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PROPOSED ATTORNEYS FOR DEBTORS

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:	§	Chapter 11
	§	
Vista Proppants and Logistics, LLC, et al., ¹	§	Case No. 20-42002-ELM-11
	§	
Debtors.	§	Joint Administration Requested

**DEBTORS' SEVENTH OMNIBUS MOTION TO REJECT CERTAIN
EXECUTORY CONTRACTS AND UNEXPIRED LEASES PURSUANT
TO SECTION 365 OF THE BANKRUPTCY CODE AND BANKRUPTCY
RULE 6006 AS OF THE PETITION DATE**

**IF YOU HAVE RECEIVED THIS MOTION AND ARE A CONTRACT
COUNTERPARTY OR LESSOR OF THE DEBTORS, PLEASE REVIEW
EXHIBIT 1, ATTACHED HERETO, TO DETERMINE IF THIS MOTION
AFFECTS YOUR RIGHTS THEREUNDER.**

**NO HEARING WILL BE CONDUCTED HEREON UNLESS A WRITTEN
RESPONSE IS FILED WITH THE CLERK OF THE UNITED STATES
BANKRUPTCY COURT AT 501 W. 10TH STREET, ROOM 147, FORT
WORTH, TEXAS 76102 BEFORE CLOSE OF BUSINESS ON JUNE 30, 2020**

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Vista Proppants and Logistics, LLC (7817) ("Vista OpCo"); VPROP Operating, LLC (0269) ("VPROP"); Lonestar Prospects Management, L.L.C. (8451) ("Lonestar Management"); MAALT Specialized Bulk, LLC (2001) ("Bulk"); Denetz Logistics, LLC (8177) ("Denetz"); Lonestar Prospects, Ltd. (4483) ("Lonestar Ltd."); and MAALT, LP (5198) ("MAALT"). The location of the Debtors' service address is 4413 Carey Street, Fort Worth, TX 76119-4219.



WHICH IS AT LEAST 21 DAYS FROM THE DATE OF SERVICE HEREOF.

ANY RESPONSE SHALL BE IN WRITING AND FILED WITH THE CLERK, AND A COPY SHALL BE SERVED UPON COUNSEL FOR THE MOVING PARTY PRIOR TO THE DATE AND TIME SET FORTH HEREIN. IF A RESPONSE IS FILED A HEARING MAY BE HELD WITH NOTICE ONLY TO THE OBJECTING PARTY.

IF NO HEARING ON SUCH NOTICE OR MOTION IS TIMELY REQUESTED, THE RELIEF REQUESTED SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT OR THE NOTICED ACTION MAY BE TAKEN.

Vista Proppants and Logistics, LLC and its debtor affiliates, as debtors and debtors-in-possession in the above-referenced chapter 11 cases (collectively, the “Debtors”) hereby file this *Debtors’ Seventh Omnibus Motion to Reject Certain Executory Contracts and Unexpired Leases Pursuant to Section 365 of the Bankruptcy Code and Bankruptcy Rule 6006 as of the Petition Date* (the “Motion”). In support of the Motion, the Debtors respectfully state as follows:

Jurisdiction and Venue

1. The United States District Court for the Northern District of Texas (the “District Court”) has jurisdiction over the subject matter of this Motion pursuant to 28 U.S.C. § 1334. The District Court’s jurisdiction has been referred to this Court pursuant to 28 U.S.C. § 157 and the District Court’s Miscellaneous Order No. 33, *Order of Reference of Bankruptcy Cases and Proceedings Nunc Pro Tunc* dated August 3, 1984. This is a core matter pursuant to 28 U.S.C. § 157(b), which may be heard and finally determined by this Court. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2. On June 9, 2020 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) commencing the above captioned cases (the “Chapter 11 Cases”). The Debtors continue to manage and operate

their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

2. An official committee of unsecured creditors has not been appointed in these Chapter 11 Cases. Further, no trustee or examiner has been requested or appointed in these Chapter 11 Cases.

3. A detailed description of the Debtors and their businesses, and the facts and circumstances supporting the Motion and the Debtors' Chapter 11 Cases are set forth in greater detail in the *Declaration of Kristin Whitley in Support of the Debtors' Chapter 11 Petitions and First Day Motions* and the *Declaration of Gary Barton in Support of the Debtors' Chapter 11 Petitions and First Day Motions* (collectively, the "First Day Declarations"), which were filed on the Petition Date and are incorporated by reference in this Motion.

