Docket #0134 Date Filed: 4/25/2016

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

In re	:	**Chapter 15**
SANJEL (USA) INC., *et al.*,	:	**Case No. 16-50778-cag**
Debtors in a foreign proceeding.	:	**(Jointly Administered)**

RESPONSE OF ALBERTA TREASURY BRANCHES, AS AGENT, IN SUPPORT OF MOTION FOR AN ORDER (I) SPECIFICALLY RECOGNIZING CANADIAN COURT ORDER AUTHORIZING DEBTORS TO BORROW UNDER A POST-PETITION CREDIT FACILITY, (II) APPROVING LIENS ON ASSETS LOCATED IN THE TERRITORIAL JURISDICTION OF THE UNITED STATES AND (III) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES

Alberta Treasury Branches ("ATB"), in its capacity as agent for the Senior Secured Lenders (as defined below), respectfully submits this response in support of the Motion for an Order (I) Specifically Recognizing Canadian Court Order Authorizing Debtors to Borrow Under a Post-Petition Credit Facility, (II) Approving Liens on Assets Located in the Territorial Jurisdiction of the United States and (III) Granting Adequate Protection to Prepetition Secured Parties (Dkt. No. 13) (the "DIP Motion") filed by PricewaterhouseCoopers Inc. as the court-appointed foreign representative for the Chapter 15 Debtors.[1] For the reasons set forth below, the Senior Secured Lenders support the DIP Motion and respectfully request that the Court overrule all objections to the DIP Motion and enter the relief requested therein.

[1] The Chapter 15 Debtors are: Sanjel (USA) Inc., Sanjel Corporation, Suretech Group Ltd., Sanjel Energy Services (USA) Inc., Suretech Completions (USA) Inc., Sanjel Capital (USA) Inc., Terracor Group Ltd., Terracor (USA) Inc., Terracor Resources (USA) Inc., Terracor Logistics (USA) Inc. and Sanjel Canada Ltd. Capitalized terms that are not defined have the same meanings as in the DIP Motion.

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BACKGROUND

1. Sanjel Corp. and Sanjel (USA) Inc. are borrowers under an Amended and Restated Credit Agreement (the "Bank Credit Agreement") dated April 21, 2015 (the "Pre-Petition Facility") with a syndicate of senior secured lenders (the "Senior Secured Lenders") led by ATB as agent. The total principal amount outstanding under the Pre-Petition Facility is approximately CAD $396.7 million (CAD $345.1 million and USD $40.3 million). The Senior Secured Lenders have perfected security interests in substantially all of the assets of the Chapter 15 Debtors. *See* Notice of Filing of Documents in Support of First Day Filings, Apr. 4, 2016 (Dkt. No. 24), Ex. F, Affidavit of Paul Crilly ("Crilly Affidavit") ¶ 68.

2. The Senior Secured Lenders have also agreed to provide the Chapter 15 Debtors with post-petition financing of up to CAD $50 million pursuant to a Senior Secured Superpriority Interim Financing Credit Agreement (the "DIP Credit Agreement"). As set forth in the Crilly Affidavit and the accompanying cash flow projections, this financing was essential to allow the Chapter 15 Debtors to continue operating their business during the course of their proceedings under the Companies' Creditors Arrangement Act (the "CCAA Proceedings"). Indeed, without the emergency financing provided by the Senior Secured Lenders, the Chapter 15 Debtors would have run out of cash in short order. Crilly Affidavit ¶¶ 137, 139; Notice of Filing of Documents in Support of First Day Filings, Apr. 4, 2016 (Dkt. No. 24), Ex. M, Sanjel Corp. 13 Week Consol. Cash Flow Forecast.

3. The terms of the DIP Credit Agreement represented the only feasible financing alternative available to the Chapter 15 Debtors. *See* Notice of Filing of Documents in Support of First Day Filings, Apr. 4, 2016 (Dkt. No. 24), Ex. E, Affidavit of Michael Genereux ¶ 7. The Chapter 15 Debtors received and considered other offers for post-petition financing, which they declined because each of those proposals had inferior economic terms (including significantly

higher fees and interest rates), did not provide sufficient financing to fund the Chapter 15 Debtors for the duration of the Chapter 15 cases, and was tied to a broader restructuring transaction that was not acceptable to the Chapter 15 Debtors. *Id.* ¶ 8.

