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

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In re:

VISTA PROPPANTS AND LOGISTICS,  
LLC, et al.,

Debtors.<sup>1</sup>

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§  
§ Chapter 11  
§  
§ Case No. 20-42002-ELM-11  
§  
§  
§ (Jointly Administered)  
§

**STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS IN  
SUPPORT OF CONFIRMATION OF THE THIRD AMENDED JOINT PLAN OF  
REORGANIZATION OF VISTA PROPPANTS AND LOGISTICS, LLC, ET AL.,  
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

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<sup>1</sup> 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); VPROP Operating, LLC (0269); Lonestar Prospects Management, L.L.C. (8451); MAALT Specialized Bulk, LLC (2001); Denetz Logistics, LLC (8177); Lonestar Prospects, Ltd. (4483) and MAALT, LP (5198). The location of the Debtors' service address is 4413 Carey Street, Fort Worth, TX 76119-4219.



The Official Committee of Unsecured Creditors (the “Committee”) of the debtors and debtors-in-possession in the above-captioned cases (referenced alternatively herein as the “Debtors” or the “Company”), by and through its undersigned counsel, respectfully submits this statement (the “Statement”) in support of confirmation of the *Third Amended Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* (the “Amended Plan”) [Dkt. No. 518] dated September 14, 2020 (the “Amended Plan”).<sup>2</sup> In support of its Statement, the Committee represents as follows:

### **STATEMENT IN SUPPORT**

1. As a result of extensive, good-faith and arm’s length negotiations by and among the Committee, the Debtors, and the Term Loan Secured Parties (the “Settling Parties”), the Settling Parties have agreed to the terms of a consensual Amended Plan. The Committee believes that all of the modifications set forth in the Amended Plan comply with the Bankruptcy Code and are in the best interest of general unsecured creditors. Furthermore, the enhancements set forth in the Amended Plan are substantial and, among other things, settle potential protracted, uncertain and expensive litigation by and among the parties so as to enable the Debtors to emerge from these Chapter 11 Cases as swiftly as possible.

2. For example, the Amended Plan provides for, among other things<sup>3</sup>:

a. **Plan Support.** The Settling Parties each agree to use commercially reasonable efforts to support confirmation of the Amended Plan.

b. **Class 6 General Unsecured Claims Treatment.** Each Holder of a Claim in Class 6, in full and final satisfaction, settlement, discharge and release of, and in exchange for,

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Amended Plan.

<sup>3</sup> Additional details regarding the Amended Plan and the Committee’s position are set forth in the Committee’s solicitation letter dated September 14, 2020 attached hereto as **Exhibit A**.

its Claims shall receive its Pro Rata share of (a) the portion of the GUC Cash Settlement described below and (b) interests in the Litigation Trust. The Term Loan Lenders shall waive any entitlement to the GUC Cash Settlement, such that any amount distributed pursuant to (a) above shall be shared Pro Rata by Class 6 creditors other than the Term Loan Lenders (the “Non-Term Loan Lender Class 6 Creditors”).

c. **GUC Cash Settlement.** An amount totaling \$2,000,000 will be funded by the Term Loan Lenders consisting of (a) \$1,750,000 in cash *plus* (b) a \$250,000 non-recourse non-interest-bearing loan to the Litigation Trust repaid on first dollars of net proceeds collected from litigation other than from the PlainsCapital Recovery (as defined below), (i) \$1,000,000 of which shall be allocated for funding of the Litigation Trust; and (ii) \$1,000,000 of which shall fund a payment of Cash to Non-Term Loan Lender Class 6 Creditors holding allowed Class 6 claims.

