

**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF LOUISIANA
ALEXANDRIA DIVISION**

In re:)	Chapter 11
)	
LOUISIANA PELLETS, INC., <u>et al.</u> ¹)	Case No. 16-80162
)	
Debtor.)	Joint Administration Pending
)	

**DECLARATION OF PETER LEIBOLD IN SUPPORT OF CHAPTER 11 PETITIONS
AND FIRST DAY PLEADINGS**

Peter Leibold, being duly sworn, deposes and says:

1. On February 18, 2016 (the “Petition Date”), Louisiana Pellets, Inc. (“LPI”) and German Pellets Louisiana, LLC (“GPLA”, and together with Louisiana Pellets, the “Debtors”), as debtors and debtors in possession in the above-captioned cases, each commenced a case under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the “Bankruptcy Code”) with the United States Bankruptcy Court for the Western District of Louisiana (the “Court”).

2. I have been the Chief Executive Officer of GPLA since its inception. In this role, I have become thoroughly familiar with the day-to-day operations and the business and financial affairs of the Debtors.

3. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1109 of the Bankruptcy Code.

4. I submit this Declaration (the “Declaration”) to assist the Court and the other parties in interest in understanding the circumstances that compelled the commencement of these

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Louisiana Pellets, Inc. (3369) and German Pellets Louisiana LLC (3414). The location of the Debtors’ corporate headquarters and service address is: 4915 Highway 125, Urania, Louisiana 71480.

chapter 11 cases and in support of the first day motions and applications filed in these cases (the “First Day Motions”). Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, information provided to me by certain of the Debtors’ employees, my review of relevant documents, or my opinion based upon my experience, knowledge, and information concerning the operations and financial affairs of the Debtors. If I were called upon to testify, I would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration.

5. This Declaration is divided into two sections. Section I provides a brief description of the Debtors’ current organizational structure and operations, their current financial condition and the events giving rise to these cases. Section II sets forth those facts that are most germane to this Court’s determination of the Debtors’ various motions for first day relief and is intended to supplement any other declarations or affidavits submitted in direct support of such motions.

I.
BACKGROUND AND EVENTS LEADING TO THE COMMENCEMENT
OF THE CHAPTER 11 CASES

A. Corporate Structure

6. LPI and GPLA are members of the “German Pellets” family of companies, which is a family of related companies centered in Wismar, Germany, operating in the wood pellets industry. LPI and GPLA have separate ownership, but their operations are closely coordinated, with many personnel in common, and their interests are extensively interdependent.

B. Overview of Business Operations.

1. Overview

7. LPI owns a wood pellet production facility (“the “Facility”) located on 334 acres of land (the “Property”) in Urania, Louisiana. The Facility is designed to process raw wood in

forms including wood chips and sawdust, into specialized wood pellets which are in turn used as fuel in power production and heating applications. The Facility is still under construction and is not yet fully complete or operational.

8. GPLA is the general contractor for construction of the Facility.

9. The construction of the Facility is in two Phases, each corresponding to approximately 500,000 metric tons of annual production capability (for a total capability of 1.0 million metric tons).

10. A contract is in place with E.ON UK PLC (a United Kingdom utility company) to purchase the wood pellet production from the Facility. The contract envisions shipments from Phase I of the Facility later in 2016.

1. Phase I of Construction

11. "Phase I" of the Facility, corresponding to approximately half of the Facility's production capability, was substantially completed in late 2015 and was put into limited production to conduct required emissions and production tests. Those tests in late 2015 revealed defects and substandard work (not detectable until production tests were performed) in work performed by an electrical subcontractor, which were further surveyed by an independent electrical surveyor commissioned by the Debtors. The complete results of that electrical survey are not yet available, but are expected to indicate significant deficiencies in the electrical system requiring remedial work. The Debtors have made demand on the electrical contractor to remedy these deficiencies, and the Debtors plan to fully address and resolve all such electrical deficiencies as soon as possible.

12. After such electrical deficiencies are addressed and certain additional work is performed, Phase I may be completed and full production may be reached during the timeframe of March - May, 2016.

1. Phase II of Construction

13. “Phase II” of the Facility is still under construction. The Debtors anticipate that construction may require an additional 12 months to complete.

C. Prepetition Capital Structure

14. The Louisiana Public Facilities Authority issued approximately \$390.2 million in bonds (the “Bonds,” held by the “Bondholders”) to finance the Facility, with LPI as borrower. The Bonds are secured by substantially all of the assets of LPI. The Bonds consist of both taxable and non-taxable Bonds.

