

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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U.S. BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re: : Chapter 11
KiOR, Inc. : Case No. 14 -12514 (CSS)
Debtor : Re: Docket No. 7, 66, 130, 275 & 397
: :
: Current Hearing Date: April 8, 2015 at 11:30 A.M.
Objections Due: March 31, 2015 at 4:00 p.m.¹

OBJECTION TO DEBTOR’S MOTION FOR ENTRY OF ORDER TO APPROVE FIRST AMENDMENT TO SENIOR SECURED AND SUPERPRIORITY FINANCING AGREEMENT

Robert C. Dalton (the “Dalton/Serapis”), the party that represent the amended offer [*First Amendment of Best Horse: Bonhomme Richard Seeks Serapis*] (the “Serapis”) the greatest value for all of assets of KiOR, Inc (the “Debtor”) in this Chapter 11 Bankruptcy case, objects (the “Objection”) to the Debtor’s motion for order to approve the First Amendment To Senior Secured and Superpriority Financing Agreement. In support of the Objection, Dalton/Serapis respectfully states as follows:

1.0 BACKGROUND

1.1. ROBERT C. DALTON

Robert C. Dalton (Dalton/Serapis) represents himself as stated in Docket 420 [Order (I) Overruling Objections of ESTEC Technology Works, LLC and Robert C. Dalton to the Monthly Fee Applications of King & Spalding LLP, Richards, Layton & Finger, P.A. and Guggenheim Securities, LLC and (II) Precluding ESTEC Technology Works, LLC and Robert C. Dalton from Filing Further

¹ Local rules allow for objections up to 7 days prior to the hearing date.

Objections to the Monthly Fee Applications in this Case Absent Further Order from the Court (related document(s)[324], [325], [329], [341], [349], [390], [391]). Signed on 3/19/2015. (SJS)].

Mr. Dalton is a subject-matter expert in MAD^{TM2} Technology, and his subject-matter expertise includes, but not limited to, MADTM Materials^{TM3} for chemical reactor technologies, MADTM chemical reactor design, MADTM process designs and energy interactions with matter for energy production from biomass, petroleum hydrocarbons and hydrogen-containing species. The MADTM Technology of ESTEC Technology Works, LLC has been proven by at least one major internationally-recognized industrial company and NASA (National Aeronautics and Space Administration). Mr. Dalton's MADTM Technology originated after the End of the Cold War from initial research and programs sponsored by NASA and DARPA (Defense Advanced Research Projects Agency). ESTEC and Robert C. Dalton initiated their own "Swords to Plowshares" effort as a technology Peace Dividend from the End of the Cold War⁴.

Robert C. Dalton is the holder a portfolio of US Patents and International Patents.

Robert C. Dalton is the Managing Partner and Chief Technology Officer of ESTEC Technology Works, LLC that is incorporated in South Carolina (www.estectechnologyworks.com) with an international reach. ESTEC Technology Works, LLC is an Energy, Environmental, Materials and Device Company.

ESTEC Technology Works can only appear in this case through counsel [Docket 420].

Mr. Dalton licenses patented technology from a portfolio of U.S and International patents, know-how and trade secrets. ESTEC Technology Works, an integrated platform technology

² MADTM Technologies is a trademark of Robert C. Dalton/ESTEC.

³ MADTM MaterialsTM is a trademark of Robert C. Dalton/ESTEC. MADTM MaterialsTM are a subset of materials that are known in today's vernacular of technologists as "metamaterials".

⁴ The technology Peace Dividend of the Cold was greatly dominated by electronic technology, computers, software and communications technology. Materials and materials technology except for electronic materials, did not fare well in the market place in terms of creating vast wealth during the last 20 years or so as did other technology.

laboratory for commercialization of applied technology for various industries has rights to Mr. Dalton's patent portfolio. Technology that is developed by ESTEC Technology Works is then sublicensed to separate companies that are typically controlled by Mr. Dalton and his investors. These patents and patent applications for the chemical reactor technologies are present in almost industrialized nations or regional unions of countries.

Additionally, Mr. Dalton and ESTEC Energy Holdings holds the rights to EXPORT^{TM5} GAS, a patented technology. The *Bonhomme Richard Seeks Serapis* offer seeks to use the KiOR's Columbia, MS facility as the first-ever facility to produce EXPORTTM GAS to export energy outside of the United States of America via the Gulf of Mexico.

Furthermore, Mr. Dalton's subject-matter expertise is inclusive the technology of Paul O'Connor and BIOeCON. The technology of Paul O'Connor and BIOeCON was used to establish KiOR, Inc. through a joint venture between Khosla Ventures and BIOeCON.

Moreover, Mr. Dalton and ESTEC Technology Works, LLC owns the intellectual property rights of the trademarks and copyrights for Green NavyTM Fuels, Joint Green StarsTM and many others.

Moreover, ESTEC Technology Works, LLC believes it can make biofuels from biomass via cracking biomass hydrocarbon polymers below \$2 per gallon. The Debtor's facilities and process currently can only produce biofuels at a cost between \$4 per gallon and \$5 per gallon.

1.2 BACKGROUND OF THE *BONHOMME RICHARD SEEKS SERAPIS* OFFER

The amended *Bonhomme Richard Seeks Serapis* offer (the "Serapis") was amended during an announcement in this chapter 11 case during the March 19th hearing [Dockets 400, 403 and 413]

⁵ EXPORTTM GAS is a trademark of Robert C. Dalton/ESTEC.

The initial existence of *Bonhomme Richard Seeks Serapis* was a bid, and the *Bonhomme Richard Seeks Serapis* Bid was meant to be alternative bid to the Stalking Horse bid. The *Bonhomme Richard Seeks Serapis* offer was publically disclosed to the Debtor's Legal counsel on December 26th, 2014 via an email exchange.