d. **Litigation Trust.** A Litigation Trust will be established for the purposes of liquidating and distributing the Litigation Trust Assets, including recoveries from the Litigation Trust Causes of Action, to holders of allowed Class 6 General Unsecured Claims. Litigation Trust Causes of Action include (i) the Standing Motion claims against PlainsCapital Bank, in the event that standing is granted, and (ii) all potential Causes of Action against former insiders R.J. Sikes, RJS Holdings, KCM Enterprises, Gary Humphreys, Marty Robertson, GMHR Operations, or any other person or entity that is not a Released Party under the Plan, including entities related to Gary Humphreys, Marty Robertson, or R.J. Sikes other than the Debtors or the Reorganized Debtors. Non-Term Loan Lender Class 6 Creditors shall receive the first \$4,000,000 recovered by the Litigation Trust after the payment of Litigation Trust expenses, including repayment of the loan funded by the Term Loan Lenders. Thereafter, any recoveries achieved by the Litigation Trust shall be split 60/40, respectively, between (i) the Non-Term Loan Lender

Class 6 Creditors; and (ii) the Term Loan Lenders in recognition of their substantial alleged deficiency claims. To the extent (i) standing is obtained by the Committee in connection with the claims asserted against PlainsCapital Bank in the Standing Motion, and (ii) any recovery is obtained by the Litigation Trustee on such claims (the “PlainsCapital Recovery”), the Term Loan Lenders will not share in any such recovery.

e. **Release of Term Loan Secured Parties.** All claims and causes of action held by the Debtors and their estates against the Term Loan Secured Parties, including those described in the Committee’s Standing Motion, will be released under the Amended Plan.

3. In determining the best exit strategy for the Debtors and assessing the settlement that is embodied in the Amended Plan, the Committee carefully examined all potential alternatives and concluded that the restructuring transactions set forth in the Amended Plan were the most favorable for unsecured creditors. As a result, the Committee respectfully requests that the Court enter an order confirming the Amended Plan.

Dated: September 14, 2020  
Dallas, Texas

/s/ Patrick J. Carew

**KILPATRICK TOWNSEND & STOCKTON LLP**

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– and –

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*Counsel to the Official Committee of Unsecured  
Creditors of Vista Proppants and Logistics, LLC, et  
al.*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 14<sup>th</sup> day of September 2020, a true and correct copy of the foregoing document was served by electronic transmission upon all parties eligible to receive services through this Court's CM/ECF system.

/s/ Patrick J. Carew

Patrick J. Carew

**EXHIBIT A**

The Official Committee of Unsecured  
Creditors of Vista Proppants and Logistics, LLC, *et al.*  
c/o Kilpatrick Townsend & Stockton LLP  
The Grace Building, 1114 Avenue of the Americas  
New York, NY, 10036-7703

September 14, 2020

**To All Unsecured Creditors of Vista Proppants and Logistics, LLC, *et al.*:<sup>1</sup>**

The Official Committee of Unsecured Creditors (the “Committee”) of Vista Proppants and Logistics, LLC, *et al.* (the “Debtors”) submits this letter to all unsecured creditors concerning their consideration of whether to vote in favor of the *Third Amended Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 518] (the “Third Amended Plan”).<sup>2</sup> **FOR THE REASONS SET FORTH HEREIN, THE COMMITTEE RECOMMENDS YOU VOTE TO ACCEPT THE PLAN. THE VOTING DEADLINE HAS BEEN EXTENDED TO SEPTEMBER 24, 2020.** The Third Amended Plan, which modifies the previously filed plan of reorganization, incorporates and implements a settlement between the Committee, the Debtors and the Term Loan Secured Parties (the “Settlement”) that, among other things: (i) compromises and settles anticipated litigation and numerous other issues and disputes; and (ii) represents the best alternative for unsecured creditors in completing these Chapter 11 Cases. **THIS LETTER SUPERSEDES THE COMMITTEE’S LETTER DATED AUGUST 19, 2020.**

**IF APPROVED, THE THIRD AMENDED PLAN GRANTS RELEASES OF CLAIMS THAT THE DEBTORS MAY HAVE AGAINST CERTAIN THIRD-PARTIES. THE THIRD AMENDED PLAN MAY ALSO GRANT RELEASES OF CLAIMS YOU MAY HAVE AGAINST THIRD-PARTIES UNLESS YOU AFFIRMATIVELY OPT-OUT OF SUCH RELEASES.**

**The brief summary that follows is designed to highlight certain plan provisions and is qualified in its entirety by the Third Amended Plan.**

On June 9, 2020, the Debtors filed voluntary petitions for relief under chapter 11 of Title 11, United States Code (the “Bankruptcy Code”). The bankruptcy cases for these Debtors (the “Chapter 11 Cases”) and debtors-in-possession are jointly administered under the bankruptcy case and style referenced above.

