Eric A. Liepins
TBA #12338110
ERIC A. LIEPINS, P.C.
12770 Coit Road, Suite 1100
Dallas, Texas 75251
(972) 991-5591
FAX: (972) 991-5788
EMAIL: eric@ealpc.com

COUNSEL FOR ROYAL T ENERGY, LLC

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

IN RE:	§	
	§	
ROYAL T ENERGY, LLC	§	**CASE NO. 17-42386-11**
	§	
DEBTOR	§	

DISCLOSURE STATEMENT OF ROYAL T ENERGY, LLC PURSUANT TO SECTION 1125
OF THE BANKRUPTCY CODE DATED MAY 29, 2018

TO: ALL PARTIES-IN-INTEREST, THEIR ATTORNEYS OF RECORD AND TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

I.
INTRODUCTION

Identity of the Debtors

Royal T Energy, LLC ("Royal" or "Debtor") filed its voluntary Chapter 11 case in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division ("Court") on November 1, 2017. Royal owns a trucking and hauling company in Pecos, Texas that services mostly the West Texas oil fields. The Debtor proposes to restructure its current indebtedness and continue its operations to provide a dividend to the creditors of Debtor.

Purpose of Disclosure Statement; Source of Information

The Debtor submits this Disclosure Statement (the "Disclosure Statement") pursuant to Section 1125 of the Code to all known Claimants of Debtor for the purpose of disclosing that information which the Court has determined is material, important, and necessary for Creditors

of Debtor in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or rejection of the Debtor's Plan of Reorganization dated May 29, 2018 (the "Plan"). This Disclosure Statement describes the operations of the Debtor contemplated under the Plan. You are urged to study the Plan in full and to consult with your counsel about the Plan and its impact upon your legal rights. Any accounting information contained herein has been provided by the Debtors.

Explanation of Chapter 11

Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a debtor is authorized to reorganize its business for its own benefit and that of its creditors and equity interest holders. Formulation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in the debtor. After a plan of reorganization has been filed, it must be accepted by holders of claims against, or interests in, the debtor. Section 1125 of the Code requires full disclosure before solicitation of acceptances of a plan of reorganization. This Disclosure Statement is presented to Claimants to satisfy the requirements of Section 1125 of the Code.

Explanation of the Process of Confirmation

Even if all Classes of Claims accept the plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants may not be less than such parties would receive if the debtor were liquidated under Chapter 7 of the Code.

Acceptance of the plan by the Creditors and Equity Interest Holders is important. In order for the plan to be accepted by each class of claims, the creditors that hold at least two thirds (2/3) in amount and more than one-half (½) in number of the allowed claims actually voting on the plan in such class must vote for the plan and the equity interest holders that hold at least two-thirds (2/3) in amount of the allowed interests actually voting on the plan in such class must vote for the plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the debtor vote in favor of the plan in order for it to be confirmed by the Court. The plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds (2/3) in amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds (2/3) in amount of the allowed interests of such class actually voting.

The Court may confirm the plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

Confirmation of the plan discharges the debtor from all of its pre-confirmation debts and

liabilities except as expressly provided for in the plan and Section 1141(d) of the Code. Confirmation makes the plan binding upon the debtors and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the plan.

Voting Procedures

Unimpaired Class. Claimants in Classes 1 and 14 are not impaired under the Plan. Such Classes are deemed to have accepted the Plan.

Impaired Classes. The Classes 2 through 13 Claimants are impaired as defined by Section 1124 of the Code. The Debtors are seeking the acceptance of the Plan by Claimants in Classes 2 through 13. Each holder of an Allowed Claim in Classes 2 through 13 may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below.

For all Classes, the ballot must be returned to Eric A. Liepins, 12770 Coit Road, Suite 1100, Dallas, Texas 75251 In order to be counted, ballots must be **RECEIVED** no later than at the time and on the date stated on the ballot.

Best Interests of Creditors Test

Section 1129(a)(7) of the Code requires that each impaired class of claims or interests accept the Plan or 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 Debtors were liquidated under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class 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 estate's interest in the property that secures such claims. In order for the Plan to be confirmed, the Bankruptcy Court must determine that the Plan is in the best interests of the Debtor's creditors. Accordingly, the proposed Plan must provide the Debtor's creditors with more than they would receive in a Chapter 7 liquidation. It is anticipated that in a Chapter 7 liquidation, the Debtor's creditors, other than the secured and tax creditors, would receive nothing. Accordingly, since the Plan proposes a substantial dividend to all creditors, such creditors are receiving more than they would receive in a Chapter 7 liquidation. Accordingly, the Plan satisfies the requirements of Section 1129(a)(7).

