

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE:	§	Case No.: 16-10404-tmd
	§	
GARY DEAN ROGERS	§	(Chapter 11)
a/k/a G D Rogers,	§	
d/b/a Rogers Construction,	§	
d/b/a Rogers General Construction	§	
	§	
Debtor.	§	

**NOTICE OF VOTING AND OBJECTION DEADLINE
AND NOTICE OF CONFIRMATION HEARING**

A copy of the proposed plan, combined with its disclosure statement, is attached. If you are the holder of a claim that is impaired by the plan, you have the right to vote by the enclosed ballot. **The deadline for receipt of your ballot is _____.** Late ballots will not be counted.

Please read the enclosed plan and disclosure statement in its entirety before you vote. You may wish to retain your own attorney or accountant to assist you in determining whether to accept or reject the proposed plan. Neither the Debtor nor his counsel can give you advice on how to vote.

The plan will not be binding on any person unless the United States Bankruptcy Court enters an order confirming the plan. There are many requirements for confirmation of a plan. These are contained in § 1129 of the Bankruptcy Code. One of the requirements is that at least one class of impaired claims votes to accept the plan, by both a two-thirds majority (measured by the dollar amounts of claims that are voted) and a simple majority (measured by the number of persons who vote). Accordingly, it is important that you return your ballot. Mailing instructions are contained on the ballot.

You may also file a written objection to the confirmation of the plan. Written objections must be filed with the Clerk of the Bankruptcy Court. **The deadline to file a written objection is _____.** **A vote rejecting the plan is not the same as an objection to the plan.**

You may also file an objection as to the adequacy of the disclosure statement that is attached. The disclosure statement is required to contain "adequate information" to allow you to make an informed decision on how to vote on the plan. If you object to the adequacy of the disclosure statement, you must file a written objection that is received by the Clerk of the Bankruptcy Court not later than _____.

A hearing on whether to confirm the proposed plan has been scheduled for _____ at the Homer J. Thornberry Federal Judicial Building, 903 San Jacinto Blvd., Courtroom __, Austin, Texas 78701 in the Court of the Honorable Tony Davis, United States Bankruptcy Judge. The hearing is open to the public.

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Debtor.	§	

PLAN OF REORGANIZATION AND DISCLOSURE STATEMENT

Gary D. Rogers (“Rogers” or Debtor”) files this Plan of Reorganization and Disclosure Statement. Gary D. Rogers is seeking to repay his debts over time pursuant to the terms of his Plan of Reorganization. As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority of payments as provided in the Bankruptcy Code. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive under the Plan.

The Court has not yet confirmed the Plan. In other words, the terms of the Plan are not yet binding on anyone. If the Court later confirms the Plan, then the Plan will be binding on Rogers and on all creditors and interest holders in this case.

The Debtor represents that everything in this document is true to the best of his knowledge. **READ THIS DOCUMENT CAREFULLY IF YOU WANT TO KNOW:**

- Who can vote or object.
- The treatment of your claim is (*i.e.*, what your claim will receive if the plan is confirmed).
- The history of the debtor and significant events during the bankruptcy.
- How the court will decide whether to confirm the plan.
- The effect of plan confirmation.
- Whether this plan is feasible.

1. Background

The Debtor filed a voluntary petition on April 4, 2016 that commenced this chapter 11 bankruptcy case. The filing of the petition constituted an order for bankruptcy relief under § 301

of the Bankruptcy Code. Upon the filing of the case, an automatic stay was imposed pursuant to § 362(a) of the Bankruptcy Code. The automatic stay prohibits most collection activities against the Debtor and his property. There are certain exceptions set forth in § 362(b) of the Bankruptcy Code.

The first date scheduled for the meeting of creditors under § 341(a) of the Bankruptcy Code was May 4, 2016. The meeting took place as scheduled, was continued by the United States Trustee and has not yet been concluded.

When the Debtor filed this bankruptcy case, all of his property became property of his bankruptcy estate. The Debtor was allowed to claim that certain property should be treated as exempt property and excluded from the bankruptcy estate. On May 2, 2016, the Debtor filed his list of claimed exempt property. Federal Rule of Bankruptcy Procedure 4003(b) requires that all objections to the claimed exemptions be filed not later than 30 days after the conclusion of the § 341 meeting of creditors. No objections to exemptions have been filed.

