

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

IN RE:)	CHAPTER 11 CASES
)	
FRAC SPECIALISTS, LLC,)	CASE NO. 15-41974-mxm-11
CEMENT SPECIALISTS, LLC,)	CASE NO. 15-41975-mxm-11
ACID SPECIALISTS, LLC,)	CASE NO. 15-41976-mxm-11
)	
DEBTORS.)	Jointly Administered Under
)	Case No. 15-41974-mxm-11

**DISCLOSURE STATEMENT WITH RESPECT TO JOINT PLAN OF
REORGANIZATION PROPOSED BY THE DEBTORS UNDER
CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

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AND DEBTORS-IN-POSSESSION

DATED: November 20, 2015
Fort Worth, Texas

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Frac Specialists, LLC; Cement Specialists, LLC; and Acid Specialists, LLC, (collectively, the “Debtors”), the debtors and debtors-in-possession in the chapter 11 cases captioned above, submit this Disclosure Statement (the “Disclosure Statement”), which is to be used in connection with the solicitation of votes on the Joint Plan of Reorganization Proposed by the Debtors Under Chapter 11 of the United States Bankruptcy Code, dated November 20, 2015 (the “Plan”). A copy of the Plan is attached hereto as **Exhibit “A”**. Unless otherwise defined herein, terms used herein have the meanings ascribed thereto in the Plan (see Article I of the Plan entitled “Definitions”).

For a general summary of the proposed treatment of your Claim or Interest under the Plan, please see the chart below.

I. NOTICE TO HOLDERS OF CLAIMS

A. Generally

The purpose of this Disclosure Statement is to enable creditors whose Claims are impaired to make an informed decision in exercising their right to vote to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

On _____, 2015, the Bankruptcy Court entered an order pursuant to section 1125 of the Bankruptcy Code (the “Disclosure Statement Order”) approving this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor, typical of the solicited holders of Claims against and Interests in the Debtors, to make an informed judgment with respect to the acceptance or rejection of the Plan. A copy of the Disclosure Statement Order is included in the materials accompanying this Disclosure Statement. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT REGARDING THE FAIRNESS OR MERITS OF THE PLAN.

Each holder of a Claim or Interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. Except for the Debtors and their professionals, no person has been authorized to use or promulgate any information concerning the Debtors, their business, or the Plan, other than the information contained herein, in connection with the solicitation of votes to accept or reject the Plan. No holder of a Claim entitled to vote on the Plan should rely upon any information relating to the Debtors, their business, or the Plan other than that contained in the Disclosure Statement and the exhibits hereto. Unless otherwise indicated, the source of all information set forth herein is the Debtors.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed ballot and returning the same to the address set forth on the ballot, in the enclosed return envelope so that it will be received by the Debtors’ counsel, no later than 5:00 p.m., Central Time, on _____, 2016.

If you do not vote to accept the Plan, or if you are the holder of an unimpaired Claim or Interest, you may be bound by the Plan if it is accepted by the requisite holders of Claims or Interests. See "Confirmation of the Plan – Solicitation of Votes; Vote Required for Class Acceptance" beginning on page 41 below and "Cramdown" beginning on page 45 below.

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE RECEIVED NO LATER THAN 5:00 P.M., CENTRAL TIME, ON _____, 2016. For detailed voting instructions and the name, address, and phone number of the person you may contact if you have questions regarding the voting procedures, see "Confirmation of the Plan – Solicitation of Votes; Voting Procedures – Parties In Interest Entitled to Vote" beginning on page 40 below.

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan (the "Confirmation Hearing"), on _____, 2016, at _____ .m., Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before 5:00 p.m., Central Time, _____, 2016, in the manner described under the caption, "Confirmation of the Plan – Confirmation Hearing" beginning on page 41 below.

THE DEBTORS SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS TO VOTE TO ACCEPT THE PLAN.

B. Summary of Treatment Under The Plan

The following is an estimate of the numbers and amounts of classified Claims and Interests to receive treatment under the Plan, and a summary of the proposed treatment of such Claims and Interests under the Plan. Reference should be made to the entire Disclosure Statement and to the Plan for a complete description of the classification and treatment of Claims and Interests.

The bar date for filing proofs of claim was September 24, 2015. The table below is drawn from the Debtors' Schedules and filed Proofs of Claim. The final universe of claims, as actually Allowed, may differ from this table.

Class	Treatment
<p><u>Class 1</u> - Secured Tax Claims</p> <p>Estimated Amount: \$135,430</p> <p>Estimated Holders: 4</p>	<p>Impaired</p> <ul style="list-style-type: none"> Each holder of an Allowed Secured Tax Claim shall receive, at the Debtors' option, (a) the amount of such Allowed Secured Tax Claim in one Cash payment on the Initial Distribution Date; (b) substantially equal annual Cash payments, beginning on the Initial Distribution Date, sufficient to amortize the full amount of such Allowed Secured Tax Claim over five (5) years, with interest thereon at the non-default statutory rate applicable to the tax in question, without penalties, accruing from and after the Effective Date on the unpaid principal balance of such Allowed Secured Tax Claim; or (c) such other treatment as may be agreed to in writing by the holder of such Secured Tax Claim and the Debtors. <p>Estimated Recovery: 100% of Allowed Claim</p>
<p><u>Class 2</u> – Capital One Secured Claim</p> <p>Estimated Amount: \$4,950,000</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> Holder shall receive, on or before the Initial Distribution Date, the amount of the Allowed Capital One Secured Claim in one Cash payment. <p>Estimated Recovery: 100% of Allowed Claim</p>
<p><u>Class 3</u> – CNB Secured Claim</p> <p>Estimated Amount: \$375,000</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> Holder shall receive a series of substantially equal monthly payments, beginning on or before the Initial Distribution Date, sufficient to amortize the amount of the Allowed CNB Secured Claim, plus interest accruing at the rate of 5% per annum, over a period of five years after the Initial Distribution Date. In addition, on or before the Effective Date, Community National Bank shall release all funds of the Debtors that are subject to administrative hold or have otherwise been made unavailable for use by the Debtors. <p>Estimated Recovery: 100% of Allowed Claim</p>

Class	Treatment
<p><u>Class 4(a)</u> – Bank of the West Secured Claim</p> <p>Estimated Amount: \$1,515,000</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Holder shall receive \$1.2 million Cash on or before the Initial Distribution Date • Treatment is also in full satisfaction of holder's Equipment Lessor Deficiency Claim
<p><u>Class 4(b)</u> – CIT Secured Claim</p> <p>Estimated Amount: \$7,755,000</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Holder shall receive \$5.5 million Cash on or before the Initial Distribution Date • Treatment is also in full satisfaction of holder's Equipment Lessor Deficiency Claim
<p><u>Class 4(c)</u> – EH Secured Claim</p> <p>Estimated Amount: \$1,492,500</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Interest only at 5% for seven months • Five-year amortization at 5% with balloon payment after three years • Retain Liens until paid in full
<p><u>Class 4(d)</u> – MB Secured Claim</p> <p>Estimated Amount: \$2,130,000</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Holder shall receive \$1.5 million Cash on or before the Initial Distribution Date • Treatment is also in full satisfaction of holder's Equipment Lessor Deficiency Claim
<p><u>Class 4(e)</u> – People's Secured Claim</p> <p>Estimated Amount: \$3,315,000</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Interest only at 5% for seven months • Five-year amortization at 5% with balloon payment after three years • Retain Liens until paid in full

Class	Treatment
<p><u>Class 4(f)</u> – Prime Secured Claim</p> <p>Estimated Amount: \$855,000</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Interest only at 5% for seven months • Five-year amortization at 5% with balloon payment after three years • Retain Liens until paid in full
<p><u>Class 4(g)</u> – Signature Secured Claim</p> <p>Estimated Amount: \$2,600,000</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Interest only at 5% for seven months • Five-year amortization at 5% with balloon payment after three years • Retain Liens until paid in full
<p><u>Class 4(h)</u> – Summit Secured Claim</p> <p>Estimated Amount: \$532,000</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Interest only at 5% for seven months • Five-year amortization at 5% with balloon payment after three years • Retain Liens until paid in full
<p><u>Class 4(i)</u> – Susquehanna Secured Claim</p> <p>Estimated Amount: \$112,500</p> <p>Holders: 1</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Interest only at 5% for seven months • Five-year amortization at 5% with balloon payment after three years • Retain Liens until paid in full

Class	Treatment
<p><u>Class 5</u> – Other Secured Claims</p> <p>Estimated Amount: \$-0-</p> <p>Estimated Holders: 0</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Holder of each Allowed Other Secured Claim shall receive, on or as soon as practicable after the Initial Distribution Date, either (a) return of the Collateral securing such Other Secured Claim in full satisfaction of such Other Secured Claim; (b) payment in Cash in an amount equivalent to the lesser of (i) the value of such Collateral or (ii) the full amount of the Other Secured Claim; (c) treatment of such Other Secured Claim in accordance with sections 1124(2) or 1129(b)(2) of the Bankruptcy Code; or (d) such other treatment as may be agreed to in writing by the holder of such Other Secured Claim and the Debtors. <p>Estimated Recovery: 100% of Allowed Claim</p>
<p><u>Class 6</u> – Priority Non-Tax Claims</p> <p>Estimated Amount: \$-0-</p> <p>Estimated Holders: 0</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Each holder of an Allowed Priority Non-Tax Claim shall receive (a) the amount of such holder's Allowed Claim in one Cash payment on or before the Initial Distribution Date, or (b) such other treatment as may be agreed upon in writing by the holder of such Priority Non-Tax Claim and the Debtors. <p>Estimated Recovery: 100% of Allowed Claim</p>
<p><u>Class 7</u> – General Unsecured Claims</p> <p>Estimated Amount: \$19,859,530</p> <p>Total Holders: 373</p>	<p>Impaired</p> <ul style="list-style-type: none"> • Each holder of an Allowed General Unsecured Claim shall receive, on or before the Initial Distribution Date, the lesser of (a) Cash equal to twenty percent (20%) of the amount of such Allowed General Unsecured Claim or (b) Cash equal to such holder's Pro Rata Share of \$3,000,000. <p>Estimated Recovery: 20% of Allowed Claim</p>

Class	Treatment
<p>Class 8 – Equipment Lessor Deficiency Claims</p> <p>Estimated Amount: \$5,510,498</p> <p>Total Holders: 6</p>	<p>Impaired</p> <ul style="list-style-type: none"> Holder shall receive, on or before the third (3rd) anniversary of the Effective Date, Cash equal to (a) the percentage of recovery received by holders of Allowed General Unsecured Claims multiplied by (b) the amount of such Allowed Equipment Lessor Deficiency Claim. <p>Estimated Recovery: 20% of Allowed Claim</p>
<p>Class 9 – Interests in the Debtors</p> <p>Total Holders: 4</p>	<p>Impaired</p> <ul style="list-style-type: none"> All Interests shall be extinguished and shall cease to exist as of the Effective Date. The holders of such Interests shall not receive or retain any property on account of such Interests under the Plan. <p>Estimated Recovery: 0%</p>

The total universe of Claims and holders of Interests, as ultimately Allowed, may be greater or smaller than as reflected in the above analysis.

II. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11, the debtor-in-possession attempts to reorganize its business for the benefit of the debtor, its creditors, and other parties in interest. The present cases commenced with the filing of voluntary chapter 11 petitions by the Debtors on May 17, 2015.

