

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

-----X
In re: : Chapter 11
: :
SUPERIOR ENERGY SERVICES, INC., *et al.*,¹ : Case No. 20-35812 (DRJ)
: :
Debtors. : (Jointly Administered)
: :
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**DEBTORS’ OMNIBUS MOTION FOR ENTRY OF AN ORDER
AUTHORIZING THE DEBTORS TO (I) REJECT CERTAIN UNEXPIRED LEASES
EFFECTIVE AS OF THE DATES SPECIFIED IN THE MOTION AND (II) ABANDON
CERTAIN REMAINING PERSONAL PROPERTY IN CONNECTION THEREWITH**

This motion seeks an order that may adversely affect you. If you oppose the motion, you should immediately contact the moving party to resolve the dispute. If you and the moving party cannot agree, you must file a response and send a copy to the moving party. You must file and serve your response within 21 days of the date this was served on you. Your response must state why the motion should not be granted. If you do not file a timely response, the relief may be granted without further notice to you. If you oppose the motion and have not reached an agreement, you must attend the hearing. Unless the parties agree otherwise, the court may consider evidence at the hearing and may decide the motion at the hearing.

Represented parties should act through their attorney.

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Superior Energy Services, Inc. (9388), SESI, L.L.C. (4124), Superior Energy Services-North America Services, Inc. (5131), Complete Energy Services, Inc. (9295), Warrior Energy Services Corporation (9424), SPN Well Services, Inc. (2682), Pumpco Energy Services, Inc. (7310), 1105 Peters Road, L.L.C. (4198), Connection Technology, L.L.C. (4128), CSI Technologies, LLC (6936), H.B. Rentals, L.C. (7291), International Snubbing Services, L.L.C. (4134), Stabil Drill Specialties, L.L.C. (4138), Superior Energy Services, L.L.C. (4196), Superior Inspection Services, L.L.C. (4991), Wild Well Control, Inc. (3477), Workstrings International, L.L.C. (0390). The Debtors’ address is 1001 Louisiana Street, Suite 2900, Houston, Texas 77002.



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The above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) respectfully state the following in support of this motion (this “**Motion**”):

RELIEF REQUESTED

1. By this Motion, the Debtors request entry of an order, substantially in the form attached hereto (the “**Order**”) authorizing the Debtors, in their discretion, to:

- (a) reject certain unexpired leases, including any agreements, master leases, riders, schedules, certificates, memoranda, amendments, supplements, guaranties, and any other documents related thereto, each as set forth on Exhibit 1 and Exhibit 2 to the Motion (collectively, the “**Rejected Leases**”)² with the counterparties to the Rejected Leases (collectively, the “**Counterparties**”), effective as of the dates specified herein; and
- (b) abandon certain remaining personal property in connection therewith.

JURISDICTION AND VENUE

2. The United States Bankruptcy Court for the Southern District of Texas (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and this Court may enter a final order consistent with Article III of the United States Constitution. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 105, 362, 365(a), and 554 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”), Rules 6004, 6006, and 6007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), Rule 7008-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “**Bankruptcy Local**

² As discussed below, Exhibit 1 consists of Rejected Leases that the Debtors request authority to reject effective as of the Petition Date. Exhibit 2 consists of Rejected Leases that the Debtors request authority to reject effective as of the date when the Debtors have removed their property from the Leased Premises (as defined below) but, for the avoidance of doubt, no later than the Effective Date (as defined in the Plan).

Rules”), and the Procedures for Complex Cases in the Southern District of Texas (the “**Complex Case Procedures**”).

BACKGROUND

4. The Debtors and their indirect subsidiaries are an oilfield services provider headquartered in Houston, Texas, with operations spanning Africa, the Asia Pacific region, Europe, the Middle East, North America, and Latin America. The Debtors’ businesses serve the drilling, completion, and production-related needs of oil and gas companies through a diversified portfolio of specialized oilfield services and equipment that are used throughout the economic life cycle of oil and gas wells. In particular, the Debtors manufacture, rent, and sell specialized equipment and tools for use with well drilling, completion, production, and workover activities, and offer fluid handling and well servicing rigs. The Debtors also provide coiled tubing services, electric line, slickline, and pressure control tools and services, as well as snubbing and hydraulic workover.

5. On the date hereof (the “**Petition Date**”), the Debtors filed voluntary petitions in this Court commencing cases for relief under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Cases**”). The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Westervelt T. Ballard, Chief Financial Officer of the Debtors, in Support of Chapter 11 Petitions and First Day Pleadings* (the “**First Day Declaration**”), filed contemporaneously herewith and fully incorporated herein by reference.³

³ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the First Day Declaration.

6. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been requested in the Chapter 11 Cases, and no committees have been appointed or designated.

7. Simultaneously with the filing of this Motion, the Debtors have filed a motion with this Court pursuant to Bankruptcy Rule 1015(b) seeking joint administration of the Chapter 11 Cases.