2. Description of Assets¹

The Debtor filed schedules of all of his assets and liabilities on May 2, 2016. The Debtor filed amended schedules on August 2, 2016. Complete copies of the schedules are available from the Clerk of the Court. The primary assets of the bankruptcy estate, their estimated values and associated liens are:

Description of Asset	Estimated Fair Market Value	Amount of Debt Secured by Liens Against this Asset	Amount Claimed Exempt	Value Available to Estate	Basis of Estimate of Value
Coke County Ranch	\$4,347,000.00	\$2,580,851.04 (plus ad valorem taxes of \$8,734.72)	\$0.00	\$1,757,414.24	Secured Creditor's Proof of Claim
136 Hidden Oaks Dr., Kingsland, TX 78639	\$1,650,000.00	\$624,085.82 (plus ad valorem taxes of \$46,426.60)	100%	\$0.00	Debtor
976 Hillger Rd., Garden City, TX - Glasscock County Ranch	\$427,500.00	\$188,920.22 (plus ad valorem taxes of \$6,096.57)	\$0.00	\$232,483.21	Offer to Purchase

¹ It should be noted that while the Debtor scheduled certain outstanding receivables owed as of the petition date as set forth on **Exhibit 3**, because it is doubtful that such receivables are collectible, they have been treated in this plan as having no value congruent with the Debtor's prior testimony and as such are not included in the description and liquidation of assets. The Debtor's interest in Texas Water Disposal Services is also not included because it is not currently active. To the extent it may generate income paid to the Debtor, such net funds will be applied to the Plan.

Description of Asset	Estimated Fair Market Value	Amount of Debt Secured by Liens Against this Asset	Amount Claimed Exempt	Value Available to Estate	Basis of Estimate of Value
Sterling County, TX – Raw Land (AB 314, Blk 12, Secs: 8,9,15,16,17)	\$450,000.00	\$0.00	\$0.00	\$ 450,000.00	Debtor
5006 Jarvis Street, Lubbock TX 79416	\$156,666.00	\$0.00 (plus ad valorem taxes of \$4,914.95)	\$0.00	\$151,751.05	Appraisal District
5722 Columbine Lane, San Angelo, TX (1.32 Acres)	\$70,000.00	\$0.00	\$0.00	\$61,374.72	Property Sold (July 14, 2016)
8700 Hwy 158, Garden City, Texas 79739	Lease	\$0.00	\$0.00	To be determined.	To be determined.
1707 E. New Jersey Ave., Midland, TX 79701	Lease	\$0.00	\$0.00	To be determined.	To be determined.
Commercial Equipment	\$322,500.00	\$0.00 (Tax liens to be determined, if any)	\$0.00	\$322,250.00 ²	Debtor
Commercial Equipment – Citizens Bank Collateral	\$183,985.00	\$72,194.79 (Tax liens to be determined, if any)	\$0.00	\$111,790.21 ³	Secured Creditor's Proof of Claim
Personal Equipment	\$68,500.00	\$0.00	\$0.00	\$68,500.00	Debtor
Personal Ranch Equipment	\$76,663.37	\$0.00	\$0.00	\$76,663.37	Debtor

² Such equipment is likely encumbered by personal property ad valorem tax liens, the amount of which is presently being investigated.

³ Such equipment is likely encumbered by personal property ad valorem tax liens, the amount of which is presently being investigated.

Description of Asset	Estimated Fair Market Value	Amount of Debt Secured by Liens Against this Asset	Amount Claimed Exempt	Value Available to Estate	Basis of Estimate of Value
Claim against Kimberly Boyce	\$2,039,014.53 ⁴	\$0.00	\$0.00	\$2,039,014.53	United States of America's <i>First Amended Verified Complaint for Forfeiture</i> ⁵
Counterclaims against Apache Corporation	To be determined.	\$0.00	\$0.00	To be determined.	To be determined.
Cash on Hand as of the Petition Date	\$110,009.30	\$0.00 ⁶	\$0.00	\$110,009.30	Debtor's Schedules
TOTAL				\$5,381,500.63	

The Debtor has identified the following lawsuits that may be filed by him. Mark only those that apply.

 n/a Lawsuits to recover fraudulent transfers:

Potential Defendant	Date(s) of Transfer(s)	Amount of Claim

 X Lawsuits to recover preferences:

Potential Defendant	Date(s) of Transfer(s)	Amount of Claim
Pinnacle Propane, LLC	On or about March 14, 2016	\$85,430.72
Any and all creditors who abstracted judgments within the preference period.	Within the 90 day preference period.	To be determined.