Cramdown

The Court may confirm the Plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

II.

REPRESENTATIONS

[Note: Paragraphs in brackets to be included after the Bankruptcy Court approves this Disclosure Statement.]

[This Disclosure Statement is provided pursuant to Section 1125 of the Code to all of the Debtor's known Creditors and other parties in interest in connection with the solicitation of acceptance of its Plan of Reorganization, as amended or modified. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of Claims, to make an informed judgment in exercising its rights either to accept or reject the Plan. A copy of the Plan is attached hereto as "**Exhibit A**".]

[After a hearing on notice, the Court approved this Disclosure Statement as containing information of the kind and in sufficient detail adequate to enable a hypothetical, reasonable investor typical of the classes being solicited to make an informed judgment about the Plan.]

The information contained in this Disclosure Statement has been derived from the Debtor, unless specifically stated to be from other sources.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEYS FOR DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE "SECURITIES" HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION ("SEC"), THE TEXAS SECURITIES BOARD, OR ANY OTHER RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ACCURACY, THE DEBTOR IS UNABLE

TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THE DEBTOR BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTOR'S ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, THE DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN.

DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND EACH CREDITOR AND INTEREST HOLDER IS URGED TO CAREFULLY REVIEW THE PLAN PRIOR TO VOTING ON IT.

III.
FINANCIAL PICTURE OF THE DEBTORS

Financial History and Background of the Debtors

Royal T was started in 2009 to provide services to the oil and gas industry in west Texas. The company was owned by Otila Salinas ("Salinas"). Gabriel Valeriano ("Valeriano") worked for the company for a number of years. In mid 2017 Salinas decided to get out of the company and offered to sell her interest in the company to Valeriano. Valeriano had the knowledge to operate the company and the business but needed additional equipment to make the operation profitable. In mid 2017, Valeriano was introduced to James Alexander ("Alexander"). Alexander had three companies, Prime Pack, Inc., Al-Kel Alliance, Inc., and Southco Enterprises, Inc. (collectively "Alexander Companies"). The Alexander Companies[1] had equipment, but needed additional working capital to be profitable. In October 2017, Valeriano and Alexander joined forces and became the equal owners of the Debtor. The Alexander Companies transferred all their equipment to Debtor and Debtor agreed to assume all the Alexander Companies debt.

[1]The Alexander Companies filed Chapter 11 bankruptcies in April and May of 2017. The cases were later dismissed in August 2017.

In November 2017, Royal T filed this bankruptcy petition to restructure the debts and provide a dividend to all creditors.

Post-Petition Operations

Since the filing of these cases, the Debtor has reached agreements with various secured lenders to continue operations. The Debtor has been able to operate profitability during the bankruptcy process.

The Debtors' most recent Monthly Operating Reports are attached hereto as "**Exhibit B**."

Future Income and Expenses Under the Plan

The Debtors' current business operations consist of providing hauling services for the oil & gas industry in west Texas. Under the proposed Plan, the Debtor will continue to operate and will make certain cash payments to creditors to fund the Plan. A projection of income and expenses for the next 60 months is attached hereto as "**Exhibit C**."

Post-Confirmation Management

Upon Confirmation of the Debtors' Plan, the current ownership will not change. Alexander and Valeriano will each remain 50% owners of the Debtor. Both Alexander and Valeriano will receive $3,750 per week in compensation.

Analysis and Valuation of Property

The Debtor owns a large amount of equipment most of which is in operation in west Texas. The Debtor believes if the assets were liquidated they would not cover the secured creditors and the Internal Revenue Service and the other tax debt. The Debtor believes there is very little likelihood of any dividend to the unsecured creditors in the event of a liquidation of the assets of the Debtors.

A liquidation analysis of the Debtor's assets is attached hereto as "**Exhibit D.**"

V.
SUMMARY OF PLAN OF REORGANIZATION

The Debtor will continue in business for the purpose of collecting and disbursing the monthly payments to the creditors. The Debtor's Plan will break the existing claims into 14 categories of Claimants. These claimants will receive cash payments over a period of time beginning on the Effective Date.