The commencement of a chapter 11 case creates an estate comprising all the legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a “debtor in possession” unless the bankruptcy court orders the appointment of a trustee. In the present cases, the Debtors have remained in possession of their properties and have continued to operate their business as debtors-in-possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, *inter alia*, for an automatic stay of all attempts to collect pre-petition claims from the debtor or otherwise interfere with its property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed plan of reorganization.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the claims against and interests in the debtor. Generally, unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case (the "Exclusive Period"). However, section 1121(d) of the Bankruptcy Code permits the court to extend or reduce the Exclusive Period upon a showing of "cause." After the Exclusive Period has expired, a creditor or any other party in interest may file a plan, unless the Debtors has filed a plan within the Exclusive Period, in which case, the Debtors is generally given sixty additional days (the "Solicitation Period") during which it may solicit acceptances of its plan. The Solicitation Period may also be extended or reduced by the court upon a showing of "cause."

B. Plan of Reorganization

Although referred to as a plan of reorganization, a plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the debtor's assets. In this case, the Plan, as proposed by the Debtors, provides for full payment, over time, of all secured and priority claims. The Plan also provides for a partial Cash payment, on or shortly after the Effective date, to holders of unsecured non-priority Claims. Interests in the Debtors shall be extinguished.

After a plan of reorganization has been filed, the holders of impaired claims against or interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to holders of Claims against and Interests in the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code.

If all classes of claims and interests accept a plan of reorganization, the bankruptcy court may nonetheless still not confirm the plan unless the court independently determines that the requirements of section 1129 of the Bankruptcy Code have been satisfied. Section 1129 sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interests of creditors" test and be "feasible." The "best interests of creditors" test generally requires that the value of the consideration to be distributed to the holders of claims and Interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization.

The Debtors believe that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the "best interests of creditors" test and the "feasibility" requirement. The Debtors support confirmation of the Plan and urge all holders of impaired Claims to accept the Plan.

Chapter 11 does not require that each holder of a claim against or interest in a debtor vote in favor of a plan of reorganization in order for the bankruptcy court to confirm the plan. At a minimum, however, the plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting in at least one class of impaired claims under the plan. The Bankruptcy Code also defines acceptance of the plan by a class of interests (equity

securities) as acceptance by holders of two-thirds of the number of shares actually voting. In the present case, only the holders of Claims or Interests who actually vote will be counted as either accepting or rejecting the Plan.

In addition, classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or Interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified in any way under the plan. However, if holders of the claims or interests in a class do not receive or retain any property on account of such claims or Interests, then each such holder is deemed to have voted to reject the plan and does not actually cast a vote to accept or reject the plan.

In this case, all Classes are impaired under the Plan. Therefore, each holder of a Claim or Interest in any Class is entitled to vote on the Plan.

The bankruptcy court may also confirm a plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponents of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a class of rejecting claims if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to unsecured claims and interests, that the holder of any claim or Interest that is junior to the claims or Interests of such class will not receive or retain on account of such junior claim or Interest any property at all unless the senior class is paid in full.

A plan does not "discriminate unfairly" against a rejecting class of claims if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims, and (b) no senior class of claims is to receive more than 100% of the amount of the claims in such class.

The Debtors believe that the Plan has been structured so that it will satisfy these requirements as to any rejecting Class of Claims, and can therefore be confirmed, if necessary, over the objection of any Class of Claims. The Debtors, however, reserve the right to request confirmation of the Plan under the "cramdown" provisions of section 1129 of the Bankruptcy Code.

III. THE DEBTORS AND THEIR BUSINESS

A. The Debtors

The Debtors operate as a leading oilfield service provider serving the exploration and production industry within the Permian Basin. The Debtors' management team is made up of well-seasoned oil and gas veterans who have capitalized on an opportunity to bundle an array of mission-critical services to better serve their customers. The Debtors have successfully built a

diversified platform that provides the highest quality of services at competitive pricing.

Acid Specialists was founded in 2008 and provides acid and related chemical pressure pumping services to enhance and maintain production, typically in older, existing oil and gas wells. Acid Specialists currently has nine pumps, sixteen acid transports and a highly loyal and skilled team of operators. Acid Specialists owns the original 11.59-acre yard and office/shop facilities in Midland, Texas. The facility includes substantial office and shop space along with a 46,000 gallon HCL acid dock. This yard and shop are the base of operations for the combined approximately 100 employees of all three Debtor entities.

Cement Specialists was founded in late 2010 and provides a complete range of cementing services including remedial work, squeeze jobs, production, intermediate and surface casing, liners and plug and abandonment services. Cement Specialists currently has four single pump cementers and three double pump cementers, along with ten bulk trailers, two field bins, and other support equipment. In April 2013, Cement Specialists completed the construction of its state-of-the-art cement plant that is located towards the rear of Acid Specialist's yard.

Frac Specialists was founded in late 2011 and provides energized-fluid fracs, slick-water fracs, cross-linked fracs, and gelled-water fracs. Frac Specialists expanded steadily throughout 2012, 2013, and 2014 and is capable of pumping any frac design currently used in the Permian Basin. Frac Specialists owns a 28-acre yard across the street from Acid Specialist's yard that has 4,000,000 tons of sand storage, along with 130,000 gallons of HCL acid storage, and a second facility in Snyder, Texas that consists of 22 acres in an industrial area that has rail access.

The Debtors currently operate exclusively in the Permian Basin, which is considered one of the most prolific oil plays in the United States and has become increasingly attractive for large oil and gas drillers. As of April 2015, the Permian Basin is the largest oil-producing basin and the fourth largest gas-producing basin in the United States at 1,981 Mbbls/day and 6,437 MMcf/day, respectively. This represents a 71% increase and 47% increase in oil and gas production, respectively, from April 2012 levels. Furthermore, the Permian Basin is reported to contain an estimated 30 Bbbl of remaining recoverable oil. Along with the Eagle Ford Shale, the Permian Basin is expected to be the continued recipient of a large amount of upstream and midstream investment dollars when commodity prices rebound.

The Debtors are aggressively cutting operating expenses, becoming more efficient during the downturn, and believe their profitability will return as these internal changes are implemented and the overall oil industry activity increases.

B. Debtors' Management

Larry Noble serves as Manager of all of the Debtors. Javier Urias is Vice President of Operations of Frac Specialists, LLC and Acid Specialists, LLC. Alex Hinojos is Vice President of Operations of Cement Specialists, LLC. David Sparkman is Chief Financial Officer of the Debtors.

C. Pre-Petition Financing Structure

As of the commencement of these Chapter 11 Cases, the Debtors and Capital One, N.A. ("Capital One") were parties to a Loan and Security Agreement dated as of September 19, 2014

(the "Loan Agreement"), which provided the Debtors with revolving borrowing capacity of up to \$25 million. Borrowing under the Loan Agreement was further evidenced by a Revolving Loan Promissory Note (as renewed, amended or modified, the "Note"), also dated September 19, 2014. As provided in the Loan Agreement, the Note is secured by the Debtors' Accounts, Deposit Accounts, and Proceeds, all as defined therein. As of the Petition Date, the outstanding balance under the Note was approximately \$7 million.

D. Continued Use of Cash Collateral

By agreement with Capital One, and with the approval of the Bankruptcy Court in a series of interim orders and a final order entered July 30, 2015, the Debtors have used cash collateral since the Petition Date in the operation of the Debtors' business.

E. Debtor-in-Possession Financing

The Debtors have not required, sought, or received any debtor-in-possession financing apart from the continued use of Capital One's cash collateral.

IV. THE CHAPTER 11 CASES

A. Factors Leading To Chapter 11 Filing

From 2011 to 2014, the Debtors grew from \$17.1 million and \$6.6 million in revenue and EBITDA, respectively, to \$196.7 million and \$36.8 million in revenue and EBITDA, respectively. The dramatic decrease in U.S. oilfield service intensity starting in December 2014 caused profit margins and net cash flow to drop dramatically in the first quarter of 2015.

Beginning in January 2015, the Debtors reduced their collective secured debt to Capital One from about \$22 million to \$7 million. Capital One refused the Debtors' request to increase the percentage of certain receivables that were used in calculating the Debtors' borrowing base. The Debtors became concerned that the borrowing base would be insufficient to meet their capital needs and that Capital One would offset funds in the Debtors' operating accounts. These bankruptcy cases were filed in part as a preventive measure to preserve all assets, including working capital, for the benefit of all creditors and to provide the Debtors with sufficient cash reserves to successfully reorganize.

Due to heavy investments in capital assets and a subsequent decline in drilling operations in the Permian Basin, the Debtors sought the benefit of a Chapter 11 reorganization to create efficiencies, reorganize their debt and capital leases, and leverage their existing relationships and infrastructure to grow revenue and profits as the market improves.

B. Commencement of the Chapter 11 Cases

The Debtors filed for bankruptcy protection on May 17, 2015. The bankruptcy cases are pending before the United States Bankruptcy Court for the Northern District of Texas. The case number for the lead bankruptcy case is 15-41974-dml-11. The bankruptcy cases are currently assigned to United States Bankruptcy Judge Mark X. Mullin.

C. The Debtors' Professionals

With the authorization of the Bankruptcy Court, the Debtors have engaged the following professionals in the Chapter 11 Cases:

- Interim Vice President of Finance: William L. Roberts, CPA, 10551 West Rocky Creek Road, Crowley, TX 76036; and
- Bankruptcy counsel: Forshey & Prostok, LLP, 777 Main Street, Suite 1290, Fort Worth, TX 76102;
- Accountants: Montgomery Coscia Greulich LLP, 2500 Dallas Parkway, Suite 300, Plano, TX 75093; and
- Investment bankers: SSG Advisors, LLC, Five Tower Bridge, Suite 420, 300 Barr Harbor Drive, West Conshohocken, PA 19428; and Chiron Financial Group, Inc., 1001 Fannin Street, Suite 4775, Houston, TX 77002.

D. Post-Petition Operations and Events

Following the entry of the Order for Relief, the Debtors filed a number of First Day Motions that enabled operations to continue uninterrupted. Notably, at the Petition Date, the Debtors were engaged in a significant project for their largest customer. The billed and unbilled amounts due from that customer represented the Debtors' largest liquid asset.

A number of vendors had provided goods and services to the project and subsequently filed liens against assets of the customer to protect their claims.

With the continuance of operations, the Debtors were able to successfully complete the project. Working closely with the customer and its vendors, the Debtors collected over \$6 million from the former and significantly reduced their secured and unsecured claims.

Further progress by the Debtors includes:

- Substantial head count and compensation reductions both in the field and administration
- Sale of excess of transportation equipment of approximately \$700 thousand
- Reductions in Secured Debt of over \$2 million
- Reductions in Unsecured Debt of over \$1.6 million

The Debtors have been able to accomplish their reductions in force while retaining the most productive and capable supervisory, engineering, and administrative staff. Accordingly, the Debtors are positioned to capitalize on the resurgence of the oil service business in the Permian Basin, as drilling and production activity begins to resume.

E. Success of the Debtors' Business Post-Restructuring

The Debtors believe that oil commodity prices and activity levels have hit bottom and are poised to commence recovery and normalization. The Debtors believe the most recent and credible research as to the future of oil prices is provided by Adam Longson, CFA, CPA,

Executive Director and Head of Energy Commodity Research at Morgan Stanley.

Longsong and his Morgan Stanley research team's exhaustive research has outlined four specific phases of the current oil price recovery:

- **Today through Mid-2016:** oversupply and oil recession (Oil teetering between \$45 to \$50 bbl)
- **Q4 2016:** initial rebalancing and recovery. (Oil increasing from \$60 to \$65 bbl)
- **Early 2017:** recovery (Oil around \$75)
- **2018:** normalization (Oil around \$85)

The Debtors' business activity and revenue are closely correlated to the oil drilling rig count in the Permian Basin, which in turn, is closely correlated to oil prices. As oil prices recover as projected by Morgan Stanley, so too will the oil drilling rig count, and the Debtors' activity and revenues.

The Debtors note that in mid-2014 at the height of their activity, there were over 30 companies in the Permian Basin providing frac services. That number, to the extent it can be reliably confirmed, has diminished to under 20 and is expected to bottom out at approximately 10 service providers.