⁴ Debtor believes that actual amount allegedly mistook by Ms. Boyce is approximately \$5-10 million. Actual amount ultimately recovered, if any, may be different.

⁵ Filed in Civil Action 7:16-cv-00076-RAJ pending in the United States District Court for the Western District of Texas, Midland Division. A copy of the *First Amended Verified Complaint for Forfeiture* is attached hereto as **Exhibit 1**.

⁶ Citizens State Bank asserts a lien and setoff rights on \$85,430.72 held in Debtor's accounts at their bank. Pinnacle Propane, LLC asserts it has a lien on the same funds.

X Lawsuits arising under other provisions of the Bankruptcy Code:

Potential Defendant	Description of Claim	Amount of Claim
Kimberly Boyce	11 U.S.C. § 363(h), ownership and associated claims, Property: 4209 E. County Road 63, Midland, Texas 79705	Unknown. Property Value: \$625,060.00 – Source: Lender \$1,090,220 - Source: Midland CAD

X Lawsuits arising under non-bankruptcy law:

Potential Defendant	Description of Claim	Amount of Claim	Describe Whether Debtor Intends to Pursue Lawsuit and, if not, Why
Jimmy Sherrod	Any and all claims related to lease of property in Glasscock County.	Unknown	Claim(s) is under investigation. Debtor intends on pursuing if state court counsel in eviction matter determines that such claim(s) can produce a material benefit to the Estate.
Kimberly Boyce	Any and all claims under state and federal law related to the alleged misappropriation of the Debtor's funds, including but not limited to claims identified in the United States of America's <i>First Amended Verified Complaint for Forfeiture</i> ⁷	Between \$5 million and 10 million.	Debtor initiated a lawsuit against Mr. Boyce pre-petition.
Any and all claims to enforce or otherwise recover all accounts payable owed	Collection of receivables and associated rights of setoff and/or recoupment.	The face value of the outstanding receivables is approximately 761,968.93 as detailed on attached Exhibit 3. However as the Debtor previously testified,	The Debtor intends to assert all right of setoff and/or recoupment and will determine in his business judgment which receivables are proper to enforce and collect through litigation.

⁷ See Exhibit 1.

Potential Defendant	Description of Claim	Amount of Claim	Describe Whether Debtor Intends to Pursue Lawsuit and, if not, Why
to the Debtor, including but not limited to those attached on Exhibit 3, specifically including but not limited to asserting the right to setoff and recoupment to any potential defendant who also asserts a claim against the Debtor and/or his Estate, including but not limited to BTA Oil Producers, LLC.		true collection on most receivables is doubtful. Nevertheless, the Debtor reserves the right to setoff and/or recoup as the Debtor determines is proper in his business judgment.	

3. Events Leading Up to Bankruptcy

The Debtor filed Chapter 11 bankruptcy after the following events made him determine in his business judgment that bankruptcy was the best course of action for himself and his creditors.

1. The Debtor began working in the oil field services industry in 1992. He operated as a sole proprietorship under the following d/b/a's: (1) Rogers Construction and (2) Rogers General Construction.

2. Under these d/b/a's, he operated as a complete oil field services company, providing a number of services to operators in the oil and gas industry. These services included: welding; water truck services; "dirt work", such as constructing roads, frack ponds, pads and electrical right-of-ways; and equipment rentals.

3. At the height of his business, between 2010 and 2013, he employed 164 employees and had between \$27 and \$32 million in annual revenue. Unfortunately,

unbeknownst to the Debtor, a series of events beginning in 2009 would ultimately result in his having to file this bankruptcy case.