Satisfaction of Claims and Debts: The treatment of and consideration to be received by holders of Allowed Claims or interests pursuant to this Article of this Plan shall be in full settlement, release and discharge of their respective Claims, Debts, or interests as against the Debtors subject to the provisions herein. On the Confirmation Date, the Reorganized Debtor shall assume all duties, responsibilities and obligations for the implementation of this Plan.

Class 1 Claimants (Allowed Administrative Claims of Professionals and U.S. Trustee) are unimpaired and will be paid in cash and in full on the Effective Date of this Plan. Professional fees are subject to approval by the Court as reasonable. Debtor's attorney's fees approved by the Court and payable to the law firm of Eric Liepins, P.C., Spector & Johnson P.C. and Susan B. Hersh P.C. will be paid immediately following the later of Confirmation or approval by the Court out of the available cash. Class 1 Creditor Allowed Claims are estimated as of the date of the filing of this Plan to not exceed the amount of $35,000. Section 1930 fees shall be paid in full prior to the Effective Date. The Debtor is required to continue to make quarterly payments to the U.S. Trustee and shall be required to file post-confirmation operating reports until this case is closed. The Class 1 Claimants are not impaired under this Plan.

Class 2 Claimants (Allowed Ad Valorem Tax Claims) are impaired and shall be satisfied as follows: Reeves County has filed a Proof of Claim in the amount of $2,098.30; Harris County has filed two Proofs of Claim in the total amount of $104,564.81; City of Houston has filed a Proof of Claim in the amount of $2,386.64; Live Oak CAD has filed a Proof of Claim in the amount of $306,832.21; Dallas County has filed a Proof of Claim in the amount of $282,905.13; and Tom Green Appraisal District has filed a Proof of Claim in the amount of $5,219.26. All Allowed Claims of the Ad Valorem Tax creditors, shall be treated as secured Claims. The Ad Valorem Taxes will receive post-petition pre-confirmation interest at the state statutory rate of 12% per annum and post-confirmation interest at the rate of 12% per annum. The Debtors will pay the Ad Valorem Taxes in sixty (60) equal monthly payments commencing on the Effective Date with interest at the rate of 12% per annum. The monthly payment for all Allowed Ad Valorem Tax Claim will be approximately $16,000 if the Claims are allowed as filed. The Taxing Authorities shall retain their statutory senior lien position regardless of other Plan provisions, if any, to secure their Tax Claims until paid in full as called for by this Plan. The Debtor may prepay any of the Class 2 Claimants at any time.

Class 2 Claimants are impaired under this Plan

Class 3 Claimants (Allowed Secured Claims of the Internal Revenue Service) are impaired and shall be satisfied as follows: The Internal Revenue Service has filed a Secured and Priority Proof of Claim against Debtor in the amount of $694,666.07 for 941 taxes and Highway Vehicle taxes. The Debtor shall pay the IRS Allowed Secured and Priority Claim in seventy two equal monthly payments commencing on the Effective Date with interest at the rate of 4% per annum. In the event the IRS Secured Claim is allowed as filed, the monthly payment on the IRS Secured Claim shall be approximately $11,085. The IRS shall retain its liens against the property of the Debtor, but shall release its liens, if any, when paid in full as called for by this Plan.

Failure of the Debtor to meet the payment obligations set forth in the Plan shall constitute an event of default under the Plan. In addition, upon a default under the Plan, the administrative collection powers and the rights of the IRS shall be reinstated as they existed prior to the filing of the bankruptcy petition, including, but not limited to, the assessment of taxes, the filing of a notice of a Federal (or state) tax lien and the powers of levy, seizure, and sale under the Internal Revenue Code. The below stated provisions apply to the IRS:

(a) If the Debtor fails to make any Plan payments, and deposits of any currently accruing employment or sales tax liability, fails to make payment of any tax to the Internal Revenue Service within 10 days of the due date of such deposit or payment, or if the debtor or its successor in interest fails to file any required federal or state tax return by the due date of such return, then the United States may declare that the Debtor in default of the Plan. Failure to declare a default does not constitute a waiver by the United States of the right to declare that the successor in interest or Debtor is in default.

