

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

**In re: J&C OILFIELD RENTALS, LLC
Debtor**

**CASE NO.: 16-80783
CHAPTER: 11**

**J&C OILFIELD RENTALS, LLC'S
DISCLOSURE STATEMENT
JANUARY 17, 2016**

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I. INTRODUCTION

This document is the disclosure statement (the “Disclosure Statement”) in the small business Chapter 11 case of Med-Express Ambulance Service, Inc. (the “Debtor” or the “Corporation”). This Disclosure Statement contains information about the Debtor and describes its Plan of Reorganization (the “Plan”). 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 on pages 7 and 8 of this Disclosure Statement. General unsecured creditors are classified in Class 5, and will receive a distribution of 10% of their allowed claims, paid over ten years at no interest.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and the significant events leading up to and 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 Med-Express Ambulance Service, Inc., believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation; and
- The effect of the 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, describe your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing for Final Approval of This Disclosure Statement and Confirmation of the Plan*

The Court will determine whether to approve this Disclosure Statement and confirm the Plan at separate hearings, with the Disclosure Statement being heard first, at times and places to be ordered by the Bankruptcy Court.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope. See Section IV.A. for a discussion of voting eligibility requirements.

Your ballot must be received by the deadline noted on the ballot, or it will not be counted.

3. *Deadline for Objecting to the Adequacy of Disclosure and Confirmation of the Plan.*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon J&C Oilfield Rentals, LLC, through its counsel of record, Bradley L. Drell, , Gold, Weems, Bruser, Sues & Rundell, at P. O. Box 6118, Alexandria, LA 71307-6118, by September 7, 2016.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact Bradley L. Drell of GOLD, WEEMS, BRUSER, SUES & RUNDELL (A Professional Law Corporation), P. O. Box 6118, Alexandria, LA 71307-6118.

C. Disclaimer

No statements or information regarding the Debtor, its assets or securities are authorized, other than those included in this Disclosure Statement.

II. BACKGROUND

A. Description and History of the Debtor's Business

On or about July 11, 2008, J&C Oilfield Rentals, LLC, was organized under the laws of the State of Louisiana and operated as a lessor of equipment to the oil and gas industry. The two (2) members of the Company are Joey Nugent and his father in law, Curtis Sandidge. At the outset, the bulk of the equipment leased by J&C were in turn leased from other companies, although J&C did own some light towers, water trucks, and other small pieces of equipment. However, during the economic downturn that hit the oil and gas industry in recent years caused numerous lessees of J&C to default on their contracts, which, in turn caused J&C to default on leases of equipment that were subleased to others. This was the direct cause of this Chapter 11 case. Post-bankruptcy, J&C is operating in a scaled back form in attempting to lease its owned equipment and has not undertaken to lease equipment from third parties to sublease the same to third parties. This has resulted in a diminished cash flow, but this cash flow will be sufficient to satisfy its secured debt and pay a small dividend to unsecured creditors.

Additionally, J&C is a party to litigation regarding damage to subleased equipment involving H&P Drilling wherein J&C is attempting to recover damages. The damages claim, however, may ultimately belong to H&E Equipment, which leased the damaged equipment to J&C. Counsel to J&C has researched the issue of ownership of the claim but was unable to find any conclusive case law in bankruptcy that would be determinative of the issue. Should the claim

ultimately belong to the estate, any net proceeds (after costs of prosecution) of the claim would go to pay an extra dividend to unsecured claims, as provided under the Plan.

B. Insiders of the Debtor

The Debtor entity employs the below-listed insiders:

1. Joey Nugent is the CEO of the company. His compensation is approximately ONE HUNDRED TWENTY THOUSAND AND NO/100 (\$120,000.00) DOLLARS per year. He also receives the use of a company vehicle. However, Mr. Nugent may only draw compensation from positive cash flow if all obligations to creditors are current.
2. Curtis Sandidge is assists Joey in running the company. He receives a vehicle allowance of \$920.67 per month as compensation.
3. None of the insiders receive any other benefits.