4. **Between 2009 and early 2014, one of the Debtor’s employees allegedly embezzled between \$5 million and \$10 million dollars.** Between 2009 and 2014, an in-house book keeper allegedly misappropriated between \$5 million and \$10 million dollars. While the scope and exact nature of the alleged embezzlement scheme has not yet been fully determined, it appears that the employee utilized a number of methods to execute the purported scheme. These methods appear to have included falsifying entries in the Debtor’s QuickBooks to reflect payments to creditors when the corresponding payments were in fact made to the employee. As noted in the Debtor’s schedules and above, the Debtor has initiated litigation against the former employee. Both the Federal Bureau of Investigation and the IRS’s Criminal Investigation Unit are also currently investigating the alleged embezzlement scheme. On March 24, 2016, the United States of America filed a *Verified Complaint for Forfeiture* in the United States District Court for the Western District of Texas, Midland Division related to the alleged misappropriated monies. That case remains pending. Further, on July 29, 2016, the former employee was allegedly indicted by a federal grand jury on charges arising from the alleged misappropriation and purportedly surrendered herself to federal authorities.

5. During an audit conducted by Apache Corporation—a major vendor of the Debtor—the company’s auditors believed they discovered a scheme to “buy” work. They alleged that the Debtor bought his work with Apache by paying off one of their employees. The Debtor denied all such allegations. The dispute with Apache resulted in a significant loss of work and ultimately to a lawsuit. That lawsuit remains pending.

6. Since the collapse of the oil and gas industry, the Debtor’s net income from the operation of his business dropped between 85% and 95%. The overall decline of the oil and gas industry, combined with the alleged embezzlement scheme and the lawsuit with Apache resulted in a severe decline in the Debtor’s business, which forced the Debtor to file for Chapter 11 bankruptcy protection.

4. Sources of Income⁸

In the last two years, the Debtor’s primary sources of income have been:

Income from Employment (by him)		
Year	Employer	Amount of Income
2015	Rogers Construction	\$140,000.00
2014	Rogers Construction	\$70,000.00

⁸ The Debtor is in the process of amending his tax returns for 2012, 2013, and 2014 and pursuant to an extension filed with the IRS, the Debtor has not yet filed is 2015 tax return. As such, the below numbers may be subject to change.

Income by non-debtor spouse

Year	Description	Amount of Income
2015	Lease of Tract of Land	\$24,000.00

Income from Operation of Business and Other Income

Year	Name and Nature of Business	Amount of Income
2015	Operating Business	\$0.00
2015	Equipment Rental	\$8,661.52
2015	Interest	\$89.50
2015	Patronage Dividends	\$40,303.67
2015	Draws	\$282,214.46
2015	Ranch Income	\$3,250.00
2014	Operating Business	\$19,597,263.00
2014	Equipment Rental	\$1,195,469.00
2014	Interest	\$428.00
2014	Gains from sale of business assets	\$89,615.00
2014	Patronage Dividends	\$23,158.00

5. Description of Reorganization

Overview:

The Debtor intends on paying the administrative, secured, priority Allowed Claims⁹ pursuant to the terms set forth below. The Debtor intends on paying the Allowed unsecured creditors using the net sales proceeds from the sale of all of the Debtor’s non-exempt property and his net disposable income. Further, as set forth in more detail below, the Debtor will form a new company (the “NewCo”), and NewCo will become co-obligated on all of the Debtor’s Allowed Claims.¹⁰

The Debtor intends on liquidating his non-exempt real property on the schedule set forth herein. He will also form NewCo from which to operate his current oil and gas equipment leasing operation and taking advantage of new opportunities in the oil field services industry as they arise. The Debtor will be the 100% owner of NewCo. NewCo will become co-obligated on

⁹ **Allowed Claim:** Shall mean any Claim, proof of which was filed on or before the date designated by the Court as the last date for filing Proofs of Claim with respect to such Claim, or which has been or hereafter is scheduled by the Debtor as liquidated in amount and not disputed or contingent and, in either case, a Claim as to which no objection to the allowance thereof has been filed within the applicable periods of limitation fixed by the Bankruptcy Code, Bankruptcy Rules, order of the Court, or this Plan, or as to which any objection has been withdrawn or has been determined by an order or judgment of the Court allowing such Claim in whole or in part which is a Final Order.

¹⁰ If NewCo is successful as the Debtor anticipates, the Debtor reserves the right to fully satisfy all of the unsecured Allowed Claims after payment of the all superior classified claims.

all of the Debtor's Allowed Claims. The Debtor will transfer and/or lease all of his commercial personal property to NewCo as-is, where-is without representations or warranties of any kind in consideration for NewCo being liable on all Allowed Claims. However, no creditor holding an Allowed Claim may seek to collect or otherwise enforce any such claim against NewCo absent an uncured default under the Plan. The Debtor will continue to work at his current employment (at which the Debtor presently earns an annual salary of approximately \$200,000.00). However, if the opportunities in the oil field services industry create a situation where the Debtor determines in his business judgment that it would be economically advantageous to the Estate for him to devote his full time to NewCo, then he will effectuate that transition.

