Stephen M. Pezanosky
State Bar No. 15881850
Ian T. Peck
State Bar No. 24013306
David L. Staab
State Bar No. 24093194
HAYNES AND BOONE, LLP
301 Commerce Street, Suite 2600
Fort Worth, TX 76102
Telephone: 817.347.6600
Facsimile: 817.347.6650
Email: stephen.pezanosky@haynesboone.com
Email: ian.peck@haynesboone.com
Email: david.staab@haynesboone.com

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 GARY BARTON IN SUPPORT OF THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

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

1. I am the Chief Restructuring Officer ("CRO") of Vista Proppants and Logistics, LLC ("Vista OpCo") 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

[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.

11 cases (the "Chapter 11 Cases"). I am also a Managing Director for Alvarez & Marsal ("A&M") in its North American Corporate Restructuring practice.

2. I have more than 30 years of experience in corporate restructurings, finance, and accounting and have advised companies across a diverse range of industries. I have assisted clients both in and outside of Chapter 11, and have acted as financial advisor to companies, lenders, and unsecured creditors' committees.

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 two sections. **Part I** is a summary of the proposed DIP Facility (as defined below) and **Part II** contains a summary of the relief requested in, and the factual basis supporting, the First Day Pleadings.

I. The DIP Facility

6. In the months leading up to the Petition Date, the Debtors and their advisors engaged in active dialogue with Ares Capital Corporation ("Ares") and PlainsCapital Bank ("PlainsCapital").[2] The resolution of several conflicting factors took significant time and effort and resulted in the heavily negotiated debtor in possession term loan facility (the "DIP Facility").

7. The DIP Facility negotiations culminated in Ares (the "DIP Agent") and the other existing Term Loan Lenders (collectively, the "DIP Lenders") committing to provide a non-amortizing senior secured delayed draw term loan facility in an aggregate principal amount of up to **$11 million** (the "DIP Commitment"). As described in the DIP Motion, the Debtors may obtain funding for expenditures in accordance with an approved budget (the "DIP Budget"), which is attached as an exhibit to the DIP Motion. The Company's senior lenders are fully-supportive of the bankruptcy filings and expect to sponsor a plan of reorganization with Vista to facilitate a prompt exit from Chapter 11.

8. The proceeds of the DIP Facility are sized to support the Debtors through the anticipated pendency of the Chapter 11 Cases. I believe the financial terms and covenants of the DIP Facility are reasonable under the circumstances for financing of this kind. Specific to the

[2] A description of the Debtors' prepetition capital structure and the facts and circumstances of the Chapter 11 Cases is contained in the *Declaration of Kristin Whitley in Support of the Debtors' Chapter 11 Petitions and First Day Motions* (the "Whitley Declaration").

Chapter 11 Cases, the DIP Facility sets certain milestones for confirmation of a plan of reorganization and other restructuring initiatives and entitles the DIP Lenders to certain fees. Additionally, the adequate protection provided to the DIP Lenders and the Term Loan Lenders (as defined in the Whitley Declaration) were necessary to induce the DIP Lenders to provide the DIP Facility and to induce the Term Loan Lenders to consent to priming. Based on the extensive negotiations that took place, I believe that these are the only terms on which the DIP Lenders will provide the needed financing.

9. It is my understanding that any alternative financing arrangement, including an arrangement provided by potential debtor-in-possession lenders other than Ares, likely would have led to a lengthy and potentially value-destructive priming fight. Moreover, I understand that the DIP Lenders would not have been amendable to providing financing without these heavily bargain-for provisions detailed in the DIP Motion. During negotiations with the DIP Lenders, the Debtors proposed that the DIP Lenders provide the DIP Facility with lower or no associated fees and free from procedural milestones. The DIP Lenders made clear that they would not be willing to provide the DIP Facility on more favorable terms. On the other hand, the Debtors successfully negotiated several key concessions from the DIP Lenders, including, *inter alia*, (a) payment of budgeted estate professional fees, (b) a carve-out for estate professionals' fees and expenses, and (c) budgeted use of funds from a statutory committee of unsecured creditors to investigation the prepetition lies and claims. The Debtors' access to this financing is necessary to enable the Debtors to adequately restructure their business in Chapter 11.

10. I believe that the terms of the DIP Facility, including the provisions described above, constitute the only terms the Debtors could achieve on which the DIP Lenders will extend the necessary postpetition financing. Although the Debtors exhaustively explored whether the DIP

Lenders would provide the DIP Facility on more favorable terms to the Debtors, during negotiations, the DIP Lenders were not willing to do so.

11. Accordingly, the Debtors, with the advice of Haynes & Boone and myself, recognized the absence of more favorable competing proposals and the benefits to be provided under the DIP Facility and determined in their sound business judgment that the terms of the DIP Facility were and remain superior to any other set of terms reasonably available to the Debtors at this time.

12. I believe that the DIP Facility provides the Debtors with the best, most feasible, and most value-maximizing financing option available.

II. First Day Pleadings

13. Below is an overview of the First Day Pleadings other than the DIP Motion. In the First Day Pleadings, the Debtors seek relief intended to facilitate a smooth transition into Chapter 11 and minimize disruptions to the Debtors' restructuring efforts. Capitalized terms used but not otherwise defined in this section of the Declaration shall have the meanings ascribed to them in the relevant First Day Pleading.

A. Joint Administration Motion

14. Through the *Debtors' Emergency Motion for Entry of Order Authorizing Joint Administration of Chapter 11 Cases Pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure* (the "Joint Administration Motion"), the Debtors request authorization to jointly administer their Chapter 11 cases for procedural purposes only. The Debtors are "affiliates" as defined in section 101(2) of the Bankruptcy Code, as Debtor Vista Proppants and Logistics, LLC directly or indirectly owns and controls 100 percent of the equity interests of all of the other

Debtors.

15. Because joint administration of these cases will remove the need to prepare, replicate, file, and serve duplicative notices, applications and orders, the Debtors and their estates will save substantial time and expense. Further, joint administration will relieve the Court of entering duplicative orders and maintaining duplicative files and dockets. The United States Trustee for the Northern District of Texas (the "U.S. Trustee") and other parties in interest will similarly benefit from joint administration of these Chapter 11 Cases by sparing them the time and effort of reviewing duplicative pleadings and papers. Joint administration will not adversely affect creditors' rights because this Motion requests only the administrative consolidation of the estates. This Motion does not seek substantive consolidation. As such, each creditor may still file its claim against a particular estate.

16. I believe that the relief requested in the Joint Administration Motion is in the best interest of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be approved.