4. As set forth in the First Day Declarations, the Debtors' business operations have historically involved producing and transporting mine-to-wellhead, high-quality, fine-grade frac sand for oil and gas well completion in Texas and Oklahoma. In connection with the operation of their businesses, the Debtors have entered into numerous executory contracts and leases with various vendors and service providers, certain of which are no longer necessary for the Debtors' ongoing business operations.

Relief Requested

5. By this Motion, pursuant to Section 365 of the Bankruptcy Code and Bankruptcy Rule 6006, the Debtors seek entry of an order, substantially in the form of **Exhibit A** (the "Proposed Order"), authorizing and approving the rejection of the executory contracts and unexpired leases listed on **Exhibit 1** of the Proposed Order (the "Contracts"). The Debtors further request that rejection of the Contracts be authorized and approved as of the Petition Date (the

“Effective Date”), which is the date by which the Debtors anticipate that they will no longer be receiving services under the Contracts and will have returned any leased equipment or made such equipment available to the applicable counterparty for pickup.

Basis for Relief Requested

A. Rejection of the Contracts is Supported by the Debtors’ Sound Business Judgment

6. Section 365(a) of the Bankruptcy Code provides, in pertinent part, as follows: “the trustee, 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). Rejection under Section 365 is generally intended to enable the debtor to relieve itself and the bankruptcy estate from burdensome and unprofitable contracts and leases in order to preserve and maximize the value of the bankruptcy estate. *See Stewart Title Gaur. Co. v. Old Rep. Nat’l Ins. Co.*, 83 F.3d 735, 741 (5th Cir. 1996) (noting that section 365 “allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed.”) (citation omitted). Bankruptcy courts use the business judgment standard to determine whether to approve a lease or contract rejection. *See Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303, 1309 (5th Cir. 1985) (quoting *Group of Inst. Inv. v. Chicago, Milwaukee, St. Paul & Pac. R.R. Co.*, 318 U.S. 523, 550 (1943)) (“It is well established that ‘the question whether a lease should be rejected . . . is one of business judgment.’”).

7. Rule 6006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rule(s)”) allows a debtor to file an omnibus motion to reject multiple executory contracts or unexpired leases. FED. R. BANKR. P. 6006(f). Such an omnibus motion to reject multiple contracts and leases must (1) conspicuously state the parties subject to the rejection, (2) list such parties alphabetically and identify their contract or leases, (3) be numbered consecutively with other

omnibus motions, and (4) be limited to no more than 100 executory contracts or unexpired leases. FED. R. BANKR. P. 6006(f).

8. In the sound exercise of their business judgment, the Debtors have determined that rejecting the Contracts is in the best interests of their estates and creditors. The Debtors have carefully reviewed the necessity of the Contracts and the fees and expenses associated with the Contracts. The Debtors, in their business judgment, believe that the cost and burden to the Debtors and their estates of maintaining the Contracts outweighs any benefits that the Debtors or their estates might receive. The Debtors do not have a need for the Contracts going forward. The Contracts are not necessary to the Debtors' business and are a drain on the Debtors' resources.

9. Additionally, the Debtors submit that they have satisfied the requirements of Bankruptcy Rule 6006. The Debtors have listed the parties that are subject to this Motion and counterparties to the Contracts in **Exhibit 1** and those parties are listed alphabetically. This Motion is numbered consecutively and no more than 100 Contracts are listed for rejection herein.

10. Based on the foregoing facts and circumstances, the Debtors submit that the rejection of the Contracts is supported by sound business judgment and is necessary, prudent, and is in the best interests of the Debtors' estates and the Debtors' creditors.

B. The Effective Date for Rejection of the Contracts is Appropriate

11. The Debtors request that the rejection of the Contracts be effective as of the Effective Date, which is the date by which the Debtors anticipate that they will no longer be receiving services under the Contracts and will have returned any leased equipment or made such equipment available to the applicable counterparty for pickup. Although rejection of an executory contract or unexpired lease is generally effective as of the date of the entry of an order of the court approving such rejection, there is substantial authority for permitting retroactive rejection if the

