IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
WESTERN DIVISION

In re	*	
	*	
Veros Energy, LLC	*	Case No. 15-70470
	*	
Debtor.	*	Chapter 11 Proceeding

SECOND AMENDED DISCLOSURE STATEMENT OF VEROS ENERGY, LLC

I. Introduction

On April 6, 2015, Veros Energy, LLC ("Debtor") filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Alabama, Western Division. Debtor has filed a Plan of Liquidation (the "Plan"), attached hereto as Exhibit A. Please read the Plan carefully, as it is part of this Disclosure Statement. The Plan specifies various classes for the Debtor's creditors and the proposed treatment of claims and interests of such creditors. Pursuant to 11 U.S.C. § 1125 of the Bankruptcy Code, the Debtor is soliciting acceptance of the Plan by the classes of creditors entitled to vote on the Plan. The purpose of this Second Amended Disclosure Statement (the "Disclosure Statement") is to provide the holders of claims against the Debtor with adequate information about the Debtor and the Plan in order to enable the holders of such claims to arrive at a reasonable informed decision in exercising their rights to vote for acceptance or rejection of the Plan.

PURSUANT TO BANKRUPTCY RULE 3016, DEBTOR PROVIDES NOTICE THAT THE PLAN INCLUDES AN INJUNCTION AGAINST CONDUCT NOT OTHERWISE ENJOINED UNDER THE CODE; TO WIT, THE PLAN INCLUDES AN INJUNCTION AGAINST CLAIMS OR SUITS AGAINST DEBTOR AND DEBTORS OWNERS, MEMBERS, PARTNERS AND PROPERTY, WHICH WOULD INCLUDE AN

INJUNCTION PROHIBITING THE FILING OR CONTINUATION OF SUITS AGAINST ALLAM ALTERNATIVE ENERGY, LLC AND/OR LIES ENERGY, LLC. THIS PROVISION IS SPECIFICALLY SET FORTH IN SECTION IX OF THE DISCLOSURE STATEMENT BELOW AND IN SECTION 6.7 OF THE PLAN AND ADOPTED IN THIS DISCLOSURE STATEMENT BY REFERENCE (THE PLAN IS ALSO ATTACHED TO THIS DISCLOSURE STATEMENT).

Ballots for the acceptance or rejection of the Plan are required to be submitted in writing by the holders of all classes of claims and interests that are impaired under the Plan. Claimants whose legal, contractual, or equitable rights are altered, modified, or changed by the proposed treatment under the Plan are considered "impaired." Claimants in impaired classes may vote on the Plan by completing and mailing, faxing, or emailing the enclosed Ballot to counsel for the Debtor as follows:

Richard M. Gaal
McDowell Knight Roedder & Sledge, LLC
11 North Water Street, Suite 13290,
Mobile, AL 36602
Phone: 251-432-5300
Fax: 251-432-5303
Email: rgaal@mcdowellknight.com

To be counted your Ballot must be received by the date and time stated in the Court's Order approving this Disclosure Statement.

As a Claimant, your vote on the Plan is important. The Bankruptcy Code requires as a condition to consensual confirmation of a plan that each class of claimants that is impaired under the Plan accepts the Plan. The Bankruptcy Code defines acceptance of a Plan by a class of creditors as acceptance by holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims of that class that cast ballots for acceptance or rejection of the Plan.

If a class or classes of Claimants do not accept the Plan, the Debtor has the right to request confirmation of the Plan pursuant to 11 U.S.C. § 1129(b) of the Bankruptcy Code, the "cram down" provision. Section 1129(b) permits confirmation of a plan notwithstanding the non-acceptance of the plan by one or more impaired classes or interests. Under that section, a plan may be confirmed by the Bankruptcy Court if it does not "discriminate unfairly" and is "fair and equitable" with respect to the non-accepting class. The fair and equitable rule requires absolute priority in the payment of claims and interest with respect to the descending class or classes.

This Disclosure Statement has been approved by the Bankruptcy Court as containing information of a kind and of sufficient detail to enable a hypothetical reasonable investor, typical of the claimants, to make an informed judgment as to acceptance or rejection of the Plan. Approval of this Disclosure Statement is not, however, a ruling by the Bankruptcy Court as to the fairness or merits of the Plan.

Confirmation of the Bankruptcy Court of the Plan in accordance with the provisions of the Bankruptcy Code will be considered at the scheduled hearing on the Plan. The hearing on the Plan may be adjourned from time-to-time by the Bankruptcy Court without further notice except for an announcement made at the hearing. Any objection to confirmation of the Plan must be in writing, state all grounds, and be served on counsel for the Debtor, the Bankruptcy Administrator, and on Committee Counsel as follows:

Richard M. Gaal
McDowell Knight Roedder & Sledge, LLC
P.O. Box 350
Mobile, AL
rgaal@mcdowellknight.com

Kristofor D Sodergren
Rosen Harwood, PA
2200 Jack Warner Parkway, Suite 200
Post Office Box 2727
Tuscaloosa, AL 35403-2727
ksodergren@rosenharwood.com

Robert J. Landry
Assistant U.S. Bankruptcy Administrator
1129 Noble Street
Anniston, AL 36201
robert_landry@alnba.uscourts.gov

and as the Court otherwise directs pursuant to Bankruptcy Rule 3015 and must be filed with the Court.~~all counsel of record and upon the Creditor Matrix to the extent such creditors are not represented by counsel and in the manner required by the Federal Rules of Bankruptcy Procedure and filed with the Court~~.

