

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

IN RE:	§	
	§	CASE NO. 16-60633
CIRCLE Z PRESSURE PUMPING, LLC	§	
	§	CHAPTER 11
DEBTOR	§	
	§	
P. O. Box 5513	§	
Longview, TX 75608	§	
EIN: xx-xxx4784	§	

**DISCLOSURE STATEMENT OF CIRCLE Z PRESSURE PUMPING, LLC,
SUBMITTED IN CONNECTION WITH PLAN OF REORGANIZATION**

Circle Z Pressure Pumping, LLC ("Debtor"), files and proposes this Disclosure Statement submitted in connection with Plan of Reorganization which has been proposed by the Debtor.

I.

INTRODUCTION

Debtor submits this Disclosure Statement in connection with the solicitation of acceptance of the Plan of Reorganization dated August 7, 2017. A copy of the Plan is being transmitted to all Creditors of the Debtor with this Disclosure Statement. However, only Creditors in impaired classes will receive a ballot to vote for or against the Plan.

Capitalized terms used herein, if not separately defined, have the defined meanings set forth in the Plan. All persons receiving the Disclosure Statement and Plan are urged to review fully the provisions of the Plan and all attached exhibits, in addition to reviewing the Disclosure Statement.

This Disclosure Statement is not intended to replace careful review and analysis of the Plan. Rather, it is submitted as an aid and supplement in your review of the Plan and an effort to explain the terms and implications of the Plan on file with the Court. Every effort has been made to explain fully the various aspects of the Plan as it affects all Creditors. However, to the extent any questions arise, the Debtor urges you to contact counsel for the Debtor and every effort will be made to assist you.

On September , 2017, the United States Bankruptcy Court for the Eastern District of Texas, Tyler Division (the "Bankruptcy Court"), entered an order approving this Disclosure Statement for use by Creditors whose votes on the Plan are being solicited to make an informed judgment whether to accept or reject the Plan.

Creditors 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 its business interests other than the information contained in this Disclosure Statement or in other information approved for dissemination to Creditors by the Court. Creditors should not rely on any information relating to the Debtor and its business interests, other than that contained in this Disclosure Statement and the Exhibits attached hereto, except as otherwise approved by the Court.

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS, NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS ASSETS, ITS PAST OR FUTURE 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.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. DEBTOR IS NOT ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY. THE FACTUAL INFORMATION REGARDING THE DEBTOR, ITS ASSETS AND LIABILITIES HAVE BEEN DERIVED FROM DEBTOR'S SCHEDULES, BOOKS AND RECORDS AND RELATED DOCUMENTS SPECIFICALLY IDENTIFIED HEREIN.

THE APPROVAL BY THE BANKRUPTCY COURT OF THE DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTY 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, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THE DEBTOR COMPILED THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT FROM THE DEBTOR'S BOOKS AND RECORDS, PUBLIC RECORDS AVAILABLE TO IT AND PLEADINGS AND REPORTS ON FILE WITH THE BANKRUPTCY COURT AND PREPARED IN CONNECTION WITH THIS BANKRUPTCY CASE. DEBTOR'S BOOKS AND RECORDS HAVE NOT BEEN AUDITED, BUT DEBTOR DOES NOT HAVE ANY ACTUAL KNOWLEDGE OF ANY INACCURACIES CONTAINED IN THE INFORMATION HEREIN WHICH ARE NOT SPECIFICALLY DISCLOSED.

NEVERTHELESS, NEITHER DEBTOR NOR ITS COUNSEL CAN WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT INACCURACY. NEITHER THE DEBTOR NOR ITS COUNSEL HAVE VERIFIED THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, ALTHOUGH THEY DO NOT HAVE ACTUAL KNOWLEDGE OF ANY INACCURACIES WHICH ARE NOT SPECIFICALLY DISCLOSED.

On September , 2017, the Bankruptcy Court entered an order conditionally approving this Disclosure Statement and fixing October , 2017, at _____ .m., 9th Floor, United States Bankruptcy Court, Eastern District of Texas, Tyler Division, 110 North College Avenue, Tyler, Texas 75702, as the date, time, and place for a hearing on confirmation of the Plan and fixing October , 2017 as the last date for the filing of any objections to confirmation of the Plan. A copy of the order of the Bankruptcy Court approving this Disclosure Statement is attached hereto as Exhibit "A". The hearing on confirmation may be adjourned from time to time without further notice.

ANY ANNOUNCEMENT OF ADJOURNMENT OF THE DATE AND TIME WHICH IS MADE IN COURT AT THE HEARING ON CONFIRMATION IS THE ONLY NOTICE TO BE PROVIDED.

II.

VOTING PROCEDURES AND REQUIREMENTS

A. Ballots and Voting Deadline

ONLY IMPAIRED CREDITORS WHO ARE RECEIVING DISTRIBUTIONS UNDER THE PLAN ARE BEING SOLICITED TO VOTE TO ACCEPT OR REJECT THE PLAN.

Debtor will continue to seek documents and data to further analyze the validity and enforceability of any Secured Claim. Depending on this analysis, as well as the valuation of the collateral securing the Claim, the impaired or unimpaired status of a particular class could change.

Claims in all Classes under the Plan are **IMPAIRED** and are being solicited to accept or reject the Plan.

