

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION**

IN RE:

PADCO ENERGY SERVICES, LLC

CASE NO: 16-51380

Debtor

Chapter 11

**DISCLOSURE STATEMENT UNDER SECTION 1125 OF
THE BANKRUPTCY CODE WITH RESPECT TO THE CHAPTER 11
PLAN PROPOSED BY DEBTOR PADCO ENERGY SERVICES, LLC**

DATED: June 2, 2017

Respectfully submitted,

Weinstein & St. Germain, LLC
Tom St. Germain, Bar No. 24887
1414 NE Evangeline Thwy
Lafayette, LA 70501
Telephone: (337) 235-4001
Telecopier: (337) 235-4020
E-mail: tom@weinlaw.com

Counsel for the Debtor

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INTRODUCTORY STATEMENT

THIS DISCLOSURE STATEMENT PROPOSED BY THE DEBTOR CONTAINS SUMMARIES OF THE PLAN AND CERTAIN DOCUMENTS RELATING TO THE CONSUMMATION OF THE PLAN OR THE TREATMENT OF CERTAIN CLAIMS AND EQUITY INTERESTS OF PARTIES-IN-INTEREST, AND CERTAIN FINANCIAL INFORMATION RELATING THERETO. WHILE THE DEBTOR BELIEVES THAT THESE SUMMARIES PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS. EACH HOLDER OF AN IMPAIRED CLAIM OR AN IMPAIRED EQUITY INTEREST SHOULD REVIEW THE ENTIRE PLAN AND SEEK THE ADVICE OF ITS OWN COUNSEL BEFORE CASTING A BALLOT.

NO PARTY IS AUTHORIZED BY THE DEBTOR TO PROVIDE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR HAS NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTOR, ITS ANTICIPATED FINANCIAL POSITION OR OPERATIONS AFTER CONFIRMATION OF THE PLAN, OR THE VALUE OF THE BUSINESS AND PROPERTY OF THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. TO THE EXTENT INFORMATION IN THIS DISCLOSURE STATEMENT RELATES TO THE DEBTOR, THE DEBTOR HAS PROVIDED THE INFORMATION IN THIS DISCLOSURE STATEMENT.

NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT, EXPRESSED OR IMPLIED, IS INTENDED TO GIVE RISE TO ANY COMMITMENT OR OBLIGATION OF THE DEBTOR OR SHALL CONFER UPON ANY PERSON ANY RIGHTS, BENEFITS OR REMEDIES OF ANY NATURE WHATSOEVER.

EXCEPT AS HEREAFTER NOTED, THE INFORMATION CONTAINED HEREIN IS GENERALLY INTENDED TO DESCRIBE FACTS AND CIRCUMSTANCES ONLY AS OF THE DATE OF THE COURT'S APPROVED DISCLOSURE STATEMENT AND NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT NOR THE CONFIRMATION OF THE PLAN WILL CREATE ANY IMPLICATION, UNDER ANY CIRCUMSTANCES, THAT THE INFORMATION CONTAINED HEREIN OR THEREIN IS CORRECT AT ANY TIME AFTER THE DATE HEREOF OR THEREOF OR THAT THE DEBTOR WILL BE UNDER ANY OBLIGATION TO UPDATE SUCH INFORMATION IN THE FUTURE.

**DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE
BANKRUPTCY CODE WITH RESPECT TO THE PLAN
PROPOSED BY THE DEBTOR**

I. INTRODUCTION

Padco Energy Services, LLC (the "Debtor" or "Padco Energy") submits this Disclosure Statement under Section 1125 of the Bankruptcy Code with respect to the plan proposed by the Debtor (the "Plan"). The Plan is attached hereto as Exhibit A.

On October 4, 2016, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Since that date, the Debtor has continued to maintain its property as Debtor in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

Without a confirmed plan, the Debtor will be forced to liquidate its assets pursuant to Chapter 7 of the Bankruptcy Code, resulting in additional delays and substantially lower payments to creditors.

II. NOTICE TO HOLDERS OF CLAIMS AND EQUITY INTERESTS

The purpose of this Disclosure Statement is to enable you, as the holder of a Claim against or Equity Interest in the Debtor, to make an informed decision with respect to voting on acceptance or rejection of the Plan.

All persons receiving this Disclosure Statement are urged to review fully the provisions of the Plan and all exhibits attached hereto, in addition to reviewing the text of this Disclosure Statement. This Disclosure Statement is not intended to replace careful review and analysis of the Plan. Rather, it is submitted as an aid in your review of the Plan and in an effort to explain the terms and implications of the Plan. Every effort has been made to explain fully the various aspects of the Plan as it affects all holders of Claims and Equity Interests. However, to the extent any questions arise, the Debtor urges you to seek independent legal advice.

After notice and hearing, the Debtor is requesting the Bankruptcy Court to approve this Disclosure Statement as containing information of a kind and in sufficient detail, adequate to enable holders of Claims against or Equity Interests in the Debtor, whose votes on the Plan are being solicited, to make an informed judgment whether to accept or reject the Plan.

You should read this Disclosure Statement in its entirety prior to voting on the Plan. No solicitation of votes on the Plan may be made except pursuant to this Disclosure Statement and Section 1125 of the Bankruptcy Code, and no person has been authorized to utilize any

information concerning the Debtor or their business other than the information contained in this Disclosure Statement or in other information approved for dissemination of holders of Claims or Equity Interests by the Bankruptcy Court. You should not rely on any information relating to the Debtor and its businesses, other than that contained in this Disclosure Statement, the Plan, and the exhibits attached thereto, except as otherwise approved by the Bankruptcy Court.

SECTION 1125(b) OF THE BANKRUPTCY CODE PROHIBITS SOLICITATION OF AN ACCEPTANCE OR REJECTION OF A PLAN OF REORGANIZATION UNLESS A COPY OF THE PLAN OR A SUMMARY THEREOF IS ACCOMPANIED OR PRECEDED BY A COPY OF A DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT.

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN AND EXHIBITS, NO REPRESENTATIONS CONCERNING THE DEBTOR, THEIR ASSETS, PAST OR FUTURE BUSINESS OPERATIONS, OR THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

THE FACTUAL INFORMATION REGARDING THE DEBTOR AND ITS ASSETS AND LIABILITIES HAS BEEN DERIVED FROM THE DEBTOR'S SCHEDULES, AVAILABLE PUBLIC RECORDS, PLEADINGS AND REPORTS ON FILE WITH THE BANKRUPTCY COURT, THE DEBTOR'S INTERNAL DOCUMENTS, AND RELATED DOCUMENTS SPECIFICALLY IDENTIFIED HEREIN. WHILE EVERY EFFORT HAS BEEN MADE BY THE DEBTOR TO PROVIDE ACCURATE INFORMATION HEREIN, THE DEBTOR AND ITS RESPECTIVE LEGAL AND FINANCIAL ADVISORS, CANNOT AND DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ANY INACCURACY.