II. Disclaimer

This is a solicitation of the Debtor, Veros Energy, LLC only, and is not a solicitation of the Debtor's attorneys, accountants, agents, partners or servants. The financial information contained herein has not been the subject of an audit. The Debtor has not made any attempt to investigate or independently verify the accuracy or completeness of any information in this document. The Debtor makes no representations as to the accuracy of any statement or data contained herein.

III. Business and History of Debtor

A. Business Structure of Debtor and Overview of Debtor's Business

The Debtor is a limited liability company organized and existing under the laws of the State of Kansas, and its principal place of business was historically located in Moundville, Alabama. Fifty percent (50%) of the Debtor's membership units are owned by Allam Alternative Energy, LLC ("AAE") and the other fifty percent (50%) of the Debtor's membership units are owned by Lies Energy, LLC ("LE"). Together, AAE and LE may be referred to herein as Debtor's Parent.

Pursuant to the Bankruptcy Court's "Order Granting, in Part, Motion Seeking Entry of Order Authorizing (I)(A) Private Sale of Substantially All of Debtor's Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to Section 363 of the Bankruptcy Code and (B) Authorizing Sale of Real Property of Debtor's Parent; and (II) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Pursuant to Section 365 of the Bankruptcy Code" (the "Sale Order"), the closing of a private sale of substantially all of the Debtor's assets occurred on November 13, 2015, whereby substantially all of the Debtor's assets were sold to Lake Erie Biofuels, LLC d/b/a HeroBX and its designees, HeroBX, Alabama, LLC and SB Alabama Properties, LLC ("Purchaser"), free and clear or liens, claims, interests and encumbrances (the "Sale"), which is discussed in greater detail below.

However, prior to the sale, the Debtor operated a biofuels production facility located at 12982 Cherokee Bend Dr., Moundville, Alabama ("Plant Premises" or the "Plant"). The Plant was located on several parcels of land that were leased by the Debtor pursuant to that certain Biodiesel Plant & Facility Lease Agreement dated May 1, 2013 by and between Debtor as Lessee and AAE and LE as Lessors. The Plant Premises including the real property, fixtures, and facility were separately owned by Debtor's Parent. While the Debtor did not own the Plant Premises, the sale of the Plant Premises was an integral and essential aspect of the Sale and was sold contemporaneously in connection with the sale to HeroBX, which conditioned its purchase of Debtor's assets on the acquisition of the Plant Premises from the Debtor's Parent. HeroBX did acquire the Plant Premises from Debtor's Parents contemporaneously with the Sale.

The Debtor itself was formed on or about March 28, 2013 as a Kansas Limited Liability Company, as stated above. The Debtor qualified to do business in the State of Alabama on or about April 23, 2013 and has continued to do so since that date, operating the biodiesel production

facility on the Plant Premises and continued to do so until the Sale. In connection with Debtor's prior operation of the Plant Premises in connection with its production of biodiesel, Debtor owned certain associated assets, including, but not limited to, certain feed stock inventory, accounts receivable, accounts, contract rights, and various other items of personal property.

B. Financial Performance/Events Leading to Chapter 11

In late March of 2015, and prior to the Debtor's filing of the Chapter 11 Petition, Debtor ceased manufacturing operations at the Plant due to an unexpected shutdown caused by an explosion at the Plant. While no one was injured at the Plant, there was substantial physical damage. In the ordinary course of business, (and as approved by the Court in this case) the Debtor worked with contractors to get the Plant back up and running, and operations at the Plant ultimately did resume, as is reflected on the Debtor's Monthly Operating Reports, which are filed with the Court on the fifteenth day of each month for the prior month. Copies of the Monthly Operating Reports are available upon request of the Debtor or its counsel, and they are filed electronically with the Court as stated. Following the shutdown, the Debtor's focus was necessarily ensuring that operations at the Plant resumed in the ordinary course of business. Debtor was successful in its resumption of operation, which led to the possibility of either resuming operations as a going concern, on the one hand, or by selling substantially all of its assets and business as a going concern, on the other hand, depending on whichever was in the best interest of the estate and the best means to maximize recovery for the creditors in this case. Ultimately, the Debtor, as Debtor-in-Possession, decided in its business judgment that the sale of substantially all of its assets was in the best interest of the estate and the best means to maximize recovery for Debtor's creditors.

IV. The Sale to HeroBX

Since the filing of its Petition, the Debtor did actively market its business in an effort to maximize the value of its assets and was engaged in discussions with various entities that were interested in purchasing Debtor's assets, while, at the same time Debtor was contemplating the real possibility of continuing as a going concern, as stated above. However, one entity that expressed considerable interest in purchasing all of the Debtor's assets was HeroBX. Debtor and HeroBX negotiated that certain Asset Purchase Agreement dated as of September 15, 2015 between the Debtor and HeroBX (the "Purchase Agreement"), a copy of which was attached to the Debtor's Motion Seeking Entry of Order Authorizing (I) Private Sale of Substantially All of Debtor's Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Pursuant to Section 363 of the Bankruptcy Code; and (II) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Pursuant to Section 365 of the Bankruptcy Code (the "Motion"). Ultimately, after an extensive evidentiary hearing and as modified substantially by the Sale Order, the Court did approve the Sale. Negotiation of the Purchase Agreement was preceded by the execution of that certain Letter of Intent dated July 8, 2015 (the "LOI"); and, following extensive, arms'- length negotiations between Debtor and HeroBX, the parties entered into the Purchase Agreement in accordance with the salient terms outlined in the Motion, all of which were previously filed with the Bankruptcy Court and are available upon request (including copies of the Motion, the Purchase Agreement, the LOI, the Sale Order, and any other related documents previously filed with the Court related to the Sale).