8. These Chapter 11 Cases are “prepackaged” cases commenced for the purpose of implementing a restructuring of the Debtors’ liabilities. As of the Petition Date, the Debtors have entered into that certain Amended and Restated Restructuring Support Agreement, dated as of December 4, 2020 (as amended, modified, or supplemented, the “**Restructuring Support Agreement**”) with holders of approximately 85% of the outstanding principal amount of the Debtors’ senior unsecured notes (the “**Consenting Noteholders**”).

9. A plan of reorganization reflecting the terms of the Restructuring Support Agreement (as may be amended, modified, or supplemented, the “**Plan**”) was filed on the Petition Date, along with a disclosure statement with respect to the Plan (as may be amended, modified, or supplemented, the “**Disclosure Statement**”). Among other things, the Plan contemplates that all Allowed General Unsecured Claims (as defined in the Plan) against all Debtors other than Superior Energy Services, Inc. (the “**Parent**”) will be paid in full or will otherwise be unimpaired.

BASIS FOR RELIEF

A. The Rejected Leases

10. In the lead up to the Chapter 11 Cases, the Debtors undertook an analysis of certain of their executory contracts and unexpired leases. As a result of this analysis, the Debtors determined, in their business judgment, that the Rejected Leases identified on Exhibit 1 and

Exhibit 2 attached to the Motion are unnecessary and burdensome to the Debtors' estates and should be rejected.

11. The Rejected Leases included on Exhibit 1 to the Motion include the following:

- ***Industrial-Use Facility Lease Agreements.*** Multiple Debtors are party to certain lease agreements that provide premises and facilities used for storage and other industrial services of the Debtors. Specifically, the Debtors are party to the following industrial-use leases:
 - ***Minot Lease Agreement.*** Debtor, SPN Well Services, Inc. ("**SPN**"),⁴ is a lessee under a certain lease agreement (the "**Minot Lease Agreement**") whereby it pays rent to the applicable Counterparty, namely, IRET Properties for the use of certain storage yard facilities used for heavy industrial purposes including operation of a gun loading facility and explosives bunker storage located at 6500 2nd Ave SE, Minot, North Dakota 58701 (the "**Minot Premises**"). The Minot Lease Agreement is set to expire on September 30, 2023;
 - ***Arcadia Lease Agreement.*** Debtor, Warrior Energy Services Corporation ("**Warrior**") is a lessee under a certain lease agreement (the "**Arcadia Lease Agreement**") whereby Warrior pays rent to the applicable Counterparty, namely, 4-K Partnership, L.L.C, for the use of land and facilities to be used for a staging area located at 3104 Felts Road, Arcadia, Louisiana 71001 (the "**Arcadia Premises**"). The Arcadia Lease Agreement is set to expire on July 15, 2022; and
 - ***Barnhart Lease Agreement.*** Debtor, Pumpco Energy Services, Inc. ("**Pumpco**") is a lessee under a certain lease agreement (the "**Barnhart Lease Agreement**") pursuant to which Pumpco pays rent to the applicable Counterparty, namely, TimberCreek Real Estate Partners, L.L.C., for the use of certain premises and facilities located at 300 West county Road 302, Barnhart, Texas 76930 (the "**Barnhart Premises**"). The Barnhart Premises is mainly used for manufacturing, sale, supply and storage of oilfield goods and equipment in connection with Pumpco's and the other Debtors' transportation and delivery of products to their customers. The Barnhart Lease Agreement is set to expire on December 1, 2023.

12. The Rejected Leases included on Exhibit 2 to the Motion include the following:

⁴ SPN (formerly Texas CES, Inc) has a D/B/A "Integrated Production Services, Inc.", which is the name of the lessee on the Rock Springs Lease Agreement and the Minot Lease Agreement.

- ***Pecos Loading, Shipping, and Storage Lease Agreement.*** Debtor Pumpco is a lessee under a certain loading, shipping, and storage lease agreement (the “**Pecos Lease Agreement**”) pursuant to which Pumpco pays rent to the applicable Counterparty, namely, High Hook Enterprises, LLC, for the use of certain premises and facilities located at 156 US Hwy 285 North, Pecos, TX, 79772 (the “**Pecos Premises**”).⁵ The Pecos Premises is mainly used for receiving, storing, shipping, general handling of products, vehicles and related uses incidental or related to oil field operational services in connection with Pumpco’s and the other Debtors’ transportation and delivery of products to their customers. The Pecos Lease Agreement is set to expire on August 8, 2025.
- ***Industrial-Use Facility Lease Agreements.***
 - ***Rock Springs Lease Agreement.*** Debtor SPN is a lessee under a certain lease agreement (the “**Rock Springs Lease Agreement**”) whereby SPN pays rent to the applicable Counterparty, namely, Agua Dulce, LLC for the use of certain storage yard facilities used for heavy industrial purposes including operation of a gun loading facility and explosives bunker located at 480 N. Energy Road, Rock Springs, WY (the “**Rock Springs Premises**”). The Rock Lease Agreement is set to expire on March 31, 2024; and
 - ***Rangely Lease Agreement.*** Debtor SPN is a lessee under a certain lease agreement (the “**Rangely Lease Agreement**”) whereby SPN pays rent to the applicable Counterparty, namely, Raptor Investments, LLC for the use of certain premises used for oil and gas services located at 2577 County Road 102, Rangely, Colorado 81648 (the “**Rangely Premises**”). The Rangely Lease Agreement is set to expire on December 31, 2026.
- ***Clay Road Office Lease Agreement.*** Debtor, SESI, L.L.C. (“**SESI**”) is party to an office lease agreement with Counterparty TDC Clay, L.P., dated as of December 31, 2014 (the “**Clay Road Lease Agreement**”),⁶ pursuant to which the SESI leases office space located at Westway Plaza, 11330 Clay Road, Houston, Texas, 77041 (the “**Clay Road Premises**”)⁷ from the Clay

