

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION

In re:

FORBES ENERGY SERVICES LTD., et al.¹

Debtors.

§ Chapter 11

§

§ Case No. 17-20023 (DRJ)

§

§ Jointly Administered

§

**DEBTORS' EXPEDITED MOTION FOR ORDER UNDER SECTIONS 105, 363, 365,
1107 AND 1108 OF THE BANKRUPTCY CODE (I) AUTHORIZING ASSUMPTION OF
ASSET PURCHASE AGREEMENTS; (II) APPROVING PRIVATE SALE OF CERTAIN
ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND INTERESTS THEREUNDER;
AND (III) GRANTING RELATED RELIEF**

THIS MOTION SEEKS ENTRY OF AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

EXPEDITED RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EXPEDITED BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EXPEDITED CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE.

AN EXPEDITED HEARING WILL BE CONDUCTED ON THIS MATTER ON FEBRUARY 10, 2017 AT 1:30 P.M. IN COURTROOM 400, 4TH FLOOR, UNITED STATES BANKRUPTCY COURT, 515 RUSK AVENUE, HOUSTON TX 77002.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEYS.

¹ The Debtors, together with the last four digits of each Debtor's tax identification number, are: Forbes Energy Services Ltd. (1100); Forbes Energy Services LLC (6176); C.C. Forbes, LLC (5695); TX Energy Services, LLC (5843); and Forbes Energy International, LLC (6617). The location of the Debtors' headquarters and service address is 3000 South Business Highway 281, Alice, TX 78332.

Forbes Energy Services Ltd. and its debtor affiliates, as debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), hereby move (the “Motion”) the Court for entry of an order, pursuant to Bankruptcy Code sections 105, 363, 365, 1107 and 1108 (a) authorizing assumption of that certain *Asset Purchase Agreement* dated as of November 17, 2016 attached as Exhibit A hereto (the “Truck Purchase Agreement”) by and between Debtors C.C. Forbes, LLC (“CCF”) and TX Energy Services, LLC (“TES”) and Dealer Title Transfer, Inc., a Texas corporation (“DTT”) and that certain *Asset Purchase Agreement* dated as of January 12, 2017 attached as Exhibit B hereto (the “Tractor Purchase Agreement”) by and between TES and Auto Depots, a Texas company (“Auto Depots” and, together with DTT, the “Buyer”); (b) approving the private sale (the “Sale”) of certain tractors and trucks (the “Assets”) as described in and subject to the terms and conditions of the Purchase Agreements, free and clear of liens, claims, encumbrances, and interests (“Interests”); and (c) granting related relief. In support of the Motion, the Debtors respectfully represent as follows:

Introduction

1. By this Motion, the Debtors seek authorization to assume and perform under certain prepetition agreements for the sale of certain excess, aged trucks and trailers in the ordinary course of the Debtors’ business. Assumption and performance of the agreements will generate more than \$1.5 million and avoid a potential rejection damages claim that would be entitled to payment in full under the Debtors’ proposed prepackaged chapter 11 plan. For these reasons, as further discussed below, the Debtors believe that the relief sought in the Motion is a

reasonable exercise of the Debtors' business judgment, is in the best interests of the estates, and should be granted.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division (the "Court"), has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

4. On January 22, 2017 (the "Petition Date"), the Debtors each filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. The Debtors are a publicly-traded independent oilfield services business that provides a wide range of well site services to oil and natural gas drilling and production companies to help develop and enhance the production of oil and natural gas. The Debtors' operations are concentrated in the major onshore oil and natural gas producing regions of Texas, with an additional location in Pennsylvania, which is currently used as a well service rig storage location.

6. The factual background regarding the Debtors, including their current and historical business operations and the events precipitating the chapter 11 filing, is set forth in detail in the *Declaration of L. Melvin Cooper in Support of First Day Motions* (the "First Day

Declaration") filed on the Petition Date and fully incorporated herein by reference. The relief requested in this Motion is further supported by the *Declaration of L. Melvin Cooper* submitted concurrently herewith.

Relief Requested

7. By this Motion, the Debtors seek an order (i) authorizing the Debtors to assume and perform under the Purchase Agreements and (ii) approving the Sale free and clear of Interests.

The Sale

8. As of the Petition Date, the Debtors have been in the process of selling certain of their trucks, tractors, and other equipment that are at the end of their useful life and do not provide any further benefit to the Debtors' operations.

9. On November 17, 2016, after engaging in arm's length negotiations with the Buyer, CCF and TES entered into the Truck Purchase Agreement pursuant to which CCF and TES agreed to sell 105 excess, aged trucks to the Buyer in two tranches as follows:

Tranche	CCF Trucks	TES Trucks	CCF Consideration	TES Consideration	Total
1	53	4	\$364,000	\$26,000	\$390,000
2	47	1	\$273,200	\$5,000	\$278,200

Tranche 1 closed on or about November 21, 2016. As of the Petition Date, Tranche 2 has not yet closed.

10. On January 12, 2017, after engaging in arm's length negotiations with the Buyer, TES also entered into the Tractor Purchase Agreement for the sale of 142 of TES's excess and aged tractors to the Buyer for cash consideration in the amount of \$1,277,800.¹

11. The Sale is "as-is, where-is" with no representations or warranties of any kind.

12. The Debtors believe that the consideration to be received under the Purchase Agreements is fair value for the Assets. The Debtors solicited bids for the Assets and received multiple offers. The offer submitted by the Buyer was the highest bid. The Buyer is not an officer, director, shareholder, or other insider of the Debtors.

13. As of the Petition Date, the only liens on the Assets of which the Debtors are aware are: (a) the liens of Enterprise Fleet Management, Inc. ("Enterprise") with respect of certain of the pickup trucks and vehicles; and (b) the lien of Regions Bank, as agent ("Agent"), under that certain *Loan And Security Agreement* dated September 9, 2011, as amended.

Authority for the Requested Relief

A. The Proposed Sale of the Assets Should be Approved Under Sections 363(b) and 365 of the Bankruptcy Code

14. As discussed above, the Debtors believe that selling the Assets is in the ordinary course of their businesses. The Debtors nonetheless bring this Motion in an abundance of caution to seek approval of the transaction. The Court should enter an order granting the relief requested herein because it represents a sound exercise of the Debtors' business judgment

¹ On January 12, 2017, TES also entered into that certain Asset Purchase Agreement for the sale of 18 excess, aged tractors to Buyer for cash consideration in the amount of \$162,000, which transaction closed prepetition.

pursuant to sections 363(b)(l) and 365 of the Bankruptcy Code and is appropriate under section 105(a) of the Bankruptcy Code.

15. Section 363(b) of the Bankruptcy Code provides that a debtor “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b). Section 363(b) of the Bankruptcy Code does not specify a standard for determining when it is appropriate for a court to authorize the use, sale or lease of property of the estate; however, bankruptcy courts in this District and elsewhere have required that the authorization of such use, sale or lease of property of the estate out of the ordinary course of business be based upon a “valid business justification.” *In re Gulf Coast Oil Corp.*, 404 B.R. 407, 423 (Bankr. S.D. Tex. 2009); *see also In re Deep Marine Holdings, Inc.*, No. 09-3913, 2010 WL 5125278 (Bankr. S.D. Tex. June 2, 2010) (approving sale because Debtors exercised “sound business judgment” in entering into a sale transaction outside of the ordinary course); *In re Lionel Corp.*, 722 F.2d 1063, 1070 (2d Cir. 1983) (requiring “some articulated business justification” to approve the use, sale or lease of property outside the ordinary course of business).

16. Similarly, section 365 of the Bankruptcy Code allows a debtor in possession to maximize the value of a debtor’s estate by assuming and assigning executory contracts or unexpired leases that benefit the estate and rejecting those that do not. *See Lifemark Hosp., Inc. v. Liljeberg Enters. (In re Liljeberg Enters.)*, 304 F.3d 410, 438 (5th Cir. 2002); *Ins. Co. of N. Am. v. NGC Settlement Trust (In re Nat'l Gypsum Co.)*, 208 F.3d 498, 505 (5th Cir. 2000); *Cinicola v. Scharffenberger*, 248 F.3d 110, 119 (3d Cir. 2001) (quotations

omitted); *COR Route 5 Co., LLC v. The Penn Traffic Co. (In re The Penn Traffic Co.)*, 524 F.3d 373, 382 (2d Cir. 2008). A decision to assume or reject an executory contract pursuant to section 365 of the Bankruptcy Code must be based on the debtor's business judgment. See *Richmond Leasing Co. v. Capital Bank, NA.*, 762 F.2d 1303, 1309 (5th Cir. 1985). When assuming an executory contract, section 365(b) of the Bankruptcy Code requires the debtor to cure defaults under the contract or provide adequate assurance that it will promptly cure such defaults.