During his Chapter 11 bankruptcy case, the Debtor liquidated two pieces of property netting ~~\$\$XX~~ into the estate. As set forth below, during years one (1) through (5), the Debtor will continue to liquidate his non-exempt real property to pay down and satisfy Allowed Claims against the Estate. Further, the Debtor will use his net disposable income, after necessary expenses, to pay towards Allowed Claims and NewCo will also make payments on Allowed Claims as appropriate. As set forth below, the Debtor anticipates that the sources of funds to pay Allowed Claims will be from (i) liquidation of the Debtor's non-exempt real property; (ii) the Debtor's disposable income, and/or (iii) monies generated by NewCo.

Currently, the Debtor is employed by Silver Spur Energy Services, Inc. ("Silver Spur"). He currently earns approximately \$200,000.00 in salary per year. Additionally, the Debtor is currently leasing two commercial vehicles to provide commercial oil and gas services. These leased vehicles are providing a positive cash flow to the Estate.

Based on his connections in the Texas oil field services industry, the Debtor believes that beginning in early to mid-2017, there will be a significant number of potential business opportunities for an oil field services company in and around the West Texas area.

Leveraging his contacts and know-how in the industry, the Debtor intends on growing NewCo to take advantage of these opportunities. The Debtor will continue to work at Silver Spur until the opportunities in the oil field services industry create a situation where the Debtor determines it would be economically advantageous to the Estate, for him to devote his full time to the NewCo.

The Debtor intends to reorganize his finances through a combination of the following:

X Increasing his income. If this box is marked, complete the following:

Specifically, how does the Debtor intend to increase his income?

X The Debtor's forecasted income for the next five years is reflected on the Proforma Financial Statement on **Exhibit 2**. Attached as Exhibit 2 is the Debtor's current proforma with respect to anticipated generated monies through business opportunities, sales of assets and income. While the attached Exhibit contains an estimated sale of asset schedule and anticipated income, if actual income does not comport with the estimates, the sale of assets time schedule will be accelerated as appropriate. The majority of the non-exempt real property is currently

being marketed by Court approved real estate broker. However, given the nature of the real estate market and the character of the various types of real property, an appropriate time to liquidate such assets is contained on the Exhibits.

Further and as reflected on attached proforma, based on representations from the FBI, the Debtor believes that all or part of the \$2,039,014.53 asserted in the United States of America's *First Amended Complaint for Forfeiture* will be turned over to the Debtor during 2018.

X Reducing expenditures, as follows:

Description of Expenditure	Previously Expenditures (per month)	Forecast Expenditures (per month)	Description of how reduction will be made
Taxes, insurance, secured debt service, and other carrying costs.			As non-exempt real estate is liquidated, the Debtor will no longer incur insurance costs, taxes and other carrying costs associated with each of the properties, specifically including secured debt servicing.

X Selling the following assets:

Description of Asset	Forecast Net Proceeds from Sale	Forecast Date of Sale
5006 Jarvis Street, Lubbock TX 79416	\$151,751.05	During year 1 of the Plan.
Sterling County, TX – Raw Land (AB 314, Blk 12, Secs: 8,9,15,16,17)	\$450,000.00 ¹¹	During years 2 and 3 of the Plan.
Coke County Ranch (Parcels 1 and 3)	\$1,171,609.32 ¹²	During years 3 through 4 of the Plan.
Personal Equipment	\$68,500.00	During years 1 through 5 of the Plan.

X Other: [Provide Complete Description]

¹¹ Debtor reserves the right to sell sections 8, 9, 15, 16 and 17 as separate individual tracts or as one or more contiguous tracts.

¹² Debtor reserves the right to sell parcels 1, 2 and 3 as separate individual tracts or as one or more contiguous tracts.