15. The current Trustee for the Bonds, under that certain May 1, 2015 Third Amended and Restated Indenture of Trust, is UMB Bank (“Trustee”), which replaced the original Trustee Wells Fargo Bank, N.A.

16. The principal amount due under the Bonds was \$330,300,000 as of Dec 31st, 2015. Interest accrues under the Bonds at variable rates ranging from 7% to 11.5%.

17. As of February 18, 2016, and assuming no accrued postpetition interest, the outstanding obligations of Louisiana Pellets relating to the Bonds total not less than \$8,767,117, comprised of outstanding principal of \$2,400,000, accrued but unpaid interest of approximately \$6,367,117, and as Bondholders may assert, unpaid fees, costs, and expenses thereunder in an unliquidated amount.

18. Louisiana Pellets defaulted under the taxable Bonds due to an inability to make a required payment of principal and interest totaling \$4,254,375.00 due on January 1, 2016.

19. A number of contractors assert Louisiana Private Works Act liens on the Property based on goods and services asserted to be provided in the course of construction. As of the Petition Date, the face amount of such liens exceeds \$8 million.

20. The construction contract between GPLA, as contractor, and LPI, as project owner (“Construction Contract”) provides for liquidated damages payable by GPLA to LPI in the event of failure to meet certain timelines. Under those provisions, liquidated damages exceeding \$7 million may be due and owing as of the Petition Date. German Pellets GmbH executed a guarantee of the liquidated damages obligation.

D. Events Leading To A Chapter 11 Filing

21. The Debtors experienced numerous cost overruns and delays in the course of construction of Phase I and Phase II of the Facility. Multiple factors contributed to the cost overruns and delays including the above-referenced electrical deficiencies, weather events, delays in steel deliveries, other subcontractor delays including delays in earth and concrete work, and the insolvency and liquidation of the project’s subcontractors.

22. As of the Petition Date, the Debtors’ accounts included (i) a cash account containing approximately \$70.3 million, in a project funds account under the Construction Contract, and (ii) a second cash account containing approximately \$23.5 million, allocated to debt service reserves for the Bonds. The Bond Trustee has taken the position that under the contractual documents concerning the Bonds, the Debtors are not currently able to access or utilize such funds (the “Blocked Funds”), which are in accounts that the Debtors cannot directly access. Remaining funds and liquidity are not sufficient to, as to Phase I, allow the Debtors to complete construction activities, address existing electrical deficiencies, and commence production, and as to Phase II, complete construction of Phase II.

23. The Debtors are exploring strategic options to address the need for liquidity to complete Phases I and II and bring the Facility to full production. Such strategic options include a potential transaction with one or more interested parties, with whom the Debtors are actively

pursuing such discussions. The Debtors have filed the above-captioned bankruptcy case in order to preserve the value of their estates and assets, and to facilitate the exploration of strategic options and facilitate a restructuring. The Debtors are also exploring whether, and how, funds from the Blocked Funds may be used (although the Bondholders have not granted permission to use any of such funds).

II. **FIRST DAY PLEADINGS**

24. Concurrently with the filing of this Declarations, the Debtors will be filing a number of first day motions. The Debtors anticipate that the Court will conduct a hearing soon after the commencement of the Debtors' chapter 11 cases (the "First Day Hearing"), at which time the Court will hear the First Day Motions. For those motions being heard at the First Day Hearing, the relief requested therein is necessary and appropriate under the circumstances as the Debtors will suffer irreparable harm if any of the relief requested is not granted.

25. Generally, the First Day Motions have been designed to meet the goals of: (a) continuing the Debtors' operations in chapter 11 with as little disruption and loss of productivity as possible; (b) maintaining the confidence and support of the Debtors' suppliers, employees, and certain other key constituencies; and (c) establishing procedures for the smooth and efficient administration of these cases. I have reviewed each of the First Day Motions, including the exhibits thereto, and I believe that the relief sought in each of the First Day Motions is tailored to meet the goals described above and, ultimately, will be critical to the Debtors' ability to achieve a successful reorganization. I also believe that the matters addressed in the First Day Motions are of a genuinely emergent nature, and that the relief requested in the First Day Motions is required to preserve the assets of the Debtors' estates and to maintain the Debtors' ongoing business operations. Moreover, I believe, as further described below, that the failure to

immediately address the issues set forth in the First Day Motions will have extremely adverse effects on the Debtors, their estates, and their creditors.