The Debtors have a number of distinct attributes that will allow them to capitalize on the recovering market, especially in the wake of the diminished number of service providers:

- Reliable industry reputation with skilled managers and intact workforce
- Over one hundred Master Service Agreements with Permian producers
- Relatively new and reliable fleets of frac pumps
- Complementary cement and acidizing affiliates
- Significantly reduced costs structures

The Debtors have projected their activity levels and revenues by correlating them to the recoveries of both the Permian Basin rig count and oil commodity prices as anticipated by Morgan Stanley's Energy Commodity Research team's latest conclusions, and believe them to be reasonable.

V. LITIGATION INVOLVING THE DEBTORS

Except as expressly set forth in the Plan, all causes of action, claims, counterclaims, defenses and rights of offset or recoupment (including but not limited to all Estate Claims, Estate Defenses and Avoidance Actions) belonging to the Debtors shall, upon the occurrence of the Effective Date, be retained by, received by and vested in the respective Reorganized Debtors for the benefit of the Debtors and the Debtors' estates. Except as expressly set forth in the Plan, the rights of the Reorganized Debtors to commence, prosecute or settle such causes

of action shall be preserved notwithstanding the occurrence of the Effective Date. **No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any cause of action against them as any indication that the Debtors or the Reorganized Debtors will not pursue any and all available causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) against them. The Debtors and their estates expressly reserve all rights to prosecute any and all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) against any Person, except as otherwise provided in the Plan.** Unless any causes of action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Final Order, the Debtors expressly reserve all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) for later adjudication, and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such causes of action upon or after the confirmation or consummation of the Plan. The Debtors and the Reorganized Debtors may also assert Estate Defenses as a defense to the allowance of any Claim not otherwise Allowed.

VI. THE PLAN

A. Classification and Treatment Summary

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE CONSUMMATION OF THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OR A SUBSTITUTE FOR A FULL AND COMPLETE REVIEW OF THE PLAN. THE FOLLOWING SUMMARY IS COMPLETELY QUALIFIED BY THE TERMS OF THE PLAN. IN THE EVENT OF ANY CONFLICT BETWEEN THE FOLLOWING SUMMARY AND THE PLAN, THE PLAN WILL CONTROL.

The Plan classifies the various Claims against and Interests in the Debtors. These Classes take into account the different nature and priority of Claims against and Interests in the Debtors. In addition, in accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expenses and certain Priority Claims (other than Priority Tax Claims) are not classified for purposes of voting or receiving distributions under the Plan. Rather, all such Claims are treated separately as unclassified Claims.

1. Unclassified Claims Against the Debtor

Unclassified Claims against the Debtors consist of Administrative Expenses, Priority Tax Claims, and certain fees payable to the United States Trustee. This includes both ordinary post-petition business expenses and Claims attributable to the Debtors' Professionals.

Trade debt that is incurred after the Petition Date will be paid in the ordinary course of business. Fees and expenses owed to the Debtors' Professionals are payable upon the allowance of an appropriate fee application.

An Administrative Expense is any cost or expense of administration of the Chapter 11 Cases allowed under subsections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the estates of the Debtors,

any actual and necessary expenses of operating the business of the Debtors, all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the estates of the Debtors under section 1930, chapter 123 of title 28 of the United States Code.

a. Administrative Expenses

All Administrative Expenses against the Debtors shall be treated as follows:

Treatment. Each holder of an Allowed Administrative Expense shall receive, at the Reorganized Debtors' option, (i) the amount of such holder's Allowed Administrative Expense in one Cash payment on the later of (A) one hundred twenty (120) days after the Effective Date or (B) the tenth (10th) Business Day after such Administrative Expense becomes an Allowed Administrative Expense, (ii) the amount of such holder's Allowed Administrative Expense in accordance with the ordinary business terms of such expense or cost, or (iii) such other treatment as may be agreed to in writing by such Administrative Expense Claimant and the Reorganized Debtors, or as ordered by the Bankruptcy Court.

Filing and Notice. Unless the Bankruptcy Court orders to the contrary or the Reorganized Debtors agrees to the contrary in writing, the holder of a Claim for an Administrative Expense, other than such a Claim by a Professional, a liability incurred and paid in the ordinary course of business by the Debtors, or an Allowed Administrative Expense, shall file with the Bankruptcy Court and serve upon the Reorganized Debtors and its counsel a written notice of such Claim for an Administrative Expense within thirty (30) days after the Effective Date. Such notice shall include at a minimum: (i) the name, address, telephone number and fax number (if applicable) of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim (including any documentation evidencing or supporting such Claim). **FAILURE TO TIMELY AND PROPERTY FILE AND SERVE SUCH NOTICE SHALL RESULT IN SUCH CLAIM FOR AN ADMINISTRATIVE EXPENSE BEING FOREVER BARRED, DISALLOWED AND DISCHARGED WITHOUT FURTHER ORDER OF THE BANKRUPTCY COURT.**

Allowance. An Administrative Expense, for which a proper notice was filed and served under of the Plan, shall become Allowed if no Objection is filed within thirty (30) days of the filing and service of such notice. If a timely Objection is filed, the Administrative Expense shall become Allowed only to the extent Allowed by a Final Order.

Professionals. The procedures set forth above shall not apply to Professionals, who shall each file and submit a final fee application to the Bankruptcy Court no later than sixty (60) days after the Effective Date. A Claim for Administrative Expense by a Professional in respect of which a final fee application has been properly filed and served shall become an Allowed Administrative Expense Claim only to the extent allowed by Final Order and, if so Allowed, shall be paid in accordance with the Plan. Professional fees and expenses to any Professional incurred on or after the Effective Date may be paid without necessity of application to or order by the Court.

Ordinary Course of Business. The procedures for filing a proof of administrative expense shall not apply to expenses incurred by the Debtors from and after the Petition Date in the ordinary course of the Debtors' business.

b. Priority Tax Claims

Each holder of an Allowed Priority Tax Claim shall receive, at the Debtors' option, (a) the amount of such holder's Allowed Claim in one Cash payment on the Initial Distribution Date; (b) the amount of such holder's Allowed Claim, in equal annual Cash payments on each anniversary of the Initial Distribution Date with interest thereon at the non-default statutory rate applicable to the tax in question, without penalties, until the last anniversary of the Initial Distribution Date that precedes the sixth (6th) anniversary of the date of assessment of such Allowed Claim; or (c) such other treatment as may be agreed to in writing by the holder of the Priority Tax Claim and the Debtors.

c. Trustee's Fees

The Reorganized Debtors shall pay the U.S. Trustee's quarterly fees incurred pursuant to 28 U.S.C. § 1930(a)(6). Any fees due as of the Confirmation Date shall be paid in full on the Effective Date. After the Confirmation Date, the Reorganized Debtors shall pay quarterly fees as they accrue until a final decree is entered and the Chapter 11 cases are closed. The Reorganized Debtors shall file with the Bankruptcy Court and serve on the U.S. Trustee quarterly financial reports for each quarter, or portion thereof, that the Chapter 11 Cases remain open.

2. Classified Claims and Interests

Classified Claims and Interests shall receive the treatment as described in Section VII herein.

VII. TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS

Class 1 – Secured Tax Claims. Each holder of an Allowed Secured Tax Claim shall receive, at the Debtors' option, (a) the amount of such Allowed Secured Tax Claim in one Cash payment on the Initial Distribution Date; (b) substantially equal annual Cash payments, beginning on the Initial Distribution Date, sufficient to amortize the full amount of such Allowed Secured Tax Claim over five (5) years, with interest thereon at the non-default statutory rate applicable to the tax in question, without penalties, accruing from and after the Effective Date on the unpaid principal balance of such Allowed Secured Tax Claim; or (c) such other treatment as may be agreed to in writing by the holder of such Secured Tax Claim and the Debtors.

Class 2 – Capital One Secured Claim. The holder of the Allowed Capital One Secured Claim shall receive, on or before the Initial Distribution Date, the amount of the Allowed Capital One Secured Claim in one Cash payment.

Class 3 – CNB Secured Claim. The holder of the Allowed CNB Secured Claim shall receive a series of substantially equal monthly payments, beginning on or before the Initial Distribution Date, sufficient to amortize the amount of the Allowed CNB Secured Claim, plus interest accruing at the rate of five percent (5%) per annum, over a period of five (5) years after the Initial Distribution Date. In addition, on or before the Effective Date, Community National Bank shall release all funds of the Debtors that are subject to administrative hold or have otherwise been made unavailable for use by the Debtors.

Class 4 – Equipment Lessor Secured Claims. Equipment Lessor Secured Claims consist

of the Secured Claims described below. Each Equipment Lessor Secured Claim, as described below, constitutes a separate Class for purposes of accepting or rejecting the Plan and for receiving Distributions under the Plan.

- Class 4(a) – Bank of the West Secured Claim. The Bank of the West Secured Claim consists, collectively, of any and all Secured Claims held or asserted by or on behalf of Bank of the West, Trinity Division, or any affiliate thereof. The holder of the Allowed Bank of the West Secured Claim shall receive, on or before the Initial Distribution Date, the sum of \$1,200,000.00 in Cash on account and in full satisfaction of the Allowed Bank of the West Secured Claim. Moreover, the foregoing treatment of the Bank of the West Secured Claim is in full satisfaction of any Equipment Lessor Deficiency Claim that may be held or asserted by or on behalf of Bank of the West, Trinity Division, or any affiliate thereof, and no Distribution or other consideration shall be made on account of such Equipment Lessor Deficiency Claim.
- Class 4(b) – CIT Secured Claim. The CIT Secured Claim consists, collectively, of any and all Secured Claims held or asserted by or on behalf of CIT Equipment Finance or any affiliate thereof. The holder of the Allowed CIT Secured Claim shall receive, on or before the Initial Distribution Date, the sum of \$5,500,000.00 in Cash on account and in full satisfaction of the Allowed CIT Secured Claim. Moreover, the foregoing treatment of the CIT Secured Claim is in full satisfaction of any Equipment Lessor Deficiency Claim that may be held or asserted by or on behalf of CIT Equipment Finance or any affiliate thereof, and no Distribution or other consideration shall be made on account of such Equipment Lessor Deficiency Claim.
- Class 4(c) – EH Secured Claim. The EH Secured Claim consists, collectively, of any and all Secured Claims held or asserted by or on behalf of EH National Bank or any affiliate thereof. On or before the Initial Distribution Date, the holder of the Allowed EH Secured Claim shall receive a new promissory note on account and in full satisfaction of the Allowed EH Secured Claim. The terms of such note shall include the following:
 - The original principal balance of such note shall be the amount of the Allowed EH Secured Claim.
 - Interest on the unpaid principal balance of such note shall accrue at the rate of five percent (5%) per annum.
 - The Reorganized Debtors shall make payments on such note as follows: (A) for months one through seven, the Reorganized Debtors shall make monthly payments of accrued interest only; (B) for months eight through thirty-five, the Reorganized Debtors shall make substantially equal monthly payments calculated to amortize the principal balance of such note, with accrued interest, by the fifth (5th) anniversary of the Initial Distribution Date; and (C) on or before the third (3rd) anniversary of the Initial Distribution Date, the Reorganized Debtors shall pay the entire unpaid principal balance, together with any unpaid accrued interest.
 - To secure the Reorganized Debtors' payment obligations under such note, the holder of the EH Secured Claim shall retain any and all pre-existing Liens on

Collateral from and after the Effective Date, with the same priority, validity, and enforceability that such Liens had immediately prior to the Effective Date. Such Liens shall continue to exist until such note is paid in full in accordance with the terms thereof.