4. On April 4, 2016, the Chapter 15 Debtors commenced proceedings under the CCAA. On April 4, 2016, the Canadian Court entered its Initial Order authorizing the Chapter 15 Debtors to enter into and borrow under the DIP Credit Agreement.

5. On April 4, 2016, the Monitor filed the DIP Motion. On April 6, 2016, this Court entered an order approving the relief sought in the DIP Motion on an interim basis. *See* Interim Order Granting Motion for an Order (I) Specifically Recognizing Canadian Court Order Authorizing Debtors to Borrow Under a Post-Petition Credit Facility, (II) Approving Liens On Assets Located in the Territorial Jurisdiction of The United States and (III) Granting Adequate Protection to Prepetition Secured Parties, Apr. 6, 2016 (Dkt. No. 42) (the "Interim DIP Order"). The Chapter 15 Debtors now seek final approval of the DIP Motion. Following the Court's interim approval of the DIP Motion, the Senior Secured Lenders have to date extended CAD $7 million to the Chapter 15 Debtors to meet the debtors' ongoing cash needs and allow them to continue operations as a going concern.

6. On April 21, 2016, Nordic Trustee ASA, as trustee on behalf of holders of the Sanjel Corporation 7.5% Callable Bond Issue 2014/2019 (the "Bond Trustee"), filed the Bondholder Trustee's Objection to Monitor's Motion for an Order (I) Specifically Recognizing Canadian Court Order Authorizing Debtors to Borrow Under a Post-Petition Credit Facility, (II) Approving Liens on Assets Located in the Territorial Jurisdiction of the United States and (III) Granting Adequate Protection to Prepetition Secured Parties, (Dkt. No. 120) (the "DIP Objection").

RESPONSE TO OBJECTION

7. The DIP Objection filed by the Bond Trustee is most notable for what it does *not* contest. The DIP Objection does *not* contest: (1) that the Chapter 15 Debtors urgently need the DIP Financing, as shown by their cash flow forecast; or (2) that all legal requirements for post-petition financing—secured by a senior lien on the debtors' assets—have been fully met. In particular, the DIP Objection does not dispute that the Chapter 15 Debtors are: "unable to obtain unsecured credit allowable under section 503(b)(1)," *see* 11 U.S.C. § 364(c); and "unable" to obtain credit that is not "secured by a senior . . . lien on property of the estate," *see id.* § 364(d). Accordingly, putting aside issues of comity, there is *no dispute* that the Chapter 15 Debtors have satisfied their burden under section 364 of the Bankruptcy Code, which is not even cited in the DIP Objection. There is likewise *no dispute* that the financing at issue is essential to the survival and continued operations of the Chapter 15 Debtors.

8. The essential need for the DIP Facility—in the full amount and on a final basis—has only become clearer since these Chapter 15 cases were commenced. As reflected in Sanjel's updated cash flow forecast (Monitor Ex. 15), the debtors project that, in order to maintain even the minimal cash position required to ensure financial stability, they will need more than $40 million of financing by the end of May. If the debtors' projections are too optimistic in any respect—for example, if receivable collections are below the projected amounts per week—the debtors will need more cash sooner. It is hard to imagine a more clear-cut case for final relief under section 364: The Chapter 15 Debtors are running out of cash, and the financing available under the Interim DIP Order is insufficient to meet the debtors' near-term projected cash needs. From the standpoint of customers, employees and other parties, the DIP Financing is a critical step in maintaining stability during the CCAA process.

9. Rather than addressing these facts or the legal requirements for relief under section 364, the DIP Objection focuses primarily on the debtors' proposed asset sales and provides a preview of the arguments that the Bond Trustee intends to put forward in the *Canadian Court* in opposition to those asset sales. To the extent the DIP Objection relates to the DIP Motion pending in this Court, the Bond Trustee urges that comity be denied to the Canadian Court's approval of the DIP Financing because it includes "milestones" applicable to the asset sales and recognition of the CCAA Proceedings.

