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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

DECLARATION OF KRISTIN WHITLEY IN SUPPORT OF THE
DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

Pursuant to 28 U.S.C. § 1746, I, Kristin Whitley, hereby submit this declaration (this "Declaration") under penalty of perjury:

1. I am the Chief Financial Officer ("CFO") of Vista Proppants and Logistics, LLC and each of its direct and indirect subsidiaries (collectively, the "Debtors," "Vista," or the "Company") as debtors and debtors-in-possession in the above-captioned chapter 11 cases (the "Chapter 11 Cases").

[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.

2. I became involved with Vista in August 2016 when I was hired as Vista's Chief Accounting Officer. Less than a year later, I was promoted to Chief Financial Officer in May 2017. Prior to my employment at Vista, I was an audit senior manager with the public accounting firm Whitley Penn LLP. I began my career with Whitley Penn LLP after graduating from The University of Texas at Austin in 2006 with a BBA in accounting.

3. On June 9, 2020 (the "Petition Date"), the Debtors each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. In order to allow the Debtors to meet necessary obligations and fulfill their duties as debtors in possession, the Debtors filed the motions and applications described in this Declaration (collectively, the "First Day Pleadings"). I am familiar with the contents of each First Day Pleading and believe that the relief sought in each First Day Pleading is necessary to enable the Debtors to operate in Chapter 11 with minimal disruption. I further believe that the relief sought in each First Day Pleading constitutes a critical element in achieving a successful reorganization of the Debtors, and best serves the Debtors' estate and creditors' interests.

4. Except as otherwise indicated, the facts set forth in this Declaration are based upon my personal knowledge of Vista's business, my review of relevant documents, information provided to me or verified by other executives of the Debtors, Vista's professional advisors, including Haynes and Boone, LLP ("Haynes and Boone"), and upon my experience in the energy industry generally. Unless otherwise indicated, the financial information contained in this Declaration is unaudited and subject to change. I was involved with the preparation of the petition and First Day Pleadings. I am authorized to submit this Declaration on behalf of Vista, and if called upon to testify, I will testify competently to the facts set forth herein.

5. This Declaration is organized into three sections. **Part I** describes Vista's formation and business operations; **Part II** describes Vista's capital structure; and **Part III** describes the key events that led to the commencement of the Chapter 11 Cases.

I. VISTA'S BUSINESS

A. Formation

6. Vista Proppants and Logistics, LLC is a privately owned limited liability company formed under the laws of the State of Delaware and headquartered in Fort Worth, Texas.[2] Vista's principal business is producing mine-to-wellhead high-quality, fine-grade frac sand for oil and gas well completion in producing regions in Texas and Oklahoma, including the Permian Basin, Eagle Ford Shale, and the Southern Central Oklahoma Oil Province and the Sooner Trend (oil field) Anadarko (basin), Canadian and Kingfisher (counties) (the "SCOOP/STACK"). Vista currently employs approximately fifty-six individuals. Through its mining operations, Vista is capable of producing high-quality, fine-grade, 40/70-mesh, 100-mesh, and 200-mesh sand, which is marketed as "Texas Premium White" sand.

7. The Debtors began business in 2004 as a trucking entity and expanded over time into a vertically integrated frac sand supplier. The Debtors commenced transloading operations in 2006 and began mining in 2011. In 2012, the Debtors' added rail service a few miles away from the Cresson Mine (defined below) for direct shipment of sand in-basin.

8. The Debtors' current organizational structure was established on March 20, 2017, when Vista's owners completed a transaction in which Lonestar Prospects, Ltd. ("Lonestar Ltd.,") MAALT, LP ("MAALT"), MAALT Specialized Bulk, LLC ("Bulk"), Denetz Logistics, LLC ("Denetz"), and Lonestar Prospects Management, L.L.C. ("Lonestar Management") were acquired

[2] Vista Proppants and Logistics, LLC was previously "Oilfield Sands Holdings, LLC" formed in Delaware on March 10, 2010. The entity legally changed its named to Vista Proppants and Logistics, LLC on June 16, 2017.

by a newly formed holding company, Vista Proppants and Logistics, LLC (the "March 2017 Transaction").