To the extent that the Debtor has not satisfied all of the Allowed Claims against the Estate by the end of the sixtieth (60) month from the Effective Date, then during months sixty-one (61) through eighty-four (84) the Debtor will liquidate his remaining non-exempt real and personal property to pay the remaining claims against the Estate. After all non-exempt property is sold, at the end of year seven (7), the Debtor will receive his discharge and the plan will be fulfilled.

Description of Asset	Forecast Net Proceeds from Sale	Forecast Date of Sale
Coke County Ranch (Parcel 2)	\$585,804.66	During years 6 through 7 of the Plan, if necessary.
Commercial Equipment	\$161,250.00 ¹³	During years 6 through 7 of the Plan, if necessary.
Commercial Equipment – Citizens Bank Collateral	\$91,992.50 ¹⁴	During years 6 through 7 of the Plan, if necessary.
Personal Ranch Equipment	\$38,331.69 ¹⁵	During years 6 through 7 of the Plan, if necessary.

¹³ Assumption: After 5 years, assets can be sold for 50% of current value.

¹⁴ Assumptions: (i) Secured Creditor will be paid in full prior to end of year five; (ii) After 5 years, assets can be sold for 50% of current value.

¹⁵ Assumption: After 5 years, assets can be sold for 50% of current value.

6. Classification and Treatment of Claims

The following is the classification and treatment of claims under this plan:

Class #	Description of Class	Impaired or Unimpaired	Total Amount of Claims Forecast to be in this Class	Interest Rate, if any	Terms of Repayment, including security, if any, and abandonment of collateral, if any (See Section 5 for a More Complete Description of any Abandonments)	Total payable in Months 1-12	Total payable in Months 13-24	Total payable in Months 25-36	Total payable in Months 37-48	Total payable in Months 49-60	Total payable in Months 61-84
1	Administrative	Unimpaired	\$100,000.00	0.0%	Claims of the U.S. Trustee to be paid at the Effective Date of the Plan. Claims of professionals will be paid either within 30 days after Court approval of the respective fee application or under terms agreed to by the Debtor and respective professional after such Court approval of the respective fee application.	\$160,000					
2	Capital Farm Credit (Secured)	Impaired	\$2,580,851.04	Loan Agreement Non-Default Rate	Beginning in months 13 through 24, the Debtor will make quarterly payments as set forth in the applicable loan documents. Creditor shall retain all lien rights under the loan agreement. The term and maturity date of the note shall be extended to account for any arrears incurred through and including month 12 of the Plan. Such pre-confirmation arrears will be paid as regular	\$0.00	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000

Class #	Description of Class	Impaired or Unimpaired	Total Amount of Claims Forecast to be in this Class	Interest Rate, if any	Terms of Repayment, including security, if any, and abandonment of collateral, if any (See Section 5 for a More Complete Description of any Abandonments)	Total payable in Months 1-12	Total payable in Months 13-24	Total payable in Months 25-36	Total payable in Months 37-48	Total payable in Months 49-60	Total payable in Months 61-84	
3	Citizens State Bank (Secured)	Impaired as to Equipment Note	\$696,280.61	Applicable Loan Agreement Non-Default Rate	<p>quarterly payments during the extended term of the note.¹⁶</p> <p>Residence Note: Debtor will continue to make installment payments as set forth in the applicable loan documents, with the next payment of \$27,310.17 due on December 6, 2016. The pre-confirmation arrearage of \$27,310.17 shall be cured by the Debtor within 24 months after the Effective Date in equal monthly installment payments of \$1,210.40. Creditor shall retain all lien rights under the applicable loan agreement.</p> <p>Equipment Note: Debtor will continue to make monthly installment payments in the amount of \$1,723.72 beginning on the fifteenth day of the month until the Equipment Note is paid in full. Creditor shall retain all lien rights under the applicable</p>	\$144,450	\$144,450	\$129,925	\$119,925 ¹⁸	\$109,240	\$109,240	\$109,240

¹⁶ Debtor intends on selling Parcel 1 and 2 within twenty-four (24) months after the Effective Date. See Exhibit 4. The parcels may be sold separately. To the extent the Debtor seeks to sell one of the parcels, at closing on such parcel Capital Farm Credit shall release its lien on the respective parcel so long as after the closing Capital Farm Credit's loan to value ratio of the remaining collateral is no less than 80%. For example, if the \$1 million is owed, the remaining collateral would need to be valued at approximately \$1,245,000.00.