A ballot to be used in its entirety for voting to accept or reject the Plan is enclosed with this Disclosure Statement mailed to Creditors entitled to vote. A Creditor must (1) carefully review the ballot and the instructions thereon, (2) execute the ballot and (3) return it to the address indicated thereon by the deadline to enable the ballot to be considered for voting purposes.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots used in their entirety for the acceptance or rejection of the Plan must be received no later than 5:00 p.m., Central Standard Time, on October __, 2017, at the following address:

Michael E. Gazette
Law Offices of Michael E. Gazette
100 East Ferguson Street, Suite 1000
Tyler, Texas 75702
Fax: (903) 596-9922
Email: megazette@suddenlinkmail.com

**TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED BY NO LATER
THAN 5:00 P.M., CENTRAL STANDARD TIME, ON OCTOBER __, 2017.**

B. Creditors Solicited to Vote

Any Creditor of the Debtor whose Claim is impaired under the Plan and who will receive distributions under the Plan is being solicited to vote, if it has filed a Proof of Claim on or before the last date set by the Bankruptcy Court for such filing. 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, upon motion by the Debtor or the Creditor whose claim has been objected to, in an amount which the Court deems proper for the purpose of accepting or rejecting the Plan. Such motion must be heard and determined by the Bankruptcy Court prior to the date and

time established by the Court as the deadline to file Ballots for or against the Plan. In addition, a Creditor's vote may be disregarded if the Bankruptcy Court determines that the Creditor's acceptance or rejection was not solicited or procured in good faith, in accordance with the provisions of the Bankruptcy Code, or is subject to paragraph A above.

C. Definition of Impairment

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

1. leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or
2. notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or 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 such maturity existed before such 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

The Bankruptcy Code defines acceptance of a plan by a class of Creditors as acceptance by holders of at least two-thirds in dollar amount and more than 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 Creditors in a given class who vote cast their ballots in favor of acceptance.

III.

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 on confirmation of the Plan (the "Confirmation Hearing"). Section 1128(b) provides that any party in interest may object to confirmation of the Plan.

By order of the Bankruptcy Court dated September , 2017, the Confirmation Hearing has been scheduled for October __, 2017, at _____ .m., 9th Floor, United States Bankruptcy Court, Eastern District of Texas, Tyler Division, 110 North College Avenue, Tyler, Texas 75702. 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 objection to confirmation or final approval of this Disclosure Statement must be made in writing and filed with the Bankruptcy Court with proof of service and served upon the following parties on or before October __ , 2017, at 5:00 p.m., Central Standard Time:

Michael E. Gazette
Law Offices of Michael E. Gazette
100 East Ferguson Street, Suite 1000
Tyler, Texas 75702
Fax: (903) 596-9922
Email: megazette@suddenlinkmail.com

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, 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. These applicable requirements are as follows:

1. The Plan complies with the applicable provisions of the Bankruptcy Code.
2. The proponent 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 proponent or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the Plan and incident to the 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 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 proponent has disclosed the identity of any insider that will be employed or retained by the reorganized debtors, and the nature of any compensation for such insider.

6. Any governmental regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the Debtor has approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval.
7. With respect to each class of impaired Claims, either each holder of a claim or interest of such class has accepted the Plan, or will receive or retain under the Plan on account of such claim or 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 was liquidated on such date under Chapter 7 of the Bankruptcy Code.
8. Each class of Claims or Interests has either accepted the Plan or is not impaired under the Plan.
9. Except to the extent that the holder of a particular Claim has agreed to a different treatment of such claim, the Plan provides that administration expenses and priority claims (other than tax claims) will be paid in full on the Effective Date and that priority tax claims will receive on account of such claims deferred cash payments, over a period not exceeding six years after the date of assessment of such claim, of a value, as of the Effective Date, equal to the allowed amount of such Claim.
10. If a class of Claims is impaired under the Plan, at least one class of impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any Insider.
11. 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.
12. All fees payable under 28 U.S.C. §1930, as determined by the Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

13. The Plan provides for the continuation after its Effective Date of payment of all retiree benefits, as defined and at the levels established pursuant to 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.

Debtor believes that the Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, that 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.

C. Cramdown

In the event that any impaired class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired class which has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for its Claims or Interests. "Fair and equitable" has different meanings for Secured and Unsecured Claims.

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 any property under the Plan.

With respect to a Claim of 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; or (ii) the holder of any Interest that is junior to the Interest of such class will not receive or retain under the Plan on account of such junior Interest any property.

In the event one or more classes of impaired Claims rejects the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired class of Claims.

IV.

GENERAL INFORMATION

A. Background

The Debtor is a Texas limited liability company formed on May 26, 2009. The members of the Debtor are David G. Powell, Chad Powell, Michael Clayton Powell, Shea Powell, Gene Powell, Mark Powell, Brian Burghart, Brandon Bussey, and Lindsey Ashmore. The manager of the Debtor is David G. Powell. The business of the Debtor was the provision of pressure pumping services in connection with the drilling and fracking of oil and gas wells. Debtor is paid an agreed fee for its services by its customers. The

Debtor holds large equipment used in its work, various accessories for the equipment, trucks, trailers, and cash in its debtor-in-possession account. The Debtor presently has 36 employees, including three of the members noted above.