⁵ Pumpco has sub-leased a portion of the Pecos Premises to a third-party, namely, Great Southwestern Construction, Inc. (the “**Pecos Sublease**”). The Pecos Sublease is set to expire on its original terms on December 31, 2020. For the avoidance of doubt, the Debtors are not seeking to reject the Pecos Sublease under this Motion and instead intend to let the Sublease expire on its own terms.

⁶ The Pecos Lease Agreement, the Rock Springs Lease Agreement, the Minot Lease Agreement, the Arcadia Lease Agreement, the Barnhart Lease Agreement, the Rangely Lease Agreement, and the Clay Road Lease Agreement shall collectively be referred to as the “**Lease Agreements**.”

⁷ The Pecos Premises, Rock Springs Premises, Minot Premises, Arcadia Premises, Barnhart Premises, Rangely Premises, and Clay Road Premises shall collectively be referred to as the “**Leased Premises**.”

Road Landlord in exchange for monthly rent. The Clay Road Lease Agreement is set to expire in 2025.

13. The Debtors seek authority to reject (a) the Rejected Leases on Exhibit 1, which include the Minot Lease Agreement, the Arcadia Lease Agreement, and the Barnhart Lease Agreement, effective as of the Petition Date, and (b) the Rejected Leases on Exhibit 2, which include the Pecos Lease Agreement, the Rock Springs Lease Agreement, the Rangely Lease Agreement, and the Clay Road Lease Agreement, effective as of the date that the Debtors have removed their property from those Leased Premises but, for the avoidance of doubt, no later than the Effective Date (as defined in the Plan).

B. Basis For Proposed Rejection of the Lease Agreements

14. Prior to the Petition Date, the Leased Premises served as office space, storage facilities, and industrial-use facilities for the Debtors' businesses. However, the shifting nature of the in-office workplace environment due to the COVID-19 global pandemic and the general uncertainty resulting therefrom has rendered the Leased Premises unnecessary for the Debtors. For instance, most of the Debtors' employees who had previously worked at the Clay Road Premises were instructed to work virtually from home as a result of the pandemic. Even with many local governments lifting their stay-at-home orders, the Debtors, like many other employers, continue to worry about the health risks their employees might face working at the Clay Road Premises given the continuing uncertainty of the COVID-19 pandemic and the absence of a vaccine that would enable the Debtors' employees to return to the Clay Road Premises safely. Further, the Debtors have been able to successfully transition almost all employee functions to a virtual platform and this migration has not impacted the ability of the employees to perform their jobs at the same high level that they did so prior to the global pandemic.

15. Moreover, during the pandemic the Debtors have implemented cost-cutting measures, such as reducing its staff in response to the current environment, which have resulted in the Leased Premises being excessive for the Debtors' current workforce. Accordingly, the Leased Premises have all been either underutilized or vacant in recent months. As a result, at the moment, the costs of the Leased Premises outweigh the Debtors' utility for the properties. The Debtors do not believe the current dynamic (i.e., overpriced and underutilized properties) will be changing in the near term given the low price environment of the industry and the rapid changes the industry has gone through in the current environment.

16. Accordingly, as part of the Debtors' operational business plan, the Debtors, in consultation with their advisors, have determined that (a) they no longer require the use of the Leased Premises and (b) rejection of the Rejected Leases will result in substantial cost savings to the Debtors' estates. Further, because the Leased Premises are no longer providing any benefit to the estates, the Debtors believe it is in the best interests of their estates and their creditors to reject the Rejected Leases on Exhibit 1, effective as of the Petition Date, and those on Exhibit 2, effective as of the date that the Debtors have removed their property from those Leased Premises but, for the avoidance of doubt, no later than the Effective Date (as defined in the Plan). Doing so will save the Debtors approximately \$17.6 million in future obligations owing under the Lease Agreements and, thereby, maximize value for their stakeholders.