9. As of the Petition Date, the majority (52.79%) of Vista OpCo is owned by Lonestar Prospects Holdings Company, L.L.C ("Lonestar Holdings"). The remainder of Vista OpCo is owned by the following non-debtor affiliates and investors: FR Sand Holdings, LLC ("First Reserve") (30.60%), Future New Deal, Ltd. (6.31%), M&J Partnership, Ltd. (6.31%), ARCC VS Corp. (1.77%), Gary Humphreys ("Humphreys") (1.06%), Marty Robertson ("Robertson") (1.06%), GHMRC, LLC ("GHMR") (Series A), Tim Probert (0.05%), Ares Credit Strategies (0.01%), Ares Jasper Fund, L.P. (>.01%), and Ares ND Credit Strategies Fund, LLC[3] (0.05%).

10. Vista OpCo owns, either directly or indirectly, the remainder of the Debtor subsidiaries – VPROP Operating, LLC ("VPROP"); Lonestar Prospects Management, L.L.C. ("Lonestar Management"); Bulk; Denetz Logistics, LLC ("Denetz"); Lonestar Ltd.; and MAALT. An organization ownership chart is attached hereto as **Exhibit A**.

B. Historical Operations

11. The Debtors operate under the name "Vista Proppants and Logistics." Vista's operations are divided into three categories: (1) mining; (2) trucking; and (3) transloading. Vista's business has historically been conducted through three affiliated entities and their respective subsidiaries: (i) Lonestar Ltd., which is in the business of mining, processing, transporting and selling industrial sand; (ii) MAALT, which specializes in the transloading of sand from rail to truck; and (iii) Bulk, which provides commercial trucking services through its fleet of commercial trucks, trailers and related assets, used in the transportation of frac sand and related commodities

[3] Ares Credit Strategies, Ares ND Credit Strategies Fund LLC, and Ares Jasper Fund, L.P. are owned by Ares Management, which is also the parent company of Ares Capital Corporation.

and specializes in the implementation of frac sand logistics solutions focused on the transportation of sand from in-basin terminals to the wellhead.

12. Prior to the Petition Date, Vista operated a vertically integrated logistics network consisting of three mines in Texas, eleven transloading terminals in Texas and Oklahoma, three trucking facilities in Texas, and a fleet of approximately 100 "last-mile" transport vehicles. The mines operated by the Debtors are located in Granbury, Texas (the "Cresson Mine"), Tolar, Texas (the "Tolar Mine"), and Kermit, Texas (the "West Texas Mine"). The trucking facilities operated by the Debtors are located in Dilley and Monahans, Texas.

13. As discussed in more detail below, as of the Petition Date, the Debtors are no longer engaging in trucking operations, have substantially reduced transloading operations, and have temporarily shut down their mining operations, other than the minimal operations necessary to preserve equipment and infrastructure.

II. CAPITAL STRUCTURE[4]

14. As of April 20, 2020, Vista's unaudited balance sheets reflected total assets of approximately $400 million and total liabilities of approximately $500 million. The Debtors' principal assets consist of accounts receivable, inventory, equipment, and fixed assets, including information technology assets and leasehold improvements.

15. Vista's prepetition debt structure primarily consists of: (i) the Term Loans, (ii) the ABL Debt, and (iii) the MAALT Debt. The Debtors also have outstanding obligations under various lease agreements and owe certain amounts to vendors and other general unsecured creditors.

[4] This summary is qualified in its entirety by reference to the operative documents, agreements, schedules, and exhibits.

A. Term Loans

16. Vista Proppants and Logistics, LLC, VPROP, Ares Capital Corporation, as administrative agent ("Ares" or the "Term Loan Agent"), and certain lenders (the "Term Loan Lenders") are parties to an Amended and Restated Senior Secured Credit Agreement dated as of November 9, 2017 (as amended, the "Term Loan Agreement"). The Term Loan Agreement provides for a senior secured term loan facility (the "Term Loan Credit Facility"). As of the Petition Date, approximately **$370,221,721** in principal and prepetition interest is outstanding under the Term Loan Credit Facility (the "Term Loans").