THE APPROVAL BY THE BANKRUPTCY COURT OF THE DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE SECURITIES AND

EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

EACH HOLDER OF AN IMPAIRED CLAIM OR AN IMPAIRED EQUITY INTEREST SHOULD REVIEW THE ENTIRE PLAN AND SEEK THE ADVICE OF ITS OWN COUNSEL BEFORE CASTING A BALLOT.

After carefully reviewing this Disclosure Statement and all exhibits attached hereto, if you have received a ballot to vote for or against the Plan, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on such ballot, in accordance with the instructions thereon, and return the ballot in the enclosed self-addressed, return envelope by 5:00 p.m. Central Time on _____, 2017, to Weinstein & St. Germain, LLC, 1414 NE Evangeline Thwy, Lafayette, Louisiana 70501.

For further information concerning voting, see Section V herein ("Voting Procedures and Requirements").

On or about _____, 2017, the Bankruptcy Court entered an order (i) fixing _____, 2017 at 10:00 a.m., Central Time, United States Bankruptcy Court, Western District of Louisiana, 214 Jefferson Street, Lafayette, Louisiana 70501, as the date, time and place for a hearing on the final approval of this disclosure statement and confirmation of the Plan, and (ii) fixing _____, 2017, as the last date for the filing with the Bankruptcy Court and serving upon counsel for the Debtor any objections to confirmation of the Plan. The hearing on confirmation may be adjourned from time to time without further written notice.

III. PLAN OVERVIEW

The Plan (or "Plan") treats all Claims fairly and equitably. The following is a brief summary of the Plan's treatment of Claims. This summary is qualified in its entirety by reference to the provisions of the entire Plan. You are urged to read the Plan in its entirety. To the extent there is any conflict between this Disclosure Statement and the Plan, the terms of the Plan control.

IV. SUMMARY OF BASIC PLAN PREMISES

4.1 The Debtor will continue to rent its pressure control and other equipment to oilfield customers and perform related jobs, in order to generate income which will allow it to make payments under this Plan.

4.2 Secured creditors will be paid over time.

4.3 Unsecured creditors will be paid a pro-rata portion of \$300,000.00 over five (5) years.

4.4 Michael Carr will pay \$75,000.00 in new value to buy back his membership interest.

V. VOTING PROCEDURES AND REQUIREMENTS

A. Ballots and Voting Deadline

ONLY HOLDERS OF IMPAIRED CLAIMS IN CLASSES 1 THROUGH 10 ARE BEING SOLICITED TO VOTE TO ACCEPT OR REJECT THE PLAN.

The Claims classified in Classes 1 through 10 are IMPAIRED under the Plan. The holders of Claims in those classes are being solicited to vote to accept or reject the Plan.

A ballot to be used for voting to accept or reject the Plan is enclosed with this Disclosure Statement for those entitled to vote. The holder of a Claim or Equity Interest, as the case may be, that is entitled to vote must: (i) carefully review the ballot and the instructions thereon, (ii) complete and execute the ballot, and (iii) return the ballot to the address indicated thereon by the deadline to enable the ballot to be considered for voting purposes. Any ballot received by the Debtor that does not reflect a vote for either the acceptance or rejection of the Plan will be deemed a vote for acceptance of the Plan.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received no later than 5:00 p.m., Central Time, on _____, 2017, at the following address: Weinstein & St. Germain, LLC, 1414 NE Evangeline Thruway, Lafayette, LA 70501.

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ABOVE ADDRESS BY NO LATER THAN 5:00 P.M., CENTRAL TIME, _____, 2017.

YOUR BALLOT WILL NOT BE COUNTED IF IT IS RECEIVED AT THE ABOVE ADDRESS AFTER 5:00 P.M., CENTRAL TIME ON _____, 2017.

NOTE: BALLOTS WITHOUT A SIGNATURE WILL NOT BE COUNTED.

You may be contacted by representatives of the Debtor with regard to your vote on the Plan. Votes cast by holders of Claims and Equity Interests will be irrevocable once received by the Debtor, unless the Bankruptcy Court, after application, notice and hearing, permits a change of vote. If any ballot received by the Debtor is not discernible as to the Class of the Claim or Equity Interest or the name of the holder thereof, such ballot will be disregarded and not counted. If a ballot is damaged or lost, please contact Debtor's counsel. If you have any questions regarding the procedures for voting on the Plan, please contact your legal counsel for advice.

B. Holders of Claims Solicited to Vote.

Any holder whose Claim is within a Class impaired under the Plan and who is eligible (upon Allowance of such Claim) to receive distributions under the Plan, is being solicited to vote to accept or reject the Plan if either (i) its Claim has been scheduled by the Debtor, but such Claim is not scheduled by the Debtor as disputed, contingent or unliquidated, (ii) such holder has filed a proof of Claim (a) on or before the Bar Date, or (b) after the Bar Date with leave of the Bankruptcy Court pursuant to a Final Order, and as to which no timely objection has been filed, or if a timely objection has been filed, to the extent which such Claim is Allowed by a Final Order of the Bankruptcy Court or temporarily Allowed for purposes of voting only.

Any Claim as to which an objection has been filed (and such objection is still pending on the voting date) is not entitled to have its vote counted unless the Bankruptcy Court temporarily allows the Claim for voting purposes in an amount which the Bankruptcy Court deems proper upon motion by the holder to whose Claim has been objected. Such a motion must be heard and determined by the Bankruptcy Court prior to the date and time established by the Bankruptcy Court for commencement of the Confirmation Hearing. In addition, a vote may be disregarded if the Bankruptcy Court determines that such vote was not solicited or procured in good faith, in accordance with the provisions of the Bankruptcy Code.

C. Definition of Impairment.

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is impaired under a plan of reorganization unless, with respect to each claim or interest of such class, the Plan

1. leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or
2. notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of such claim or interest after the occurrence of a default:
 - (a) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code;
 - (b) reinstates the maturity of such claim or interest as it existed before the default;
 - (c) compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and

(d) does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or interest.

D. Vote Required for Class Acceptance.

As a condition of confirmation, the Bankruptcy Code envisions acceptance of a plan of reorganization by all impaired classes (except that a plan having one consenting impaired class and providing "fair and equitable" treatment to all impaired classes, may be confirmed, as discussed below). The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance of holders of two-thirds in dollar amount and one-half in number of the claims of that class which actually cast ballots for acceptance or rejection of the plan, i.e., acceptance takes place only if two-thirds in amount and majority in number of the holders of claims in a given class actually voting cast their ballots in favor or acceptance. The Bankruptcy Code defines acceptance of a plan by a class of equity interest holders as acceptance by holders of two-third in amount of the interests of that class which actually cast ballots for acceptance or rejection of the plan. Notwithstanding the requirement of class acceptance, a plan may be confirmed even if one or more impaired classes does not accept the plan if at least one impaired class of non-insider claims has accepted the plan and the Court determines that the plan does not discriminate unfairly, and is fair and equitable, with respect to each class that is impaired and has not accepted the plan.

