

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
GALVESTON DIVISION

IN RE: §
OIL PATCH TRANSPORTATION, INC. § Case No. 17-80152
Debtor § Chapter 11

DEBTOR’S PLAN OF REORGANIZATION

Oil Patch Transportation, Inc., the Chapter 11 Debtor in this case, proposes this Plan of Reorganization.

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I. DEFINITIONS

The following terms, when used in the Plan, shall, unless the context otherwise requires have the following meanings, respectively:

1. “Administrative Claim” shall mean a claim as defined in Section 507-(a)-(1) of the Bankruptcy Code.
2. “Administrative Claim Bar Date” shall mean a date that is the thirtieth day after the date an order confirming this Plan is entered. Any claimant seeking an Administrative Claim after the Administrative Claim Bar Date will be barred from any such claim being allowed thereby precluding it from participating from distributions in this case.
3. “Allowed Claim” shall mean a claim scheduled by the Debtor that is (a) not shown to be “disputed, unliquidated or contingent”, (b) a claim that is evidenced by a timely filed proof of claim to which no objection is filed or (c) a claim that is evidenced by a timely filed proof of claim to which an objection is filed and for which an order on the objection was been entered and is final.

4. "Bar Date" is the deadline set by this Court as published in the Notice of First Meeting of Creditors. October 10, 2017 was the Bar Date for filing proofs of claim for all entities except for governmental units. The Bar Date for governmental units to file proofs of claim was December 5, 2017.

5. "Claim" shall mean (A) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (B) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured; or (C) a lien, claim encumbrance, interest, or right of ownership in any property that the Debtor claims to own legal and/or equitable title.

6. "Class" shall mean any class into which Claims are classified in this Plan.

7. "Confirmation" shall mean the entry by the Court of an order confirming the Plan in accordance with Chapter 11 provisions of the Bankruptcy Code.

8. "Confirmation Date" shall mean the date set by the Court pursuant to § 1128 of the Code for hearing on confirming the Plan on which the Court determines the Plan meets the requirements of Chapter 11 of the Bankruptcy code and is entitled to confirmation.

9. "Creditor" and "Creditors" shall mean all creditors of the Debtor holding Claims as defined in § 101 of the Code and Definition No. 5 above

10. "Court" shall mean the United States Bankruptcy Court for the Southern District of Texas, Houston Division, presiding over the captioned bankruptcy case.

11. "Debtor" shall mean Oil Patch Transportation, Inc., the Chapter 11 debtor in this bankruptcy case.

12. "Effective Date" shall mean the ~~fifteenth~~thirtieth day following the Confirmation Date. But if a stay of Confirmation is in effect on that date, the effective date will be the first business day after the lifting of the stay, provided Confirmation has not been vacated.

13. "Final Order" shall mean an order or judgment of the Court which, not having been reversed, modified or amended and not being stayed, and the time to appeal from which or seek review, certiorari or rehearing of which having expired, has become conclusive of all matters adjudicated thereby and is in full force and effect.

14. "Insider" is defined in § 101 of the Code.

15. "Lien" shall mean mortgage, pledge, judgment lien, security interest, charge order, or other charge or encumbrance on property which is effective under applicable law as of the date of the commencement of the captioned case.

16. "Plan" shall mean this Plan of Reorganization in its present form or as it may be amended, altered, varied, or modified from time to time.

17. "Reorganized Debtor" shall mean Oil Patch Transportation, Inc., a continuation of the Debtor.

18. "Secured Claim" shall mean the claim of any creditor secured by a lien or liens on property, which lien and/or liens are valid, perfected, and enforceable under applicable law, and are not subject to avoidance under the Code or other applicable non-bankruptcy law, and are duly established in this case, to the extent of the value of the security, as determined in accordance with § 506 of the Code.

19. "Smith" shall mean Robert Smith, the President and sole shareholder of Debtor.

20. "Unsecured Claim" shall mean all shall mean a claim that is not a "Secured Claim" or an "Administrative Claim".

21. "Unsecured Creditor" shall mean the holder of an Unsecured Claim.

II. CLASSIFICATION OF CLAIMS AND INTERESTS AND TREATMENT

Due to the seasonal nature of its business, in the event Reorganized Debtor is unable to make the full quarterly payment to any Class, it reserves the right to pay any unpaid amount during the remaining quarters of the calendar year, or the following year if the underpayment occurs in the fourth quarter of the preceding year. Such a delay in payment does not constitute a default under this Plan.