B. Events leading to bankruptcy

Debtor's financial difficulties began in mid-2015. All of Debtor's customers are companies in the energy industry. With the severe decline in oil prices and gas prices, many companies ceased spending money on the drilling of new wells and the enhancement of the production of existing wells through fracking. Debtor went from revenues of \$69,187,687.00 in 2014 to \$32,723,343.00 in 2015 and to \$6,447,587.00 for 2016 through the filing date of October 11, 2016. During this time, Debtor had a large contract with Sanchez Engineering upon which it was unable to collect without instituting litigation whose expense Debtor could not afford. The dramatic decline in revenues caused it to be unable to pay its debts due to a lack of income from its business. This led to demands for payment from both secured and unsecured creditors, and to the filing of lawsuits by United Engines, LLC, Strom Manufacturing, Inc., and Energy Products, LLC to recover judgments for the amounts owed. While some creditors were willing to work with the Debtor, not all were. The financial pressures on Debtor became such that the only way to preserve itself was to avail itself of the opportunity to reorganize offered by a Chapter 11 bankruptcy case.

V.

**DESCRIPTION OF BUSINESS ACTIVITY
SINCE PETITION DATE**

A. Business Operations

Since filing its petition, Debtor has continued to operate its business. While the drilling of new wells and enhancement of existing wells has rebounded from the lows of 2015 and 2016, fees offered by customers seeking Debtor's services are substantially lower than fees which could be charged prior to 2015. Due to a lack of working capital, there has been a limit as to the amount of its traditional work for which Debtor could bid due to the costs of chemicals, sand, and trucking in connection with fracking services and maintenance costs on its equipment. In addition, competition from other companies offering the same kind of services offered by Debtor has affected the amount of work Debtor has been able to secure. Within the last three months, Debtor has modified its business model by switching to provision of pump-down services in which it pumps fresh water to push wireline tools to horizontal parts of wells between frack stages. As a result, Debtor has been able to secure significant work which does not require the degree of working capital that the prior business model required and which has significantly reduced maintenance expenses on the equipment used. Debtor presently has 7 jobs either in progress or in line to be started which should generate a total revenue of \$6,350,500.00.

B. Court Proceedings

1. The Debtor has secured approval for the employment of Michael E. Gazette as bankruptcy counsel for the Debtor in this case. In connection with the employment of Michael E. Gazette, the Debtor paid to him a retainer of \$25,000.00 which was deposited in the attorney's trust account. Approximately \$4,950.00 of those funds were used pre-petition to pay for pre-petition services and the bankruptcy filing fee. The remaining funds were withdrawn upon the approval by the Court of interim compensation for Mr. Gazette in its Order dated March 6, 2017.

3. The Debtor filed a Motion for Entry of Interim and Final Orders Authorizing Use of Cash Collateral and Providing Adequate Protection. An Interim Order for Use of Cash Collateral and Adequate Protection was entered on October 24, 2016. An Agreed Order for Use of Cash Collateral and Providing Adequate Protection was entered on November 9, 2016.

4. Austin Bank filed a Motion for Relief from Stay on November 18, 2016. As a result of certain defaults by the Debtor in certain terms of the Agreed Order for Use of Cash Collateral, the automatic stay was terminated by an agreed order on January 25, 2017. Austin Bank has allowed Debtor continued use of the equipment on which it holds a lien and the real estate on which it holds a lien, but has also pursued a course of selling certain equipment with Debtor's assistance when it can be sold in a commercially reasonable manner.

5. Community Bank filed a Motion for Relief from Stay as to its collateral on November 18, 2016. As a result of certain defaults by the Debtor in certain terms of the Agreed Order for Use of Cash Collateral, the automatic stay was terminated by an agreed order on January 25, 2017. Community Bank took possession of its collateral and did not allow Debtor continued use of the equipment. Community Bank has tried to sell its collateral with Debtor's assistance when it can be sold in a commercially reasonable manner.

6. Enterprise FM Trust filed a Motion for Relief from Stay as to vehicles leased by it to Debtor. As a result, the Debtor and Enterprise FM Trust presented an agreed Order, subsequently entered by the Court, which involved the cure by the Debtor of post-petition deficiencies in lease payments.

7. The U. S. Trustee filed a motion for approval of an agreed scheduling order in the case. The Court entered the order on December 8, 2016.

8. BancorpSouth Bank has filed a motion for relief from stay as to its collateral. That motion is pending at this time.

9. Debtor filed a Motion for Authority to Enter into Unsecured Line of Credit with David Powell and Chad Powell. That motion was approved by an order entered on July 24, 2017.

VI.

SELECTED FINANCIAL DATA

A. Source of Information

Debtor has used information present in its records to prepare its schedules, statement of financial affairs, and monthly operating reports.

THE FINANCIAL INFORMATION CONTAINED HEREIN AND THE ATTACHED EXHIBITS HAVE NOT BEEN INDEPENDENTLY AUDITED FOR PURPOSES OF INCLUSION IN THIS DISCLOSURE STATEMENT. THE INFORMATION CONTAINED HEREIN IS COMPLETELY DEPENDENT UPON DEBTOR'S OWN BOOKKEEPING. THE DEBTOR CANNOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

B. Description of Assets

1. Real Property

The Debtor owns real property at 6664 Hwy 149 South, Tatum Texas with an estimated value of \$480,000.00. The property is subject to a deed of trust lien in favor of Austin Bank securing all amounts owed to the Bank as well as tax liens in favor of Panola County, Texas. The Debtor also owns a tract of .851 acres in the Francisco Castro Survey

in Gregg County, Texas on which is a chemical storage facility. Debtor estimated the value of that tract at \$50,000.00, but has no opinion as to the ease of marketing that property. Gregg County has a tax lien which encumbers that property.