(b) If the United States declares the Debtor to be in default of the Debtor's obligations under the Plan, then the entire imposed liability, together with any unpaid current liabilities, shall become due and payable immediately upon written demand to the Debtor or the successor in interest.

(c) If full payment is not made within 14 days of such demand, then the Internal Revenue Service may collect any unpaid liabilities through the administrative collection provisions of the Internal Revenue Code. The IRS shall only be required to sent two notices of default and upon the third event of default, the IRS may proceed to collect on all accounts owed without recourse to the Bankruptcy Court and without further notice to the Debtor.

(d) The collection statute expiration date will be extended from the Petition Date until substantial default under the Plan.

(e) All payment will be sent to: Lorraine Washington, IRS, 1100 Commerce Street, Mail Code 5027 DAL, Dallas, Texas 75242

The Internal Revenue Service shall not be bound by any release provisions in the Plan that would release any liability of the responsible persons of the Debtor to the IRS. The Internal Revenue Service may take such actions as it deems necessary to assess any liability that may be due and owing by the responsible persons of the Debtor to the Internal Revenue Service; but the Internal Revenue Service shall not take action to actually collect from such persons unless and until there is a default under the plan, and as set forth in paragraph (4)(a)-(d) above.

Class 3 Claimants are impaired under this Plan.

Class 4 Claimant (Allowed Secured Claim of BMO Harris) is impaired and shall be satisfied as follows: On or about April 13, 2011 Southco Enterprises, Inc., ("Southco") entered into that certain Loan and Security Agreement No 59022500001 with General Electric Capital

Corporation in the original amount of $170,334.80 ("First Contract"). The First Contract was secured by certain collateral more fully described in the First Contract. On or about May 5, 2011 Southco executed that certain Loan and Security Agreement No. 5903371001 with General Electric Capital Corporation in the original amount of $316,465.20 ("Second Contract"). The Second Contract was secured by certain collateral more fully described in the Second Contract. On or about May 31, 2011 Southco executed that certain Loan and Security Agreement No. 5904652001 with General Electric Capital Corporation in the original amount of $299,799.60 ("Third Contract"). The Third Contract was secured by certain collateral more fully described in the Third Contract. On or about June 16, 2011 Southco executed that certain Loan and Security Agreement No. 5905642001 with General Electric Capital Corporation in the original amount of $204,103.80 ("Fourth Contract"). The Fourth Contract was secured by certain collateral more fully described in the Fourth Contract. On or about June 17 2011 Southco executed that certain Loan and Security Agreement No. 5905600001 with General Electric Capital Corporation in the original amount of $328,504.80 ("Fifth Contract"). The Fifth Contract was secured by certain collateral more fully described in the Fifth Contract. On or about June 23, 2011 Southco executed that certain Loan and Security Agreement No. 5905668001 with General Electric Capital Corporation in the original amount of $641,541 ("Sixth Contract"). The Sixth Contract was secured by certain collateral more fully described in the Sixth Contract. On or about July 11, 2011 Southco executed that certain Loan and Security Agreement No. 5907552001 with General Electric Capital Corporation in the original amount of $102,082.80 ("Seventh Contract"). The Seventh Contract was secured by certain collateral more fully described in the Seventh Contract. On or about August 19, 2011 Southco executed that certain Loan and Security Agreement No. 5908735001 with General Electric Capital Corporation in the original amount of $1,355,364 ("Eight Contract"). The Eight Contract was secured by certain collateral more fully described in the Eight Contract. On or about March 20, 2012 Prime Pack Enterprises, Inc., ("Prime") entered into that certain Loan and Security Agreement No 5919019001 with General Electric Capital Corporation[2] in the original amount of $1,705,220 ("Ninth Contract"). The Ninth Contract was secured by certain collateral more fully described in the Ninth Contract.

The First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eight and Ninth Contracts are hereinafter referred to as the "BMO Contracts". The BMO Contracts were assigned by Southco or Prime to the Debtor on or about October 2017.

On or about February 27, 2018, the Debtor and BMO entered into that certain Agreed Order Regarding Motion of BMO Harris Bank N.A., for Relief From the Automatic Stay [Docket No. 131]. ("Agreed Order"). The Agreed Order sets forth the collateral which BMO maintains as security for the BMO Contracts (the "BMO Collateral").

