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PROPOSED COUNSEL FOR THE DEBTORS

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	
	§	
Royal T Energy, LLC	§	Case No. 17-42386
	§	
Debtor.	§	

**DEBTOR'S EMERGENCY MOTION FOR INTERIM AND
FINAL ORDERS AUTHORIZING DEBTOR TO USE
CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363**

Royal T Energy, LLC (“**Debtor**”), as debtor and debtor-in-possession, files this
*Emergency Motion for Interim and Final Orders Authorizing Debtors to Use Cash Collateral
Pursuant to 11 U.S.C. § 363* (the “**Motion**”) pursuant to Federal Rule of Bankruptcy Procedure
Rule 4001.

Factual and Procedural Background

1. On 31 October 2017 (the “**Petition Date**”), Debtor filed with this Court a voluntary Chapter 11 petition pursuant to 11 U.S.C. § 301. Debtor is operating its business and managing its property as debtor-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.
2. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C.

§§1408 and 1409. The statutory predicate for the relief sought herein is 11 U.S.C. §327(a). This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(M).

Background of the Debtors

3. The Debtor operates an oilfield services company, consisting largely of hauling and disposal of materials related to the hydraulic fracturing industry. The Debtor's operations are conducted primarily in the Permian Basin, near Pecos, Texas.

4. Upon information and belief, the Internal Revenue Service (the "**IRS**") asserts an interest in certain of the Debtor's assets, including assets which may constitute cash collateral.

Motion to Use Cash

5. The Debtor requests authority to use cash to fund critical ongoing business operations pursuant to the terms of the budget attached hereto as ***Exhibit A*** (the "**Budget**").

6. The use of cash is necessary to preserve the value of the Debtor's business. The Debtor is entitled to use cash collateral to preserve the value of the estate for the benefit of its creditors pursuant to 11 U.S.C. § 363 and to Federal Rule of Bankruptcy Procedure 4001.

7. The use of cash collateral will ensure that the Debtor can maintain payroll, general and administrative expenses, payment arrangements with vendors and maintenance personal, and provide sufficient working capital for normal business operations. It is critical, however, that the Debtor obtain the use of cash collateral to ensure continued operations in the normal course of business and timely payment of post-petition obligations, including payroll, utilities and other operating expenses as set forth in the Budget.

8. Any interruption of the Debtor's cash flow would severely and irreparably harm the Debtor's operations and the value of the Debtor's estate. The Debtor must have access to its cash to continue to generate revenue from its operations. The Debtor's cash position is such that,

without the continuing use of its cash, it cannot meet any of its operating expenses, and would have to cease operations. However, the proposed use of any cash collateral of the IRS will provide sufficient working capital to place the Debtor in a position to meet all operating expenses on a timely basis.

9. The Debtor anticipates that approval of the use of cash collateral, which is critical to the continuation of the Debtor's efforts, will stabilize and maintain the Debtor's operations, provide tangible reassurance to post-petition suppliers and customers, and preserve the going concern value of the Debtor's assets and operations for the benefit of all interest parties.

10. The Debtor is willing to adequately protect the IRS's interest in cash collateral by providing the IRS with a replacement lien, pursuant to 11 U.S.C. § 361(2), in its pre-petition collateral, to the extent that the use of the cash collateral results in a decrease in the value of its interest in such property.

11. The Debtor is not aware of any additional creditor who holds a lien on cash collateral.

Conclusion

12. The Debtor has determined, in its business judgment, that obtaining the use of cash collateral is necessary for the continuation of business and that in the absence of the use of such cash collateral, the Debtor's operations and any collateral of IRS may be materially and irreparably damaged, and the value of the Debtor's assets, which would otherwise inure to the benefit of unsecured creditors, would be severely threatened.

WHEREFORE, the Debtor respectfully requests that the Court authorize the use of cash in accordance with the Budget, and grant such other and further relief which the Court deems proper, subject to a 10% variance in any line item.

By: /s/ Nathan M. Johnson
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PROPOSED COUNSEL FOR DEBTORS

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing was sent to the Office of the United States Trustee, by Fax (903) 590-1461, to the IRS and TXP Capital, LLC by email or fax and by mail to the parties on the attached list on 1 November 2017.

/s/Nathan M. Johnson
Nathan M. Johnson

Cash Available 10.31.17**223,511.34**

Week

Total 3 wk Budget

Oct 30- Nov 17 2017

Expected Deposits

435,000.00

Driver Payroll

(135,000.00)

Admin Payroll

(45,000.00)

Contract Labor

(45,000.00)

Owner Operator

(120,000.00)

BlackMountain Debt Obligation

(2,500.00)

IRS Installment Payment

(5,000.00)

Office Supplies/Subscriptions/Fedex

(5,000.00)

Rent

(5,000.00)

Utilities

(1,500.00)

Comdata Fuel

(40,000.00)

Fuel (Pd with Comdata MasterCard)

(30,000.00)

Shop Parts/Maintance Exp (PD with Comdata MasterCard)

(45,000.00)

Office/Administrative Exp (Pd with Comdata Mastercard)

(15,000.00)

Business Development Expenses (Pd with Comdata Mastercard)

(10,000.00)

Registrations/Permits/Road Taxes

(10,000.00)

Equipment Make Ready Expenses

(8,000.00)

Liability Business Ins

(45,000.00)

Workers Comp

(15,000.00)

Remaining Cash**76,511.34****Exhibit A**