On January 15, 2015 during a recess in the hearing at Court and under the cameras of the court room, Mr. Dalton handed a copy of the *Bonhomme Richard Seeks Serapis* offer to Alex Fisch of Guggenheim Partners. Mr. Fisch of Guggenheim Partners accepted the document containing the *Bonhomme Richard Seeks Serapis* offer into his possession.

The Amended *Bonhomme Richard Seeks Serapis* offer (the "Serapis") provides the following to the Debtor, creditors, current shareholders and other related parties:

1. a greater value to current shareholders and interested parties;
2. a valuation of greater than USD \$120 million for a reorganized entity having all of the Debtor's assets as originally stated this chapter 11 bankruptcy case;
3. a means to secure funding between USD 10 and 30 million for commercialization and expansion;
4. a means to satisfy the unsecured claims;
5. a means for a profitable ongoing concern;
6. a means for the Mississippi Development Authority to recoup all or most of its loan;
7. a means to maximize the DIP loan into equity of a new, restructured entity;
8. new technology into the Debtor's current allow for a rapid path towards commercialization;
9. a reorganized entity having superior management that will effect turn-around the current financial state of the Debtor's assets including facilities and operations; and
10. a claw-back initiative to recoup financial losses from all service providers, engineering firms and capital equipment providers, and

11. has had the capability to move the Debtor forward as a growing concern since March 1, 2015.

Robert C. Dalton (the "Dalton") and/or ESTEC Technology Works, LLC seeks "Serapis" with the Pasadena Partners, Debtor, and others.

2.0 ARGUMENT AND OBJECTIONS

The Court should not approve the Debtor's Motion for Entry of Order to Approve First Amendment to Senior Secured and Superpriority Financing Agreement.

The approval of the amendment to Senior Secured and Superpriority Financing Agreement should not be allowed unless disbursements as proposed in a 6-month DIP Extension Budget as found in Exhibit C of Docket 397 are reduced:

1. the production disbursements should be reduced by 30% or more, and
2. the non-production disbursement should be reduced by up to 50% or more.

Such reduction in total disbursement could or would allow for substantially reduced costs to the Debtor and related parties with respect to commercialization and forthcoming administrative claims. These reduced costs could or would occur from:

- a) Introduction of new technology into the Debtor's current facilities that allow for a rapid path towards commercialization. **Dalton/Serapis** already has prototypes, process designs, scale-up designs having a capacity up to 1000 barrels per day and cost analysis determined. These technologies and know-how can, may, will or shall be incorporated into the new entity and at the Columbus, MS facility. Already, extremely credible vendors have been selected for construction of capital equipment. The research, development, integration and commercialization team has been identified and are awaiting further instructions to begin. **The estimated cost for such equipment is approximately USD 6 million;**

- b) Forthcoming Administrative claims could or would be reduced substantially. The forthcoming administrative claims shall be filed by Robert C. Dalton value in excess of USD 6 million, and possibly these administrative claims having unspecified damages can, may or shall exceed USD 100 million dollars. Furthermore, the total forthcoming administrative claims could, would or shall be greater due to other administrative claims of similar value that could, would or shall be filed by ESTEC Technology Works, LLC and other companies that have the rights to intellectual property of Robert C. Dalton. Such other companies can, may or shall be either subsidiaries or separate entities of ESTEC Technology Works, LLC.; and
- c) Professional Fees, court fees and other costs could or would be substantially reduced for the Debtor, the creditors and other related parties.

This argument proves substantial reasons and proper reasoning to consider the Objections of Robert C. Dalton, and find these Objections to be valid.

3.0 RESERVATION OF RIGHTS

DALTON/Serapis reserves their rights to supplement, amend or correct this Objection or file additional Objections as necessary or appropriate.

4.0 WITNESS LIST FOR HEARING

DALTON/Serapis' witness list for the Court hearing is found in Exhibit A.

5.0 CONCLUSION

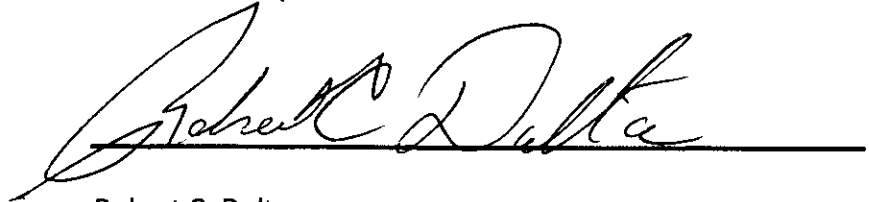
For the reason stated herein:

- A) DALTON/SERAPIS respectfully request that the Court deny, all or in part, the Debtor's the request to approve the Motion; and

- B) DALTON/SERAPIS respectfully request that the Court consider and enforce, all or part, of the suggested changed to the proposed budget.

This Objection will be sent by hand delivery on this 31st day of March, 2015 to the attorneys for the Debtor and Debtor in Possession c/o Richards, Layton & Finger, P.A. and will be delivered to c/o King & Spalding and c/o Richards, Layton and Finger, P.A. by email and/or fax. Respectfully submitted on this 31st day of March, 2015

DALTON/Serapis

A handwritten signature in black ink, appearing to read "Robert C. Dalton", is written over a solid horizontal line.

Robert C. Dalton

Mailing address:
Robert C. Dalton
P.O. Box 6243
Annapolis, MD 21401

and;

Physical Address:
Robert C. Dalton
120 Admiral Cochrane Dr.
Annapolis, MD 21401
Telephone: 732-576-3047
Email: robert.dalton@estectechnologyworks.com