17. Courts emphasize that the business judgment rule is not an onerous standard and may be satisfied "as long as the proposed action appears to enhance the debtor's estate." *Crystalin, LLC v. Selma Props. Inc. (In re Crystalin, LLC)*, 293 B.R. 455, 463-64 (B.A.P. 8th Cir. 2003) (quoting *Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.)*, 107 F.3d 558, 566 n.16 (8th Cir. 1997) (emphasis original, internal alterations and quotations omitted)); see also *In re AbitibiBowater*, 418 B.R. 815, 831 (Bankr. D. Del. 2009) (the business judgment standard is "not a difficult standard to satisfy"). Once a debtor articulates a valid business justification for its actions, courts should "give great deference to the substance of the directors' decision and will not invalidate the decision, will not examine its reasonableness, and will not substitute its views for those of the board if the latter's decision can be attributed to any rational business purpose." *In re Global Crossing Ltd.*, 295 B.R. 726, 744 (Bankr. S.D.N.Y. 2003) (citing *Paramount Commc'nns Inc. v. QVC Network Inc.*, 637 A.2d 34, 45 n.17 (Del. 1994)); accord *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1990) (presuming, based on the

business judgment rule, “that in making a business decision the directors of [the debtor] acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company” (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)); *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (“Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.”); *Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303 (5th Cir. 1985) (approval should be withheld only if the debtor’s judgment is “clearly erroneous, too speculative, or contrary to the provisions of the Bankruptcy Code”). Thus, if a debtor’s actions satisfy the business judgment rule, then the transaction in question should be authorized under, as applicable, sections 363(b)(1) and/or 365 of the Bankruptcy Code. The Debtors submit that the requested relief represents a sound exercise of the Debtors’ business judgment and is justified under sections 363(b) and 365.

18. Additionally, section 105(a) of the Bankruptcy Code provides this Court with the power to grant the relief requested herein. Section 105(a) states that a bankruptcy court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a).

19. The Debtors respectfully submit that it is appropriate for the Court to authorize the Debtors to perform under the Purchase Agreements to generate revenues for the benefit of the Debtors’ estates and their creditors and to avoid a breach of contract/rejection damages claim of the Buyer.

B. The Buyer Acted in Good Faith in Connection With the Sale

20. The Sale was negotiated in good faith, at arm's length and, to the best of the Debtor's information and belief, without collusion or fraud of any kind. As discussed above, the Buyer's offer was selected by the Debtors after a competitive bidding process and the offer submitted by the Buyer was the highest bid. Accordingly, this Court should find that the Buyer acted in good faith within the meaning of section 363(m) of the Bankruptcy Code. *In re TMT Procurement Corp.*, 764 F.3d 512, 521 (5th Cir. 2014) ("the misconduct that would destroy a purchaser's good faith status . . . involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders") (quoting *In re Bleaufontaine, Inc.*, 634 F.2d 1383, 1388 n.7 (5th Cir. 1981)); *Marin v. Coated Sales, Inc.*, (*In re Coated Sales, Inc.*), No. 89 Civ. 3704 (KMW), 1990 WL 212899 (S.D.N.Y. Dec. 13, 1990) (same); see also *In re Sassoon Jeans, Inc.*, 90 B.R. 608, 610 (S.D.N.Y. 1988) (quoting *In re Bel Air Assocs., Ltd.*, 706 F.2d 301, 305 (10th Cir. 1983)); *In re Pisces Leasing Corp.*, 66 B.R. 671, 673 (E.D.N.Y. 1986) (examining the facts of each case, concentrating on the "integrity of [an actor's] conduct during the sale proceedings" (quoting *In re Rock Indus. Machinery Corp.*, 572 F.2d 1195, 1998 (7th Cir. 1978)).

C. The Sale of the Assets Free and Clear of Liens, Claims, and Interests Pursuant to 11 U.S.C. § 363(f) Should be Approved

21. The Debtors request that the Court approve the sale of the Assets free and clear of all Interests, with any such Interests to attach to the Sale proceeds with the same validity, enforceability, and priority, if any, as existed with respect to the Assets as of the date of the commencement of these chapter 11 cases.

22. Section 363(f) of the Bankruptcy Code expressly authorizes a debtor to sell property outside the ordinary course of business “free and clear of any interest in such property of an entity” if any one of the five following conditions is met:

- a. applicable non-bankruptcy law permits sale of such property free and clear of such interest;
- b. such entity consents;
- c. such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property; and
- d. such interest is in bona fide dispute; or
- e. such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). Because section 363(f) of the Bankruptcy Code is written in the disjunctive, any one of these five conditions provides authority to sell the Assets free and clear of liens. *See Citicorp Homeowners Servs., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988).

23. As discussed above, the only liens on the Assets of which the Debtors are aware are: (a) the liens of Enterprise with respect of certain of the pickup trucks and vehicles; and (b) the liens of the Agent. The Debtors believe that Enterprise’s liens are for less than the price at which such property is to be sold. The Debtors further believe that the Agent has consented to the Sale free and clear of its liens, with such liens attaching to the proceeds of the Sale, provided that the Debtors shall use such proceeds subject to and in accordance with any order for use of cash collateral and budget.

24. In any event, if the holder of a lien or claim receives notice of the Sale and fails to object, the Assets may be sold free and clear of that lien or claim under section 363(f)(2) of the Bankruptcy Code. Thus, a Sale free of Interests is permitted.

D. The Court Should Authorize the Sale of the Assets Pursuant to a Private Sale Under Bankruptcy Rule 6004(f)(1)

25. Bankruptcy Rule 6004(f)(1) authorizes the Court to approve the sale of estate property in connection with a private sale (“All sales not in the ordinary course of business may be by private sale or by public auction”). The circumstances of this case justify sale of the Assets through a private sale to Buyer. The Debtors believe that the Buyer will pay the highest and best consideration for the Assets and the offer by Buyer as set forth in the Purchase Agreements is the best offer received, or expected by the Debtors to be received, for such assets. Finally, the Debtors’ Prepackaged Joint Plan of Reorganization that has been proposed in these cases contemplates that unsecured creditors will be paid 100% of their claims. Thus, if the Debtors breach the Purchase Agreements, the Buyer may have a rejection damages claim that must be paid in full.

Waiver of Bankruptcy Rule 6004

26. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h), to the extent these rules are applicable. As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to generate revenues for their estates. Accordingly, the Debtors respectfully request that the Court waive the notice requirements under Bankruptcy Rule 6004(a)

and the 14-day stay imposed by Bankruptcy Rule 6004(h), so that the Debtors may perform its obligations timely under the Purchase Agreements.

Notice

27. The Debtors will provide notice of this Motion to: (i) the Office of the United States Trustee for the Southern District of Texas; (ii) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (iii) counsel to the Senior Secured Agent; (iv) counsel to the Supporting Noteholders; (v) counsel to the Senior Unsecured Notes Trustee; (vi) the United States Attorney's Office for the Southern District of Texas; (vii) the Internal Revenue Service; (viii) the Environmental Protection Agency; (ix) the office of the attorneys general for the states in which the Debtors operate; (x) the Securities and Exchange Commission; (xi) all parties known to the Debtor who hold any liens or security interest in the Debtors' assets; (xii) the Buyer; and (xiii) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally blank]

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other further relief as the Court deems appropriate.

Dated: January 26, 2017

Respectfully submitted,

/s/ Kenneth Green
SNOW SPENCE GREEN LLP
Phil Snow (TX Bar No. 18812600)
Kenneth Green (TX Bar No. 24036677)
2929 Allen Parkway, Ste. 2800
Houston, TX 77019
Telephone: 713/335-4800
Facsimile: 713/335-4902
Email: philsnow@snowspencelaw.com
kgreen@snowspencelaw.com

and

PACHULSKI STANG ZIEHL & JONES LLP
Richard M. Pachulski (CA Bar No. 90073)
Ira D. Kharasch (CA Bar No. 109084)
Maxim B. Litvak (TX Bar No. 24002482)
Joshua M. Fried (CA Bar No. 181541)
10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067
Telephone: 310/277-6910
Facsimile: 310/201-0760
E-mail: rpachulski@pszjlaw.com
ikharasch@pszjlaw.com
mlitvak@pszjlaw.com
jfried@pszjlaw.com

Proposed Counsel for the Debtors

EXHIBIT A

(Truck Purchase Agreement)

EXECUTED VERSION**ASSET PURCHASE AGREEMENT**

This Asset Purchase Agreement (this "**Agreement**"), dated as of November 17, 2016, is entered into by and among C.C. Forbes, LLC, a Delaware limited liability company ("CCF"), TX Energy Services, LLC, a Delaware limited liability company ("TES", and together with CCF the "**Sellers**", and each a "**Seller**") and Dealer Title Transfer, Inc., a Texas corporation ("**Buyer**").