C. Basis For Abandonment of Remaining Property in Connection Therewith

17. The Debtors have determined in their reasonable business judgment that the costs associated with the continued storage of certain equipment and personal property or other remaining assets, which might include equipment and/or office furnishings, located or stored at or in the surrendered Leased Premises under the Rejected Leases (collectively, the "Abandoned

Property”) will exceed any projected proceeds that could be realized from the sale thereof, or may have low prospects for resale. In fact, most of the Abandoned Property at the Leased Premises constitute equipment and materials with scrap value. Thus, storage and removal costs associated with the Abandoned Property would impose a financial burden on the Debtors’ estates that would provide little to no value in return. Accordingly, the Debtors request that the Court approve the abandonment of the Abandoned Property in connection with the Debtors’ rejection of the Rejected Leases on Exhibit 1 for the benefit of their estates and creditors. For the avoidance of doubt, any property, equipment, or other assets stored at or in the Leased Premises on Exhibit 2 shall not constitute Abandoned Property until the effective date of such rejection.

18. The Order provides that the applicable Counterparties may utilize or dispose of the Abandoned Property in their sole and absolute discretion without further notice or liability to any party (including the Debtors) claiming an interest in such Abandoned Property. The Order further provides that the automatic stay, to the extent applicable, is modified to allow for the utilization or disposition of the Abandoned Property by the Counterparties, as applicable. Finally, the Order provides that the rights of the Counterparties to assert claims for the disposition of any Personal Property are reserved as are all parties’ rights to object to such claims. In this way, the Debtors’ interests in maximizing estate value are balanced against the rights of the Counterparties.

APPLICABLE AUTHORITY

A. The Rejection of the Rejected Leases Should be Authorized Under Bankruptcy Code Section 365(a) as an Appropriate Exercise of the Debtors’ Business Judgment

19. Section 365(a) of the Bankruptcy Code provides that a debtor, “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). “This provision allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed.” *Stewart Title Guar. Co. v. Old Republic*

Nat'l Title Ins. Co., 83 F.3d 735, 741 (5th Cir. 1996) (quoting *In re Murexco Petroleum, Inc.*, 15 F.3d 60, 62 (5th Cir. 1994)); *see also In re Orion Pictures Corp.*, 4 F. 3d 1095, 1098 (2d Cir. 1993) (noting that the purpose of rejection of executory contracts is to permit the debtor in possession “to renounce title to and abandon burdensome property”).

20. A debtor’s rejection of an executory contract or unexpired lease is ordinarily governed by the “business judgment” standard. *See Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303, 1309 (5th Cir. 1989) (“It is well established that ‘the question of whether a lease should be rejected . . . is one of business judgment.’”) (quoting *Grp. Of Institutional Inv’rs v. Chi., M., St. P & P.R. Co.*, 318 U.S. 523, 550 (1943)); *see also In re Tex. Sheet Metals, Inc.*, 90 B.R. 260, 264 (Bankr. S.D. Tex. 1988) (“The traditional business judgment standard governs the rejection of ordinary executory contracts.”). The business judgment standard requires a court to approve a debtor’s business decision unless that decision “is the product of ‘bad faith, or whim, or caprice.’” *See In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001) (quoting *In re Wheeling-Pittsburgh Steel Corp.*, 72 B.R. 845, 849-50 (Bankr. W.D. Pa. 1987)).

21. In applying the business judgment standard, courts have held that rejection of an executory contract or an unexpired lease is appropriate where such rejection would benefit the estate. *See In re Pisces Energy, LLC*, No. 09-36591-H5-11, 2009 WL 7227880, at *6 (Bankr. S.D. Tex. Dec. 21, 2009) (“Courts apply the ‘business judgment test,’ which requires a showing that the proposed course of action will be advantageous to the estate and the decision be based on sound business judgment.”); *see also Orion Pictures*, 4 F.3d at 1098 (stating that section 365 of the Bankruptcy Code permits a debtor in possession, subject to court approval, to decide which executory contracts would be beneficial to reject). Thus, upon finding that a debtor exercised its sound business judgment in determining that rejection of certain contracts or leases is in the best

interests of its creditors and other parties in interest, a court should approve the rejection under section 365(a) of the Bankruptcy Code. See *In re Summit Land Co.*, 13 B.R. 310, 315 (Bankr. D. Utah 1981) (holding that absent extraordinary circumstances, court approval of a debtor's decision to assume or reject an executory contract "should be granted as a matter of course").

22. The Debtors have determined, in the sound exercise of their business judgment, that (a) they no longer need the premises, facilities, goods, and services provided pursuant to the Rejected Leases, and/or (b) the Rejected Leases are above market or no longer provide sufficient benefit or value to the Debtors to justify the cost. Absent rejection, the Rejected Leases impose ongoing obligations on the Debtors and their estates that constitute an unnecessary drain on the Debtors' resources without sufficient corresponding benefits associated therewith. The rejection of the Rejected Leases will relieve the Debtors of these unnecessary obligations and, thus, it is in the best interests of their creditors and other parties in interest. Accordingly, to relieve the Debtors of burdensome obligations and avoid unnecessary expenses associated with the Rejected Leases, the Debtors seek to reject the Rejected Leases effective as of the dates set forth herein.