17. As more specifically described in the various loan documents entered into in connection with the Term Loan Credit Facility, the Term Loans are secured by liens (the "Term Loan Liens") on substantially all of the assets of VPROP, Lonestar Management, Lonestar Ltd, and Vista Proppants and Logistics, LLC, including Vista Proppants and Logistics, LLC's equity interests in each of its subsidiaries (collectively, the "Term Loan Collateral").

18. Under the Term Loan Credit Facility, the Term Loan Lenders agreed to provide a long-term note payable to the Debtors at LIBOR (with a floor of 1.5%) plus 8.5%. Additionally, the Term Loan Credit Facility requires PIK interest equal to 1% of the outstanding principal. The Debtors agreed to repay principal and interest in equal combined installments. The Term Loan Credit Facility was used to fund capital expenditures, including the development of the West Texas Mine and for general corporate purposes. In the absence of default, the Term Loan Credit Agreement matures on August 1, 2021.

B. ABL Facility

19. Lonestar Ltd., as borrower, Lonestar Prospects Holding Company, L.L.C., Gary B. Humphreys, Martin W. Robertson, and the other guarantors party thereto, as guarantors, and

PlainsCapital Bank ("PlainsCapital" or the "ABL Lender"), as lender, are parties to an Amended and Restated Loan Agreement dated as of January 12, 2018 (as amended, restated, supplemented, or otherwise modified from time to time, the "ABL Agreement").[5] The ABL Agreement provides for a senior secured credit facility (the "ABL Facility") in an amount of up to $21,959,690.13, subject to certain terms and conditions. As of the Petition Date, approximately **$15,984,430** in principal and interest is outstanding under the ABL Facility (the "ABL Credit Facility Obligations").

20. The ABL Credit Facility Obligations are secured by first priority liens (the "ABL Liens") on accounts receivable and finished sand inventory ("ABL Priority Collateral"), and second priority security interests in substantially all personal property of Lonestar Ltd., as more specifically described in the various loan documents entered into in connection with the ABL Agreement (collectively with the ABL Priority Collateral, the "ABL Collateral").

21. Pursuant to the ABL Agreement, the ABL Credit Facility Obligations become due and payable in full on June 14, 2020. The ABL Facility bears an interest rate per annum equal to the sum of the prime rate minus 0.5%, subject to a floor rate of 4.75%.

C. Intercreditor Agreement

22. The relative priority of the Term Loan Liens and the ABL Liens is governed by the Amended and Restated Intercreditor Agreement dated November 9, 2017, by and among PlainsCapital, Ares, and the Debtors (the "Intercreditor Agreement"). As more specifically set forth in the Intercreditor Agreement, the Term Loan Liens have first priority with respect to all of

[5] The ABL Agreement was amended by the First Amendment dated February 20, 2018; the Second Amendment dated June 14, 2018; the Third Amendment dated September 24, 2018; the Fourth Amendment dated November 19, 2019; the Fifth Amendment dated December 31, 2019; and the Sixth Amendment dated May 18, 2020.

the Debtors' assets other than certain accounts receivable, finished sand inventory, general intangibles, and the proceeds of the foregoing.

D. MAALT Facility Obligations

23. MAALT, and non-debtor GHMR Operations, L.L.C., as borrowers, Denetz, Gary B. Humphreys, Martin W. Robertson, and certain trust guarantors, as guarantors, and PlainsCapital, as lender, are parties to a Loan Agreement dated as of June 15, 2014 (as amended, restated, supplemented, or otherwise modified from time to time, the "MAALT Credit Agreement," and the facility thereunder, the "MAALT Facility"). The MAALT Credit Agreement provided for three term loans: the first term loan in the amount of $13,826,834, the second term loan in the amount of $3,850,497, and the third term loan in the amount of $1,797,500, as well as a senior secured revolving credit facility in the amount of up to $2 million, subject to certain terms and conditions (collectively, the "MAALT Facility"). As of the Petition Date, approximately **$3,923,450** in principal and prepetition interest is outstanding under the MAALT Facility (the "MAALT Facility Obligations").