RECITALS

WHEREAS, each of CCF and TES wish to sell to Buyer, and Buyer wishes to purchase from each of CCF and TES, the assets set forth opposite their respective names on **Schedule 1** (the "**Tranche 1 Assets**") and acknowledged by signature, subject to the terms and conditions set forth herein; and

WHEREAS, each of CCF and TES wish to sell to Buyer, and Buyer wishes to purchase from each of CCF and TES, the assets set forth opposite their respective names on **Schedule 2** (the "**Tranche 2 Assets**") and acknowledged by signature, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
PURCHASE AND SALE

Section 1.01 Purchase and Sale of Assets. Subject to the terms and conditions set forth herein, each of CCF and TES shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from each of CCF and TES, all of its right, title and interest in the Tranche 1 Assets and the Tranche 2 Assets. The Tranche 1 Assets and the Tranche 2 Assets shall collectively be referred to as the "**Purchased Assets**".

Section 1.02 Purchase Price. The aggregate purchase price for the Tranche 1 Assets shall be Three Hundred Ninety Thousand and No/100 Dollars (\$390,000.00) (the "**Tranche 1 Purchase Price**") and the aggregate purchase price for the Tranche 2 Assets shall be Two Hundred Seventy-Eight Thousand Two Hundred and No/100 Dollars (\$278,200.00) (the "**Tranche 2 Purchase Price**"). The Tranche 1 Purchase Price and the Tranche 2 Purchase Price shall be made by wire transfer of immediately available funds to each of CCF and TES in accordance with the wire transfer instructions set forth in **Schedule 3** and in the amounts set forth below:

Tranche 1 Purchase Price:

CCF	\$364,000.00
TES	\$26,000.00

Tranche 2 Purchase Price:

CCF	\$273,200.00
TES	\$5,000.00

Section 1.03 The Purchased Assets shall be sold, and Buyer shall accept possession of the Purchased Assets as of each Closing, "AS IS, WHERE IS, WITH ALL FAULTS", with no right of setoff or reduction in the Tranche 1 Purchase Price or the Tranche 2 Purchase Price. EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLERS MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND TO BUYER, INCLUDING, WITHOUT LIMITATION, THE PHYSICAL CONDITION OF THE PURCHASED ASSETS, OR THEIR SUITABILITY FOR ANY PARTICULAR PURPOSE OR OF MERCHANTABILITY. BUYER IS RELYING ON ITS OWN INVESTIGATION OF THE PURCHASED ASSETS IN DETERMINING WHETHER TO ACQUIRE THEM.

ARTICLE II CLOSING

Section 2.01 Closings. The closing of the purchase and sale of the Purchased Assets shall occur in two (2) separate closings (each a "Closing") and consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m. on the respective Closing Date.

(a) **Tranche 1 Closing.** The closing of the purchase and sale of the Tranche 1 Assets shall take place simultaneously with the execution of this Agreement on the date of this Agreement (the "Tranche 1 Closing Date") at the office of Sellers, which is 3000 South Business Highway 281, Alice, Texas 78332, or such other place and time as mutually agreed by the parties.

(b) **Tranche 2 Closing.** The closing of the purchase and sale of the Tranche 2 Assets shall take place on a date no later than forty-five (45) days after the date of this Agreement, which date shall be set forth in a written notice from Buyer to Sellers at least ten (10) days prior to the date it is required to purchase the Tranche 2 Assets (the "Tranche 2 Closing Date") at the office of Sellers, which is 3000 South Business Highway 281, Alice, Texas 78332, or such other place and time as mutually agreed by the parties.

Section 2.02 Closing Deliverables.

(a) **Tranche 1 Closing Deliverables.**

(i) At the Tranche 1 Closing, each Seller shall deliver to Buyer the following:

- (a) a bill of sale substantially in the form of Exhibit A hereto and duly executed by such Seller, transferring the Tranche 1 Assets owned by such Seller to Buyer;
 - (b) actual or effective physical possession and control of the Tranche 1 Assets owned by such Seller; and
 - (c) such other customary instruments of transfer, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement.
- (ii) At the Tranche 1 Closing, Buyer shall deliver to each Seller the portion of the Tranche 1 Purchase Price as set forth in Section 1.02.
- (b) **Tranche 2 Closing Deliverables.**
- (i) At the Tranche 2 Closing, each Seller shall deliver to Buyer the following:
 - (a) a bill of sale substantially in the form of Exhibit A hereto and duly executed by such Seller, transferring the Tranche 2 Assets owned by such Seller to Buyer;
 - (b) actual or effective physical possession and control of the Tranche 2 Assets owned by such Seller; and
 - (c) such other customary instruments of transfer, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement.
 - (c) At the Tranche 2 Closing, Buyer shall deliver to each Seller the portion of the Tranche 2 Purchase Price as set forth in Section 1.02.

Section 2.03 Title and Risk of Loss.

- (a) Title and risk of loss for the Tranche 1 Assets shall pass to Buyer at the Tranche 1 Closing. Any loss or damage to the Tranche 1 Assets resulting from fire, other casualty or otherwise, on and after the Tranche 1 Closing shall be borne by Buyer.
- (b) Title and risk of loss for the Tranche 2 Assets shall pass to Buyer at the Tranche 2 Closing. Any loss or damage to the Tranche 2 Assets resulting from fire, other casualty or otherwise, on and after the Tranche 2 Closing shall be borne by Buyer.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller represents and warrants to Buyer the statements contained in this **Article III**.

Section 3.01 Organization of Seller and Authority of Seller; Enforceability. Such Seller is a limited liability company duly formed, validly existing and in good standing under the laws of the state of Delaware. Such Seller has full corporate power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by such Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

Section 3.02 No Conflicts; Consents. The execution, delivery and performance by such Seller of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the certificate of incorporation, by-laws or other organizational documents of such Seller; (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to such Seller or the Purchased Assets; (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under any contract or other instrument to which such Seller is a party or to which any of the Purchased Assets are subject; or (d) result in the creation or imposition of any encumbrance on the Purchased Assets. No consent, approval, waiver or authorization is required to be obtained by such Seller from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by such Seller of this Agreement and the consummation of the transactions contemplated hereby that have not been previously obtained.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers that the statements contained in this **Article IV** are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Buyer; Enforceability. Buyer is a corporation duly formed, validly existing and in good standing under the laws of the state of Texas. Buyer has full power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite company action on the part of Buyer. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Sellers) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

Section 4.02 No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the certificate of formation, operating agreement or other organizational documents of Buyer; or (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Buyer. No consent, approval, waiver or authorization is required to be obtained by Buyer from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby.

ARTICLE V COVENANTS

Section 5.01 Further Assurances. Following each Closing, each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the documents to be delivered hereunder.

ARTICLE VI INDEMNIFICATION

Section 6.01 Survival. All representations, warranties, covenants and agreements contained herein and all related rights to indemnification shall survive each Closing.

Section 6.02 Indemnification By Sellers. Each Seller shall defend, indemnify and hold harmless Buyer, its affiliates and their respective stockholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including attorneys' fees and disbursements, arising from or relating to:

- (a) any material inaccuracy in or breach of any of the representations or warranties of such Seller contained in this Agreement or any document to be delivered hereunder; or
- (b) any material breach or non-fulfillment of any covenant, agreement or obligation to be performed by such Seller pursuant to this Agreement or any document to be delivered hereunder.

Section 6.03 Indemnification By Buyer. Buyer shall defend, indemnify and hold harmless each Seller, such Seller's affiliates and their respective stockholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including attorneys' fees and disbursements, arising from or relating to:

- (a) any material inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or any document to be delivered hereunder; or
- (b) any material breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement or any document to be delivered hereunder.

Section 7.05 Entire Agreement. This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and the documents to be delivered hereunder, the exhibits and schedules (other than an exception expressly set forth as such in such schedule), the statements in the body of this Agreement will control.

Section 7.06 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 7.07 No Third-party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.08 Amendment and Modification. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

Section 7.09 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 7.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction).