On June 23, 2020, the Office of the United States Trustee for the Northern District of Texas appointed a statutory committee of unsecured creditors pursuant to section 1102(a)(1) of the

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

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

Bankruptcy Code.

The Committee has retained the following professionals: (i) Kilpatrick Townsend & Stockton LLP as its counsel; and (ii) Province, Inc. as its financial advisor. The members of the Committee have devoted a considerable amount of their own time working on these bankruptcy cases to protect the rights of all unsecured creditors.

On July 3, 2020, the Debtors filed the *Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 158] and the *Disclosure Statement in Support of the Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 159]. On August 13, 2020, the Debtors filed the *First Amended Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 381] and the *First Amended Disclosure Statement in Support of the First Amended Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 382]. On August 18, 2020, the Debtors filed the *Second Amended Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 401] (the “Disclosure Statement”) and the *Second Amended Disclosure Statement in Support of the Second Amended Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 402] (the “Second Amended Plan”).

During these Chapter 11 Cases, the Committee conducted an investigation into potential claims and causes of action against the Term Loan Secured Parties and PlainsCapital Bank, among others. Additionally, the Committee engaged in extensive negotiations with the Debtors and the Term Loan Secured Parties regarding the treatment of unsecured creditors and other issues arising under the Second Amended Plan. These negotiations resulted in the Settlement by and among the Committee, the Debtors, and the Term Loan Secured Parties.

As set forth in greater detail in the Third Amended Plan, the Settlement provides for, among other things:

a. **Plan Support.** The Settling Parties each agree to use commercially reasonable efforts to support confirmation of the Third Amended Plan.

b. **Class 6 General Unsecured Claims Treatment.** Each Holder of a Claim in Class 6, in full and final satisfaction, settlement, discharge and release of, and in exchange for, its Claims shall receive its Pro Rata share of (a) the portion of the GUC Cash Settlement described below and (b) interests in the Litigation Trust. The Term Loan Lenders shall waive any entitlement to the GUC Cash Settlement, such that any amount distributed pursuant to (a) above shall be shared Pro Rata by Class 6 creditors other than the Term Loan Lenders (the “Non-Term Loan Lender Class 6 Creditors”).

c. **GUC Cash Settlement.** An amount totaling \$2,000,000 will be funded by the Term Loan Lenders consisting of (a) \$1,750,000 in cash *plus* (b) a \$250,000 non-recourse non-interest-bearing loan to the Litigation Trust repaid on first dollars of net proceeds collected from



litigation other than from the PlainsCapital Recovery (as defined below), (i) \$1,000,000 of which shall be allocated for funding of the Litigation Trust; and (ii) \$1,000,000 of which shall fund a payment of Cash to Non-Term Loan Lender Class 6 Creditors holding allowed Class 6 claims.

d. **Litigation Trust.** A Litigation Trust will be established for the purposes of liquidating and distributing the Litigation Trust Assets, including recoveries from the Litigation Trust Causes of Action, to the holders of Class 6 General Unsecured Claims. Litigation Trust Causes of Action include (i) the Standing Motion claims against PlainsCapital Bank, to the extent that standing is granted, and (ii) all potential Causes of Action against former insiders R.J. Sikes, RJS Holdings, KCM Enterprises, Gary Humphreys, Marty Robertson, GMHR Operations, or any other person or entity that is not a Released Party under the Plan, including entities related to Gary Humphreys, Marty Robertson, or R.J. Sikes other than the Debtors or the Reorganized Debtors. Non-Term Loan Lender Class 6 Creditors shall receive the first \$4,000,000 recovered by the Litigation Trust after the payment of Litigation Trust expenses, including repayment of the loan funded by the Term Loan Lenders. Thereafter, any recoveries achieved by the Litigation Trustee shall be split 60/40, respectively, between (i) the Non-Term Loan Lender Class 6 Creditors; and (ii) the Term Loan Lenders in recognition of their substantial alleged deficiency claims. To the extent (i) standing is obtained by the Committee in connection with the claims asserted against PlainsCapital Bank in the Standing Motion, and (ii) any recovery is obtained by the Litigation Trustee on such claims (the “PlainsCapital Recovery”), the Term Loan Lenders will not share in any such recovery.

e. **Release of Term Loan Secured Parties.** All claims and causes of action held by the Debtors and their estates against the Term Loan Secured Parties, including those described in the Committee’s Standing Motion, will be released under the Third Amended Plan.