As noted in the Sale Order, approximately three days before the Hearing on the Sale, the Debtor, the Parent, and the Unsecured Creditors' Committee (the "Committee") agreed to an allocation of a combined purchase price payable under the Purchase Agreement and under that

certain Real Estate Agreement of Sale between Allam Alternative Energy, LLC and Lies Energy, LLC and HeroBX dated September 15, 2015 (the "Plant Agreement"), a copy of which is available upon request. Debtor's assets were sold pursuant to the Purchase Agreement, as discussed above, but the Plant Premises, which was not owned by the Debtor, was separately sold pursuant to the Plant Agreement. Because different assets were sold pursuant to different agreements, some of which were not owned by the Debtor, the Court decided to enter a separate allocation order indicating the approved purchase price allocation as it related to the Debtor's assets that were sold pursuant to the Sale Order. The Order Approving Allocation of sales proceeds between the estate and non-estate assets (the "Allocation Order") was entered on negative notice on October 21, 2015 and provided specifically as follows:

> (1) The purchase price payable to the Debtor's estate for the Assets sold by the Debtor to the Purchaser under the Purchase Agreement shall be (A) $850,000.00 (of the Combined Purchase Price of $7,000,000.00) for Assets sold under the Purchase Agreement other than Inventory and Seller's Prepaid Items, plus (B) the amount of any increase to the Combined Purchase Price at Closing in respect of the amount of transferred prepaid insurance premiums pursuant to Sections 4.01 and 7.07 of the Purchase Agreement, plus (C) the amount of any increase to the Combined Purchase Price paid at Closing pursuant to Section 4.01 of the Purchase Agreement in respect of the wholesale value of the Inventory acquired by the Purchaser (the "Inventory Value Amount"), less (D) the amount of any reductions to the Combined Purchase Price at Closing pursuant to Section 4.01 of the Purchase Agreement for the cost of Wastewater removal (collectively, the "Asset Purchase Price").
>
> (2) The balance of the $7,000,000.00 Combined Purchase Price paid at Closing, after deducting the Asset Purchase Price and any reductions to the Combined Purchase Price at Closing under the terms of the Plant Agreement, is allocated to the non-estate assets sold by the Parent to the Purchaser (the "Plant Purchase Price"). The Plant Purchase Price includes the LOI Payment ($50,000.00), the Deposit ($750,000.00), and the Escrow Fund ($1,000,000.00).
>
> (3) Upon this order becoming a final, non-appealable order, (A) the Debtor is authorized to disburse to the Parent the Net Cash less the Asset Purchase Price; (B) the Debtor shall continue to hold the Inventory Value Amount in segregated account pending further order of the Court as adequate protection for the lien of

Musket Corporation; and (C) the Debtor is authorized to disburse the remaining Net Cash to the Debtor's Debtor-in-Possession operating account.

(4) In consideration of the purchase price allocation set forth herein, the general, unsecured claims of AAE and LE against the Debtor's estate (together, the "Parent Claims") are hereby subordinated to the extent necessary to ensure a 50 percent distribution to holders of allowed, general, unsecured claims in the Debtor's case, and neither AAE nor LE shall be entitled to participate in any recovery in respect of the Parent Claims until all other holders of allowed, unsecured claims have received a distribution of at least 50 percent in respect of such allowed claims (the "Parent Claim Subordination"). Further, if, notwithstanding the Parent Claim Subordination, the remaining assets of the Debtor's estate are not sufficient to provide for a 50 percent distribution to holders of allowed, unsecured claims (after payment in full of all administrative expense and priority claims), the Parent shall refund so much of the Plant Purchase Price as is necessary to accomplish such a 50 percent distribution to the holders of allowed, general unsecured claims (the "Parent Distribution Guaranty").

In addition, the Court (in connection with Sale Order) entered on negative notice that certain Order Authorizing Assumption and/or Assignment of Certain Executory Contracts and Unexpired Leases Under § 365 of the Bankruptcy Code (the "Assumption Order"), which authorized the assumption and assignment of certain executory contracts defined in the Assumption Order as the "GE Capital Lease" and the "Eurofins Contracts." Ultimately, there were no objections to the Sale Order, there were no objections to the Allocation Order, and there were no objections to the Assumption Order.

On or about November 13, 2015, closing of the Sale occurred and the Combined Purchase Price payable under the Purchase Agreement and Plant Agreement was paid pursuant to the Allocation Order. In fact, the Debtor reported in the Bankruptcy Case its "Report of Sale" at Doc. 296, in which it was reported that the sales transactions contemplated and approved by the Sale Order were closed on November 13, 2015, which attached statements and copies of the closing documents relating to the closing. As reported, the Debtor received a total of $1,719,212.01 of the sales proceeds. The Debtor separately deposited in a segregated account the sum of $4,306,767.88,

which represented the net proceeds from the sale payable to the Debtor's Parent, which reflected the difference from $5,016,864.22 and a $750,000.00 (which had previously been paid) and an increase of $39,903.66 because 2014 ad valorem taxes had previously been paid.

Receipt of the sales proceeds was reported in Debtor's 2015 Debtor-in-Possession Monthly Operating Report for the filing period November 1, 2015 – November 30, 2015 at Doc. 307 filed in the Bankruptcy Case. Subsequent Debtor-in-Possession Monthly Operating Reports were filed for December 2015, January 2016, February 2016, and one is expected to be filed with respect to March 2016 and subsequent months as required by the Bankruptcy Code. In each of these Monthly Operating Reports subsequent to the report of sale, specific amounts disbursed pursuant to the Sale Order or otherwise allowed by the Court and/or the Bankruptcy Code are duly reflected. These include amounts disbursed to Debtor's Parent, as well as disbursements for professional fees, disbursements related to a compromise with Musket Corporation, and disbursements related to a compromise with Tenaska, Inc. The monthly operating report for May 2015 reflected a balance of cash on hand after such disbursements of $1,054,857.41, reflecting the balance of funds remaining following such disbursements.