If the Plan is confirmed, all holders of Claims against the Debtor, and Equity Interests in the Debtor, whether voting or non-voting and, if voting, whether accepting or rejecting the Plan, will be bound by the terms of the Plan.

VI. CONFIRMATION OF THE PLAN

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

A. Confirmation Hearing.

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing to determine whether all requirements for confirmation of the Plan have been satisfied. By Order of the Bankruptcy Court entered on _____, 2017, the Confirmation Hearing has been scheduled for _____, 2017 at 10:00 a.m., Central Time, at the United States Bankruptcy Court, Western District of Louisiana, Lafayette Division, 214 Jefferson Street, Lafayette, Louisiana 70501 (the "Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement made at the Confirmation Hearing or any adjournment thereof.

ANY ANNOUNCEMENT OF ADJOURNMENT OF THE DATE AND TIME OF THE

CONFIRMATION HEARING MADE IN COURT SHALL BE THE ONLY NOTICE PROVIDED TO HOLDERS OF CLAIMS AND EQUITY INTERESTS, UNLESS THE BANKRUPTCY COURT ORDERS OTHERWISE.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan. Any objection to confirmation must be made in writing and filed with the Bankruptcy Court with proof of service and served upon the Debtor's counsel listed below on or before _____, 2017 at 5:00 p.m., Central Time at the address below:

Weinstein & St. Germain, LLC
1414 NE Evangeline Thwy
Lafayette, LA 70501

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED UPON THE DEBTOR'S COUNSEL AND FILED WITH THE BANKRUPTCY COURT, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. Requirements for Confirmation of the Plan.

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the confirmation requirements of Section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court shall enter an order confirming the Plan. The applicable requirements for confirmation are as follows:

1. The Plan complies with the applicable provisions of the Bankruptcy Code.
2. The Debtor has complied with the applicable provisions of the Bankruptcy Code.
3. The Plan has been proposed in good faith and not by any means forbidden by law.
4. 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 the 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.
5. 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, an affiliate of the Debtor participating in a Plan with the Debtor or a successor to the Debtor under the Plan, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy,

and the Debtor has disclosed the identity of any insider that will be employed or retained by the reorganized Debtor, and the nature of any compensation of such insider.

6. With respect to each Class of impaired Claims or Equity Interests, either each holder of a Claim or Equity Interest of such class has accepted the Plan, or will receive or retain under the Plan on account such Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code; or if Section 1111(b)(2) of the Bankruptcy Code applies to the Claims of such Class, each holder of a Claim will receive or retain under the Plan on account of such Claim 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 Debtor estates' interest in the property that secures such Claims.

7. Each Class of Claims or Equity Interests has either accepted the Plan or is not impaired under the Plan, except as set forth in Section 8, below.

8. Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Allowed Administration Expense Claims and Allowed Other Priority Claims will be paid in full on the Effective Date; and that Allowed Priority Tax Claims will receive on the account of such Allowed Claims deferred cash payments, over a period not exceeding five (5) years after the Petition Date of such Claim of a value, equal to the Allowed amount of such Claim, as of the Effective Date.

9. At least one Class of impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class.

10. 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.

11. The Plan must provide that the quarterly fees required under 28 U.S.C. 1930 have been paid or that they will be paid on the Effective Date of the Plan.

12. The Plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in Section 1114 of the Bankruptcy Code, at any time prior to confirmation of the Plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

The Debtor believes that the Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all of the requirements of Chapter 11, and that the proposal of the Plan is made in good faith. To the extent that Classes 1, 2, or 3 vote to reject the Plan, the Debtor will seek confirmation under the "Cramdown" provisions, as explained below.

C. Cramdown

Generally, under the Bankruptcy Code, a plan of reorganization must be approved by each impaired class of creditors. Bankruptcy Court, however, may confirm a plan that has not been approved by each impaired class if (a) at least one impaired class accepts the plan by the requisite vote and (b) the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to each class that is impaired and has not accepted the plan. A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if each dissenting class is treated equally with other classes of equal rank. "fair and equitable" has different meanings with respect to the treatment of secured claims, unsecured claims and equity interests.

As set forth in Section 1129(b)(2) of the Bankruptcy Code, the condition that a plan of reorganization be fair and equitable with respect to a class includes the following requirements. With respect to a secured claim, "fair and equitable" means either (i) the impaired secured creditor retains its liens to the extent of its allowed claim and receives deferred cash payments at least equal to the allowed amount of its claims with a present value as of the effective date at least equal to the value of such creditor's interest in the property securing its liens, (ii) property subject to the lien of the impaired secured creditor is sold free and clear of that lien, with that lien attaching to the proceeds of sale, and such lien proceeds must be treated in accordance with clauses (i) and (iii) hereof, or (iii) the impaired secured creditor realizes the "indubitable equivalent" of its claim under the plan.

With respect to an unsecured claim, "fair and equitable" means either, (i) each impaired unsecured creditor receives or retains property of a value equal to the amount of its allowed claim; or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan.

With respect to equity interests, "fair and equitable" means either (i) each impaired equity interest receives or retains on account of such interest property of a value equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; and (ii) the holder of any interest that is junior to the interest of such class will not receive or retain any property on account of such junior interest under the plan. These above "Cramdown" rules embody what is often referred to as the "absolute priority rule". Alternatively, Debtor may seek to retain property without paying unsecured creditors the full value of their claims by paying "new value".

Thus, in the event there exists one or more Classes of impaired Claims or Equity Interests which reject the Plan, the Debtor reserves the right to proceed with Confirmation under the Cramdown rules pursuant to Section 1129(b) of the Bankruptcy Code, and the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is "fair and equitable"

and does not unfairly discriminate against any rejecting, impaired Class of Claims, in which the Plan may be confirmed despite the fact that one or more impaired class rejects the Plan.

VII. DESCRIPTION OF THE DEBTOR

A. Business and Ownership

1. Ownership and Operations

The Debtor was started by Michael A. Carr, Jr. as an oilfield construction company in 2007. Over the years, the company evolved from a construction company to a miscellaneous equipment rental company to a company that rents pressure control equipment. Michael Carr is the sole member of the Debtor.

2. Events Leading to Chapter 11 Filing

In May, 2016, Case Energy Services, LLC, filed over 20 invalid oil well liens against the Debtor's customers. The filing of these liens caused most of the Debtor's customers to stop doing business with the Debtor. As a result, the Debtor experienced severe cash flow problems and could not pay many of its creditors. Cross Keys Bank filed a foreclosure petition against the Debtor and started seizing equipment in October, 2016. This Chapter 11 case was filed on October 4, 2016, in order to stop Cross Keys Bank from seizing the Debtor's equipment and give the Debtor a chance to reorganize.

3. Major Creditors of the Debtor

(a) Home Federal Bank

Home Federal Bank has a claim against the Debtor in the approximate amount of \$1,742,363.09. This claim is secured by a first mortgage on most of the Debtor's equipment.