In summary, the Third Amended Plan effectuates the reorganization of the Debtors on a consensual basis, and on terms that, based upon the information provided to the Committee, the Committee believes are more favorable to unsecured creditors than the terms of the Second Amended Plan and represent the best achievable outcome for unsecured creditors under the present circumstances.

For purposes of voting on the Third Amended Plan, the Debtors provided you with a ballot which should be completed by you for either accepting or rejecting the Third Amended Plan. The ballot should be mailed in accordance with the procedures set forth on the ballot.

**Changing Votes/Changing Release Opt-Out Election.** Pursuant to paragraph 23 of the order approving the Disclosure Statement [Docket No. 405] (the “Disclosure Statement Order”) and subject to the provisions therein, if two (2) or more ballots are cast voting the same claim prior to the September 24, 2020 Voting Deadline, the latest dated ballot actually received prior to the Voting Deadline will be deemed to reflect the voter’s intent and thus to supersede any prior ballots; *provided, however*, that where an ambiguity exists as to which ballot reflects the voter’s intent, the Balloting Agent may contact the creditor and calculate the vote according to such voter’s written instructions. **Any holder of a Class 6 claim that is eligible to vote on the Third Amended Plan that submitted a ballot prior to receiving this letter may change their vote**

**on the Third Amended Plan by submitting an additional ballot prior to the extended Voting Deadline of September 24, 2020 in accordance with the instructions set forth in the solicitation materials that the Debtors previously served in accordance with the Disclosure Statement Order.** Additionally, any holder of a Claim or Interest may submit a revised opt-out election form if they seek to change their election to opt-out of the third-party release set forth in article VIII.D of the Third Amended Plan. Additional copies of ballots and opt-out election forms may be obtained by contacting the Debtors' Claims and Balloting Agent - Kurtzman Carson Consultants LLC, by (i) toll-free telephone (866) 475-7847 (U.S./Canada) or (781) 575-2036 (International) or (ii) online at <http://www.kccllc.net/vista/inquiry>.

This letter provides only a brief description of the provisions of the Third Amended Plan that impact unsecured creditors. As such, all unsecured creditors are urged to carefully review the Third Amended Plan and consult with their legal and financial advisors accordingly. This communication does not constitute, and shall not be construed as, a recommendation or solicitation by any individual member of the Committee.

If you have any questions regarding voting procedures or otherwise, please contact counsel to the Committee, Todd C. Meyers at (404) 815-6482 or David M. Posner at (212) 775-8764.

Very truly yours,

The Official Committee of Unsecured  
Creditors of Vista Proppants and Logistics,  
LLC, *et al.*

**YOU ARE URGED TO CAREFULLY READ THE DISCLOSURE STATEMENT AND PLAN. THE DESCRIPTION OF THE PLAN IN THIS LETTER IS INTENDED TO BE ONLY A SUMMARY AND IS QUALIFIED IN ITS ENTIRETY BY THE PLAN AND THE DISCLOSURE STATEMENT.**

**NOTWITHSTANDING THE RECOMMENDATION SET FORTH HEREIN, EACH CREDITOR MUST MAKE ITS OWN INDEPENDENT DETERMINATION AS TO WHETHER THE THIRD AMENDED PLAN IS ACCEPTABLE TO THAT CREDITOR AND SHOULD CONSULT ITS OWN LEGAL AND/OR FINANCIAL ADVISOR(S).**

**THIS COMMUNICATION DOES NOT CONSTITUTE, AND SHALL NOT BE CONSTRUED AS, A SOLICITATION BY ANY INDIVIDUAL MEMBER OF THE COMMITTEE.**