V. Assets and Liabilities

Given the Sale to HeroBX and its related entities, the only remaining significant assets of the Debtor are $969,111.42 in cash, most of which consists of the remaining proceeds of the sale of all or substantially all of Debtor's assets, additional proceeds expected as a result of an insurance claim for property damage related to the Plant explosion described above, as well as proceeds of an insurance claim related to the interruption of Debtor's business caused by the explosion. Both insurance-related claims have or will be asserted with Debtor's insurer GCube Insurance Services, Inc. ("GCube"). In addition, the Debtor may at some later date ~~will likely~~ have a claim against the

Parent pursuant to the Allocation Order, but the amount of such claim is not known at this time unless and until proceeds are recovered pursuant to the insurance claims against GCube and/or other, smaller potential claims set forth below. The Debtor's Parent will provide, though not required to do so, a Letter of Credit in the Amount of $500,000.00 drawn on Emprise Bank located in Wichita, Kansas (in furtherance of the requirements under the Allocation Order) conditioned on payment in the event there is a lack of sufficient funds to ensure that the Parent Distribution Guaranty is met (but not supplanting the breadth of the Allocation Order should additional funds be necessary to fulfill the Parent Distribution Guaranty). The Letter of Credit will be payable to Debtor's Estate and will automatically renew annually. Parents may later seek approval of the Court to terminate the Letter of Credit should it become unnecessary or if good cause is shown otherwise to terminate it.

The property insurance claim referenced above is, again, specifically against GCube. A claim was made with respect to property and casualty related coverage in connection with the above-referenced explosion that occurred in March of 2015. This is specifically a pre-petition cause of action, but the initial claim was made post-petition and has since been amended post-petition. GCube has already paid approximately $250,000.00 with respect to the pre-petition cause of action, but additional amounts are due and have been demanded of GCube with respect to this claim. Debtor has filed a proof of loss for the property insurance claim in the amount of $789,135.75 supported by documentation. GCube has responded with a much lower counter-proposal that has not been accepted by Debtor. The Debtor anticipates that if GCube does not settle the claim prior to the confirmation hearing on the Plan, an adversary proceeding will be filed against GCube to recover pursuant to the property insurance claim.

In addition, the Debtor has likewise submitted a proof of loss for the business interruption claim in the amount of $11,069,188.00 to which GCube has not responded. While there have been some discussions with GCube regarding each of the property insurance claim and business interruption claim, GCube has, to date, not paid additional sums due pursuant to the policy at issue. As with the property insurance claim, the business interruption claim may also become the subject of an adversary proceeding against GCube. With respect to both of these claims, Debtor has asserted or will assert contractual liability and potential tort liability on the part of GCube should such claims not be paid presently.

Debtor is not in a position to provide a full and complete evaluation of the insurance-related claims at the time of this Disclosure Statement given that aspects of the claims remain in the investigatory stage, no adversary proceedings have been filed to date, and no discovery has been done with respect to such potential adversary proceedings. Indeed, the mere filings of the proofs of loss or anticipated filings of the subject adversary proceedings against GCube do not mean the full amount of the claimed losses will be paid or recovered, and, as with all litigation, no final verdict or judgment can be guaranteed. Debtor proposes to file such adversary proceedings no later than August 31, 2016, however, if resolution of the claims cannot be reached by that date. Should adversary proceedings be filed, notification of the filings of such adversary proceedings will be made in this Court as well.

Debtor has diligently reviewed its books and records for any preference actions available pursuant to 11 U.S.C. § 547, as well as any fraudulent transfer actions pursuant to 11 U.S.C. § 548 and has determined that no such actions exist as of the date of this Disclosure Statement which is consistent with its already filed Statement of Financial Affairs in this case; Debtor reserves the right to modify such statement within the statutorily allowed limitations period.

Another potential asset to the Estate consists of a lawsuit to recharacterize the claims of the Debtor's Parent as equity instead of debt or to otherwise subordinate those claims under 11 U.S.C. § 510(c). The Debtor and the Committee analyzed the facts, documents, and law applicable to said claims, as well as the costs and benefit to such litigation. This analysis included review of the governing documents of Debtor such as its Articles of Organization and Operating Agreement, as well as communications, agreements, and accounting entries among AAE, LE, and Debtor, showing that the amounts provided by AAE and LE were loans and not capital contributions. Such documents received by the Committee and Debtor are available for inspection upon request. Following said analysis, and giving due consideration to the agreement set forth in the Allocation Order, the Debtor and the Committee agree that the likelihood of a successful lawsuit against the Debtor's Parent to recharacterize or subordinate those claims was outweighed by the costs involved. Such claims are not preserved upon substantial consummation of the Plan.

Another potential asset to the Estate consists of claims for post-petition transfers that occurred in October of 2015. Specifically, Musket Corporation ("Musket") previously asserted that a certain blender's credit in the amount of $946,717.50 was "cash collateral" of Musket as defined in the Bankruptcy Code. Debtor disputed that claim. This Court entered its "Order on Use of 'Cash Collateral'" [Doc. No. 215] on September 25, 2015, allowing the use of $346,717.50 (subject to a lien on inventory) of the $946,717.50 (the difference being $600,000.00). Debtor and Musket subsequently reached a settlement of Musket's entire claim in early October 2015 (subject to Court approval) and filed a joint motion for approval of same at Doc. No. 259, dated October 21, 2015. This Court subsequently approved that Compromise on November 18, 2015. The compromise required Debtor to pay $600,000.00 to Musket in full and final satisfaction of

Musket's claim against the Debtor. Debtor did ultimately pay that amount to Musket on or about November 30, 2015.