2. Personal Property

The Debtor has an interest in personal property more specifically described in Exhibit B. As noted above, the stay has been terminated as to the collateral of both Austin Bank and Community Bank. Of the property shown on Exhibit B, Austin Bank, subject to applicable tax liens, has a first lien on all of the personal property listed which is not shown to be subject to the liens of Community Bank or BancorpSouth Bank. The values shown for such properties are an estimate by the manager of the Debtor of the current value of each piece of equipment which may be realized through a commercially reasonable sale, not an auction, based upon his knowledge and experience with recent sales of similar equipment. The total amount on Exhibit B amounts to \$10,495,500.00. In addition, Debtor owns a claim against Sanchez Engineering in the amount of \$3,798,348.21, which, if it has a value, is subject to the lien of Austin Bank. The Debtor also has avoidance and preference claims which may have a value of approximately \$350,000.00.

3. Present Financial Status

Attached as Exhibit C are copies of the last two operating reports showing Debtor's results through June 30, 2017 as well as copies of reports furnished by Debtor to Austin Bank showing results of operations and status of jobs and bids through July 31, 2017.

4. Liabilities

Debtor presently owes to Austin Bank the approximate amount of \$7,831,225.00; to BancorpSouth Bank the approximate amount of \$1,291,807.00; to Community Bank the approximate amount of \$1,441,309.00; to Panola County the approximate amount of \$111,578.82 for tax years preceding 2017; to Rusk County the approximate amount of \$169,991.31 for tax years preceding 2017; to Gregg County the approximate amount of \$1,735.08 for tax years preceding 2017; to Chad Powell the approximate amount of \$301,638.63; to Gene W. Powell the approximate amount of \$12,880.44; to Powell Family Royalty the approximate amount of \$3,706.29; to the Comptroller of Public Accounts the approximate amount of \$154,329.50; and to the general unsecured creditors who timely filed proofs of claim the approximate amount of \$5,347,691.08. In addition, Debtor presently owes its counsel for approved, but unpaid, fees the approximate sum of \$12,000.00.

VII.

SUMMARY OF THE PLAN

A. Introduction and Overview

THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN. THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PROVISIONS OF THE PLAN.

The Plan designates eleven classes of Creditor claims and one class of Interests, taking into account the differing nature and priority of claims established under the Bankruptcy Code.

The Plan contemplates the continuing operation of the Debtor's business in order to fund payment of the claims provided for under the Plan.

B. Recommendation

The Debtor believes that Creditors entitled to vote on the Plan should vote to accept the Plan. The Debtor believes that the Plan provides all Creditors with the best opportunity to receive the maximum value for their claims while preserving the value of the estate.

C. Summary of Treatment of Creditors

The Plan classifies claims separately in accordance with the Bankruptcy Code and provides different treatment for different classes of claims. As described more fully below, the Plan provides separately for each class that holders of the claims will receive various types of consideration, thereby giving effect to the different rights of the holders of claims of each class.

1. Administration Expenses.

Administration expenses are claims against the Debtor constituting a cost or expense of administration of the bankruptcy proceeding allowed under §503(b) of the Bankruptcy Code, including any actual necessary costs and expenses of preserving the estate of the Debtor, any actual, necessary costs and expenses of operating the business of the Debtor, any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business or for the acquisition or release of property or the rendition of services, any allowance of compensation and reimbursement of expenses to the extent allowed by final order under §330 of the Bankruptcy Code, and fees or charges assessed against the estate of the Debtors under §1930, Ch. 123, Title 28 of the United States Code. Debtor's counsel Michael E. Gazette reasonably believes he will seek approval for fees and expenses of \$26,500.21 that are presently accrued and approximately another \$15,000.00 in future fees and expenses through confirmation.

Compensation of Debtor's counsel is subject to approval by the Bankruptcy Court. Debtor will pay the balance of fees allowed by the Court from funds received by it in excess of funds required for its Plan payments.

Administration Expenses representing liabilities incurred in the ordinary course of business by the Debtor will be paid by the Debtor in accordance with the terms and conditions of the particular transaction and any agreements relating thereto. Fees owed to the U.S. Trustee as of the Effective Date of the Plan will be paid on the Effective Date. Other fees that may accrue will be paid timely.

Except as indicated above, under the Plan, the Debtor shall pay administration expenses in full and in cash upon the later of the Consummation Date or the first business day which follows entry of a Final Order by the Bankruptcy Court allowing such expenses.

2. Priority and Secured Tax Claims for 2017 and after.

As to post-petition taxes becoming due and payable after the Confirmation Date, any county with jurisdiction over Debtor's property retains all liens against the Debtor's assets. Such taxes owed to any such county for 2017 and all subsequent years are an expense incurred in the ordinary course of business and such county is not required to file an administrative expense claim and request payments in order for such post-petition amounts to be allowed or to receive payment of those amounts. In the event of a default by Debtor in the payment of such amounts, such county is entitled to pursue its remedies afforded by Texas law.

