

HINKLE LAW FIRM, LLC  
301 N. Main, Suite 2000  
Wichita, Kansas 67202-4820  
(316) 267-2000 / (316) 264-1518, facsimile

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF KANSAS**

IN RE:

GABEL LEASE SERVICE, INC.,

*Debtor-in-Possession.*

Case No. 16-11948  
Chapter 11

**GABEL LEASE SERVICE, INC.'S DISCLOSURE STATEMENT  
SUBMITTED IN CONJUNCTION WITH GABEL LEASE SERVICE'S  
REORGANIZATION PLAN DATED MARCH 20, 2017**

**SECTION 1:  
INTRODUCTION**

Pursuant to 11 U.S.C. § 1125, Gabel Lease Service, Inc. (“GLS” or “Debtor”) hereby submits its Disclosure Statement (the “Disclosure Statement”) in conjunction with its Reorganization Plan Dated March 20, 2017 (“Plan”). GLS submits this Disclosure Statement to comply with the provisions of the United States Code requiring “adequate information” to be supplied to creditors to allow them to arrive at an informed decision in exercising their rights to vote for acceptance or rejection of the Plan. A copy of the Plan accompanies this Disclosure Statement. The defined terms in the Plan are used in this Disclosure Statement and are incorporated by reference.

**SECTION 2:  
BACKGROUND OF THE DEBTOR AND OPERATION DURING  
THE PENDENCY OF THE CHAPTER 11 BANKRUPTCY**

GLS have attempted to provide enough background of its operations and history to give creditors sufficient information to make an informed decision about the Plan.

**A. The Operational History of Gabel Lease Service, Inc.**

Brian L. Gabel (“Brian”) owns all the stock in GLS. Brian incorporated GLS on June 14, 1996 after being in the oilfield industry for multiple years. GLS’s principal place of business is in Ness City, Kansas.

Since its inception, GLS has provided labor, parts, and expertise to assist lease operators throughout Western Kansas. Over the years, GLS grew from one employee – Brian – to at one time having up to 20 employees at any given time.

In addition to adding employees, GLS began to sell used oilfield pumping units in 2005. To do that, GLS initially purchased used pumping units, refurbished those units, and sold the refurbished units for a profit. This work required knowledge, skill, but most of all the equipment necessary to perform the machining work required to refurbish these pumping units. While GLS initially performed the work on the equipment it owned, eventually all the machining work

necessary to refurbish the pumping units was handed over to Piranha Fabrication, Inc. – another Kansas corporation owned all by Brian.

Beginning in approximately 2007, Brian started designing new pumping units, having those units manufactured in China. GLS then sold those units at retail for additional revenue.

#### **B. GLS and its related entities**

In addition to GLS, Brian owns several entities that provide additional services in the oil industry.

Stingray Property Management Corporation (“SPMC”) owns equipment and vehicles that GLS uses in its operations, for which GLS pays SPMC a monthly lease fee. SPMC does not have any employees or income other than monthly lease GLS pays it. SPMC is a Kansas subclass C corporation that Brian established in January 1999.

The other entity Brian owns is Barracuda Operating, Inc. (“Barracuda”). This entity operates multiple oil leases in Western Kansas – a majority which are owned by G.A.B.S. Oil. Barracuda does not have any employees, but merely provides the accounting for the distribution of the lease revenues. Any work Barracuda needs completed as the operator is contracted to GLS. Barracuda also

does not generate income or have any employees. Brian established Barracuda in February 2005.

The last entity involved in the oil industry owned by Brian is Piranha Fabrication, Inc. ("Piranha"). Brian established Piranha in October 2005. For a long period, Piranha provided GLS the machining work to refurbish the used pumping units. When GLS started ordering new pumping units, Piranha provided the necessary machine work and expertise to assemble the pumping units once they arrived in Ness City, Kansas. Piranha had up to 10 employees at one time, but only has two employees currently.

### **C. Larson Operating and State-Court Litigation**

On June 6, 2008, Larson Engineering, Inc. d/b/a Larson Operating ("Larson") ordered 20 Gabel 160 Conventional pumping units from GLS ("2008 Order"). A copy of the Larson's Amended Petition in the state-court lawsuit against GLS is attached as Exhibit 1. This Exhibit includes the invoice for the pumping units ordered by Larson in the 2008 Order.

GLS did not have 20 Gabel 160s to sell Larson, so GLS ordered the 20 units from its manufacturer in China with those units to be shipped to Ness City, Kansas. Per the terms of the invoice, Larson paid half of the purchase price upon the initial

order and would pay the remaining purchase price after the units were delivered to Ness City.

On February 5, 2009, Larson ordered another 8 Gabel 160 Conventional Pumping Units from GLS ("2009 Order"). In the Second Invoice, there are no payment terms or other indicia that the Gabel 160s were ordered from the manufacturer. Regardless, Larson paid GLS for the 8 Gabel 160s identified in the 2009 Order.

Eventually, all 28 pumping units were delivered to GLS's yard. Larson and GLS agreed that the pumping units would stay in GLS's yard until Larson requested delivery of the units. From February 5, 2009 through December 1, 2015, Larson took delivery of only 5 pumping units, with the following serial numbers: (1) JC-16008-027; (2) JC-16008-034; (3) JC-16008-043; (4) JC-16008-011; and (5) JC-16008-020. Unit 027, Unit 034, and Unit 043 were part of the 2008 Order. Unit 011 and Unit 020 were part of the 2009 Order (collectively referred to as the "Delivered Units").

There is a dispute between GLS and Larson as to what happened next. Brian claims that in November 2013, Larson authorized GLS to sell the remaining units in GLS's yard and replace them with newer units. Larson adamantly denied that

any such agreement was made or ever discussed. Regardless of whether such agreement existed, over the next two years, GLS sold the remaining 23 units to various customers.

In early December 2015, Larson demanded that GLS deliver all of the remaining pumping units. When GLS was unable to do so, Larson filed a lawsuit against GLS in January 2016 alleging that GLS converted the remaining pumping units. Larson amended its lawsuit in April 2016 to claim that Brian was personally responsible for any such conversion as well. This case was pending when GLS filed its bankruptcy petition.

#### **D. Events that Led up to GLS's Bankruptcy Filing**

During the Larson Litigation, Larson sought and obtained an order which required GLS and Brian to deposit \$576,000.00 with the court, which is what the state court identified as the proceeds from GLS's sale of some of the pumping units. Unable to deposit those funds, the state court ordered GLS and Brian to show cause why they should not be held in contempt for failing to deposit the \$576,000.00. GLS filed bankruptcy the morning the state court was set to hear Larson's Show Cause Motion.

In addition to the costs, expense, and potential liability that existed with the Larson litigation, in the time leading up to the bankruptcy filing, GLS suffered a precipitous drop off in regular income. As crude oil fluctuated from an average per barrel oil price of \$91.83 in 2013 to an average per barrel oil price of \$38.03 in 2016, GLS saw a decrease in gross income from its operation that was \$5,431,854.72 in 2014 to just under \$1,393,264.30 in 2016. This substantial decrease in income left GLS unable to pay its vendors and other creditors in a timely manner, particularly in June 2016, July 2016, and August 2016.

This decrease in income, coupled with Larson pursuit against GLS in state court, caused GLS to file bankruptcy on October 5, 2016.

#### **E. Significant Events in the Debtor's Bankruptcy Case**

An application to employ Hinkle Law Firm, LLC ("Firm") as counsel for GLS was filed on October 5, 2016 (Docket No. 6). A final order employing Hinkle as counsel for GLS was entered by the Court on November 5, 2016 (Docket No. 71).

On the same day, GLS requested the Court impose a co-debtor stay in favor of Brian Gabel and Carolyn Gabel under 11 U.S.C. § 105. Larson objected to GLS's request and an evidentiary hearing was held on December 14, 2016. After

hearing testimony and reviewing the evidence presented by the parties, the Court found that GLS had not met its burden required to impose the stay GLS was requesting and denied GLS's Motion. *See* Docket No. 120.

In the interim, an application to employ John E. Cross of Adams, Brown, Beran & Ball, Chtd as the accountant for GLS was filed on October 27, 2016 (Docket No. 55). A final order approving the employment of John E. Cross was entered by the Court on December 7, 2016 (Docket No. 100).

On December 29, 2016 (Docket No. 121), GLS obtained an order establishing the Bar Date. The Bar Date was set at February 17, 2017.

GLS filed a motion to provide John Deere Construction & Forestry Company ("JDF") adequate protection on a John Deere 310JXT Wheel Loader Backhoe. GLS's motion was granted on January 18, 2017 (Docket No. 135). That order required GLS to pay JDF \$662.52 a month for GLS's continued use of the Backhoe. As of the filing of this Disclosure Statement, GLS was current on its adequate protection payments to JDF.

The U.S. Trustee moved to appoint an unsecured creditors committee on November 16, 2016 (Docket No. 85) and filed the notice of the appointment on November 21, 2016 (Docket No. 93). The Committee hired Tom Barnes and



Stumbo Hansen, LLP as counsel and Barnes applied for employment on December 13, 2016. Barnes employment was granted on January 5, 2017. (Docket No. 125).

GLS requested and obtained one extension of the exclusivity period to file a plan under 11 U.S.C. § 1121(b) and to confirm a plan under 11 U.S.C. § 1121(c) on February 7, 2017 (Docket No. 140). The current deadline for GLS to file a plan is March 20, 2017 and GLS has until May 19, 2017 to confirm a plan.

Lastly, the Court established a deadline for GLS to file an objection to Larson's claim of February 15, 2017 and to object to all other claims by March 3, 2017. GLS filed its objection to Larson's claim, and Larson filed its response. The Court set a discovery deadline for May 5, 2017 and required a pretrial order to be filed on or before May 19, 2017.

GLS also objected to claims filed by Home Oil, Inc.; Insurance Planning, Inc.; Amerijet; Lane-Scott Electric; and S & W Supply, Inc. before the March-3 deadline. With the exception of GLS's objection to Lane-Scott Electric's claim, GLS only objected to the amount of these creditor's claims. Those creditors have until March 24, 2017 to respond to GLS's objection.

### **SECTION 3: LIQUIDATION AND CASH FLOW ANALYSIS**

Attached as Exhibit 2 is GLS's Liquidation Analysis. The assumptions used in preparing that liquidation analysis are set forth in footnotes on Exhibit 2. Based on GLS's analysis, unsecured creditors would receive approximately \$558,469.10 if GLS's assets were liquidated in a Chapter 7 case.

Attached as Exhibit 3 is GLS's financial history for the past five years, including copies of its tax returns for 2012, 2013, 2014, and 2015, as well as profit and loss statements for 2012, 2013, 2014, 2015, and 2016. Also, GLS has filed monthly reports which reflect a positive cash flow for October 2016 (Docket No. 94) and January 2017 (Docket No. 156) and a negative cash flow for November 2016 (Docket No. 130) and December 2016 (Docket No. 139). GLS based its cash-flow analysis on this financial information.

In comparison, attached as Exhibit 4 is the historical month-by-month price-per-barrel of crude oil over the last five (5) years. Based on this information, GLS's financial profitability is tied largely to the price of oil.

Attached as Exhibit 5 is an estimated projection of the price-per-barrel of crude oil over the next 5 years. GLS used this estimate projection, in conjunction

with GLS's historical financials, to prepare a cash-flow analysis over the next five (5) years. That cash-flow analysis is attached as Exhibit 6.

Based on this information, GLS estimates that unsecured creditors will receive more under the Plan and the payments than if GLS liquidates or converts to Chapter 7.

#### **SECTION 4: SUMMARY OF CLAIMS**

The Bankruptcy Court set the Bar Date at February 17, 2017. Fifteen (15) claims were filed before that deadline expired. Those creditors the Internal Revenue Service ("IRS"), Lane-Scott Electric Cooperative, Inc., Larson Operating Co., Home Oil Company ("file two claims"), Airgas USA, LLC, Bruckner Tire Sales, Inc., Ram Gear Manufacturing, Inc., Alliance Ag & Grain, LLC, Healzer Tire, Inc., McDonald Tank & Equipment, Amerijet, First State Bank, Insurance Planning, Inc., and S & W Supply Co., Inc.

Under Fed. R. Bankr. P. 3003, all creditors listed in GLS's Schedules that were not scheduled as contingent, unliquidated, or disputed also have allowed claims. All the creditors that GLS scheduled as contingent, unliquidated, or

disputed filed timely claims. Therefore, based on the claims filed and those included in the schedules, the current claims are as follows:

**A. Secured Claims**

<b>CREDITOR NAME</b>	<b>AMOUNT</b>	<b>COLLATERAL</b>
First State Bank	\$549,414.20	Pumping Units, Vehicles, Trailers, and Oilfield equipment
John Deere Credit	\$98,000.00	John Deer 750K Crawler Dozer

**B. Unsecured Priority Claims**

<b>CREDITOR NAME</b>	<b>CLAIM AMOUNT</b>
Internal Revenue Service	\$3,187.43

**C. General Unsecured Claims**

<b>CREDITOR NAME</b>	<b>CLAIM AMOUNT</b>
Adams, Brown, Beran & Ball Chtd.	\$806.93
AFLAC	\$1,012.80
Alliance Ag & Grain, LLC	\$1,457.83
Amerijet	\$14,973.38
Bank of America	\$11,495.54
Beaver Express	\$558.75
Bruckner Truck Sales, Inc.	\$1,275.97
Bumper to Bumper of Ness City	\$38.70
China Petroleum Tech. & Dev. Co.	\$21,336.00
Cintas Corporation	\$5,364.21
City of Ness City	\$75.56
Culligan of Dodge City	\$59.15
Internal Revenue Service	\$1,809.61
David Lawrence	\$80.00
Dayton Security	\$2,741.44

In the United States Bankruptcy Court for the District of Kansas

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Flatlands Garage, LLC	\$45.50
G & H Sales, Inc.	\$11,500.00
Gilmore's Roustabout Service	\$150.00
Healzer Tire, Inc.	\$3,554.04
Hess Services, Inc.	\$119.92
Honas Tank Service	\$960.00
Jamboree Foods	\$4.55
Jingzhoe China-Petro	\$141,300.00
Kanamak Hydraulics, Inc.	\$16,502.38
KBK Industries, Inc.	\$1,540.00
Larson Engineering	\$966,000.00
Marmie Motors, Inc.	\$73.17
Maupins Truck Parks, Inc.	\$598.13
McDonald Tank & Equipment	\$27,924.60
Murphy Tractor & Equipment Co.	\$88.11
Ness City Farm & Feed	\$2,979.82
Ness County News	\$231.13
Office Depot	\$226.75
Professional Fire Equipment	\$53.25
S & S Trailer Sales	\$489.69
S & W Supply Co., Inc.	\$6,915.09
Schaben Trucking, LLC	\$893.16
SPDE International	\$80,000.00
SPOC Automation, Inc.	\$6,746.00
Sunrise Oilfield Supply, Inc.	\$2,677.12
Swift Services, Inc.	\$150.00
Tri-Central Office Supply	\$32.45
Universal Lubricants	\$950.60
<b>TOTAL</b>	<b>\$1,335,791.33</b>

#### **D. Insider Claims**

Brian L. Gabel (“Brian”) owns all of the stock in GLS. Brian also owns all interests in several other entities, including Stingray Property Management, Inc. (“SPMC”), Barracuda Operating, Inc. (“Barracuda”), and Piranha Fabrication, Inc. (“Piranha”). Because Brian owns an interest in each of these companies, they are considered statutory insiders under 11 U.S.C. § 101(31)(B). According to GLS’ schedules, GLS owes SPMC \$289,400.00, owes Barracuda \$41,810.79, and owes Piranha \$229,920.84. All totaled GLS owes insider corporations \$501,652.47.

Brian also owns an interest in G.A.B.S. Oil Company, Inc., which is a partnership Brian maintains with his mother. G.A.B.S. is also an insider under Section 101(31)(B). Oil GLS owes G.A.B.S. Oil \$14,008.00.

Third, Brian is the trustee of several Trusts, including the Alex Gabel Family Trust, the Alex Gabel Jr. Testamentary Trust #1. GLS owes the Family Trust \$36,618.16 and owes the Testamentary Trust #1 \$9,000.00. GLS owes the two trusts \$45,619.16.

Finally, GLS owes Brian \$88,521.03 and Carolyn Gabel \$18,335.61, for a total of \$106,856.64.

Because these entities and individuals are statutory insiders under 11 U.S.C. § 101(31)(B), they are not entitled to submit ballot on GLS's Reorganization Plan under Fed. R. Bankr. P. 3018(a).

**E. Administrative Claims**

GLS's estate has employed Hinkle as attorneys for the estate, John Cross as an accountant for the estate, and the Keenan Law Firm as special counsel. Hinkle has filed only one application for compensation for \$12,666.00 in fees and \$1,959.49 in expenses. Cross has not provided any statements to GLS and therefore no applications for compensation have been filed. That said, GLS estimates that Cross's post-petition fees to be \$2,500.00 for the preparation and filing of GLS's income tax returns.

The Committee has also retained counsel, whose employment application has been approved. However, no applications for approval of the Committee's counsel fees have been filed, but GLS anticipates the Committee's counsel has approximate \$15,000.00 in fees and expenses through the filing of this Disclosure Statement. GLS is not current on paying these invoices.

GLS has filed all the necessary tax returns post-petition and paid the necessary withholding taxes. GLS does not anticipate any administrative claims for unpaid taxes.

## **SECTION 5: SUMMARY OF DEBTOR'S ASSETS**

### **A. Real Property**

GLS does not own any real property.

### **B. Personal Property**

GLS maintained only one bank account before it filed bankruptcy, which it still maintains. This account is located at First State Bank.

At the end of January 2017, GLS had a balance of \$30,836.49 in its account with First State Bank. GLS had accounts receivable of \$329,775.32 on the date of filing. In its monthly operating report for January 2017, GLS indicated that it had accounts receivable totaling \$283,812.06.

GLS also maintains 1/3 interests in two oil-and-gas leases – the Hindergardt Lease and the Schwartz Lease. Based on the recent production of those leases, GLS has valued its interest in the Hindergardt Lease at \$70,000.00 and its interest in the



Schwartz Lease at \$4,000.00. Exhibit 3 contains the information GLS relied upon to determine these values.

Finally, attached as Exhibit 7, is the equipment list GLS. GLS has valued that equipment at \$841,800.00.

## **SECTION 6: SUMMARY OF THE PLAN**

The following provisions are intended to be only a summary of the Plan's terms. Interested parties are urged to review the terms of the Plan to determine the precise treatment it provides to each Class of creditors.

GLS has secured claims owed to First State Bank and JDF, one unsecured, priority claim owed to the IRS, and unsecured nonpriority debts summarized in Section 4 above.

### **A. Treatment of Claims**

The Plan establishes 6 classes of creditors. Classes 1 and 2 consist of the secured claims of First State Bank and JDF. GLS seeks to re-amortize these secured claims over a period of years and make monthly payments to these creditors until such debt is satisfied.

Class 3 consists of the priority claim of the IRS. GLS intends to pay the IRS's claim within 120 days from the Effective Date of the Plan from available cash flow.

Class 4 consists of the general unsecured claims owed by GLS. It is GLS's plan to pay all Allowed Unsecured Claims in full over the next five (5) years.

Initially, Brian proposes to re-purchase his equity interest in GLS with the cash contribution of \$250,000.00. After the administrative claims are paid in full, the unsecured creditors will receive their Pro Rata share of Brian's cash contribution; unless the Court determines that GLS has an executory contract with Larson. If the Court rules in GLS's favor, GLS intends to use the capital contribution to provide Larson with adequate assurance of performance. This would eliminate Larson's large unsecured claim and allow the other remaining unsecured creditors to be paid in full from GLS's disposable income over the next five (5) years.

Class 5 consists of general, unsecured claims of statutory insiders; specifically, SPMC, Barracuda, Piranha, G.A.B.S., Alex Gabel Family Trust, the Alex Gabel Jr. Testamentary Trust #1, and Carolyn Gabel. GLS does not propose to distribute any funds under the Plan to these statutory insiders.

Finally, Class 6 consists of the Interest Holders in GLS. Brian is the sole Interests Holder of GLS. Brian proposes to retain his interest in GLS by making a cash contribution of \$250,000.00. Other than his regular, ongoing wages, Brian will not receive a distribution under the Plan, but will retain his interest in GLS.

**SECTION 7:  
AUTHORIZATION OF THE UNSECURED CREDITOR'S COMMITTEE**

Existing as an asset of GLS's bankruptcy estate are potentially several avoidance actions under 11 U.S.C. § 547, 11 U.S.C. § 548, and under the Kansas Uniform Fraudulent Transfer Act ("KUFTA"). Several of those claims potentially could be brought against insiders of GLS.

Therefore, in order to investigation and pursue any such claims, the Committee will not dissolve upon the entry of the Confirmation Order, but rather be vested with the authority to bring any causes of action under 11 U.S.C. § 547, 11 U.S.C. § 548, and the KUFTA for recovery for the unsecured creditors. The attorney's fees and expenses of the Committee Counsel shall be borne by the funds recovered from any such actions. After the payment of such fees, any remaining proceeds will be distributed Pro Rata to any Allowed Unsecured Claim.

## **SECTION 8: FEASIBILITY**

A feasibility analysis is attached as Exhibit 6 setting forth that GLS will be able to provide funding for the payment of all amounts provided to be paid under the Reorganization Plan as of the Effective Date.

This feasibility analysis is based on several historical documents, including GLS's tax returns, GLS's profit and loss statements for 2012, 2013, 2014, 2015, and 2016, which are attached as Exhibit 3, and the GLS's monthly reports from October 2016 through January 2017, which are Docket Nos. 94, 130, 139, and 156 respectively.

GLS based its analysis using the projected oil-and-gas prices over the next 5 years. GLS obtained the information for this projection from studies performed Environmental Information Agency. A summary of this information is attached as Exhibit 5. Additional source documentation can be obtained from [www.eia.gov](http://www.eia.gov). GLS presumed an increase in income based on the increase in crude oil prices based on EIA's projections. Therefore, GLS assumed that its income would increase based upon the percentage increase in the price of crude oil. Those assumptions are as follows:

1. 2017 – 2018 – 18%
2. 2018 – 2019 – 11%
3. 2019 – 2020 – 6%
4. 2020 – 2021 – 4%
5. 2021 – 2022 – 3.5%

GLS believes that this projection is conservative based on its historical performance when crude-oil price increase. For example, GLS's feasibility analysis presumes only income of \$2,039,713.13 in 2022, even though GLS's gross revenue in 2014 with similar crude-oil prices was \$5,541,824.13.

Similarly, GLS assumed its costs would increase each based on the rise in inflation. GLS assumed in its feasibility analysis an inflation rate of three (3) percent based on the national average over the last year. Therefore, GLS monthly and yearly expenses were increased 3% each year to take this increased cost into consideration.

### **SECTION 9: DESCRIPTION OF EXECUTORY CONTRACT AND LEASES**

GLS has multiple executory contracts it intends to assume as part of the Plan, to which it does not anticipate any issues regarding providing adequate assurances of performance under 11 U.S.C. § 365(a). Those executory contracts include:

1. Insurance Planning, Inc. ("IPI"),
2. Deere & Company, and
3. SPMC.

At the time of the filing this Disclosure Statement and the Plan, GLS is current on its obligations, both pre-petition and post-petition on its monthly lease payments to Deere & Company and SPMC.

As for IPI, GLS needs to pay \$41,528.45 to cure its pre-petition default under 11 U.S.C. § 365. GLS proposes to cure this default by paying this amount over a five (5) year period of time, while still making its ongoing premium payments.

Finally, GLS has also taken the position that its agreement with Larson regarding the manufacture and delivery of the 23 replacement pumping units is an executory contract. Larson disputes GLS's claim. That issue is before the Court as part of GLS's objection to Larson's claim.

If the Court determines that GLS and Larson maintained an executory contract, GLS intends to assume its contract with Larson. It is GLS's plan to use the funds Brian's Capital Contribution to provide adequate assurances to perform this contract. After the payment of Administrative Expenses, the remaining

Capital Contribution should be sufficient to purchase approximately 7 units, which cost approximately \$26,900.00 per unit. The remaining 16 units will be purchased from available cash-flow beginning in 2018 and over the remaining 51 months of the plan at a cost of approximately \$8,440.00 a month.

GLS is not aware of any other executory contracts or unexpired leases that exist. GLS has until the Effective Date of the Plan to determine whether any executory contracts or unexpired leases exist and, if they do, to assume those leases or contracts. To the extent GLS does not assume any such leases or contracts, they are rejected.

#### **SECTION 10: TAX ATTRIBUTES AND TAX CONSEQUENCES**

The Plan proposes that GLS retain its assets, so there will not be any taxes consequences from sale of assets. Additionally, GLS does not anticipate any tax consequences to GLS from its distribution to unsecured creditors.

**THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR  
GENERAL INFORMATION ONLY. GLS AND THEIR COUNSEL ARE  
NOT MAKING ANY REPRESENTATIONS REGARDING THE  
PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND**

**CONSUMMATION OF THE PLAN, WITH RESPECT TO THE DEBTOR OR HOLDERS OF CLAIMS OR INTERESTS, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO CORPORATIONS IN BANKRUPTCY ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS AND INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE TAX CONSEQUENCES OF THE PLAN, INCLUDING FEDERAL, FOREIGN, STATE, AND LOCAL TAX CONSEQUENCES.**

**SECTION 11:  
CODE PROVISIONS REGARDING SOLICITATION AND VOTING**

No representations concerning GLS or the Plan are authorized other than those set forth in this Disclosure Statement. Any representations or inducements made by any person to secure your vote, other than those contained in this Disclosure Statement, shall not be relied upon, and such representations or inducements shall be reported to GLS or its counsel who shall deliver such information to the Bankruptcy Court.



Pursuant to the terms of the Bankruptcy Code, this Disclosure Statement has been presented for approval by the Bankruptcy Court. Such approval is required under the Bankruptcy Code to provide assurance that the Disclosure Statement contains information adequate to enable holders of claims to make an informed judgment about the Plan. Court approval does not, in any way, constitute a judgment by the Court as to the desirability of the Plan or the value of any consideration offered thereby. Interested parties are referred to 11 U.S.C. § 1125.

GLS has prepared this Disclosure Statement in order to disclose that information which, in its counsel's opinion, is material, important, and necessary to an evaluation of the Plan. The information contained in this Disclosure Statement is intended to be used solely for the purpose of evaluating the Plan and solely for use of known creditors of GLS, and, accordingly, may not be relied upon for any purpose other than a determination of how to vote on the Plan.

The statements made in this Disclosure Statement are made as of the date hereof or as of specified dates identified herein; GLS cannot warrant or represent that changes have not occurred since the date hereof.

A copy of the Plan accompanies this Disclosure Statement. Each recipient is urged to read and review fully the Disclosure Statement, the Plan, and all

accompanying exhibits and documents. The Plan establishes nine classes of creditors. All five classes are impaired under the Plan. Creditors may vote to accept or reject the Plan by completing and mailing, faxing, or emailing the ballot provided with this Disclosure Statement to counsel for GLS at the following address:

Nicholas R. Grillot  
HINKLE LAW FIRM, LLC  
301 North Main, Suite 2000  
Wichita, Kansas 67202-4820  
(316) 660-6523, facsimile  
[ngrillot@hinklaw.com](mailto:ngrillot@hinklaw.com)

All creditors will be bound by the Plan, whether they vote or not, if it is confirmed by the Bankruptcy Court.

Absent an affirmative act constituting a vote accepting or rejecting the Plan, a non-voting creditor and that creditor's claim will not be included for purposes of determining whether the requisite number of votes is obtained. In order for the Plan to be accepted by a class, a majority in number and two-thirds in amount of claims actually voting in a class must vote to accept the Plan. Creditors are, therefore, urged to fill in, date, sign, and promptly mail, fax, or email the enclosed

ballot. The ballot must be received by counsel for GLS at the above address or fax number on or before \_\_\_\_\_.

**SECTION 11:  
ALLOWANCE OF CLAIMS FOR PURPOSE OF VOTING**

GLS objected to several claims that will have an impact on whether the Allowed Unsecured Creditor class (Class 4) accepts or rejects GLS's Plan. However, GLS does not anticipate that its objections to all the claims will be resolved before ballot will need to be submitted. Therefore, for the purpose of accepting or rejecting the Plan, GLS will file a separate motion under Fed. R. Bankr. P. 3018(a) to estimate and temporarily allow certain claims for the voting purposes.

**SECTION 12:  
CONCLUSION**

This Disclosure Statement is intended to assist each Creditor in making an informed decision regarding the acceptance of the Plan. If the Plan is accepted, all Creditors will be bound by its terms. You are, therefore, urged to carefully review this statement and the enclosed copy of the Plan. If questions remain after such review, you are urged to make further inquiries as you may deem appropriate to counsel or other Creditors.

In the United States Bankruptcy Court for the District of Kansas

IN RE: Gabel Lease Service, Inc.

Case No. 16-11948-11

GABEL LEASE SERVICE, INC.'S DISCLOSURE STATEMENT SUBMITTED IN  
CONJUNCTION WITH GABEL LEASE SERVICE'S PLAN OF REORGANIZATION  
DATED MARCH 20, 2017

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RESPECTFULLY SUBMITTED,

HINKLE LAW FIRM, LLC

/s/ Nicholas R. Grillot

Nicholas R. Grillot, #22054

301 North Main, Suite 2000

Wichita, Kansas 67202-4820

(316) 660-6211 / (316) 660-6523, facsimile

[ngrillot@hinklaw.com](mailto:ngrillot@hinklaw.com)

*Attorneys for Gabel Lease Service, Inc.*