Section 7.11 Submission to Jurisdiction. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the courts of the State of Texas located in Jim Wells County, Texas and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

Section 7.12 Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may

have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 7.13 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 7.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of Page Intentionally Left Blank]

Schedule 1

Tranche 1 Assets

(see attached)

Schedule 1**Tranche 1 Assets**

(see attached)

CCF	Year	Make	Model	Value
CCF	2012	FORD	1FT8W3BT5CEC11115	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT2CEA81302	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT6CEA81304	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT5CEA81326	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT7CEA81330	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT1CEA81338	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT3CEA81339	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT7CEA81344	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT8CEB22743	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT5CEB22747	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT7CEB22748	\$ 7,000.00
CCF	2011	FORD	1FT7W2BT4BEC63310	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT4CEA66235	\$ 7,000.00
CCF	2012	FORD	1FT7W2BTXCEB07547	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT1CEB07548	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT9CEA88960	\$ 7,000.00
CCF	2011	DODGE	3D7UT2CL0BG602055	\$ 7,000.00
CCF	2008	FORD	1FTWW31R98EC03135	\$ 6,500.00
CCF	2012	FORD	1FT7W2BT3CEA66212	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT9CEA66215	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT1CEA66225	\$ 7,000.00
CCF	2011	FORD	1FD8W3HT7BEC26653	\$ 7,000.00
CCF	2012	FORD	1FT7W2BTXCEB07533	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT7CEB07537	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT0CEA88961	\$ 7,000.00
CCF	2006	FORD	1FTSW20PX6EA10644	\$ 6,500.00
CCF	2009	CHEV	1GCHC73629F118418	\$ 6,500.00
CCF	2009	CHEV	1GCHC73609F118420	\$ 6,500.00
CCF	2012	FORD	1FT7W2BT8CEA81322	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT2CEA81347	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT6CEA81349	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT3CEA81356	\$ 7,000.00
CCF	2008	DODGE	3D7KS28A48G117279	\$ 6,500.00
CCF	2011	DODGE	3D7UT2CL8BG637880	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT1CEA81355	\$ 7,000.00
CCF	2011	FORD	1FT8W3BTXBEC24456	\$ 7,000.00
CCF	2012	DODGE	3C6UD5HL5CG225443	\$ 7,000.00

CCF	2012	DODGE	3C63D3GL1CG160284	\$ 7,000.00
CCF	2012	FORD	1FT8W3BT2CEC11119	\$ 7,000.00
CCF	2012	FORD	1FT8W3DT7CEC11128	\$ 7,000.00
CCF	2012	FORD	1FT8W3DT0CEB32707	\$ 7,000.00
CCF	2012	DODGE	3C63DRGLXCG153756	\$ 7,000.00
CCF	2010	FORD	1FT7X2A60BEB24123	\$ 7,000.00
CCF	2011	FORD	1FT7X2A63BEC05892	\$ 7,000.00
CCF	2012	FORD	1FT7W2BT2CEA81333	\$ 6,500.00
CCF	2011	FORD	1FT7W2BTXBEC63294	\$ 6,500.00
CCF	2011	FORD	1FT7W2AT1BEB66373	\$ 6,500.00
CCF	2011	FORD	1FT7W2AT3BEB66374	\$ 6,500.00
CCF	2011	FORD	1FT7W2AT7BEB66376	\$ 6,500.00
CCF	2011	FORD	1FT7W2AT0BEB66378	\$ 6,500.00
CCF	2011	FORD	1FT7W2AT0BEB66381	\$ 6,500.00
CCF	2011	FORD	1FT7W2AT4BEB66383	\$ 6,500.00
CCF	2011	DODGE	3D7UT2CLXBG557688	\$ 6,500.00
TES	2012	FORD	1FT7W2BT2CEA66220	\$ 7,000.00
TES	2011	FORD	1FTFW1EF1BFB97708	\$ 7,000.00
TES	2007	DODGE	3D6WG46A07G787741	\$ 5,000.00
TES	2012	CHEV	1GC1KXC82CF228348	\$ 7,000.00

Schedule 2

Tranche 2 Assets

(see attached)

CCF	2012	FORD	1FT7W2BT4CEA81317	\$ 6,000.00
CCF	2012	FORD	1FT7W2BT1CEA81324	\$ 6,000.00
CCF	2012	FORD	1FT7W2BTXCEA81337	\$ 6,000.00
CCF	2008	FORD	1FTSW21R68EA41814	\$ 5,000.00
CCF	2008	DODGE	3D7KS28A98G242455	\$ 5,000.00
CCF	2012	FORD	1FT7W2BT3CEB22729	\$ 6,000.00
CCF	2008	DODGE	3D7KS28A18G219087	\$ 5,000.00
CCF	2008	DODGE	3D7KS28A38G219088	\$ 5,000.00
CCF	2012	FORD	1FT7W2BTXCEA81354	\$ 7,000.00
CCF	2011	FORD	1FD8X3AT2BEA80881	\$ 6,000.00
CCF	2012	FORD	1FT7W2BT3CEA81325	\$ 6,000.00
CCF	2012	FORD	1FT7W2BT3CEA66209	\$ 6,000.00
CCF	2011	FORD	1FT7W2AT9BEB66380	\$ 6,000.00
CCF	2012	FORD	1FT7W2BT7CEB07540	\$ 6,000.00
CCF	2011	DODGE	3D7UT2CL6BG590249	\$ 6,000.00
CCF	2011	FORD	1FDRF3GTXBEA90301	\$ 6,000.00
CCF	2012	FORD	1FT7W2BT3CEA81311	\$ 6,000.00
CCF	2012	FORD	1FT7W2BT9CEA81314	\$ 6,000.00
CCF	2011	DODGE	3D7UT2CL5BG602049	\$ 6,000.00
CCF	2012	FORD	1FT7W2BT4CEB22738	\$ 6,000.00
CCF	2011	DODGE	3D7UT2CL1BG613663	\$ 6,000.00
CCF	2008	CHEV	1GCHC24618E125270	\$ 5,000.00
CCF	2012	DODGE	3C6UD5HL0CG225303	\$ 6,000.00
CCF	2012	DODGE	3C6UD5HL6CG225449	\$ 6,000.00
CCF	2012	FORD	1FT7W2BT4CEA66199	\$ 6,000.00
CCF	2011	FORD	1FT7W2AT8BEB66385	\$ 6,000.00
CCF	2011	DODGE	3D7UT2CL0BG637887	\$ 6,000.00
CCF	2011	DODGE	3D7UT2CL3BG638130	\$ 6,000.00
CCF	2008	FORD	1FTSX21R78EB70612	\$ 5,000.00
CCF	2012	FORD	1FT7W2BT4CEA81303	\$ 6,000.00
CCF	2012	FORD	1FT7W2BTXCEB22730	\$ 6,000.00
CCF	2012	DODGE	3C6UD5HLXCG132966	\$ 6,000.00
CCF	2008	DODGE	3D7KS28A88G224156	\$ 5,000.00
CCF	2012	DODGE	3C6UD5HL4CG225451	\$ 6,000.00
CCF	2012	DODGE	3C6UD5HLXCG126066	\$ 6,000.00
CCF	2012	DODGE	3C6UD5HL1CG126067	\$ 6,000.00
CCF	2012	FORD	1FT7W2BT9CEA66201	\$ 6,000.00
CCF	2008	DODGE	3D6WG46A87G787745	\$ 5,000.00

CCF	2012	FORD	1FT7W2BT8CEA81353	\$ 5,800.00
CCF	2011	FORD	1FT7W2BT9BEC63304	\$ 5,800.00
CCF	2011	FORD	1FT7W2BT6BEC63308	\$ 5,800.00
CCF	2012	FORD	1FT7W2BT9CEA66196	\$ 5,800.00
CCF	2012	FORD	1FT7W2BT6CEA66219	\$ 5,800.00
CCF	2012	FORD	1FT7W2BT6CEA66222	\$ 5,800.00
CCF	2011	FORD	1FT7W2AT5BEB57529	\$ 5,800.00
CCF	2011	FORD	1FT7W2AT5BEB57532	\$ 5,800.00
CCF	2012	FORD	1FT7W2BT0CEB07539	\$ 5,800.00
TES	2008	DODGE	3D6WG46A18G125149	\$ 5,000.00

Tranche 2 Purchase Price **TOTAL: \$278,200.00**

ARTICLE VII MISCELLANEOUS

Section 7.01 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 7.02 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 7.02**):

If to C.C. Forbes, LLC:

C.C. Forbes, LLC
3000 South Business Highway 281
Alice, Texas 78332
Facsimile: (361) 664-0599
E-mail: mcooper@txen.com
Attention: L. Melvin Cooper

TX Energy Services, LLC:

TX Energy Services, LLC
3000 South Business Highway 281
Alice, Texas 78332
Facsimile: (361) 664-0599
E-mail: mcooper@txen.com
Attention: L. Melvin Cooper

If to Buyer:

Dealer Title Transfer, Inc
3200 Brookfield Dr.
Houston, Texas 77045-6610
Facsimile: [713-456-2194]
E-mail: [Peter@dttagroup.com]
Attention: [Peter Montes]

Section 7.03 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 7.04 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SELLERS:

C.C. FORBES, LLC, a Delaware limited liability company

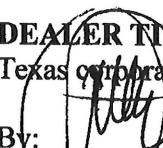
By: 
Name: L. Melvin Cooper
Title: Chief Financial Officer

TX ENERGY, LLC, a Delaware limited liability company

By: 
Name: L. Melvin Cooper
Title: Chief Financial Officer

BUYER:

DEALER TITLE TRANSFER, INC., a Texas corporation

By: 
Name: Peter Montes
Title: GM

This Schedule 1 to the Asset Purchase Agreement dated November 17, 2016 by and among C.C. Forbes, LLC, TX Energy Services, LLC and Dealer Title Transfer, Inc. is hereby acknowledged and agreed to by:

C.C. FORBES, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

TX ENERGY, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

DEALER TITLE TRANSFER, INC., a Texas corporation

By: _____
Name: Peter Montes
Title: GM

This Schedule 2 to the Asset Purchase Agreement dated November 17, 2016 by and among C.C. Forbes, LLC, TX Energy Services, LLC and Dealer Title Transfer, Inc. is hereby acknowledged and agreed to by:

C.C. FORBES, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

TX ENERGY, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

DEALER TITLE TRANSFER, INC., a Texas corporation

By: _____
Name: Peter Montes
Title: GM

EXHIBIT B

(Tractor Purchase Agreement)

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement"), dated as of January 12, 2017, is entered into by and between TX Energy Services, LLC, a Delaware limited liability company ("TES" or "Seller") and Auto Depots, a Texas company ("Buyer").

RECITALS

WHEREAS, TES wishes to sell to Buyer, and Buyer wishes to purchase from TES, the assets set forth on **Schedule 1** (the "Assets") subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I PURCHASE AND SALE

Section 1.01 Purchase and Sale of Assets. Subject to the terms and conditions set forth herein, TES shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from TES, all of its right, title and interest in the Assets.

Section 1.02 Purchase Price. The purchase price for Assets shall be One Million Two Hundred Seventy Seven Thousand Eight Hundred and No/100 Dollars (\$1,277,800.00) (the "Purchase Price"). The Purchase Price shall be made by wire transfer of immediately available funds to TES in accordance with the wire transfer instructions set forth in **Schedule 2**.

Section 1.03 The Assets shall be sold, and Buyer shall accept possession of the Assets at Closing, "AS IS, WHERE IS, WITH ALL FAULTS", with no right of setoff or reduction in the Purchase Price. EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND TO BUYER, INCLUDING, WITHOUT LIMITATION, THE PHYSICAL CONDITION OF THE ASSETS, OR THEIR SUITABILITY FOR ANY PARTICULAR PURPOSE OR OF MERCHANTABILITY. BUYER IS RELYING ON ITS OWN INVESTIGATION OF THE ASSETS IN DETERMINING WHETHER TO ACQUIRE THEM.

ARTICLE II CLOSING

Section 2.01 Closing. The closing of the purchase and sale of the Assets (the "Closing") and the consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m. on the Closing Date.

(a) The closing of the purchase and sale of the Assets shall take place simultaneously with the execution of this Agreement on the date of this Agreement (the "Closing Date") at the office of Seller, which is 3000 South Business Highway 281, Alice, Texas 78332, or such other place and time as mutually agreed by the parties.

Section 2.02 Closing Deliverables.

- (a) At the Closing, Seller shall deliver to Buyer the following:
- (a) a bill of sale substantially in the form of Exhibit A hereto and duly executed by Seller, transferring the Assets to Buyer;
 - (b) actual or effective physical possession and control of the Assets to Buyer; and
 - (c) such other customary instruments of transfer, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement.

(b) At the Closing, Buyer shall deliver to Seller the Purchase Price as set forth in Section 1.02.

Section 2.03 Title and Risk of Loss.

(a) Title and risk of loss for the Assets shall pass to Buyer at the Closing. Any loss or damage to the Assets resulting from fire, other casualty or otherwise, on and after the Closing shall be borne by Buyer.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents and warrants to Buyer the statements contained in this Article III.

Section 3.01 Organization of Seller and Authority of Seller; Enforceability. Seller is a limited liability company duly formed, validly existing and in good standing under the laws of the state of Delaware. Seller has full corporate power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

Section 3.02 No Conflicts; Consents. The execution, delivery and performance by Seller of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the certificate of incorporation, by-laws or other organizational documents of Seller; (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Seller or the Assets; (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under any contract or other instrument to which Seller is a party or to which any of the Assets are subject; or (d) result in the creation or imposition of any encumbrance on the Assets. No consent, approval, waiver or authorization is required to be obtained by Seller from any person

or entity (including any governmental authority) in connection with the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby that have not been previously obtained.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Article IV are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Buyer; Enforceability. Buyer is a company duly formed, validly existing and in good standing under the laws of the state of Texas. Buyer has full power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite company action on the part of Buyer. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Seller) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

Section 4.02 No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the certificate of formation, operating agreement or other organizational documents of Buyer; or (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Buyer. No consent, approval, waiver or authorization is required to be obtained by Buyer from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby.

ARTICLE V COVENANTS

Section 5.01 Further Assurances. Following the Closing, each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the documents to be delivered hereunder.

ARTICLE VI **INDEMNIFICATION**

Section 6.01 Survival. All representations, warranties, covenants and agreements contained herein and all related rights to indemnification shall survive the Closing.

Section 6.02 Indemnification By Seller. Seller shall defend, indemnify and hold harmless Buyer, its affiliates and their respective stockholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including attorneys' fees and disbursements, arising from or relating to:

- (a) any material inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement or any document to be delivered hereunder; or
- (b) any material breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement or any document to be delivered hereunder.

Section 6.03 Indemnification By Buyer. Buyer shall defend, indemnify and hold harmless Seller, Seller's affiliates and its stockholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including attorneys' fees and disbursements, arising from or relating to:

- (a) any material inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or any document to be delivered hereunder;
- (b) any material breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement or any document to be delivered hereunder; or
- (c) any claims related to ownership of the Assets arising after the Closing.

ARTICLE VII **MISCELLANEOUS**

Section 7.01 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 7.02 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.02):

TX Energy Services, LLC:

TX Energy Services, LLC
3000 South Business Highway 281
Alice, Texas 78332
Facsimile: (361) 664-0599
E-mail: mcooper@txen.com
Attention: L. Melvin Cooper

If to Buyer:

Auto Depots
6819 Redding Rd
Houston, Texas 77036
Facsimile: 713-348-6590
E-mail: CMCE2@yahoo.com
Attention: Allan Montes

Section 7.03 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 7.04 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 7.05 Entire Agreement. This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and the documents to be delivered hereunder, the exhibits and schedules (other than an exception expressly set forth as such in such schedule), the statements in the body of this Agreement will control.

Section 7.06 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 7.07 No Third-party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.08 Amendment and Modification. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

Section 7.09 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by

any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 7.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction).