24. The MAALT Facility Obligations are secured by a security interest in certain assets of MAALT, including certain accounts, inventory, equipment, and fixtures, as more specifically described in the various loan documents entered into in connection with the MAALT Facility. The MAALT Facility Obligations are also secured by a security interest of certain assets of non-debtor GHMR Operations, L.L.C. (collectively, the "MAALT Collateral").

F. Capital Leases and Lease Obligations

25. Vista is a party to various lease agreements in connection with certain equipment, buildings, office equipment, machinery, transload facilities, trucks, including trucks and freightliners, rail cars, storage facilities, real property, and mineral rights. With regard to real

property and mineral rights leases, Vista is the lessee under four large, long-term leases, comprised of two leases in Hood County, Texas; one lease in Tolar, Texas, and one lease in Winkler County, Texas (collectively, the "Mineral Leases"). All of the Mineral Leases require minimum royalty payments in addition to Vista's annual rent and fees.

G. Tax Obligations

26. In the ordinary course of their businesses, the Debtors collect, remit, withhold, and pay to various taxing authorities and governmental regulatory bodies (collectively, the "Taxing Authorities") among other taxes, certain sales and use taxes (the "Sales/Use Taxes"), property taxes (the "Property Taxes"), and franchise and/or income taxes (the "Franchise/Income Taxes," and together with the Sales/Use Taxes and Property Taxes, the "Taxes").

27. Certain Taxing Authorities require the Debtors to collect from their customers, and/or for the Debtors to pay as a customer, Sales/Use Taxes that are based on a percentage of sales prices. The Debtors estimate that they owe approximately $10,000 in Sales/Use Taxes relating to periods prior to the Petition Date, all of which will become due within thirty days of the Petition Date.

28. Property Taxes are assessed and become payable in the ordinary course of business and are calculated based on a statutorily-mandated percentage of property value (for both real and personal property). Generally, Property Taxes are due annually, and the timing of payment of Property Taxes varies from jurisdiction to jurisdiction. As of the Petition Date, the Debtors estimate that they owe (i) approximately $2.2 million in Property Taxes related to the 2019 tax year, including late fees, and (ii) approximately $1.3 million in Property Taxes that have accrued for the prepetition portion of the 2020 tax year.

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29. The Debtors have Franchise/Income Tax obligations they must pay to various state authorities in jurisdictions where the Debtors operate or are authorized to do business. These taxes are assessed annually and are necessary to remain in good standing. The Debtors estimate that they owe approximately $207,000 in Franchise/Income Taxes relating to periods prior to the Petition Date.

H. General Unsecured Creditors

30. In addition to the Debtors' outstanding obligations under the Term Loans, the PlainsCapital ABL Facility, the MAALT Facility, and the Lease Obligations, the Debtors also have unsecured debt obligations, including, *inter alia*, amounts owed to trade vendors.

III. EVENTS LEADING TO BANKRUPTCY AND PREPETITION RESTRUCTURING INITIATIVES

A. Events Leading to Bankruptcy

31. The Debtors' business and financial performance heavily depends on sales generated by a limited customer base—*i.e.* exploration and production companies and oilfield service providers engaged in drilling and well services. The Debtors' financial performance has been negatively affected by an ongoing slump in natural gas and oil commodity prices, which adversely affected the fluctuating demand for frac sand. The Debtors' financial performance has also been adversely impacted by an industry shift towards construction of multiple in-basin sand mines and the use of in-basin sand, which did not materially exist prior to 2017.

32. Vista's financial difficulties are compounded by the COVID-19 pandemic. The effects of this pandemic have taken a significant toll on energy markets and the nation's financial system. The COVID-19 pandemic continues to spread, further affecting exploration and production activity and creating operations challenges due to travel restrictions, social distancing guidelines, business restrictions, local "shelter in place" orders, and other logistical hurdles.