10. As the Bond Trustee recognizes (Obj. at 11), the standard for denying comity to a foreign main proceeding—in this case, the CCAA Proceedings in Alberta, Canada—is set forth in section 1506 of the Bankruptcy Code: The relief being sought must be "manifestly contrary to the public policy of the United States." 11 U.S.C. § 1506. In determining whether this standard is met, the critical issue is "whether the procedures used in Canada meet our fundamental standards of fairness." *In re Metcalfe & Mansfield Alt. Invs.*, 421 B.R. 685, 697 (Bankr. S.D.N.Y. 2010) (enforcing third-party releases approved in CCAA proceeding).

11. It is beyond peradventure that CCAA proceedings are entitled to comity and recognition. *See, e.g.*, *Collins* v. *Oilsands Quest Inc.*, 484 B.R. 593, 597 (S.D.N.Y. 2012) ("It is clear that the Canadian proceedings [under the CCAA] have been fair and impartial, and that the Canadian proceedings have afforded creditors a full and fair opportunity to be heard in a manner that is fully consistent with this country's standards of due process."); *Metcalfe*, 421 B.R. at 698 ("The U.S. and Canada share the same common law traditions and fundamental principles of law. Canadian courts afford creditors a full and fair opportunity to be heard in a manner consistent with standards of U.S. due process."); *accord* Order Granting Recognition as a Foreign Main Proceeding, or, in the Alternative, as a Foreign Nonmain Proceeding, *In re Argent*

Energy (Canada) Holdings, Inc., No. 16-20060, (Bankr. S.D. Tex. Mar. 11, 2016), Dkt. No. 73. In addition, courts in this Circuit and elsewhere have on many occasions afforded comity to Canadian court orders relating to DIP financing. *See, e.g.*, Order Granting Emergency Application for Provisional Relief Pursuant to Sections 105(a) and 1519 of the Bankruptcy Code, *In re Argent Energy (Canada) Holdings, Inc.*, No. 16-20060 (Bankr. S.D. Tex. Feb. 24, 2016), Dkt. No. 30; Order Granting Provisional Relief, *In re Cinram Int'l Inc.*, No. 12-11882 (Bankr. D. Del. June 26, 2012), Dkt. No. 30; Temporary Restraining Order and Order Authorizing the Foreign Applicants to Incur Postpetition Indebtedness Authorized by the Ontario Court, *In re Destinator Techs. Inc.*, No. 08-11003 (Bankr. D. Del. May 20, 2008), Dkt. No. 19.

12. Although the Bond Trustee complains about the DIP Facility milestones approved by the Canadian Court, the Bond Trustee cites *no authority* to suggest that the inclusion of such milestones in a secured DIP facility is offensive to the public policy of the United States. Any such argument would be entirely baseless. Even if the milestones somehow went beyond what a U.S. Court would allow, both the Fifth Circuit and other courts have rejected arguments that comity should be denied because foreign jurisdictions provide different or greater protection to secured lenders than the Bankruptcy Code does. *See, e.g.*, *In re ABC Learning Centres Ltd.*, 728 F.3d 301, 310-11 (3d Cir. 2013) (rejecting "public policy" challenge to recognition of Australian insolvency proceeding which "allow[ed] secured creditors to realize the full value of their debts, and tender the excess to the company, whereas secured creditors in the United States must generally turn over assets and seek distribution from the bankruptcy estate"); *In re Schimmelpenninck*, 183 F.3d 347, 365 (5th Cir. 1999) (under former section 304 of the Bankruptcy Code, holding that provision of Dutch insolvency law allowing secured creditor to "exercise his rights irrespective of the authority of the [trustee]" should be afforded comity).