(b) Cross Keys Bank

Cross Keys Bank has a claim against the Debtor in the amount of \$2,879,499.93 which is secured, in part, some of the Debtor's equipment.

(c) Blue Bridge Financial

Blue Bridge Financial has a claim against the Debtor in the amount of \$142,355.22, which is secured by a 3" 1502 plug valve manifold.

(d) Ascentium Capital, LLC

Ascentium has a claim against the Debtor in the amount of \$147,852.94, which is secured by a 1440 sand separator and 18 gate valves.

(e) Community Bank

Community Bank has a claim against the Debtor in the amount of \$94,926.68 which is secured by a mortgage on four mobile homes.

(f) Stearns Bank

Stearns Bank has a claim against the Debtor for \$7,584.43 which was secured by a 2012 Peterbilt 389 truck which was previously surrendered.

(g) Strategic Funding, Inc.

Strategic Funding has a claim for \$342,864.50 against the Debtor which is secured by a second or third lien against the Debtor's equipment and accounts receivable.

(h) Case Energy Services, LLC

Case Energy has a disputed claim against the Debtor in the amount of \$1,558,197.29. The claim purports to be secured by the sale of oilfield equipment as well as oil well liens.

(i) m2 Lease Funds, LLC

m2 Lease Funds has a claim for \$116,809.75 against the Debtor the balance allegedly owed on a lease of 3 safety valves and 14 gate valves.

(j) Priority Tax Claims

The Debtor owes priority tax claims as follows:

1. Lincoln Parish \$54,278.66
2. State of Louisiana \$68,874.83
3. Dilley ISD \$52,800.08 (disputed)
4. Webster Parish \$1,085.50
5. Bossier Parish \$649.19
6. Caddo Parish \$134.51
7. Desoto Parish \$966.80
8. State of Texas \$3,541.87
9. San Augustine \$43.73

(k) General Unsecured Creditors

The Debtor has other general unsecured claims without priority totaling approximately \$320,586.96.

(l) Administrative Expenses

The Debtor has incurred administrative expenses of professionals, which primarily include the services of Weinstein & St. Germain, LLC, attorneys for the Debtor, Colvin, Smith & McKay, special counsel for the Debtor, and Hunter, Carlisle & Assoc., accountants for the Debtor.

B. Debtor's Assets

1. Immovable Property (Real Estate)

The Debtor owns no real estate.

2. Cash and Deposits

As of the filing date, the Debtor had \$18,529.74 in a checking account at Chase Bank.

4. Receivables

As of the date of filing, the Debtor was owed \$2,074,443.77 in accounts receivable. Of this amount \$364,167.29 was immediately collectible and the remainder has unknown collectibility. The Debtor also has a tort claim against Case Energy Services, LLC with an unknown value.

5. Machinery, Fixtures, and Equipment

As of the date of filing, the Debtor owned machinery, fixtures, and equipment consisting of flowback equipment, torque equipment, flowback and pressure control equipment, fork lifts, campers, light plants, trucks, trailers, mobile homes, and other equipment valued at \$1,110,968.41. The Debtor also had office furniture and equipment worth \$3,000.00.

C. Pre-Petition Legal Proceedings

At the time this case was filed, the Debtor was a defendant in the following legal proceedings:

1. Cross Keys Bank v. Padco Energy Services, LLC, et al., 26th JDC, Webster Parish, Louisiana, petition for executory process.
2. Cross Keys Bank v. Padco Energy Services, LLC, et al., 26th JDC, Bossier Parish, Louisiana, petition for executory process.
3. Emmanuel Castro, et al., v. Padco Energy Services, LLC, et al., US District Court, Western District of Texas, San Antonio Division, wage and hour claim.
4. Jose Villareal, et al., v. Michael Carr, et al., 365th JDC, Dimmit County, Texas, wrongful death.
5. Tri-W Global v. Padco Energy, Gregg County Court, Texas, collection.
6. River Cities v. Padco Energy Services, LLC, et al., 26th JDC, Bossier Parish, Louisiana, collection.
7. Norment v. Padco Energy, Columbia County Arkansas District Court, collection.
8. JPS Equipment Rental, LLC v. Padco Energy Services, LLC, 26th JDC, Bossier Parish, Louisiana, collection.
9. H&E Equipment Services v. Padco Energy, 19th JDC, East Baton Rouge Parish, Louisiana, collection.
10. Green Energy v. Padco Energy, 190th JDC, Harris County, Texas, collection.
11. CGS v. Padco Energy, 218th JDC, Frio County, Texas, collection.
12. Bud's Liquor v. Padco Energy, Minden City Court, Louisiana, collection.
13. Case Energy Services v. Padco Energy Services, LLC, et al., 26th JDC, Bossier Parish, Louisiana, collection, liens.
14. Bourque Sales & Service, Inc. v. Padco Energy Services, LLC, 26th JDC, Bossier Parish, Louisiana, collection.
15. Mike and Patricia Bellott dba Oil Field Services v. Padco Energy Services, et al., 26th JDC, Bossier Parish, Louisiana, collection.
16. Select Energy Services, LLC v. Padco Energy Services, LLC, 26th JDC, Bossier Parish, Louisiana, collection.
17. Neff Rental LLC v. Padco Energy Services, LLC, 26th JDC, Bossier Parish, Louisiana, collection.
18. Strategic Funding Source, Inc. v. Padco Energy Services, LLC, Supreme Court of New York County, NY, collection.

D. Schedules of Assets and Liabilities and Statement of Financial Affairs

1. Sources of Financial Information and Accounting Method

The sources of financial information contained in the Debtor's Schedules of Assets and Liabilities and Statement of Financial Affairs is from the Debtor. The Debtor operates on the accrual method of accounting.

2. Assets and Liabilities of the Debtor

The Debtor filed its schedules and Statement of Financial Affairs on November 2, 2016. The Debtor is continuing to review the schedules and Statement of Financial Affairs for necessary amendments.

The Debtor has used its books and records, knowledge and experience, and opinions of accountants and outside counsel to provide the information set forth in this Disclosure Statement.

THE FINANCIAL INFORMATION CONTAINED HEREIN AND IN THE ATTACHED EXHIBITS HAS NOT BEEN INDEPENDENTLY AUDITED FOR PURPOSES OF INCLUSION IN THIS DISCLOSURE STATEMENT. THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH NEITHER THE DEBTOR NOR ITS RESPECTIVE LEGAL OR FINANCIAL ADVISORS HAVE ACTUAL KNOWLEDGE OF ANY INACCURACIES.

The Debtor maintains its books and records on an accrual basis in accordance with generally accepted accounting principles.

(a) Assets.

As of October 4, 2016, the Debtor had scheduled assets of \$3,206,941.92.

(b) Liabilities.

As of October 4, 2016, the Debtor's schedules reflect approximately \$8,515,960.03 in liabilities.