33. The Debtors have also faced internal obstacles and company-specific business challenges. Internal logistics obstacles, geographic shifts in demand, and the Debtors' overall capital structure have resulted in decreased productivity and revenues. The Debtors continue to experience sales declines, resulting in further liquidity pressures. The Debtors' revenue and profitability remain insufficient to support its debt service, working capital, and capital expenditures requirements.

34. To address the financial challenges and the COVID-19 related damage suffered by the Debtors and preserve the going-concern value of their business, the Debtors seek relief from this Court to implement a restructuring of the business in a manner that will be most beneficial to its various creditors.

B. Prepetition Restructuring Initiatives

35. As a result of the near-cessation of business revenue, the Debtors have engaged in a number of cost savings initiatives, including furloughing employees and shutting down all operations to the minimal extent necessary to preserve the Debtors' ability to recommence business operations in the future. Such minimal operations include activities such as intermittently using, maintaining equipment and infrastructure to ensure that such equipment and infrastructure will remain in good working condition for future use.

36. By furloughing the majority of their employees and moving towards minimal operations, the Debtors were able to significantly reduce operating costs. Despite this reduction, the Debtors have still incurred, and continue to incur, significate costs without the benefit of offsetting sales revenue. The largest costs necessary to preserve the Debtors' assets are the minimum royalty payments required under various leases. Additionally, the Debtors' employees are necessary to preserve the Debtors' ability to recommence business operations in the future.

Furthermore, goods and services from certain vendors will be required throughout the Chapter 11 Cases to ensure the preservation of the Debtors' assets.

37. The Debtors engaged Haynes & Boone and A&M to advise them in exploring various strategic alternatives to right-size and recapitalize their operations and balance sheet. The Debtors have undertaken a review of their business to determine how to address continuing liquidity constraints. As part of this review, the Debtors, their officers, and professionals have considered various operational and strategic options to increase revenue and control costs. The review has also involved an analysis of Visa's relationships with strategic partners, lease expenses, and a number of other components of the business to identify opportunities to re-direct Vista's business to more financially viable outlets to continue providing high-quality frac sand and accompanying services to Vista's loyal customer base.

38. A central component of Vista's review has been a financial analysis to, among other things, restructure its long-term debt with Ares. Vista has been engaged in ongoing negotiations with Ares in an effort to allow Vista to continue its operations in an effort to repay its outstanding obligations.

39. After several months of efforts by the Debtors, with the assistance of their advisors, which included negotiating default/forbearance agreements with Ares, the Debtors determined that the Debtors did not have sufficient liquidity to operate and meet certain debt service obligations during the remainder of 2020, and therefore required additional sources of financing. Left with no other alternative, the Debtors began to consider a Chapter 11 reorganization process and began engaging in restructuring discussions with the prepetition creditors.

40. I believe that the Chapter 11 Cases will provide the Debtors with the best opportunity to preserve the business as a going concern, make necessary changes to the Debtors'

business plan, eliminate costly contracts and lease obligations, and thereby preserve value for the Debtors' estates.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing Declaration is true and correct.