The potential claim for post-petition transfers under 11 U.S.C. § 549 arises from the fact that in or around October 2015, the balance of cash available to Debtor fell below the $600,000.00 alleged cash collateral of Musket—the use of which had not been approved by this Court or consented to by Musket prior to the settlement being approved by the Court. Transfers made from Debtor's available cash causing the Debtor's cash balance to fall below $600,000.00 could potentially be set aside as unauthorized transfers to third parties. However, Debtor and the Committee have reviewed each transfer and determined that pursuit of those post-petition transfers is unwarranted for two reasons: (1) each of them relate to post-petition services provided to the Debtor and administrative fees that have benefited and preserved the Debtor and the Estate, each of which are or would be valid administrative expense claims that would be paid in full under the Plan and (2) there was no actual injury to the Estate and litigation of such claims would simply be a drain on the Debtor's existing cash available for distribution under the Plan. In essence, the assertion and litigation of such claims would result in a net loss to the Estate.

Another potential asset to the Estate is a certain account receivable owed to Debtor by Lansing Trading Group, LLC for an outstanding account receivable in the amount of $193,132.00 related to a 2015 blender's credit that will be shared between Debtor and Lansing 50/50. Debtor believes that this account receivable is legitimate and agreed to be paid by Lansing at this time, though there is always the possibility of default in performance by a party to be charged.

Musket Corporation and Debtor have also reached a new compromise regarding a certain blender's credit for 2015 to be shared 50/50, and such compromise will be filed with the Court on a supplemental basis presently as well. At this time, Debtor believes that the total recovery of such

claim could be as much as $137,500. Payment of such blender's credit remains subject to approval by the IRS, as with previous such credits received by the Debtor.

VI. Chapter 11 Liquidating Plan

A. Overview

The Plan is a liquidating plan and is the vehicle by which the Debtor proposes to satisfy the claims of all remaining creditors. The Plan provides that all allowed administrative expense claims for professional fees and expenses shall be paid in full. The professionals employed by Debtor's Estate to date and the amounts requested and paid to date to each are as follows:

	Amount Requested	Amount Paid
McDowell, Knight, Roedder & Sledge, LLC Counsel for Debtor	$291,744.76	$291,744.76
Rosen Harwood, PA Counsel for Creditors' Committee	$ 48,920.69	$48,920.69
Wilkins Miller	$ 36,167.00	$36,167.00

The allowed claims of all priority unsecured creditors shall be paid in full. The Debtor has no secured creditors, as previously reported, and all unsecured creditors shall receive payment of at least fifty percent (50%) of their allowed claims without interest, excluding the unsecured claim of AAE and LE, which shall recover only after the distribution of the fifty percent (50%) payment to the non-AAE and non-LE unsecured creditors. Upon payment of the fifty percent (50%) distribution to the non-AAE and non-LE unsecured creditors, then and only then shall AAE and LE participate with the general unsecured creditors to receive a Pro Rata (as defined in the Plan) amount of any and all remaining proceeds left for distribution. AAE and LE shall not recover as equity holders in this case unless and until all other claims are paid in full.

A Chapter 11 liquidating plan is the superior procedure for liquidating Debtor's Estate

because conversion of the case to Chapter 7 case will result in increased administrative expenses including for compensation of a Chapter 7 trustee and any counsel retained by the Chapter 7 trustee. Creation of a liquidating trust and trustee for this estate would likewise result in unnecessary additional costs. Unliquidated assets of Debtor's Estate, given the Sale, are a limited and distinct small number of claims against Debtor's insurer. Possible objections to disputed claims as noted herein may decrease the pool of creditors or amount of claims of certain limited creditors, which could also result in greater distributions. Given the minimal number of items to liquidate, there is simply no need to add layers of expense and cost. The only items to "manage" will be litigation, which can be addressed by Debtor-in-Possession (equity) without additional costs, with oversight by the Court, the Bankruptcy Administrator, and a Post-Confirmation Committee that is or may be the same or substantially similar to the Committee. All such parties and counsel are extremely familiar with this case and the remaining claims of Debtor's Estate and, as such, will not have a learning curve that would add unnecessary expense and costs to the estate. Debtor projects that expenses related to Debtor preparing monthly and quarterly operating reports with part-time bookkeeping staff will not exceed $20,000.00. Additional post-confirmation quarterly fees shall be paid in accordance with the Court's pre-confirmation Operating Order. Fees and expenses for Post-Confirmation Committee counsel, as set forth in the Plan, are expected to not exceed $5,000.00 per month, if any, given that only litigation will remain on a few claims of Debtor and potential objections of Debtor to a small number of claims. Debtor's counsel's fees and expenses related to administration of the case will likewise not exceed $5,000.00 per month, and Debtor's counsel fees and expenses related to any Adversary Proceedings necessary to address claims against GCube has been proposed on a contingency fee basis in a motion filed with the Court and set for hearing on July 28, 2016. If that motion is not approved, administrative expenses for

Debtor's counsel will be higher. Any post-confirmation administrative fees and expenses of professionals for non-contingency fee work cannot be guaranteed and are only projections.