13. Not only do the milestones offer no offense to United States public policy, but they are also broadly consistent with U.S. bankruptcy practice in cases such as this one, where the DIP lender has taken on new and material credit risk to permit the debtor to continue operating and paying employees, suppliers and other stakeholders. Bankruptcy courts in the United States, including in this District, have in various cases approved DIP financing arrangements with milestones similar to those in this case. *See* Final Order (I) Authorizing the Debtors to Obtain Postpetition Financing; (II) Authorizing Use of Cash Collateral; and (III) Granting Adequate Protection, *In re Blue Matrix Labs, LLC*, No. 15-52977 (Bankr. W.D. Tex. Jan. 25, 2016), Dkt. No. 99 (approving DIP involving events of default requiring closing of sale within 45 days of petition date, see Dkt. No. 8 at 13); Amended Final Order Pursuant to 11 U.S.C. Sections 105, 361, 362, 363, 364 & 507 and Federal Rules of Bankruptcy Procedure 2002, 4001 & 9014: (I) Authorizing Debtors to Obtain Postpetition Financing and Utilize Cash Collateral; and (II) Granting Adequate Protection, *In re Esco Marine, Inc.*, No. 15-20107 (Bankr. S.D. Tex. July 31, 2015), Dkt. No. 384 ¶ 20 (approving post-petition financing which required sale closing or confirmation on specified schedule); *In re Pinnacle Airlines Corp.*, 483 B.R. 381, 397 (Bankr. S.D.N.Y. 2012) (approving "onerous milestones" in DIP financing due to lack of viable DIP-financing alternatives); *In re Farmland Indus., Inc.*, 294 B.R. 855, 886 (Bankr. W.D. Mo. 2003) (approving DIP amendment including strict sale milestones).[2]

[2] The cases cited by the Bond Trustee—none of which involve DIP facilities already approved by a foreign court—are not to the contrary. In *In re MidState Raceway, Inc.*, the court approved post-petition financing giving the lender the right to select a CEO and appoint two directors, recognizing that the lender was entitled to "some measure of control over his investment," and rejected separate, unnecessary loans that would "simply delay the confirmation process" and could be addressed in connection with a plan. 323 B.R. 40, 62 (Bankr. N.D.N.Y. 2005). In *In re Tamarack Resort, LLC*, default was almost certain because the debtor had not yet prepared a sale motion—in contrast to this case, in which the financing agreement sets forth reasonable deadlines for a sale process long in progress—and, moreover, the court found that adequate protection had not been established and the DIP financing would merely provide a "potential benefit" rather than critical financing. 2010 WL 4117459, at *13 (Bankr. D. Id. Oct. 19, 2010). The financing in *In re Tenney Village Co.* and *In re Ames Department Stores, Inc.* did not address sale or confirmation timelines and involved, *inter alia*, substantial restrictions on estate professionals that the courts

14. In the circumstances presented, the milestones approved by the Canadian Court are reasonable and not at all "arbitrary" (Obj. at 7). The DIP financing milestone allowed for a full *21 days* between the interim and final approval of the DIP financing; and, as demonstrated by the debtors' cash flow forecast, is justified by the debtors' dwindling cash position and the need to ensure suppliers and other market participants that the debtors will be able to meet their ordinary-course obligations over the coming weeks. The Chapter 15 milestone (which requires the Chapter 15 Recognition Order by April 29) allowed for *25 days*, more than the 21-day notice period required by Bankruptcy Rule 2002(g). The reason for the Chapter 15 milestone is straightforward: The Senior Secured Lenders are extending (and have already extended) significant additional credit to the Chapter 15 Debtors on the premise that the debtors are capable of effectuating a value-maximizing strategy through a dual CCAA/Chapter 15 process. If that premise is not correct, the Senior Secured Lenders have not agreed to continue financing the debtors on the terms in the DIP Credit Agreement.

15. Finally, the milestones relating to the sale—which now provide that the sale will have been approved by the Canadian Court by April 29 (*25 days* after the Chapter 15 petition) and this Court by May 18 (fully *44 days* after the Chapter 15 petition)—provide ample time for the Bond Trustee and others to review and object to the asset sales proposed by the Chapter 15 Debtors, or to propose a superior alternative. And indeed, the Bond Trustee has already objected to the asset sales in the Canadian Court and sought various other relief. The milestones, however, are an integral part of the DIP Financing Agreement as a whole: The Senior Secured Lenders agreed to extend up to $50 million post-petition financing on the express understanding

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found impaired the chapter 11 process. *In re Tenney Village Co.*, 104 B.R. 562, 568 (Bankr. D.N.H. 1989) (rejecting financing limiting fees payable to debtor's counsel in connection with any claim or defense against lender); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40-41 (Bankr. S.D.N.Y. 1990) (explaining that financing condition barring appointment of trustee or examiner was modified at hearing and ultimately approving financing).