- Deficiency claim will be paid at the same percentage as general unsecured creditors in lump sum at note maturity.
- Class 4(d) – MB Secured Claim. The MB Secured Claim consists, collectively, of any and all Secured Claims held or asserted by or on behalf of MB Financial Bank, N.A., or any affiliate thereof. The holder of the Allowed MB Secured Claim shall receive, on or before the Initial Distribution Date, the sum of \$1,500,000.00 in Cash on account and in full satisfaction of the Allowed MB Secured Claim. Moreover, the foregoing treatment of the MB Secured Claim is in full satisfaction of any Equipment Lessor Deficiency Claim that may be held or asserted by or on behalf of MB Financial Bank, N.A., or any affiliate thereof, and no Distribution or other consideration shall be made on account of such Equipment Lessor Deficiency Claim.
- Class 4(e) – People's Secured Claim. The People's Secured Claim consists, collectively, of any and all Secured Claims held or asserted by or on behalf of People's Capital and Leasing Corp. or any affiliate thereof. On or before the Initial Distribution Date, the holder of the Allowed People's Secured Claim shall receive a new promissory note on account and in full satisfaction of the Allowed People's Secured Claim. The terms of such note shall include the following:
 - The original principal balance of such note shall be the amount of the Allowed People's Secured Claim.
 - Interest on the unpaid principal balance of such note shall accrue at the rate of five percent (5%) per annum.
 - The Reorganized Debtors shall make payments on such note as follows: (A) for months one through seven, the Reorganized Debtors shall make monthly payments of accrued interest only; (B) for months eight through thirty-five, the Reorganized Debtors shall make substantially equal monthly payments calculated to amortize the principal balance of such note, with accrued interest, by the fifth (5th) anniversary of the Initial Distribution Date; and (C) on or before the third (3rd) anniversary of the Initial Distribution Date, the Reorganized Debtors shall pay the entire unpaid principal balance, together with any unpaid accrued interest.
 - To secure the Reorganized Debtors' payment obligations under such note, the holder of the People's Secured Claim shall retain any and all pre-existing Liens on Collateral from and after the Effective Date, with the same priority, validity, and enforceability that such Liens had immediately prior to the Effective Date. Such Liens shall continue to exist until such note is paid in full in accordance with the terms thereof.
 - Deficiency claim will be paid at the same percentage as general unsecured creditors in lump sum at note maturity.

- Class 4(f) – Prime Secured Claim. The Prime Secured Claim consists, collectively, of any and all Secured Claims held or asserted by or on behalf of Prime Alliance Bank or any affiliate thereof. On or before the Initial Distribution Date, the holder of the Allowed Prime Secured Claim shall receive a new promissory note on account and in full satisfaction of the Allowed Prime Secured Claim. The terms of such note shall include the following:
 - The original principal balance of such note shall be the amount of the Allowed Prime Secured Claim.
 - Interest on the unpaid principal balance of such note shall accrue at the rate of five percent (5%) per annum.
 - The Reorganized Debtors shall make payments on such note as follows: (A) for months one through seven, the Reorganized Debtors shall make monthly payments of accrued interest only; (B) for months eight through thirty-five, the Reorganized Debtors shall make substantially equal monthly payments calculated to amortize the principal balance of such note, with accrued interest, by the fifth (5th) anniversary of the Initial Distribution Date; and (C) on or before the third (3rd) anniversary of the Initial Distribution Date, the Reorganized Debtors shall pay the entire unpaid principal balance, together with any unpaid accrued interest.
 - To secure the Reorganized Debtors' payment obligations under such note, the holder of the Prime Secured Claim shall retain any and all pre-existing Liens on Collateral from and after the Effective Date, with the same priority, validity, and enforceability that such Liens had immediately prior to the Effective Date. Such Liens shall continue to exist until such note is paid in full in accordance with the terms thereof.
 - Deficiency claim will be paid at the same percentage as general unsecured creditors in lump sum at note maturity.
- Class 4(g) – Signature Secured Claim. The Signature Secured Claim consists, collectively, of any and all Secured Claims held or asserted by or on behalf of Signature Business Leasing, LLC or any affiliate thereof. On or before the Initial Distribution Date, the holder of the Allowed Signature Secured Claim shall receive a new promissory note on account and in full satisfaction of the Allowed Signature Secured Claim. The terms of such note shall include the following:
 - The original principal balance of such note shall be the amount of the Allowed Signature Secured Claim.
 - Interest on the unpaid principal balance of such note shall accrue at the rate of five percent (5%) per annum.
 - The Reorganized Debtors shall make payments on such note as follows: (A) for months one through seven, the Reorganized Debtors shall make monthly payments of accrued interest only; (B) for months eight through thirty-five, the Reorganized Debtors shall make substantially equal monthly payments

calculated to amortize the principal balance of such note, with accrued interest, by the fifth (5th) anniversary of the Initial Distribution Date; and (C) on or before the third (3rd) anniversary of the Initial Distribution Date, the Reorganized Debtors shall pay the entire unpaid principal balance, together with any unpaid accrued interest.

- To secure the Reorganized Debtors' payment obligations under such note, the holder of the Signature Secured Claim shall retain any and all pre-existing Liens on Collateral from and after the Effective Date, with the same priority, validity, and enforceability that such Liens had immediately prior to the Effective Date. Such Liens shall continue to exist until such note is paid in full in accordance with the terms thereof.
- Deficiency claim will be paid at the same percentage as general unsecured creditors in lump sum at note maturity.
- Class 4(h) – Summit Secured Claim. The Summit Secured Claim consists, collectively, of any and all Secured Claims held or asserted by or on behalf of Summit Funding Group, Inc. or any affiliate thereof. On or before the Initial Distribution Date, the holder of the Allowed Summit Secured Claim shall receive a new promissory note on account and in full satisfaction of the Allowed Summit Secured Claim. The terms of such note shall include the following:
 - The original principal balance of such note shall be the amount of the Allowed Summit Secured Claim.
 - Interest on the unpaid principal balance of such note shall accrue at the rate of five percent (5%) per annum.
 - The Reorganized Debtors shall make payments on such note as follows: (A) for months one through seven, the Reorganized Debtors shall make monthly payments of accrued interest only; (B) for months eight through thirty-five, the Reorganized Debtors shall make substantially equal monthly payments calculated to amortize the principal balance of such note, with accrued interest, by the fifth (5th) anniversary of the Initial Distribution Date; and (C) on or before the third (3rd) anniversary of the Initial Distribution Date, the Reorganized Debtors shall pay the entire unpaid principal balance, together with any unpaid accrued interest.
 - To secure the Reorganized Debtors' payment obligations under such note, the holder of the Summit Secured Claim shall retain any and all pre-existing Liens on Collateral from and after the Effective Date, with the same priority, validity, and enforceability that such Liens had immediately prior to the Effective Date. Such Liens shall continue to exist until such note is paid in full in accordance with the terms thereof.
 - Deficiency claim will be paid at the same percentage as general unsecured creditors in lump sum at note maturity.
- Class 4(i) – Susquehanna Secured Claim. The Susquehanna Secured Claim

consists, collectively, of any and all Secured Claims held or asserted by or on behalf of Susquehanna Commercial Finance, Inc. or any affiliate thereof. On or before the Initial Distribution Date, the holder of the Allowed Susquehanna Secured Claim shall receive a new promissory note on account and in full satisfaction of the Allowed Susquehanna Secured Claim. The terms of such note shall include the following:

- The original principal balance of such note shall be the amount of the Allowed Susquehanna Secured Claim.
- Interest on the unpaid principal balance of such note shall accrue at the rate of five percent (5%) per annum.
- The Reorganized Debtors shall make payments on such note as follows: (A) for months one through seven, the Reorganized Debtors shall make monthly payments of accrued interest only; (B) for months eight through thirty-five, the Reorganized Debtors shall make substantially equal monthly payments calculated to amortize the principal balance of such note, with accrued interest, by the fifth (5th) anniversary of the Initial Distribution Date; and (C) on or before the third (3rd) anniversary of the Initial Distribution Date, the Reorganized Debtors shall pay the entire unpaid principal balance, together with any unpaid accrued interest.
- To secure the Reorganized Debtors' payment obligations under such note, the holder of the Susquehanna Secured Claim shall retain any and all pre-existing Liens on Collateral from and after the Effective Date, with the same priority, validity, and enforceability that such Liens had immediately prior to the Effective Date. Such Liens shall continue to exist until such note is paid in full in accordance with the terms thereof.
- Deficiency claim will be paid at the same percentage as general unsecured creditors in lump sum at note maturity.
- Class 5 – Other Secured Claims. Each Allowed Other Secured Claim shall be placed within a separate subclass of this Class 5. Accordingly, each such Class 5 Claim shall, for purposes of accepting or rejecting the Plan and for receiving Distributions under the Plan, be treated as though in a separate Class. The holder of each Allowed Other Secured Claim shall receive, on or as soon as practicable after the Initial Distribution Date, either (a) return of the Collateral securing such Other Secured Claim in full satisfaction of such Other Secured Claim; (b) payment in Cash in an amount equivalent to the lesser of (i) the value of such Collateral or (ii) the full amount of the Other Secured Claim; (c) treatment of such Other Secured Claim in accordance with sections 1124(2) or 1129(b)(2) of the Bankruptcy Code; or (d) such other treatment as may be agreed to in writing by the holder of such Other Secured Claim and the Debtors.

Class 6 – Priority Non-Tax Claims. Each holder of an Allowed Priority Non-Tax Claim shall receive (a) the amount of such holder's Allowed Claim in one Cash payment on or before the Initial Distribution Date, or (b) such other treatment as may be agreed upon in writing by the holder of such Priority Non-Tax Claim and the Debtors.

Class 7 – General Unsecured Claims. Each holder of an Allowed General Unsecured Claim shall receive, on or before the Initial Distribution Date:

- the lesser of (i) Cash equal to twenty percent (20%) of the amount of such Allowed General Unsecured Claim or (ii) Cash equal to such holder's Pro Rata Share of \$3,000,000.00.

Class 8 – Equipment Lessor Deficiency Claims. Each holder of an Allowed Equipment Lessor Deficiency Claim shall receive, on or before the third (3rd) anniversary of the Effective Date, Cash equal to (a) the percentage of recovery received by holders of Allowed General Unsecured Claims multiplied by (b) the amount of such Allowed Equipment Lessor Deficiency Claim. Notwithstanding the foregoing, the treatment of the Bank of the West Secured Claim, the CIT Secured Claim, and the MB Secured Claim as set forth in the Plan are in full satisfaction of any Equipment Lessor Deficiency Claims that may be held or asserted by or on behalf of the holders of such Equipment Lessor Secured Claims, and no Distribution or other consideration shall be made on account of such Equipment Lessor Deficiency Claims.

Class 9 – Interests. All Interests shall be extinguished and shall cease to exist as of the Effective Date. The holders of such Interests shall not receive or retain any property on account of such Interests under the Plan.

VIII. IMPLEMENTATION OF THE PLAN

A. Estimation of Amounts of Claims

The amounts of all Claims contained herein are estimated as of the date of this Disclosure Statement. The bar date for filing claims has passed. The Debtors have begun, but not completed, the process of verifying proofs of Claim and reconciling the amounts sought therein with the Debtors' books and records. The Debtors anticipate that adjustments in the amounts of the Claims set forth herein may be necessary after the claim verification process is completed. Pursuant to the Plan, the Debtors will retain the exclusive right to object to Claims.

B. Means for Implementation of the Plan

1. Substantive Consolidation

On the Effective Date, the Debtors shall be substantively consolidated for all purposes in the Chapter 11 Cases. Entry of the Confirmation Order shall constitute the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the consolidation of the Chapter 11 Cases for all purposes related to the Plan, including, without limitation, for purposes of voting, confirmation, and Distribution. Pursuant to such order, (i) each Debtor's assets and liabilities shall be merged and pooled with the assets and liabilities of the other Debtors, (ii) no Distributions shall be made under the Plan on account of intercompany Claims held by the Debtors, and (iii) each and every Claim filed or to be filed in the Chapter 11 Case of any Debtor shall be deemed filed against the consolidated Debtors, and shall be deemed one Claim against, and obligation of, the consolidated Debtors.