VIII. TRANSACTIONS AND POTENTIALLY AVOIDABLE TRANSACTIONS WITH INSIDERS.

Within the one year prior to bankruptcy, the Debtor has not made any avoidable transfers to insiders or affiliates.

IX. THE DEBTOR'S CHAPTER 11 CASE

A. Significant Events During the Course of the Bankruptcy Proceeding.

On October 4, 2016, the Debtor filed a petition for relief under Chapter 11. The Debtor filed its remaining schedules on November 2, 2016. On or about October 11, 2016, the Court granted the Debtor's application to employ Weinstein & St. Germain, LLC, as its bankruptcy counsel. The Debtor has complied with all requirements of the US Trustees Office, has attended its IDI and the First Meeting of Creditors. It is current on its monthly reporting and has paid all quarterly fees that have accrued or are due to the office of the US Trustee.

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On October 20, 2016, Home Federal Bank filed a motion to transfer this case to the Shreveport Division. The Court denied this motion on December 6, 2016.

On October 24, 2016, Jose Villreal and other plaintiffs filed a motion for relief from stay to pursue a wrongful death case in San Antonio. The Court granted this motion on December 12, 2016.

On November 15, 2016, the Debtor filed a motion for turnover of an undisputed account receivable owed by Range Resources in the amount of \$364,167.29. The Court granted this motion on December 12, 2016, and the funds were subsequently turned over.

On November 21, 2016, the Debtor filed a motion to pay insiders Michael Carr and Samantha Carr a salary of \$4,000.00 per month each and to provide expense reimbursements, to pay payroll through Padco Operating, LLC, and to pay Tribal Industries, LLC, \$6,000.00 per month in rental on a boring machine. The Court granted this motion on December 28, 2016.

On December 16, 2016, the Debtor filed a motion for Case Energy Services, LLC to turnover a 2" spooled iron package and blocks and unpaid equipment rental charges. The motion was subsequently withdrawn and then refiled as an adversary proceeding on January 26, 2017.

On December 16, 2016, m2 Lease Funds, LLC filed a motion to lift stay for the return of some gate valves and safety valves leased by the Debtor. This motion was granted on January 30, 2017.

On January 23, 2017, Case Energy Services, LLC filed a motion to lift stay to pursue litigation against the Debtor and other parties in Bossier Parish state court and to disclose the location of equipment sold to the Debtor. At a hearing on February 14, 2017, the Court denied the motion to lift stay but ordered the Debtor to disclose the location of equipment.

On February 7, 2017, Blue Bridge Financial filed a motion to lift stay to obtain possession of a 3" 1502 plug valve manifold financed for the Debtor. The Court granted the motion on March 17, 2017.

On February 15, 2017, Home Federal Bank for a motion for relief from the automatic stay or, in the alternative, for adequate protection. The Court entered a consent adequate protection order providing for adequate protection payments and terms for the use of cash collateral on March 17, 2017.

On February 23, 2017, the Debtor filed an application to employ Colvin, McKay & Smith as special counsel to pursue litigation against Case Energy Services, LLC, which was granted

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on February 24, 2017. The Debtor filed a second application to employ Colvin, McKay & Smith as special counsel to pursue collection cases against various defendants on March 15, 2017, which was granted on March 17, 2017.

On March 20, 2017, the Debtor filed an application to employ Hunter, Carlisle & Assoc. as accountants, which was granted on March 24, 2017.

On March 21, 2017, the Debtor filed an adversary complaint against Case Energy Services, LLC, and Jason Farnell for overpayment of sales invoices and causes of action related to fraud and wrongfully filed oil well liens.

On March 29, 2017, the Office of the U.S. Trustee filed a motion to convert or dismiss this case for the Debtor not filing monthly reports. The U.S. Trustee withdrew this motion on May 2, 2017.

On April 8, 2017, Cross Keys Bank filed a motion for relief from the automatic stay to repossess the equipment it financed or to obtain adequate protection. This motion is set for hearing on July 11, 2017.

X. RISK FACTORS

A. Bankruptcy Considerations

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

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, and 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.

B. Risks of Sales and Customer Attrition

There is no guarantee at the present time that the Debtor will be able to keep a sufficient number of customers in order to generate sufficient funds to make the plan payments proposed. Customer attrition is a natural part of the Debtor's business and there is no guaranty that the Debtor's marketing plan will be able to replace the customers lost on a monthly basis.

XI. FEDERAL INCOME 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 AND FINANCIAL ADVISORS ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE CONFIRMATION AND CONSUMMATION OF THE 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.

A. 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.

In general, the 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 and 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 a material amount of cancellation of indebtedness ("COD") income as a result of the Plan. Because the Debtor is in bankruptcy, however, it will not be required to include COD income in taxable income.

B. 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.

XII. ANTICIPATED FUTURE LITIGATION

A. Preferences.

Pursuant to the Bankruptcy Code, a Debtor may recover certain preferential transfers of property, including cash, made while insolvent during the ninety (90) days immediately prior to the filings of his bankruptcy petition in respect of pre-existing debts to the extent the transferee received more than it would have in respect of the pre-existing debt had the Debtor been liquidated under chapter 7 of the Bankruptcy Code. The recovery period is one year if the recipient of the preferential transfer is an insider of the Debtor. There are certain defenses to such recoveries. Transfers made in the ordinary course of the Debtor's and the transferee's business according to the ordinary business terms in respect to debt less than ninety (90) days old are not recoverable. Furthermore, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case) for which transferee was not repaid, such extension constitutes an offset against any otherwise recoverable transfer of property. If a transfer is recovered by the Debtor, the transferee has a general unsecured claim against the Debtor to the extent of the recovery.

The Debtor does not believe that any actionable preference claims exist at this time.

B. Fraudulent Conveyances.

Under the Bankruptcy Code and under various state laws, a Debtor may recover certain transfers or property, including the grant of a security interest in property, made while insolvent or which rendered it insolvent if and to the extent the Debtor received less than fair value for such property.

The Debtor does not believe that any actionable claims for fraudulent transfers exist at this time.

XIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor believes that the Plan affords the holders of Claims and Equity Interests the potential for the greatest realization on their Claims and Equity Interests and, therefore, is in the best interest of such holder. If the Plan is not confirmed, however, the theoretical alternatives include: (a) alternative plans of reorganization; or (b) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code.

A. Alternative Plans of Reorganization.

If the Plan is not confirmed, it is possible that Debtor or any other party in interest in the Chapter 11 Case could attempt to formulate and propose a different plan or plans on such terms as they may desire.

B. Chapter 7 Liquidation.

In a Chapter 7 case, the amount distributed to unsecured creditors depends upon the net estate available after all assets of the Debtor have been reduced to cash. The cash realized from liquidation of the Debtor's assets would be distributed first to secured creditors. Under Chapter 7, a secured creditor whose claim is fully secured would be entitled to full payment, including interest from the proceeds of the sale of its collateral. A secured creditor whose collateral is insufficient to pay its secured claim in full will be entitled to assert an unsecured claim for its deficiency and share with unsecured creditors. Thereafter, any remaining funds would be distributed in accordance with the priorities set forth in Section 507 of the Bankruptcy Code. Claims entitled to priority under the Bankruptcy Code would be paid in full before any distribution to general unsecured creditors. Whether a bankruptcy case is one under Chapter 7 or Chapter 11, Administrative Expense Claims, Professional Compensation and Reimbursement Claims, Priority Tax Claims and Other Priority Claims are entitled to

be paid in cash and in full before general unsecured creditors receive any funds.