Section 7.11 Submission to Jurisdiction. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the courts of the State of Texas located in Jim Wells County, Texas and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

Section 7.12 Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 7.13 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 7.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SELLER:

TX ENERGY, LLC, a Delaware limited liability company

By:

Name: L. Melvin Cooper
Title: Chief Financial Officer

BUYER:

AUTO DEPOTS, a Texas company

By:

Name: Allan Montes
Title: Fleet Purchasing Manager

Schedule 1

Unit No	Asset No	Year	Make	VIN	Model	Sales Price
102-CCF	5M025709	2005	MACK	1M2AG11Y75M025709	CV713	\$9,000.00
103-CCF	5M025707	2005	MACK	1M2AG11Y35M025707	CV713	\$9,000.00
114	8D761179	2008	PETERBILT	1XPWDB9X38D761179	388	\$9,000.00
188	5D875178	2005	PETERBILT	1XPFDU9X25D875178	378	\$9,000.00
189	5D875176	2005	PETERBILT	1XPFDU9X95D875176	378	\$9,000.00
200	4M010384	2004	MACK	1M2AG11Y94M010384	CV713	\$9,000.00
201	4M010385	2004	MACK	1M2AG11Y04M010385	CV713	\$9,000.00
204	7M049019	2007	MACK	1M2AG11YX7M049019	CV713	\$9,000.00
206	4M010386	2004	MACK	1M2AG11Y24M010386	CV713	\$9,000.00
208	7M061059	2007	MACK	1M2AG11Y57M061059	CV713	\$9,000.00
209	8M001453	2008	MACK	1M2AX04Y78M001453	GU713	\$9,000.00
210	7M006071	2007	MACK	1M2AL02Y97M006071	CT713	\$9,000.00
212	4M011432	2004	MACK	1M2AG11YX4M011432	CV713	\$9,000.00
214	4M011430	2004	MACK	1M2AG11Y64M011430	CV713	\$9,000.00
215	4M011431	2004	MACK	1M2AG11Y84M011431	CV713	\$9,000.00
216	5M022154	2005	MACK	1M2AG11Y65M022154	CV713	\$9,000.00
217	4M011433	2004	MACK	1M2AG11Y14M011433	CV713	\$9,000.00
218	4M011429	2004	MACK	1M2AG11YX4M011429	CV713	\$9,000.00
219	5M016636	2005	MACK	1M2AG11Y55M016636	CV713	\$9,000.00
221	5M016634	2005	MACK	1M2AG11Y15M016634	CV713	\$9,000.00
222	4M012476	2004	MACK	1M2AG11Y24M012476	CV713	\$9,000.00
223	4M012474	2004	MACK	1M2AG11Y94M012474	CV713	\$9,000.00
224	5M016633	2005	MACK	1M2AG11YX5M016633	CV713	\$9,000.00
226	4M012475	2004	MACK	1M2AG11Y04M012475	CV713	\$9,000.00
227	7M004119	2007	MACK	1M2AT04Y77M004119	CTP713	\$9,000.00
228	6M029776	2006	MACK	1M2AG11Y76M029776	CV713	\$9,000.00
232	5M022147	2005	MACK	1M2AG11Y95M022147	CV713	\$9,000.00
234	5M022145	2005	MACK	1M2AG11Y55M022145	CV713	\$9,000.00
236	7M006070	2007	MACK	1M2AL02Y97M006070	CT713	\$9,000.00
238	5M019177	2005	MACK	1M2AG11Y35M019177	CV713	\$9,000.00
240	5M019183	2005	MACK	1M2AG11Y95M019183	CV713	\$9,000.00
242	4M012477	2004	MACK	1M2AG11Y44M012477	CV713	\$9,000.00
244	5M019174	2005	MACK	1M2AG11Y85M019174	CV713	\$9,000.00
246	5M027520	2005	MACK	1M2AG11Y85M027520	CV713	\$9,000.00

[Signature Page to Asset Purchase Agreement]

247	7M004136	2007	MACK	1M2AT04Y77M004136	CTP713	\$9,000.00
248	5M019176	2005	MACK	1M2AG11Y15M019176	CV713	\$9,000.00
249	5M016635	2005	MACK	1M2AG11Y35M016635	CV713	\$9,000.00
250	5M022143	2005	MACK	1M2AG11Y15M022143	CV713	\$9,000.00
252	5M022144	2005	MACK	1M2AG11Y35M022144	CV713	\$9,000.00
254	5M019178	2005	MACK	1M2AG11Y55M019178	CV713	\$9,000.00
255	7M004140	2007	MACK	1M2AT04Y97M004140	CTP713	\$9,000.00
256	6M041398	2006	MACK	1M2AG11Y66M041398	CV713	\$9,000.00
257	5M016637	2005	MACK	1M2AG11Y75M016637	CV713	\$9,000.00
258	6M041399	2006	MACK	1M2AG11Y86M041399	CV713	\$9,000.00
264	7M057365	2007	MACK	1M2AG11Y37M057365	CV713	\$9,000.00
265	6M041404	2006	MACK	1M2AG11Y86M041404	CV713	\$9,000.00
266	6M003774	2006	MACK	1M2AL02YX6M003774	CT713	\$9,000.00
267	5M027519	2005	MACK	1M2AG11Y15M027519	CV713	\$9,000.00
268	6M041402	2006	MACK	1M2AG11Y46M041402	CV713	\$9,000.00
269	7M002742	2007	MACK	1M2AT13Y67M002742	CTP713	\$9,000.00
270	7M004128	2007	MACK	1M2AT04Y87M004128	CTP713	\$9,000.00
271	8M003279	2008	MACK	1M2AX04Y58M003279	GU713	\$9,000.00
272	8M001457	2008	MACK	1M2AX04Y48M001457	GU713	\$9,000.00
273	5M019175	2005	MACK	1M2AG11YX5M019175	CV713	\$9,000.00
275	8M003467	2008	MACK	1M2AX04Y68M003467	GU713	\$9,000.00
276	8M003476	2008	MACK	1M2AX04Y78M003476	GU713	\$9,000.00
283	8D752242	2008	PETERBILT	1XPWDB9X58D752242	388	\$9,000.00
290	7D699737	2007	PETERBILT	1XP5D89X47D699737	379	\$9,000.00
320	WN470487	1998	PETERBILT	1XPGDU9X6WN470487	385	\$9,000.00
355	8D761181	2008	PETERBILT	1XPWDB9X18D761181	388	\$9,000.00
358	8D752247	2008	PETERBILT	1XPWDB9X48D752247	388	\$9,000.00
404	6M029771	2006	MACK	1M2AG11Y86M029771	CV713	\$8,900.00
407	6M002611	2006	MACK	1M2AL02YX6M002611	CT713	\$8,900.00
408	6M002607	2006	MACK	1M2AL02Y86M002607	CT713	\$8,900.00
410	6M002610	2006	MACK	1M2AL02Y86M002610	CT713	\$8,900.00
411	6M002609	2006	MACK	1M2AL02Y16M002609	CT713	\$8,900.00
412	6M002612	2006	MACK	1M2AL02Y16M002612	CT713	\$8,900.00
413	6M029772	2006	MACK	1M2AG11YX6M029772	CV713	\$8,900.00
414	6M037085	2006	MACK	1M2AG11Y96M037085	CV713	\$8,900.00
504	5D878348	2005	PETERBILT	1XP5D89X55D878348	379	\$8,900.00
505	5D878351	2005	PETERBILT	1XP5D89X55D878351	379	\$8,900.00
507	7D699741	2007	PETERBILT	1XP5D89X67D699741	379	\$8,900.00
508	6D880395	2006	PETERBILT	1XP5D89X06D880395	379	\$8,900.00

509	7D699739	2007	PETERBILT	1XP5DB9X87D699739	379	\$8,900.00
510	5D854697	2005	PETERBILT	1XP5DB9X95D854697	379	\$8,900.00
511	5D878349	2005	PETERBILT	1XP5DB9X75D878349	379	\$8,900.00
514	6N880374	2006	PETERBILT	1XP5DB9X06N880374	379	\$9,000.00
515	6N880373	2006	PETERBILT	1XP5DB9X96N880373	379	\$9,000.00
517	8D767468	2008	PETERBILT	1XPWDB9X78D767468	388	\$8,900.00
600	6D646619	2006	PETERBILT	1XP5DB9XX6D646619	379	\$8,900.00
601	6D646615	2006	PETERBILT	1XP5DB9X26D646615	379	\$10,400.00
604	6D646616	2006	PETERBILT	1XP5DB9X46D646616	379	\$8,900.00
605	6D646614	2006	PETERBILT	1XP5DB9X06D646614	379	\$9,000.00
611	7D660431	2007	PETERBILT	1XP5DB9X57D660431	379	\$10,400.00
612	6D646621	2006	PETERBILT	1XP5DB9X86D646621	379	\$8,900.00
614	7D660433	2007	PETERBILT	1XP5DB9X97D660433	379	\$8,900.00
702	8D760471	2008	PETERBILT	1XPWDB9X58D760471	388	\$9,000.00
703	8D767467	2008	PETERBILT	1XPWDB9X58D767467	388	\$8,900.00
704	7D660421	2007	PETERBILT	1XP5DB9X27D660421	379	\$9,000.00
800	6M039961	2006	MACK	1M2AG11Y86M039961	CV713	\$8,900.00
804	1W136037	2001	MACK	1M1AA13Y01W136037	CH613	\$8,900.00
807	6M041403	2006	MACK	1M2AG11Y66M041403	CV713	\$8,900.00
810	6M039963	2006	MACK	1M2AG11Y16M039963	CV713	\$8,900.00
812	6N005081	2006	MACK	1M2AJ06Y86N005081	CHN613	\$8,900.00
813	6M003775	2006	MACK	1M2AL02Y16M003775	CT713	\$8,900.00
814	6M040215	2006	MACK	1M2AG11Y06M040215	CV713	\$8,900.00
815	6M039962	2006	MACK	1M2AG11YX6M039962	CV713	\$8,900.00
817	7M057366	2007	MACK	1M2AG11Y57M057366	CV713	\$8,900.00
821	7M004131	2007	MACK	1M2AT04Y87M004131	CTP713	\$8,900.00
1000	6M003777	2006	MACK	1M2AL02Y56M003777	CT713	\$8,900.00
1001	6M003776	2006	MACK	1M2AL02Y36M003776	CT713	\$8,900.00
1002	7M057367	2007	MACK	1M2AG11Y77M057367	CV713	\$8,900.00
1018	8D761177	2008	PETERBILT	1XPWDB9XX8D761177	388	\$9,000.00
1022	8D752248	2008	PETERBILT	1XPWDB9X68D752248	388	\$9,000.00
1023	8D767470	2008	PETERBILT	1XPWDB9X58D767470	388	\$9,000.00
1024	8D767469	2008	PETERBILT	1XPWDB9X98D767469	388	\$9,000.00
1030	5D875175	2005	PETERBILT	1XPFDU9X75D875175	378	\$9,000.00
1033	4M822568	2004	PETERBILT	2XPFDU9X24M822568	378	\$9,000.00
1034	4D817365	2004	PETERBILT	1XPFDDB9X44D817365	378	\$9,000.00
1038	4M822566	2004	PETERBILT	2XPFDU9X94M822566	378	\$9,000.00
1100	7M004130	2007	MACK	1M2AT04Y67M004130	CTP713	\$8,900.00
1102	7M004139	2007	MACK	1M2AT04Y27M004139	CTP713	\$8,900.00