C. Management of the Debtor Before and During Bankruptcy

Prior to the date on which the bankruptcy petition was filed, the managers or other persons in control were Joey Nugent and Curtis Sandidge. During the pendency of this case, both have continued to serve in management of the company.

After the effective date of the order confirming the plan, the managers will be occupied by the same persons who filled those positions pre-petition, at the same rates of compensation. The “effective date” is the eleventh business day following the date of the entry of the order of confirmation of the Plan. But if a stay of the confirmation order is in effect on that date, the “effective date” will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

D. Events Leading to Chapter 11 Filing

As noted above, J&C is in the business of leasing equipment to the oil and gas industry. Prior to the oil and gas downturn in the past couple of years, the bulk of J&C's income was from leasing equipment from third parties and then subleasing it to oil and gas operators. During the downturn, a number of sub lessees defaulted on their leases, leaving substantial accounts receivable unpaid and severely limiting J&C's cash flow. This Chapter 11 case resulted.

E. Significant Events During the Bankruptcy Case

1. On July 24, 2016, the Court entered an Interim Order authorizing Debtor's use of cash collateral of Citizen's Progressive Bank and Integrity Factoring and Consulting, Inc., in exchange for adequate protection of a replacement lien on all post-petition accounts receivable and adequate protection payments.
2. On July 19, 2016, the Court entered an Order authorizing the retention of Bradley L. Drell and the law firm of Gold, Weems, Bruser, Sues & Rundell (A Professional Law Corporation) as attorneys for the Debtor.
3. On August 23, 2016, the Court entered a Final Order authorizing Debtor's use of cash collateral of Citizen's Progressive Bank and Integrity Factoring and Consulting, Inc. in exchange for adequate protection of a lien on all post-petition accounts receivable and payments of \$10,000 per month to these creditors, first to Integrity until paid in full and then to Citizen's.

F. Projected Recovery of Avoidable Transfers

The Debtor does not believe there are avoidable pre-petition transactions. If you received a payment or other transfer within ninety (90) days of the bankruptcy, or other transfer avoidable under the Code, the Debtor may seek to avoid such transfer.

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 B**.

The most recent post-petition monthly operating report filed since the commencement of the Debtor's case is set forth as **Exhibit C**.

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

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

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 Section 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 twenty (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 particular claimant agrees to a different treatment.

At the time of the filing of this Plan, the Debtor is current on all administrative expenses.

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by Section 507(a)(8) of the Code. Unless the holder of such a Section 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding five (5) years from the order for relief. The plan provides for such plan treatment, and the information available indicates that the priority tax claims in this case are nominal compared to the other debts.

C. Classes of Claims and Equity Interests

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

1. *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 Section 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 following lists all classes containing Debtor's secured pre-petition claims and their proposed treatment under the Plan:

A. Treatment of Class 1

The Debtor will satisfy the secured claim of the Citizens Progressive Bank by paying \$10,000.00 per month until this claim is paid in full. The claim will continue to bear interest at the contract rate of interest. The first installment will begin 60 days after the effective date of this Plan, and the Debtor will make subsequent installments on or before the 30th day of each month following the month of the first installment.

B. Treatment of Class 2

The secured claim of Allied Bank, secured by a 2014 GMC Sierra Truck, will receive payments in the amount of \$885.00 per month until paid in full. This claim will continue to bear interest at the contract rate of interest.

C. Treatment of Class 3

The secured claims of Integrity Factoring and Consulting, Inc., have been paid in full pursuant to adequate protection order entered by the Bankruptcy Court in this case. This creditor's claims primed the claims of Citizens Progressive Bank.

D. Treatment of Class 4

The secured claim of CAT Financial, Inc., secured by Freightliner Water Truck, Model WATER4000, will be paid in full at the contract rate of interest by monthly payments of \$1,000.00 per month until paid in full.