¹⁸ Debtor anticipates that the Equipment Note will be paid in full approximately mid way through year

Class #	Description of Class	Impaired or Unimpaired	Total Amount of Claims Forecast to be in this Class	Interest Rate, if any	Terms of Repayment, including security, if any, and abandonment of collateral, if any (See Section 5 for a More Complete Description of any Abandonments)	Total payable in Months 1-12	Total payable in Months 13-24	Total payable in Months 25-36	Total payable in Months 37-48	Total payable in Months 49-60	Total payable in Months 61-84
					<p>loan agreement.</p> <p>Pursuant to applicable loan documents, Citizens State Bank holds a perfected security interest in \$85,425.69 held in the Debtor's Citizens State Bank accounts, Account Numbers 9077, 9535 and 1309. Citizens by way of its first lien position on the \$85,425.69 has superior interest in such funds. Upon confirmation, or other appropriate Court order/judgment, Citizens shall apply such funds to the Debtor's secured monthly payment obligations in months 1 through 12 of the Plan.</p> <p>See footnote.¹⁷</p>						
4	Sun Trust Bank (Secured)	Unimpaired	\$35,027.83	Loan Agreement Rate	<p>Personal Vehicle Note: Debtor will continue to make monthly payments as set forth in the applicable loan documents. Creditor shall retain all lien rights under the loan agreement.</p>	\$22,122.84	\$12,904.99				

¹⁷ On or about XXX, 2016, pursuant to Court order, the Debtor sold the Glasscock County Ranch located on Hillger Road. The estate received XXX in net sales proceeds from the sale. Citizens State Bank held note secured by a lien on such property. Such note was satisfied in full at the time of sale extinguishing Citizens State Bank's lien on the property.

Class #	Description of Class	Impaired or Unimpaired	Total Amount of Claims Forecast to be in this Class	Interest Rate, if any	Terms of Repayment, including security, if any, and abandonment of collateral, if any (See Section 5 for a More Complete Description of any Abandonments)	Total payable in Months 1-12	Total payable in Months 13-24	Total payable in Months 25-36	Total payable in Months 37-48	Total payable in Months 49-60	Total payable in Months 61-84
5	Tax Claims	Unimpaired	\$1,531,823.93	12% for ad valorem and 4% for ¹⁹	Any Allowed Claim of the type described in § 507(a)(8) to be paid in full, with interest at an annual rate of 12% (or such rate as noted in Section 8 below) in equal monthly installments beginning 30 days after the Effective Date and continuing for 60 months from the Petition Date.	\$391,295	\$391,295	\$391,295	\$391,295	\$195,647	
6	Priority Employee Claims	Impaired	\$2,321.41	0.0%	Any Allowed Claim of the type described in § 507(a)(4) to be paid in full within 120 days after the Effective Date.	\$2,321.41					of 30
7	General Unsecured Trade Debt	Impaired	\$3,000,000.00	0.0%	The Debtor intends on paying the Allowed Claims of trade unsecured creditors using the net sales proceeds from the sale of all of the Debtors' non-exempt property and his net disposable income. Further, as set forth below, the Debtor will form NewCo. NewCo will become co-obligated on all of the Debtor's Allowed Claims.		\$245,000	\$367,500	\$490,000	\$490,000	\$490,000
					Debtor does not intend on						

¹⁹ See Section 8 below. Of the total amount of tax priority claims, \$1,119,197.39 is the IRS's claim at 4% interest per year and \$412,626.54 is the ad valorem taxing authorities' claims at 12% interest per year.

Class #	Description of Class	Impaired or Unimpaired	Total Amount of Claims Forecast to be in this Class	Interest Rate, if any	Terms of Repayment, including security, if any, and abandonment of collateral, if any (See Section 5 for a More Complete Description of any Abandonments)	Total payable in Months 1-12	Total payable in Months 13-24	Total payable in Months 25-36	Total payable in Months 37-48	Total payable in Months 49-60	Total payable in Months 61-84
8.	General Unsecured Lease Termination Damages	Impaired	\$500,000	0.0%	<p>The Debtor intends on paying the Allowed Claims of termination damages unsecured creditors using the net sales proceeds from the sale of all of the Debtors' non-exempt property and his net disposable income. Further, as set forth below, the Debtor will form NewCo. NewCo will become co-obligated on all of the Debtor's Allowed Claims.</p> <p>Debtor does not intend on making any payments to termination damages unsecured Allowed Claims during months 1 through 24.</p>			\$122,500	\$122,500	\$122,500	\$122,500
TOTALS						\$719,889	\$1,009,649	\$1,104,720	\$1,217,220	\$1,101,887	\$815,240

Only holders of claims that are "impaired" have the right to vote to accept or reject the plan. If a claim is not marked as impaired, it will be paid in accordance with the pre-petition contract that governs the claim. If there is a discrepancy between the payments reflected in the above chart and the pre-petition contract, the pre-petition contract will control.