Debtor is no longer receiving the benefit of the executory contract or unexpired lease. *See, e.g., In re Cafeteria Operators, L.P.*, 299 B.R. 384 (Bankr. N.D. Tex. 2003) (approving rejection of closed restaurants retroactively to the later of the date the motion to reject was filed or the date the leased space was vacated); *In re Amber's Stores, Inc.*, 193 B.R. 819, 827 (Bankr. N.D. Tex. 1996) (“nothing precludes a bankruptcy court, based on the equities of the case, from approving the trustee’s rejection of a non-residential real property lease retroactively to an earlier date.”); *see also In re Mid-Cities Home Med. Equip. Co., Inc.*, Case No. 19-41232-ELM-11 (Bankr. N.D. Tex. May 17, 2019) (Docket No. 140) (order granting debtor’s omnibus motion to reject retroactively to the date the premises were vacated).

12. Here, the equities weigh in favor of granting the relief requested with respect to the Contracts as of the Effective Date. As of the Effective Date, the Debtors anticipate that they will no longer be receiving services under the Contracts and will have returned any leased equipment or made such equipment available to the applicable counterparty for pickup. The Contracts are no longer of value to the Debtors’ estates and rejection effective as of the Effective Date will permit the Debtors to avoid paying for unnecessary services, thereby minimizing the Debtors’ administrative expense obligations.

Notice

13. Notice of this Motion will be provided to the Contract counterparties identified on Exhibit 1 of the Proposed Order and: (i) the Office of the United States Trustee; (ii) the Debtors’ secured creditors; (iii) any party whose interests are directly affected by this specific pleading; (iv) those persons who have formally appeared and requested notice and service in these proceedings pursuant to Bankruptcy Rules 2002 and 3017; (v) counsel for Ares Capital Corporation; (vi) counsel for any official committees appointed by this Court; (vii) the 20 largest unsecured creditors

of each of the Debtors; and (viii) all governmental agencies having a regulatory or statutory interest in these cases (collectively, the “Notice Parties”). Based on the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice is required.

WHEREFORE the Debtors respectfully request that the Court (i) grant the Motion and (ii) grant such other and further relief as is just and proper.

RESPECTFULLY SUBMITTED this 9th day of June, 2020.

HAYNES AND BOONE, LLP

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PROPOSED ATTORNEYS FOR DEBTORS

Exhibit A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:	§	Chapter 11
	§	
Vista Proppants and Logistics, LLC, et al., ¹	§	Case No. 20-42002-ELM-11
	§	
Debtors.	§	Jointly Administered

**ORDER GRANTING DEBTORS' SEVENTH OMNIBUS MOTION TO
REJECT CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED
LEASES PURSUANT TO BANKRUPTCY CODE § 365 AND
BANKRUPTCY RULE 6006 AS OF THE PETITION DATE**

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Vista Proppants and Logistics, LLC (7817) ("Vista OpCo"); VPROP Operating, LLC (0269) ("VPROP"); Lonestar Prospects Management, L.L.C. (8451) ("Lonestar Management"); MAALT Specialized Bulk, LLC (2001) ("Bulk"); Denetz Logistics, LLC (8177) ("Denetz"); Lonestar Prospects, Ltd. (4483) ("Lonestar Ltd."); and MAALT, LP (5198) ("MAALT"). The location of the Debtors' service address is 4413 Carey Street, Fort Worth, TX 76119-4219.

On this date the Court considered the *Debtors' Seventh Omnibus Motion to Reject Certain Executory Contracts and Unexpired Leases Pursuant to Section 365 of the Bankruptcy Code and Bankruptcy Rule 6006 as of the Petition Date* (the "Motion"),² of Vista Proppants and Logistics, LLC, *et al.* (collectively, the "Debtors"). The Court finds that: (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the Motion is in the best interests of the Debtors, their estates, and their creditors; (iv) proper and adequate notice of the Motion has been given and no other or further notice is necessary; and (v) upon the record herein after due deliberation thereon, good and sufficient cause exists for the granting of the relief as set forth herein.