2. *Class of Priority Unsecured Claims*

Certain priority claims that are referenced in §§ 507(a)(1), (4), (5), (6) and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the amount of such claim. However, a class of holders of such claims may vote to accept different treatment. The Debtor has no priority unsecured claims against it that fall under 11 U.S.C. §§ 507(a)(1), (4), (5), (6) and (7).

3. *Class of General Unsecured Claims*

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

The Plan's proposed treatment of Class 5, which contains general unsecured claims against the Debtor, General unsecured claims will be paid 10% of their claims over a ten (10) year period with no interest, with monthly payments to begin 60 days from the confirmation of this Plan.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the ongoing operations of the business, as well as contributions, if needed by the insiders of the Debtor. A copy of the Debtor's monthly cash flow projection is attached hereto as **Exhibit D**.

2. *Post-Confirmation Management*

The company will be managed by the same management of the Debtor as noted in Section II (B) of this Disclosure Statement. Their compensation will remain consistent with that disclosed in Section II(B) of this Disclosure Statement.

E. Risk Factors

The current economic downturn world-wide, particularly in the oil and gas business, may adversely affect the Debtor's business. However, the oil and gas business seems to be recovering particularly in the Permian Basin in Texas, where the Debtor previously had operations.

F. Executory Contracts and Unexpired Leases

The Plan lists all executory contracts and unexpired leases that Debtor will assume under the Plan, except those which have been assumed by separate motion. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in the Plan will be rejected under the Plan. Consult your advisor or attorney for more specific information about particular contracts or leases.

G. Tax Consequences of Plan

Creditors and equity interest holders concerned with how the plan may affect their tax liability should consult with their own accountants, attorneys, and/or other advisors. The Debtor is not taxed as a C-Corporation, but as a partnership, so any tax consequences as a result of this plan will inure to the members of the company and will not affect the finances of the Debtor.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURE

To be confirmable, the Plan must meet the requirements listed in Sections 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 Section 1129 of the Code, 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 the right to vote for or against the Plan only if that 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 1-5 are impaired and that the holders of claims in this class is therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes of Priority and Administrative Claims are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

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.

The deadline for filing a proof of claim in this case is by the date first fixed for the hearing on the disclosure statement, unless otherwise ordered by the Court.

2. *What Is an Impaired Claim or Security 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 *impaired* under the Plan. As provided in Section 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 six 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 Sections 507(a)(2), (a)(3), and (a)(8) of the Code;
- holders of claims or equity interests 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 and to the Adequacy of the Disclosure Statement.

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 has 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 last 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 (1/2) of the allowed claims in the class, who vote, cast their vote to accept the Plan, and (2) the holders of at least two-thirds (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 (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Non-accepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by Section 1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind non-accepting classes or claims of equity interests if it meets all the requirements for consensual confirmation except the voting requirements of Section 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 “cram down” 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 the 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 E**. Unsecured creditors are receiving a dividend under the Plan, whereas they would receive nothing in a Chapter 7 liquidation.

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 or reorganization is proposed in the Plan.

1. Ability to Initially Fund the 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. Please review **Exhibit B** and **Exhibit C** to determine the amount of cash likely to be on hand on the effective date of the Plan.

2. Ability to Make Future Plan Payments and Operate Without Further Reorganization

The Plan proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. These projections are listed in **Exhibit D**.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

On the effective date of the Plan, the Debtor will be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in Section 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in Section 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in Section 1141(d)(6)(B). After the effective date of the Plan

your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

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 re-voting of 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. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court will designate in the Plan Confirmation Order, will file a motion with the Court to obtain a final decree to close the case.

Respectfully submitted:

**GOLD, WEEMS, BRUSER, SUES & RUNDELL
(A Professional Law Corporation)**

BY: /s/ Bradley L. Drell

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