B. Granting Rejection of the Rejected Leases Retroactive to the Dates Specified Herein Is Appropriate Under the Circumstances

23. Under sections 105(a) and 365(a) of the Bankruptcy Code, bankruptcy courts may grant retroactive rejection of an executory contract or unexpired lease based on a balancing of the equities of the case. See, e.g., *In re Cafeteria Operators, L.P.*, 299 B.R. 384, 394 (Bankr. N.D. Tex. 2003) (granting retroactive relief for contract rejection where debtors were "receiving no benefit" from the lease); *In re O'Neil Theatres, Inc.*, 257 B.R. 806, 808 (Bankr. E.D. La. 2000) (granting retroactive relief based on the circumstances of the case); *In re Amber's Stores, Inc.*, 193 B.R. 819, 827 (Bankr. N.D. Tex. 1996) (finding that "nothing precludes a bankruptcy court, based on the equities of the case, from approving" retroactive rejection); see also *In re Joseph C. Spiess*

Co., 145 B.R. 597, 606 (Bankr. N.D. Ill. 1992) (“[A] trustee’s rejection of a lease should be retroactive to the date that the trustee takes affirmative steps to reject said lease.”).

24. The balance of the equities favors rejection for all of the Rejected Leases. The Debtors provided the applicable Counterparties with written notice of the Debtors’ intent to reject such leases and contracts on the Petition Date. In addition, the Debtors have either (a) already surrendered the facilities and any material equipment or property on or before the Petition Date at the Leased Premises identified on Exhibit 1 or (b) will eventually surrender the Leased Premises identified on Exhibit 2 and any material equipment or property in accordance with the terms and conditions of the applicable Lease Agreements as soon as reasonably practicable. Moreover, where applicable, the Debtors intend to make arrangements, or make best efforts to make commercially reasonable arrangements, with the Counterparties or other parties with an interest in the Rejected Leases or Abandoned Property for the transfer or surrender thereof.

25. Absent rejection, the Debtors may incur unnecessary administrative charges and other obligations under the Rejected Leases without any reciprocal benefits to their estates. Accordingly, the Debtors submit that it is fair and equitable for the Court to authorize the Debtors to reject the Rejected Leases effective as of the dates the Debtors surrender each Leased Premises.

C. Abandonment of Remaining Personal Property Is Authorized Pursuant to Section 554(a) of the Bankruptcy Code

26. The Debtors derive authority to abandon the Abandoned Property from section 554(a) of the Bankruptcy Code, which provides that, “after notice and a hearing, the trustee may abandon any property that is burdensome to the estate or that is of inconsequential value and benefit to the estate.” 11 U.S.C. § 554(a). The decision to abandon property rests within the business judgment of the debtor. See *In re Beach Dev., L.P.*, No. 03-80223-G3-7, 2010 WL 3155255, at *4 (Bankr. S.D. Tex. Aug. 10, 2010) (affording deference to the business judgment of

the trustee in abandoning property of the estate). The right to abandon property is virtually unfettered, unless (a) abandonment of the property will contravene laws designed to protect public health and safety or (b) abandonment of the property poses an imminent threat to the public's welfare. See *In re Midlantic Nat'l Bank*, 474 U.S. 494, 501 (1986); see also *In re Commonwealth Oil Ref. Co., Inc.*, 805 F.2d 1175, 1182 (5th Cir. 1986) (recognizing that the Supreme Court in *Midlantic* recognized only a "limited exception" to the debtor's abandonment power). Neither of these limitations is relevant under the facts and circumstances presented here.

27. Here, although the Debtors believe that they have removed all of their material owned personal property assets located or stored at the Leased Premises subject to the Rejected Leases, certain immaterial assets may remain at such facilities. The Debtors submit that such Abandoned Property is inconsequential to their estates and/or the cost of removal or storage of such property exceeds its value and would be burdensome to the Debtors' estates. The Debtors have concluded that any efforts to move or market the Abandoned Property could unnecessarily delay the Debtors' surrender of the Leased Premises and the rejection thereof. Accordingly, it is in the best interests of the Debtors and their estates for the Debtors to be authorized to abandon the Abandoned Property located at the Leased Premises. For the foregoing reasons, the abandonment of the Abandoned Property should be approved by the Court.

D. Bankruptcy Code Section 105(a) Supports Rejection of the Rejected Leases and the Abandonment of the Abandoned Property

28. Additionally, section 105(a) of the Bankruptcy Code authorizes this Court "to issue any order . . . necessary or appropriate to carry out the provisions" of the Bankruptcy Code. 11 U.S.C. § 105. For the reasons set forth herein, the rejection of the Rejected Leases and the abandonment of the Abandoned Property allows the Debtors to maximize the value of their estates by eliminating burdensome obligations and avoiding the incurrence of unnecessary costs.

Accordingly, the proposed rejection of the Rejected Leases and the abandonment of the Abandoned Property furthers the rehabilitative objectives of chapter 11 and is proper and in accordance with section 105(a) of the Bankruptcy Code.