2. Assumption of Allowed Claims

As of the Effective Date, the Reorganized Debtors assume the liability for and obligation

to perform and make all Distributions or payments on account of all Allowed Claims in the manner provided in the Plan.

3. Vesting of Assets

As of the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all Assets shall be transferred to, and vested in, the Reorganized Debtors, free and clear of all rights, title, interests, claims, liens, encumbrances and charges, except as expressly set forth in the Plan. Without limiting the generality of the foregoing, all Assets shall vest in the Reorganized Debtors free and clear of any Lien except as expressly provided in the Plan. On and after the Effective Date, the Reorganized Debtors may operate their business and may use, acquire, or dispose of property and compromise or settle any claim without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors may pay the charges that it incurs on or after the Effective Date for all fees, disbursements, expenses, or related support services of Professionals (including fees relating to the preparation of professional fee applications) without application to, or approval of, the Bankruptcy Court.

4. Management of the Reorganized Debtors

From and after the Effective Date, the Reorganized Debtors shall be managed in accordance with applicable law. The Reorganized Debtors' initial management shall consist of Larry Noble (Manager of the Reorganized Debtors), Javier Urias (Vice President of Operations of Frac Specialists, LLC and Acid Specialists, LLC), Alex Hinojos (Vice President of Operations of Cement Specialists, LLC), and David Sparkman (Chief Financial Officer of the Reorganized Debtors).

5. Actions by Debtors and Reorganized Debtors to Implement Plan

The entry of the Confirmation Order shall constitute authorization for the Debtors and the Reorganized Debtors, as the case may be, to take or cause to be taken all actions necessary or appropriate to implement all provisions of, and to consummate, the Plan prior to, on, and after the Effective Date; and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act, or action under any applicable law, order, rule, or regulation, *including* without limitation, any action required by the holders of Interests in the Debtors and the Reorganized Debtors, as the case may be, *including*, among other things, (i) the adoption or amendment of any organizational documents; (ii) all transfers of Assets that are to occur pursuant to the Plan; (iii) the incurrence of all obligations contemplated by the Plan and the making of all Distributions required under the Plan; (iv) the reinstatement and assumption of any indemnity obligations to the officers, members, managers, and/or employees of the Debtors; (v) taking of all actions to preserve and provide for the prosecution of retained causes of action, including but not limited to the Estate Claims; and (vi) entering into any and all transactions, contracts, or arrangements permitted by applicable law, order, rule, or regulation.

The management of the Debtors and the Reorganized Debtors, as the case may be, are authorized and directed to do all things and to execute and deliver all agreements, documents, instruments, notices, and certificates as are contemplated by the Plan and to take all necessary action required in connection therewith, in the name of and on behalf of the Debtors and the

Reorganized Debtors. Any obligations of the Debtors to indemnify and hold harmless their current and former officers, members, managers, and/or employees, whether arising under the Debtors' constituent documents, contract, law, or equity, shall be fully reinstated and assumed by the Debtors upon the occurrence of the Effective Date with the same effect as though such obligations constituted executory contracts that are assumed under section 365 of the Bankruptcy Code, and all such obligations shall be fully enforceable on their terms from and after the Effective Date.

6. Source of Funding for Operations and Plan Obligations

New equity capital in the Reorganized Debtors will be provided by Noble Natural Resources, LLC, and Vice Presidents of Operations, Javier Urias and Alex Hinojos, in an aggregate amount of \$4,500,000.

7. Retention and Assertion of Causes of Action and Defenses

Except as expressly set forth in the Plan, all causes of action, claims, counterclaims, defenses, and rights of offset or recoupment (including but not limited to all Estate Claims, Estate Defenses, and Avoidance Actions) belonging to the Debtors shall, upon the occurrence of the Effective Date, be retained by, received by, and vested in the Reorganized Debtors for the benefit of the Debtors and the Debtors' estates. Except as expressly set forth in the Plan, the rights of the Reorganized Debtors to commence, prosecute, or settle such causes of action shall be preserved notwithstanding the occurrence of the Effective Date. **No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any cause of action against them as any indication that the Debtors or the Reorganized Debtors will not pursue any and all available causes of action (including all Estate Claims, Estate Defenses, and Avoidance Actions) against such Person. The Debtors and their estates expressly reserve all rights to prosecute any and all causes of action (including all Estate Claims, Estate Defenses, and Avoidance Actions) against any Person, except as otherwise provided in the Plan.** Unless a cause of action against a Person is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Debtors expressly reserve such cause of action (including all Estate Claims, Estate Defenses and Avoidance Actions) for later adjudication, and, therefore, no preclusion doctrine, *including* without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such cause of action upon or after the confirmation or consummation of the Plan. The Debtors and the Reorganized Debtors may also assert any Estate Defense as a defense to the allowance of any Claim not otherwise Allowed.

C. Provisions Governing Distributions

1. Source of Distributions

All Distributions to be made to Creditors under the Plan shall be made by the Reorganized Debtors.

2. Timing and Amount of Distributions

No Distribution shall be made on account of any Claim until such Claim is Allowed,

except as otherwise set forth in the Plan or ordered by the Bankruptcy Court pursuant to a Final Order. No Distribution shall be made on account of any Contested Claim until such Claim is Allowed. Any Distributions pursuant to the Plan shall be made on the respective Initial Distribution Dates applicable to each such Allowed Claim, except as otherwise provided in the Plan or ordered by the Bankruptcy Court. Any Unclaimed Property may be paid into the registry of the Bankruptcy Court or otherwise distributed in accordance with the orders of the Bankruptcy Court.

Except as expressly set forth in the Plan or in the Confirmation Order, the Reorganized Debtors shall determine the timing and amount of all Distributions which it is required to make under the Plan, consistent with the goal of making such Distributions as expeditiously as possible. The Reorganized Debtors may, but shall not be required to, seek approval of the Bankruptcy Court for any such Distributions.

3. Record Date for Distributions

As of the close of business on the Effective Date (the "Distribution Record Date"), the register for Claims and Interests will be closed, and there shall be no further changes in the holder of record of any Claim or Interest. The Reorganized Debtors shall have no obligation to recognize any transfer of any Claim or Interest occurring after the Distribution Record Date, and shall instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those holders of record stated on the register of Claims and/or Interests as of the Distribution Record Date for Distributions under the Plan.

4. Means of Cash Payment

Cash payments pursuant to the Plan shall be made by check drawn on, or by wire transfer from, a domestic bank, or by other means agreed to by the payor and payee.

5. Delivery of Distributions

All Distributions, deliveries, and payments to the holders of any Allowed Claims shall be made to the addresses set forth on the holders' respective proofs of Claim filed in the Chapter 11 Cases. Any such Distribution, delivery, or payment shall be deemed as made for all purposes relating to the Plan when deposited in the United States Mail and served as provided in the Plan. Whether secured or unsecured, if no proof of Claim is filed, any Distribution shall be made to the Creditor at the last known address or as reflected in the Schedules. If any Distribution is returned as undeliverable, no further Distribution shall be made on account of such Allowed Claim unless and until the Reorganized Debtors are notified of such holder's then current address, at which time all missed Distributions shall be made to the holder of such Allowed Claim. All claims for undeliverable Distributions shall be made on or before the first anniversary of the attempted Distribution. After such date, all Unclaimed Property shall revert to the Reorganized Debtors and the Claim of any holder with respect to such property shall be discharged and forever barred.

6. Time Bar to Cash Payments

Any check issued in respect of an Allowed Claim shall be null and void if not negotiated within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtors by the holder of the Allowed Claim with

respect to which such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of the first anniversary of the Initial Distribution Date or ninety (90) days after the date of issuance of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred.

7. Cure Period

Except as otherwise set forth herein, the failure by the Reorganized Debtors to timely perform any term, provision, or covenant contained in the Plan, or to make any payment or Distribution required by the Plan to any Creditor, or the failure to make any payment or perform any covenant on any note, instrument or document issued pursuant to the Plan, shall not constitute an Event of Default unless and until the Reorganized Debtors has been given thirty (30) days' written notice of such alleged default in the manner provided in the Plan, and provided an opportunity to cure such alleged default. Until the expiration of such thirty (30) day cure period, the Reorganized Debtors shall not be in default, and performance during such thirty (30) day cure period shall be deemed as timely for all purposes. Such written notice and passage of the thirty (30) day cure period shall constitute conditions precedent to declaring or claiming any default under the Plan or bringing any action or legal proceeding by any Person to enforce any right granted under the Plan.

8. Pre-Payment of Claims

Unless the Plan expressly prohibits or conditions the pre-payment of an Allowed Claim, the Reorganized Debtors may pre-pay any Allowed Claim in whole or in part at any time and may do so without penalty.

9. Distributions after Substantial Consummation

All Distributions of any kind made to any Creditor after Substantial Consummation and any and all other actions taken under the Plan after Substantial Consummation shall not be subject to relief, reversal, or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

D. Procedures for Resolving and Treating Contested and Contingent Claims

1. Objection Deadline

All Objections to Claims shall be served and filed by the Objection Deadline; *provided, however*, the Objection Deadline shall not apply to any Claim that is not reflected in the claims register, including any alleged informal proofs of Claim. The Reorganized Debtors may seek to extend the Objection Deadline pursuant to a motion filed on or before the then applicable Objection Deadline with respect to any Claim. Any such motion may be granted without notice or a hearing. In the event that the Reorganized Debtors files such a motion and the Bankruptcy Court denies such motion, the Objection Deadline shall nevertheless be automatically extended to that date which is ten (10) Business Days after the date of entry of the Bankruptcy Court's order denying such motion. Any proof of Claim filed more than sixty (60) days after the Effective Date shall be of no force and effect and need not be objected to by the Reorganized Debtors. Nothing contained herein shall limit the rights of the Reorganized Debtors to object to any Claim filed or amended after the Objection Deadline.

2. Responsibility for Objecting to Claims

From and after the Effective Date, the Reorganized Debtors shall have the exclusive right to (i) file, settle, or litigate to Final Order any Objection to any Claim; and (ii) seek to subordinate any Claim. Any Contested Claim may be litigated to Final Order.

From and after the Effective Date, the Reorganized Debtors shall have the exclusive right to settle, compromise, or otherwise resolve any Contested Claim without the necessity of any further notice or approval of the Bankruptcy Court. Bankruptcy Rule 9019 shall not apply to any settlement or compromise of a Contested Claim after the Effective Date.

3. Distributions on Account of Contested Claims

If a Claim is Contested, then the Initial Distribution Date as to such Contested Claim shall be determined based upon its date of Allowance, and thereafter Distribution shall be made on account of such Allowed Claim pursuant to the provisions of the Plan. No Distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent Claim becomes fixed and absolute by a Final Order allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and Distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

4. No Waiver of Rights to Object

Except as expressly provided in the Plan, nothing contained in the Disclosure Statement, the Plan, or the Confirmation Order shall waive, relinquish, release, or impair the Reorganized Debtors' rights to object to any Claim.

5. Rights Under Section 505

The Reorganized Debtors shall retain all rights pursuant to section 505 of the Bankruptcy Code.