3. Class 1 Austin Bank Secured Claims.

The claims of Austin Bank in the present amount of \$7,831,225.00 are secured by liens on real estate, certain vehicles, and equipment owned by Debtor used in its business and identified in the Disclosure Statement as well as all cash, accounts, and accounts receivable. The automatic stay with respect to the collateral of Austin Bank has been terminated. The claims Austin Bank shall be deemed to be fully-secured and the interest shall accrue on such claims post-confirmation at the rate of 4.75% per annum. Austin Bank shall retain its pre-petition liens and the terms and conditions of its security agreements shall remain in force and effect, except with respect to changes as provided by the Plan. Prior to the filing of this Plan, Austin Bank has sold with Debtor's marketing assistance various items of equipment on which the automatic stay had been terminated. The claims of Austin Bank will be paid post-confirmation through the same procedure of selling various items of the Bank's collateral in a commercially reasonable manner through Debtor's marketing efforts. Post-confirmation, the proceeds of such sales shall first be applied to the secured claims in Classes 4, 5, and 6 described below to the extent such liens constitute a senior lien on the property sold until the claims of such classes are paid in full. Thereafter, two percent (2%) of the net proceeds of the sale of items of the Bank's collateral shall be set aside for payment of administrative expenses, priority unsecured claims, and general unsecured claims in the order of their priority. At such time as the balance owed to Austin Bank shall be reduced to \$4,500,000.00, at that point, such balance shall be amortized over a period of 48 months with monthly payments of principal and interest. These claims are impaired. Any attorney's fees allowed under 11 U.S.C. §506 will be added to the amount of the claims of Austin Bank.

4. Class 2 BancorpSouth Bank Secured Claims.

The claims of BancorpSouth Bank in the present amount of \$1,291,807.00 are secured by liens on certain equipment owned by Debtor used in its business and identified in the Disclosure Statement. Interest on the secured claim shall be at the rate of 4.75% per annum. BancorpSouth Bank shall retain its pre-petition liens and the terms and conditions of its security agreements shall remain in force and effect, except with respect to changes as provided by the Plan. The claims of the Bank will be paid post-confirmation through the procedure of selling various items of the Bank's collateral in a commercially reasonable manner through Debtor's marketing efforts. Post-confirmation, the proceeds of such sales shall first be applied to the secured claims in Classes 4, 5, and 6 described below to the extent such liens constitute a senior lien on the property sold until the claims of such classes are paid in full. At such time as the balance owed to BancorpSouth Bank shall be reduced by \$1,000,000.00, at that point, the balance shall be amortized over a period of 60 months with monthly payments of principal and interest. These claims are impaired. Any attorney's fees allowed under 11 U.S.C. §506 will be added to the amount of the claims of Austin Bank.

5. Class 3 Community Bank Secured Claims.

The claims of Community Bank in the present amount of \$1,441,309.00 are secured by liens on certain equipment owned by Debtor identified in the Disclosure Statement. The automatic stay with respect to the collateral of Community Bank has been terminated, and Community Bank has taken possession of such collateral. Community Bank shall liquidate its collateral as allowed by its security agreements and shall be responsible for the satisfaction of any senior liens held by the members of Classes 4, 5, and 6 describe below. Should the claims of Community Bank not be fully satisfied by the liquidation of its

collateral, any deficiency shall become a part of Class 8 to be paid in accordance with the provisions made for the payment of claims in Class 8. These claims are impaired. Any attorney's fees allowed under 11 U.S.C. §506 will be added to the amount of the claims of Community Bank.

6. Class 4 Panola County Secured Claim.

The claim of Panola County in the amount of \$111,578.82 is secured by a tax lien on real estate and equipment owned by Debtor used in its business and identified in the Disclosure Statement. This claim shall be deemed to be fully-secured and the interest shall accrue at the rate of 12% per annum. Panola County shall retain its pre-petition lien. The claim of Panola County shall be paid as a senior lienholder from the proceeds realized from the sales of real estate or equipment to which its lien attaches which is the collateral of the holders of claims under Classes 1, 2, and 3 above. This claim is impaired

7. Class 5 Rusk County Secured Claim.

The claim of Rusk County in the amount of \$169,991.31 is secured by a tax lien on equipment owned by Debtor used in its business and identified in the Disclosure Statement. This claim shall be deemed to be fully-secured and the interest shall accrue at the rate of 12% per annum. Rusk County shall retain its pre-petition lien. The claim of Rusk County shall be paid as a senior lienholder from the proceeds realized from the sales of equipment to which its lien attaches which is the collateral of the holders of claims under Classes 1, 2, and 3 above. This claim is impaired.

8. Class 6 Gregg County Secured Claim.

The claim of Gregg County in the amount of \$1,735.88 is secured by a tax lien on real property in Gregg County owned by Debtor used in its business and identified in the

Disclosure Statement. This claim shall be deemed to be fully-secured and the interest shall accrue at the rate of 12% per annum. Gregg County shall retain its pre-petition lien. The claim of Gregg County shall be paid in one payment no later than 30 days following the Confirmation Date. This claim is impaired.