B. Claims Agent Application

17. In *Debtors' Emergency Application for Authorization to Retain and Employ Kurtzman Carson Consultants LLC as Claims, Noticing and Solicitation Agent* (the "Claims Agent Application"), the Debtors seek entry of an order appointing Kurtzman Carson Consultants LLC ("KCC") as the Claims and Noticing Agent for the Debtors in the Chapter 11 Cases in accordance with the terms and conditions set forth in the Services Agreement, effective *nunc pro tunc* to the Petition Date. The Debtors wish to retain KCC as the Claims and Noticing Agent for these Chapter 11 Cases, to, among other tasks: (i) serve as the noticing agent to mail notices to the estates' creditors, equity security holders, and parties in interest; (ii) provide computerized claims,

objection, solicitation, and balloting database services; and (iii) provide expertise, consultation, and assistance in claim and ballot processing and other administrative services with respect to these cases. Based on all engagement proposals obtained and reviewed, I believe that KCC's rates are competitive and reasonable given KCC's quality of services and expertise.

18. I believe that the relief requested in the Claims Agent Application is in the best interest of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Claims Agent Application should be approved.

C. Notice Motion

19. In the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to File a Consolidated List of Creditors and (II) Mail Initial Notices* (the "Notice Motion"), the Debtors request entry of an order: (i) authorizing the Debtors to file a consolidated list of creditors and (ii) mail initial notices. The preparation of a separate creditor matrix for each Debtor would be expensive, time consuming, and administrative burdensome. Accordingly, the Debtors respectfully request authority to file one Consolidated Creditor Matrix for all Debtors.

20. Through KCC, the Debtors' proposed Noticing and Claims Agent, the Debtors propose to serve the Notice of Commencement substantially in the form annexed to the Proposed Order as Exhibit 1 on all parties entitled to such notice and, at the same time, to advise them of the section 341 meeting. Service of a single Notice of Commencement will not only avoid confusion among creditors, but will also prevent the Debtors' estates from incurring unnecessary costs associated with serving multiple notices to the parties listed on the Consolidated Creditor Matrix if required to service an individual Notice of Commencement for each Debtor. Accordingly, the Debtors submit that service of a single Notice of Commencement is warranted. Additionally, the Debtors have tailored the proposed Notice of Commencement to include contact information for

KCC in an effort to reduce the number of inquiries directed to the Clerk's Office.

21. I believe that the relief requested in the Notice Motion is in the best interests of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Notice Motion should be approved.

D. Schedules Motion

22. Through the *Debtors' Emergency Motion for Entry of an Order Extending the Time to File Schedules and Statements* (the "Schedules Motion"), the Debtors seek the entry of an order extending the deadline by which the Debtors must file the schedules of assets and liabilities and statements of financial affairs (collectively, the "Schedules and Statements"), by 30 days, for a total of 44 days from the Petition Date, through and including **July 23, 2020**.

23. There are seven Debtors in these Chapter 11 Cases. To prepare the Schedules and Statements, the Debtors must compile information from books, records, and documents maintained by each of these seven Debtors, relating to the claims of thousands of creditors, as well as the Debtors' many assets and contracts. Given the scope of the Debtors' prepetition operations, it will take substantial time to gather and process such information. The Debtors have a limited number of employees with detailed knowledge of the Debtors' financial affairs and the skill to perform the necessary review and analysis of the Debtors' financial records. In light of the size and complexity of the Debtors' businesses, and the resulting significant amount of work required to complete the Schedules and Statements, as well as the competing demands on the Debtors' employees and professionals to assist in critical efforts to stabilize the Debtors' business operations during the initial postpetition period, I believe that an extension is necessary.

24. The requested extension also will aid the Debtors in efficiently preparing accurate Schedules and Statements, as it will allow the Debtors to account for prepetition invoices not yet

received or entered into their accounting systems as of the Petition Date, and will minimize the possibility that any subsequent amendments to the Schedules and Statements are necessary. As such, the extension will benefit not only the Debtors, but all creditors and other parties in interest.

25. Although the Debtors, with the assistance of their professional advisors, have begun to compile the information necessary for the Schedules and Statements, the Debtors have been consumed with a multitude of other legal, business, and administrative matters in the weeks prior to the Petition Date. The Debtors expect that they will require at least 30 additional days to finalize the Schedules and Statements. Recognizing the importance of the Schedules and Statements in these Chapter 11 Cases, the Debtors intend to complete the Schedules and Statements as quickly as possible under the circumstances.

26. I believe that the relief requested in the Schedules Motion is in the best interests of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Schedules Motion should be approved.

E. Wage and Benefits Motion

27. The Debtors also filed *Debtors' Emergency Motion for Order (I) Authorizing Debtors to Pay Certain Prepetition Employee Wages, Other Compensation and Reimbursable Employee Expenses; (II) Continuing Employee Benefits Programs; (III) Authorizing Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations Pursuant to Sections 105(a), 363(a), and 507(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004; and (IV) Granting Related Relief* (the "Wage and Benefits Motion"). In the Wage and Benefits Motion, the Debtors seek authority under Bankruptcy Code sections 105(a), 363(a), 507 and Bankruptcy Rule 6003 to pay certain prepetition obligations owed to either Employees (defined below) or those who provide employee benefits, to honor and continue Employee Obligations

(defined below) and to authorize financial institutes to receive, process, honor, and pay checks presented for payment and electronic payment requests relating to prepetition Employee Obligations. The Debtors are not seeking authority to pay any employee of any of their non-Debtor affiliates. Additionally, the Debtors seek to modify the automatic stay in favor of claimants seeking to recover under the Workers' Compensation Program (defined below); provided, however, that such claims are pursued in accordance with the Workers' Compensation Program, and recoveries, if any, are limited to the proceeds from the applicable Workers' Compensation Program.

28. As of the Petition Date, Vista employs 56 full-time employees (the "Employees") and no part-time employees. Included among the Employees are certain executives, equipment operators, mechanics, supervisors, electricians, and dispatchers, among others. Many of the Employees have specific skill sets and expertise that are essential to the Debtors' operations. The Employees are critical to the preservation of the Debtors' estates during the Chapter 11 Cases. Additionally, the Employees responsible for the Debtors' limited business operations, including information technology, accounting and finance, and other related tasks are equally as important to the business operations. Their skills, knowledge, and understanding with respect to the Debtors' infrastructure and limited business operations are required for the effective reorganization of the Debtors' businesses.

29. In the Wage and Benefits Motion, the Debtors seek authority to pay the following aggregate amounts on account of prepetition Employee Obligations:

Employee Obligations	Unpaid Prepetition Amount
Unpaid Wage Obligations	$203,000
Payroll Taxes	$41,000
Payroll Deductions	$10,000

Reimbursable Expenses	$1,000
PTO	$205,000
Benefit Service Provider Fees	$1,000
Unpaid Health Benefits	$344,000
Unpaid Employee Insurance Coverage Premiums	$45,000

i. Employee Wage Obligations

30. The Debtors typically pay obligations relating to Employee wages and salaries on a biweekly basis. In the ordinary course of business, the Debtors pay their Employees through Paycom Software, Inc. ("Paycom"), a third-party service provider, which makes payments either directly to Employees through direct deposits with funds advanced by the Debtors or by check. The Debtors advance funds to Paycom approximately two (2) days prior to the Debtors' regularly-scheduled payroll. Subsequently, Paycom makes payments to the Employees and to various third parties as described below.