On the Petition Date BMO was owed $966,424.11 under the Agreements ("BMO Claim"). Pursuant to the terms of the Agreed Order the Debtor has been making payments to BMO in the amount of $8,987.25 during the Bankruptcy case. The Debtor would show that the value of the BMO Collateral is equal to the BMO Claim. BMO shall have an Allowed Secured Claim equal to $966,424.11 less any payments received by BMO post petition. The Class 4 claim shall be paid in full with interest at the rate of 5% per annum in 84 equal monthly

[2]On or about December 1, 2015 General Electric Capital Corporation assigned all its rights under the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eight and Ninth Contracts to BMO Harris Bank, N.A.

payments commencing on the Effective Date. BMO shall retain its liens on the BMO Collateral until paid in full in accordance with the terms of this Plan. The Debtor may pre-pay the BMO Claim at any time.

The Class 4 creditor is impaired under this Plan.

Class 5 Claimant (Allowed Secured Claim of Catalyst Finance L.P.) is impaired and shall be satisfied as follows: On or about November 25, 2013 Prime Pack Enterprises, Inc ("Prime") executed that certain promissory note and security agreement in favor of Catalyst Equipment Financing LLC ("CFE") in the original principal amount of $750,000 ("Note #1"). Note #1 was secured by that certain duly recorded financing statement on all furniture, fixtures and equipment now owned or hereinafter acquired. On or about June 13, 2014 Prime executed that certain promissory note in favor of CFE in the original principal amount of $2,581,735.27 ("Note #2"). Note #2 was secured by among other things, equipment owned by Prime. Note # 1 and Note #2 are hereinafter referred to as the "CFE Notes". On or about October 6, 2017, the Debtor assumed the liabilities under CFE Notes. Pursuant to that certain Stipulation and Agreed Order for Adequate Protection Payment with Opportunity to Object enter by the Court on April 6, 2018 [Docket # 158] ("Agreed Order"), the Debtor agreed that the CFE Notes were secured by certain collateral more fully described in the Agreed Order (the "CFE Collateral"). Pursuant to the terms of the Agreed Order, the Class 5 Claimant shall have an Allowed Secured Claim in the amount of $1,453,085.95. The Allowed Secured Claim shall be paid in full with interest at the rate of 5% per annum in 84 equal monthly payments commencing on the Effective Date. CFE shall retain its liens on the CFE Collateral until paid in full in accordance with the terms of this Plan. The Debtor may pre-pay the CFE Claim at any time.

The Class 5 creditor is impaired under this Plan.

Class 6 Claimant (Allowed Secured Claim of PNC Equipment Finance LLC) is impaired and shall be satisfied as follows: On or about June 5, 2014 Debtor executed that certain Equipment Finance Agreement No 13067 ("Agreement") with Element Financial Corp.[3] ("PNC") for the purchase of two Kenworth Trucks more fully described as a 2015 Kenworth T-800 Tractor VIN 1XKDD40X4FJ440515 and a 2015 Kenworth T-800 Tractor VIN 1XKDD40X6FJ440515 ("PNC Collateral") in the original amount of $272,000. PNC is properly perfected in the PNC Collateral. Pursuant to the Proof of Claim filed by PNC the amount owing PNC as of the Petition Date is $297,341.35. The Debtor would show the value of the PNC Collateral is $136,600. PNC shall have an Allowed Class 6 Secured Claim in the amount of $136,600 and an Allowed Class 13 Unsecured Claim in the amount of $160,741.35. The Debtor shall pay the Allowed Class 6 Secured Claim in 60 equal monthly installments with interest at the rate of 5% per annum, beginning on the Effective Date. PNC shall retain its lien on the PNC Collateral until the Class 6 Secured Claim has been paid in full in accordance with the terms of this Plan. The Debtor shall be allowed to pre-pay the Class 6 Secured Claim at any time.

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[3]Upon information and belief Element Financial Corp assigned its rights under the Agreement to PNC on or about April 3, 2017.

The Class 6 Creditor is impaired under this Plan.