As shown in the liquidation analysis attached hereto as Exhibit D, the Plan results in \$300,000.00 more being paid to general unsecured creditors than would be paid in a Chapter 7 liquidation. The Debtor believes that liquidation under Chapter 7 would result in no payments being made to general unsecured creditors. In addition, conversion to Chapter 7 would add another layer of administrative expenses, because of the fees of the Chapter 7 trustee and his attorneys, accountants and other professionals, further reducing payments to creditors.

XIV. SUMMARY OF THE DEBTOR'S PLAN

The following is a summary of the Chapter 11 Plan proposed by the Debtor. While the Debtor believes the summary to be accurate, in the event of any inconsistencies between the Plan and this summary, the provisions of the Plan shall be controlling.

ARTICLE II.

GENERAL PREMISES OF THE PLAN AND PLAN CONCEPTS

2.1 Basic Plan Premises

The Debtor will continue to rent its pressure control and other equipment to oilfield customers and perform related jobs, in order to generate income which will allow it to make payments under this Plan.

Secured creditors will be paid over time.

Unsecured creditors will be paid a pro-rata portion of \$300,000.00 over five (5) years.

Michael Carr will pay \$75,000.00 in new value to buy back his membership interest.

Management Structure

The Debtor will continue to manage its own affairs post confirmation. Michael A. Carr, Jr. will continue to oversee all operations as manager.

ARTICLE III

TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

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3.1 Administrative Expense Claims. Except to the extent that any person entitled to payment of any Allowed Administrative Expense Claim has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the Effective Date or, if later, the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or within ten (10) days thereof; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business, shall be paid in full and performed by Debtor in the ordinary course of business.

3.2 Professional Compensation and Reimbursement Claims. All entities, seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses shall file their respective final applications for allowances of compensation for services rendered and reimbursement of expenses incurred within 30 days of the Effective Date. Notwithstanding any other paragraph herein, the Debtor shall pay Administrative Expense claims and Professional Compensation within 10 days after the Effective Date or within 10 days after such claims or compensation are allowed, whichever is later.

3.3 Allowed Priority Tax Claims. The priority tax creditors, if any, will be paid the full amount of their priority tax claims within five (5) years of the Petition Date, pursuant to 11 U.S.C. Section 1129(a)(9)(C). The first payment to the priority creditors will be due on the Effective Date. The following payments thereafter will on the first day of each month thereafter. Known priority tax creditors are as follows:

1. Lincoln Parish \$54,278.66
2. State of Louisiana \$68,874.83
3. Dilley ISD \$52,800.08
4. Webster Parish \$1,085.50
5. Bossier Parish \$649.19
6. Caddo Parish \$134.51
7. Desoto Parish \$966.80
8. State of Texas \$3,541.87
9. San Augustine \$43.73

3.4 Statutory Fees Due the United States Trustee. Pursuant to 28 U. S. C. § 1930(a)(6), The United States Trustee's fees do not require allowance by the Court and both pre-confirmation and post-confirmation UST fees shall be paid in cash and in full pursuant to all applicable provisions of the Bankruptcy Code and other statutory provisions. The Debtor will file all monthly reports up until the time a final decree is entered.

ARTICLE IV

TREATMENT OF CLAIMS AND EQUITY INTERESTS

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4.1 CLASS 1 -- SECURED CLAIM OF HOME FEDERAL BANK

(a) Impairment and Voting. Class 1 is impaired by the Plan. The holder of the Allowed Class 1 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The only Claim in, and party to, this Class is Gulf Coast Bank.

Home Federal Bank has a secured claim against the Debtor in the approximate amount of \$1,700,000.00. This claim is secured by a first mortgage on the Debtor's accounts receivable and most of the Debtor's equipment. This claim will be treated as fully secured. \$100,000 of this claim will be paid pursuant to the terms of the order approving the cash collateral stipulations entered by the Court on March 17, 2017, and May 11, 2017, and the related stipulations. Of the remainder of this secured claim (\$1,600,000.00), the Debtor will pay \$1,200,000.00, the value of Home Federal Bank's collateral, amortized over ten years (10) years with interest at the rate of 5.25% per annum. The monthly payments, in the amount of \$12,875.00 per month, will begin on the first day of the month that is at least 30 days after the Effective Date. All of following payments will be due and payable by the Debtor on the first day of each month thereafter. The remaining portion of this claim will be considered a Class 10 unsecured claim.

4.2 CLASS 2 -- SECURED CLAIM OF CROSS KEYS BANK.

(a) Impairment and Voting. Class 2 is impaired by the Plan. The holder of the Allowed Class 2 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The only Claim in, and party to, this Class is Cross Keys Bank.

Cross Keys Bank has filed a secured claim against the Debtor in the amount of \$2,879,499.93. This claim is secured by a mortgage on some of the Debtor's equipment. This claim will be treated as secured in the amount of \$75,000.00, the value of the collateral. This secured claim will be amortized over five (5) years with interest at the rate of 5.25% per annum with payments in the amount of \$1,424.00 per month. The first payment will become due on the first day of the month that is at least 30 days after the Effective Date. Subsequent payments will be made on the first day of each month thereafter. The remaining portion of this claim will be considered a Class 10 unsecured claim.

4.3 CLASS 3 -- SECURED CLAIM OF BLUE BRIDGE FINANCIAL

(a) Impairment and Voting. Class 3 is impaired by the Plan. The holder of the Allowed Class 3 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The only Claims in, and party to, this Class is Blue Bridge Financial.

Blue Bridge Financial has a secured claim against the Debtor in the approximate amount of \$142,355.22. This claim is secured by a first mortgage on a 3" 1502 plug valve manifold. The Debtor will surrender the manifold to Blue Bridge Financial. After the manifold is sold by Blue Bridge Financial, Blue Bridge Financial will be allowed to file a proof of claim for any remaining deficiency balance, which will be treated as a Class 10 unsecured claim.

4.4 CLASS 4 -- SECURED CLAIM OF ASCENTIUM CAPITAL.

(a) Impairment and Voting. Class 4 is impaired by the Plan. The holder of the Allowed Class 4 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The only Claim in, and party to, this Class is Ascentium Capital.

Ascentium Capital has filed a secured claim against the Debtor in the amount of \$147,852.94. This claim is secured by a mortgage on a 1440 sand separator and 18 gate valves.¹ This claim will be treated as secured in the amount of \$15,000.00, the value of the collateral. This secured claim will be amortized over five (5) years with interest at the rate of 5.25% per annum with payments in the amount of \$285.00 per month. The first payment will become due on the first day of the month that is at least 30 days after the Effective Date. Subsequent payments will be made on the first day of each month thereafter. The remaining portion of this claim will be considered a Class 10 unsecured claim.

