

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re:)	
)	
VESCO CONSULTING)	Case No. 16-21351 EEB
SERVICES, LLC,)	
)	Chapter 11
EIN: 46-2172249,)	
)	
Debtor.)	

DISCLOSURE STATEMENT FOR VESCO CONSULTING SERVICES, LLC’S FIRST
AMENDED PLAN OF REORGANIZATION DATED DECEMBER 14, 2017

**[THIS DISCLOSURE STATEMENT HAS NOT
BEEN APPROVED BY THE BANKRUPTCY COURT]**

[This proposed Disclosure Statement is not a solicitation of acceptance or rejection of the Plan. Acceptances or rejections may not be solicited until the Bankruptcy Court has approved this Disclosure Statement under Bankruptcy Code § 1125. This proposed Disclosure Statement is being submitted for approval only, and has not yet been approved by the Bankruptcy Court.]

SUMMARY OF THE PLAN

VESCO Consulting Services, LLC’s First Amended Plan of Reorganization Dated December 14, 2017, as it may be amended or modified (the “**Plan**”), submitted by VESCO Consulting Services, LLC, the debtor and debtor-in-possession (the “**Debtor**”), provides for the continued operation of the Debtor and 100% distributions to holders of all Allowed Claims. The Debtor is seeking to obtain Bankruptcy Court approval of the Plan. Section 1125 of the Bankruptcy Code requires that the Debtor prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan. This Disclosure Statement has been submitted in accordance with such requirements. **The Debtor urges all holders of Claims entitled to vote on the Plan to vote in favor of the Plan.**

The Debtor believes that the Plan provides creditors with the best possible recovery under the circumstances. If the Plan is not confirmed, there is no assurance that the Debtor will be able to reorganize its business.

I. INTRODUCTION

The Debtor submits this disclosure statement (the “**Disclosure Statement**”) pursuant to section 1125 of title 11 of the United States Code (the “**Bankruptcy Code**”) in connection with the solicitation of acceptances and rejections with respect to the Plan, a copy of which is attached as **Exhibit 1** hereto. The Plan incorporates, without limitation, all exhibits, supplements, appendices, and schedules thereto, either in their present form or as the same may be altered, amended, or modified from time to time, or added. Unless otherwise defined herein, all capitalized terms contained herein have the meanings ascribed to them in the Plan.

The purpose of this Disclosure Statement is to set forth information (i) regarding the history of the Debtor, its business, and the Chapter 11 Case; (ii) concerning the Plan and alternatives to the Plan; (iii) advising holders of Claims and Member Interests of their rights under the Plan; (iv) assisting the holders of Claims in making an informed judgment as to whether they should vote to accept or reject the Plan; and (v) assisting the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

All holders of Claims and Member Interests are advised and encouraged to read this Disclosure Statement and the Plan in their entirety and to consult with counsel and business and tax advisors. The Plan summary in this Disclosure Statement is qualified in its entirety by the Plan and any exhibits and schedules attached to the Plan and this Disclosure Statement. The statements contained in this Disclosure Statement are made only as of the date hereof. There can be no assurance that the statements will be correct at any later time.

This Disclosure Statement has been prepared, approved, and distributed in accordance with section 1125 of the Bankruptcy Code, and Bankruptcy Rule 3016(b), and not necessarily in accordance with federal or state securities laws or other non-bankruptcy law. Further, any financial information contained in this Disclosure Statement was not prepared with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants, the practices recognized to be in accordance with generally accepted accounting principles, or the rules and regulations of the Securities and Exchange Commission regarding projections. Furthermore, no financial information in this document has been reviewed or audited by the Debtor’s independent accountants.

A Ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement submitted to the holders of Claims and Member Interests that the Debtor believes may be entitled to vote to accept or reject the Plan.

This Disclosure Statement is not and may not be construed as an admission of any fact or liability, stipulation, or waiver in contested matters, adversary proceedings, or other

actions or threatened actions, but rather as a statement made in settlement negotiations. This Disclosure Statement shall not be admissible in any non-bankruptcy proceeding or shall it be construed to be conclusive advice on the tax, securities, or other legal effects of the Plan as to holders of claims against, or equity interests in, the Debtor.

No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Bankruptcy Code. No representations concerning the Debtor or the value of the Debtor's property has been authorized by the Bankruptcy Court other than as set forth in this Disclosure Statement. Any information, representations, or inducements made to obtain acceptance of the Plan, which are other than or inconsistent with the information contained in this Disclosure Statement and in the Plan, should not be relied upon by any holder of a Claim entitled to vote on the Plan.

A. HOLDERS OF CLAIMS/MEMBER INTERESTS ENTITLED TO VOTE

Pursuant to section 1126 of the Bankruptcy Code, only holders of allowed claims or interests that are (i) "impaired" by a plan of reorganization; and (ii) entitled to receive a distribution under such plan are entitled to vote to accept or reject a proposed plan. Under section 1126(f) of the Bankruptcy Code, classes of claims or interests in which the holders of claims or interests are unimpaired under a chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. Section 1126(g) of the Bankruptcy Code provides that classes of claims or interests in which the holders of claims or interests are impaired under a chapter 11 plan such that they do not receive or retain property on account of their claims or interests are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan.

Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under the Plan unless (i) the Plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof; or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the Plan, among other things, cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default. Claims in Classes 2 through 15 are impaired under the Plan and Claims in such Classes will receive distributions under the Plan to the extent not otherwise waived. As a result, holders of Allowed Claims in those Classes are entitled to vote to accept or reject the Plan.

Holders of Claims in Class 1 are unimpaired by the Plan. As a result, holders of Claims in that Class are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

Similarly, the Member Interests in Class 16 shall be retained by the Member, unaltered by the Plan, with all legal, equitable, and contractual rights to which the Member is entitled,

subject to the terms and conditions of the Plan, remaining in full force and effect. As such, Class 16 is unimpaired by the Plan and is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

Section 1126(c) of the Bankruptcy Code defines “acceptance” of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan.

In this case, if a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtor reserves the right to amend the Plan or request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code or both. Section 1129(b) of the Bankruptcy Code (commonly known as “cram down”) permits the confirmation of a chapter 11 plan notwithstanding the rejection of a plan by one or more impaired classes of claims or member interests. Under that section, a plan may be confirmed by a bankruptcy court if it does not “discriminate unfairly” and is “fair and equitable” with respect to each rejecting class.

THE DEBTOR BELIEVES THAT THE PLAN IS FAIR AND EQUITABLE AND PROVIDES THE BEST RECOVERY TO CLAIM HOLDERS UNDER THE CIRCUMSTANCES. THE DEBTOR BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EACH AND EVERY CLASS OF CREDITORS ENTITLED TO VOTE ON THE PLAN AND STRONGLY RECOMMENDS THAT EACH CREDITOR VOTE TO ACCEPT THE PLAN.

Holders of Claims or Member Interests may obtain a copy of the Disclosure Statement and the Plan by contacting the Debtor’s counsel, Kevin S. Neiman, at kevin@ksnpc.com or 303.996.8637.

B. VOTING PROCEDURES

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purposes of voting on the Plan. If you hold Claims in more than one Class and you are entitled to vote Claims in more than one Class, you will receive separate Ballots, which must be used for each separate Class. Ballots should be returned to:

**Law Offices of Kevin S. Neiman, pc
999 18th Street, Suite 1230 S
Denver, CO 80202
Attention: Kevin S. Neiman, Esq.**

TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY NO LATER THAN

[_____ , 2018], THE VOTING DEADLINE. ANY EXECUTED BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR A REJECTION OF THE PLAN SHALL NOT BE COUNTED.

Do not return any other documents with your Ballot.

If you are a holder of a Claim entitled to vote on the Plan and you did not receive a Ballot or enough Ballots, received a damaged Ballot, or lost your Ballot, or if you have any questions concerning the Disclosure Statement, the Plan, or the procedures for voting on the Plan, please contact the Debtor’s counsel, Kevin S. Neiman, at kevin@ksnpc.com or 303.996.8637.

C. CONFIRMATION HEARING AND DEADLINE FOR OBJECTIONS

Section 1128 of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan. The Confirmation Hearing will be held on [_____ , 2018] at [_____] (Mountain Time) before the Honorable Elizabeth E Brown, Courtroom F, United States Bankruptcy Court for the District of Colorado, at the U.S. Bankruptcy Court for the District of Colorado, U.S. Custom House, 721 19th Street, Denver, CO 80202-2508. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan, must be in writing and must be filed with the Bankruptcy Court and served upon the Debtor’s counsel, Kevin S. Neiman, Law Offices of Kevin S. Neiman, pc, 999 18th Street, Suite 1230 S, Denver, CO 80202, so they are **received** by the Debtor’s counsel no later than [_____ , 2018]. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

II. OVERVIEW OF THE PLAN

A. SUMMARY OF CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND MEMBER INTERESTS

The following table briefly summarizes the classification and treatment of classified Claims and Member Interests under the Plan:

CLASS DESCRIPTION	IMPAIRMENT AND VOTE	TREATMENT; ANTICIPATED DISTRIBUTION
Class 1: Priority Non-Tax Claims	Unimpaired No	Within 35 days after the Effective Date of the Plan, or as soon thereafter as is practicable, each holder, if any, shall be paid in Cash in an amount equal to the Allowed amount of such Priority Non-Tax Claim. Holders of these Claims shall be paid 100% of their debt, though the Debtor is unaware of any such Claims.

CLASS DESCRIPTION	IMPAIRMENT AND VOTE	TREATMENT; ANTICIPATED DISTRIBUTION
Class 2: Atlas Copco Secured Claim	Impaired Yes	Claim Allowed in the amount of \$50,108.52, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order, plus \$4,750 for post-petition fees, costs, and other charges. The Debtor has been authorized to make monthly adequate protection payments to Atlas Copco since March 2017 in the amount of \$2,947.56, which equals the pre-Petition Date regular monthly payments of principal and interest. These regular monthly payments shall continue on a monthly basis on and after the Effective Date until the Allowed Secured Claim of Atlas Copco, plus the \$4,750, at 1.90% interest per annum, is fully satisfied pursuant to this Plan. The holder of this Claim shall be paid 100% of its debt, including possibly through liquidation of its collateral in advance of the Confirmation Hearing.
Class 3: CAT Financial Secured Claim	Impaired Yes	Claim Allowed in the amount of \$961,729.84, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order, plus \$7,500 for post-petition fees, costs, and other charges. Balance of Claim shall be payable over 48 months at 6%. The holder of this Claim shall be paid 100% of its debt.
Class 4: Chase Secured Claim	Impaired Yes	Claim Allowed in the amount of \$15,790.72, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order. The Debtor has been authorized to make monthly adequate protection payments to Chase since March 2017 in the amount of \$457.46, which equals the pre-Petition Date regular monthly payments of principal and interest. These regular monthly payments shall continue on a monthly basis on and after the Effective Date until the Allowed Secured Claim of Chase is fully satisfied pursuant to this Plan. The holder of this Claim shall be paid 100% of its debt.
Class 5(a): Ford Secured Claim (2012 Ford F-350)	Impaired Yes	Claim Allowed in the amount of \$21,795.77, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order. The Debtor has been authorized to make monthly adequate protection payments to Ford since March 2017 in the amount of \$1,147.15, which equals the pre-Petition Date regular monthly payments of principal and interest. These regular monthly payments shall continue on a monthly basis on and after the Effective Date until the Allowed Secured Claim of Ford is fully satisfied pursuant to this Plan. The holder of this Claim shall be paid 100% of its debt.

CLASS DESCRIPTION	IMPAIRMENT AND VOTE	TREATMENT; ANTICIPATED DISTRIBUTION
Class 5(b): Ford Secured Claim (2013 Ford F-250)	Impaired Yes	Claim Allowed in the amount of \$12,908.41, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order. The Debtor has been authorized to make monthly adequate protection payments to Ford since March 2017 in the amount of \$1,075.74, which equals the pre-Petition Date regular monthly payments of principal and interest. These regular monthly payments shall continue on a monthly basis on and after the Effective Date until the Allowed Secured Claim of Ford is fully satisfied pursuant to this Plan. The holder of this Claim shall be paid 100% of its debt.
Class 5(c): Ford Secured Claim (2013 Ford Expedition)	Impaired Yes	Claim Allowed in the amount of \$24,500, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order. The Debtor has been authorized to make monthly adequate protection payments to Ford since March 2017 in the amount of \$1,177.04, which equals the pre-Petition Date regular monthly payments of principal and interest. These regular monthly payments shall continue on a monthly basis on and after the Effective Date until the Allowed Secured Claim of Ford is fully satisfied pursuant to this Plan. Ford's Class 5(c) Claim is \$30,156.89. Ford is, thus, undersecured and has a Deficiency Claim in the amount of \$5,656.89 that shall be treated in Class 12 of the Plan. Between its treatment in Classes 5(c) and 12, the holder of this Claim shall be paid 100% of its debt.
Class 5(d): Ford Secured Claim (2015 Ford F-250)	Impaired Yes	Claim Allowed in the amount of \$18,805.43, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order. The Debtor has been authorized to make monthly adequate protection payments to Ford since March 2017 in the amount of \$885.11, which equals the pre-Petition Date regular monthly payments of principal and interest. These regular monthly payments shall continue on a monthly basis on and after the Effective Date until the Allowed Secured Claim of Ford is fully satisfied pursuant to this Plan. The holder of this Claim shall be paid 100% of its debt.

CLASS DESCRIPTION	IMPAIRMENT AND VOTE	TREATMENT; ANTICIPATED DISTRIBUTION
Class 6: General Air Secured Claim	Impaired Yes	Claim Allowed in the amount of \$2,500, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order. The Debtor has been authorized to make monthly adequate protection payments to General Air since March 2017 in the amount of \$236.66, which equals the pre-Petition Date regular monthly payments of principal and interest. These regular monthly payments shall continue on a monthly basis on and after the Effective Date until the Allowed Secured Claim of General Air is fully satisfied pursuant to this Plan. General Air's Class 6 Claim is \$2,930.36. General Air is, thus, undersecured and has a Deficiency Claim in the amount of \$430.36 that shall be treated in Class 12 of the Plan. Between its treatment in Classes 6 and 12, the holder of this Claim shall be paid 100% of its debt.
Class 7: John Deere Secured Claim	Impaired Yes	Claim Allowed in the amount of \$238,250, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order. The Debtor has been authorized to make monthly adequate protection payments to John Deere since March 2017 in the aggregate amount of \$8,032.61, which equals the pre-Petition Date regular monthly payments of principal and interest. These regular monthly payments shall continue on a monthly basis on and after the Effective Date until John Deere's Allowed Secured Claim is fully satisfied pursuant to this Plan. John Deere's Claim aggregates \$323,279.83. John Deere is, thus, undersecured and has a Deficiency Claim in the amount of \$85,029.83 that shall be treated in Class 12 of the Plan. Between its treatment in Classes 7 and 12, the holder of this Claim shall be paid 100% of its debt.
Class 8: Komatsu Secured Claim	Impaired Yes	Claim Allowed in the amount of \$653,229.90, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order, plus estimated \$15,000 for post-petition fees, costs, and other charges. Balance of Claim shall be payable over 48 months at 5.25%. The holder of this Claim shall be paid 100% of its debt.
Class 9: Points West Secured Claim	Impaired Yes	Claim Allowed in the amount of \$1,148,549.75, less all adequate protection payments made during the Chapter 11 Case pursuant to the CC Order, plus estimated \$20,000 for post-petition fees, costs, and other charges. Balance of Claim shall be payable over 60 months at 5.25%. The holder of this Claim shall be paid 100% of its debt.

CLASS DESCRIPTION	IMPAIRMENT AND VOTE	TREATMENT; ANTICIPATED DISTRIBUTION
Class 10: Subaru Secured Claim	Impaired Yes	Claim Allowed in the amount of \$19,382.70, less all adequate protection payments made during the Chapter 11 Case pursuant to the AP Order. The Debtor has been authorized to make monthly adequate protection payments to Subaru since March 2017 in the amount of \$554.22, which equals the pre-Petition Date regular monthly payments of principal and interest. These regular monthly payments shall continue on a monthly basis on and after the Effective Date until the Allowed Secured Claim of Subaru is fully satisfied pursuant to this Plan. The holder of this Claim shall be paid 100% of its debt.
Class 11: IRS Secured Claim	Impaired Yes	Claim Allowed in the amount of \$21,823.47 plus interest at 4% per annum. The IRS shall be paid in full with monthly payments over a period of five years from the Petition Date. Monthly payments of principal and interest shall commence the first day of the first month following the Effective Date.
Class 12: Deficiency Claims	Impaired Yes	The Class 12 Deficiency Claims consist of any Allowed General Unsecured Claims of holders of Claims in Classes 2-10. After the Allowed Secured Claim of a holder of a Deficiency Claim is fully satisfied, Reorganized VESCO's regular monthly payments shall continue to such holder on a monthly basis until the respective Deficiency Claim is fully satisfied. The holders of Claims in this Class shall be paid 100% of their debt. They are treated differently than holders of Claims in Class 13 because they arise out of long-term loan agreements with the Debtor where the creditors and the Debtor bargained for payments over time. And in furtherance of such agreements, and for cash flow, convenience, and expectation purposes, the Debtor intends to continue to pay these creditors in that manner until fully satisfied.
Class 13: General Unsecured Claims	Impaired Yes	Each holder of an Allowed General Unsecured Claim shall receive 100% of the amount of each Allowed Claim in four equal payments. The first payment shall be made on or before the last business day of a calendar quarter that is on or after the Effective Date, which each of the following three payments to be made on or before the last business day of each successive calendar quarter.

CLASS DESCRIPTION	IMPAIRMENT AND VOTE	TREATMENT; ANTICIPATED DISTRIBUTION
Class 14: Convenience Claims	Impaired Yes	Each holder, if any, of an Allowed Convenience Claim shall receive Cash in an amount equal to such Allowed Convenience Claim on the later of the Effective Date or the date such Claim becomes an Allowed Convenience Claim, or as soon thereafter as is practicable. Each holder of a Claim Allowed in an amount greater than \$1,000, which Claim would otherwise be a General Unsecured Claim, may elect to voluntarily reduce such Claim to \$1,000 and be treated as the holder of an Allowed Convenience Claim for purposes of this Plan, and by so electing shall be deemed to have waived any right to participate in any distribution to any Class other than Class 14 as to any Claims it may have.
Class 15: Member Subordinated General Unsecured Claim	Impaired Yes	The Allowed Member Subordinated General Unsecured Claim is subordinated to all Allowed Claims in Classes 13 and 14. Once Allowed Claims in Classes 13 and 14 are fully satisfied, Reorganized VESCO may pay to the holder of the Allowed Member Subordinated General Unsecured Claim such amounts and at such time(s) as Reorganized VESCO shall deem appropriate in the exercise of its business judgment until the Allowed Member Subordinated General Unsecured Claim is fully satisfied.
Class 16: Member Interests	Unimpaired No	The Member Interests shall be retained by the Member, unaltered by the Plan, with all legal, equitable, and contractual rights to which the Member is entitled, subject to the terms and conditions of the Plan, remaining in full force and effect.

B. SUMMARY OF TREATMENT OF UNCLASSIFIED CLAIMS

As provided by section 1123(a)(1) of the Bankruptcy Code, the following Claims are not classified under the Plan, and instead are treated separately as unclassified Claims on the terms set forth below. Such Claims are unimpaired under the Plan.

1. Administrative Expense Claims and Bar Date

Administrative Expense Claims. Except (i) in relation to any fees due to the United States Trustee pursuant to 28 U.S.C. § 1930 on the Effective Date (which is addressed in section 2.4 of the Plan), (ii) post-Petition Date claims by the IRS, and (iii) Administrative Expense Claims based on liabilities incurred by the Debtor after the Petition Date for goods, materials and services delivered, obtained or received in the ordinary course of business, that first become due and payable within 60 days prior to the Confirmation Date (which is addressed in section 2.1.2 of the Plan), and except to the extent that any holder agrees to a different, less favorable treatment, the holder of an Allowed Administrative Expense Claim that has not been paid, shall receive on account of such Claim, Cash in the amount of such Allowed Administrative Expense Claim on

the later of the Effective Date or the date such Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable.

Administrative Expense Claims Bar Date. Except as provided in sections 2.1.2, 2.2, and 2.4 of the Plan, and in relation to the IRS, all requests for the allowance and payment of an Administrative Expense Claim must be filed with the Bankruptcy Court and served upon the Debtor or Reorganized VESCO and other parties-in-interest, in accordance with the Bankruptcy Code and the Bankruptcy Rules, no later than the first Business Day that is 28 days after the Effective Date or such other date as approved by order of the Bankruptcy Court. **Failure to file and serve such an allowance and payment request timely and properly shall result in the Administrative Expense Claim being forever barred and discharged.**

Administrative Expense Claims for Goods, Materials and Services Incurred in the Ordinary Course of Business. Administrative Expense Claims based on liabilities incurred by the Debtor after the Petition Date for goods, materials and services delivered, obtained or received in the ordinary course of business, that first become due and payable within 60 days prior to the Confirmation Date will be paid by the Estate or Reorganized VESCO, as applicable, pursuant to the terms and conditions of the particular transaction giving rise to such Administrative Expense Claims and, unless the Bankruptcy Court orders otherwise, holders of Administrative Expense Claims based on liabilities incurred by the Debtor for goods, materials and services delivered, obtained or received in the ordinary course of business are not required to file or serve a request for payment of such Claim, and will not be subject to the Administrative Expense Claims Bar Date provided in section 2.1.1 of the Plan.

2. Other Specific Claims

Notwithstanding anything to the contrary in the Plan, the following Claims, even if Administrative Expense Claims, shall be treated as follows:

a. *Professional Fee Claims*

Any entity seeking an award by the Bankruptcy Court of a Professional Fee Claim shall (i) file its final application for allowance of such Claim by no later than the date that is 35 days after the Effective Date or such other date as may be fixed by the Bankruptcy Court; and (ii) to the extent such entity has not already been paid in full on account of such Claim, or agrees to different treatment, be paid in full and in Cash in the amounts Allowed upon the date the order granting such award becomes a Final Order. Reorganized VESCO is authorized to pay compensation for professional services rendered and reimburse expenses incurred after the Effective Date in the ordinary course and without Bankruptcy Court approval.

The Law Offices of Kevin S. Neiman, pc agrees to different treatment such that any Allowed (to the extent necessary) fees and costs that are owed and unpaid to such firm on or

after the Effective Date for pre-Effective Date services and costs incurred shall be paid by Reorganized VESCO to the firm in monthly amounts of at least \$7,500.

b. *Priority Tax Claims*

Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Estate prior to the Effective Date or agrees to less favorable treatment, each holder of an Allowed Priority Tax Claim shall receive at the sole option of Reorganized VESCO, (i) Cash in an amount equal to such Allowed Priority Tax Claim on the later of the Effective Date or the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable; or (ii) equal Cash payments to be made initially on the Effective Date or as soon thereafter as is practicable and monthly thereafter in an amount equal to such Allowed Priority Tax Claim, together with interest at a fixed annual rate determined under applicable non-bankruptcy law, over a period from the Effective Date through the fifth anniversary date after the Petition Date; provided, however, that such election shall be without prejudice to the right of Reorganized VESCO to prepay such Allowed Priority Tax Claim in full or in part without penalty.

More specific to the IRS and notwithstanding anything to the contrary in the Plan, it shall have an Allowed Priority Tax Claim in the amount of \$85,944.58, plus interest at 4% per annum. Monthly payments shall commence the month of the Effective Date through the fifth anniversary date after the Petition Date (which the Debtor expects to be January 2018 and conclude November 2021). The monthly payment amount shall adjust if payments begin earlier or later and Reorganized VESCO shall work with the IRS to confirm such monthly payments.

c. *Fees Due the United States Trustee*

To the extent that any fees are owed to the United States Trustee pursuant to 28 U.S.C. § 1930 on or before the Effective Date, such fees shall be paid to the United States Trustee in full, in Cash, by the Effective Date of the Plan. Any fees that become due to the United States Trustee following the Effective Date shall be timely paid until the Chapter 11 Case is closed, dismissed, or converted to another chapter of the Bankruptcy Code.

d. *Executory Contracts/Unexpired Leases; Claims*

Any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan shall be classified as a General Unsecured Claim.

Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan must be filed with the Bankruptcy Court and served upon Reorganized VESCO on the later of 35 days after notice of entry of the Confirmation Order or 35 days after the entry of a Final Order by the Bankruptcy Court resolving any

pending motion for the assumption or rejection of any executory contract or unexpired lease filed prior to the Confirmation Date in accordance with the Plan. All such Claims not filed within such time shall be forever barred from assertion against the Debtor, the Estate, or the Reorganized VESCO and their property and shall be deemed disallowed in full, released and discharged.

III. GENERAL INFORMATION

A. OVERVIEW OF CHAPTER 11

Under chapter 11 of the Bankruptcy Code, a debtor may propose to reorganize or liquidate a debtor's business and assets subject to the provisions of the Bankruptcy Code.

In general, a chapter 11 plan (i) divides claims and interests into separate classes; (ii) specifies the consideration that each class is to receive under the plan; and (iii) contains other provisions necessary to implement the plan. Under the Bankruptcy Code, "claims" and "interests," rather than "creditors" and "shareholders," are classified because creditors and shareholders may hold claims and interests in more than one class. Under section 1124 of the Bankruptcy Code, a class of claims is "impaired" under a plan unless the plan (a) leaves unaltered the legal, equitable, and contractual rights of each holder of a claim in that class; or (b) to the extent defaults exist, provides for the cure of existing defaults, reinstatement of the maturity of claims in that class, compensates each holder of a claim for any damages incurred as a result of reasonable reliance upon the default, and does not otherwise alter the legal, equitable or contractual rights of each holder of a claim in that class.

The consummation of a plan is a principal objective of a chapter 11 case. A chapter 11 plan sets forth the means for satisfying claims against and interests in a debtor and, if appropriate, the future conduct of the debtor's business, the sale of the debtor's assets, and/or the liquidation of the debtor's remaining assets. Confirmation of a plan by the bankruptcy court binds the debtor, any person acquiring property under the plan, and any creditor or member interest holder of a debtor to the terms and provisions of the plan as of the effective date of the plan.

B. THE DEBTOR'S PRE-PETITION ORGANIZATION AND BUSINESS OPERATIONS

1. The Debtor, Its Member, and Governance

a. *The Debtor's Organization and Business*

Organized as a Colorado limited liability company in 2013, the Debtor leases properties to mine construction aggregates (sand and gravel) and sells and delivers the material to its customers, which are typically concrete and asphalt producers as well as oil and gas construction

companies. The Debtor also engages in trucking activities, construction, custom crushing, and mine reclamation. The Debtor is based in Greeley, Colorado.

b. *The Debtor's Member and Corporate Structure*

As of the Petition Date, the Debtor's sole Member and managing member, was Michael Miller. These roles continue to this day.

Pre-petition, the Debtor, through Mr. Miller, passed a *Consent Resolution* generally authorizing and empowering Mr. Miller to commence and oversee the Chapter 11 Case. Mr. Miller has assumed that role post-petition.

2. Assets

As of the Petition Date and as disclosed in the Schedules, the Debtor owned, among other things: (i) cash in a checking account (about \$17,000); (ii) a security deposit (\$800); (iii) accounts receivable (about \$123,000); (iv) rock (unknown value) and gravel (\$250,000); (v) miscellaneous furniture and computer equipment (\$5,000); (vi) machinery, equipment, and vehicles (estimated at the time to be about \$4 million); (vii) interests in non-residential leases, insurance contracts, and other contracts; and (viii) other miscellaneous personal property.

3. Secured and Priority Tax Debt

a. *Atlas Copco*

Pre-petition, the Debtor obtained a secured loan from Atlas Copco related to the *USA Loan and Security Agreement* dated on or about December 13, 2013, with the original principal amount of \$136,136.70. Atlas Copco's Collateral for this loan is the 2012 Dynapac Roller, as more particularly set forth in UCC Filing No. 20132108835, filed by Atlas Copco on December 18, 2013, with a fair market value of \$86,250. As of the Petition Date, Atlas Copco was owed \$50,108.52 on this loan. Atlas Copco is treated in Class 2 of the Plan.

b. *CAT Financial*

Pre-petition, the Debtor obtained three secured loans from CAT Financial related to: (i) the *Installment Sale Contract* dated on or about December 27, 2013, with the original principal amount of \$318,133.66 (the "**CAT Financial First Agreement**"); (ii) the *Installment Sale Contract* dated on or about January 27, 2015 (the "**CAT Financial Second Agreement**"), with the original principal amount of \$301,753.59; and (iii) the *Installment Sale Contract* dated on or about January 27, 2015 (the "**CAT Financial Third Agreement**"), with the original principal amount of \$733,402.28. Cat's Collateral for these loans are: (a) as for the CAT Financial First Agreement, a 2007 Caterpillar D6RIIXL Tractor, as more particularly set forth in UCC Filing

Nos. 20132112128 and 20162037041, filed on December 31, 2013 and April 25, 2016, respectively, with a fair market value of \$135,000; (b) as for the CAT Financial Second Agreement, a Caterpillar C27 Generator (which includes a trailer), and four Load King Dump Trailers, as more particularly set forth in UCC Filing No. 20152009007, filed on January 29, 2015, with an aggregate fair market value of \$260,000; and (c) as for the CAT Financial Third Agreement, a Caterpillar D8T Tractor and a Caterpillar 980K Wheel Loader, as more particularly set forth in UCC Filing No. 20152008994, filed on January 29, 2015, with an aggregate fair market value of \$540,000. As of the Petition Date, CAT Financial was owed \$961,729.84 on these loans. CAT Financial is treated in Class 3 of the Plan.

c. Chase

Pre-petition, the Debtor obtained a secured loan from Chase related to the *Retail Installment Sale Contract* dated on or about October 23, 2013, with the original principal amount of \$30,161.42. Chase's Collateral for this loan is a 2014 Subaru Forester, with a fair market value of \$24,250. As of the Petition Date, Chase was owed \$15,790.72 on this loan. Chase is treated in Class 4 of the Plan.

d. Ford

Pre-petition, the Debtor obtained four secured loans from Ford related to: (i) the *Motor Vehicle Buyer's Agreement* dated on or about May 14, 2013, with the original principal amount of \$68,828.92 (the "**Ford First Agreement**"); (ii) the *Retail Installment Sale Contract* dated on or about October 24, 2013, with the original principal amount of \$51,635.05 (the "**Ford Second Agreement**"); (iii) the *Retail Installment Sale Contract* dated on or about February 7, 2014, with the original principal amount of \$64,622.17 (the "**Ford Third Agreement**"); and (iv) the *Colorado Vehicle Retail Installment Sale Contract* dated on or about August 21, 2014, with the original principal balance of \$39,228.75 (the "**Ford Fourth Agreement**"). Ford's Collateral for these loans are: (a) as for the Ford First Agreement, a 2012 Ford F-350, with a fair market value of \$38,250; (b) as for the Ford Second Agreement, a 2013 Ford F-250, with a fair market value of \$24,750; (c) as for the Ford Third Agreement, a 2013 Ford Expedition, with a fair market value of \$24,500; and (d) as for the Ford Fourth Agreement, a 2015 Ford F-250, with a fair market value of \$35,000. As of the Petition Date, Ford was owed \$83,666.50 on these loans. Ford is treated in Classes 5(a), 5(b), 5(c), 5(d), and 12 of the Plan.

e. General Air

Pre-petition, the Debtor obtained a secured loan from General Air related to the *36 Month Promissory Note* dated on or about August 22, 2014, with the original principal amount of \$6,857.91. General Air's Collateral for this loan is a Trailblazer 325 welder with a fair market value of \$2,500. As of the Petition Date, General Air was owed \$2,930.36 on this loan. General Air is treated in Classes 6 and 12 of the Plan.

f. John Deere

Pre-petition, the Debtor obtained two secured loans from John Deere related to: (i) the *Loan Contract – Security Agreement* dated on or about October 1, 2015, with the original principal amount of \$26,744.27 (the “**JD First Agreement**”); and (ii) the *Loan Contract – Security Agreement* dated on or about December 29, 2015, with the original principal balance of \$332,321.25 (the “**JD Second Agreement**”). John Deere’s Collateral for these loans are: (a) as for the JD First Agreement, a John Deere 328D Skid Steer Loader, as more particularly set forth in UCC Filing No. 20152090543, filed on October 2, 2015, with a fair market value of \$30,750; and (b) as for the JD Second Agreement, a John Deere 844KXDW Wheel Loader, as more particularly set forth in UCC Filing No. 20152115165, filed on December 21, 2015, with a fair market value of \$207,500. As of the Petition Date, John Deere was owed \$323,279.83 on these loans. John Deere is treated in Classes 7 and 12 of the Plan.

g. Komatsu

Pre-petition, the Debtor obtained five secured loans from Komatsu related to: (i) the *Security Agreement - Conditional Sales Contract* dated on or about March 19, 2015, with the original principal amount of \$355,987.88 (the “**Komatsu First Agreement**”); (ii) the *Security Agreement-Conditional Sales Contract* dated on or about March 19, 2015 (the “**Komatsu Second Agreement**”), with the original principal amount of \$89,533.49; (iii) the *Security Agreement - Conditional Sales Contract* dated March 19, 2015 (the “**Komatsu Third Agreement**”), with the original principal amount of \$99,815.94; (iv) the *Security Agreement - Conditional Sales Contract* dated on or about March 19, 2015 (the “**Komatsu Fourth Agreement**”), with the original principal amount of \$19,749.20; and (v) the *Security Agreement - Conditional Sales Contract* dated on or about March 19, 2015 (the “**Komatsu Fifth Agreement**”), with the original principal amount of \$189,304.45. Komatsu’s Collateral for these loans are: (a) as for the Komatsu First Agreement, a K200/6203LC Impact Crushing Plant, as more particularly set forth in UCC Filing No. 20152024384, filed on March 18, 2015, with a fair market value of \$420,000; (b) as for the Komatsu Second Agreement, a Radial Stacker, Model No. 13-36100, as more particularly set forth in UCC Filing No. 20152024386, filed on March 18, 2015, with a fair market value of \$95,000; (c) as for the Komatsu Third Agreement, a AES 36” Belt Feeder, as more particularly set forth in UCC Filing No. 20152024329, filed on March 18, 2015, with a fair market value of \$112,500; (d) as for the Komatsu Fourth Agreement, a JCI 60” Stackable Conveyor, as more particularly set forth in UCC Filing No. 20152024385, filed on March 18, 2015, with a fair market value of \$23,000; and (e) as for the Komatsu Fifth Agreement, a Low Profile Screen Deck, as more particularly set forth in UCC Filing No. 20152024330, filed on March 18, 2015, with a fair market value of \$190,000. As of the Petition Date, Komatsu was owed \$653,229.90 on these loans. Komatsu is treated in Class 8 of the Plan.

h. *Points West*

Pre-petition, the Debtor obtained five secured loans from Points West related to: (i) the loan dated February 24, 2014, with the original principal amount of \$74,051, that is identified by Points West as Loan Number 100092301 (the “**Points West First Agreement**”); (ii) the loan dated March 12, 2014, with the original principal balance of \$21,673.20, that is identified by Points West as Loan Number 100092801 (the “**Points West Second Agreement**”); (iii) the loan dated May 8, 2014, with the original principal balance of \$200,000, that is identified by Points West as Loan Number 100092802 (the “**Points West Third Agreement**”); (iv) the loan dated September 4, 2014, with the original principal balance of \$54,000, that is identified by Points West as Loan Number 100096801 (the “**Points West Fourth Agreement**”); and (v) the loan dated August 4, 2016, with the original principal balance of \$899,000, that is identified by Points West as Loan Number 160008701 (the “**Points West Fifth Agreement**”). Points West’s Collateral for these loans are: (a) as for the Points West First Agreement, a B-Tek Scale Hybrid and two Gorman Rupp Trash Pumps, as more particularly set forth in UCC Filing No. 20142016350, filed on February 20, 2014, with an aggregate fair market value of \$35,125; (b) as for the Points West Second Agreement, a 1996 International Truck Model 4700, VIN 1HTSCAAM1TH354948, with a fair market value of \$23,250; (c) as for the Points West Third Agreement, a second deed of trust on certain real property located at 2650 64th Avenue, Greeley, Colorado (owned by Mr. Miller and his wife) and also a security interest in all business assets, including inventory, accounts, chattel paper, general intangibles, equipment, and Government Payments and Programs, as more particularly set forth in its recorded Modification of Deed of Trust, recorded at Weld County Reception No. 4203387 on May 13, 2016, and UCC Filing Nos. 20142042320, 20142078480, and 20162036614, filed on May 6, 2014, August 19, 2014, and April 22, 2016, respectively; (d) as for the Points West Fourth Agreement, a 2000 International Truck, Model 4900, VIN 1HTSHADR9YH325830, with a fair market value of \$22,250; and (e) as for the Points West Fifth Agreement, a 2007 Kenworth T800, a 2008 Kenworth T800, two 1997 Caterpillar 627F Push Pull Scrapers, two 2014 Trail Kings, a 2008 John Deere Hydraulic Excavator, a 2005 John Deere Motor Grader, two 2013 Wilson CD-1080 53 Trailers, a 2014 Doppstadt 720 Trommel Screen, a 1995 Cedarapids Portable Cone Crushing Plant, an Allen Bradley Switchgear Panel, two 2012 Superior Stackable Conveyors, a 2013 Superior Stackable Conveyor, and three 2014 Superior Stackable Conveyors, as more particularly set forth in UCC Filing Nos. 20162070751 and 20162094021, filed on August 4, 2016 and October 17, 2016, respectively, with an aggregate fair market value of \$1,140,125. As of the Petition Date, Points West was owed \$1,148,549.75 on these loans. Points West is treated in Class 9 of the Plan.

i. *Subaru*

Pre-petition, the Debtor obtained a secured loan from Subaru related to the *Retail Installment Contract* dated on or about June 24, 2014, with the original principal amount of \$34,915.86. Subaru’s Collateral for this loan is a 2014 Subaru Outback, with a fair market value

of \$21,000. As of the Petition Date, Subaru was owed \$19,382.70 on this loan. Subaru is treated in Class 10 of the Plan.

j. *IRS (Secured and Priority) and Colorado (Priority)*

On December 20, 2016, the Internal Revenue Service filed Proof of Claim No. 8, which it amended on May 11, 2017. The amended claim is in the aggregate amount of \$121,980.11, \$21,823.47 of which is related to WT-FICA taxes and is secured; \$85,944.58 of which is related to WT-FICA and FUTA taxes and is unsecured priority; and \$14,212.06, related penalties, is a general unsecured claim. The secured portion of this claim is treated in Class 11 of the Plan and the general unsecured portion of this claim is treated in Class 13 of the Plan. The Priority Tax Claim is addressed in section 2.3 of the Plan. The State of Colorado also asserts a Priority Tax Claim in the amount of \$502.39 via Proof of Claim No. 30 for unemployment insurance premiums, which is treated in the same section 2.3.

k. *Other Secured Debt*

According to the Schedules and filed Proofs of Claim, on the Petition Date, the Debtor had one other secured creditor, Lease Consultants Corp. As of the Petition Date, Lease Consultants, in relation to a pressure washer and pursuant to Proof of Claim No. 13, was owed \$2,149.91. On February 1, 2017, the Bankruptcy Court authorized the Debtor to assume its lease with Lease Consultants [Dkt. No. 80] and cure any defaults. The Debtor has fully satisfied its pre-Petition Date obligations to Lease Consultants, and on June 29, 2017, Lease Consultants withdrew its Proof of Claim [Dkt. No. 175].

On November 20, 2016, the Colorado Department of Revenue filed secured Proof of Claim No. 1 in the amount of \$9,183.50. Pursuant to the CC Order, the Debtor was authorized to pay adequate protection to the Colorado Department of Revenue and has since fully satisfied this claim. On June 28, 2017, the Colorado Department of Revenue amended its Proof of Claim to claim zero.

4. Unsecured Debt (and an Administrative Expense Claim)

As of the Petition Date, the Debtor owed approximately \$7,340.50 to its current and former employees. On December 28, 2016, the Bankruptcy Court authorized the Debtor to pay these Claims [Dkt. No. 58], which it has since done. As such, the Debtor does not expect there to be any Class 1 Priority Non-Tax Claims.

As of the Petition Date, the Debtor owed Michael Miller \$1,018,228 for his unsecured loans to the Debtor. Repayment of this debt is subordinated to payment to holders of other General Unsecured Claims. Mr. Miller's Claim is treated in Class 15 of the Plan.

On February 17, 2017, the State of Colorado, Department of Natural Resources, State Board of Land Commissioners, filed Proof of Claim No. 19, in the amount of \$67,770.14. The Claim relates to pre- and post-Petition Date royalties, rent, and costs arising out of the *Mining Lease No. GL 3466* between the State of Colorado acting through its State Board of Land Commissioners as lessor and the Debtor as lessee. On March 7, 2017, the Bankruptcy Court authorized the Debtor to assume this lease, subject to the Debtor curing the pre- and post-Petition Date amounts that were then due in the aggregate amount of \$67,770.14 through five equal monthly payments of \$13,554.03 [Dkt. No. 109]. As of the date of this Disclosure Statement, the Debtor has made four of these payments, leaving one owed on this Claim; by the Confirmation Hearing, the Debtor expects to have fully satisfied the above obligations.

The balance of scheduled and/or filed General Unsecured Claims equals approximately \$122,643.86, set forth as follows:

CREDITOR	CLAIM AMOUNT
4 Rivers Equipment, LLC	\$13,058.94
Answering Service Care	\$157.02
Atmos Energy	\$80.78
Century Link	\$73.05
Coastal Chemical Co LLC	\$2,330.84
Colorado Wire Cloth, Inc	\$11,012.14
DXP Enterprises Inc.	\$2,583.99
Equipment & Trucks, Inc	\$2,058.00
FleetServices	\$10,344.51
General Air	\$957.94
Greg Lewicki & Associates	\$647.52
H-R Tire Co Inc	\$918.23
Hensley Battery	\$723.89
IRS (discussed above)	\$14,212.06
Kuchar Electric Company	\$2,047.18
Marlin Business Bank	\$19.29
MHC Kenworth	\$4,213.96
MJS Safety	\$7,745.22
Napa Auto Parts	\$708.55
Newco Incorporated	\$1,910.11
Northern Colorado Disposal	\$108.00
Northwest Parkway LLC	\$16.75
Omnitracs, Inc	\$1,697.20
Power Equipment Company	\$65.71
Power Motive Corp	\$16,914.66
Rocky Mountain Supply	\$2,621.40

Rocky Mountain Wildlife Services, Inc	\$623.25
Interstate Billing Service, Inc.	\$5,801.60
S&B Porta Bowl	\$208.00
TDS Greeley	\$5,227.93
Terracon	\$315.00
Tool & Anchor Supply Inc	\$147.95
Ultra Energy Solution	\$2,580.00
Wagner Equipment Co	\$9,518.11
WilliamsScotsman, Inc	\$798.14
XCEL Energy	\$196.94

5. Pre-Petition Date Business Operations

The Debtor is based on Greeley, Colorado. It, among other things, mines construction aggregates (sand and gravel) and sells and delivers the material to its customers, which are typically concrete and asphalt producers as well as oil and gas construction companies. The Debtor also engages in trucking activities, construction, custom crushing, and mine reclamation.

In order for the Debtor to mine the construction aggregates, it must have a source of rock. To this end, pre-Petition Date, the Debtor entered into three non-residential leases where there are several millions of tons of rock that the Debtor uses to extract the aggregates.

To produce sand and gravel from the rock, the Debtor utilizes many pieces of construction equipment, some of which the Debtor owns free and clear, and most of which are subject to Liens.

The Debtor has always been owned, and managed by, Mr. Miller.

6. Pre-Petition Date Employee Matters

a. *Description of Workforce*

As of the Petition Date, the Debtor had six regular employees who, in the ordinary course of business, were paid every Friday for the preceding week period, commencing Monday to Sunday. Two of these employees were salaried (the Debtor's owner and President, Michael Miller, and his daughter and the Debtor's office manager, Tara Brisby), while the other four were paid on an hourly basis. In addition, to Mr. Miller and Ms. Brisby, the Debtor employed a mechanic, a pit foreman, a lead truck driver/foreman, and a scale operator.

b. *Employee Benefits and Benefit Plans*

The Debtor's benefit package included 80% of health insurance premiums. The Debtor also maintained a workers' compensation policy. The Debtor had no retirement plan that it offered.

The Debtor allowed full-time regular employees to begin earning vacation from the date of hire. There was a year probationary period from the date of hire before the employee was eligible to use vacation time. Any unused vacation time would be paid out if an employee was laid off or resigned.

C. SIGNIFICANT ADDITIONAL EVENTS LEADING TO THE CHAPTER 11 CASE

The Debtor's bankruptcy filing is a result of several factors. As noted in the Debtor's Statement of Financial Affairs [Dkt. No. 34], the Debtor's business had generated considerable gross revenue. For example, in 2014, the Debtor grossed over \$6.4 million.

But starting in 2015 and continuing through 2016, revenue markedly decreased. There are two primary reasons for this. First, the Debtor's business is tied to the oil and gas industry and as it goes so does the Debtor. With the price of oil dropping, this has adversely affected the Debtor as businesses didn't need the Debtor's products and services as much. The other primary reason relates to Mr. Miller, who has cardiac issues. He had a heart attack in November 2015, which led to heart surgery. Mr. Miller thought that he was taken care of, but he had a second heart attack and surgery in October 2016. Mr. Miller is now fully recovered from these heart attacks.

Between the oil and the health issues, the Debtor's 2015 to the Petition Date finances were not good. In 2015, the Debtor grossed about \$2.3 million – more than \$4 million less than the prior year. And from January 2016 to the Petition Date, the Debtor grossed about \$950,000.

What ultimately caused the Debtor to file when it did was its fear that CAT Financial would repossess its collateral, thus adversely affecting the Debtor's ability to produce its materials that it could sell to third parties. In addition, the Debtor feared that upon repossession, and any subsequent sale, the Debtor would lose any equity that it had in the equipment.

IV. THE CHAPTER 11 CASE

The following is a brief description of some of the significant events that have occurred during the Debtor's Chapter 11 Case. This review is not exhaustive; the Debtor refers interested parties to the Debtor's docket with the Bankruptcy Court and the filings set forth therein.

A. PETITION DATE

On November 19, 2016, the Debtor filed its chapter 11 voluntary petition for relief in the Bankruptcy Court.

B. THE DEBTOR'S APPLICATIONS TO EMPLOY PROFESSIONALS; INTERIM COMPENSATION PROCEDURES

Since the filing of the Chapter 11 Case, the Debtor has filed applications to employ three professionals. First, on November 19, 2016, the Debtor applied to retain Kevin S. Neiman and the Law Offices of Kevin S. Neiman, pc as its bankruptcy counsel [Dkt. No. 12], which application was approved by Order of the Bankruptcy Court dated December 12, 2016 [Dkt. No. 39]. Relatedly, the Debtor sought approval of a \$3,480 retainer for bankruptcy counsel and interim compensation procedures by motion dated November 21, 2016 [Dkt. No. 13]; this motion was granted by Order of the Bankruptcy Court dated December 12, 2016 [Dkt. No. 40].

Second, on November 29, 2016, the Debtor applied to retain Rick L. Sponaugle CPA LLC as its accountant [Dkt. No. 20], which application was approved by Order of the Bankruptcy Court dated December 12, 2016 [Dkt. No. 41].

Third, on March 13, 2017, the Debtor applied to retain Forke & Tuel Appraisal Services, LLC as its personal property appraiser [Dkt. No. 117], which application was approved by Order of the Bankruptcy Court dated April 10, 2017 [Dkt. No. 142].

C. THE SCHEDULES AND STATEMENT OF FINANCIAL AFFAIRS

On December 12, 2016, the Debtor filed its initial Schedules and Statement of Financial Affairs (the "SOFA") [Dkt. Nos. 33 and 34]. On February 9, 2017, the Debtor filed amendments to the Schedules [Dkt. No. 82].

D. THE § 341 MEETING OF CREDITORS

The meeting of creditors pursuant to section 341 of the Bankruptcy Code was scheduled and concluded on December 21, 2016.

E. THE NON-APPOINTMENT OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS

No committee of unsecured creditors has been appointed in the Chapter 11 Case.

F. PAYMENTS TO PROFESSIONALS EMPLOYED PURSUANT TO SECTION 327

With regard to the professionals employed by the Debtor pursuant to section 327 of the Bankruptcy Code, as of October 18, 2017, the Debtor has paid and reimbursed the following fees and costs, pursuant to the monthly compensation procedures and interim fee application orders [Dkt. Nos. 140, 141, 192, 193, 233, and 234]:

PROFESSIONAL/TRUSTEE	AGGREGATE AMOUNT PAID	AGGREGATE AMOUNT OWED
Law Offices of Kevin S. Neiman, pc	\$53,374.86	\$66,514.25
Rick L. Sponaugle CPA LLC	\$5,646.56	\$5,372.19
Forke & Tuel Appraisal Services, LLC	\$6,900.00	\$0.00

G. ADEQUATE ASSURANCE TO UTILITIES

The Debtor contemplated filing a motion prohibiting utilities from altering, refusing or discontinuing service, approving the Debtor's proposed adequate assurance of payment for future utility services, and approving procedures for resolving requests for additional adequate assurance. See section 366 of the Bankruptcy Code. However, it determined that the benefits of such a motion and order, especially in light of the Debtor's minimal use of utilities, would be outweighed by its cost.

H. USE OF CASH COLLATERAL/ADEQUATE PROTECTION

On December 29, 2016, the Debtor filed its *Stipulated Motion by Debtor for Authority to Use Cash Collateral and for Adequate Protection* [Dkt. No. 59], whereby the Debtor, among other things, sought permission to use cash collateral and provide adequate protection to Points West and Colorado Department of Revenue ("CDOR"). On January 13, 2017, the Bankruptcy Court granted this motion, entering its CC Order. Generally, the CC Order (i) authorized use of cash collateral through June 30, 2017 pursuant to a budget; (ii) granted Points West adequate protection via a replacement lien, maintenance of adequate insurance, access to reports and other information, commitment to pay post-petition taxes, keeping the collateral in good repair, and recommencing monthly loan payments; and (iii) granted CDOR adequate protection via various payments and commitment to, post-petition, timely file tax returns and pay taxes.

On June 14, 2017, the Debtor filed its *Stipulated Motion by Debtor to Continue Use of Cash Collateral and Provide Adequate Protection* [Dkt. No. 165], seeking to extend use of cash collateral and provide adequate protection to Points West and CDOR through the end of 2017. On June 29, 2017, the Bankruptcy Court granted this motion [Dkt. No. 176].

In addition to providing adequate protection to Points West and CDOR, the Debtor has sought and obtained the Bankruptcy Court's approval to provide adequate protection to the

Debtor's other secured creditors by continuing to pay such creditors the amounts that they were paid pre-Petition Date [Dkt. Nos. 102 and 132 (the AP Order)]. These creditors include Atlas Copco, CAT Financial, Chase, Ford, General Air, John Deere, Komatsu, and Subaru.

On May 23, 2017, the Debtor moved for permission to amend the CC Order and the AP Order in relation to Points West, CAT Financial, and Komatsu by, among other things, delaying payment on their May 2017 adequate protection payments until the Effective Date, dismissal of the Chapter 11 Case, or if and when the Debtor's cash reserves equal \$300,000. Also, the Debtor agreed to file a plan of reorganization and disclosure statement by August 31, 2017. See Dkt. No. 156. On June 13, 2017, the Bankruptcy Court granted this motion [Dkt. No. 164]. By Order dated September 6, 2017, this deadline has been extended to November 1, 2017 [Dkt. No. 202]. The Debtor has yet to pay Points West, CAT Financial, or Komatsu their May 2017 adequate protection payments and addresses treatment of this debt in each of their respective Plan Classes.

**I. ASSUMPTION/REJECTION OF EXECUTORY CONTRACTS/LEASES/
LINDSTROM SETTLEMENT**

The Debtor has assumed an equipment lease [Dkt. Nos. 69 and 80].

In addition, the Debtor moved to assume three non-residential leases via two motions [Dkt. Nos. 85 and 91]. The first motion with the State of Colorado was stipulated and approved by Order dated March 7, 2017 [Dkt. No. 109]. The second motion drew an objection from each lessor, first Neil M. Lindstrom and then the Ashbaugh Family Farm LLC [Dkt. Nos. 99 and 101]. Ashbaugh Family Farm LLC withdrew its objection [Dkt. No. 123], leading to assumption of that lease by Order dated March 17, 2017 [Dkt. No. 126]. Regarding Mr. Lindstrom, that contested matter (along with a related Lindstrom claim objection that had been consolidated with the motion to assume, see Dkt. Nos. 136 and 143) was set for evidentiary hearing on June 5, 2017 [Dkt. No. 125], but the Debtor comprehensively settled its dispute with Mr. Lindstrom minimizing further expense and risk by Order dated June 8, 2017 [Dkt. Nos. 149, 151, 153, and 160]. The meaningfully negotiated settlement, among other things, resulted in the rejection of the Lindstrom lease as well as withdrawal of Mr. Lindstrom's claim for some \$16,000 plus alleged lost profits, mutual releases, and Mr. Lindstrom's agreement to essentially cease any further participation in the bankruptcy case. The agreement has since been fully consummated [Dkt. Nos. 163 and 173].

J. CLAIMS PROCESS AND BAR DATE

On December 12, 2016, the Debtor filed its initial Schedules and SOFA, and on February 9, 2017, the Debtor filed its amended Schedules A/B and D; they reflect all of the Debtor's known assets and liabilities at the time of preparation based on the books and records available at those times.

On December 13, 2016, the Debtor moved to set a deadline for creditors to file proofs of claim [Dkt. No. 43]. On December 21, 2016, the Bankruptcy Court granted this motion [Dkt. No. 51], establishing February 22, 2017 as the deadline (the “**Bar Date**”) for filing proofs of claim against the Debtor. Thereafter, the Debtor served written notices of the Bar Date to all known creditors [Dkt. Nos. 52 and 54]. The time within which to file claims against the Debtor has expired.

Excepting amendments, 30 proofs of claim asserting claims against the Debtor have been filed with the Bankruptcy Court. The Debtor’s review of the proofs of claim is ongoing, and in, due course, it may file objections to the allowance of certain claims.

K. EXCLUSIVITY EXTENSIONS

Pursuant to section 1121 of the Bankruptcy Code, the Debtor’s exclusive right to file a plan of reorganization and obtain acceptances was initially March 19, 2017 and May 18, 2017, respectively. The Bankruptcy Court thrice extended those deadlines and they are now February 12, 2018 and April 13, 2018 [Dkt. Nos. 88, 110, 168, 182, and 224].

L. POST-PETITION OPERATIONS

The Debtor’s monthly operating reports are on file with the Bankruptcy Court, are available for inspection, and are incorporated herein by reference. Summarizing operations since the Petition Date to October 31, 2017, the monthly operating reports show:

	GROSS PROFIT (OPERATING REVENUE MINUS COST OF GOODS SOLD)	OPERATING EXPENSES (INCLUDES \$763,800 IN DEPRECIATION THROUGH 10/31/17)	NON-OPERATING AND REORGANIZATION EXPENSES	NET INCOME
Petition Date to 12/31/16	\$120,558.00	\$38,772.83	\$6,310.21	\$75,474.96
1/1/17 to 1/31/17	\$23,106.46	\$101,250.66	\$16,648.68	<\$94,188.88>
2/1/17 to 2/28/17	\$30,657.06	\$88,282.27	\$62,423.74	<\$120,048.95>
3/1/17 to 3/31/17	<\$22,248.90>	\$90,953.45	\$26,392.29	<\$139,594.64>
4/1/17 to 4/30/17	\$66,590.03	\$87,944.11	\$14,029.25	<\$35,383.33>
5/1/17 to 5/31/17	\$118,829.89	\$113,039.46	\$12,990.00	<\$8,199.57>

6/1/17 to 6/30/17	\$168,848.18	\$95,100.83	\$18,513.47	\$55,233.88
7/1/17 to 7/31/17	\$180,097.19	\$109,006.26	\$9,788.41	\$61,302.52
8/1/17 to 8/30/17	\$75,435.85	\$92,011.28	\$11,539.62	<\$28,115.05>
9/1/17 to 9/30/17	\$114,423.41	\$94,749.92	\$17,938.36	\$1,735.13
10/1/17 to 10/31/17	\$18,830.44	\$89,985.83	\$32,339.90	<\$77,488.48>

As of October 2017, the Debtor has 13 employees, which consist of (i) Mr. Miller who is responsible for all aspects of the Debtor; (ii) Tara Brisby, the office manager who is responsible for all administrative matters; (iii) two employees who excavate; and (iv) nine employees who are involved with the Debtor's trucking operations.

Since the Petition Date, the Debtor has been successfully operating its business. Even taking into account a \$67,000 per month depreciation expense, recent accrual basis net income was (\$8,199.57) for May 2017, \$55,233.88 for June 2017, (\$28,115.05) for August 2017, and \$1,735.13 for September 2017. Since commencement of the case, though the Debtor has generated a net loss of \$99,052.40 through September 2017, that amount is calculated after adding nearly \$700,000 in depreciation. From inception through the end of September, the Debtor's gross operating revenue is about \$2.45 million, which yields a gross profit of about \$1.1 million. These are good results given the adequate protection payments that the Debtor has transferred, the erratic nature of the oil and gas industry, and the otherwise increased financial burden that the Debtor is facing, including professional fees associated with the Chapter 11 Case and more stringent credit terms imposed by critical suppliers. The Debtor had a positive bank account balance of \$49,880.55 as of September 30, 2017, and an accounts receivable balance of \$366,036.34, most of which is aged 30 days or less, and all of which expected to be fully collected in the near term.

All pre-petition employee benefits and policies described above have remained in place for the post-petition period.

V. THE CHAPTER 11 PLAN

The Plan is attached as **Exhibit 1** hereto and forms a part of this Disclosure Statement. Statements as to the rationale underlying the treatment of Claims and Member Interests under the Plan and the description of the Debtor's business and financial affairs are not intended to, and shall not, waive, compromise or limit any rights, claims or causes of action or bind any persons in the event the Plan is not confirmed.

A. CONSIDERATIONS REGARDING THE PLAN

The primary focus of the Chapter 11 Case to date has been to stabilize the Debtor's business operations and provide a means to address the creditor claims.

The cornerstone of the Plan is the Debtor's plan to continue operations through Mr. Miller's experience and expertise, and pay all of the Debtor's creditors 100% of their claims. The anticipated distribution for all holders of Allowed Claims is 100%, as more particularly set forth in the pro forma that is **Exhibit 2** hereto. Summarizing, which takes into account expected adequate protection payments through the end of 2017, distributions are estimated to be:

CLAIM TYPES	AMOUNT TO FUND
Allowed Professional Fee Claims	\$100,000.00
Allowed Priority Tax Claims	
IRS	\$85,944.48 + 4% interest
State of Colorado	\$502.39 + 4% interest
United States Trustee fees (initially, repeating quarterly until entry of final decree)	\$4,875.00
Class 1 - Allowed Priority Non-Tax Claims	\$0.00
Class 2 – Atlas Copco	\$23,580.48 + \$4,750 in fees + 1.9% interest
Class 3 – CAT Financial	\$714,465.21 + \$7,500 in fees + 6% interest
Classes 4 and 10 – Chase/Subaru	\$22,389.04
Class 5(a)-(d) – Ford (including Class 12 Deficiency Claim for Class 5(c))	\$34,066.49
Class 6 – General Air (including Class 12 Deficiency Claim)	\$1,217.32
Class 7 – John Deere (including Class 12 Deficiency Claim)	\$242,953.73
Class 8 – Komatsu	\$503,299.89 + \$15,000 in fees + 5.25% interest
Class 9 – Points West	\$937,224.85 + \$20,000 in fees + 5.25% interest
Class 10 – Subaru – see Class 4 above	\$0.00
Class 11 – IRS	\$21,823.47 + 4% interest
Class 12 – Deficiency Claims – (already included in Classes Class 5(c), 6, and 7)	\$0.00
Class 13 – General Unsecured Claims	\$122,643.86
Class 14 – Convenience Class (unknown, but amounts are inclusive of Claims in Class 13)	UNKNOWN
Class 15 – Member Subordinated Unsecured Claim	\$1,018,228.00
Allowed Claims for Cure	\$0.00

B. CLASSIFICATION AND TREATMENT OF CLAIMS AND MEMBER INTERESTS

See the detailed summary of the classification and treatment of classified and unclassified Claims at section II(A) of this Disclosure Statement.

C. IMPLEMENTATION OF THE PLAN

1. Continuation of Operations

Following the Effective Date, Reorganized VESCO shall continue its present business and shall continue to operate as Reorganized VESCO. The Debtor intends to fund its Plan through Cash that it has available to it from its operations through the Effective Date, as well as Cash that it generates through its continued operations after the Effective Date. It is possible that the Plan could also be funded in part through the sale of Debtor assets as well as other business opportunities that could arise.

2. Implementation

Reorganized VESCO shall be authorized and directed to take all necessary steps, and perform all necessary acts, to consummate the terms and conditions of the Plan.

3. Corporate Governance

Upon the Effective Date, the Debtor's Articles of Organization and Operating Agreement and any related corporate governance agreements (the "**Corporate Governance Agreements**") shall remain in full force and effect. Reorganized VESCO shall continue to exist after the Effective Date, with all the powers available to such legal entity, in accordance with applicable law and pursuant to its Corporate Governance Agreements.

4. Management

Upon the occurrence of the Effective Date, Michael Miller shall continue to be the sole manager of Reorganized VESCO. Mr. Miller has been compensated \$10,000 per month and shall continue to receive such compensation for the foreseeable future.

5. Making of Distributions

Reorganized VESCO shall make the distributions required to be made in respect of the Allowed Claims under the Plan, or as may otherwise be required by the Plan. Except as may be otherwise provided in the Plan or the Confirmation Order, any distribution required by the Plan to be made on the Effective Date will be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable, but in no event later than the later to

occur of the date upon which any other conditions to distribution with respect to a particular Allowed Claim shall have been satisfied.

D. PLAN PROVISIONS GOVERNING DISTRIBUTIONS

1. Delivery of Distributions

Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim shall be made at the address of such holder as set forth on the Schedules filed with the Bankruptcy Court or on the books and records of the Debtor or its agents, as applicable, unless the Debtor or, after the Effective Date, Reorganized VESCO has been notified in writing of a change of address, including, without limitation, by the filing of a proof of claim by such holder that contains an address for such holder different than the address of such holder as set forth on the Schedules in which case the address set forth in such writing shall control. Payment shall be made to the holder of the Allowed Claim unless the holder of such Allowed Claim has directed Reorganized VESCO, in writing, to make payment to a third party through the filing of a proof of claim instructing that payment be made to a third party thereon.

2. Undeliverable Distributions

a. *Holding of Undeliverable Distributions*

If any distribution to any holder is returned to Reorganized VESCO as undeliverable, no further distributions shall be made to such holder unless and until Reorganized VESCO is notified, in writing, of such holder's then-current address. Undeliverable distributions shall remain in the possession of Reorganized VESCO until such time as a distribution becomes deliverable. All entities ultimately receiving undeliverable Cash shall not be entitled to any interest or other accruals of any kind. Nothing contained in the Plan shall require Reorganized VESCO to attempt to locate any holder of an Allowed Claim. If the holder of an undeliverable distribution was represented by legal counsel in the Chapter 11 Case, the Debtor shall send written notification by certified mail to the holder's legal counsel advising of the undeliverable distribution. Notwithstanding the foregoing, Reorganized VESCO is under an affirmative duty to ensure that the IRS receives all payments under the Plan.

b. *Failure to Claim Undeliverable Distributions*

On or before the six-month anniversary after the final distribution to holders of Allowed Claims in Class 13, Reorganized VESCO shall file a list with the Bankruptcy Court setting forth the names of those entities for which distributions have been made hereunder and have been returned as undeliverable as of the date thereof and the amount of any such undeliverable distribution for each such entity. Any holder of an Allowed Claim that does not assert its rights pursuant to the Plan to receive a distribution within two months thereafter shall have its

entitlement to such undeliverable distribution discharged and shall be forever barred from asserting any entitlement pursuant to the Plan against Reorganized VESCO or the property of Reorganized VESCO. In such case, any consideration held for distribution on account of such Claim shall revert to Reorganized VESCO.

c. *Manner of Payment under the Plan*

Any Plan distribution to be made in Cash under the Plan shall be made, at the election of Reorganized VESCO, by check drawn on a domestic bank or by wire transfer from a domestic bank. Cash payments to foreign creditors may be made, at the option of Reorganized VESCO, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction. Except as otherwise provided in the Plan, any Plan distribution shall be made by Reorganized VESCO on or before the last business day of each applicable month.

d. *Fractional Plan Distributions*

Except as otherwise provided herein, notwithstanding anything to the contrary contained herein, no Plan distributions of fractions of dollars will be made. Fractions of dollars shall be rounded to the nearest whole unit, with any amount equal to or less than one-half dollar to be rounded down.

e. *Cancellation of Instruments*

Except as otherwise provided by the Plan (including in relation to treatment of holders of Allowed Claims in Classes 2 through 11), upon full satisfaction of the any Allowed Claim all certificates or instruments representing such Claim shall thereafter be cancelled and extinguished.

f. *Maximum Distribution*

In no event shall any holder of any Allowed Claim receive distributions under the Plan in excess of the Allowed amount of such Claim.

g. *Exemption from Certain Taxes*

Pursuant to section 1146 of the Bankruptcy Code, the issuance, transfer, or exchange of any securities or the making or delivery of any instruments of transfer under the Plan shall not be taxed under any law imposing a stamp tax or similar tax.

h. 506(b) Procedure

Except as otherwise set forth in this Plan, to the extent any holder of an Allowed Secured Claim claims any reasonable fees, costs, or charges provided for under any agreement or state statute under which its Claim(s) arose pursuant to section 506(b) of the Bankruptcy Code, including reasonable attorney fees and costs, such holder must file a Section 506(b) Request (the “**506(b) Request**”) with the Bankruptcy Court on or before 14 days after the Effective Date and serve the same on Reorganized VESCO and its bankruptcy counsel at the addresses set forth in the Plan. Failure to timely file and serve a Section 506(b) Request shall discharge Reorganized VESCO of any reasonable fees, costs, or charges and forever bar such holder from asserting same against Reorganized VESCO or its property. Absent an objection by any party in interest within 14 days from the date of service of a 506(b) Request, the claimant filing the 506(b) Request (the “**506(b) Applicant**”) may submit a proposed Order granting the 506(b) Request with the Bankruptcy Court, which the Bankruptcy Court may enter without any further notice or hearing. In the event the Debtor, Reorganized VESCO, or any other party in interest files an objection to any 506(b) Request, the 506(b) Applicant and the objecting party shall attempt to resolve any such objection informally. In the event a resolution to the objection is reached, the 506(b) Applicant and the objecting party shall jointly file a stipulated Order setting forth the terms and conditions of the agreement, which the Court may enter without any further notice of hearing. In the event that the objecting party and the 506(b) Applicant cannot reach any agreement within 30 days following service of the objection, the 506(b) Applicant shall (or Reorganized VESCO may) schedule a hearing on the 506(b) Request in the manner provided for by the Local Rules of the Bankruptcy Court.

E. PROVISIONS FOR TREATMENT OF DISPUTED CLAIMS

1. Objections to Claims; Prosecution of Disputed Claims

Unless otherwise ordered by the Bankruptcy Court and as set forth in the last sentence, for Claims filed with the Bankruptcy Court by the Bar Date, objections to Claims must be filed on or before 28 days after the Effective Date and may be filed and prosecuted by Reorganized VESCO. Unless otherwise ordered by the Bankruptcy Court, for Claims filed with the Bankruptcy Court after the Bar Date (such as those related to Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan), objections to any such Claims must be filed by the later of (a) 35 days after the Effective Date, or (b) 35 days after the filing of the Claim, and may be filed and prosecuted by Reorganized VESCO. Notwithstanding the foregoing, the following Allowed Claims shall not be subject to objection: the IRS Allowed Priority Tax Claim, Class 11 Allowed Secured Claim, and Allowed Class 13 General Unsecured Claim; the Class 3 Allowed Secured Claim for CAT Financial and any Class 12 Deficiency Claim for CAT Financial; the Class 8 Allowed Secured Claim for Komatsu and any Class 12 Deficiency Claim for Komatsu; and the Class 9 Allowed Secured Claim for Points West and any Class 12 Deficiency Claim for Points West.

2. Allowance of Disputed Claims

Distributions to any creditor will only be made on account of Allowed Claims. If distributions are made when a Claim is a Disputed Claim, the portion of the distribution that would be paid to the holder of the Disputed Claim shall be reserved in a non-interest bearing account until the Claim is Allowed or disallowed. At such time as a Disputed Claim becomes, in whole or in part, an Allowed Claim, Reorganized VESCO shall distribute to the holder thereof the distributions, if any, to which such holder is then entitled under the Plan. Unless treated more specifically under the Plan, such distribution, if any, shall be made as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim becomes a Final Order but in no event more than 90 days thereafter. If a Claim is disallowed in whole or in part, any Cash reserved for that particular Claim shall be transferred to Reorganized VESCO for its use in the ordinary course of its business.

3. Settlement of Objections to Claims After Effective Date

From and after the Effective Date, Reorganized VESCO may litigate to judgment, propose settlements of, or withdraw objections to, all pending or filed Disputed Claims, and Reorganized VESCO may settle or compromise any Disputed Claim without notice and a hearing and without approval of the Bankruptcy Court.

F. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption of Executory Contracts and Unexpired Leases

Except as otherwise provided by the Plan or to the extent not previously assumed (which assumption shall remain in full force and effect), pursuant to sections 365(a), 365(b), 363(f), and 1123(b)(2) of the Bankruptcy Code, Reorganized VESCO shall assume all executory contracts and unexpired leases specifically assumed pursuant to separate motion(s), notice(s), and Final Order(s) of the Bankruptcy Court, which motion(s) and notice(s) shall be served in accordance with Bankruptcy Rule 7004. Except as may otherwise be agreed to by the parties or previously ordered by the Bankruptcy Court, within 35 days after the entry of any Final Order on assumption, or as soon thereafter as is practicable, Reorganized VESCO shall Cure any and all defaults under the executory contracts and unexpired leases by paying the amount set forth in any such Final Order.

2. Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtor or the Estate and any person or entity shall be deemed rejected, except for any executory contract or unexpired lease (i) that has

been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date; or (ii) as to which a motion for approval of the assumption or rejection of such executory contract or unexpired lease has been filed prior to the Confirmation Date.

3. Approval of Assumption and Rejection of Executory Contracts and Unexpired Leases

Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute the approval, pursuant to sections 365(a), 365(f) and 1123(b)(2) of the Bankruptcy Code, (i) subject to entry of Final Order(s) on assumption as set forth in section 8.1 of the Plan, of the assumption of the executory contracts and unexpired leases assumed pursuant to the Plan; and (ii) of the rejection of the executory contracts and unexpired leases rejected pursuant to the Plan; provided, however, to the extent any provision of an executory contract or unexpired lease to be assumed under the Plan limits the Debtor's ability to assume such executory contract or unexpired lease, the effectiveness of such provision shall be limited or nullified to the full extent provided in section 365(f) of the Bankruptcy Code. Unless otherwise indicated or ordered by the Bankruptcy Court, all assumptions or rejections of executory contracts and unexpired leases in the Plan are effective as of the Effective Date.

4. Objections

Any party wishing to object to the assumption of any executory contract or unexpired lease hereunder, including any proposed Cure, if any, must file an objection with the Bankruptcy Court by the deadline to object in any notice accompanying any separate motion to assume. **Any counterparty that does not object to the assumption, or the proposed Cure, if any, of its executory contract or unexpired lease under the Plan shall be deemed to have consented to such assumption, or Cure and any Claim for Cure, for compensation, adequate assurance, adequate assurance of future performance, or other right, issue, or Claim under section 365 of the Bankruptcy Code, shall be deemed fully satisfied, released, and discharged and forever barred from assertion and shall not be enforceable against Reorganized VESCO without the need for any objection by Reorganized VESCO or further notice to or action, order or approval of the Bankruptcy Court or any other entity, and any Claim for Cure for compensation, adequate assurance, adequate assurance of future performance, or other right, issue, or Claim under section 365 of the Bankruptcy Code, shall be deemed fully satisfied, released and discharged upon payment of the amount, if any, notwithstanding anything included in the Schedules or in any proof of claim to the contrary, provided that nothing shall prevent Reorganized VESCO from paying any Cure amount despite the failure of the relevant counterparty to timely file such request or objection for payment of such Cure. Reorganized VESCO also may settle any Cure without further notice to or action, order or approval of the Bankruptcy Court or any other entity.**

G. EFFECTIVENESS OF THE PLAN

1. Conditions Precedent to the Confirmation of the Plan

The following are conditions precedent to the Confirmation of the Plan:

a. *Disclosure Statement Order*

The Bankruptcy Court shall have entered the Disclosure Statement Order approving the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code and authorizing the solicitation of votes with respect to the Plan.

b. *Confirmation Order*

The Bankruptcy Court shall have entered a Confirmation Order (i) determining that all votes are binding and have been properly tabulated as acceptances or rejections of the Plan; (ii) confirming and giving effect to the terms and provisions of the Plan; (iii) determining that all applicable tests, standards, and burdens in connection with the Plan have been duly satisfied and met; (iv) authorizing Reorganized VESCO to execute, implement, and take all actions otherwise necessary or appropriate to give effect to the transactions contemplated by the Plan; and (v) determining that the compromises and settlements set forth in any settlement agreement and the Plan are appropriate, reasonable, and approved and satisfy applicable standards under sections 365, 1123(b)(3), and 1129 of the Bankruptcy Code and Bankruptcy Rule 9019.

2. Conditions Precedent to the Effective Date of the Plan

The following are conditions precedent to the Effective Date of the Plan: (i) the Confirmation Order shall have entered and it is a Final Order; and (ii) all authorizations, consents, and approvals determined by the Debtor to be necessary to implement to terms of the Plan shall have been obtained.

3. Effect of Non-Occurrence of the Effective Date

If the Effective Date does not occur, the Plan shall be null and void and nothing contained in the Plan or Disclosure Statement shall: (i) constitute a waiver or release of any Causes of Action or Claims; (ii) prejudice in any manner the rights of the Debtor; or (iii) constitute an admission, acknowledgement, offer, or undertaking of any manner by the Debtor.

H. OTHER PLAN PROVISIONS

1. Binding Effect

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and the Plan, and to the fullest extent permitted by section 1141 of the Bankruptcy Code, on and after the Effective Date, the provisions of the Plan shall bind any holder of a Claim against, or Member Interest in, the Debtor or the Estate and their respective successors and assigns, whether or not the Claim or Member Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

2. Discharge of Claims

Upon the Effective Date, and except as otherwise expressly provided in the Plan, each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Member Interest and any Affiliate of such holder shall be deemed to have forever waived, released, and discharged Reorganized VESCO, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Causes of Action, interests, rights, and liabilities that arose prior to the Confirmation Date and, upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting any Causes of Action or asserting any such discharged Claim against or Member Interest in the Debtor or Reorganized VESCO. For the avoidance of doubt, this section of the Plan only applies to the Debtor or Reorganized VESCO and not any third party.

3. Exculpation

Except as otherwise provided for in the Plan, the Debtor and its officers and directors, and each of their respective representatives, including officers, directors, employees, advisors, attorneys, professionals, accountants, investment bankers, financial advisors, consultants, agents and other representatives, shall neither have nor incur any liability to any entity for any and all Claims and Causes of Action arising on or after the Petition Date and prior to or on the Effective Date relating in any way to the conduct of this Chapter 11 Case, including any act taken or omitted to be taken in connection with, or arising out of, the Chapter 11 Case, including, without limitation, formulating, negotiating, preparing, disseminating, implementing, administering, confirming, or consummating the Plan, the Disclosure Statement, or any contract, instrument, release or other agreement or document created or entered into in connection with the Chapter 11 Case; provided, however, that the foregoing provisions shall have no effect on the liability of any of the foregoing that results from any such act or omission that is determined in a Final Order to have (i) constituted gross negligence, willful misconduct, or fraud; (ii) been outside the scope of their respective duties in the Chapter 11 Case; or (iii) arose prior to the Petition Date.

4. Retention of Causes of Action/Reservation of Rights

Except as otherwise provided for in the Plan, Reorganized VESCO shall retain, and nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of, any rights and Causes of Action that the Debtor or the Estate may have under any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including, without limitation, (i) all Causes of Action and Avoidance Actions; (ii) any and all Claims against any person or entity to the extent such person or entity asserts a crossclaim, counterclaim, and/or Claim for setoff, recoupment, or which seeks any affirmative relief, in any form or manner whatsoever, against the Debtor or the Estate, and their respective officers, directors, or representatives; and (iii) the turnover of any property of the Debtor's Estate. **Except as otherwise provided for in the Plan, no person or entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that Reorganized VESCO will not pursue any and all available Causes of Action against them. The Debtor, the Estate and Reorganized VESCO, as applicable, expressly reserve all rights to prosecute any and all Causes of Action and Claim objections against any person or entity.**

5. Injunction

Except as set forth in the Plan, all persons or entities who have held, hold, or may hold Claims against or Member Interests in the Debtor or the Estate and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be permanently enjoined, on and after the Effective Date, with respect to Claims released under the Plan and all Claims and Member Interests against the Debtor or the Estate, from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative, or other forum) against or affecting the Debtor, the Estate, Reorganized VESCO, or their property; (ii) enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Debtor, the Estate, Reorganized VESCO, or their property; (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtor, the Estate, Reorganized VESCO, or their property, except to maintain and/or continue any Lien as required or allowed by law; (iv) asserting any right of setoff or recoupment, directly or indirectly, against any obligation due the Debtor, the Estate, Reorganized VESCO, or any of their property, except as contemplated or allowed by the Plan; (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; (vi) commencing, continuing, or asserting in any manner any action or other proceeding of any kind with respect to any Claims and Causes of Action that are extinguished or released pursuant to the Plan; and (vii) taking any actions to interfere with the implementation or consummation of the

Plan. For the avoidance of doubt, this section of the Plan does not enjoin any action against any third parties.

6. Jurisdiction of Bankruptcy Court

The Bankruptcy Court shall retain exclusive jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code.

7. Modification of Plan

The Debtor reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan at any time prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, the Debtor may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. A holder of an Allowed Claim or Member Interest that is deemed to have accepted the Plan shall be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim or Member Interest of such holder. Nothing contained herein shall in any way limit or prevent the holder of a Claim or Member Interest from asserting or otherwise arguing that a proposed modification does materially and adversely change the treatment of the Claim or Member Interest.

8. Withdrawal or Revocation

The Debtor may withdraw or revoke the Plan at any time prior to the Confirmation Date. If the Debtor revokes or withdraws the Plan prior to the Confirmation Date, or if the Confirmation Date does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein or in the Disclosure Statement shall be deemed to constitute a waiver or release of any Causes of Action, or Claim by or against the Debtor or the Estate or any other person or to prejudice in any manner the rights of the Debtor or any other person or entity in any further proceedings involving the Debtor.

VI. CERTAIN FACTORS AFFECTING THE DEBTOR

A. RISK OF NON-CONFIRMATION OF THE PLAN

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate resolicitation of votes.

B. FAILURE OF CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN

The Plan provides for certain conditions that must be satisfied (or waived) prior to confirmation of the Plan and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, there can be no assurance that the Plan will be confirmed by the Bankruptcy Court, and if the Plan is confirmed, there can be no assurance that the Plan will be consummated.

VII. CONFIRMATION OF THE PLAN

A. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

1. General Requirements of Section 1129

At the Confirmation Hearing, the Bankruptcy Court will determine whether the following confirmation requirements specified in section 1129 of the Bankruptcy Code have been satisfied:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtor has complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means proscribed by law.
- Any payment made or promised by the Debtor or by a person acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.
- The Debtor has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtor, or a successor to the Debtor under the Plan (and such is consistent with the interests of creditors and equity security holders and with public policy), and the identity of any insider that will be employed or retained by Reorganized VESCO and the nature of any compensation for such insider has been disclosed.

- Any governmental regulatory commission with jurisdiction, after confirmation of the applicable Plan, over the rates of the Debtor, as applicable, has approved any rate change provided for in the applicable Plan, or such rate change is expressly conditioned on such approval.
- With respect to each Class of Claims or Member Interests, each holder of an impaired Claim or impaired Member Interest either has accepted the Plan or will receive or retain under the Plan on account of such holder's Claim or Member Interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtor was liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. In addition, should any Class make a valid section 1111(b) election under the Bankruptcy Code, the Plan provides that any Claims in such Class will receive under the Plan on account of such Claims, property of a value, as of the Effective date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such Claims, in accordance with section 1129(a)(7)(B). See discussion of "Best Interests Test" below.
- Except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code (discussed below), each Class of Claims or Member Interests has either accepted the Plan or is not impaired under the Plan.
- Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Claims, if any, of the kind specified in sections 507(a)(1), (2), (3), (4), (5), (6), (7), or (8), are treated in accordance with section 1129(a)(9) of the Bankruptcy Code.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. See discussion of "Feasibility Analysis" below.
- All fees payable under section 1930 of title 28, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.
- The Debtor has not obligated itself to provide such benefits, if any for the continuation, after the Effective Date, of payment of all "retiree benefits" (as defined in section 1114 of the Bankruptcy Code).

2. Best Interests Tests

The “best interests of creditors” requires that, in order to be confirmed, a plan must be in the best interests of each holder of a claim or interest in an impaired class that has not voted to accept the plan. Accordingly, if an impaired class does not unanimously accept a plan, the best interests test requires that the bankruptcy court find that the plan provides to each non-consenting holder in such impaired class a recovery on account of such holder’s claim or interest that has a value at least equal to the value of the distribution that each such holder would receive in a liquidation under chapter 7 of the Bankruptcy Code.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in this Chapter 11 Case, the Debtor has determined that confirmation of the Plan will provide each creditor and Member Interest holder with a recovery that is not less than it would receive pursuant to a liquidation of the Debtor under chapter 7 of the Bankruptcy Code.

3. Liquidation Analysis

A liquidation analysis is to enable each creditor to determine the recovery it would receive in the event the Debtor’s bankruptcy case was liquidated pursuant to the provisions of chapter 7 of the Bankruptcy Code. Each creditor may compare the results of a chapter 7 liquidation with the treatment provided under the proposed chapter 11 Plan and use that information to determine whether to accept or reject the Plan. To conduct such analysis, the first step is to determine the estimated amount that would be generated from the liquidation of the Debtor’s assets in the context of a chapter 7 liquidation case. The gross amount of cash available to holders of Claims would be the sum of the proceeds from the disposition of the Debtor’s assets through the liquidation proceedings and the cash held by the Debtor. This gross amount of cash is then reduced by the amount of any Claims secured by the Estate’s assets, the costs and expenses of the liquidation, and additional administrative expenses that may result from the termination of the Debtor’s businesses and the use of chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors in strict priority in accordance with section 726 of the Bankruptcy Code. Underlying the liquidation analysis are a number of estimates and assumptions regarding liquidation proceeds that, although considered reasonable by the Debtor, are inherently subject to significant business, economic, and competitive uncertainties beyond the control of the Debtor. As explained below in the liquidation analysis, unsecured creditors are likely to receive about 95% in a chapter 7 liquidation compared to 100% through the Plan. As such, unsecured creditors are receiving a greater recovery under the proposed Plan than they would receive in a chapter 7 liquidation.

The Debtor’s liquidation analysis is attached as **Exhibit 3** hereto.

4. Feasibility

The Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. This standard requires the Court to find that Reorganized VESCO has a reasonable probability of performing its obligations under the Plan, including its obligations under any debt instruments issued under, and contracts entered into in connection with, the Plan.

The Debtor believes that the Plan is feasible. Post-Petition Date, the Debtor has successfully operated, generating sufficient cash to take care of its monthly obligations to its creditors, including its adequate protection payments. Such payments include about \$67,000 to CAT Financial, Komatsu, and Points West. Through the Plan, the Debtor has reorganized those debts such that it is only paying about \$47,000 per month; the Debtor anticipates that this will provide it a sufficient cushion to weather any incremental operational and financial issues that may arise.

In sum, based on the pro forma financial projections for Reorganized VESCO that is attached as Exhibit 2 hereto, the Debtor anticipates that these ordinary course expenses and Claims will be paid at or before when they are due.

B. REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE

The Bankruptcy Code permits the Bankruptcy Court to confirm a chapter 11 plan of reorganization over the dissent of any Class of Claims or Member Interests as long as the standards in section 1129(b) are met. This power to confirm a plan over dissenting classes – often referred to as “cram down” – is an important part of the reorganization process. It ensures that no single group (or multiple groups) of claims or interests can block a restructuring that otherwise meets the requirements of the Bankruptcy Code and is in the interests of the other constituents in the case.

The Bankruptcy Court may confirm the Plan over the rejection or deemed rejection of the Plan by a Class of Claims or Member Interests if the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to such class. The Debtor believes that the Plan will satisfy both the “no unfair discrimination” requirement and the “fair and equitable” requirement should any impaired Class of Claims reject the Plan (these requirements only apply in the event an impaired Class of Claims votes to reject the Plan).

The Debtor’s Plan proposes to pay all creditors 100% of what they are owed. In addition, the Debtor has actively solicited and incorporated comments to the Plan from holders of Claims in multiple Classes, including related to the Debtor’s largest creditors – CAT Financial, John Deere, Komatsu, Points West, the IRS, and Mr. Miller. As such, the Debtor expects wide support for its Plan.

Even so, the Debtor respectfully contends that it could cram down the Plan on creditors if needed. With regard to all Classes, the Plan “does not discriminate unfairly” as similarly situated creditors are not being disparately treated. Concerning “fair and equitable” in relation to Secured Claim Classes 2 – 11, such holders are retaining their Liens and receiving on account of such Claims deferred cash payments totaling at least the Allowed amount of their Claims. And with respect to the Class 13 and Class 14 General Unsecured Claims, the allowed value of the Claims are being paid in full.

For the reasons described above, the Debtor believes that the proposed Plan is “fair and equitable,” does not unfairly discriminate, and complies with section 1129(b) of the Bankruptcy Code.

VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. LIQUIDATION UNDER CHAPTER 7

If no plan is confirmed, the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtor’s assets for distribution to creditors in accordance with the priorities set forth in the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims against or Member Interests in the Debtor. A discussion of the effects that a chapter 7 liquidation would have on the recovery of holders of Claims and Member Interests and the Debtor’s liquidation analysis are set forth above.

B. ALTERNATIVE PLAN OF REORGANIZATION

The Debtor believes that the Plan affords holders of Claims the potential for the greatest realization on the Debtor’s assets under the circumstances, as described herein. If, however, the Plan is not confirmed and/or consummated, the theoretical alternatives include:

- formulation of an alternative plan or plans of reorganization by the Debtor or any other party in interest; or
- liquidation of the Debtor under chapter 7 or chapter 11 of the Bankruptcy Code.

IX. TAX CONSIDERATIONS

The treatment of Claims and Member Interests under the Plan may have important tax implications for creditors and Member Interest holders. The Debtor has not performed and will not perform any analysis of such tax implications. The tax effects must be determined separately

by each creditor and Member Interest holder for themselves. Holders of Claims and Member Interests are urged to obtain advice from their own tax advisors regarding the application of federal and state tax laws. The Debtor makes no representations with respect to the tax implications of the Plan.

X. CONCLUSION

For all the reasons set forth in this Disclosure Statement, the Debtor believes that confirmation and consummation of the Plan is in the best interests of all creditors, and urges all holders of a Claim entitled to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they will be received no later than [_____, 2018].

Dated: December 14, 2017.

Respectfully submitted,

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