that the Chapter 15 Debtors would move forward in effectuating asset sales aimed at preserving value and maximizing recoveries.[3]

16. The other modifications to the final DIP order requested by the Bond Trustee are likewise neither necessary nor appropriate. To the extent the Bond Trustee wishes to investigate the liens held by the Senior Secured Lenders or to contend that the "equities of the case" entitle bondholders to particular relief, the appropriate forum for doing so is in Canada—the foreign main proceeding, where the Monitor is separately conducting its own comprehensive lien investigation (and has retained U.S. counsel to conduct the lien investigation in the United States). The Bond Trustee, moreover, has separately brought an application in Canada to have the Senior Secured Lenders' loan "subordinated in equity" to the Bond Trustee. Finally, the Bond Trustee's objection to the payment of fees as adequate protection (Obj. at 12-13), on the basis that the Senior Secured Lenders appear to be undersecured, conflates the right of *all* secured creditors to adequate protection with the rights of *over*secured creditors under 506(b) of the Bankruptcy Code. Undersecured creditors, like all secured creditors, are entitled to adequate protection against the diminution of their collateral. *See, e.g.*, *In re Freedom Comm'ns Holdings, Inc.*, 2009 WL 4506553, at *2 (D. Del. Dec. 4, 2009); *In re Hawaiian Telecom Comm'ns, Inc.*, 430 B.R. 564, 604 (Bankr. D. Haw. 2009). Payment of fees is an acceptable form of agreed-

[3] Similar arrangements have been approved in other cases. *See* Final Order (I) Authorizing the Debtors to Obtain Postpetition Financing; (II) Authorizing Use of Cash Collateral; and (III) Granting Adequate Protection, *In re Blue Matrix Labs, LLC*, No. 15-52977 (Bankr. W.D. Tex. Jan. 25, 2016), Dkt. No. 99 (approving DIP involving events of default requiring closing of sale within 45 days of petition date, see Dkt. No. 8 at 13); Amended Final Order Pursuant to 11 U.S.C. Sections 105, 361, 362, 363, 364 & 507 and Federal Rules of Bankruptcy Procedure 2002, 4001 & 9014: (I) Authorizing Debtors to Obtain Postpetition Financing and Utilize Cash Collateral; and (II) Granting Adequate Protection, *In re Esco Marine, Inc.*, No. 15-20107 (Bankr. S.D. Tex. July 31, 2015), Dkt. No. 384 ¶ 20 (approving post-petition financing which required sale closing within specified period).

upon adequate protection.[4] And regardless, the fees and expenses of advisors representing the Senior Secured Lenders are separately provided for under the Canadian Initial Order.

17. Although not directly relevant the DIP Motion, several other points in the DIP Objection warrant a brief response. *First*, the idea that the CCAA Proceedings contemplate a "straight liquidation" (Obj. at 2) that will "benefit the Syndicate alone" (Obj. at 4) misapprehends the sale transactions proposed by the Chapter 15 Debtors. Through the sale transactions, the Chapter 15 Debtors are selling their Canadian and U.S. assets—to two separate buyers—as *going concerns*. The sales, accordingly, will allow the Chapter 15 Debtors to continue employing workers, paying suppliers and providing services to customers. The wide-ranging benefits of the sale transactions, and the robust process employed to obtain the best available price, will be presented to the Canadian Court and to this Court in seeking approval of those transactions.

18. *Second*, as the Bond Trustee acknowledges, the sale transactions will result in payment to the Senior Secured Lenders of "less than the full value of [their] secured claim." Obj. at 3; *accord* Crilly Affidavit ¶ 142. To state the obvious, if it were true that the bondholders have an actionable and feasible plan "to pay the banks in full" (Obj. at 3), the Senior Secured Lenders would be interested in that plan. In reality, the proposals made by the bondholders to date have been inferior to the going-concern asset sales in various respects, including the type of consideration offered, the implications for the future liquidity needs of the business, and the certainty of closing. Rather than paying all or even most of the secured claims in cash, the

