TadDavidson@HuntonAK.com
 Timothy Alvin Davidson, II on behalf of Debtor Hi-Crush Holdings LLC TadDavidson@HuntonAK.com
 Timothy Alvin Davidson, II on behalf of Debtor Hi-Crush Investments Inc.
 TadDavidson@HuntonAK.com
 Timothy Alvin Davidson, II on behalf of Debtor FB Logistics, LLC TadDavidson@HuntonAK.com
 Timothy Alvin Davidson, II on behalf of Debtor Hi-Crush Permian Sand LLC
 TadDavidson@HuntonAK.com
 Timothy Alvin Davidson, II on behalf of Debtor Pronghorn Logistics, LLC
 TadDavidson@HuntonAK.com
 Timothy Alvin Davidson, II on behalf of Debtor PDQ Properties LLC TadDavidson@HuntonAK.com

District/off: 0541-4

User: emiller
Form ID: pdf002

Page 2 of 2
Total Noticed: 3

Date Rcvd: Jul 14, 2020

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system (continued)

Timothy Alvin Davidson, II	on behalf of Debtor	OnCore Processing LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	Pronghorn Logistics Holdings, LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	Hi-Crush Augusta LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	Hi-Crush LMS LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	Hi-Crush PODS LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	D & I Silica, LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	Hi-Crush Whitehall LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	BulkTracer Holdings LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	Hi-Crush Wyeville Operating LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	Hi-Crush Proppants LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	FB Industries USA Inc. TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	Hi-Crush Blair LLC TadDavidson@HuntonAK.com
Timothy Alvin Davidson, II	on behalf of Debtor	Hi-Crush Canada Inc. TadDavidson@HuntonAK.com
US Trustee	USTPRegion07.HU.ECF@USDOJ.GOV	

TOTAL: 36