E. Section 362 of the Bankruptcy Code Limits the Counterparties' Setoff Rights

29. The Debtors request that, consistent with the limitations imposed by section 362 of the Bankruptcy Code and any other applicable law, if any of the Debtors have deposited amounts with any of the Counterparties as a security deposit or pursuant to another similar arrangement, or if any of the Counterparties owe any of the Debtors any amount pursuant to the Rejected Leases or other agreements between the same parties, the Counterparties shall not be permitted to setoff or otherwise use the amounts from such deposit or other similar arrangement, or other amount owed to the Debtors, without the prior order of the Court. *See In re Sweet N Sour 7th Ave. Corp.*, 431 B.R. 63, 70-72 (Bankr. S.D.N.Y. 2010) (automatic stay prohibits landlord from exercising right to set off on debtor's security deposit); *In re Communicall Cent., Inc.*, 106 B.R. 540, 545 (Bankr. N.D. Ill. 1989) (landlords are required to move for relief from the automatic stay to exercise right of set off); *In re Inslaw, Inc.*, 81 B.R. 169, 169-70 (Bankr. D.D.C. 1987) (landlord's right to set off may be utilized only after relief from stay is granted); *In re Village Craftsman, Inc.*, 160 B.R. 740, 747 (Bankr. D.N.J., Nov. 3, 1993) (utility's application of debtor's prepetition security deposit to prepetition utility bills was setoff, thus subject to the automatic stay).

PROPOSED PROCESS FOR COUNTERPARTIES' ASSERTION OF CLAIMS

30. The Debtors have proposed a specific procedure for the Counterparties to assert a claim for damages associated with the proposed rejection of the Rejected Leases and the proposed abandonment of the Abandoned Property. Specifically, the Debtors have proposed that within thirty (30) days after the Petition Date for all Rejected Leases on Exhibit 1, and within thirty (30) days after the Debtors provide the applicable Counterparty with notice of occurrence of the date

of rejection for the Rejected Leases on Exhibit 2, the applicable Counterparty will be required to file a rejection damages claim and/or an abandonment damages claim, if any, relating to the rejection of the Rejected Leases, as applicable, and/or the abandonment of any Abandoned Property with Kurtzman Carson Consultants LLC, the Debtors' claims agent, at the following address: Superior Energy Claims Processing Center, c/o KCC, 222 N. Pacific Coast Highway, Suite 300 El Segundo, CA 90245.

BANKRUPTCY RULE 6004 SHOULD BE WAIVED

31. To the extent that any aspect of the relief sought herein constitutes a use of property under section 363(b) of the Bankruptcy Code, the Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay under Bankruptcy Rule 6004(h). As described above, the relief that the Debtors request in this Motion is immediately necessary in order for the Debtors to be able to continue to operate their businesses and preserve the value of their estates. The Debtors respectfully request that the Court waive the notice requirements imposed by Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

RESERVATION OF RIGHTS

32. Nothing contained herein is or should be construed as: (a) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors' properties; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any claim or lien on any grounds; (c) a promise to pay any claim; (d) an implication or admission that any particular claim would constitute an allowed claim; (e) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code, except for the Rejected Leases; (f) 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 the proposed Order once entered; or (g) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law. Nothing contained in the 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.

CONSENT TO JURISDICTION

33. The Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final judgment or order absent consent of the parties.

NOTICE

34. Notice of this Motion will be given to: (a) the United States Trustee for the Southern District of Texas (the "**U.S. Trustee**"); (b) the parties included on the Debtors' consolidated list of the holders of the 30 largest unsecured claims against the Debtors; (c) counsel to the agent for the Debtors' prepetition secured asset-based revolving credit facility (the "**Prepetition ABL Agent**"); (d) counsel to the indenture trustee for the Debtors' prepetition notes; (e) counsel to that certain ad hoc group of holders of prepetition senior notes (the "**Ad Hoc Noteholder Group**"); (f) the United States Attorney's Office for the Southern District of Texas; (g) the Counterparties; (h) the Internal Revenue Service; (i) the Securities and Exchange Commission; (j) the state attorneys general for states in which the Debtors conduct business; (k) the Environmental Protection Agency; and (l) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors submit that no other or further notice is required or needed under the circumstances.

35. A copy of this Motion is available on (a) the Court's website: www.txs.uscourts.gov, and (b) the website maintained by the Debtors' claims agent, Kurtzman Carson Consultants LLC, at www.kcellc.net/superior.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court enter the proposed Order, substantially in the form attached hereto, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Signed: December 7, 2020
Houston, Texas

Respectfully Submitted,

/s/ Timothy A. ("Tad") Davidson II
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Proposed Counsel for the Debtors and Debtors in Possession

CERTIFICATE OF SERVICE

I certify that on December 7, 2020, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on those parties registered to receive electronic notices.