[4] *See, e.g.*, Final Order (A) Authorizing Use of Cash Collateral for Texas Competitive Electric Holdings Company LLC and Certain of its Debtor Affiliates, (B) Granting Adequate Protection and (C) Modifying the Automatic Stay, *In re Energy Future Holdings Corp.*, No. 14-10979 (Bankr. D. Del. June 6, 2014), Dkt. No. 855, ¶ 5(c); Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay, *In re LightSquared Inc.*, No. 12-12080 (Bankr. S.D.N.Y. June 13, 2012), Dkt. No. 136, ¶ 7; Stipulation and Order (A) Authorizing Final Use of Cash Collateral and (B) Granting Adequate Protection to Secured Lenders, *In re Ampex Corp.*, No. 08-11094 (Bankr. S.D.N.Y. June 26, 2008), Dkt. No. 284 ¶¶ I, 7(a).

bondholder proposals have been predicated on the notion that the Senior Secured Lenders should bear—in the form of continuing loans—much of the future economic risk associated with the debtors' business. The proposals also have not offered adequate committed sources of future liquidity, and each of the proposals was preliminary: among other things, the proposals failed to address matters such as deposits and equity commitments. Despite these shortcomings, the Senior Secured Lenders have engaged continuously with the bondholder representatives regarding potential restructuring transactions. As Lawrence First of Ascribe acknowledges, the Senior Secured Lenders made a counterproposal to the bondholders on March 11 that (among other things) included a paydown of their secured debt but also a continued loan to Sanjel. *See* Bond Trustee's Objection to Entry of Preliminary and Permanent Injunction, Apr. 22, 2016 (Dkt. No. 125), Ex. A, Affidavit of Lawrence First ("First Affidavit") ¶ 53. More recently, in response to an April 11 proposal from Ascribe and Clearlake, the steering committee of Senior Secured Lenders made another counterproposal that included a higher cash component as compared to new debt. The Bond Trustee omits mention of that counterproposal from its submissions, and the bondholders did not respond to that proposal before commencing litigation.

19. *Third*, and finally, the Bond Trustee's assertions that the bondholders were "kept [] in the dark" (Obj. at 4) and that the debtors' activities have been "heavily cloaked in secrecy" (Obj. at 5) are totally untrue. The bondholders were fully aware of Sanjel's financial problems by December 2015 (when the company defaulted on an interest payment), they were given access to the same Sanjel dataroom as the Senior Secured Lenders beginning in January 2016, and their financial advisor, Peter Gibson of Alvarez & Marsal, was embedded at the company since March. Crilly Affidavit ¶ 117. As the bondholders acknowledge, they were also fully aware that Sanjel was undertaking a sale process: By mid-February, they "understood that the

Company was proceeding on a dual track process, whereby it was considering both a potential (i) stand-alone restructuring of the Company, *and (ii) sale process*." First Affidavit ¶¶ 33-34 (emphasis added). In addition, the Chapter 15 Debtors—with the consent of the Senior Secured Lenders—voluntarily agreed to pay the fees and expenses of the bondholders' *two* separate financial advisors, Moelis & Company and Alvarez & Marsal, as well as *two* separate law firms: Fried Frank for the ad hoc committee, and Togut Segal & Segal for the Bond Trustee. In short, as will be shown in response to any objections to the sale, the "cloak and dagger" narrative presented in the DIP Objection has no basis in fact: Both the Chapter 15 Debtors and the Senior Secured Lenders have made every reasonable effort, over a period of months, to include the bondholders in the restructuring/sale process and help them make the best possible proposal.

CONCLUSION

For the foregoing reasons and the reasons set forth in the DIP Motion, ATB, as agent for the Senior Secured Lenders, respectfully requests that the Court overrule the DIP Objection and approve the relief requested in the DIP Motion.

Dated: April 25, 2016

Respectfully submitted,

LANGLEY & BANACK, INC.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 25, 2016, a true and correct copy of the foregoing *Response of Alberta Treasury Branches, as Agent, In Support of Motion For An Order (I) Specifically Recognizing Canadian Court Order Authorizing Debtors To Borrow Under A Post-Petition Credit Facility, (II) Approving Liens On Assets Located In The Territorial Jurisdiction of The United States And (III) Granting Adequate Protection To Prepetition Secured Parties* was filed with the Court and served electronically upon those parties registered to receive electronic notice via the Court CM/ECF system and via First Class Mail, postage prepaid on the Master Service List.

/s/ *David S. Gragg*
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