9. Class 7 Chad Powell Secured Claim.

The claim of Chad Powell in the present amount of \$301,638.63 is secured by a lien on certain equipment owned by Debtor used in its business and identified in the Disclosure Statement. The lien is inferior to the lien of the taxing authority identified in either Class 4, 5, or 6 having a tax lien on such equipment and the lien of Austin Bank. Interest on the secured claim shall be at the rate of 4.75% per annum. Chad Powell shall retain his pre-petition liens and the terms and conditions of his security agreements shall remain in force and effect, except with respect to changes as provided by the Plan. The claim of Chad Powell will be paid post-confirmation through the procedure of selling his collateral in a commercially reasonable manner through Debtor's marketing efforts. Post-confirmation, the proceeds of such sales shall first be applied to the secured claims in Classes 4, 5, and 6 described below to the extent such liens constitute a senior lien on the property sold until the claims of such classes are paid in full and then to the claim of Austin Bank. Should the sale of his collateral not generate sufficient proceeds to pay his claim, his claim shall become a part of Class 9 below. This claim is impaired.

10. Class 8 Gene Powell Secured Claim.

The claim of Gene Powell in the present amount of \$12,880.44 is secured by a lien on certain equipment owned by Debtor used in its business and identified in the Disclosure Statement. The lien is inferior to the lien of the taxing authority identified in either Class 4,

5, or 6 having a tax lien on such equipment and the lien of Austin Bank. Interest on the secured claim shall be at the rate of 4.75% per annum. Gene Powell shall retain his pre-petition liens and the terms and conditions of his security agreements shall remain in force and effect, except with respect to changes as provided by the Plan. The claim of Gene Powell will be paid post-confirmation through the procedure of selling his collateral in a commercially reasonable manner through Debtor's marketing efforts. Post-confirmation, the proceeds of such sales shall first be applied to the secured claims in Classes 4, 5, and 6 described below to the extent such liens constitute a senior lien on the property sold until the claims of such classes are paid in full and then to the claim of Austin Bank. Should the sale of his collateral not generate sufficient proceeds to pay his claim, his claim shall become a part of Class 11 below. This claim is impaired.

11. Class 9 Powell Family Royalty Secured Claim.

The claim of Powell Family Royalty in the present amount of \$3,706.29 is secured by a lien on certain equipment owned by Debtor used in its business and identified in the Disclosure Statement. The lien is inferior to the lien of the taxing authority identified in either Class 4, 5, or 6 having a tax lien on such equipment and the lien of Austin Bank. Interest on the secured claim shall be at the rate of 4.75% per annum. Powell Family Royalty shall retain its pre-petition liens and the terms and conditions of its security agreements shall remain in force and effect, except with respect to changes as provided by the Plan. The claim of Powell Family Royalty will be paid post-confirmation through the procedure of selling its collateral in a commercially reasonable manner through Debtor's marketing efforts. Post-confirmation, the proceeds of such sales shall first be applied to the secured claims in Classes 4, 5, and 6 described below to the extent such liens

constitute a senior lien on the property sold until the claims of such classes are paid in full and then to the claim of Austin Bank. Should the sale of his collateral not generate sufficient proceeds to pay his claim, his claim shall become a part of Class 11 below. This claim is impaired.

12. Class 10 Priority Unsecured Claims.

The claims of this class are those priority claims for unpaid sales taxes asserted by the Texas Comptroller of Public Accounts in the amount of \$154,329.50. These claims will be paid from the proceeds of the sales of personal property of the Debtor after satisfaction of the claims of Classes 1 through 9 above from the sales of any property subject to their liens and after satisfaction of any claims and expenses which are prior to these claims under 11 U.S.C. §507 mentioned in Article II above. Other sources of revenue for the payment of the claims of this class will come from 2% of the net proceeds of the sale of any of the collateral of Austin Bank as provided in paragraph 4.01 above, any positive cash flow generated by the Debtor in the operation of its business post-confirmation, and the collection of any amounts recovered in the pursuit of avoidance or recovery actions under 11 U.S.C. §§544, 545, 547, 548, 549, 550, 551, and 553, as well as any other cause of action or claim which may be asserted by Debtor or its estate.

13. Class 11 General Unsecured Claims.

The claims of general unsecured creditors represented by timely filed proofs of claim total approximately \$5,347,691.08. After the payment of claims provided for under Article II above and the payment of the Class 10 claims provided above, Debtor will pay to the holders of Class 11 claims set forth in timely-filed proofs of claim on a quarterly basis *pro rata* a sum of money derived from 2% of the net proceeds of the sale of any of the collateral

of Austin Bank as provided in paragraph 4.01 above, one-third (1/3) of any positive cash flow generated by the Debtor in the operation of its business after the payment of all expenses plus any payments on secured debt, and the collection of any amounts recovered in the pursuit of avoidance or recovery actions under 11 U.S.C. §§544, 545, 547, 548, 549, 550, 551, and 553, as well as any other cause of action or claim which may be asserted by Debtor or its estate. Such payments will be made over a period of 36 months following the date of the confirmation of the Plan.

13. Class 12 Interests.

The holders of Interests in the Debtor will retain their Interests post-confirmation. In no event shall holders of Interests receive any dividend or distribution of profits or any loans from the Debtor while any of the Classes described above are receiving payments under the terms of the Plan.

VIII.

SUMMARY OF OTHER PROVISIONS OF THE PLAN

A. Treatment of Executory Contracts and Unexpired Leases.

1. The Bankruptcy Code gives the Debtor the power, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Rejection or assumption may be effected either pursuant to a Plan or by order of the Bankruptcy Court entered upon motion of the Debtor after notice and hearing. If an executory contract or unexpired lease is rejected, the other party to the agreement may file a claim for damages incurred by reason of the rejection within such time as provided in the order of rejection or the Plan. In the case of rejection of employment agreement and leases of real property, the damages are limited under the Bankruptcy Code. In the case

of assumption of an executory contract or unexpired lease, the Bankruptcy Code requires that the Debtor cure or provide adequate assurances that it promptly will cure any existing defaults (other than certain types of defaults based upon bankruptcy or the Debtor's financial condition) and provide adequate assurances of future performance under such executory contracts or unexpired leases.