4.5 CLASS 5 -- SECURED CLAIM OF COMMUNITY BANK.

(a) Impairment and Voting. Class 5 is impaired by the Plan. The holder of the Allowed Class 5 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The only Claim in, and party to, this Class is Community Bank.

Community Bank has a secured claim against the Debtor in the approximate amount of \$94,926.68. This claim is secured by a mortgage on four mobile homes.² This claim will be treated as secured in the amount of \$28,425.00, the value of the collateral. This secured claim will be amortized over five (5) years with interest at the rate of 5.25% per annum with payments in the amount of \$540.00 per month. The first payment will become due on the first day of the month that is at least 30 days after the Effective Date. Subsequent payments

¹ Technically, the 18 gate valves have been incorporated into manifolds which are the collateral of Home Federal Bank.

² Community Bank claims the claim is against Padco Oil Field Services, LLC. However, Padco Oil Field Services, LLC never had any operations and the loan was made using the Debtor's federal tax identification number and the Debtor made all of the payments on the loan.

will be made on the first day of each month thereafter. The remaining portion of this claim will be considered a Class 10 unsecured claim.

4.6 CLASS 6 -- SECURED CLAIM OF STEARNS BANK

(a) Impairment and Voting. Class 6 is impaired by the Plan. The holder of the Allowed Class 6 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The only Claim in, and party to, this Class is Stearns Bank.

Stearns Bank has a secured claim against the Debtor in the approximate amount of \$7,584.43. This claim is secured by a first mortgage on the Debtor's 2012 Peterbilt 389 truck. This vehicle is being surrendered in full satisfaction of this debt.

4.7 CLASS 7 -- SECURED CLAIM OF CASE ENERGY SERVICES, LLC

(a) Impairment and Voting. Class 7 is impaired by the Plan. The holder of the Allowed Class 7 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The only Claim in, and party to, this Class is Case Energy.

Case Energy has filed a secured claim against the Debtor in the amount of \$1,558,197.29. The claim purports to be secured by the sale of oilfield equipment as well as oil well liens. This claim is disputed in its entirety. Unless Case Energy obtains a judgment against the Debtor establishing that Case Energy has a claim against the Debtor, the Debtor will pay Case Energy nothing under the Plan. In the event the Bankruptcy Court rules that Case Energy has a claim against the Debtor, the claim will be treated as a Class 10 unsecured claim.

4.8 CLASS 7 -- SECURED CLAIM OF STRATEGIC FUNDING SOURCE, INC.

(a) Impairment and Voting. Class 8 is impaired by the Plan. The holder of the Allowed Class 8 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The only Claim in, and party to, this Class is Strategic Funding.

Strategic Funding has filed a secured claim against the Debtor in the amount of \$342,864.50. The claim appears to be secured by a second mortgage on the Debtor's accounts receivable and most of the Debtor's equipment. There is no value in Strategic Funding's collateral over and above the first mortgages on the receivables and equipment. Accordingly, the claim will be treated as a Class 10 unsecured claim.

4.9 CLASS 9 -- LEASE CLAIM OF m2 LEASE FUNDS, LLC

(a) Impairment and Voting. Class 9 is impaired by the Plan. The holder of the Allowed Class 9 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The only Claims in, and party to, this Class is m2 Lease Funds, LLC.

M2 Lease Funds has a claim against the Debtor in the approximate amount of \$116,809.75 for the alleged amount owed on a lease of three safety valves and 14 gate valves. The Debtor hereby rejects this lease and has surrendered the safety valves and gate valves to m2 Lease Funds. Any amounts owed by the Debtor on this rejected lease will be treated as a Class 10 unsecured claim.

4.10 CLASS 10 -- UNSECURED CLAIMS.

(a) Impairment and Voting. Class 3 is impaired by the Plan. The holder of the Allowed Class 3 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. The Claims in this Class include those of the general unsecured creditors holding Allowed Unsecured Claims, without priority.

All allowed unsecured claims will be paid a pro-rata portion of quarterly payments until a total of \$300,000.00 has been paid. The quarterly payments will be in the amount of \$15,000.00 per quarter for twenty (20) quarters. Said payments shall not bear any interest. The first quarterly payment will be due 30 days after the Effective Date. Subsequent payments will be made on the first day of each quarter thereafter. The payments will be completed in five years. The payments listed on Attachment A assume that amount listed on the creditor's proof of claim is accurate for undisputed claims and that all disputed claims are disallowed or paid by insurance proceeds. If any disputed claim is allowed and not paid by insurance proceeds, then that creditor will receive a pro rata share of the monthly payments and the payments on all other allowed claims will be reduced accordingly.

4.10 CLASS 10 -- CLAIMS OF MEMBER INTERESTS.

(a) Impairment and Voting. Class 10 is impaired by the Plan. The holder of an Allowed Class 10 Member Interests will retain his ownership interests in the Debtor. This class is not entitled to vote because it consists of insiders.

(b) Treatment. The Debtor's sole member will retain his ownership interests in his ownership interest of the Debtor by providing \$75,000.00 in new value to the Debtor in order to buy back his membership interest. This new value will be provided both before and after confirmation.

Debtor shall have the right, but not the obligation, to prepay some or all of the plan payments listed above at any time without penalty.

ARTICLE V

EXECUTORY CONTACTS AND UNEXPIRED LEASES

5.1 Assumption or Rejection of Executory Contracts and Unexpired Leases.

(a) Executory Contracts and Unexpired Leases. The Debtor has no executory contracts or unexpired leases. Nonetheless, the Debtor hereby rejects all other executory contracts and leases not assumed herein or by prior order of the Court.

(b) Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall constitute the approval, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption and rejection of the executory contracts and unexpired leases assumed or rejected pursuant to Section 5.1(a) hereof.

ARTICLE VI

IMPLEMENTATION AND EFFECT OF CONFIRMATION OF PLAN

6.1 Retained Property. As of the Effective Date, the Debtor's property will be revested in the Debtor free and clear of any claims, liens, mortgages, ownership interests, or any other encumbrances, other than those mortgages that shall continue as specified in the Plan.

6.2 Causes of Action. Except as provided in the Plan, as of the Effective Date, pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, any and all Causes of Action accruing to the Debtor and Debtor in Possession, including, without limitation, actions under Sections 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code, shall remain assets of the Debtor. The Debtor has not identified any causes of action that it will pursue at this time.

In addition, the Debtor will retain and pursue causes of action against Case Energy Services, LLC, and Jason Farnell for tort claims, equipment rental services, overpayment and other causes of action. The Debtor will also retain and pursue causes of action against Select Energy Services, LLC, Signal Well Service, Ultra Blend, and other parties who owe accounts receivable to the Debtor.