31. The Debtors estimate their average bi-weekly payroll to be approximately **$297,000**. The Debtors' most recent bi-weekly payroll was funded to Paycom on June 3, 2020, prior to the Debtors' filing, and covers the time period from May 18, 2020, to May 31, 2020, for the mining and executive Employees and from May 17, 2020, to May 30, 2020, for the transload Employees. The Debtors estimate that, as of the Petition Date, approximately **$203,000** in wages and salaries earned by the Employees prior to the Petition Date have accrued and remain unpaid (collectively, the "Unpaid Wage Obligations"). The Debtors do not believe that any of the Employees are owed prepetition Wage Obligations in an amount exceeding the $13,650 priority cap imposed by Section 507(a)(4) of the Bankruptcy Code (the "Priority Wage Cap").

iii. Payroll Taxes and Deductions

32. In various jurisdictions, the Debtors are required by law to withhold amounts from the Wage Obligations related to income taxes, healthcare taxes, and other social welfare benefits, including social security, Medicare taxes, and unemployment insurance (collectively, the "Withholding Taxes") and to remit the same and certain other amounts to the appropriate taxing authorities (collectively, the "Taxing Authorities") according to schedules established by such Taxing Authorities.

33. In certain circumstances, the Debtors are also required to make additional payments from their own funds in connection with the Withholding Taxes (the "Employer Taxes" and, together with the Withholding Taxes, the "Payroll Taxes"). In the aggregate, the Payroll Taxes, including both the Employee and Employer portions, total approximately **$60,000** for each bi-weekly payroll. As of the Petition Date, the Debtors estimate that they owe approximately **$41,000** on account of prepetition Payroll Taxes.

34. During each applicable pay period, the Debtors, directly through Paycom, also routinely withhold other amounts from certain Employees' gross pay, including garnishments, child support, and deductions related to various Retirement Plans and other Employee Benefits (each hereinafter defined) (collectively, the "Deductions" and, together with the Payroll Taxes, the "Payroll Taxes and Deductions"). As of the Petition Date, the Debtors estimate that they owe approximately **$10,000** on account of prepetition Deductions.

vi. Reimbursable Expenses

35. In the ordinary course of business, the Debtors reimburse certain Employees in accordance with the Debtors' policies for reasonable, customary, and approved expenses incurred on behalf of the Debtors in the scope of such Employees' employment and service, including travel

mileage, hotel rooms, meals, vehicle, equipment, and business-related telephone charges (collectively, the "Reimbursable Expenses"). The Debtors reimburse the Reimbursable Expenses as part of the scheduled payroll immediately following the Debtors' approval. Because of the irregular nature of requests for Reimbursable Expenses, it is difficult to determine the amount of Reimbursable Expenses outstanding at any given time.[3] The Debtors estimate that Reimbursable Expenses average approximately **$1,000** per month, and approximately one month of Reimbursable Expenses may remain outstanding as of the Petition Date.

vii. Vacation and Paid Time Off

36. The Debtors provide the Employees with paid time off ("PTO") for vacation, illness, and other personal leave. Vacation accrues per pay period, and the available leave is dependent upon an Employee's length of employment. If an Employee does not use his or her vacation time in a given year, the Employee may cash out[4] up to forty-eight (48) hours or carry over up to forty-eight (48) hours of vacation for use in the following calendar year but loses any unused hours in excess of forty-eight (48) hours. If an Employee is terminated or resigns, such Employee is paid for any unused vacation time if the Employee has been employed for more than one year and was not terminated due to misconduct or unacceptable performance. The cash balance of PTO as of the Petition Date is **$205,000** with two (2) Employees having a cash-out balance greater than $10,000.

viii. Benefit Service Providers

37. The Debtors engage certain benefit service providers (each, a "Benefit Service Provider") to help administer payroll and provide other services. The scope of services provided

[3] Certain Employees have had to use their own personal credit cards for business operation expenses.
[4] Bulk and MAALT Employees are not entitled to cash out or carry over PTO. The cash out and carry over policies only apply to Lonestar Management Employees.

varies from contract to contract, but in each instance, the Debtors pay a fee to the Benefit Service Provider (the "Benefit Service Provider Fees").

38. As mentioned above, Paycom is a Benefit Service Provider, which facilitates the administration of payroll and payment of payroll taxes and deductions for Employees. The Debtors also engage certain other Benefit Service Providers to assist with employment related functions.

39. The Debtors estimate that Benefit Service Provider Fees average approximately $9,200 per month, and approximately **$1,000** of Benefit Service Provider Fees may remain outstanding as of the Petition Date.

ix. Employee Benefit Plans

40. The Debtors maintain various employee benefit plans and policies for health care, dental, vision, disability, life, accidental death and dismemberment insurance, 401(k) savings plans, workers' compensation and employee assistance for mental health needs (collectively, and as discussed in more detail below, the "Employee Benefits"). The Employee Benefits are administered by several different providers (collectively the "Benefits Providers"), depending upon the benefit.

ix. Health Benefits

41. All regular, full-time Employees are eligible to receive medical, prescription drug, dental, and vision insurance coverage (collectively, the "Health Benefits"), provided by various health care providers, including:

- Blue Cross and Blue Shield of Texas – Medical and Pharmacy
- HSA Bank – Health Savings Accounts
- BlueCross Blue Shield – Dental[5]

[5] The Employee contributions for medical, health savings accounts, dental, and vision are deducted on a pre-tax basis.

- Dearborn National/EyeMed – Vision
- Teladoc – Online Doctor Service/Telemedicine

As part of the Health Benefits, Employees may choose from a PPO Plan, a Base Health Savings Account ("HSA") Plan, or a Buy Up HSA Plan. Amounts contributed to the HSA are deducted from an Employee's payroll and deposited into an account over which such Employee has control.

42. The Debtors pay the employer portion for the Health Benefits, and the Employees' portion of premiums for the Health Benefits is deducted from each participating Employees' payroll amount. The Employees' contribution for Health Benefits depends on their elections while the Debtors' portion ranges from $0 to $528[6] per pay period. The Debtors estimate that obligations for premiums under the Health Benefits plans average approximately **$344,000** per month[7] (**$337,000** in Medical/Dental; **$3,500** in Vision; and **$3,500** in Telehealth Benefits), and approximately one month of obligations, **$344,000**, for premiums under the Health Benefits plan may remain outstanding as of the Petition Date (the "Unpaid Health Benefits").

x. Life and Accidental Death and Dismemberment Insurance

43. The Debtors provide basic group term life, accidental death, long-term disability, and certain other risk and disability insurance benefits (collectively, the "Employee Insurance Coverage"). The Debtors provide Basic Life and Accidental Death and Dismemberment Insurance through Mutual of Omaha ("Mutual of Omaha") at the Debtors' cost. The Basic Life and Accidental Death and Disability ("AD&D") Insurance benefit is equal to $25,000. Additionally, Employees may elect to purchase additional Voluntary Life and AD&D insurance life insurance

[6] This is the highest amount possible under all of the Debtors' Health Benefits plans, which includes separate Health Benefits for Lonestar Management, MAALT, and Bulk Employees. This amount assumes that a Bulk Employee has enrolled in health, dental, and vision insurance for the Employee and the Employee's family.
[7] The estimate of obligations for premiums under the Health Benefits plans is based on an average of the last three months of expenses paid by the Debtors.

on behalf of the Employee, his or her spouse, or child; however, the premium for Voluntary Life and AD&D insurance is borne by the Employee and paid through Payroll Deductions.