Dated: June 10, 2020

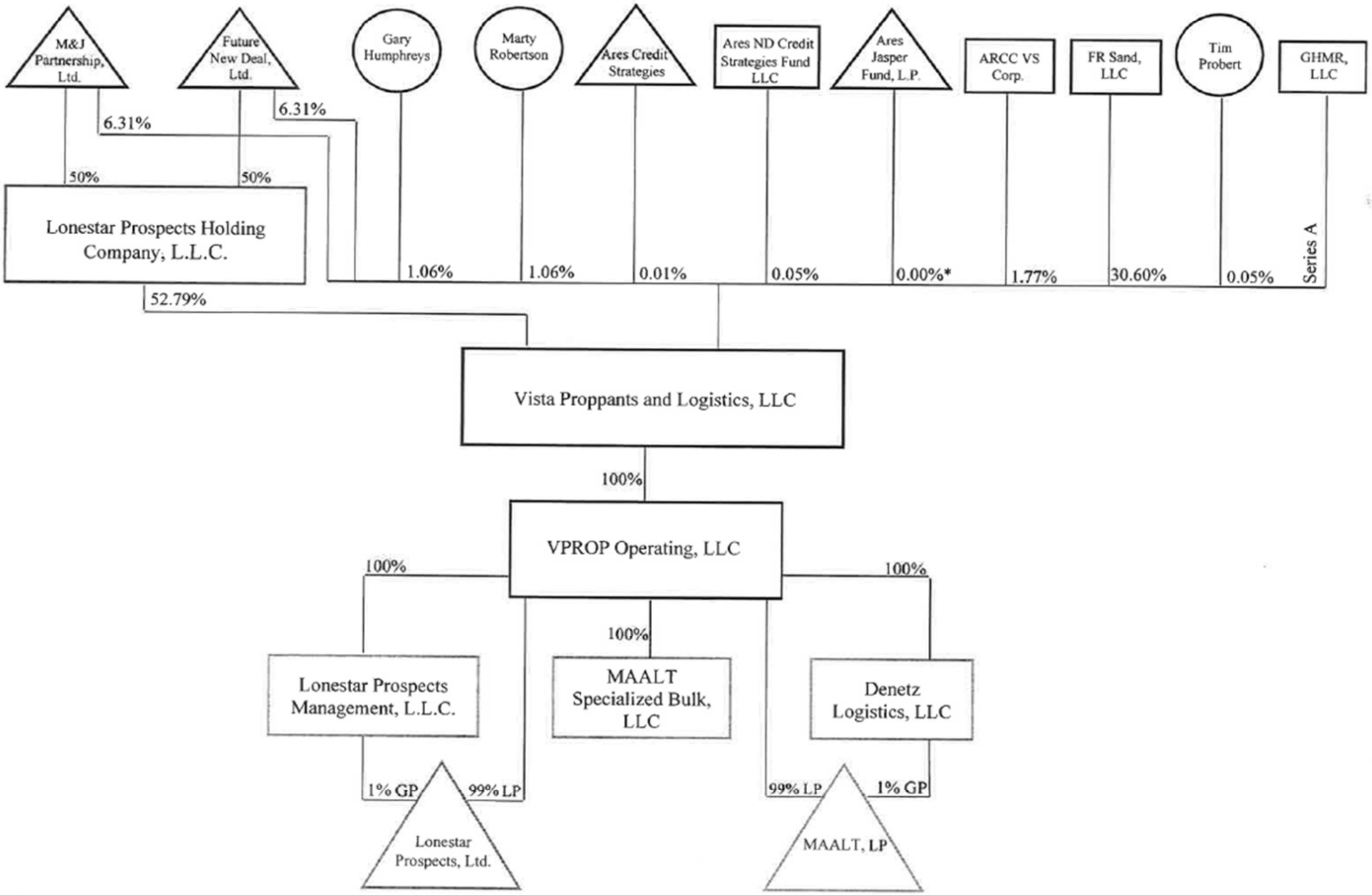
By: *_/s/ Kristin Whitley_*

Name: Kristin Whitley

Title: Chief Financial Officer

EXHIBIT A

Organization Ownership Chart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Future New Deal, Ltd.
Gary Humphreys
Marty Robertson
Ares Credit Strategies
Ares ND Credit Strategies Fund LLC
Ares Jasper Fund, L.P.
ARCC VS Corp.
FR Sand, LLC
Tim Probert
GHMR, LLC
6.31%
6.31%
50%
50%
Lonestar Prospects Holding Company, L.L.C.
1.06%
1.06%
0.01%
0.05%
0.00%*
1.77%
30.60%
0.05%
Series A
52.79%
Vista Proppants and Logistics, LLC
100%
VPROP Operating, LLC
100%
100%
100%
Lonestar Prospects Management, L.L.C.
MAALT Specialized Bulk, LLC
Denetz Logistics, LLC
1% GP
99% LP
99% LP
1% GP
Lonestar Prospects, Ltd.
MAALT, LP

* less than .01%