6. Liquidating and Allowance of Contested or Disputed Claims

Nothing contained in the Plan, the Disclosure Statement, or the Confirmation Order shall change, waive, or alter any requirement under applicable law that the holder of a Contested Claim must file a timely proof of Claim, and the Claim of any such Creditor who is required to file a proof of Claim and fails to do so shall be discharged and shall receive no Distribution through the Plan. The adjudication and liquidation of Contested Claims is a determination and adjustment of the debtor/creditor relationship, and is, therefore, an exercise of the Bankruptcy Court's equitable power to which the legal right of trial by jury is inapplicable. The holder of any Contested Claim shall not have a right to trial by jury before the Bankruptcy Court in respect of any such Claim. Exclusive venue for any Contested Claim proceeding shall be in the Bankruptcy Court or a court of competent jurisdiction located in Tarrant County, Texas. Contested Claims shall each be determined separately, except as otherwise ordered by the Bankruptcy Court. Texas Rule of Civil Procedure 42 and Federal Rule of Civil Procedure 23 shall not apply to any Contested Claim proceeding. The Reorganized Debtors shall retain all rights of removal to federal court as to any Contested Claim proceeding.

All Contested Claims shall be liquidated and determined as follows:

- Application of Adversary Proceeding Rules. Unless otherwise ordered by the Bankruptcy Court or provided by the Bankruptcy Rules, any Objection to a Contested Claim shall be treated as a contested matter subject to Bankruptcy Rule 9014. However, any party may move the Bankruptcy Court to apply the rules applicable to adversary proceedings to any Claim Objection. The Reorganized Debtors may, however, at its election, make and pursue any Objection to a Claim in the form of an adversary proceeding.
- Scheduling Order. With respect to an Objection to a Claim treated as a contested matter subject to Bankruptcy Rule 9014, the Reorganized Debtors may request entry of a scheduling order as to each Objection to a Claim. The Reorganized Debtors may tender a proposed scheduling order with each Objection and/or include a request for a scheduling conference for the entry of a scheduling order. Any such scheduling order may include (i) discovery cut-off, (ii) deadlines to amend pleadings, (iii) deadlines for designation of and objections to experts, (iv) deadlines to exchange exhibit and witness lists and for objections to the same, and (v) such other matters as may be appropriate.
- Mediation. The Bankruptcy Court may order the parties to mediate in connection with any Objection to a Claim. The Reorganized Debtors may include a request for mediation in an Objection to a Claim and may request that the Bankruptcy Court require mediation as a part of any scheduling order.

7. Offsets and Defenses

The Reorganized Debtors shall be vested with and retain all Estate Claims and Estate Defenses, including without limitation all rights of offset or recoupment and all counterclaims against any Claimant. Assertion of any counterclaim by the Reorganized Debtors against a Claimant shall constitute a "core" proceeding.

8. Claims Paid or Reduced Prior to Effective Date

Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated, and not contingent shall be reduced by the amount, if any, that was paid by the Debtors prior to the Effective Date, including pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Reorganized Debtors from paying any Claim that the Debtors were authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Confirmation Date.

E. Executory Contracts and Unexpired Leases

1. Assumption and Rejection of Executory Contracts

All Executory Contracts of the Debtors shall be deemed as assumed by the Debtors upon the Effective Date unless an Executory Contract (a) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (b) is identified in the Plan or the

Confirmation Order to be rejected, or (c) is the subject of a motion to reject filed on or before the Confirmation Date. Any Executory Contract to be assumed under the Plan that has been amended or modified at any time after the Petition Date shall be deemed assumed as amended or modified. The Plan shall constitute a motion to assume the Executory Contracts. However, the Debtors may file a separate motion for the assumption or rejection of any Executory Contract at any time through the Confirmation Date.

2. Cure Payments and Release of Liability

All payments that may be required by section 365(b)(1) of the Bankruptcy Code to satisfy any Cure Claim shall be made by the Reorganized Debtors on the Initial Distribution Date unless other treatment is provided for such Cure Claim hereunder; *provided, however*, in the event of a dispute regarding the amount of any Cure Claim, the cure of any other defaults, the ability of the Reorganized Debtors to provide adequate assurance of future performance, or any other matter pertaining to assumption or assignment of an Executory Contract, the Reorganized Debtors shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by section 365(b)(1) of the Bankruptcy Code, following the entry of a Final Order by the Bankruptcy Court resolving such dispute.

3. Bar to Rejection Claims

Except as otherwise ordered by the Bankruptcy Court, any Rejection Claim based on the rejection of an Executory Contract shall be forever barred and shall not be enforceable against the Reorganized Debtors or the Assets unless a proof of Claim is filed with the Bankruptcy Court and served upon the Reorganized Debtors and its counsel by the earlier of thirty (30) days after the Effective Date or thirty (30) days after entry of the Final Order approving rejection of such Executory Contract.

4. Rejection Claims

Any Rejection Claim not barred as untimely filed shall be classified as a Class 7 General Unsecured Claim subject to the provisions of section 502(g) of the Bankruptcy Code; *provided, however*, that any Rejection Claim based upon the rejection of an unexpired lease of real property, either prior to the Confirmation Date, upon the entry of the Confirmation Order, or upon the Effective Date, shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. Nothing contained herein shall be deemed an admission by the Debtors or the Reorganized Debtors that such rejection gives rise to or results in a Claim or shall be deemed a waiver by the Reorganized Debtors of any objections to such Claim if asserted.

5. Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtors that any contract or lease is in fact an Executory Contract or that the Debtors have any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Reorganized Debtors shall have thirty (30) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

6. Pass-Through

Except as otherwise provided in the Plan, any rights or arrangements necessary or useful to the operation of the Reorganized Debtors' businesses under the Plan, but not otherwise addressed as a Claim or Interest, including non-exclusive or exclusive patent, trademark, copyright, maskwork or other intellectual property licenses and other executory and/or non-executory contracts not assumable under section 365(c) of the Bankruptcy Code, shall, in the absence of any other treatment under the Plan or Confirmation Order, be passed through the Chapter 11 Cases for the benefit of the Reorganized Debtors and the counterparty unaltered and unaffected by the Debtors' bankruptcy filings and the Chapter 11 Cases.

F. Conditions Precedent to Confirmation and Effectiveness of Plan

The Plan shall not become effective until the following conditions shall have been satisfied or waived by the Debtors, as determined in their exclusive discretion: (a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtors; (b) all other conditions precedent have been satisfied to the satisfaction of the Debtors; (c) the Bar Date has passed, and no additional Claims have been filed that, in the sole discretion of the Debtors' management, adversely impact the Plan; and (d) a notice of the Effective Date has been filed by the Debtors and thereafter served upon all Creditors and parties in interest. Any or all of the above conditions may be waived at any time by the Debtors.

G. Effect of the Plan on Claims and Interests

1. Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the classification, potential Distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, and controversies resolved pursuant to the Plan, including, without limitation, all Claims arising prior to the Petition Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, arising out of, relating to, or in connection with the businesses or affairs of, or transactions with, the Debtors. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute a determination that such compromises and settlements are in the best interests of the Debtors, the Debtors' bankruptcy estates, Creditors, and other parties in interest, and are fair, equitable, and within the range of reasonableness.

It is not the intent of the Debtors that confirmation of the Plan shall in any manner alter or amend any settlement and compromise between the Debtors and any Person that has been previously approved by the Bankruptcy Court (each, a "Prior Settlement"). To the extent of any conflict between the terms of the Plan and the terms of any Prior Settlement, the terms of the Prior Settlement shall control and such Prior Settlement shall be enforceable according to its terms.

2. Satisfaction of Claims

The rights afforded in the Plan and the treatment of all Claims and Interests herein shall

be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever against the Debtors, the Debtors' bankruptcy estates, and the Assets. Except as otherwise provided in the Plan, on the Effective Date, all Claims against the Debtors shall be satisfied, discharged, and released in full. Except as otherwise provided in the Plan, all Persons shall be precluded and forever barred from asserting against the Debtors and their affiliates, successors, assigns, the Debtors' bankruptcy estates, and the Assets any event, occurrence, condition, thing, or other or further Claims or causes of action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date.

3. Discharge

The terms, covenants, and consideration set forth in Plan shall be in exchange for, and in complete satisfaction, discharge, and release of, all Claims of any nature whatsoever against the Debtors, the Reorganized Debtors, and the Assets. Except as otherwise expressly provided herein, upon the Effective Date, the Debtors and the Reorganized Debtors, and their successors in interest and assigns, shall be deemed discharged and released pursuant to section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, demands, and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code; (c) the holder of a Claim based upon such debt has accepted the Plan; or (d) the Claim has been Allowed, Disallowed, or estimated pursuant to section 502(c) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtors and the Reorganized Debtors, and their successors in interest and assigns, other than those obligations specifically set forth in the Plan.

4. Injunction

On the Effective Date and except as otherwise provided in the Plan, all Persons who have been, are, or may be holders of Claims against or Interests in the Debtors shall be permanently restrained and enjoined from taking any of the following actions against or affecting the Debtors, the Reorganized Debtors, the Debtors' bankruptcy estates, the Assets, or their respective assets and property, with respect to such Claims or Interests (other than actions brought to enforce any rights or obligations under the Plan): (a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind with respect to any such Claim or Interest; (b) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order; (c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien or encumbrance of any kind; (d) asserting any control over, interest, rights or title in or to any of the Assets except as expressly provided in the Plan; (e) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due the Reorganized Debtors as assignee, except upon order of the Bankruptcy Court; and (f) performing any act, by any manner or means, whether directly or indirectly, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; *provided, however*, that this injunction shall not bar any Creditor from asserting any right granted pursuant to the Plan; and *provided, further*, that each holder of a Contested Claim shall be entitled to

enforce its rights under the Plan, including seeking allowance of such Contested Claim pursuant to the Plan.

5. Setoffs

Except as otherwise expressly provided in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable nonbankruptcy law, or as may be agreed to by the holder of a Claim, the Reorganized Debtors may set off against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Allowed Claim (before such Distribution is made), any claim, right, Estate Claim, or Estate Defense of any nature that the Debtors may hold against the holder of such Allowed Claim, to the extent such claim, right, Estate Claims, or Estate Defense has not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); *provided, however*, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest pursuant to the Plan shall constitute a waiver or release by the Debtors of any such claim, right, Estate Claim, or Estate Defense that the Debtors may possess against such Claimant. In no event shall any Claimant or Interest holder be entitled to set off any Claim or Interest against any claim, right, or Estate Claim of the Debtors without the consent of the Debtors unless such holder files a motion with the Bankruptcy Court requesting the authority to perform such setoff notwithstanding any indication in any proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise.

6. Recoupment

Except as otherwise expressly provided in the Plan, in no event shall any holder of Claims or Interests be entitled to recoup any Claim or Interest against any claim, right, account receivable, or Estate Claim of the Debtors or the Reorganized Debtors unless (a) such holder actually provides notice thereof in writing to the Debtors or the Reorganized Debtors of its intent to perform a recoupment; (b) such notice includes the amount to be recouped by the holder of the Claim or Interest and a specific description of the basis for the recoupment; and (c) the Debtors or the Reorganized Debtors have provided a written response to such Claim or Interest holder, stating unequivocally that the Debtors or the Reorganized Debtors consent to the requested recoupment. The Debtors and the Reorganized Debtors shall have the right, but not the obligation, to seek an order of the Bankruptcy Court allowing any or all of the proposed recoupment. In the absence of a written response from the Debtors or the Reorganized Debtors consenting to a recoupment or an order of the Bankruptcy Court authorizing a recoupment, no recoupment by the holder of a Claim or Interest shall be allowed.

7. Turnover

On the Effective Date, any rights of the Debtors' bankruptcy estates to compel turnover of Assets under applicable nonbankruptcy law and pursuant to section 542 or 543 of the Bankruptcy Code shall be deemed transferred to and vested in the Reorganized Debtors.

8. Automatic Stay

The automatic stay pursuant to section 362 of the Bankruptcy Code, except as previously modified by the Bankruptcy Court, shall remain in effect until the Effective Date of the

Plan as to the Debtors and all Assets. As of the Effective Date, the automatic stay shall be replaced by the injunction described above.