A. Motion For Interim And Final Orders (1) Authorizing And Approving Emergency Post-Petition Financing; And (2) Providing Superpriority Administrative Expense Status (“Interim DIP Motion”)

26. Pursuant to Section 364(c) of the Bankruptcy Code, the Debtors request that the Court authorize the Interim DIP Loan as defined in the Interim DIP Motion to provide for emergency funds to provide for payroll, insurance, and other basic operating expenses.

27. Most critically, the next payroll is February 26, 2016. The next required insurance payment is due on March 15, 2016. These obligations must be paid to preserve the value of the Facility and Debtors’ assets, and secure the Facility.

28. The Debtors have determined that they are unable to obtain emergency financing in another manner, or on any terms superior to those in the Interim DIP Loan with the terms set forth in the Term Sheet attached to the Interim DIP Motion. The Debtors submit that entering into the Interim DIP Loan is necessary to fund their post-petition operating expenses and allow the Debtor to successfully reorganize.

29. The Debtors are actively working to finalize more permanent post-petition financing or cash collateral use. Through counsel, the Debtors are negotiating with the Bond Trustee as to potential use of the Blocked Funds. The Debtors are also exploring other sources of financing. The Debtors expect to finalize more permanent post-petition financing or cash collateral use during the initial 30 days of this case and present such financing or cash collateral use to the Court through subsequent motion.

B. Motion For Entry Of An Order (I) Authorizing The Debtors To Continue Prepetition Insurance Coverage Policies And Practices; (II) Continuing Bond Coverage, And (III) Directing Banks To Honor All Payments Related Thereto (“Insurance Motion”)

30. In connection with the operation of their businesses, the Debtors currently maintain numerous insurance policies and programs providing coverage for, among other things, the following: General Liability, Worker’s Compensation; Homeowner, Builder’s Risk, Pollution, Wind and Hail, Boiler and Machinery, Inland Marine, Auto Liability, and certain excess liability coverages (collectively, the “Insurance Programs”). The Debtors’ Insurance Programs are maintained with several different insurance carriers (the “Insurance Carriers”) and include, but are not limited to, those Insurance Programs identified on Exhibit A attached to the Insurance Motion.

31. The Insurance Programs are essential to the preservation of the value of the Debtors’ businesses, property, and assets. In many cases, insurance coverage such as that provided by the Insurance Programs is required by the diverse regulations, laws, and contracts that govern the Debtors’ commercial activities.

32. The annual premiums for the Debtors’ current Insurance Programs total approximately \$2,040,000.00. Some of the Insurance Programs are paid directly while others are funded through premium financing. As of the Petition Date, the Debtors believe that they are current on all payment obligations and premium financing obligations currently due and owing with respect to the Insurance Programs. However, the Debtors estimate that \$2,000,000.00 will become due and owing with respect to the Insurance Programs after the Petition Date, with significant policy renewals in June 2016 and August 2016. Debtors’ premium financing is paid on the fifteenth of each month in the total amount of \$71,460.79.

33. Pursuant to certain of its liability and property Insurance Programs, the Debtors are required to pay various deductibles (collectively, the “Insurance Deductibles”). Under the majority of the liability and property Insurance Programs, the Insurance Carrier pays claims directly to the claimant and then seeks reimbursement from the Debtors for the Insurance Deductible; in certain instances, the Debtors will pay the deductible amount directly to the claimant.

34. The Debtors employ an insurance broker, Wells Fargo Insurance Services USA (the “Broker”), to assist with the procurement and negotiation of the Insurance Programs. The Broker earns commissions for its services (the “Broker Commission”). While the Debtors believe that payment of the Broker Commission post-petition would simply be a payment in the ordinary course of business for post-petition services, out of an abundance of caution, the Debtors seek authority for the Broker Commission to be paid (including any outstanding as of the Petition Date) in the ordinary course of business.

35. In the ordinary course of business, the Debtors procure bonds (collectively, the “Bonds”), including without limitation, bonds to satisfy Louisiana Private Works Act liens, for the benefit of third-party beneficiaries. Debtors may be required to purchase the Bonds in connection with services performed by the Debtors or as required by state and local law. The Bonds are thus vital for the maintenance of the Debtors’ businesses. As of the Petition Date, the Debtors believe that they have paid all premiums due and owing on the Bonds. However, the Debtors seek permission to renew the Bonds or, as necessary, procure new Bonds postpetition in the ordinary course of their business, and pay premiums related thereto.