Class 1 – Administrative Claims:

Class 1A – Internal Revenue Service. Class 1A is entitled to priority by 11 U.S.C. §§ 507(a)(2) and 503(b)(1)(B) and consists of accrued post-petition taxes in the amount of \$11,272.99 that have not yet been paid. The Claim will be paid in cash and in full as of the Effective Date.

Class 1B – Court Approved Professionals. Class 1B Claims are entitled to priority by 11 U.S.C. §§ 507(a)(2) and 503(b)(2) and consists of fees for services rendered and expenses incurred by the Debtor's attorneys, accountants and other professionals whose employment was approved by the Court prior to the Effective Date, as the same are finally approved and allowed by a Final Order, and any other Administrative Claims of professionals incurred during the Chapter 11 proceedings that have not yet been paid during the Chapter 11 cases. The members of this class are Gerger Law Firm PLLC, Hess Hopkins Alexander LLP, Dale Wingard, and Essential Transportation Services.

All Claims in this class shall be paid in cash and in full in such amounts as may be allowed and approved by the Court on the Effective Date or after such Claims are finally allowed,

whichever is later, or such Claims may be paid in accordance with any agreement or waiver between the holder of such Claim and the Reorganized Debtor. The anticipated total expenses of this Class should not exceed \$125,000.

Class 1CB – The United States Trustee. Class 1C2 is unimpaired and consists of the Claim of the office of the U.S. Trustee for its fees. Class 1C2 shall be paid, on the Effective Date, any outstanding pre-Confirmation fees accrued. Post-Confirmation fees are based on the amount of disbursements made by Reorganized Debtor and are paid on a quarterly basis. All fees accruing post-Confirmation shall be paid when due and until this bankruptcy case is closed. Reorganized Debtor will file all monthly report of operations until this bankruptcy case is closed.

Class 2- Priority Claims:

Class 2A – Internal Revenue Service (Priority). Class 32A is unimpaired and consists of the priority tax Claim of the Internal Revenue Service in the amount of \$71,180.25. The Claim will be paid in equal quarterly installments of \$4,931.10, beginning July 15, 2018 and continuing through April 15, 2022.

Class 2B – Texas Comptroller of the Public Accounts. Class 23B is unimpaired and consists of the priority tax Claim of the Texas Comptroller of Public Accounts in the amount of \$11,568.39. The Claim will be paid with 5.5% annual interest in equal quarterly installments of \$723.02858.76 beginning July 15, 2018 and continuing through April 15, 2022.

Class 2C – Texas Workforce Commission. Class 32 is unimpaired and consists of the priority tax Claim of the Texas Workforce Commission in the amount of \$4,991.36. The Claim will be paid with 5.5% annual interest in equal quarterly installments of \$456.97 370.53 beginning July 15, 2018 and continuing through April 15, 2022.

Class 3- Secured Claims:

Class 3A – Brazoria County. Class 3A is unimpaired and consists of the Secured Claim of Brazoria County in the amount of \$23,848.10 secured by Liens on Debtor's business personal property. The Claim will be paid in equal quarterly installments of \$1,923.42 beginning July 15, 2018 and continuing through April 15, 2022.

Class 3B – Wells Fargo Equipment Finance Inc., Loan 700. Class 3B is impaired and consists of the Secured Claim of Wells Fargo Equipment Finance Inc. in the amount of \$18,051.98 secured by Liens on some of Debtor's equipment. The Claim shall be paid in equal monthly installments of \$1,574.49 on the 1st of each month until September 1, 2018 with an annual interest rate of 8.5%, pursuant to Debtor and Wells Fargo's agreed order (ECF No. 90). Upon the Reorganized Debtor fulfilling the terms of this treatment, the Lien securing payment of this Class shall be released.

Class 3C – Wells Fargo Equipment Finance Inc., Loan 701. Class 3C is impaired and consists of the Secured Claim of Wells Fargo Equipment Finance Inc. in the amount of \$21,507.05 secured by Liens on some of Debtor's equipment. The Claim shall be paid in equal monthly

installments of \$1,875.84 on the 1st of each month until September 1, 2018 with an annual interest rate of 8.5%, pursuant to Debtor and Wells Fargo's agreed order (ECF No. 90). Upon the Reorganized Debtor fulfilling the terms of this treatment, the Lien securing payment of this Class shall be released.