1108	7M002741	2007	MACK	1M2AT13Y47M002741	CTP7138	\$8,900.00
1202	8D761174	2008	PETERBILT	1XPWDB9X48D761174	388	\$9,000.00
1206	8D769651	2008	PETERBILT	1XPWDB9X88D769651	388	\$9,000.00
1207	8D769650	2008	PETERBILT	1XPWDB9X68D769650	388	\$9,000.00
1302	8M001455	2008	MACK	1M2AX04Y08M001455	GU713	\$8,900.00
1304	8M003282	2008	MACK	1M2AX04Y58M003282	GU713	\$8,900.00
1401	8M001454	2008	MACK	1M2AX04Y98M001454	GU713	\$8,900.00
1402	8M001451	2008	MACK	1M2AX04Y38M001451	GU713	\$8,900.00
1406	8M004403	2008	MACK	1M2AX04Y78M004403	GU713	\$8,900.00
1408	8M003524	2008	MACK	1M2AX04Y38M003524	GU713	\$8,900.00
1416	7M006069	2007	MACK	1M2AL02Y27M006069	CT713	\$8,900.00
1417	7M061056	2007	MACK	1M2AG11YX7M061056	CV713	\$8,900.00
1418	7M049022	2007	MACK	1M2AG11YX7M049022	CV713	\$8,900.00
1419	7M049024	2007	MACK	1M2AG11Y37M049024	CV713	\$8,900.00
1420	7M057368	2007	MACK	1M2AG11Y97M057368	CV713	\$8,900.00
1421	7M057371	2007	MACK	1M2AG11Y97M057371	CV713	\$8,900.00
1422	7M057372	2007	MACK	1M2AG11Y07M057372	CV713	\$8,900.00
1424	7M004114	2007	MACK	1M2AT04Y87M004114	CTP713	\$8,900.00
1500	8D762026	2008	PETERBILT	1XPWDB9X58D762026	388	\$10,400.00
1503	8D762029	2008	PETERBILT	1XPWDB9X08D762029	388	\$9,000.00
1505	8D762031	2008	PETERBILT	1XPWDB9X98D762031	388	\$10,400.00
1509	8D762032	2008	PETERBILT	1XPWDB9X08D762032	388	\$9,000.00
1600	8M004396	2008	MACK	1M2AX04Y38M004396	GU713	\$8,900.00
1601	8M004395	2008	MACK	1M2AX04Y18M004395	GU713	\$9,000.00
1602	8M003470	2008	MACK	1M2AX04Y68M003470	GU713	\$8,900.00
1603	8M004394	2008	MACK	1M2AX04YX8M004394	GU713	\$8,900.00
1605	8M004401	2008	MACK	1M2AX04Y38M004401	GU713	\$8,900.00
1606	8M004398	2008	MACK	1M2AX04Y78M004398	GU713	\$8,900.00
1607	8M004399	2008	MACK	1M2AX04Y98M004399	GU713	\$8,900.00
1621	8D752249	2008	PETERBILT	1XPWDB9X88D752249	388	\$8,900.00
Total of 142 Assets Listed Above						\$1,277,800.00

This Schedule 1 to the Asset Purchase Agreement dated January 12, 2017, by and between TX Energy Services, LLC and Auto Depots is hereby acknowledged and agreed to by:

TX ENERGY, LLC, a Delaware limited liability company

By: _____

Name: L. Melvin Cooper

Title: Chief Financial Officer

AUTO DEPOTS, a Texas company

By: _____

Name: Arlay Montes

Title: Fleet Purchasing Manager

EXHIBIT C

(Proposed Order)

**THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION**

In re:	§ Chapter 11
FORBES ENERGY SERVICES LTD., et al., ¹	§ Case No. 17-20023 (DRJ)
Debtors.	§ Jointly Administered
	§ Re: Docket No. _____

**ORDER GRANTING DEBTORS' MOTION FOR ORDER UNDER SECTIONS 105, 363,
365, 1107 AND 1108 OF THE BANKRUPTCY CODE (I) AUTHORIZING ASSUMPTION
OF ASSET PURCHASE AGREEMENTS; (II) APPROVING PRIVATE SALE OF
CERTAIN ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND INTERESTS
THEREUNDER; AND (III) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “Motion”)² filed by the debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases seeking entry of an Order under sections 105, 363, 365, 1107 and 1108 of title 11 of the United States Code (the “Bankruptcy Code”) (a) authorizing assumption of that certain *Asset Purchase Agreement* attached as Exhibit A to the Motion (the “Truck Purchase Agreement”) by and between Debtors C.C. Forbes, LLC (“CCF”) and TX Energy Services, LLC (“TES”) and Dealer Title Transfer, Inc., a Texas corporation (“DTT”) and that certain *Asset Purchase Agreement* attached as Exhibit B to the Motion (the “Tractor Purchase Agreement”) by and between TES and Auto Depots, a Texas company (“Auto Depots” and, together with DTT, the “Buyer”); (b) approving the private sale (the “Sale”) of certain tractors (the “Assets”) as described in and subject to the terms and

¹ The Debtors, together with the last four digits of each Debtor’s tax identification number, are: Forbes Energy Services Ltd. (1100); Forbes Energy Services LLC (6176); C.C. Forbes, LLC (5695); TX Energy Services, LLC (5843); and Forbes Energy International, LLC (6617). The location of the Debtors’ headquarters and service address is 3000 South Business Highway 281, Alice, TX 78332.

² Unless otherwise noted, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

conditions of the Purchase Agreements, free and clear of liens, claims, encumbrances, and interests (“Interests”); and (c) granting related relief; and upon the Declaration of L. Melvin Cooper; and finding that notice of the Motion was appropriate and sufficient and that no other notice need be given, after due deliberation and sufficient cause appearing therefor;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1. The Motion is granted.
2. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. § 1334.
3. As evidenced by the declarations of service previously filed with this Court, proper, timely, adequate and sufficient notice of the Motion, the Hearing and the Sale has been provided in accordance with sections 102(1) and 363 of the Bankruptcy Code and Bankruptcy Rules 2002 and 6004, and no other or further notice of the Motion, the Hearing or of the entry of this order is required.
4. All objections to the Motion not withdrawn are overruled and denied.
5. Where appropriate herein, findings of fact shall be deemed conclusions of law and conclusions of law shall be deemed findings of fact.
6. The Purchase Agreements are hereby deemed assumed by the Debtors pursuant to section 365 of the Bankruptcy Code.
7. The Sale of the Assets to Buyer on the terms and conditions set forth in the Purchase Agreements is hereby approved.

8. The Debtors are authorized to proceed with the Sale. This Order shall constitute all approvals and consents, if any, required by applicable business, corporation, limited liability company, trust and other laws of applicable governmental units with respect to the implementation and consummation of the Purchase Agreements and this Order and the transactions contemplated thereby and hereby.