C. Motion For Entry Of Interim And Final Orders (I) Authorizing Payment Of Wages And Employee Benefits; And (II) Directing Financial Institutions To Honor And Process Checks And Transfers Related To Such Obligations (“Wages Motion”)

36. In the ordinary course of its business, the Debtors incur payroll and various other obligations and provide other benefits to its employees for the performance of services. As of the Petition Date, Debtors employed approximately 61 employees, including both full time and part time employees, with some employees salaried and others paid on an hourly basis (collectively, the “Employees”).

37. The Debtors have costs and obligations with respect to the Employees relating to the period prior to the Petition Date. Certain of these costs and obligations are outstanding and due and payable, while others will become due and payable in the ordinary course of the Debtors’ business after the Petition Date.

38. Finally, the Debtors request authorization to modify the Automatic Stay to permit employees with valid workers’ compensation claims to pursue those claims under the Workers’ Compensation Program (as defined herein).

39. Prior to the Petition Date and in the ordinary course of business, the Debtors typically paid obligations relating to wages, salary and compensation for the Employees (collectively, the “Wage Obligations”) through direct deposits into Employees’ accounts on a bi-weekly basis (paid every other Friday).² The Debtors’ current estimated monthly gross payroll (including tax and other withholding) is approximately \$150,000.00. Following the Debtors’ customary payroll schedule, the next payroll is due to be paid on February 26, 2016. The Debtors will pay such postpetition Wage Obligations.

40. The Debtors issued paychecks to Employees on February 12, 2016. However, the Debtors believe that not all such paychecks have been cashed yet, and seek permission to direct the Bank (as defined herein) to honor such paychecks.

² Employees are paid in arrears, for work performed in the previous week[s].

41. The Debtors seek to be authorized, but not required, to pay any outstanding Wage Obligations due and owing up to \$150,000, and to pay all Wage Obligations that arise post-petition in the ordinary course of business.

42. The Employees and management incur various expenses (collectively, the “Reimbursable Expenses”) in the discharge of their ordinary duties. Specifically, the Debtors reimburse for a variety of business expenses, including without limitation, travel expenses and general expenses incurred for the Debtors’ benefit. Because these expenses are incurred as part of their official duties and in furtherance of the Debtors’ business, the Employees and managers are reimbursed in full after submission of appropriate documentations to the Debtors’ accounting department and with appropriate approvals. Expenses are reimbursed on a rolling basis.

43. Reimbursable Expenses are paid by the Employees or managers using cash or personal credit cards and the costs of these Reimbursable Expenses are reimbursed once it is determined that the charges are for legitimate reimbursable business expenses.

44. Although it is difficult for the Debtors to determine the amount of Reimbursable Expenses outstanding at any particular time, the Debtors estimate that no amounts in Reimbursable Expenses remain outstanding as of the Petition Date.

45. The Reimbursable Expenses were all incurred as business expenses on the Debtors’ behalf and with the understanding that they would be reimbursed. Accordingly, to avoid financial harm to Employees who incurred Reimbursable Expenses, the Debtors request authority, to be exercised in their sole discretion, to (a) continue reimbursing the Reimbursable Expenses in accordance with prepetition practices, and (b) pay all Reimbursable Expenses due and owing (including those that accrued prepetition), or that may become due and owing, to Employees and managers.

46. The Debtors are required by law to withhold from the Wage Obligations amounts related to federal, state, and local income taxes, as well as social security and Medicare taxes (collectively, the “Withholding Taxes”) and to remit the same to the appropriate taxing authorities (collectively, the “Taxing Authorities”). In addition, the Debtors are required to make matching payments from their own funds on account of social security and Medicare taxes and to pay, based on a percentage of gross payroll and subject to state-imposed limits, additional amounts to the Taxing Authorities for, among other things, state and federal unemployment insurance (collectively, the “Employer Payroll Taxes” and, together with the Withholding Taxes, the “Payroll Taxes”). The Debtors request the authority to pay these Payroll Taxes in the ordinary course of business.

47. The Debtors remit most of the Payroll Taxes to the Taxing Authorities on a quarterly basis. As of the Petition Date, the Debtors were current on its Payroll Taxes obligations due for past quarters but are accruing additional amounts due for the quarter ending March 31, 2016. The Debtors seek authority to pay these prepetition, outstanding Payroll Taxes in the ordinary course of business.