Class 3D – SunTrust Equipment Financing and Leasing Corp. Class 3D is unimpaired and consists of the Secured Claim of SunTrust Equipment Financing and Leasing Corp. The Claim shall be paid in equal monthly installments of \$3,289.43 on the 1st of each month until paid in full, pursuant to Debtor and SunTrust's agreed order (ECF No. 113). The Debtor shall execute new loan documents consistent with ECF No. 113 which shall govern the terms of satisfying the Class 3D Claim. Upon the Reorganized Debtor fulfilling the terms of this treatment, the Lien securing payment of this Class shall be released.

Class 3E – Stearns Bank. Class 3E is impaired and consists of the Secured Claim of Stearns Bank N.A. in the amount of \$14,344.04 secured by Liens on some of Debtor's equipment. The Claim shall be paid in equal monthly installments of \$1,237.84 on the 1st of each month over a 12-month period with an annual interest rate of 6.5%. The first payment shall be made on April 1, 2018. Upon the Reorganized Debtor fulfilling the terms of this treatment, the Lien securing payment of this Class shall be released.

Class 3F – Western Equipment Finance, Inc. Class 3F is impaired and consists of the Secured Claim of Western Equipment Finance, Inc. in the amount of \$38,617.77 secured by Liens on some of Debtor's equipment. The Claim shall be paid in equal monthly installments of \$1,183.60 on the 1st of each month over a 36-month period with an annual interest rate of 6.5%. The first payment shall be made on April 1, 2018. Upon the Reorganized Debtor fulfilling the terms of this treatment, the Lien securing payment of this Class shall be released.

Class 3G – Classic Bank, N.A., Loan 18. Class 3G is impaired and consists of the Secured Claim of Classic Bank, N.A. in the amount of \$226,413.17 secured by Liens on some of Debtor's rolling stock. The Claim shall be paid in equal monthly installments of \$3,646.37 on the 1st of each month over a 72-month period with an annual interest rate of 5.0%. The first payment shall be made on April 1, 2018. Upon the Reorganized Debtor fulfilling the terms of this treatment, the Lien securing payment of this Class shall be released.

Class 3H – Classic Bank, N.A., Loan 19. Class 3H is impaired and consists of the Secured Claim of Classic Bank, N.A. in the amount of \$76,924.12 secured by Liens on some of Debtor's rolling stock. This Claim is equal to the amount of the collateral securing repayment of said claim or \$43,000. It shall be paid in equal monthly installments of \$697.51 on the 1st of each month over a 72-month period with an annual interest rate of 5.25%. The first payment shall be made on April 1, 2018. The portion of this Class's that exceeds the value of the collateral, \$33,924.12, shall be treated in Class 4. Upon the Reorganized Debtor fulfilling the terms of this treatment of the secured portion of the Claim, the Lien securing payment of this Class shall be released.

Class 3I – Classic Bank, N.A., Loan 20. Class 3I is impaired and consists of the Secured Claim of Classic Bank, N.A. in the amount of \$85,965 secured by Liens on some of Debtor's rolling stock. The Claim shall be paid in equal monthly installments of \$1,445.07 on the 1st of

each month over a 72-month period with an annual interest rate of 6.5%. The first payment shall be made on April 1, 2018. Upon the Reorganized Debtor fulfilling the terms of this treatment, the Lien securing payment of this Class shall be released.

Class 4-Unsecured Guaranty Claims:

Class 4A – Commerce & Industry Insurance Company. Class 4A is impaired and consists of the Unsecured Claim held by Commerce & Industry Insurance Company and guaranteed by Debtor’s affiliate BCS Resource, Inc. The Claim totals \$43,147.00 and shall be paid 100% in equal quarterly installments of \$3,595.58 over a three-year period beginning July 15, 2018 and continuing through April 15, 2021. Additionally, BCS Resource, Inc. shall pay Class 4A \$7,000 prior to July 1, 2018.

Class 4B – Unsecured Guaranty Class. Class 4 is impaired and consists of the Unsecured Claims guaranteed by Debtor’s principal Robert Smith ~~or affiliate BCS Resource, Inc.~~ The holders of these Claims are Rapid Capital Finance LLC, Classic Bank, N.A., the Internal Revenue Service, ~~Commerce & Industry Insurance Company,~~ Fleetmatics Group PLC, Forward Financing LLC, Lynndale Equipment Rental Service, Inc., Santander Bank, N.A., Sunbelt Rentals, Inc., TBC Sales & Distribution, LLC, and Whitener Enterprises, Inc.