B. Classification of Claims and Interests

Class 1: Debtor shall satisfy the claims of all priority unsecured creditors holding allowed priority unsecured claims by paying each priority unsecured creditor one hundred percent (100%) of the principal amount of the allowed amount of each Class 1 claim without interest in full satisfaction of each Class 1 creditor's claim. Class 1 claims are not impaired.

Class 2: **General Unsecured Creditors Not Including AAE and LE**. Debtor shall satisfy the claims of all general unsecured creditors holding allowed Class 2 unsecured claims, by paying each general unsecured creditor (not including AAE and LE) fifty percent (50%) of the principal amount of the allowed amount of each Class 2 claim without interest in full satisfaction of each Class 2 creditor's claim. Class 2 claims are impaired.

Class 3: **General Unsecured Creditors Including AAE and LE**. Any funds remaining after payment of the fifty percent (50%) distribution of all Class 2 claims shall be paid to satisfy the claims of all general unsecured creditors holding allowed Class 3 claims by paying each general unsecured creditor, including AAE and LE, a Pro Rata percentage of the remaining principal amount of each Class 3 claim without interest from the remaining funds available in full satisfaction of each Class 3 creditor's claim. Class 3 claims are impaired.

Class 4: Interests of Members of the Debtor. Any funds remaining after payment of all Class 1, 2, and 3 claims and administrative expenses shall be paid to the holders of the member interests in the Debtor. Class 4 claims are not impaired.

C. Estimates of Claims

The claims of Class 1 Priority Unsecured Creditors that are due to be allowed and that are not disputed unless noted are as follows:

Creditor	Amount
Alabama Department of Revenue P.O. Box 327540 Montgomery, AL 36132-7540	$ 15,311.92
Alabama Gas Corp. ("Alagasco") 2101 5th Ave North Birmingham, AL 35203	$ 32,492.52 (Disputed and see footnote No. 2 *infra*)

Southern Green Industries, Inc. c/o Justin B. Little Reynolds, Reynolds & Little, LLC PO Box 2863 Tuscaloosa, AL 35403-2863	$ 32,050.80
United States Treasury 1500 Pennsylvania Avenue NW Washington, DC 20220	$ 65,200.00[1]

The claims of the Class 2 General Unsecured Creditors that are due to be allowed and that are not disputed unless noted are as follows:

Creditor	**Amount**
A-1 Septic Tank Services 13216 Lowery-Farris Road Duncanville, AL 35456	$ 1,520.00
AAA Environmental Services P O Box 170223 Birmingham AL 352172360	$ 1,596.00
Ace Hardware 39609 Hwy 69 Moundville AL 35474	$ 73.00
ADCO Companies, Ltd. 3657 Pine Lane Bessemer, AL 35022	$ 4,444.00
Agri Trading 340 Michigan St SE P.O. Box 609 Hutchinson, MN 55350	$ 55,680.00
AJ Mechanical PO Box 1033 Moundville, AL 35474	$ 8,704.00

[1] The claims of the United States Treasury may be disputed at this time due to claims made by the United States Treasury after the Bar Date, as defined in the Plan.

~~Alabama Gas Corp. ("Alagasco")~~Alagasco 2101 5th Ave North Birmingham, AL 35203	$ ~~441,830.15~~ 409,400.63[2] (Disputed)
American Commodities, Inc. 1501 Baptist World Ct. Suite B Nashville, TN 37207	$ 13,932.00
Ameri-Source Specialty Products, Inc. 5372 Enterprise Blvd. Bethel Park, PA 15102	$ 5,440.00
Amsco Supply 2401 Woodridge Drive Jasper, AL 35504	$ 5,621.00
Argos Group 2200 Resource Dr, Ste 101 Birmingham AL 35242	$ 3,516.00
Atlas Welding Supply, Inc. 3530 Greensboro Ave. Tuscaloosa, AL 35401	$ 4,150.04
Brion Hardin Construction c/o Rosen Harwood, PA PO Box 2727 Tuscaloosa, AL 35403	$ 53,699.79
Centrifuge Chicago Corporation 1721 Summer Street Hammond, IN 46320	$ 1,812.68
Charles Ross & Son Company 710 Old Willets Path P O Box 12308 Hauppauge, NY 11788-4193	$ 1,598.00
ChemAqua, Div. of NCH Corp. c/o Credit Dept. 2727 Chemsearch Blvd. Irving, TX 75062	$ 4,486.03

[2] This is the claimed amount by Alagasco in its Proof of Claim. Debtor listed the amount as unliquidated and disputed in the amount of $49,059 in its Schedule F.

Cherokee Tank Lines, Inc. PO Box 2217 Blue Ridge, GA 30513-0038	$	13,450.00
CINTAS PO BOX 630910 Cincinnati, OH 45263-0910	$	3,028.00
City of Moundville Business License PO Box 98 Moundville, AL 35474	$	3,029.00
Clean Harbors Environmental Services 600 Longwater Drive Norwell, MA 02061	$	17,933.00
Endress+Hauser Dept 78795 P.O. Box 78000 Detroit, MI 48278-0795	$	8,827.00
Evans FuelChem, LLC 328 Hardware Rd Broussard LA 70518	$	102,592.00
Evonik Corp. Attn: Renu Fozdar 4201 Evonik Road Theodore, AL 36582	$	39,338.40
Express Employment Professionals PO Box 535434 Atlanta, GA 30353-5434	$	2,760.00
FedEx PO Box 660481 Dallas TX 75266-0481	$	71.00
Fisher Scientific Co., LLC Attn: Gary Barnes 300 Industry Drive	$	5,397.05