/s/ Timothy A. ("Tad") Davidson II
Timothy A. ("Tad") Davidson II

Exhibit 1**Rejected Leases¹*****Rejection Effective as of Petition Date***

Counterparty	Description/Title	Lease Date	Debtor
4-K Partnership, L.L.C. P.O. Box 14238 New Iberia, Louisiana 70562-4238	<u>Arcadia Lease Agreement</u> Lease for the use of land and facilities to be used for a staging area located at 3104 Felts Road, Arcadia, Louisiana 71001	July 14, 2017	Warrior Energy Services Corporation
IRET Properties 1400 31st Ave SW suite 60 PO Box 1988 Minot, North Dakota 58701 Attention: General Counsel	<u>Minot Lease Agreement</u> Lease for the use of certain storage yard facilities used for heavy industrial purposes including operation of a gun loading facility and explosives bunker located at 6500 2 nd Ave SE, Minot, North Dakota 58701	July 13, 2011	SPN Well Services, Inc. (formerly Texas CES, Inc) D/B/A Integrated Production Services, Inc.
TimberCreek Real Estate Partners, L.L.C. 175 CR 131 Gainesville, Texas 76240	<u>Barnhart Lease Agreement</u> Lease for the use of certain premises and facilities mainly used for manufacturing, sale, supply and storage of oilfield goods and equipment located at 300 West county Road 302, Barnhart, Texas 76930	December 1, 2013	Pumpco Energy Services, Inc.

¹ The Rejected Leases shall include all agreements, master leases, riders, schedules, certificates, memoranda, amendments, supplements, guaranties, and any other documents related to the Lease Agreements listed herein. For the avoidance of doubt, the Debtors are not seeking to reject the Pecos Sublease under this Motion and instead intend to let the Sublease expire on its own terms.

Exhibit 2**Rejected Leases²***Rejection Effective as of Date Property is Removed (no later than Effective Date of the Plan)*

Counterparty	Description/Title	Lease Date	Debtor
<p>Agua Dulce, LLC</p> <p>504 Rio Cordillera Boerne, Texas 78006</p>	<p><u>Rock Springs Lease Agreement</u></p> <p>Lease for the use of certain storage yard facilities used for heavy industrial purposes including operation of a gun loading facility and explosives bunker located at 480 N. Energy Road, Rock Springs, WY</p>	April 1, 2009	<p>SPN Well Services, Inc. (formerly Texas CES, Inc) D/B/A Integrated Production Services, Inc.</p>
<p>High Hook Enterprises, LLC</p> <p>c/o Larry Allison, Jr. 2817 Lycoming Creek Road Williamsport, Pennsylvania 17701</p>	<p><u>Pecos Lease Agreement</u></p> <p>Pecos Loading, Shipping, and Storage Lease for the use of certain premises and facilities located at 156 US Hwy 285 North, Pecos, Texas 79772</p>	August 8, 2018	<p>Pumpco Energy Services, Inc.</p>
<p>Raptor Investments, LLC</p> <p>P.O. Box 903 Rangely, Colorado 81648 -and- 3500 County Road 102 Rangely, Colorado 81648 Attn: Samuel Tolley</p>	<p><u>Rangely Lease Agreement</u></p> <p>Lease for the use of certain premises used for oil and gas services located at 2577 County Road 102, Rangely, Colorado 81648</p>	January 1, 2017	<p>SPN Well Services, Inc. (formerly Texas CES, Inc) D/B/A Integrated Production Services, Inc.</p>

² The Rejected Leases shall include all agreements, master leases, riders, schedules, certificates, memoranda, amendments, supplements, guaranties, and any other documents related to the Lease Agreements listed herein. For the avoidance of doubt, the Debtors are not seeking to reject the Pecos Sublease under this Motion and instead intend to let the Sublease expire on its own terms.

Counterparty	Description/Title	Lease Date	Debtor
TDC Clay, L.P. c/o Transwestern 1900 West Loop South, Suite 1300 Houston, Texas 77027 Attn: Property Manager	<u>Clay Road Lease Agreement</u> Lease for office space located at Westway Plaza, 11330 Clay Road, Houston, Texas 77041	December 31, 2014	SESI, L.L.C.

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

----- X
 In re: : Chapter 11
 :
 SUPERIOR ENERGY SERVICES, INC., *et al.*,¹ : Case No. 20-35812 (DRJ)
 :
 Debtors. : (Jointly Administered)
 :
 :
 :
 ----- X

**ORDER AUTHORIZING THE DEBTORS TO (I) REJECT
CERTAIN UNEXPIRED LEASES EFFECTIVE AS OF THE
DATES SPECIFIED IN THE MOTION AND (II) ABANDON CERTAIN
REMAINING PERSONAL PROPERTY IN CONNECTION THEREWITH**

[Relates to Motion at Docket No. _____]