These Claims total ~~\$449,201.97~~\$406,054.97. They shall be paid 100% in equal quarterly installments of ~~\$22,460.10~~\$20,302.75 over a five-year period beginning July 15, 2018 and continuing through April 15, 2023.

Any Claims held by members of Class 4A or 4B against Robert Smith or BCS Resource, Inc. as a guarantee of Debtor’s obligations shall be deemed satisfied by Class 4A or 4B’s payment in full.

Debtor’s profits shall be held in reserve until Class 4A and 4B has been paid in full.

Class 5-Unsecured General Class:

Class 5A – Unsecured General Class. Class 5A is impaired and consists of Debtor’s remaining Unsecured Claims, except for the Claim held by Carolyn Smith. These Claims total \$474,920.07. These claims shall be paid, in full, on a pro rata basis in quarterly installment according to the following schedule:

Gross Payment/Quarter	Period
\$10,500	04/15/2019 – 01/15/2020
\$15,000	04/15/2020 – 01/15/2021
\$17,500	04/15/2021 – 01/15/2023
\$19,410	04/15/2023 – 01/15/2026

Class 5B – Carolyn Smith. Class 5B is impaired and consists of the Unsecured Claim held by Mr. Smith’s wife, Carolyn Smith. The Claim totals \$180,000. It shall be paid 100% by the

issuance of a no-interest note for the full balance of the Claim, payable by April 1, 2043.

Class 6-Equity Class:

Class 6 – Robert Smith. Class 6 is impaired and consists of Debtor’s equity security holder, Mr. Smith. Since all Claims are being paid in full, Mr. Smith will retain his interest in the Reorganized Debtor.

III. SPECIFICATION OF ALL CLAIMS IMPAIRED AND UNIMPAIRED

Classes 1A, 1B, 1C, 2A, 2B, 2C, 3A, and 3D are unimpaired under the Plan. Classes 3B, 3C, 3E, 3F, 3G, 3H, 3I, 4, 5A, 5B, and 6 are impaired under the Plan.

IV. ALLOWANCE AND DISALLOWANCE OF CLAIMS

Contemporaneously with this Plan, Debtor has filed an amended schedule of its creditors, setting forth the identity of each creditor and the amount of their Claim. The Claim amounts included in the amended schedules is consistent with the amounts stated in filed Proofs of Claim. All Claims appearing on the amended schedules that are not listed as disputed, contingent, or unliquidated shall be Allowed Claims. **Any Claims listed as disputed, contingent, or unliquidated in Debtor’s amended schedules will not be allowed and shall receive no distributions under the Plan unless otherwise ordered by the Court.**

A Creditor who has an objection to the amended schedules shall have until March 23, 2018 to object. Debtor requests that any hearing on objections to the amended schedules be set for the date of the confirmation hearing – April 6, 2018 – so that objections may be resolved concurrently with confirmation. If an objection to the schedules is sustained, the Creditor’s Claim shall be treated as a Class 5 claim.

The Reorganized Debtor is the only entity who may object to proofs of claim. Any objection shall be filed no later than the Effective Date. As of the date this Plan is filed, no objections to Claims are contemplated.

V. TRANSFER OF CLAIMS

In the event a Creditor transfers its Claim, it shall do so in compliance with Bankruptcy Rule 3001 and shall promptly notify Reorganized Debtor of the transfer in writing. Reorganized Debtor shall be entitled to assume that no such transfer of any claim has occurred until it receives written notice. Each transferee shall take the Claim subject to the provisions of the Plan.

VI. MEANS FOR EXECUTION OF THE PLAN

The Reorganized Debtor shall continue in the Debtor’s business operations and utilize the profits to fund the classes over a 5 to 8-year period. The Reorganized Debtor is authorized to take the actions necessary to continue all operations it deems necessary. If Reorganized Debtor is unable to meet its obligations under the Plan, its affiliate, BCS Resource, Inc.s, will make up the

shortfall so long as BCS Resource, Inc. is paying its debts as they come due in the ordinary course of its business and remains solvent. For the avoidance of doubt, in the event that there is a default under the Plan, nothing in this Plan or the Plan Confirmation Order shall create any new claims, interests, or rights of action against BCS Resource, Inc. or its property.-

The current management, Mr. Smith, will continue to manage the business of the Reorganized Debtor. Reorganized Debtor shall serve as the Plan's disbursing agent.

VII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

All leases and executory contract not expressly assumed are rejected.