Pittsburgh, PA 15275		
Global Fire Protection 4242 Bryson Blvd. Florence, AL 35630	$	5,631.00
Guardian-Ipco Inc. 44 Vann Dr. Birmingham, AL 35242	$	1,485.00
Harcros Chemicals P O Box 74583 Chicago IL 60696	$	14,004.00
HYDROVAC Industrial Services, Inc. 2534 28th Street Tuscaloosa, AL 35401	$	6,355.00
Industrial Chemical, Inc. Coface North America Insurance Company 50 Millstone Rd., Bldg. 100, Ste 360 East Windsor, NJ 08520	$	36,013.78
Kelley Electric, Inc. Terry Kelley PO Box 100 Moundville, AL 35474	$	102,102.26
Lab Depot, Inc. 469 Lumpkin Campground Rd S Dawsonville GA 30534	$	326.00
Linde North America c/o RMS Bankruptcy Recovery Services PO Box 362345 Columbus, OH 43236	$	10,195.58
Maritech Marine & Industrial Services, Inc. 915 South Lawrence Street Mobile, AL 36603	$	10,124.50
McMaster-Carr Supply Co. 6100 Fulton Industrial Blvd.	$	21,342.71

Atlanta, GA 30336		
MeadWestvaco Corporation PO Box 281916 Atlanta GA 30384-1916	$	43,100.00
Mid South Mechanical Sealing, Inc. P.O. Box 210788 Montgomery, AL 36121	$	5,116.00
Mobile Temp. Inc. 35117 HWY 30 Geismar, LA 70734	$	2,500.00
Moundville Metal Works, Inc. 105 Industrial Dr. Moundville, AL 35474	$	275.00
Moundville Parts City 39609 Hwy 69 South Moundville AL 35474	$	659.00
National Biodiesel Board PO Box 104898 Jefferson City, MO 65110-4898	$	7,886.47
NGL Crude Logistics, LLC 6120 South Yale, Ste. 805 Tulsa, OK 74136	$	10,000.00
Northern Safety Co., Inc. PO Box 4250 Utica, NY 13504	$	493.03
Pall Corporation Pall Filter Specialists, Inc. 100 Anchor Road Michigan City, IN 46360	$	1,680.00
Pearce Trucking, Inc. PO Box 70093 Tuscaloosa, AL 35407	$	687.52
Perkin Elmer 13633 Collections Center Drive	$	4,795.00

Chicago, IL 60693-0136

Powell Petroleum Kuykendall & Powell Oil Co., Inc. P.O. Box 1219 Tuscaloosa, AL 35403	$	2,431.00
Power and Rubber Supply, Inc. PO Box 3069 Tuscaloosa AL 35403	$	4,388.00
Quest Liner 2099 Southpark CT, Suite 1 Dubuque IA 52004-0774	$	1,770.00
RINtrust, LLC 7777 Walnut Grove Road Ste. A-5, Box 24 Memphis, TN 38120-2130	$	4,433.58
Ross Engineering, Inc. 32 Westgate Boulevard Savannah GA 31405-1475	$	1,646.00
Rumsey Environmental PO Box 20084 Tuscaloosa, AL 35403	$	4,029.00
Separator Spares & Equipment 144 Intracoastal Drive Houma LA 70363	$	7,593.00
Southeastern Freight Lines PO Box 1691 Columbia, SC 29202	$	212.00
Southern Pipe & Supply Co., Inc. PO Box 5738 Meridian, MS 39302	$	20,588.98
Summit Sales & Services Co., Inc. 2320 Balsam Ave SW Birmingham AL 35211-5203	$	2,180.00
The Radiology Clinic, LLC 208 McFarland Cir. N	$	375.00

Tuscaloosa, AL 35406-1800	
TK Stanley, Inc. P O Box 31 Waynesboro MS 39367	$ 215,496.00
Trinity Physical Therapy 7402 Highway 69 South, Ste G Tuscaloosa AL 35405-1300	$ 981.00
Trinova, Inc. PO Box 190849 Mobile, AL 36619	$ 4,140.21
Tuscaloosa Office Products & Supply 612 Greensboro Ave. Tuscaloosa, AL 35401	$ 697.00
United Rentals, Inc. 6125 Lakeview Road, #300 Charlotte, NC 28269	$ 14,285.56
United States Plastic Corp. 1390 Neubrecht Rd. Lima, OH 45801-3196	$ 394.00
Ventus Investments, Ltd. Box 47 Site 23 RR8 Calgary, AB T2J2T 9	$1,693,083.00
VHG Labs, Inc. LGC Standards PO Box 360659 Pittsburgh, Pa 15251-6659	$ 2,376.00
Weaver and Tidwell, LLP 2821 West 7th St, Suite 700 Dallas TX 76107	$ 11,558.00
West Alabama Mechanical, Inc. 38981 AL Hwy. 69	$ 123,775.59

Moundville, AL 35474

Total Anticipated *Allowed* Class 2 Unsecured Claims	$ 2,763,902.76[3]

The claims of Class 3 General Unsecured Creditors are as follows:

All unpaid (unless disputed) Class 2 claims set forth above, plus:

Allam Alternative Energy, LLC ("AAE") 125 N. Market, #1710 Wichita, KS 67202	$ 7,871,332.99
Lies Energy, LLC ("LE") 17 Stonebridge Cir Wichita, KS 67230	$ 8,255,589.64[4]

VII. Performance of the Plan

Interim disbursements under the Plan shall be made within 60 days from the Effective Date of the Plan to the extent funds are (1) available, (2) not potentially necessary following resolution or disposition of disputed claims, and (3) not necessary to pay post-confirmation administrative fees and costs related to liquidating the Debtor's Estate. Final distributions shall be made only upon complete liquidation of all Debtor's Estate's assets and/or claims. Allowed Class 1 claims shall be paid on the Effective Date.