44. In addition, each Employee that works at least thirty hours per week may elect to receive short or long-term disability insurance through Mutual of Omaha. The short-term disability plan entitles an Employee to receive 60% of their income, with a weekly benefit of up to $1,000 for up to 12 weeks. The long-term disability plan entitles an Employee to receive 60% of their income of up to $6,000 per month for various periods of duration, depending on age. The Debtors pay 0% of the cost for long term disability, while the Employee is responsible for 100% of the cost of the short and/or long-term disability to the extent coverage is elected.

45. In order to retain the Employee Insurance Coverage, the Debtors are required to pay premiums to the providers of the Employee Insurance Coverage. The Debtors estimate that monthly Employee Insurance Coverage premiums average approximately **$45,000** per month, and approximately one month of obligations for premiums under the Employee Insurance Coverage may remain outstanding as of the Petition Date (the "Unpaid Employee Insurance Coverage Premiums").

xii. Retirement Plans

46. The Debtors also provide certain eligible Employees with retirement benefits. The Debtors maintain a retirement savings plan with Principal Financial Services, Inc. ("Principal") for the benefit of all Employees who meet the requirements of Section 401(k) of the Internal Revenue Code (the "401(k) Plan"). The 401(k) Plan is a defined contribution 401(k) profit sharing plan and is compliant with ERISA 404(c). Employees have the option to contribute to a Roth 401(k) as well as a traditional 401(k). All amounts contributed to the 401(k) Plan are wired directly from the Debtors to Principal.

47. Employees are automatically enrolled in the 401(k) Plan. Instead, Employees must make an election to participate in the 401(k) Plan. Employees become eligible to participate in the 401(k) Plan 60 days after the date of hire. Employees who are 50 years of age or older who already contribute the maximum amount under the 401(k) Plan may also make a "catch-up contribution" up to $6,000 for a total combined contribution allowance of $25,000. The 401(k) Plan currently has a total of 661 participants, including 44 active participants and 617 inactive participants. The Debtors do not match 401k contributions.

48. In the first quarter of 2020, the Debtors withheld an aggregate amount of approximately **$17,000** each month from participants' paychecks on account of their 401(k) contributions. As of the Petition Date, the Debtors estimate that they hold approximately **$12,000** related to Employee 401(k) Plan contributions that have not been remitted to the 401(k) Plan (the "Unremitted 401(k) Contributions").

xiii. Workers' Compensation Programs

49. The Debtors also provide Employees with workers' compensation and employer's liability coverage (the "Workers' Compensation Program") through First Liberty Insurance Corp. The Debtors are responsible for the full amount of the premiums for the Workers' Compensation Program for the benefit of Employees. Premiums are adjusted annually based on claims made during the previous year. On average, the Debtors pay approximately **$906,000** in Workers' Compensation premiums. Prior to the Petition Date, the Debtors renegotiated coverage for 2020. Under the Debtors' current Workers Compensation Program, premiums have been reduced to approximately **$5,000 per month**. The Debtors reasonably believe there are no amounts due and outstanding as of the Petition Date under the Workers' Compensation Program.

xiv. Employee Assistance Program

50. The Debtors provide the Employees with access to Employee Assistance Program ("EAP") through Mutual of Omaha. The EAP provides Employees access to a website, a 1-800 number, and free counseling and referral programs for mental health needs. The Debtors' cost to provide this EAP is included into the premiums paid by the Debtors to Mutual of Omaha.

xv. Honoring Obligations to Employees Will Benefit the Debtors and the Estate

51. The Debtors do not believe that the total combined Unpaid Wage Obligations, Reimbursable Expense obligations, and Health Benefits owed to any one employee exceeds $13,650 earned within the 180 days prior to the Petition Date. The Debtors believe that the vast majority of the Employee Obligations constitute priority claims. In the absence of such payments, the Debtors believe that their Employees may seek alternative employment opportunities. Such a development would deplete the Debtors' workforce and hinder the Debtors' ability to successfully reorganize. Moreover, the loss of valuable individuals and the recruiting efforts that would be required to replace them would be a massive and costly distraction at a time when the Debtors should be focusing on implementing a successful reorganization. For these same reasons, failure to pay the Employee Obligations will adversely impact the Debtors' relationships with their Employees at a time when the Employees' support is critical to the Debtors' success in Chapter 11.

52. Due to the nature of the Debtors' businesses, Employees of an equivalent level of skill and knowledge would be difficult and costly for the Debtors to find and to integrate into their restructuring efforts in an efficient manner. It is necessary that the Debtors continue to maintain Employee Benefits. Satisfying prepetition and post-petition obligations related to the Employee Benefits will ultimately allow the Debtors to focus on effecting a more cost-efficient

reorganization. The Debtors also believe it is necessary to continue payment of the Benefit Service Provider Fees in order to maintain the smooth administration of programs related to the Employee Obligations. Without the continued services of the Benefit Service Providers, the Debtors will be unable to continue to honor their Employee Obligations in an efficient and cost-effective manner.

53. To the extent the Debtors' Employees hold valid claims under any of the Debtors' workers' compensation policies, the Debtors seek authorization, under Section 362(d) of the Bankruptcy Code, to permit these Employees to proceed with their claims in the appropriate judicial or administrative forum, subject to the conditional lift stay terms set forth in the Order. The Debtors believe cause exists to modify the automatic stay because prohibiting the Debtors' Employees from proceeding with their claims could have a detrimental effect on the financial well-being and morale of such employees and lead to their departure. Thus, solely with respect to workers' compensation claims, the Debtors seek to modify the automatic stay; provided, however, that such claims are pursued in accordance with the Workers' Compensation Program, and recoveries, if any, are limited to the proceeds from the applicable Workers' Compensation Program.

54. The Debtors have sufficient funds to pay the amounts described based on anticipated access to cash collateral and DIP financing, provided that any such access to cash collateral and DIP financing will be subject to the terms, conditions, limitations, and requirements under any financing or cash collateral orders entered in the Chapter 11 Cases, together with any approved budget thereto. Under the Debtors' existing cash management system, the Debtors can identify checks or wire transfer requests as relating to an authorized payment made to Employees or on account of Employee Obligations.