Class 7 Claimant (Allowed Secured Claim of Scottrade Bank Equipment Finance) is impaired and shall be satisfied as follows: On or about October 31, 2013 Debtor executed that certain Equipment Finance Agreement ("Agreement") with Scottrade Bank Equipment Finance ("Scottrade") for the purchase of that certain 2015 Kenworth T-800 Hot Oil Truck VIN 1NKDL40X09R407881 with Cobra Hot Oil System S/N CH201319 ("Scottrade Collateral") in the original amount of $413,841. Scottrade is properly perfected in the Scottrade Collateral. Pursuant to the Proof of Claim filed by Scottrade the amount owing Scottrade as of the Petition Date is $340,697. The Debtor would show the value of the Scottrade Collateral is $180,000. Scottrade shall have an Allowed Class 7 Secured Claim in the amount of $180,000 and an Allowed Class 13 Unsecured Claim in the amount of $160,697. The Debtor shall pay the Allowed Class 7 Secured Claim in 60 equal monthly installments with interest at the rate of 5% per annum, beginning on the Effective Date. Scottrade shall retain its lien on the Scottrade Collateral until the Class 7 Secured Claim has been paid in full in accordance with the terms of this Plan. The Debtor shall be allowed to pre-pay the Class 7 Secured Claim at any time.

The Class 7 Creditor is impaired under this Plan.

Class 8 Claimant (Allowed Secured Claims of First Midwest Equipment Finance f/k/a National Machine Tool Finance Corporation) is impaired and shall be satisfied as follows: On September 11, 2014 Debtor executed that certain Master Loan and Security Agreement No 19355 ("Agreement") with National Machine Tool Finance Corporation[4] ("First") for the purchase of that certain 2015 Kenworth Model T-800 Hot Oil Truck VIN 1NKDX4EX7FJ431205. ("First Collateral"). First is properly perfected in the First Collateral. Pursuant to the Proof of Claim filed by First the amount owing First as of the Petition Date is $219,897.99. The Debtor would show the value of the First Collateral is $180,000. First shall have an Allowed Class 8 Secured Claim in the amount of $180,000 and an Allowed Class 13 Unsecured Claim in the amount of $39,897.99. The Debtor shall pay the Allowed Class 8 Secured Claim in 60 equal monthly installments with interest at the rate of 5% per annum, beginning on the Effective Date. First shall retain its lien on the First Collateral until the Class 8 Secured Claim has been paid in full in accordance with the terms of this Plan. The Debtor shall be allowed to pre-pay the Class 8 Secured Claim at any time.

The Class 8 Creditor is impaired under this Plan.

Class 9 Claimant (Allowed Secured Claims of ENGS Commercial Finance Inc.) are impaired and shall be satisfied as follows: On or about October 23, 2012 the Debtor executed that certain Commercial Finance Agreement with ENGS Commercial Finance Co ("ENGS") for the purchase of that certain Used 2009 Kenworth Model T-800 Tractor VIN

[4]Upon information and belief National Machine Tool Finance Corporation has changed its name to First Midwest Equipment Finance Co.

1XKDD49X19J260058 in the original principal amount of $55,498.23 ("Contract #1"). On or about April 17 ,2013 the Debtor executed that certain Commercial Finance Agreement with ENGS for the purchase of that certain Used 2010 Kenworth Model T-800 Tractor VIN 1XKDD49X6AJ260707 and a 2009 Kenworth Model T-800 Tractor VIN 1XKDD49X89J260705 in the original principal amount of $172,974.79 ("Contract #2"). On or about April 17, 2013 the Debtor executed that certain Commercial Finance Agreement with ENGS for the purchase of 3 Industrias Vacuum Trailers, VIN's 3A9SV4021DM716045, 3A9SV4028DM216036 and 3A9SV4015DM216016 in the original principal amount of $113,716.77("Contract #3"). On or about June 15 ,2013 the Debtor executed that certain Commercial Finance Agreement with ENGS for the purchase of that certain 2014 Kenworth Model T-800 Tractor VIN 1NKDL40X8E5388477 with 2014 Cobra Truck Mounted Oil Tanker S/N CH0201310 in the original principal amount of $399,371 ("Contract #4").On or about August 1 ,2013 the Debtor executed that certain Commercial Finance Agreement with ENGS for the purchase of that certain Used 2010 Kenworth Model W900B Tractor VIN 1XKWD40X4AJ261666 in the original principal amount of $157,034.60 ("Contract #5"). On or about October 13, 2014, the Debtor executed that certain Commercial Finance Agreement with ENGS for the purchase of that certain 2008 Peterbilt 386 Truck VIN 1XPHD49X98D751390 in the original principal amount of $36,832 ("Contract #6).