Therefore,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED to the extent provided herein.
2. Pursuant to Bankruptcy Code Section 365 and Bankruptcy Rule 6006, the Contracts included on Exhibit 1 attached hereto are hereby rejected as of the Petition Date without further order of the Court and without the need for further action by the Debtors or any other party.
3. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

END OF ORDER

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

Submitted by:

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PROPOSED ATTORNEYS FOR DEBTORS

Exhibit 1

List of Executory Contracts and Unexpired Leases

#	Counterparty Name	Counterparty Address	Debtor Counterparty	Contract Description	Contract Start Date
1	Bill Singmaster	701 Sunset Acres St Granbury, TX 76048	Lonestar Prospects, Ltd.	Employment Agreement	8/1/2018
2	Blake J.W. DeNoyer	3549 Monroe Highway Granbury, TX 76049	Lonestar Prospects, Ltd.	Employment Agreement	8/1/2018
3	CCC Group, Inc.	5797 Dietrich Road San Antonio, TX 78219	Lonestar Prospects, Ltd.	Construction Change Order	6/28/2019
4	CCC Group, Inc.	5797 Dietrich Road San Antonio, TX 78219	Lonestar Prospects, Ltd.	Settlement & Mutual Release Agreement	12/13/2019
5	Chico Land Management, LLC	95 West 3Rd Street Big Lake, TX 76932	Maalt, LP	Lease Agreement	12/8/2015
6	Chico Land Management, LLC	95 West 3Rd Street Big Lake, TX 76932	Maalt, LP	Lease Agreement	12/8/2015
7	Energy Transfer	8111 Westchester Drive Dallas, TX 75225	Lonestar Prospects, Ltd.	Construction Agreement	2/1/2018
8	Farmrail Corp	1601 West Gary Boulevard Clinton, OK 73601-1750	Maalt, LP	Lease Agreement	11/19/2015
9	ISN Software Corporation	3232 Mckinney Avenue Suite 1500 Dallas, TX 75204	Vista Proppants and Logistics, LLC	Service Agreement	8/17/2018
10	James Hardie Building Products Inc.	231 S. Lasalle St. Suite 2000 Att: John Ashworth, Director Of Purchasing Chicago, IL 60606	Vista Sand, Ltd.	Supply Agreement	7/1/2012
11	James Hardie Building Products Inc.	231 S. Lasalle St. Suite 2000 Att: John Ashworth, Director Of Purchasing Chicago, IL 60606	Vista Sand, Ltd.	Supply Agreement	2/26/2013

#	Counterparty Name	Counterparty Address	Debtor Counterparty	Contract Description	Contract Start Date
12	James Hardie Building Products Inc.	231 S. Lasalle St. Suite 2000 Att: John Ashworth, Director Of Purchasing Chicago, IL 60606	Vista Sand, Ltd.	Supply Agreement	4/1/2016
13	James Hardie Building Products Inc.	231 S. Lasalle St. Suite 2000 Att: John Ashworth, Director Of Purchasing Chicago, IL 60606	Vista Sand, Ltd.	Supply Agreement	7/1/2019
14	Kristin Smith	6463 Woodstock Road Fort Worth, TX 76116	Vista Proppants and Logistics, LLC	Employment Agreement	1/1/2018
15	Marabou Superior Pipeline, LLC	450 Gears Road Ste 850 Houston, TX 77067	Lonestar Prospects, Ltd.	Nondisclosure & Confidentiality Agreement	5/11/2017
16	Mike H. Fleet Jr.	6406 Inverness Rd Granbury, TX 76049	Vista Proppants and Logistics, LLC	Employment Agreement	1/1/2018
17	Oncor Electric Delivery Company, LLC	1616 Woodall Rodgers Freeway Suite 5M-042 Dallas, TX 75202	Lonestar Prospects, Ltd.	Property Agreement	2/1/2018
18	Rotex Global, LLC	1230 Knowlton Street Cincinnati, OH 45223	Lonestar Prospects, Ltd.	Settlement/Mutual Release Agreement	10/16/2019
19	Source Power & Gas LLC	2150 Town Square Place Suite 380 Sugar Land, TX 77479	Maalt, LP	Service Agreement	4/12/2018
20	Source Power & Gas LLC	2150 Town Square Place Suite 380 Sugar Land, TX 77479	Maalt, LP	Commodity Supply Agreement	4/1/2016

#	Counterparty Name	Counterparty Address	Debtor Counterparty	Contract Description	Contract Start Date
21	Twin Eagle Sand Logistics, LLC	8847 W Sam Houston Pkwy N Houston, TX 77040	Lonestar Prospects, Ltd.	Transloading / Storage Services Agreement	8/31/2018
22	Watco Companies, LLC	315 W 3Rd St. Pittsburg, KS 66762	Lonestar Prospects, Ltd.	Rate Agreement	N/A