Upon the motion (the “**Motion**”)² of the Debtors for an Order authorizing the Debtors to (i) reject certain unexpired leases, each as set forth on Exhibit 1 to the Motion, effective as of the Petition Date, and each as set forth on Exhibit 2 to the Motion (collectively with the leases on Exhibit 1, the “**Rejected Leases**”), effective as of the date the Debtors remove their property, equipment, or other assets from such Leased Premises but, for the avoidance of doubt, no later than the Effective Date (as defined in the Plan), and (ii) abandon any remaining personal property in connection therewith, all as more fully described in the Motion; and the Court having reviewed the Motion and the First Day Declaration; and the Court having jurisdiction to consider the Motion

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Superior Energy Services, Inc. (9388), SESI, L.L.C. (4124), Superior Energy Services-North America Services, Inc. (5131), Complete Energy Services, Inc. (9295), Warrior Energy Services Corporation (9424), SPN Well Services, Inc. (2682), Pumpco Energy Services, Inc. (7310), 1105 Peters Road, L.L.C. (4198), Connection Technology, L.L.C. (4128), CSI Technologies, LLC (6936), H.B. Rentals, L.C. (7291), International Snubbing Services, L.L.C. (4134), Stabil Drill Specialties, L.L.C. (4138), Superior Energy Services, L.L.C. (4196), Superior Inspection Services, L.L.C. (4991), Wild Well Control, Inc. (3477), Workstrings International, L.L.C. (0390). The Debtors’ address is 1001 Louisiana Street, Suite 2900, Houston, Texas 77002.

² Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in 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; 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 to reject the Rejected Leases identified on Exhibit 1 attached to the Motion, including, to the extent applicable, any agreements, amendments, and modifications related thereto, effective as of the Petition Date.
2. The Debtors are authorized to reject the Rejected Leases identified on Exhibit 2 attached to the Motion, including, to the extent applicable, any agreements, amendments, and modifications related thereto, effective as of the date the Debtors remove their property, equipment, or other assets from those Leased Premises but, for the avoidance of doubt, no later than the Effective Date (as defined in the Plan).
3. Consistent with the limitations of section 362 of the Bankruptcy Code, and any other applicable law, the Counterparties are prohibited from setting off or otherwise utilizing any amounts deposited by the Debtors with any of the Counterparties as a security deposit or pursuant to another similar arrangement, or owed to the Debtors by any of the Counterparties under the Rejected Leases or other agreements between the same parties, without further order of this Court.

4. The Debtors are authorized to abandon the Abandoned Property, and the Counterparties may dispose of the Abandoned Property on and after the Petition Date in their discretion without further notice to or approval from the Debtors or any third party. The automatic stay, to the extent applicable, is modified solely to allow for such utilization or disposition by the Counterparties. The rights of the Counterparties to assert claims for the disposition of the Abandoned Property are reserved as are any party in interest's rights to object to such claims. For the avoidance of doubt, any property, equipment, or other assets stored at or in the Leased Premises on Exhibit 2 shall not constitute Abandoned Property until the effective date of such rejection.

5. Third parties, including but not limited to third parties party to the Rejected Leases, shall not impede or interfere in any manner with the removal by the Counterparties of their equipment or other property based on any claims, financial or otherwise, against the Debtors whether arising prepetition or postpetition.

6. Nothing in this Order shall prejudice the rights of the Counterparties with respect to any claim for damages arising from the rejection of the Rejected Leases and with respect to any objection by the Debtors thereto.

7. Within thirty (30) days after the Petition Date for all Rejected Leases on Exhibit 1, and within thirty (30) days after the Debtors provide the applicable Counterparty with notice of occurrence of the date of rejection for the Rejected Leases on Exhibit 2, the applicable Counterparty shall be permitted to file a rejection damages claim and/or an abandonment damages claim, if any, relating to the rejection of the Rejected Leases, as applicable, and/or the abandonment of any Abandoned Property, with Kurtzman Carson Consultants LLC, the Debtors' claims agent, at the following address: Superior Energy Claims Processing Center, c/o KCC, 222 N. Pacific Coast Highway, Suite 300 El Segundo, CA 90245.

8. Nothing herein shall prejudice the rights of the Debtors to argue (and the Counterparties to raise objection thereto) that any of the Rejected Leases were terminated prior to the Petition Date or that any claim for damages arising from the rejection of the Rejected Leases is limited to the remedies available under any applicable termination provision of such contract or lease, as applicable, or that any such claim is an obligation of a third party and not that of the Debtors or their estates.

9. Nothing in the Motion or this Order, or the Debtors' payment of any claims pursuant to this Order, shall be construed as: (a) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors' properties; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any claim or lien on any grounds; (c) a promise to pay any claim; (d) an implication or admission that any particular claim would constitute an allowed claim; (e) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code (other than the Rejected Leases); (f) 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; or (g) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law. 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.

10. Notwithstanding anything to the contrary contained herein, (a) any payment made or authorization contained hereunder shall be subject to the requirements imposed on the Debtors under any orders 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 Order**"), and (ii) to the extent there is any inconsistency between the terms of the DIP Order and any action

taken or proposed to be taken hereunder, the terms of the DIP Order 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 Order).

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

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

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

Signed: _____, 2020

THE HONORABLE DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE