

**IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION**

IN THE MATTER OF:	}	
	}	CASE NO. 16-10545
KEITHVILLE WELL DRILLING & SERVICES, LLC	}	
	}	CHAPTER 11
DEBTOR	}	

**CHAPTER 11 DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE
BANKRUPTCY CODE WITH RESPECT TO THE SEPTEMBER 30, 2016 PLAN OF
LIQUIDATION PROPOSED BY THE DEBTOR**

KEITHVILLE WELL DRILLING & SERVICES, LLC

DATED: September 30, 2016

Shreveport, Louisiana

Respectfully submitted,

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I. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the chapter 11 case of Keithville Well Drilling & Services, LLC, (the “Debtor” or “Kiethville”). This Disclosure Statement contains information about the Debtor and describes the Debtor’s Plan of Liquidation, dated September 30, 2016, (the “Plan”) filed by the Debtor on September 30, 2016. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 10 through 15 of this Disclosure Statement. After distributions to secured and priority creditors, general unsecured creditors holding Class 9 Claims will receive no distribution on account of their allowed claims. Following the performance of all other provisions of the Plan, the Debtor shall be dissolved in accordance with the laws of the State of Louisiana, whereupon the Class 11 member interests shall be surrendered and cancelled.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan;
- Why the Debtor believes the Plan is feasible, and the treatment of your claim or equity interest in liquidation; and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadline for Objecting to the Sufficiency of Disclosure Statement

The Court has neither confirmed the Plan described in this Disclosure Statement nor approved the adequacy of the Disclosure Statement.

1. Deadline for Objecting to the Adequacy of the Disclosure Statement

Objections to this Disclosure Statement must be filed with the Court and served upon Robert W. Raley, Suite 1400, Regions Tower, 333 Texas Street (71101), P. O. Box 1764, Shreveport, Louisiana 71166-1764 by **[Deadline to Be Fixed by the Court and Inserted Here]** .

2. Time and Place of the Hearing to Confirm the Plan

The hearing at which the Court will determine the adequacy of the Disclosure Statement will take place on **[Date & Time to Be Fixed by the Court and Inserted Here]** at the United States Bankruptcy Court, Court Room 4, Forth Floor, 300 Fannin Street, Shreveport, Louisiana 71101.

3. Identity of Persons to Contact for More Information

If you want additional information about the Plan or Disclosure Statement, you should contact Robert W. Raley, Suite 1400, Regions Tower, 333 Texas Street (71101), P. O. Box 1764, Shreveport, Louisiana 71166-1764. All pleadings and documents referred to in this Disclosure Statement may be viewed and printed by logging on to PACER at www.lawb.uscourts.gov. To obtain a password, you may register at <http://pacer.psc.uscourts.gov> or call PACER Service Center at 1-800-676-6856.

C. Disclaimer

The Court has not yet determined whether this Disclosure Statement contains adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and if and when the Court approves this Disclosure Statement, that fact does not constitute an endorsement of the Plan by the Court or a recommendation that it be accepted.

II. BACKGROUND

A. Description and History of the Debtor's Business

Debtor was incorporated as a Louisiana Business Corporation pursuant to the laws of the State of Louisiana on June 26, 1996 as Keithville Well Drilling & Services, Inc. On December 31, 2010, Keithville Well Drilling & Services, LLC., became a Louisiana Limited Liability Company as successor in interest to Keithville Well Drilling & Services, Inc. The current members of the limited liability company are Jacob Talley, Eric Talley and Jeffrey C. Talley, managing member. The LLC was formed for the purpose of residential, commercial and industrial water well drilling and later expanded into oilfield services. The principal offices and equipment yard are located at 11719 Mansfield Road, Keithville, Louisiana 71047.

Keithville is a family business that was founded and operated by John Talley. Subsequently,

Keithville was operated by his son, Howard Talley. Now, John Talley’s grandson, Jeffrey C. Talley, and his great-grandsons, Jacob Talley and Eric Talley operate the family business. For many years, Keithville drilled residential and commercial water wells, and more recently, it drilled water supply and injection wells for the oil exploration and production industry. With the Haynesville Shell Play, Keithville’s oil industry related work boomed and became Keithville’s most significant source of revenue. This led to Keithville’s purchase of two oil drilling rigs in order to enter the oil and gas well drilling business.

B. Insiders of the Debtor

A detailed list of the names of Debtor’s insiders as defined in §101(31) of the United States Bankruptcy Code (the “Code”), their relationship to the Debtor and compensation received during the twelve month period preceding the Petition Date are as follows:

Insider	Compensation	Relationship to Debtor	Dates	Type of Compensation
John Talley	\$26,500.00	Grandfather of Member	March 20, 2015 through March 16, 2016	Contract labor compensation
Bobby W Adams	\$45,162.70	Father-in-law of Member	March 20, 2015 through March 18, 2016	Salary and Insurance Compensation
Robert K Howell	\$66,504.40	Uncle of Member	March 20, 2015 through January 29, 2016	Salary and Insurance Compensation
Sharon A Howell	\$32,576.40	Aunt of Member	February 5, 2016 through January 29, 2016	Salary and Insurance Compensation
Amanda Aultman	\$6,345.66	Sister-in-law of Member	March 20, 2015 through March 20, 2016	Insurance Compensation
Eric Talley	\$28,946.03	Member	March 19, 2015 through March 18, 2016	Salary, Insurance and Share of Distributions - \$100,384.35 Share of Contributions - \$71,438.30
Anna T. Talley	\$8,888.50	Wife of Member	March 19, 2015 through March 18, 2016	Salary, Insurance and Share of Distributions
Jacob Talley	\$37,834.53	Member	March 20, 2015 through March 11, 2016	Salary, Insurance and Share of Distributions - \$109,272.85 Share of Contributions - \$71,438.32
Jeffrey C Talley	\$70,892.08	Member	September 4, 2015 through March 11, 2016	Salary, Insurance and Share of Distributions - \$440,795.19 Share of Contributions - \$369,903.11
Amy Talley	\$42,611.51	Wife of Member	March 20, 2015 through March 11, 2016	Salary, Insurance and Share of Distributions

C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the Debtor's Managing Member was Jeffrey C. Talley

The Debtor's Managing Member during the Debtor's chapter 11 case has been Jeffrey C. Talley. The court authorized compensation for Jeffrey C. Talley during the chapter 11 case in the gross amount of \$2,036.47 weekly and \$1,506.24 monthly for health insurance.

After the effective date of the order confirming the Plan, Jeffrey C. Talley will be the managing member of the Liquidating Debtor, will assume responsibility for execution of the Plan and will serve without compensation.

D. Events Leading to the Chapter 11 Filing

As Keithville's business rapidly expanded and became more integrated into the oil industry, the company obtained a favorable contract with BHP. In order to service that contract, Keithville purchased a larger, second surface rig, surface rig two. In order to obtain purchase money financing in the amount of \$5.5 million for the second surface rig, Keithville granted a security interest to Nations I Fund LLC ("Nations") in the second surface rig and substantially all of Keithville's other assets.

Surface rig two was used exclusively for the BHP contract. Generally, the contract was profitable, but it presented significant challenges. BHP, an international company, required Keithville to comply with strict operational guidelines which significantly increased Keithville's overhead. Furthermore, most of Keithville's vendors expected to be paid on terms of net 30 days, but Keithville billed BHP upon completion of each job, and BHP paid on 90 to 120 day terms. As a result, the company entered into a factoring contract with Gulf Coast Bank & Trust resulting in the erosion of profitability.

By the time of the completion of the BHP contract, the oil drilling industry in this area had declined to the 1980's levels. Surface rig two became inactive in September 2015, and surface rig one became inactive in mid November, 2015. Keithville maintained skeleton crews on both rigs to do repairs and maintenance. On December 14, 2015, Keithville was forced to layoff a substantial number of surface rig employees and employees from other departments. On December 22, 2015, the company laid off the remaining surface rig employees. Keithville was forced to make further layoffs in January 2016. Keithville formerly employed more than seventy employees; by the petition date, its work force has been reduced to less than twenty employees.

Nations extended prepetition financing to the Debtor pursuant to the terms of the Financed Lease and UCC Financing Statement ("Prepetition Credit Agreement"), dated as of November 21, 2014 [See PACER, Docket Nos. 19-1, 19-2, 19-3 and 19-4]. In connection with this financing

arrangement, Nations was granted liens (the “Prepetition Liens”) on substantially all, but not all, of the assets of the Debtor, including, Debtor’s equipment, other inventory, accounts and accounts receivable (the “Prepetition Collateral”).

As of the Petition Date, Nations’ secured claim was in an amount of not less than \$4,447,614.75 (the “Prepetition Indebtedness”) pursuant to the Prepetition Credit Agreement. Nations’ liens on and security interests in the Prepetition Collateral were valid and perfected to the extent perfection can be accomplished by filing UCC Financing Statements, by certificate perfection or by possession.

Prior to the Debtor’s Chapter 11 filing, Nations and Keithville were negotiating a forbearance agreement, pursuant to which, Keithville intended to restructure its business operations by exiting the oil and gas well drilling business and concentrating its efforts on the water well drilling business. Keithville concluded that it was critical to reduce its ongoing operating expenses, including its payments to Nations, by returning to Nations certain pieces of the Collateral which the Debtor no longer required or requires under its intended restructuring (collectively, the “Surrendered Equipment”) and in exchange therefor, and upon liquidation of the Surrendered Equipment, Nations would apply the proceeds thereof to reduce the Debtor’s significant obligations to Nations. Other creditors’ collection activity required Keithville to file for Chapter 11 relief before the agreement between Nations and Keithville could be completed and consummated.

E. Significant Events During the Bankruptcy Case

1. First Day Pleadings and Hearing

Shortly after filing its voluntary petition, the Debtor Filed: (a) Motion for Authority to Use Cash Collateral on a Continuing Basis and Grant Post Petition Liens; (b) Application to Retain Services and Set Salaries of Officers, Directors, and Other Insider Employees and Request for Interim Authority to Pay Insiders Pending Hearing on Same; and (c) Debtor's Application for Authorization to Continue Insurance Policies and to Pay all Related Obligations. The Bankruptcy Court for the Western District of Louisiana, Shreveport Division, granted the relief requested in these motions/applications.

2. Schedules, IDI and 341 Meeting

On April 15, 2016, the Debtor filed its Schedules of Assets and Liabilities and Statement of Financial Affairs. Both the Schedules and Statement of Financial Affairs are available for review [See PACER Docket No. 47]

On April 18, 2016, the United States Trustee convened the Initial Debtor Interview. The Debtor, through its counsel and its representatives, appeared at the interview held at the office of the United States Trustee.

On May 2, 2016, the United States Trustee convened the Meeting of Creditors held pursuant to Section 341 of the Bankruptcy Code, of which notice was provided to the Debtor's known creditors at that time. The Debtor, through its counsel and its representatives, appeared at the meeting held at the office of the United States Trustee.

3. Retention of Professionals

Employment of Legal Counsel: On April 13, 2016, the Debtor sought to employ Robert W. Raley, Suite 1400, Regions Tower, 333 Texas Street (71101), P. O. Box 1764, Shreveport, Louisiana 71166-1764 as counsel for the Debtor. On April 21, 2016, the Bankruptcy Court entered an order approving the employment of Robert W. Raley and the firm of Ayers, Shelton, Williams, Benson & Paine as counsel for the Debtor.

Employment of Accountant: On April 13, 2016, the Debtor sought to employ Alice S. Myers as Ordinary Course Accountant for the Debtor. On May 24, 2016, the Bankruptcy Court entered an order approving the employment of Alice S. Myers as an Accountant for the Debtor.

4. Post-petition Operations of Debtor

The Debtor's August 2016 monthly operating report, with cumulative balance sheet and profit & loss statement reflecting post-petition operations through August 2016 is attached hereto as Exhibit B and incorporated by reference herein. Generally, the Debtor has liquidated unneeded equipment, collected prepetition receivables and payments on invoices for postpetition work and has paid ordinary course operational expenses.

Immediately after filing its voluntary petition, the Debtor and Nations entered into an agreement embodied in two stipulations, each approved by the court (the "Stipulations"), to continue the pre petition strategies of the Debtor and Nations, to wit: (i) surrender to Nations certain equipment (defined as the "Surrendered Equipment"; (ii) permit Nations to liquidate the Surrendered Equipment, without formal foreclosure proceedings; (iii) give the Debtor the opportunity to have input into the processes and procedures used by Nations for the liquidation of the Surrendered Equipment; (iv) application of the net proceeds from the liquidation of the Surrendered Equipment to the Debtor's obligations owed to Nations; and (v) reduction in the monthly payments due by the

Debtor to Nations, based upon the Retained Equipment.^{1 2}

Pursuant to the Stipulations and court authority, much of the Debtor's oil well drilling equipment and other unnecessary equipment and vehicles were returned to Nations and subsequently placed for sale/auction. The Debtor, however, also retained certain equipment under the Court-approved Stipulations (defined therein as the "Retained Equipment").

Authorized Asset Sales, including the Richie Brother's Sale of equipment; the Henderson Oilfield Products, LLC., Sale of the Schramm T130XD (Referred to as Rig 1), together with all attachments, equipment and inventory related thereto and the Schramm T250XD (Referred to as Rig 2), together with all attachments, equipment and inventory related thereto; the Sale of the Estate's Unneeded Vehicles and Water Well Drilling Equipment; and the April 11, 2016 Sale generated gross sale proceeds in the amount of \$3,741,034.00. Unadjusted Statement of Net Sale Expenses reflects sale expenses in the amount of \$47,00.00. The unadjusted Net Proceeds were \$3,694,034.90. The sale proceeds were applied to the Nations Fund I, LLC pre-petition secured claim greatly reducing its potential unsecured claim against the estate. See Exhibit C reporting the Proceeds, Net Expenses and Application of Net Proceeds from Asset Sales.

On August 16, 2016, the Court entered an order authorizing the sale, by public auction, of a 2015 Ford Truck, VIN 1F DRF3HT2FEA69107. On September 3, 2016, the truck sold at public auction for \$23,060 gross and \$21,060 net. Iberia Bank's lien in the amount of \$20,701.19 was paid from the sale proceeds. Remaining Sale Proceeds, \$358.81, were paid to the estate.

The following secured creditors obtained a Order for Stay Relief and recovered their collateral:

- a. WildHorse Resources Management Company, LLC, held a claim secured by a Master Service Agreement. On June 26, 2016, the Court entered an Order for Stay Relief to WildHorse Resources Management Company, LLC solely to allow the Petition and Amended Petition filed in Caddo Suit to be served upon Debtor. [See PACER Doc. No. 85]

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See PACER Docket. No. 19, Joint Stipulation by and Between the Debtor and Secured Lender Nations Fund I, LLC with Respect to the Debtor's Emergency Motion for Use of Cash Collateral and for Adequate Protection, Including the Surrender of Certain Collateral, with exhibits attached thereto including: (i) #19-1 Exhibit 1, Schedule of all Equipment Originally Encumbered by Nations liens; (ii) #19-2 Exhibit 2, Initial Surrendered Equipment Schedule; (iii) #19-3 Initial Remaining Equipment Schedule;

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See PACER Docket No. 86, Supplemental Joint Stipulation by and Between the Debtor and Secured Lender Nations Fund I, LLC with Respect to the Debtor's Emergency Motion for Use of Cash Collateral and for Adequate Protection, Including the Surrender of Certain Collateral with exhibits attached thereto, including: (i) Exhibit 1, Additional Surrendered Equipment List; Exhibit 2, Revised Retained Equipment List.

- b. Ford Motor Credit Company, held a claim secured by a 2016 Ford F350 VIN 1FD8W3HT4GEA09388. On May 31, 2016, the Court entered an Order for Stay Relief authorizing Ford Motor Credit Company to recover the 2016 Ford F350 collateral and exercise its state law rights against the collateral. [See PACER Docket No. 89]
- c. Wells Fargo Vendor Financial Services, LLC, held a claim secured by a Bobcat T650 Compact Track Loader Serial Number A3P018828. On September 9, 2016, the Court entered an Order for Stay Relief authorizing Wells Fargo Vendor Financial Services, LLC to recover the Bobcat T650 Compact Track Loader collateral and exercise its state law rights against the collateral. [See PACER Docket No. 152]
- d. Scott Financial Services, LLC, holds a claim secured by a DR17 2016 Texoma BB00-95 Mounted on 2014 Freightliner Serial Number 2130748973. The Motion is currently pending a hearing that is scheduled for October 11, 2016.[See PACER Docket No. 156]

Unfortunately, after liquidating unneeded equipment, reducing the monthly payments to Nations and using the Retained Equipment, the Debtor was unable to realize a sufficient market share of the residential, commercial and industrial water well drilling business to fund a reorganization under Chapter 11. This was due in part to the wet winter and spring and the scarcity of oil industry related water well drilling business (salt water injection wells and frack wells for customers in the depressed oil exploration industry). These conditions, along with other circumstances, combined to frustrate the Debtor's progress and to diminish the feasibility of reorganization.

The Debtor determined that it was in the best interest of the Debtor, its creditors and the estate to propose a Chapter 11 plan of liquidation to sell its remaining assets to pay as much of its debt as possible, and after performance under the Plan, dissolve the Debtor in accordance with the laws of the State of Louisiana, whereupon the member interests will be surrendered and cancelled.

The Debtor filed its Chapter 11 Plan of Liquidation and its Disclosure Statement on September 30, 2016.

F. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The

procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit D.

The Debtor's most recent financial statements issued before bankruptcy, each of which was filed with the Court, are set forth in Exhibit E.

The most recently filed Monthly Operating Report is set forth in Exhibit B.

III. SUMMARY OF THE PLAN OF LIQUIDATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Liquidation?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has not placed the following claims in any class:

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under §507(a)(2) of the Code. Administrative expenses also include the value of any goods, sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a party agrees to a different treatment.

Expenses Arising in the Ordinary Course of Business After the Petition Date: Except for Professional Fees treated below, no such expenses are due.

Professional Fees: Debtor's Counsel filed an application for compensation and expense reimbursement in the amount of \$40,973.19 related to services performed for the Debtor beginning April 2, 2016 through September 12, 2016. That application is set for hearing on October 3, 2016 [See PACER Docket. No. 155]. Remaining funds from the prepetition security deposit in the amount of \$18,240.50 are currently maintained in the Debtor's Counsel's trust account and will be available to pay approved professional fees. Remaining funds from the Gulf Coast Bank & Trust Cash Collateral Agreement/Order regarding the Memorial Resources Development Corp., Administrative Carve Out in the amount of \$37,809.26 will be available to pay approved professional fees. Debtor's Counsel estimates that it will be entitled to compensation and expense reimbursement related to services performed for the Debtor beginning September 13, 2016 through confirmation in the estimated amount of an additional \$7500. The following chart provides Debtor's estimate for professional fees and the sources for payment thereof.

Estimated Professional Fees and Funding Source	
Funds Currently Available to Pay Professional Fees	\$56,049.76
Fee Application 4/2/16 - 9/12/16 (Pending Application)	\$40,973.19
Anticipated Fees through execution and consummation of Plan	\$10,000.00
Estimated Surplus	\$5,076.57

Office of the U.S. Trustee Fees: All fees required to be paid by 28 U.S.C. § 1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date. Debtor anticipates that U.S. Trustee Fees will be current on the date of confirmation.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. Classes of Priority Unsecured Claims

UNLESS EACH OF THE HOLDERS OF THE CLASS 1 AND CLASS 2 CLAIMS HAVING PRIORITY UNDER 11 U.S.C. § 507(a)(8) AND THE RIGHT UNDER § 1129(a)(9)(C) TO BE PAID IN FULL OVER A PERIOD NOT EXCEEDING FIVE (5) YEARS AFTER THE DATE OF THE ORDER FOR RELIEF VOTE TO ACCEPT THE PLAN'S LESS FAVORABLE TREATMENT, THE PLAN CAN NOT BE CONFIRMED.

Class 1 and Class 2 Claimants: All *Class 1 Ad Valorem Taxes* on real and personal property assessed for any calendar year before 2016 and all *Class 2 Claims Having Priority* under 11 U.S.C. § 507(a)(8) shall be paid in full or pro-rata to the extent possible from remaining cash and from the liquidation and sale of the remaining movable and immovable assets of the bankruptcy estate.

All ad valorem taxes on immovable [real] property for the calendar year 2016, and for any subsequent year, shall be paid by the Debtor when the sale of the Debtor owned Portion of the Keithville Yard is closed, said taxes shall be prorated between the Debtor and the buyer based upon the date of closing, and shall be assumed by the buyer who shall be given a credit against the purchase price for the prorated portion thereof attributable to Debtor's ownership prior to the closing.

Projected Funds Available for Distribution to Class 1 and Class 2 Are \$269,595.56			
Priority Claim Holder	Claim Amount	Prorata Percentage	Distribution
Caddo Parish Ad Valorem Taxes; C1	\$72,909.25	17	\$45,831.24
Internal Revenue Service - Priority; C2	\$986.78	.4	\$1,078.38
Bossier Parish Ad Valorem Taxes; C1	\$92,485.42	23	\$62,006.97
LDR Sales Taxes; C2	\$222,307.15	53.8	\$144,982.43
State of Texas Franchise Tax; C2	\$23,991.43	5.8	\$15,696.54
Total Priority Claims	\$412,680.03	100	269595.56

Notwithstanding any other provisions to the contrary, neither the Debtor nor any successor to the Debtor or any third party will receive a discharge or release from any Class 1 or Class 2 Claim under the Plan. Neither will the payment herein constitute any compromise or bar to collection of any unpaid portion of any Class 1 or Class 2 Claim.

2. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under §506 of the Code. If the

value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim. The Debtor has six classes of secured claims.

Class 3 Claimant: Class 3 shall consist of the claim of Gulf Coast Bank & Trust ("Gulf Coast") holding a security interest in certain of Debtor's prepetition receivables in the approximate amount of \$18,549.81. Pursuant to a consent order authorizing the use of cash collateral within the meaning of that term under 11 U.S.C.A. § 363(a), net proceeds from Memorial Resource Development Corp., in the amount of \$209,088.60 became available to be distributed to Gulf Coast in the amount of \$156,816.45 and to the Debtor as a carve out of \$54,242.58 for payment of administrative fees. Gulf Coast was granted an \$18,549.81 secured lien on Debtor's remaining post-petition receivables.

The Debtor shall make reasonable, cost-effective efforts to collect receivables in the amount of \$18,549.81, including, without limitation, the institution and prosecution of litigation. Pursuant to an intercreditor agreement, recognized by the Court, Debtor's receivables are subject first to an unavoidable security interest in favor of Gulf Coast and second to an unavoidable security interest in favor of Nations Fund I, LLC, ("Nations"). On a quarterly basis, the proceeds of the collections, less reasonable fees and expenses, will be paid to Gulf Coast on account of its secured claim.

If, in Debtor's business judgment, Debtor determines that it would not be cost-effective to pursue further collections or to institute or to prosecute litigation on a particular account, at the Debtor's discretion, the account will be assigned to Gulf Coast and to Nations Fund I, LLC to the extent of their interest therein.

Debtor's counsel will be entitled to expense reimbursement and reasonable attorney's fees in connection with the collection of the receivables. From collection proceeds, Debtor will establish and maintain a Collection Expense Account in an amount of no more than \$5,000.

Twelve months after the Effective Date, any remaining uncollected accounts will be assigned to Gulf Coast and to Nations to the extent of their interest therein.

Debtor projects that either through Debtor's collection efforts or through assignment, this claim will be paid in full.

Subject to the treatment set forth above, Gulf Coast shall retain its lien on its collateral.

The Class 3 Claim is impaired under the plan.

Class 4 Claimant: The allowed secured claim of Nations Fund I, LLC, secured by a perfected interest in prepetition and postpetition receivables, subject to the treatment of Gulf Coast Bank & Trust Company's secured claim and the Memorial Resource Development Corp., administrative carve out, shall be treated as follows:

The Debtor shall make reasonable, cost-effective efforts to collect these receivables,

including, without limitation, the institution and prosecution of litigation. Pursuant to an intercreditor agreement, previously recognized by the Court, Debtor's receivables are subject first to an unavoidable security interest in favor of Coast Bank & Trust Company ("Gulf Coast") in the amount of \$18,549.81 and second to an unavoidable security interest in favor of Nations Fund I, LLC ("Nations") on Debtor's receivables. On a quarterly basis, the proceeds of the collections, less reasonable fees and expenses, will be paid first to Gulf Coast on account of its secured claim, and thereafter, when and if the Gulf Coast Claim is paid in full, second to Nations.

If, in the Debtor's business judgment, the Debtor determines that it would not be cost-effective to pursue further collections or to institute or to prosecute litigation on a particular account, at the Debtor's discretion, the account will be assigned to Gulf Coast and to Nations to the extent of their interest therein.

Debtor's counsel will be entitled to expense reimbursement and reasonable attorney's fees in connection with the collection of the receivables. From collection proceeds, Debtor will establish and maintain a Collection Expense Account in an amount of no more than \$5,000.

Twelve months after the Effective Date, any remaining uncollected accounts will be assigned to Gulf Coast and to Nations to the extent of their interest therein.

Subject to the treatment set forth above, Nations shall retain its lien on its collateral.

The Class 4 Claim is impaired under the plan.

Class 5 Claimant: Class 5 shall consist of the allowed secured claim of Ford Motor Credit Company LLC that is secured by a perfected first lien on a 2016 Ford F350, vin number 1FDRF3HT9FEA81674.

Option No. One: Subject to a \$19,670.25 reserve, it will be sold at public auction. The sale will be free and clear of the claimant's liens and will be conducted pursuant to the provisions set forth in Part B of Article II of this Plan. Any time prior to the day before the auction, the claimant may give written notice to the auctioneer that the reserve be reduced or withdrawn. If the auctioneer fails to receive a bid in excess of the reserve, at the claimant's option, the Liquidating Debtor will Dation the truck to the claimant or the claimant will be free to exercise its state law rights against the collateral.

Option No. Two: On the effective date, the Debtor shall deliver the collateral to claimant and Debtor will Dation the collateral to claimant or the Claimant will be free to exercise its state law rights against the collateral.

Subject to the treatment set forth above, the Class 4 Claimant shall retain its lien on its collateral.

The Class 5 Claim is impaired under the plan.

Class 6 Claimant: Class 6 shall consist of the allowed secured claim of Scott Financial Services that is secured by a perfected first lien on a 2013 Texoma 800-95 Serial Number 2130748973 mounted on a 2014 Freightliner M2 112 Tri Drive Truck VIN 1FVPC5DV9EHFP0314 (the “Texoma/Freightliner”).

Option No. One: Subject to a \$628,652.00 reserve, the Texoma/Freightliner will be sold at public auction. The sale will be free and clear of the claimant’s liens and will be conducted pursuant to the provisions set forth in Part B of Article II of this Plan. Any time prior to the day before the auction, the claimant may give written notice to the auctioneer that the reserve be reduced or withdrawn. If the auctioneer fails to receive a bid in excess of the reserve, at the claimant’s option, the Liquidating Debtor will Dation the Texoma/Freightliner to the claimant or the claimant will be free to exercise its state law rights against the collateral.

Option No. Two: On the effective date, the Debtor shall deliver the collateral to claimant and Debtor will Dation the collateral to claimant or the Claimant will be free to exercise its state law rights against the collateral.

Subject to the treatment set forth above, the Class 5 Claimant shall retain it lien on its collateral.

The Class 6 Claim is impaired under the plan.

Class 7 Claimant: Class 7 shall consist of the allowed secured claim of Kubota Credit Corporation, that is secured by a perfected first lien on a Kubota SBL 75, 12315 and Kubota RES, S1001 - 1004018 (the “Kubotas”).

Option No. One: Subject to a \$6983.33 reserve, the Kubotas will be sold at public auction. The sale will be free and clear of the claimant’s liens and will be conducted pursuant to the provisions set forth in Part B of Article II of this Plan. Any time prior to the day before the auction, the claimant may give written notice to the auctioneer that the reserve be reduced or withdrawn. If the auctioneer fails to receive a bid in excess of the reserve, at the claimant’s option, the Liquidating Debtor will Dation the Kubotas to the claimant or the claimant will be free to exercise its state law rights against the collateral.

Option No. Two: On the effective date, the Debtor shall deliver the collateral to claimant and Debtor will Dation the collateral to claimant or the Claimant will be free to exercise its state law rights against the collateral.

Subject to the treatment set forth above, the Class 6 Claimant shall retain it lien on its collateral.

The Class 7 Claim is impaired under the plan.

Class 8 Claimant: Class 8 shall consist of the allowed secured claim of Bank of the West, that is secured by a perfected first lien on a Case Compact Truck Loader.

Option No. One: Subject to a \$7638.40 reserve, the Case Compact Truck Loader will be sold at public auction. The sale will be free and clear of the claimant’s liens and will be conducted pursuant to the provisions set forth in Part B of Article II of

this Plan. Any time prior to the day before the auction, the claimant may give written notice to the auctioneer that the reserve be reduced or withdrawn. If the auctioneer fails to receive a bid in excess of the reserve, at the claimant's option, the Liquidating Debtor will Dation the Case Compact Truck Loader to the claimant or the claimant will be free to exercise its state law rights against the collateral.

Option No. Two: On the effective date, the Debtor shall deliver the collateral to claimant and Debtor will Dation the collateral to claimant or the Claimant will be free to exercise its state law rights against the collateral.

Subject to the treatment set forth above, the Class 7 Claimant shall retain it lien on its collateral.

The Class 8 Claim is impaired under the plan.

3. Classes of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under §507(a) of the Code.

Class 9 Claimants: As soon as practicable after the liquidation of the Debtor's remaining assets, after the payment of all amounts due under the Plan to Class 1 Claimants, Class 2 Claimants, Class 3 Claimant, Class 4 Claimant, Class 5 Claimant, Class 6 Claimant, Class 7 Claimant and Class 8 Claimant, and after paying or reserving for all costs and expenses incurred after the closing of the Case, including without limitation professional fees and costs, taxes, costs of dissolving the Debtor under applicable nonbankruptcy law, and costs of the kinds set forth in Article VII hereof, incurred in the maintenance and securing of the Debtor Owned Portion of the Keithville Yard and Moveable Property, all remaining unencumbered funds of the Debtor, if any exist, shall be distributed to the Class 9 Claimants, prorata, based upon the allowed claim of each, in full settlement, satisfaction and discharge of such claims; provided, no Class 9 Claimant shall be entitled to receive hereunder any amount in excess of the allowed amount of its claim. If a dispute concerning the amount of any claim, or any other uncertainty, makes it impossible to determine the exact amount due the Class 9 Claimants, but the Debtor can adequately reserve for the disputed claim or other uncertainty and make a substantial interim distribution in respect of the allowed claims in Class 9, the Debtor may do so.

4. Class of Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a limited liability company ("LLC"), the equity interest holders are the members.

Class 10 Interests: Following the performance of all other provisions of the Plan, the Debtor shall be dissolved in accordance with the laws of the State of Louisiana, whereupon the Class 10 member interests shall be surrendered and cancelled.

D. Means of Implementing the Plan

1. The Liquidation Process

In general, the means of implementation and execution of the Plan include the orderly liquidation of all remaining assets of the Estate, and the use of the resulting cash to make the payments to creditors as provided in the Plan. All sales or transfers of property pursuant to the Plan will be conducted pursuant to the provisions and requirements of 11 U.S.C. §363. The particulars of the foregoing are set forth below.

A. Disposition of the Debtor Owned Portion of the Keithville Yard. The Debtor shall continue its efforts to sell the Debtor owned Portion of the Keithville Yard (the “Immovable Property”) by private sale.

Pending the closing of such a sale, the Debtor shall exercise the rights and perform the duties of a prudent administrator and shall generally maintain, secure and preserve the Immovable Property. Accordingly, the Debtor shall, among other things, pay or reserve for all costs and expenses incurred in the maintenance and securing of the Immovable Property, including without limitation general upkeep of the parking areas and grounds; and utilities.

If the Debtor has not closed a sale of the Property by July 1, 2017, the Debtor shall arrange for the Property to be sold by a public auction to be conducted no later than October 31, 2016. The employment and compensation of an auctioneer by the Debtor shall be consistent with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the established local practice that would govern if the sale were being conducted by a Chapter 7 trustee in a case pending under Chapter 7 of the Bankruptcy Code.

B. Disposition of Remaining Machinery, Equipment and Vehicles: Debtor shall arrange for the remaining machinery, equipment and vehicles (“Movable Property”) to be sold by a public auction to be conducted no later than March 1, 2017. The employment and compensation of an auctioneer by the Debtor shall be consistent with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and established local practice that would govern if the sale were being conducted by a Chapter 7 trustee in a case pending under Chapter 7 of the Bankruptcy Code.

Pending the closing of such a sale, the Debtor shall exercise the rights and perform the duties of a prudent administrator and shall generally maintain, secure and preserve the Movable Property. Accordingly, the Debtor shall, among other things, pay or reserve for all costs and expenses incurred in the storing and securing of the Movable Property.

C. Collection of Accounts Receivable. The Debtor shall make reasonable, cost-effective efforts to collect all of its accounts receivable, including without limitation the institution and prosecution of litigation. All of Debtor’s accounts receivables are over-encumbered by liens in favor of Gulf Coast Bank & Trust and Nations Fund I, LLC. For details regarding the collection and proposed disposition of accounts receivable, please see Article III. C. 2 of the plan summary portion of this disclosure statement.

2. Post-Confirmation Management

The Post-Confirmation Management of the Liquidating Debtor shall be Jeffery C. Talley, Managing Member, and he will serve without compensation.

E. Risk Factors

In considering whether to vote for or against the Plan, holders of Claims or Equity Interest in impaired Classes should consider the following:

1. Bankruptcy Considerations

There can be no assurance that the Plan as proposed will be accepted by the requisite number of holders or amounts of claims or approved by the Bankruptcy Court. In particular, unless each of the holders of the Class 1 and Class 2 Claims having priority under 11 U.S.C. § 507(a)(8) and the right under § 1129(a)(9)(C) to be paid in full over a period not exceeding five (5) years after the date of the order for relief vote to accept the Plan's less favorable treatment, the Plan can not be confirmed. There can be no assurance that the Plan will not be modified up to and through the Confirmation Date. Notwithstanding Bankruptcy Court approval, it is possible that the Plan may not be consummated because of other external factors that may adversely affect the funding of the distributions provided therein and/or the making of distributions.

2. Dependence on Key Personnel

The Liquidating Debtor depends to a large extent on the services of its managing member. The loss of services of such management could have a material adverse effect on the Debtor's liquidation.

3. Uncertainty of Projected Net Liquidation Proceeds and Distribution

There are numerous uncertainties inherent in estimating the net sale proceeds from the liquidation of Keithville Well Drilling & Services, LLC's remaining assets, including many factors beyond the control of the Liquidating Debtor. Any Projected Net Liquidation Proceeds and Distribution necessarily depends upon a number of variable factors and assumptions, such as the market for the remaining assets and the oil industry demand for those items at the time of the sale. Estimated Net Distribution may in fact vary considerably and materially from actual results.

Debtor's Projected Net Liquidation Proceeds and Distribution is attached as Exhibit F

F. Executory Contracts and Unexpired Leases

Article VI of Debtor's Plan lists how the Debtor would cure and compensate the other party to executory contracts or leases for any such defaults.

The Debtor does not believe that it has any executory contracts or unexpired leases. In the event that executory contracts or unexpired leases exist, they will be rejected under the Plan.

G. Tax Consequences of the Plan

The following discussion summarizes certain considerations that may affect the anticipated federal income tax consequences of the implementation of the Plan to the Debtor, the holders of Claims, and the holders of Equity Interests. It does not address all federal income tax consequences of the Plan nor does it address the state or local income tax or other state and local tax consequences of implementation of the Plan to holders of claims against and interests in the Debtor. Counsel for the Debtor are not tax attorneys and have not, and will not, render any opinion concerning the tax consequences of the Plan to the Debtor or any other entity or person.

The description of the federal tax consequences of implementing the Plan is based on the interpretation of the applicable provisions of the Internal Revenue Code of 1986 (the "Tax Code"), the Treasury regulations promulgated thereunder, judicial authorities and current administrative ruling, and practices now in effect, all of which are subject to change at any time by legislative, judicial, or administrative action. Any such change could be retroactively applied in a manner that could adversely affect the Debtor, holders of Claims and holders of Equity Interests. In addition, certain aspects of the following discussion are based on proposed Treasury regulations. The tax consequences of certain aspects of the Plan are uncertain due to the lack of applicable legal authority, and may be subject to administrative or judicial interpretations that differ from the discussions below.

THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. THE DEBTOR AND ITS COUNSEL ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE CONFIRMATION AND CONSUMMATION OF THE LIQUIDATING PLAN, WITH RESPECT TO THE DEBTOR HOLDERS OF CLAIMS OR HOLDERS OF EQUITY 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 HOLDERS OF EQUITY INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLAN, INCLUDING FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES.

Federal Income Tax Consequences to the Debtor: In general, the Debtor does not expect to incur any substantial tax liability as a result of the implementation of the Plan.

Tax Code, with certain exceptions, provides that taxpayers realize a "cancellation of

indebtedness” must include the amount of canceled indebtedness in gross income to the extent that the indebtedness canceled exceeds any consideration given for such cancellation. The Tax Code further provides, however, that where the taxpayer is in a Chapter 11 case, the cancellation of indebtedness is pursuant to a plan approved by the Bankruptcy Court, such cancellation of indebtedness will not be included in gross income, but the taxpayer must generally reduce tax attributes in a specified order.

The Debtor expects to realize only a limited amount of cancellation of indebtedness (“COD”) income as a result of the Plan. With certain exceptions, to the extent that any creditor receives from Debtor a distribution under the Plan in an amount less than such creditor’s Claim, the Debtor will realize COD income. Because the Debtor is in bankruptcy, however, it will not be required to include COD income in taxable income, but rather will be required to reduce its net operating losses or certain other tax attributes, including the tax basis of assets.

Federal Income Tax Consequences to Holders of Claims: Holders of Claims may be required to recognize income or may be entitled to a deduction as a result of implementation of the Plan. The exact tax treatment depends on, among other things, each holder’s method of accounting, the nature of each holder’s Claim, the fair market value of any property received, and whether and to what extent such holder has taken a bad debt deduction in prior tax years with respect to the particular debt owed to it by the Debtor. A holder’s method of accounting and the extent such holder has taken a bad debt deduction determines a holder’s “tax basis” in its Claim. To the extent that the fair market value of property received under the Plan exceeds the tax basis in the Claim, taxable income must be recognized by a holder. To the extent the tax basis in a holder’s Claim is greater than the fair market value of property received under the Plan, a loss may be recognizable.

ALL HOLDERS OF CLAIMS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF IMPLEMENTATION OF THE PLAN TO THEM UNDER APPLICABLE FEDERAL, STATE AND LOCAL TAX LAWS.

Federal Income Tax Consequences to Holders of Equity Interests: The most common tax consequence to holders is potential entitlement to a deduction (or to claim an ordinary loss) as a result of implementation of a Plan for the cancellation of equity or of any and all previously issued patronage credits or dividends. The Debtor’s Proposed Plan cancels all holder’s equity interests. The Debtor is a Limited Liability Company, and it is a “pass through entity. The holder’s exact tax treatment depends on, among other things, each holder’s method of accounting and the nature of each holder’s equity interests.

ALL HOLDERS OF EQUITY INTERESTS AND PATRONS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF IMPLEMENTATION OF THE PLAN TO THEM UNDER APPLICABLE FEDERAL, STATE AND LOCAL TAX LAWS.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one

impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in §1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if the creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that Classes 3, 4, 5, 6, 7, 8 and 9, are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that the holders of equity interest in Class 10 are impaired and does not have the right to vote and presumed to reject the Plan.

In this case, the Plan Proponent believes that each of the holders of the Class 1 and Class 2 Claims having priority under 11 U.S.C. § 507(a)(8) and the right under § 1129(a)(9)(C) to be paid in full over a period not exceeding five (5) years after the date of the order for relief may vote to accept the Plan's less favorable treatment, but are not required to vote. In the absence of each holders vote to accept the Plan's treatment, the Plan can not be confirmed.

1. What is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

2. What is an Impaired Claim or Impaired Equity Interest?

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in §1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. Who is NOT Entitled to Vote?

The holders of the following five types of claims and equity interests are not entitled to vote:

- Holders of claims and equity interests that have been disallowed by an order of the Court;
- Holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
Holders of claims or equity interests in unimpaired classes;
- Holders of claims entitled to priority pursuant to §§507(a)(2), (a)(3), and (a)(8) of the Code unless the Plan proposes treatment that is less favorable than provided by statute and the holder desires to affirmatively accept that treatment;
- Holders of claims or equity interest in classes that do not receive or retain any value under the Plan; and
- Administrative expenses.

Even if you are not entitled to vote on the Plan, you have a right to object to the confirmation of the Plan.

4. Who can Vote in More than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise holds claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed later in Section B.2.

1. Votes Necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half ($\frac{1}{2}$) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds ($\frac{2}{3}$) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds ($\frac{2}{3}$) in amount equity interest in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by §1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interest if it meets all the requirements for consensual confirmation except the voting requirements of §1129(a)(8) of the Code, does not “discriminate unfairly, and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a “cramdown” confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit G.

D. Feasibility

The Court must find that 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, unless such liquidation, as here, is proposed in the Plan.

1. Ability to Initially Fund Plan

The plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. A table showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this Disclosure Statement as Exhibit H.

2. Ability to Fund Liquidation

The Debtor must also show that it will have enough cash over the execution of the Plan of Liquidation to fund the liquidation.

The Debtor has provided *Projected Net Liquidation Proceeds and Distribution*. Those projections are listed in Exhibit F.

You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR

This Plan provides for the liquidation of all of the property of the estate; therefore, pursuant to §1141(d)(3)(A) of the Code the Debtor will not be discharged from any debt that arose before confirmation of this Plan.

B. MODIFICATION OF PLAN

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. SECTION 1129(a)(4) DISCLOSURE

There are no payments made or promises of the kind specified in Section 1129(a)(4) of the Bankruptcy Code which have not been disclosed to the Court. Counsel to the Debtor has advised the Debtor that the Debtor will require legal services in connection with this case after confirmation which will require reimbursement. Debtor may continue to use Robert W. Raley, *Ayers, Shelton, Williams, Benson and Paine, LLC*, as counsel after confirmation.

C. FINAL DECREE

Once the estate has been fully administered, as provide in Rule 3022 of the Federal Rules of

Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

Respectfully Submitted,

/s/ Robert W. Raley

Robert W. Raley - La. Bar No. 11082

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