VIII. RESERVATION OF RIGHTS

No provision of this Plan, nor any statement or provision contained herein, nor the taking of any action with respect to the Plan by the Debtor shall (i) be deemed to be an admission against interest and (ii) until the Effective Date, be or be deemed to be a waiver of any rights which the Debtor might have against a creditor, and until the Effective Date all such rights are expressly and specifically reserved. If the Effective Date does not occur, neither the Plan nor any statement contained therein may be used or relied upon in any matter in any suit, action, proceeding or controversy within or outside of this bankruptcy case.

All claims and causes of action in favor of Debtor are hereby reserved to be prosecuted after confirmation.

IX. MODIFICATION OF PLAN

The Debtor may propose amendments or modifications to the Plan at any time prior to the Confirmation Date. After the entry of the Order confirming this Plan, modification of the Plan or Order confirming the Plan may be sought from the Court, and so long as the proposed modification does not materially or adversely affect the interest of Creditors, or so long as the proposed modifications seeks to remedy any defect or omission, or reconcile any inconsistencies in the Plan, or in the order confirming Plan, in such a manner as may be necessary to carry out the purposes and intent of the Plan, re-voting on the modification is not required. A holder of a Claim that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, the Plan as modified, unless, within the time fixed by the Court, such holder changes its previous acceptance or rejection.

X. EFFECT OF CONFIRMATION

All consideration provided pursuant to this Plan shall be in exchange for and in complete satisfaction and release of all Claims of any nature whatsoever against Debtor and Reorganized Debtor and any property that is vested in the Reorganized Debtor pursuant to this Plan and except as otherwise provided herein. Upon Confirmation, all Claims against Debtor and Reorganized Debtor shall be satisfied and released in full, and all holders of Claims shall be precluded from asserting against Debtor and Reorganized Debtor and their current members, managers, officers,

and directors and any others or from further Claims based upon any act or omission, transaction or other activity of any kind or nature relating to Debtor and Reorganized Debtor and its property that occurred prior to Confirmation, other than Claims directly arising under this Plan. The provisions of the Plan shall bind all Creditors of Debtor even if one did not accept this Plan.

Creditors in Class 4 shall be enjoined, on a post-confirmation basis, from taking any act to commence or continue any judicial, administrative, or other action or proceeding against Mr. Smith or BCS Resource, Inc. relating to their guarantee or co-obligor status of Debtor's obligations unless: 1) Reorganized Debtor defaults under the Plan or 2) the case is converted or dismissed.

Notwithstanding any contrary provisions in the Plan or confirmation order, if Debtor fails to make any payment provided for under the plan and the payment is not cured within 30 days, then the injunction with respect to Class 4A and 4B's rights against BCS and Mr. Smith shall be immediately, and without further order of the Court, lifted and members of Class 4A and 4B may pursue any rights it may have against BCS and Mr. Smith under applicable state law. Further, and for the avoidance of doubt, any claims of Class 4A and Class 4B against BCS or Mr. Smith shall not be deemed satisfied or released unless and until all payments provided for Class 4A or Class 4B under this Plan are paid in full.

This Plan does not impair any taxing authority's ability to collect post-petition taxes if not timely paid in the ordinary course of business.

XI. JURISDICTION OF THE COURT

The Court will retain jurisdiction until this Plan is fully consummated, including the following purposes:

1. Determining whether the Debtor has faithfully and fully performed its duties under this Plan,
2. Preferential transfers, post-petition transfers, fraudulent transfers and recovery thereof,
3. Determination of all disputes regarding title to assets of the Estate,
3. Determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to action, controversies, disputes, or conflicts, whether or not subject to action pending as to the date of confirmation, between Debtor and any other party, including but not limited to any rights of the Debtor to recover assets pursuant to the Code.
4. The correction of any defect, the curing of any omissions or the reconciliation of any inconsistency in the Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of the Plan.
5. The modification of the Plan after confirmation pursuant to the Code and related rules.
7. The enforcement and interpretation of the terms and conditions of the Plan.
8. The Entry of any order including injunctions, necessary to enforce the title, rights, and powers this Court may deem appropriate.

9. Entry of any order concluding and terminating this case.

XII. ACCEPTANCE OF PLAN

This Plan cannot be implemented unless a sufficient number of Creditors entitled to vote (those with impaired classes) cast a vote to accept this Plan. The Debtor urges Creditors vote to accept this Plan.

OIL PATCH TRANSPORTATION, INC.

By: _____

Name: Robert Smith, President

Dated: ~~February 21~~ April 5, 2018