H. Jurisdiction of the Courts and Modifications of the Plan

1. Retention of Jurisdiction

Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to the Debtors' Chapter 11 Cases and the Plan, for the purposes of sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

(a) To hear and determine any and all objections to or applications concerning the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense or Claim;

(b) To hear and determine any and all applications for payments of fees and expenses from the Reorganized Debtors' estate made by attorneys or any other Professional pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed from the Reorganized Debtors' estate under the Bankruptcy Code, and any and all objections thereto;

(c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of unexpired leases and executory contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect to the assumption or rejection of any executory contract or unexpired lease;

(d) To hear and determine any and all adversary proceedings, applications, or contested matters, including any remands or appeals;

(e) To hear and determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan or in connection with the enforcement of any remedies made available under the Plan, including without limitation, (i) adjudication of all rights, interests or disputes relating to any of the Assets, (ii) the valuation of all Collateral, including hearing all Valuation Motions, (iii) the determination of the validity of any Lien or claimed right of offset; and (iv) determinations of objections to Contested Claims;

(f) To liquidate and administer any disputed, contingent, or unliquidated Claims; including the allowance of all Contested Claims;

(g) To administer distributions to holders of Allowed Claims as provided herein;

(h) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(i) To enable the Reorganized Debtors to prosecute any and all proceedings which may be brought to set aside liens or encumbrances and to recover any transfers, assets, properties or damages to which the Reorganized Debtors may be entitled under applicable provisions of the Bankruptcy Code or any other federal, state or local laws,

including causes of action, controversies, disputes and conflicts between the Reorganized Debtors and any other party, including but not limited to, any causes of action or objections to Claims, preferences of fraudulent transfers and obligations or equitable subordination.

(j) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation the Confirmation Order;

(k) To enforce the Plan injunction and discharge described in the Plan;

(l) To the extent necessary, to approve the sale after the Effective Date of any of the Assets free and clear of all Liens, claims and interests by the Reorganized Debtor;

(m) To enter and implement all such orders as may be necessary or appropriate to execute, interpret, implement, consummate, or enforce the terms and conditions of the Plan and the transactions required or contemplated thereunder;

(n) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan;

(o) To determine proceedings pursuant to section 505 of the Bankruptcy Code;
and

(p) To enter a final decree closing the Chapter 11 Cases.

2. Abstention and Other Courts

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to the Chapter 11 Cases, the Plan shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

3. Non-Material Modifications

The Debtors and the Reorganized Debtors may, with the approval of the Bankruptcy Court and without notice to all holders of Claims and Interests, correct any defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Debtors and the Reorganized Debtors may undertake such nonmaterial modification pursuant to this section insofar as it does not adversely change the treatment of the Claim of any Creditor or the Interest of any Interest holder who has not accepted in writing the modification.

4. Material Modifications

Modifications of the Plan may be proposed in writing by the Debtors at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code. The Plan may be modified at any time after confirmation and before

Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim or Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, the Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

5. Revocation

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date in accordance with the provisions of the Bankruptcy Code. If the Plan is revoked or withdrawn, or for any other reason not confirmed, nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other Person or to prejudice in any manner the right of the Debtors or any other Person in any further proceedings involving the Debtors.

6. Effect of Withdrawal or Revocation

If the Debtors revoke or withdraw the Plan, or if the conditions to the Effective Date do not occur within sixty (60) days after the Confirmation Date, then the Plan shall be deemed null and void and shall not be binding on the Debtors or any other Person.

I. Miscellaneous Provisions

1. Severability

Should the Bankruptcy Court determine that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Interest or transaction, the Reorganized Debtors may modify the Plan so that such provision shall not be applicable to the holder of any Claim or Interest. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

2. Oral Agreements; Modification of Plan; Oral Representations or Inducements

The terms of the Plan, the Disclosure Statement, and the Confirmation Order may not be changed, contradicted, or varied by any oral statement, agreement, warranty, or representation. The Plan may only be modified, amended, or supplemented in writing signed by an authorized representative of the Debtors or an authorized representative of the Reorganized Debtors. Neither the Debtors nor their attorneys have made any representation, warranty, promise, or inducement relating to the Plan or its confirmation except as expressly set forth in the Plan, the Disclosure Statement, or the Confirmation Order or other order of the Bankruptcy Court.

3. Waiver

The Reorganized Debtors shall not be deemed to have waived any right, power, or privilege pursuant to the Plan unless the waiver is in writing and signed by an authorized

representative of the Reorganized Debtors. There shall be no waiver by implication, course of conduct or dealing, or through any delay or inaction by the Reorganized Debtors, of any right pursuant to the Plan, including the provisions of this anti-waiver section. The waiver of any right under the Plan shall not act as a waiver of any other or subsequent right, power, or privilege.

4. Construction

The Plan shall control over any inconsistent term of the Disclosure Statement. The Confirmation Order shall control over any inconsistent provision of the Plan.

5. Notice

Any notice or communication required or permitted by the Plan shall be given, made, or sent as follows:

- If to a Creditor, notice may be given as follows: (i) if the Creditor has filed no proof of Claim, then to the address reflected in the Schedules, or (ii) if the Creditor has filed a proof of Claim, then to address reflected in the proof of claim.
- If to the Reorganized Debtors, notice shall be sent to the following addresses:

Frac Specialists, LLC
Attention: Larry P. Noble
2033 Taylor Ct.
Flower Mound, TX 75028

Cement Specialists, LLC
Attention: Larry P. Noble
2033 Taylor Ct.
Flower Mound, TX 75028

Acid Specialists, LLC
Attention: Larry P. Noble
2033 Taylor Ct.
Flower Mound, TX 75028

Concurrently with service of such notice on the Reorganized Debtors, a copy thereof shall be served in the same manner on the following legal counsel:

Jeff P. Prostok
Lynda L. Lankford
Clark V. Rogers
Forshey & Prostok LLP
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Telephone: (817) 877-8855
Facsimile: (817) 877-4151
jprostok@forsheyprostok.com
llankford@forsheyprostok.com
crogers@forsheyprostok.com

Any Creditor desiring to change its address for the purpose of notice may do so by giving notice to the Reorganized Debtors of its new address in accordance with the terms of this section.

Any notice given, made, or sent as set forth above shall be effective upon being (i) deposited in the United States Mail, postage prepaid, addressed to the addressee at the address as set forth above; (ii) delivered by hand or messenger to the addressee at the address set forth above; (iii) telecopied to the addressee as set forth above, with a hard confirmation copy being immediately sent through the United States Mail; or (iv) delivered for transmission to an expedited or overnight delivery service such as FedEx.

6. Compliance with All Applicable Laws

If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business, the Reorganized Debtors shall comply with such law, rule, regulation, or order; *provided, however*, that nothing contained herein shall require such compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings and, if appropriate, an adequate reserve has been set aside on the books of the Reorganized Debtors.

7. Duties to Creditors

No agent, representative, accountant, financial advisor, attorney, shareholder, officer, affiliate, member or employee of the Debtors shall ever owe any duty to any Person (including any Creditor) other than the duties owed to the Debtors' bankruptcy estates, for any act, omission, or event in connection with, or arising out of, or relating to, any of the following: (a) the Chapter 11 Cases, including all matters or actions in connection with or relating to the administration of the estates, (b) the Plan, including the proposal, negotiation, confirmation, and consummation of the Plan, or (c) any act or omission relating to the administration of the Plan after the Effective Date.

8. Binding Effect

The Plan shall be binding upon, and shall inure to the benefit of, the Reorganized Debtors, the holders of the Claims or Liens, the holders of Interests, and their respective successors in interest and assigns.

9. Governing Law, Interpretation

Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any Plan Documents without regard to conflicts of law. The Plan shall control any inconsistent term or provision of any other Plan Documents.

10. Payment of Statutory Fees

All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on or before the Effective Date, and thereafter shall be paid by the Reorganized Debtors as such statutory fees become due.

11. Filing of Additional Documents

On or before Substantial Consummation of the Plan, the Reorganized Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

12. Computation of Time

If the final day for any Distribution, performance, act, or event under the Plan is not a Business Day, then the time for making or performing such Distribution, performance, act or event shall be extended to the next Business Day. Any payment or Distribution required to be made hereunder on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

13. Elections by the Reorganized Debtors

Any right of election or choice granted to the Reorganized Debtors under the Plan may be exercised, at the Reorganized Debtors' election, separately as to each Claim, Creditor, or Person.

14. Release of Liens

Except as otherwise provided in the Plan or the Confirmation Order, all Liens against any of the Assets shall be deemed to be released, terminated, and nullified.

15. Rates

The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

16. Retiree Benefits

To the extent that the Debtors provide any retiree benefits that are subject to section 1129(a)(13) of the Bankruptcy Code, such retiree benefits shall continue to be provided by the Reorganized Debtors from and after the Effective Date for the period the Debtors are obligated to provide such benefits.

17. Compliance with Tax Requirements

In connection with the Plan, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by federal, state, and local Taxing Authorities, and all Distributions under the Plan shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such Distribution under the Plan.

18. Notice of Occurrence of the Effective Date

Promptly after entry of the Confirmation Order, the Debtors, as directed by the Bankruptcy Court, shall serve on all known parties in interest and holders of Claims and Interests, notice of entry of the Confirmation Order.

19. Interest and Attorney's Fees

Interest accrued after the Petition Date will accrue and be paid on Allowed Claims only to the extent specifically provided for in the Plan, the Confirmation Order, or as otherwise required by the Bankruptcy Court or by applicable law. Except as set forth in the Plan or as ordered by the Bankruptcy Court, no award or reimbursement of attorney's fees or related expenses or disbursements shall be allowed on, or in connection with, any Claim.

20. No Admissions

As to contested matters, adversary proceedings, and other causes of action or threatened causes of action, the Plan shall not constitute or be construed as an admission by the Debtors or the Reorganized Debtors of any fact or liability, stipulation, or waiver, but shall constitute and be construed as a statement made in settlement negotiations. The Plan shall not be construed to be conclusive advice on the tax, securities, and other legal effects of the Plan as to holders of Claims against, or Interests in, the Debtors or their affiliates, as debtors and debtors-in-possession in the Chapter 11 Cases.

IX. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE PLAN AND ITS RELATED TAX CONSEQUENCES ARE COMPLEX. MOREOVER, MANY OF THE INTERNAL REVENUE CODE PROVISIONS DEALING WITH THE FEDERAL INCOME TAX ISSUES ARISING FROM THE PLAN HAVE BEEN THE SUBJECT OF RECENT LEGISLATION AND, AS A RESULT, MAY BE SUBJECT TO AS YET UNKNOWN ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS. THE DEBTORS HAS NOT REQUESTED A RULING FROM THE INTERNAL REVENUE SERVICE (THE "IRS") OR AN OPINION OF COUNSEL WITH RESPECT TO THESE MATTERS. ACCORDINGLY, NO ASSURANCE CAN BE GIVEN AS TO THE INTERPRETATION THAT THE IRS WILL ADOPT. THERE ALSO MAY BE STATE, LOCAL OR OTHER TAX CONSIDERATIONS APPLICABLE TO EACH CREDITOR. CREDITORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND OTHER TAX LAWS.

X. SELECTED FINANCIAL INFORMATION

Selected financial and operational information concerning the Debtors is attached hereto as **Exhibit "B,"** and includes the Debtors' Monthly Operating Reports for the month of September 2015. The information contained in the Monthly Operating Reports is provided by the Debtors' management and is prepared using accrual accounting.