6.3 Discharge of Debtor. The Debtor will receive a discharge of all debts upon confirmation.

6.4 Injunction. Except as otherwise expressly provided in the Plan or the Confirmation Order, all entities who have held, hold or may hold Claims against or Equity Interests in the Debtor, are permanently enjoined, on and after the Effective Date, from (a) commencing or continuing in any

manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtor on account of any such Claim or Equity Interest, (c) creating, perfecting or enforcing any encumbrance of any kind against the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Equity Interest, and (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Equity Interest, or (e) commencing or continuing in any manner any action or other proceeding of any kind against any officers, directors, or members of the Debtor with respect to any personal liability with respect to any such Claim while the assets of the Debtor are being liquidated. Such injunction shall extend to successors and affiliates of the Debtor and their respective properties and interests in property.

XV. GLOSSARY

As used in this Disclosure Statement, the following terms have the respective meanings specified below, unless the context otherwise requires:

15.1 “Administrative Expense Claim” means any right to payment constituting a cost or expense of administration of the Chapter 11 Case under Sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses, of preserving the estate of the Debtor, all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under Sections 330 or 503 of the Bankruptcy Code.

15.2 “Allowed” means where referenced to any Claim or Equity Interest, (a) any Claim against or Equity Interest in the Debtor which has been listed by the Debtor in its Schedules, as such Schedules may be amended by the Debtor from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of Claim or Equity Interest has been filed, (b) any Claim or Equity Interest Allowed hereunder or Allowed under the Bankruptcy Code, or (c) any Claim or Equity Interest which is not Disputed, or any Claim or Equity Interest which, if Disputed, (i) as to which, pursuant to the, Plan or a Final Order of the Bankruptcy Court, the liability of the Debtor and the amount thereof are determined by a Final Order of a court of competent jurisdiction other than the Bankruptcy Court, or (ii) has been Allowed by Final Order; provided, however, that any Claim or Equity Interest allowed solely for the purpose of voting to accept or reject the Plan pursuant to a Final Order of the Bankruptcy Court shall not be considered an "Allowed Claim" or "Allowed Equity Interest" hereunder. Unless otherwise specified herein or by Final Order of the Bankruptcy Court, "Allowed Administrative Expense Claim," "Allowed Claim, or "Allowed Equity Interest" shall not for purposes of computation of distributions under the Plan, include interest on such Administrative Expense Claim, Claim or Equity Interest from and after the Commencement Date.

15.3 “Ballot” means the form distributed to each holder of an impaired Claim or Equity Interest which indicates acceptance or rejection of the Plan.

15.4 “Bankruptcy Code” means Title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

15.5 “Bankruptcy Court” or “Court” means the United States Bankruptcy Court for the Western District of Louisiana, Lafayette-Opelousas Division.

15.6 “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under Section 2075 of Title 28 of the United States Code, and any Local Rules of the Bankruptcy Court.

15.7 “Business Day” means any day of the week exclusive of Saturdays, Sundays, and "legal holidays." As used herein, "legal holidays" shall have the same meaning as used in Federal Bankruptcy Rule 9006.

15.8 “Cause of Action” means, without limitation, any and all actions, causes of action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, claims and demands whatsoever, whether known or unknown, in law, equity or otherwise.

15.9 “Claim” has the meaning set forth in Section 101 of the Bankruptcy Code.

15.10 “Claimant” means the holder of a Claim against either of the Debtor.

15.11 “Claims Register” shall mean the list of proofs of Claim prepared and maintained by the Clerk of Bankruptcy Court.

15.12 “Class” means a category of holder of Claims or Equity Interests as set forth in Article III of the Plan.

15.13 “Collateral” means any property or interest in property of the estate of the Debtor subject to a lien or security interest to secure the payment or performance of a Claim, which lien or security interest is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable non-bankruptcy law.

15.14 “Commencement Date” or “Petition Date” means the date the original Chapter 11 voluntary petition was filed, February 10, 2012.

15.15 “Confirmation” or “Confirmation Date” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket.

15.16 “Confirmation Hearing” means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to Section 1129 of the Bankruptcy Code, as such hearing may be

adjourned or continued from time to time.

15.17 “Confirmation Order” means the Final Order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

15.18 “Contingent Claim” means any Claim which has not been finally allowed as of the Confirmation Date, including, without limitation, any Claims which may be asserted as the result of the rejection of an executory contract or unexpired lease under Section 7.1 of this Plan.

15.19 “Debtor” means Homerooms, Inc..

15.20 “Debtor in Possession” means the Debtor in its capacity as Debtor in possession in the Chapter 11 Case pursuant to Sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

15.21 “Disbursing Agent” means the Debtor.

15.22 “Disclosure Statement”, means the Disclosure Statement relating to the Plan, including without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code.

15.23 “Disputed” means the portion (including, when appropriate, the whole) of any Claim as to which: (a) a proof of Claim has been or been deemed timely and properly filed under applicable law or Final Order of the Bankruptcy Court, and (b) an objection, motion to estimate, or complaint to determine the validity, priority or extent of any Lien asserted by the claimant with respect to the Claim has been timely filed.

15.24 “Disputed Claim Amount” means the higher of the amount set forth in the proof of Claim or listed on the Schedules relating to a Disputed Claim; provided, however, if a Disputed Claim is estimated for allowance purposes under Section 502(c) of the Bankruptcy Code, the amount so estimated pursuant to Final Order of the Bankruptcy Court shall be the Disputed Claim Amount.

15.25 “Effective Date” means 30 days after the Confirmation Order becomes a Final Order.

15.26 “Final Order” means an order of the Bankruptcy Court or any other court of competent jurisdiction that has been entered on the docket of the Bankruptcy Court or such other court for ten (10) or more days and that is not then stayed or reversed.

15.27 “Other Priority Claim” means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in right of payment under Section 507(a) of the Bankruptcy Code.

15.28 “Plan” means the Debtor’s Chapter 11 plan, including, without limitation, all exhibits,

supplements, appendices and schedules hereto, either in its present form or as the same may be altered, amended or modified from time to time.

15.29 “Priority Tax Claim” means any Claim of a governmental unit of the kind specified in Sections 502(i) and 507(a)(8) of the Bankruptcy Code.

15.30 “Schedules” means the schedules of assets and liabilities, the list of holders of Equity Interests, and the statements of financial affairs filed by the Debtor under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through the Confirmation Date.

15.31 “Unsecured Creditors” means any unsecured Claim.

Dated: June 2, 2017

Respectfully submitted,

PADCO ENERGY SERVICES, LLC

By: /s/ Michael A. Carr, Jr.
MICHAEL A. CARR, JR., Manager

WEINSTEIN & ST. GERMAIN, LLC

By: /s/ Tom St. Germain
TOM ST. GERMAIN (#24887)
1414 N.E. EVANGELINE THWY
LAFAYETTE, LA 70501
PHONE: (337) 235-4001
FAX: (337) 235-4020

ATTORNEY FOR DEBTOR

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