2. The Plan provides that Debtor's lease with Enterprise Fleet Leasing, Inc. will be rejected. Any other executory contracts or unexpired leases not deemed to be a secured financing transaction will be specifically assumed unless previously rejected, specifically treated otherwise in the Plan, or the subject of a pending motion before the Bankruptcy Court on the Consummation Date.

B. Retention of Jurisdiction.

The Plan provides for the retention of jurisdiction by the Bankruptcy Court over the Reorganization Case for the purpose of determining all disputes related to claims, equity interests, avoidance actions and other issues presented by or arising under the Plan, and to determine all other matters pending on the Confirmation Date.

C. Discharge of Debtor.

Upon confirmation of the Plan, its provisions will bind the Debtor and all Creditors, whether or not they accept the Plan. Confirmation will also discharge the Debtor from all debts that arose before Confirmation, except as provided in the Plan, the Confirmation Order or the Bankruptcy Code. The rights afforded in the Plan and the treatment of all Creditors therein will be in exchange for and in complete satisfaction, discharge and release of all claims of any nature whatsoever, including any interest accrued thereon from and after the Petition Date, against the Debtor, or its estate or property or interest in

property. Except as otherwise provided in the Plan, upon the Consummation Date, all such claims against the Debtor will be deemed satisfied, discharged and released in full. All entities will be precluded from asserting against the Debtor, any successor or their assets or properties any other or further claims based on any act or omission, transaction or other activity of any kind or nature that occurred prior to the Consummation Date. Except as provided in the Bankruptcy Code, the Plan or the Confirmation Order, after confirmation, the property dealt with by the Plan is free and clear of all claims and interests of creditors, equity security holders and of general partners in the Debtor. Confirmation of the Plan will vest all of the property of the estate in the Debtor.

D. Modifications of the Plan.

The Debtor may amend or modify the Plan as provided in the Plan either before Confirmation in accordance with the provisions of Section 1127 of the Bankruptcy Code. After Confirmation, the Debtor may amend or modify the Plan in accordance with the provisions of Section 1127 of the Bankruptcy Code.

E. Revocation of the Plan.

The Debtor may revoke and withdraw the Plan at any time prior to confirmation.

F. Disclosure of Information.

The Debtor urges you to read the Plan as well as this Disclosure Statement with all attached exhibits carefully. The Plan, the Disclosure Statement and the exhibits attached to it are intended to provide you with as much information as is reasonably possible, given the limitations of space, time and the circumstances of the Debtor, with which to decide whether to accept or reject the Plan described herein.

G. Legal Actions.

From and after the Consummation Date, the Debtor is constituted as the representative of the estate to litigate any avoidance or recovery actions under Section 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code, or any other causes of action, or rights to payment of claims that belong to the Chapter 11 estate, that may be pending on the Consummation Date or instituted after the Consummation Date. Further, the Debtor retains the right to object to the allowance of any Proof of Claim filed with the Bankruptcy Court with respect to which liability is disputed in whole or in part.

IX.

MEANS FOR IMPLEMENTATION OF THE PLAN

1. During the term of the Plan, Debtor shall continue to operate its business. Debtor's income will be dedicated to the payment of obligations provided for under the Plan after appropriate allowance for necessary expenses and taxes. Should the net income of Debtor increase during the term of this Plan such that Debtor may increase payments to the holders of claims in Classes 1 -11, Debtor will do so to pay those claims sooner than as contemplated by this Plan. Debtor will also pursue preference and avoidance actions available to it for the benefit of the creditors of the bankruptcy estate. Should Debtor be able to secure the services of qualified counsel willing to proceed under a contingent fee agreement, Debtor will pursue its claim against Sanchez Engineering. Debtor shall also distribute to Classes 10 and 11 any funds generated through the refund of 2% of any equipment sold in which Austin Bank holds a lien upon satisfaction of all administrative expenses.

2. Debtor will keep its property insured as provided by the various security agreements with secured creditors. Further, Debtor shall provide Austin Bank and

BancorpSouth Bank with monthly income and expense statements in a form acceptable to said bank until such time as said bank shall notify Debtor in writing that it no longer requires such statements.

3. Debtor will not encumber or allow the encumbrance of any of its property other than by liens presently in place. Debtor will pay all taxes which become due after the Confirmation Date in the ordinary course of its business and no later than the final due date for such taxes.

4. Until all Claims are paid, no officer, member, or manager of Debtor, or any relative of such person who is employed by the Debtor, shall receive any increase in salary or wages or any bonus, loan, or other additional compensation which would tend to increase his or her present compensation level. Debtor has prepared a projection of income to show its ability to generate income to provide funds for its Plan payments. A copy of that projection is attached hereto as Exhibit D.