XI. CONFIRMATION OF THE PLAN

A. Solicitation of Votes; Voting Procedures

1. Ballots and Voting Deadlines

A ballot to be used for voting to accept or reject the Plan, together with a postage-paid return envelope, is enclosed with all copies of this Disclosure Statement mailed to all holders of Claims and Interests entitled to vote. BEFORE COMPLETING YOUR BALLOT, PLEASE READ CAREFULLY THE INSTRUCTION SHEET THAT ACCOMPANIES THE BALLOT.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received no later than 5:00 p.m., Central Time, on _____, 2016, at the following address:

Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Attn: Linda Breedlove

YOUR BALLOT MAY NOT BE COUNTED IF IT IS RECEIVED AT THE ABOVE ADDRESS AFTER 5:00 P.M., CENTRAL TIME, ON _____, 2016.

2. Parties in Interest Entitled to Vote

The holder of a Claim or Interest may vote to accept or reject the Plan only if the Plan impairs the Class in which such Claim or Interest is classified. Under the Plan, all Classes are impaired. Therefore, all holders of Claims in these Classes may vote to accept or reject the Plan.

Any Claim or Interest as to which an objection has been filed is not entitled to vote unless the Bankruptcy Court, upon application of the holder to whose Claim or Interest an objection has been made, temporarily allows such Claim or Interest in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Any such application must be heard and determined by the Bankruptcy Court on or before commencement of the Confirmation Hearing. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT THE DEBTORS' COUNSEL AT THE FOLLOWING ADDRESS:

Lynda L. Lankford
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
(817) 877-8855
(817) 877-4151 Fax

3. Vote Required for Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots for acceptance or rejection of the Plan. Thus, class acceptance takes place only if at least two-thirds in amount and a majority in number of the holders of claims voting cast their ballots in favor of acceptance.

The Bankruptcy Code defines acceptance of a plan by a class of Interests as acceptance by holders of at least two-thirds in amount of the Interests of that class that actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount of the holders of Interests voting cast their ballots in favor of acceptance.

B. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. By order of the Bankruptcy Court, the Confirmation Hearing has been scheduled for _____, 2016, at _____ m. Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the confirmation hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be made in writing and filed with the Bankruptcy Court on or before 5:00 p.m. Central Time, on _____, 2016, at the following address:

Office of the Clerk
U.S. Bankruptcy Court
Eldon B. Mahon U.S. Courthouse
501 W. Tenth Street
Fort Worth, Texas 76102-3643

In addition, any such objection must be served upon the following parties, together with proof of service, on or before _____, 2016:

Lynda L. Lankford
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102

William T. Neary
United States Trustee
1100 Commerce Street, Room 976
Dallas, Texas 75242

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

C. Requirements for Confirmation of the Plan

At the confirmation hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. As set forth in section 1129 of the Bankruptcy Code, these requirements are as follows:

1. The plan complies with the applicable provisions of the Bankruptcy Code.
2. The proponent of the plan complied with the applicable provisions of the Bankruptcy Code.
3. The plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or promised by the debtor, by the plan proponent, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of the Bankruptcy Court as reasonable.
5. (a) (i) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and
(ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and
(b) the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the debtor, and the nature of any compensation for such insider.
6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.
7. With respect to each impaired class of claims or interests:
 - (a) each holder of a claim or interest of such class has accepted the plan or will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated on such date under chapter 7 of the Bankruptcy Code on such date; or
 - (b) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures

such claims.

8. With respect to each class of claims or interests:

- (a) such class has accepted the plan; or
- (b) such class is not impaired under the plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:

(a) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(b) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive:

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(c) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim regular installment payments in cash:

(i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and

(d) with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in 9(c) above.

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

11. Confirmation of the plan is not likely to be followed by the liquidation, or the

need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

12. All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payments of all such fees on the effective date of the plan.

13. The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

14. If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.

15. In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan:

(a) the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or

(b) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2) of the Bankruptcy Code) to be received during the five year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.

16. All transfers of property of the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

The Debtors believe that the Plan satisfies all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all the requirements of chapter 11, and that the Plan is proposed in good faith.

The Debtors believe that holders of all Allowed Claims and Interests impaired under the Plan will receive payments under the Plan having a present value, as of the Effective Date, not less than the amounts likely to be received if the Debtors were liquidated in a case under chapter 7 of the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims or Allowed Interests would receive greater distributions under the Plan than they would receive in a liquidation under chapter 7.

The Debtors also believe that the feasibility requirement for confirmation of the Plan is satisfied by the fact that the Debtors' future operating revenues will be sufficient to satisfy the Debtors' obligations under the Plan in addition to supporting sustainable growth of the enterprise. These facts and others demonstrating the confirmability of the Plan will be shown at

the Confirmation Hearing.

D. Cramdown

In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtors if, as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to that Class. A plan of reorganization “does not discriminate unfairly” within the meaning of the Bankruptcy Code if no Class receives more than it is legally entitled to receive for its claims or Interests.

“Fair and equitable” has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

1. With respect to a class of secured claims, the plan provides:

(a) (i) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims; and

(ii) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder’s interest in the estate’s interest in such property;

(b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) and (b) of this subparagraph; or

(c) the realization by such holders of the “indubitable equivalent” of such claims.

2. With respect to a class of unsecured claims, the plan provides:

(a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115 of the Bankruptcy Code, subject to the requirements of section 1129(a)(14) of the Bankruptcy Code.

3. With respect to a class of interests, the plan provides:

(a) that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the

greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or

(b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

In the event that one or more Classes of impaired Claims or Interests reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired Class of Claims or Interests. For the reasons set forth above, the Debtors believe the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired Class of Claims or Interests.

XII. RISK FACTORS

The following is intended as a summary of certain risks associated with the Plan, but it is not exhaustive and must be supplemented by the analysis and evaluation made by each holder of a Claim or Interest of the Plan and this Disclosure Statement as a whole with such holder's own advisors.

A. Variances from Projections

While the Debtors are confident regarding their projections in support of the Plan, there are various risk factors that must be considered.

1. General

The Plan is premised on the financial analyses and projections prepared by the Debtors and attached to the Disclosure Statement as **Exhibit "B"**. The projections contained in the financial analysis include, among other items, assumptions concerning general economic conditions, the ability to make necessary capital expenditures, and other factors. The Debtors believe that the assumptions underlying the projected financial statements are reasonable and that it will be able to perform its obligations under the Plan. There are certain other factors, however, that relate to the Reorganized Debtors' ability to achieve the projections. For instance, collectability of accounts owed to the Debtors is also a potential risk. This is addressed on a liquidation basis in the Liquidation Analysis included in **Exhibit "C"**.

2. Expenses

The Debtors' management has projected increases in various expense categories. The Debtors' assumptions about the increases in expenses have been broken out in its projections and are attached. The Debtors' management believes that these projected increases in expense categories are reasonable based on history and the knowledge of the Debtors' management. If expenses increase significantly beyond the Debtors' projections, it could have an adverse impact on the Debtors' business operations

3. Economic Recession

The Debtors' income projections are based on experience and take into account normal

fluctuations in the economy generally. Nonetheless, a continued severe recession or economic depression could adversely affect the Debtors' projections. Although the Debtors believe that their projections are conservative, the Debtors cannot guarantee them. In the event that a severe economic downturn continues or occurs, the Debtors could face difficulties in meeting the projections.

B. Bankruptcy Risks

1. Insufficient Acceptances

For the Plan to be confirmed, each impaired Class of Claims is given the opportunity to vote to accept or reject the Plan. With regard to such impaired voting Classes, the Plan will be deemed accepted by a Class of impaired Claims if the Plan is accepted by claimants of such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the total Allowed Claims of the Class voted. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes. The Debtors reserve the right to request confirmation pursuant to the cramdown provisions in section 1129(b) of the Bankruptcy Code, which will allow confirmation of the Plan regardless of the fact that a particular Class of Claims or Interests has not accepted the Plan. However, there can be no assurance that any impaired Class of Claims under the Plan will accept the Plan or that the Debtors would be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan.

2. Confirmation Risks

The following specific risks exist with respect to confirmation of the Plan:

(a) Any objection to confirmation of the Plan can either prevent confirmation of the Plan, or delay such confirmation for a significant period of time.

(b) Since the Debtors may be seeking to obtain approval of the Plan over the rejection of one or more impaired Classes of Claims, the cramdown process could delay confirmation.

3. Conditions Precedent

Confirmation of the Plan and occurrence of the Effective Date are subject to certain conditions precedent that may not occur. The Debtors, however, are working diligently with all parties in interest to ensure that all conditions precedent are satisfied.

XIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors have evaluated several reorganization alternatives to the Plan, including the continued operation of the Debtors under their current debt structures and the liquidation of the Debtors. After studying these alternatives, the Debtors concluded that the Plan is the best alternative and will maximize recoveries by holders of Claims, assuming confirmation of the Plan and consummation of the transactions contemplated by the Plan. The following discussion provides a summary of the Debtors' analysis leading to their conclusion that the Plan will provide the highest value to holders of Claims.

A. Continued Operation Under Pre-Petition Debt Structure

Because of Capital One's position regarding collateralization of the Debtors' revolving line of credit, continued operation by the Debtors of their business under the Debtors' pre-petition debt structure is not an option available to the Debtors. Instead, such an attempt at continued operation would result in a foreclosure on the Debtors' Assets.

B. Liquidation of the Debtors

The Debtors also have analyzed whether a chapter 7 liquidation of the assets of the Debtors would be in the best interest of holders of Claims. That analysis reflects a liquidation value that is materially lower than the value that may be realized through the Plan. The Debtors believe that liquidation would result in substantial diminution in the value to be realized by holders of Claims because of (i) the failure to realize the greater going-concern value of the Debtors' assets; (ii) additional administrative expenses involved in the appointment of a trustee or trustees, attorneys, accountants, and other professionals to assist such trustee(s) in the case of a chapter 7 proceeding; (iii) additional expenses and claims, some of which would be entitled to priority in payments, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtors' operations; and (iv) the substantial time which would elapse before creditors would receive any distribution in respect of their Claims. Consequently, the Debtors believe that the Plan, which provides for the continuation of the Debtors' core business, provides a substantially greater return to holders of Claims than would liquidation.

C. Alternatives if the Plan is Not Confirmed

If the Plan is not confirmed, the Debtors or any other party in interest in the Chapter 11 Case could attempt to formulate and propose a different plan or plans of reorganization. Such plans might involve either a reorganization and continuation of the Debtors' business, a sale of the Debtors' business as a going concern, an orderly liquidation of the Debtors' assets, or a combination thereof. Further, if no plan of reorganization can be confirmed, the Chapter 11 Case may be converted to a liquidation proceeding under chapter 7 of the Bankruptcy Code. In a chapter 7 case, a trustee would be elected or appointed to liquidate the assets of the Debtors. The proceeds of the liquidation would be distributed to the creditors of the Debtors in accordance with the priorities established by the Bankruptcy Code.

XIV. CONCLUSION

The Debtors urge holders of Claims in impaired Classes to vote to **ACCEPT** the Plan and to evidence such acceptance by returning their ballots so that they will be received on or before 5:00 p.m., Central Time, on _____, 2016.

[Remainder of page intentionally left blank]

Dated: November 20, 2015.

Respectfully submitted,

FRAC SPECIALISTS, LLC

By: 
Larry P. Noble, Manager

CEMENT SPECIALISTS, LLC

By: 
Larry P. Noble, Manager

ACID SPECIALISTS, LLC

By: 
Larry P. Noble, Manager

APPROVED:

/s/ Jeff P. Prostok
Jeff P. Prostok
State Bar No. 16352500
Lynda L. Lankford
State Bar No. 11935020
Clark V. Rogers
State Bar No. 24052901
FORSHEY & PROSTOK LLP
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Telephone: 817-877-8855
Facsimile: 817-877-4151
jprostok@forsheyprostok.com
llankford@forsheyprostok.com
crogers@forsheyprostok.com

ATTORNEYS FOR DEBTORS
AND DEBTORS IN POSSESSION