9. Upon the closing date, all right, title and interest in and to the Assets shall be immediately vested in the Buyer pursuant to section 363(b) and (f) of the Bankruptcy Code free and clear of Interests.

10. Effective upon the Closing Date, any Interests against the Assets shall attach to the proceeds of the Purchase Agreements with the same extent, validity, priority and effect, if any, as the Interests formerly had against the Assets, subject to the Debtors' ability to challenge the extent, validity, priority and effect of the Interests (except to the extent such ability is limited by any financing order). The Debtors shall use the proceeds of sale subject to and in accordance with any order for use of cash collateral and budget.

11. This Order is and shall be effective as a determination that all Interests existing as to the Assets conveyed to the Buyer have, effective as of the closing date, been and hereby are terminated and declared to be unconditionally released, discharged and terminated, and such determination shall be binding upon and govern the acts of all entities, including all filing agents, filing officers, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or

otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to the Assets conveyed to the Buyer. Each of the Buyer and the Debtors may take such further steps and execute such further documents, assignments, instruments and papers to implement and effectuate the transactions contemplated in this paragraph. All Interests of record as of the date of this Order and the closing date shall be forthwith removed and stricken as against the Assets.

12. As the Sale was non-collusive, fair and reasonable and conducted in good faith, and the transactions contemplated by the Purchase Agreements have been bargained for and undertaken by the Debtors and the Buyer at arm's length and without collusion, the Sale approved by this Order is not subject to avoidance pursuant to section 363(n) of the Bankruptcy Code.

13. The provisions of this Order and any actions taken pursuant hereto shall survive the entry of any order which may be entered converting the Debtors' cases from Chapter 11 to a case under Chapter 7 of the Bankruptcy Code.

14. The terms and provisions of the Purchase Agreements, together with the terms and provisions of this Order, shall be binding in all respects upon, and shall inure to the benefit of, the Debtors, their estates, any trustee appointed in these cases (whether in Chapter 7 or Chapter 11), their creditors, the Buyer and its respective affiliates, successors and assigns, and any affected third parties, including but not limited to, any and all persons asserting a claim against or interest in the Debtors' estates or the Assets.

15. Because the Court finds that the Buyer is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code, in the event that the parties to the Sale consummate the transactions contemplated thereby while an appeal of this Order is pending, the Buyer shall be entitled to rely upon the protections of section 363(m) of the Bankruptcy Code, absent any stay pending appeal granted by a court of competent jurisdiction prior to such consummation.

16. This Court retains jurisdiction to:

- a. Interpret, implement and enforce the terms and provisions of this Order and the terms of the Purchase Agreements, all amendments thereto and any waivers and consents thereunder and of each of the agreements executed in connection therewith or related thereto;
- b. Until the entry of final decrees in these cases, resolve any disputes arising under or related to the Sale; and
- c. Adjudicate all issues concerning alleged Interests and any other alleged interests in and to the Assets or the proceeds of the Sale, including the extent, validity, enforceability, priority and nature of all such alleged interests relating to the proceeds of the Sale.

[Remainder of page intentionally blank]

17. Notwithstanding Bankruptcy Rules 6004 and 7062, this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing, and the Motion or notice thereof shall be deemed to provide sufficient notice of the Debtors' request for waiver of the otherwise applicable stay of the order. This Order shall be effective immediately upon entry pursuant to Rule 7062 and 9014 of the Federal Rules of Bankruptcy Procedure.

Dated: _____, 2017

UNITED STATES BANKRUPTCY JUDGE

**IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION**

In re:	§ Chapter 11
	§
FORBES ENERGY SERVICES LTD., et al. ¹	§ Case No. 17-20023 (DRJ)
	§
Debtors.	§ Jointly Administered
	§

**DECLARATION OF L. MELVIN COOPER IN SUPPORT OF DEBTORS' MOTION
FOR ORDER UNDER SECTIONS 105, 363, 365, 1107 AND 1108 OF THE
BANKRUPTCY CODE (I) AUTHORIZING ASSUMPTION OF ASSET PURCHASE
AGREEMENTS; (II) APPROVAL OF PRIVATE SALE OF CERTAIN ASSETS FREE
AND CLEAR OF LIENS, CLAIMS AND INTERESTS THREUNDER;
AND (III) GRANTING RELATED RELIEF**

I, L. Melvin Cooper, hereby declare that the following is true and correct to the best of my knowledge, information, and belief. I currently serve as the Senior Vice President and Chief Financial Officer of each of the above-captioned debtors (the “Debtors”). I submit this declaration (the “Declaration”) in support of the *Debtors’ Motion for Order Under Sections 105, 363, 365, 1107 and 1108 of the Bankruptcy Code (i) Authorizing Assumption of Asset Purchase Agreements; (ii) Approval of Private Sale of Certain Assets Free and Clear of Liens, Claims and Interests Thereunder; and (iii) Granting Related Relief* filed by the Debtors concurrently herewith (the “Motion”).²

1. Except as otherwise indicated, I have personal knowledge of the information contained herein, either directly or through employees of the Debtors, or the

¹ The Debtors, together with the last four digits of each Debtor’s tax identification number, are: Forbes Energy Services Ltd. (1100); Forbes Energy Services LLC (6176); C.C. Forbes, LLC (5695); TX Energy Services, LLC (5843); and Forbes Energy International, LLC (6617). The location of the Debtors’ headquarters and service address is 3000 South Business Highway 281, Alice, TX 78332.

² Capitalized terms not defined herein have the meanings ascribed to them in the First Day Motions.

Debtors' other advisors, and am competent to testify as to the matters set forth herein. I am authorized to submit this declaration on behalf of the Debtors.

2. As of the Petition Date, the Debtors have been in the process of selling certain of their trucks, tractors, and other equipment that are at the end of their useful life and do not provide any further benefit to the Debtors' operations. To that end, after a competitive bidding process, prepetition the Debtors entered into certain purchase agreements with two entities that are affiliates of each other, Dealer Title Transfer, Inc., a Texas corporation ("DTT"), and Auto Depots, a Texas company ("Auto Depots" and together with DTT, the "Buyer").

3. On November 17, 2016, after engaging in arm's length negotiations with the Buyer, Debtors C.C. Forbes, LLC ("CCF") and TX Energy Services, LLC ("TES") entered into the Truck Purchase Agreement pursuant to which CCF and TES agreed to sell 105 excess, aged trucks to the Buyer in two tranches as follows:

Tranche	CCF Trucks	TES Trucks	CCF Consideration	TES Consideration	Total
1	53	4	\$364,000	\$26,000	\$390,000
2	47	1	\$273,200	\$5,000	\$278,200

Tranche 1 closed on or about November 21, 2016. As of the Petition Date, Tranche 2 has not yet closed.

4. On January 12, 2017, after engaging in arm's length negotiations with the Buyer, TES also entered into the Tractor Purchase Agreement for the sale of 142 of TES's excess and aged tractors to the Buyer for cash consideration in the amount of \$1,277,800.³

5. I believe that the consideration to be received under the Purchase Agreements is fair value for the Assets. The Debtors solicited bids for the Assets and received multiple offers. The offer submitted by the Buyer was the highest bid. The Buyer is not an officer, director, shareholder, or other insider of the Debtors. The Sale was negotiated in good faith, at arm's length and, to the best of my knowledge, without collusion or fraud of any kind.

6. To the best of my knowledge, as of the Petition Date, the only liens on the Assets of which the Debtors are aware are: (a) the liens of Enterprise Fleet Management, Inc. (“Enterprise”) with respect of certain of the pickup trucks and vehicles; and (b) the lien of Regions Bank, as agent (“Agent”), under that certain *Loan And Security Agreement* dated September 9, 2011, as amended. The Debtors believe that Enterprise's lien is for less than the price at which such property is to be sold. The Debtors further believe that the Agent has consented to the Sale free and clear of its liens, with such liens attaching to the proceeds of the Sale, provided that the Debtors shall use such proceeds subject to and in accordance with any order for use of cash collateral and budget.

7. The relief sought in the Motion will generate more than \$1.5 million for the benefit of the Debtors' estates and their creditors and avoid a breach of contract/rejection damages claim of the Buyer up to such amount. I believe, therefore, that

³ On January 12, 2017, TES also entered into that certain Asset Purchase Agreement for the sale of 18 excess, aged tractors to Buyer for cash consideration in the amount of \$162,000, which transaction closed prepetition.

assuming and performing under the Purchase Agreement is a sound exercise of the Debtors' business judgment.

[Remainder of page intentionally blank]

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

Executed this 26 day of January, 2017, at Alice, Texas.



L. Melvin Cooper