A. Distributions

1. Distributions on Allowed Claims. Except as otherwise provide in the Plan, distributions to holders of Allowed Class 1 Claims, Allowed Class 2 Claims, Allowed Class 3

[3] This total does not include the disputed claim of Alagasco. If Alagasco's full claim is allowed, this amount will increase by the amount allowed by the Court on Alagasco's claim.

[4] The allowed claims of AAE and LE are less than originally scheduled by Debtor; these amounts set forth in the Disclosure Statement reflect the current amounts following appropriate adjustments to bookkeeping entries; such corrections were made following examination of Debtor's books and records by Debtor and Committee Counsel, and such can be made available for inspection upon request. The aggregate claims of AAE and LE will make up approximately ninety percent (90%) of the Class 3 claims pool with or without inclusion of the full (currently disputed) Alagasco claim. The claims of AAE and LE, herein, makeup up 0% of the Class 2 claims pool.

Claims, and Allowed Class 4 Claims shall be made: (a) at the addresses set forth in the respective proofs of claim filed by such holders; or (b) at the address reflected in Debtor's Schedules as amended, as set forth herein. The distributions to holders of allowed claims, as defined in the Plan, shall be made based on the terms and conditions of the Plan. Notwithstanding any other provision of this paragraph, all distributions shall be subject to the provisions of the Plan concerning disputed claims or claims to which an objection has been made or is made before the hearing on confirmation of the Plan.

2. Manner of Payment. Distributions under the Plan may be made at the option of the Debtor-in-Possession in cash, by wire transfer, or by check drawn on the Debtor-in-Possession account or accounts as necessary to effectuate the Plan.

3. Interest. Unless otherwise required by the Bankruptcy Court or applicable Bankruptcy Law, interest shall not accrue or be paid after the petition date on any claims, and no holder of a claim shall be entitled to interest accruing on or after the petition date on any claim.

VIII. Claims and Causes of Action after Confirmation

Except as otherwise provided in this Disclosure Statement and the Plan, Debtor retains all claims and causes of action it may have against all persons and entities, and nothing contained herein shall be deemed a release by the Debtor of any causes of action or claims it may have or may hereafter acquire against any such person or entity, which includes, but is not limited to, specifically the claims set forth above regarding GCube, claims related to the Parent Distribution Guaranty, claims against Lansing Trading Group, LLC for an outstanding account receivable in the amount of $193,132.00, and claims against Musket Corporation for fifty percent (50%) of that certain "blender's credit" for 2015 based on a supplemental compromise with Musket Corporation to be filed with the Court presently.

IX. Effect of Confirmation of the Plan

Confirmation of the Plan shall result in any and all claims and indebtedness of Debtor being satisfied by the payments and other consideration to be distributed under the Plan. All property of the Debtor's estate shall be free and clear of all claims and interests of creditors and interest holders except as otherwise provided in the Plan and shall bind the Debtor and all of the parties in interest, including all creditors and equity security holders whether or not impaired under the Plan and whether or not such creditor or interest holder has accepted the Plan.

Confirmation of the Plan shall permanently enjoin ALL CREDITORS IN THIS CASE from taking any of the following actions on account of any such debt, claim, or interest: (1) commencing or continuing in any manner any action or other proceeding against the Debtor, its successors, owners, partners, members or its property; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor, its successors, owners, partners, members or its property; (3) creating, perfecting or enforcing any lien or encumbrance against the Debtor, its successors, owners, partners, members or its property; (4) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of this Plan or the Confirmation Order. Any person injured by any violation of such injunction shall recover actual damages, including costs and attorney's fees, and, in appropriate circumstance, may recover punitive damages, from the willful violator. This injunction is necessary and beneficial to the Estate in that continued and new and unknown claims or actions against owners of the Debtor could be detrimental to the Parent's paying of the Parent Distribution Guaranty that benefits all creditors holding allowed claims. To that end, the injunction is further provided in consideration for the Parent's provision of a Letter of Credit (discussed above) to ensure, in part, satisfaction of the Parent Distribution Guaranty (complementing but not

supplanting the Order of the Court requiring such). Such injunction also ensures that the owners of the Debtor may focus their attention on effecting the Liquidating Plan rather than dealing with any unwarranted satellite litigation against them.

X. Tax Aspects of Distribution Under the Plan

The Debtor believes that under present law and regulations, there should be no federal income tax consequences in connection with the distribution to creditors and interest holders pursuant to the Plan other than consequences normally related to a payment or partial payment of an obligation to a creditor, and a distribution to a partner on account of the partner's interest in a limited or general partnership.

THE FOREGOING DESCRIPTION OF FEDERAL INCOME TAX CONSEQUENCES IS INTENDED MERELY AS AN AID FOR CREDITORS AND INTEREST HOLDERS, AND NEITHER THE DEBTOR NOR ITS COUNSEL ASSUMES ANY RESPONSIBILITY IN CONNECTION WITH THE TAX LIABILITY OF ANY SUCH CREDITOR OR INTEREST HOLDER. CREDITORS AND INTEREST HOLDERS ARE URGED TO OBTAIN ADVICE FROM THEIR COUNSEL OR ADVISORS REGARDING THE APPLICABILITY OF FEDERAL AND STATE TAX LAWS.

Dated this ____ day of July 2016.

VEROS ENERGY, LLC

By: Allam Alternative Energy, LLC
Its: Member

By: */s/ Todd Allam*

By: Lies Energy, LLC
Its: Member

By: */s/ Michael J. Lies*

/s/*Richard M. Gaal*
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