55. I believe that the relief requested in the Wage and Benefits Motion is immediately

necessary to avoid irreparable harm and is in the best interests of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Wage and Benefits Motion should be approved.

F. Cash Management Motion

56. Through the *Debtors' Amended Emergency Motion for Entry of an Order (I) Authorizing Maintenance of Existing Corporate Bank Accounts and Cash Management System; (II) Waiving Certain U.S. Trustee Requirements; and (III) Authorizing Continuation of Intercompany Transactions with Section 364(a) Administrative Priority* (the "Cash Management Motion") the Debtors are requesting, pursuant to Bankruptcy Code §§ 105(a), 345(b), 363(c), 364(a), 1107 and 1108, the entry of an order: (i) authorizing the Debtors to maintain the Bank Accounts (defined below) and Cash Management System (defined below); (ii) granting the Debtors a waiver of certain Guidelines (defined below) and Section 345(b) of the Bankruptcy Code; and (iii) authorizing continuation of Intercompany Transactions (defined below) consistent with historical practice.

i. The Debtors' Bank Accounts

57. The Debtors maintain a centralized cash management system (the "Cash Management System") to collect, transfer, and disburse funds. The Debtors' Cash Management System is similar to those commonly employed by enterprises of comparable size and complexity. Among other benefits, the Cash Management System permits the Debtors to accurately monitor cash availability at all times. The Cash Management System also permits Debtors to centrally manage and track the collection and transfer of funds, which reduces administrative burden and expense and minimizes interest expense. The Cash Management System is summarized on Exhibit B of the Cash Management Motion and is described in more detail below.

58. Prior to the Petition Date, in the ordinary course of business, the Debtors maintained seventeen bank accounts (collectively, the "Accounts" or the "Bank Accounts"), which formed the Cash Management System. Fifteen Bank Accounts reside at PlainsCapital Bank ("PlainsCapital"), one Account resides at 1st Source Bank ("1st Source"), and one Account resides at Pinnacle Bank ("Pinnacle" and together with PlainsCapital and 1st Source, the "Banks"). Each of the Debtors' Accounts is identified below on a Debtor-by-Debtor basis with a brief description of the historical function and use of each Account:

Bank	Acct.	Description
Lonestar Ltd.		
PlainsCapital	x0130	**Main Operating Account**. The Main Operating Account is the Debtors' primary operating account that the Debtors use to (i) fund the Bulk and MAALT Operating Accounts, (ii) fund the Bulk and MAALT Payroll Accounts, (iii) fund the Management Fees Account, and (iv) to make other necessary disbursements. The Main Operating Account is funded by revenue generated by Lonestar Ltd. and draws on the Debtors' Term Loan and PlainsCapital ABL Credit Facilities.
	x2804	**Revolving Priority Account**. This Account was established as part of the PlainsCapital ABL Facility. Excess cash from the Main Operating Account is subsequently transferred to this Account.
	x1601	**Term Loan Priority Account**. This Account was established as part of the Term Loan Facility with Ares Capital Corporation. All proceeds from asset sales are transferred to this Account.
	x2800	**Lonestar Restricted Cash Account**. (Reclamation Bond WTX Mine)
	x2433	**Money Market Account**. Inactive.
	x8653	**Money Market Account**. Inactive.
1st Source	x9610	**1st Source Money Market Account**. Inactive.
Vista OpCo		
PlainsCapital	x8100	**Management Fees Account**. This Account is funded by the Main Operating Account, Bulk Operating Account, and MAALT Operating Account. This Account is used to distribute monthly management fees.
	x3286	**Vista Money Market Account**. Inactive.

	x8100	**Vista CD Account**. Inactive.
Bulk		
PlainsCapital	x9074	**Bulk Operating Account**. The Bulk Operating Account is funded by the Main Operating Account from revenue generated by Bulk. The Debtors use this Account to fund the Bulk Payroll Account.
	x5949	**Bulk Payroll Account**. This Account is funded by the Bulk Operating Account and is used to pay employees of Bulk. Payroll payments are disbursed through Paycom (defined below).
Pinnacle	x3011	**Bulk Restricted Cash Account.** This Account was historically used to hold a certificate of deposit to secure a letter of credit benefitting Hudson Insurance Company (the "Hudson Letter of Credit"). The Hudson Letter of Credit expired prior to the Petition Date and has not been renewed.

MAALT, L.P.		
PlainsCapital	x7185	**MAALT Operating Account**. The MAALT Operating Account is funded by the Main Operating Account from MAALT revenue. The Debtors use this Account to fund the MAALT Payroll.
	x5931	**MAALT Payroll Account**. This Account is funded by the MAALT Operating Account and is used to pay employees of MAALT. Payroll payments are disbursed through Paycom.
VPROP		
PlainsCapital	x8203	**VPROP Holding Account**. Inactive.
	x6802	**VPROP Term Loan Priority Account**. Inactive. The Debtors intend to repurpose this Account as a utility deposit account.

59. The Debtors manage their cash receipts, transfers, and disbursements in the Cash Management System through routine deposits, withdrawals, and fund transfers to, from, and between the Bank Accounts by various methods including check, wire transfer, automated clearing house transfer, and electronic funds transfer. The Cash Management System is centered around the Main Operating Account where the Debtors' funds are swept and from which the Debtors' disbursements are managed and directed.

ii. Collections and Borrowings under the Revolver and Term Loan Facilities

60. At certain times prior to the Petition Date, the Debtors requested draws under their credit facilities with Ares Capital Corporation ("Ares") and the additional lenders (collectively, the "Term Loan Lenders") under the Debtors' term loan (the "Term Loan Credit Facility") and PlainsCapital, the Debtors' lender under an asset-based loan facility (the "PlainsCapital ABL Credit Facility"), which is the subject of the Revolving Priority Account. The availability of funds under the Term Loan Credit Facility and the PlainsCapital ABL Credit Facility is determined based on the metrics outlined in the applicable loan documents. Funds drawn by the Debtors under the Term Loan Credit Facility and the PlainsCapital ABL Credit Facility at Lonestar Ltd. are initially deposited into the Main Operating Account.

iii. Disbursements

61. The Debtors' disbursements are directed through the Main Operating Account, MAALT Operating Account, and Bulk Operating Account (collectively, the "Operating Accounts"). The Debtors' payroll is made from the Operating Accounts. The Main Operating Account transfers funds to the MAALT Operating Account and the Bulk Operating Account if there is a shortfall, and from the Operating Accounts to the MAALT Payroll Account and the Bulk Payroll Account (collectively, the "Payroll Accounts"). The Debtors transfer funds from the Payroll Accounts to Paycom Software, Inc. ("Paycom"), a third-party service provider, approximately two (2) days prior to the Debtors' regularly-scheduled payroll. Subsequently, Paycom makes payments to the Debtors' employees and to various third parties as described below. In conjunction with the transfers to the Payroll Accounts, the Debtors also transfer designated funds from the Operating Accounts to Paycom, which distributes all payroll taxes, garnishments, employee benefit deductions, workers' compensation and other miscellaneous deductions to the appropriate designees. 401(k) Contributions are distributed to Principal Financial