ENGS has properly perfected its security interests in the collateral set forth above in Contracts # 1 through #6 ("ENGS Collateral").

Pursuant to the Proof of Claim filed by ENGS the amount owing ENGS as of the Petition Date is on Contracts #1 through #6 is $343,847.57. The Debtor would show the value of the ENGS Collateral for Contract #1 through #6 is $281,929. ENGS shall have an Allowed Class 9 Secured Claim in the amount of $281,929 less any post petition payments and an Allowed Class 13 Unsecured Claim in the amount of $61,918.57. The Debtor shall pay the Allowed Class 9 Secured Claim in 60 equal monthly installments with interest at the rate of 5% per annum, beginning on the Effective Date. ENGS shall retain its lien on the ENGS Collateral until the Class 9 Secured Claim has been paid in full in accordance with the terms of this Plan. The Debtor shall be allowed to pre-pay the Class 9 Secured Claim at any time.

The Class 9 creditor is impaired under this Plan.

Class 10 Claimant (Allowed Secured Claims of ENGS Commercial Finance Inc.) are impaired and shall be satisfied as follows:

On or about November 14, 2013 the Debtor executed that certain Commercial Lease Agreement with TRAC Rider with ENGS for the purchase of that certain 2011 Kenworth Model T-800 Tractor with Cobra Truck Mounted Hot Oil Unit, VIN 1NKDL40XIBJ281377 in the original principal amount of $174,300 ("Contract #7").[5] ENGS has filed a Proof of Claim concerning Contract #7 in the secured amount of $43,000 and the unsecured amount of $130,720.58. The Debtor would show the value of the ENGS Collateral for Contract #7 is

[5]The Debtor has taken the position the Contract #7 is a financing agreement and not a "true Lease". To this end, the Debtor has filed an Adversary Proceeding against ENGS over this issue. In the event the Plan is confirmed with this treatment of the Class 10 Creditor, the Adversary Proceeding will be dismissed.

$59,925. ENGS shall have an Allowed Class 10 Secured Claim in the amount of $59,925 and an Allowed Class 13 Unsecured Claim in the amount of $113,795.58. The Debtor shall pay the Allowed Class 10 Secured Claim in 60 equal monthly installments with interest at the rate of 5% per annum, beginning on the Effective Date. ENGS shall retain its lien on the ENGS collateral securing the Class 10 Secured Claim until the Class 10 Secured Claim has been paid in full in accordance with the terms of this Plan. The Debtor shall be allowed to pre-pay the Class 10 Secured Claim at any time.

The Class 10 creditor is impaired under this Plan.

Class 11 Claimant (Allowed Secured Claim of Santander Consumer USA, Inc.) is impaired and shall be satisfied as follows: The Debtor executed the certain Retail Installment Contract for the purchase of that 2014 Dodge Ram 4500 ("Vehicle") with Santander Consumer USA, Inc. ("Santander"). Santander has properly perfected its interest in the Vehicle. Santander has filed a Proof of Claim asserting a Secured Claim in the amount of $23,825 and an unsecured claim in the amount of $11,949.80. Santander shall have an Allowed Class 11 Secured Claim in the amount of $23,825 and an Allowed Class 13 Unsecured Claim in the amount of $11,949. The Debtor shall pay the Allowed Class 11 Secured Claim in 60 equal monthly installments with interest at the rate of 5% per annum, beginning on the Effective Date. Santander shall retain its lien on the Vehicle securing the Class 11 Secured Claim until the Class 11 Secured Claim has been paid in full in accordance with the terms of this Plan. The Debtor shall be allowed to pre-pay the Class 11 Secured Claim at any time.

The Class 11 creditor is impaired under this Plan.

Class 12 Claimant (General Unsecured Creditors of $5,000 or less) are impaired and shall be satisfied as follows: All General Unsecured Creditors with Allowed Claims of $5,000 or less or any General Unsecured Creditor of $5,001 or more who elects to be treated as a Class 12 Claimant, shall be paid 25% of their Allowed Claim in two equal payments. The first payment 60 days after the Effective Date and the second payment 60 day thereafter. Based upon the Debtor's Schedules the total amount of Class 12 creditors should not exceed $215,000.