THE PROJECTED FINANCIAL RESULTS SET FORTH IN EXHIBIT D ARE BASED ON ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY UNCERTAIN AND, THOUGH CONSIDERED REASONABLE BY THE DEBTOR, ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT AND MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTOR. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE PROJECTED RESULTS WILL BE REALIZED AND THAT ACTUAL RESULTS WILL NOT BE SIGNIFICANTLY DIFFERENT THAN PROJECTED. THE DEBTOR MAY REVISE THESE ASSUMPTIONS AND ESTIMATES AT OR BEFORE THE CONFIRMATION HEARING ON THE PLAN.

X.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

Under the Internal Revenue Code of 1986, as amended ("Tax Code" or "Internal Revenue Code"), there are certain significant federal income tax consequences associated with the Debtor's Plan described in this Disclosure Statement. The tax consequences can be subject to significant uncertainties. There may also be state, local or foreign tax considerations applicable to each Creditor.

HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISORS RESPECTING THE INDIVIDUAL TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED UNDER OR IN CONNECTION WITH THE PLAN, INCLUDING STATE AND LOCAL TAX CONSEQUENCES.

1. Backup Withholding.

Under the Tax Code, interest, dividends and other "reportable payments" may, under certain circumstances, be subject to "backup withholding". Withholding generally applies if the holder fails to furnish his social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, fails properly to report interest or dividends, or under certain circumstances, fails to provide a certified statement, signed under penalty of perjury that the TIN provided is his correct number and that he is not subject to backup withholding. Debtor will comply with all withholding and reporting requirements imposed by federal, state, and local taxing authorities, and distribution made under the Plan will be subject to those withholding and reporting requirements.

XI.

LIQUIDATION ANALYSIS

At the confirmation hearing, the Bankruptcy Court will determine whether creditors would receive at least as much under the Plan as they would receive in a liquidation under Chapter 7. The Plan provides for payment in full of the secured claims of Panola County, Rusk County, Gregg County, Austin Bank and BancorpSouth Bank, payments of the secured claims of Community Bank, Chad Powell, Gene Powell, and Powell Family Royalty to the extent of the value realized by the sale of their collateral, and payment of the administrative expenses, priority unsecured claims, and allowed general unsecured claims in accordance with the priority provisions under the Bankruptcy Code. The Debtor believes that a liquidation of its assets would result in far less being recovered by the unsecured creditors than what they will receive pursuant to this Plan. Debtor's liquidation analysis is attached hereto as Exhibit E showing that an auction of the property in which it holds an interest would likely result in the recovery of only 60% of the values presently attached to the property, which values are based upon the property being sold by commercially reasonable sale and Debtor can stay in business..

There are risks inherent in the Plan which could impact the Debtor's ability to perform its obligations under the Plan. Income can be affected by a reduction in the amount of work Debtor can secure. Further, since much of Debtor's business is energy-related, a renewed recession in the energy industry may result in current and potential customers declining to hire Debtor for additional work and in the sales value of equipment in which Debtor holds an interest. In addition, significant casualty loss to Debtor's equipment used in its operations, while insured, may result in the loss of the damaged equipment if the lien holders with liens on the equipment do not agree to apply the insurance proceeds to repairs of the equipment. Any of these factors, or a combination of

them, could disrupt and lower Debtor's income and the amounts which can be realized from the sale of equipment to the point that it would be difficult to pay all Plan obligations.

If no plan can be confirmed, the Debtor's case may be dismissed or may be converted to a case under Chapter 7 of the Bankruptcy Code. If the case is converted to a case under Chapter 7, a trustee would be appointed to liquidate the Debtor's assets and to distribute the proceeds to the holders of Claims in accordance with the priorities set forth in the Bankruptcy Code. Since a conversion to Chapter 7 would terminate Debtor's business, there would be only the auction value of the physical assets to be realized. Secured creditors whose stay has already been terminated would be able to liquidate their own collateral apart from the Chapter 7 trustee. Other secured creditors would be entitled to full payment, including interest, from the proceeds of the sale of their collateral, unless the proceeds are insufficient to pay the secured claim in full. In that event, any deficiency on the secured claim becomes a general unsecured claim. Claims entitled to priority under the Bankruptcy Code would be paid in full before any payment to general unsecured creditors. Any funds remaining after payment of secured claims and priority claims, including administrative expenses, would be distributed pro rata to general unsecured creditors.

Debtor believes that liquidation under Chapter 7 would result in the realization of far less for unsecured creditors than that offered by the Plan. Additional administrative expenses arising from the appointment of a trustee and his attorneys, accountant, and other professionals would diminish the fund available. As shown in Exhibit E, a forced sale would realize far less than the intrinsic value of the Debtor's assets.

XII.

CONCLUSION

The Debtor urges the creditors solicited by this Disclosure Statement to vote to accept the Plan and to evidence such acceptance by returning the ballot so that it is received by 5:00 p.m. on October __, 2017.

Dated August 7, 2017.

CIRCLE Z PRESSURE PUMPING, LLC

By: /s/ David G. Powell
Manager

DEBTOR

LAW OFFICES OF MICHAEL E. GAZETTE

By: /s/ Michael E. Gazette
Michael E. Gazette
State Bar No. 07784500

100 East Ferguson Street, Suite 1000
Tyler, Texas 75702-5706
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ATTORNEY FOR DEBTOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing has been served on the U. S. Trustee, all parties entitled to notice and listed on the attached matrix via electronic service or United States Postal Service on the 7th day of August, 2017.

/s/ Michael E. Gazette
MICHAEL E. GAZETTE

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