Services, Inc. by ACH approximately three to five days after payroll. Further, the Debtors transfer funds from the Main Operating Account to pay applicable property taxes. Funds are periodically transferred to the appropriate taxing authorities directly by the Debtors to facilitate tax payments. Moreover, funds necessary to make required payments are regularly transferred from the Main Operating Account for disbursement to vendors and other payees.

iv. Intercompany Transactions

62. In the ordinary course of business, the Debtors maintain business relationships with each other, resulting in intercompany receivables and payables (the "Intercompany Transactions"). At any given time, there may be balances due and owing by and among the Debtors' various entities. The Debtors maintain records of, and can ascertain, trace and account for, the Intercompany Transactions. Periodically, there is a true-up or netting of the obligations among the Debtors, and those debits and credits are consolidated to a net intercompany balance between the applicable Debtors. Moreover, the Debtors and the Banks will continue to maintain such records, including records of all current intercompany accounts receivables and payables, in the postpetition period. Thus, the propriety of all Intercompany Transactions can be verified. I believe that the relief requested in the Cash Management motion with respect to Intercompany Transactions will ensure that each individual Debtor will not fund the operations of another entity at the expense of its creditors and will ensure that each entity receiving payments from a Debtor in connection with an Intercompany Transaction will continue to bear ultimate payment responsibility for such Intercompany Transaction.

v. Collections, Borrowings, and Disbursements Under Proposed DIP Facility

63. Contemporaneously with the filing of the Cash Management Motion, the Debtors filed a motion for authorization to obtain debtor-in-possession financing (the "DIP Motion") under

a senior secured term loan credit facility (the "DIP Facility"), in accordance with a debtor-in-possession credit agreement by and among the Debtors, Ares as administrative agent (in such capacity, the "DIP Agent"), and the lenders party thereto (collectively, the "DIP Lenders"). Subject to the Court's approval of the Cash Management Motion and the DIP Motion, the Debtors intend for proceeds of the DIP Facility (the "DIP Facility Proceeds") to be initially deposited into the Term Loan Priority Account. The funds necessary to remit authorized, budgeted disbursements will be transferred from the Term Loan Priority Account to the Main Operating Account for disbursement on an as-needed basis (subject to the terms of any order granting the DIP Motion and the definitive documentation of the DIP Facility). To avoid any commingling of DIP Facility Proceeds, any cash collateral subject to a first priority lien or security interest of PlainsCapital under the PlainsCapital ABL Credit Facility that is collected by the Debtors in the Main Operating Account will be transferred to the Revolving Priority Account. Subject to the Court's approval of the Cash Management Motion and the DIP Motion, the Debtors intend to open a new Account, over which the DIP Agent will have sole dominion and control, at a new bank to replace the function of the existing Term Loan Priority Account with respect to the DIP Facility Proceeds.

vi. Maintaining the Existing Cash Management System is Essential to the Debtors' Restructuring Efforts

64. I believe that the Debtors' ability to maintain its existing Cash Management System is vital to ensuring the Debtors' seamless transition into bankruptcy. The Debtors' Cash Management System constitutes an ordinary course, essential business practice providing significant benefits to the Debtors including, among other things, the ability to (i) control funds, (ii) ensure the availability of funds when necessary, and (iii) reduce costs and administrative expenses by facilitating the movement of funds and the development of more timely and accurate account balance information. Any disruption of the Cash Management System may have a severe

and adverse impact upon the Debtors' reorganization efforts.

vii. Waiver of Conflicting U.S. Trustee Guidelines and Section 345(b) of the Bankruptcy Code is Warranted

65. The Debtors seek a waiver of the Guidelines to the extent that the requirements of such Guidelines otherwise conflict with (a) the Debtors' existing practices under the Cash Management System or (b) any action taken by the Debtors in accordance with any Order granting this Motion. The use of the Debtors' Cash Management System is an ordinary course, customary, essential business practice. Requiring that the Debtors alter their current practices to comply with certain of the Guidelines would risk disruption to the Debtors' business and be inefficient.

66. PlainsCapital is an authorized depository pursuant to the United States Trustee's Authorized Depository Listing established for the Northern District of Texas (the "UST Approved Depository List"). Pinnacle and 1st Source are not currently included on the UST Approved Depository List.

67. To my knowledge, Pinnacle and 1st Source are financially stable banking institutions with the Federal Deposit Insurance Corporation or other appropriate government-guaranteed deposit protection insurance. Requiring the Debtors to change their deposits and other procedures could result in harm to the Debtors, their creditors, and the estates because such change would disrupt the Cash Management System. Conversely, the Debtors' estates and creditors will not be harmed by the Debtors' maintenance of the status quo because of the relatively safe and prudent practices already utilized by the Debtors. Specifically, the 1st Source Money Market Account (XXXX-9610) is subject to the Term Loan Lenders' security interest pursuant to the Term Loan Credit Facility. Both the Bulk Restricted Cash Account at Pinnacle and the 1st Source Money Market Account are inactive.

68. The Debtors request a waiver of the Guidelines to enable the Debtors to maintain

and continue to use the Bank Accounts with the same account numbers as are currently employed, including the Accounts at Pinnacle and 1st Source. The Debtors request authorization to: (i) instruct the Banks to add the designation, "Debtor-in-Possession" to their current and any future Accounts; (ii) treat the Accounts for all purposes as Accounts of the Debtors as Debtors-in-Possession; (iii) maintain records that recognize the distinction between prepetition and postpetition transfers; (iv) attach redacted bank statements with respect to any Accounts at Pinnacle or 1st Source to the Debtors' monthly operating reports; and (v) attach redacted bank statements of any Accounts that are not DIP Accounts opened after the Petition Date to the Debtors' monthly operating reports. Additionally, the Debtors will add the designation "Debtor-in-Possession" (without abbreviation) to any existing or future checks.

69. The Debtors' continued use of the Bank Accounts with the same account numbers is necessary for a smooth and orderly transition into Chapter 11, with minimal interference with the Debtors' restructuring efforts. Requiring the Debtors to open new accounts and obtain checks for those accounts will cause delay and disruption to the Debtors' businesses.

70. I believe that the Debtors' payroll obligations may be more efficiently met through its existing Cash Management System and existing Bank Accounts and requiring the establishment of a new payroll account would be unnecessary and disruptive.

71. I believe that the Debtors can pay their tax obligations most efficiently from the existing Bank Accounts in accordance with the existing practices, and that the U.S. Trustee can adequately monitor the flow of funds into, between, and out of the Bank Accounts. The creation of new accounts designed solely for tax obligations would be unnecessary and inefficient. By preserving business continuity and avoiding operational and administrative paralysis that closing the existing Bank Accounts and opening new ones would create, all parties-in-interest will be best

served by authorizing the Debtors to maintain their existing Bank Accounts and Cash Management System.

72. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Cash Management Motion should be approved.

G. Tax Motion

73. In the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing Debtors to Pay Prepetition Sales/Use Taxes and (II) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers Pursuant to Sections 105(a), 363(b), 507(a)(8), and 541(d) of the Bankruptcy Code* (the "Tax Motion"), the Debtors seek the entry of an order, pursuant to Bankruptcy Code §§ 105(a), 363(b), 507(a)(8), and 541(d) (i) authorizing, but not directing, the Debtors to pay prepetition sales and use taxes (the "Sales/Use Taxes") due and owing to the appropriate taxing authorities (each a "Taxing Authority" and collectively, the "Taxing Authorities"), including any Sales/Use Taxes determined owing postpetition for the period prior to the Petition Date; and (ii) directing financing institutions to honor and process related checks and transfers.

74. In the ordinary course of their businesses, the Debtors collect, remit, withhold, and pay to various Taxing Authorities among other taxes, certain sales and use taxes (the "Sales/Use Taxes"). A non-exclusive list of the Taxing Authorities for Sales/Use Taxes is annexed as Exhibit 1 (the "Taxing Authorities List") to the proposed order granting the Tax Motion.

75. The 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. In most cases, the Sales/Use Taxes are paid in arrears once collected. The Debtors request authority

to continue their ordinary business practices of invoicing and paying invoices that account for the applicable Sales/Use Taxes, whether such invoices are prepetition or postpetition invoices. 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.

76. The amount of Sales/Use Taxes above is a good faith estimate based on the Debtors' books and records and remains subject to potential audits and other adjustments. As such, the Debtors also seek authorization to pay any prepetition Sales/Use Taxes due and owing following audit and review.

77. The Debtors seek to obtain authority to pay the prepetition Sales/Use Taxes to avoid interference with the Debtors' efforts to successfully reorganize. Nonpayment of these obligations may cause Taxing Authorities to take precipitous action, including but not limited to, asserting liens, penalties, and interest expenses, preventing the Debtors from conducting business in the applicable jurisdictions, or seeking to lift the automatic stay. In the event the Debtors have additional obligations to Taxing Authorities, it may be costly and administratively burdensome for the Debtors' management during these Chapter 11 Cases, and an unnecessary distraction for the Debtors and this Court, to address potential enforcement actions by Taxing Authorities.

78. To the extent that any prepetition Sales/Use Taxes remain unpaid by the Debtors, certain of the Debtors' officers and directors may be subject to lawsuits or criminal prosecution during the pendency of these Chapter 11 Cases. The dedicated and active participation of the Debtors' directors, officers, and other employees is essential to the orderly administration of these Chapter 11 Cases. The threat of a lawsuit or criminal prosecution, and any ensuing liability, would distract the Debtors and their personnel from important tasks, to the detriment of all parties in interest.

79. I believe that payment of the prepetition Sales/Use Taxes is an exercise of sound business judgment and necessary to permit a successful reorganization. Significant disruptions of the Debtors' operations of the types described above threaten to irreparably impair the Debtors' ability to conduct a successful reorganization process and thereby maximize the value of the Debtors' estates for the benefit of creditors.

80. Therefore, I believe that the relief requested in the Tax Motion is immediately necessary to avoid irreparable harm and is in the best interests of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Tax Motion should be approved.

H. Utilities Motion

81. Through the *Debtors' Emergency Motion for an Order Under 11 U.S.C. §§ 105(a) and 366 (I) Prohibiting Utility Companies From Altering or Discontinuing Service on Account of Prepetition Invoices, (II) Approving Deposit Account as Adequate Assurance of Payment, and (III) Establishing Procedures for Resolving Requests by Utility Companies for Additional Assurance of Payment* (the "Utilities Motion"), the Debtors seek entry of an order (i) prohibiting the Utility Companies from altering or discontinuing service on account of unpaid prepetition invoices, (ii) establishing the Procedures (as defined below) for resolving any disputes regarding requests for adequate assurance of payment, and (iii) scheduling a final hearing on the Motion (the "Final Hearing") within thirty (30) days of the Petition Date.

82. In the normal conduct of their business operations, the Debtors have relationships with many different utility companies and other providers (each a "Utility Company" and, collectively, the "Utility Companies") for the provision of electric, water, sewer, natural gas, trash removal, telephone, cellular telephone, internet services, and similar utility products and services

(collectively, the "Utility Services") at their corporate headquarters as well as at their various mine and lease locations. The Utility Companies include, without limitation, the entities set forth on the list attached to the proposed order granting the Utilities Motion as Exhibit 1.

83. It is my understanding that the historical average monthly amount owed to the Utility Companies is approximately $668,000. I believe that the Debtors owe certain amounts to Utility Companies as of the Petition Date for prepetition Utility Services. Due to the timing of the Petition Date in relationship to the Utility Companies' billing cycles, it is my understanding that the Debtors owe prepetition obligations relating to Utility Services that have been invoiced to the Debtors for which payment is not yet due and for Utility Services that have been provided since the end of the last billing cycle but not yet invoiced to the Debtors.

84. Uninterrupted Utility Services are essential to the Debtors' businesses. If the Utility Companies refuse or discontinue service, even for a brief period, the Debtors' business operations would be severely disrupted. If such disruption occurred, the impact on the Debtors' business and revenue would be extremely harmful and would jeopardize the Debtors' reorganization efforts. I believe that it is critical that Utility Services continue uninterrupted.

85. The Debtors anticipate their access to cash collateral and proposed debtor-in-possession financing will be sufficient to allow them to satisfy all administrative expenses, and the Debtors intend to pay all postpetition obligations owed to the Utility Companies in a timely manner. Nevertheless, to provide additional adequate assurance of payment for future Utility Services, the Debtors propose to deposit **$333,900**, a sum equal to approximately fifty percent of the Debtors' historical monthly cost of their Utility Services, into a separate, segregated, interest-bearing account, that will be established and funded within twenty (20) business days after the Petition Date (the "Utility Deposit Account"), subject to the terms and conditions of any cash

collateral and debtor-in-possession financing orders that may be entered in the Chapter 11 Cases. The Debtors propose to maintain the Utility Deposit Account with a minimum balance equal to 50% of the Debtors' historical monthly cost of Utility Services from Utility Companies, which may be adjusted by the Debtors to account for the termination of Utility Services by the Debtors or other arrangements with respect to adequate assurance of payment reached with individual Utility Companies.