48. Payroll Processing Fee. Payments to the Employees are handled on a centralized basis and with the assistance of a third party payroll processor, ADP. A day before payday, the Debtors’ payroll account are funded with enough money to cover payroll for the pay period. ADP calculates the payroll obligations, handles direct deposits, prints the checks for Employees who elect to receive paychecks, sends the checks to the Debtors for distribution to Employees, and pays payroll taxes and other applicable deductions required by law. ADP charges a nominal fee of approximately \$ \$300.00 per month for this service. The Debtors estimate that they owe

ADP approximately this amount for accrued prepetition amounts, and the Debtors seek authorization to pay this nominal amount to ADP.

49. In the ordinary course of business, the Debtors have established various benefit plans and policies for their Employees, which can be divided into the following categories (collectively, the “Employee Benefits”): (1) medical, dental, vision, and short term disability (collectively, the “Health and Welfare Plans”); and (2) allows two weeks paid vacation.

50. The Debtors deduct specified amounts from the Employees’ wages in connection with certain of the Employee Benefits, such as health, vision, and dental insurance.

51. The Debtors offer a Basic Healthcare Package to all of its full-time Employees. The Basic Healthcare Package is administered by insurance vendors: (i) Blue Cross Blue Shield for group health; (ii) Guardian for vision and dental (“collectively, the “Benefits Insurers”).

52. Within the Basic Healthcare Package, the Debtors’ medical coverage is provided through fully-insured medical plans (the “Medical Plans”) administered by Blue Cross Blue Shield for the Debtors’ full time employees. The Debtors pay approximately \$20,000.00 to Blue Cross Blue Shield on a monthly basis for coverage under the Medical Plans. As of the Petition Date, the Debtors estimate that they owe Blue Cross Blue Shield approximately \$18,149.56 for February 2016. Payments for subsequent months will become due each month after the Petition Date.

53. Guardian administers the Debtors’ fully-insured dental and vision plans (“Guardian Plans”). The Debtors pay \$1,200.00 on a monthly basis for coverage under the Guardian Plans. As of the Petition Date, the Debtors estimate that they owe Guardian approximately \$1,171.80, in accrued and unpaid prepetition amounts on account of the Guardian

Plans, for February 2016. Payments for subsequent months will become due each month after the Petition Date.

54. The Debtors maintain group life insurance and short-term disability administered by Principal for certain of their full-time Employees (“Principal Plans”). The Debtors pay approximately \$1,800.00 on a monthly basis for coverage under the Principal Plans. As of the Petition Date, the Debtors estimate that they owe Principal approximately \$1,776.00 in accrued and unpaid prepetition amounts on account of the Principal Plans for February 2016. Payments for subsequent months will become due each month after the Petition Date.

55. Full-time Employees are eligible, in certain circumstances, to receive their full wages for, among other things, vacation time (“PTO”). The Employees earn their annual PTO days based on their length of service. Generally, this amount is not a current cash payment obligation as to Employees and as such, most Employees will receive their vacation time as paid time off in the ordinary course of business (and not as a cash payment). The Debtors seek approval to pay such amounts in the ordinary course of business.

56. The Debtors also administer other PTO programs for holidays and bereavement. The Debtors are not aware of any accrued and unpaid obligations relating to these programs, which allow Employees to take paid days away from work, but do not entitle the Employees to any payments for earned and unused PTO.

57. The Debtors are required to maintain for its Employees workers’ compensation coverage for claims arising from or related to their employment with the Debtor (the “Workers’ Compensation Program”). The Debtors currently maintain their Workers’ Compensation Program with Louisiana Workers’ Compensation Corporation (the “Workers’ Compensation Insurer”) as insurer.

58. Pursuant to the Workers' Compensation Program, the Debtors pay to the Workers' Compensation Insurer premiums that are calculated using the Debtors' payroll and historic loss rates (the "Workers' Compensation Premiums"). The Debtors projects that, as of the Petition Date, the Debtors have accrued approximately \$8,000.00 in prepetition amounts due as Workers' Compensation Premiums, and seek authority to, in their discretion, pay such Workers' Compensation Premiums. Further, the Debtors seek to be authorized, but not be required to continue to pay the Workers' Compensation Premiums that accrue subsequent to the Petition Date in the ordinary course of business.