The Class 12 Creditors are impaired under this Plan.

Class 13 Claimants (General Unsecured Creditor of $5,001 or more) are impaired and shall be satisfied as follows: All Allowed General Unsecured Creditors with Allowed Claims of $5,001 or more shall receive their pro rata share of 60 monthly payments of $10,000 commencing 90 days after the Effective Date. Based upon the Debtor's records, the General Unsecured Creditors over $5,001 would expect to receive a total distribution of approximately 25% of their Allowed Class 13 Claim. Any Class 13 Claim of James Alexander or Gabriel Valeriano will not receive distribution as a Class 13 creditor.

The Class 13 Creditors are impaired under this Plan.

Class 14 Claimants (Current Ownership) are not impaired and shall be satisfied as follows: The Allowed Equity Interest Holder Claims shall retain their member interests in the Reorganized Debtor.

The Class 14 Claimant is not impaired under the Plan.

VI.
MECHANICS/IMPLEMENTATION OF PLAN

Under the terms of this Plan, all property which is to be paid for under this Plan will be vested in the name of the Reorganized Debtor. All parties currently liable on any indebtedness dealt with in this Plan, will remain liable and to the extent previously liable on any indebtedness dealt with under this Plan, the Reorganized Debtor will also be responsible for the repayment up to the amounts provided for under this Plan.

As specified in Section 1125(e) of the Bankruptcy Code, persons that solicit acceptances or rejections of this Plan and/or that participate in the offer, issuance, sale or purchase of securities offered or sold under this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, are not liable on account of such solicitation or participation for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejection of this Plan or the offer, issuance, sale or purchase of securities.

VII.
FEASIBILITY OF PLAN

The projections of the future business operations are attached hereto as "**Exhibit C.**" The Debtor believes that the projections are accurate based upon current levels of sales. Based upon the projections, the Debtor believes the Plan to be feasible.

VIII.
RETENTION OF JURISDICTION

The Bankruptcy Court's jurisdiction shall be retained under the Plan as set forth in Article 14 of the Plan.

IX.
ALTERNATIVES TO DEBTORS' PLAN

If the Debtor's Plan is not confirmed, the Debtor's bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the

assets of the Debtor for distribution to their Creditors in accordance with the priorities of the Code. Generally, a liquidation or forced sale yields a substantially lower amount. As set forth above, the Debtor owe approximately $3,500,000 in secured claims and approximately $1,500,000 in priority or secured tax claims. Claims to the secured creditors and the tax creditors must be paid prior to the unsecured creditors receiving any payment. The Debtor believes the value of the assets if liquidated would not exceed the secured creditors and tax creditor debts, and therefore, a liquidation would result in no distribution to the unsecured creditors.

A liquidation analysis is attached hereto as "**Exhibit D.**"

X.
RISKS TO CREDITORS UNDER THE DEBTORS' PLAN

Claimants and Equity Interest Holders should be aware that there are a number of substantial risks involved in consummation of the Plan. The Plan contemplates that there will be excess funds to pay Creditor Claims. The Plan assumes that the Debtor will make the required payments to keep the Debtors' business operating.

XI.
TAX CONSEQUENCES TO THE DEBTOR

Implementation of the Plan may result in federal income tax consequences to holders of Claims, Equity Interest Holders, and to the Debtors. Tax consequences to a particular Creditor or Equity Interest Holder may depend on the particular circumstances or facts regarding the Claim of the Creditor or the interests of the Equity Interest Holder. In this case, the Plan anticipates that not all creditors will be paid in full. **CLAIMANTS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE AND LOCAL TAX LAWS**.

XII.
PENDING OR ANTICIPATED LITIGATION

The Debtor has evaluated potential claims which may be brought. The Debtor is unaware of any litigation which could be brought for the benefit of the creditors of the estate.

Dated: May 29, 2018.

Respectfully submitted,

/s/ Eric A. Liepins

Eric A. Liepins
TBA #12338110
ERIC A. LIEPINS, P.C.
12770 Coit Road, Suite 1100
Dallas, Texas 75251
(972) 991-5591
FAX: (972) 991-5788
EMAIL: eric@ealpc.com

COUNSEL FOR ROYAL T ENERGY, LLC.