86. I believe that that the Utility Deposit Account, together with the Debtors' anticipated access to cash collateral and debtor-in-possession financing, provides protection well in excess of that required to grant adequate assurance to the Utility Companies. The Debtors have substantially reduced their business operations in the wake of the global pandemic and the global oil price crash. Given the current reduction in business operations, the Debtors anticipate a corresponding reduction in utility costs of fifty percent or more compared to historical costs. Therefore, the Debtors are confident that the Utility Deposit Account combined with the Debtors anticipated access to cash collateral and debtor-in-possession financing will be sufficient to ensure that Utility Companies are paid in full for post-petition Utility Services.

87. I believe that the Procedures set forth in the Utility Motion provide a fair, reasonable, and orderly mechanism for the Utility Companies to seek additional adequate assurance, while temporarily maintaining the status quo for the benefit of all stakeholders.

88. Separate negotiations with each of the Utility Companies would be time-consuming and unnecessarily divert the Debtors' personnel from other critical tasks related to the operation of their business and the restructuring. This is especially true given the fact that the Debtors operate at several different locations, many of which have separate utility arrangements. During the first days of the Chapter 11 Cases it would be incredibly difficult, costly, and would divert the

Debtors' limited personnel resources to engage in separate negotiations with each potential Utility Company. Further, if individual negotiations were required and the Debtors were to fail to reach early agreement with each Utility Company, the Debtors would likely have to file further motions seeking expedited determinations as to adequate assurance or risk service termination.

89. I believe that the relief requested in the Utilities Motion is immediately necessary to avoid irreparable harm and is in the best interests of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Utilities Motion should be approved.

I. Omnibus Contract Rejection Motions

90. Through the Debtors' first, second, third, fourth, fifth, sixth, seventh, eighth, and ninth *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* (collectively, the "Omnibus Contract Rejection Motions"), the Debtors seek entry of an orders authorizing and approving the rejection of the executory contracts and unexpired leases listed on Exhibit 1 of each of the proposed orders (collectively, 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.

91. 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 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.

92. 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.

93. 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.

94. I believe that the relief requested in the Omnibus Contract Rejection Motions is in the best interests of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Omnibus Contract Rejection Motions should be approved.

J. First Omnibus Railcar Rejection Motion

95. Through the *Debtors' First Omnibus Motion for Entry of an Order Authorizing the Debtors to (i) Reject Certain Unexpired Railcar Leases Pursuant to Section 365 of the Bankruptcy Code and Bankruptcy Rule 6006 as of the Petition Date and (ii) Abandon any Remaining Personal Property in Connection Therewith* (the "First Omnibus Railcar Rejection Motion"), the Debtors

seek entry of an order authorizing the Debtors to (i) reject the railcar leases listed on Exhibit 1 of the proposed order granting the First Omnibus Railcar Rejection Motion (the "Railcar Leases") and (ii) abandon any Remaining Property pursuant to Section 554 of the Bankruptcy Code. The Debtors further request that rejection of the Railcar Leases 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 using the railcars under the Railcar Leases.

96. 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 transloading of sand from rail to truck and the transportation of sand from in-basin terminals to the wellhead, the Debtors have entered into various railcar leases, certain of which are no longer necessary for the Debtors' ongoing business operations.

97. The Debtors have carefully reviewed the necessity of the railcar leases and the fees and expenses associated with the railcar leases. The Debtors, in their business judgment, believe that the cost and burden to the Debtors and their estates of maintaining the Railcar outweighs any benefits that the Debtors or their estates might receive. The Debtors do not have a need for the Railcar Leases going forward. The Railcar Leases are not necessary to the Debtors' business and are a drain on the Debtors' resources.

98. Attached to the First Omnibus Railcar Rejection Motion as Exhibit B is a schedule that contains details regarding the applicable railcar identification numbers, the owner of each railcar, notes regarding the status of the railcars, and the locations of the railcars.

99. As of the Effective Date, the Debtors are no longer using the railcars under the Railcar Leases. The Railcar Leases are no longer of value to the Debtors' estates and rejection

effective as of the Effective Date will permit the Debtors to avoid paying unnecessary expenses, thereby minimizing the Debtors' administrative expense obligations.

100. The Debtors have also determined, in their reasonable business judgment, that the costs associated with the continued storage of certain inventory and personal property or other remaining assets, which may include frac sand, located or stored at or in connection with the surrendered railcars (collectively, the "Remaining Property") will exceed any projected proceeds that could be realized from the sale thereof, or may have low prospects for resale. Storage and removal costs associated with the Remaining Property would be burdensome to the estates and would not create value or benefit for the Debtors estates sufficient to exceed such costs.

101. I believe that the relief requested in the First Omnibus Railcar Rejection Motion is in the best interests of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the First Omnibus Railcar Rejection Motion should be approved.

K. Motion to Seal

102. Through the *Debtors' Emergency Motion for Entry of an Order Authorizing the Debtors to File Fee Letter Under Seal Pursuant to 11 U.S.C. § 107 and Fed. R. Bankr. P. 9018* (the "Motion to Seal"), the Debtors seek entry of an order authorizing the Debtors to file a letter agreement (the "Fee Letter") setting forth the fees that the Debtors seek to pay in connection with the relief sought in the DIP Motion under seal pursuant to sections 105(a) and 107(b) of the Bankruptcy Code, Bankruptcy Rule 9018, and Local Bankruptcy Rule 9077-1. The Fee Letter contains confidentiality provisions that require the Debtors to maintain the confidentiality of the Fee Letter.

103. The terms of the Fee Letter are the product of good faith, arms'-length negotiations,

and the Debtors have agreed to keep such terms confidential. Fees paid by a borrower in connection with financing would not, typically, be something that the DIP Agent, or any other similarly situated lender, agent, or arranger would disclose. The investment banking and lending industries are highly competitive, and it is of the utmost importance that the details of fee structures, such as that set forth in the Fee Letter, be kept confidential so that competitors cannot use the information to gain a strategic advance in the marketplace. Indeed, the DIP Agent has advised the Debtors that the Fee Letter contains certain obligations and commitments of the Debtors which are sensitive to the DIP Agent's business and could be harmful to the DIP Agent's business if made public. Moreover, the Fee Letter contains confidentiality provisions that require the Debtors to maintain the confidentiality of the Fee Letter.

104. Given the totality of the circumstances, however, including the Debtors' recognition of the importance of the Court's review of the Fee Letter and that a certain degree of transparency and public scrutiny is a necessary part of the bankruptcy process, and balancing these interests with the need to protect confidential and proprietary commercial information, the Debtors propose to file copies of the Fee Letter with the Court under seal, in compliance with the Local Bankruptcy Rules. Further, the Debtors will provide copies of the Fee Letter to the Office of the United States Trustee and the advisors to any statutory committees appointed in these Chapter 11 Cases.

105. I believe that the relief requested in the Motion to Seal is in the best interests of the Debtors' estates, creditors, and all other parties in interest. Accordingly, on behalf of the Debtors, I respectfully submit that the Motion to Seal should be approved.

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/ Gary Barton*

Name: Gary Barton

Title: Chief Restructuring Officer