D. Motion For Entry Of An Order Under 11 U.S.C. §§105, 363, 364, 1107 And 1108 Authorizing Maintenance Of Existing Bank Accounts, Continued Use Of Existing Business Forms And For Related Relief ("Bank Account Motion")

59. The Office of the United States Trustee for the Western District of Louisiana (the "UST") has established certain operating guidelines for debtors in possession in chapter 11 cases. These guidelines require debtors in possession to, among other things, (a) close existing bank accounts and open new accounts, (b) obtain checks for all debtor-in-possession accounts that bear the designation "Debtors in Possession" and the bankruptcy case number, and (c) deposit funds only in authorized financial institutions. *Chapter 11 Operating Guidelines and Reporting Requirements of the U.S. Trustee, Region 5, Judicial Districts of Louisiana and Mississippi*, § II.C. These requirements, designed to provide a clear line of demarcation between prepetition and postpetition claims and payments, help prevent the inadvertent payment of a prepetition claim by preventing banks from honoring checks drawn before the bankruptcy filing.

60. Prior to the Petition Date, each of the Debtors, in the ordinary course of business, maintained two active accounts at each of two separate financial institutions. Those accounts are identified on Exhibit A to the Bank Account Motion (collectively, the "Accounts").

61. Each of the Debtors has a bank account with Sabine State Bank and Trust Company (“Sabine”), which is used to pay that Debtor’s ongoing payroll, related expenses and taxes. Additionally, each of the Debtors has a bank account with Commerzbank AG, New York Branch (“Commerzbank”) (collectively, the “Banks”), which is used to pay other on-going operational expenses.

62. The Debtors seek a waiver of the UST’s requirement that the Accounts be closed and new postpetition accounts be opened. If enforced in these cases, the requirement would cause undue disruption to the Debtors’ cash flow and business operations. In order to continue their operations and preserve the value of their businesses, the Debtors need to be able to continue to issue checks to vendors, service providers, employees and others. Additionally, changing from the current Accounts would cause the Debtors to incur additional expense and could cause delays in payments for which the Debtors could incur penalties and interest.

63. Courts routinely waive the strict enforcement of bank account closing requirements and replace them with alternative procedures that provide the same protection.

64. A similar waiver of the account closing requirement is necessary here. Subject to a prohibition against honoring prepetition checks without specific authorization from this Court, the Debtors request that the Accounts be deemed debtor-in-possession accounts and that the Debtors be authorized to maintain and continue the use of these Accounts in the same manner and with the same Banks, account numbers, styles, and document forms as those employed during the prepetition period.

65. To minimize expense to their estates, the Debtors also request authority to continue to use all correspondence and business forms (including, but not limited to, letterhead,

purchase orders, invoices, etc.), as well as checks and bookkeeping records existing immediately before the Petition Date, without reference to their status as debtors-in-possession.

66. The Debtors purchase their checks in bulk. Changing checks, correspondence and business forms would be unnecessarily burdensome to the estates, as well as expensive and disruptive to the Debtors' business operations. These additional costs will reduce the resources available in the Debtors' estates to satisfy the claims of creditors and other parties-in-interest. Similarly, opening a new set of books and records as of the Petition Date would create unnecessary administrative burdens and expense. For these reasons, the Debtors request authority to continue to use their existing records as well as their checks and business forms without placing the label "Debtor in Possession" on such checks or forms.

E. Debtors' Motion For An Order Granting Extension Of Time For Filing Schedules And Statements Of Financial Affairs ("Schedules Motion")

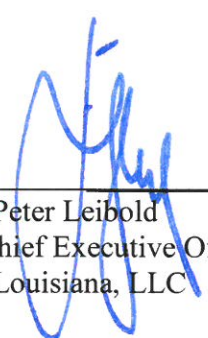
67. The Debtors are large and complex enterprises engaged in constructing and operating a major industrial facility. Together, the Debtors have a few hundred creditors about whom they must develop pertinent information, including names, addresses, claim amounts and applicable security for those claims. Additionally, in order to properly complete the Schedules and SOFAs, the Debtors must prepare, among other items, lists of assets, lists of payments made to creditors, lists of payments made to insiders, and lists of executory contracts and unexpired leases and the counterparties to those contracts and leases. Completing the Schedules and SOFAs for each of the Debtors will require the collection, review and assembly of a considerable amount of information held in a number of locations involving numerous contractors and subcontractors.

68. The Debtors recognize the importance of assembling this information and intend to complete the Lists and Schedules and SOFAs as quickly as possible under the circumstances. However, given the urgency with which the Debtors have sought chapter 11 relief and other

matters that the Debtors' limited staff must address in the early days of these cases, the Debtors will not be in a position to complete the Schedules and SOFAs by March 3, 2016.

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

Executed on February 19, 2016

By: 
Name: Peter Leibold
Title: Chief Executive Officer, German
Pellets Louisiana, LLC