The forecast claims in this class are the amount of claims that the Debtor believes will ultimately be allowed by the Court. The following claims either have been made or are expected to be made and are disputed:

Class	Holder of Claim	Amount of Claim Asserted by Holder	Amount of Claim Asserted by Debtor	Description of Dispute
5	IRS (Proof of Claim No. 8)	\$4,301,824.26	\$1,119,197.39	Debtor asserts that after his amended tax returns are filed the amount owed by the Estate will be \$1,119,197.39. Such returns are anticipated to be filed within the next 30 days.
7	White Rock Crushing, Inc. (Proof of Claim No. 16)	\$5,644.64	\$0.00	Duplicate of Claim No. 6
7	Pinnacle Propane, LLC (Proof of Claim No. 17)	\$717,196.90	\$0.00	Debtor asserts that Citizens State Bank's lien rights in funds is superior to creditor's and Debtor has potential preference claim against creditor pursuant to 11 U.S.C. § 547 and denial of claim pursuant to 502(d).
7	BTA Oil Producers, LLC (Proof of Claim No. 18)	\$9,971.50	\$0.00	Debtor asserts that BTA Oil Producers owes the Debtor in excess of \$10,000.00. As such, the claimant's claim should be setoff against any and all monies it owes to the Debtor.
7	Citizens State Bank (Proof of Claim No. 23)	\$51,603.71	\$0.00	Creditor provided relief from stay to foreclose on collateral and there is no corresponding deficiency. As such the claim is \$0.00.
7	Pyote Water Systems, LLC (Proof of Claim No. 28)	\$481,831.31	\$0.00	Duplicate of Claim No. 28

Class	Holder of Claim	Amount of Claim Asserted by Holder	Amount of Claim Asserted by Debtor	Description of Dispute
7	No. 29) Pyote Water Systems, LLC (Proof of Claim No. 30)	\$481,831.31	\$0.00	Duplicate of Claim No. 28
7	Jimmy Sherrod (Proof of Claim No. 41)	\$28,316.00	\$9,279.24	Debtor disputes validity of debt related to purported outstanding water bill.
7	Jimmy Sherrod (Proof of Claim No. 42)	\$90,814.00	\$0.00	Debtor disputes validity of entire debt.
8	Deere Credit, Inc. (Proof of Claim No. 43)	\$307,009.78	To be determined. ²⁰	Debtor disputes amount of lease termination damages and asserts failure to mitigate.
8	John Deere Construction & Forestry (Proof of Claim No. 44)	\$49,699.58	To be determined. ²¹	Debtor disputes amount of lease termination damages and asserts failure to mitigate.
8	Deere & Company (Proof of Claim No. 45)	\$49,849.86	To be determined. ²²	Debtor disputes amount of lease termination damages and asserts failure to mitigate.
8	Caterpillar Financial Services Corp. (Proof of Claim No. 46)	\$562,877.50	To be determined. ²³	Debtor disputes amount of lease termination damages and asserts failure to mitigate.

²⁰ For purposes of this Plan only, amount is estimated at 50% herein.
²¹ For purposes of this Plan only, amount is estimated at 50% herein.
²² For purposes of this Plan only, amount is estimated at 50% herein.
²³ For purposes of this Plan only, amount is estimated at 50% herein.

The Debtor is not aware of any present disputes over any other claim. However, the Debtor reserves his right to object to all claims filed in his bankruptcy case. Unless otherwise specified herein, payments shall be made monthly, on the first day of each month.

7. Payment of Administrative Claims

Administrative claims are the claims allowed under § 503(b) of the Bankruptcy Code for administration of this bankruptcy case. These claims will be paid in cash on the Effective Date of the plan, unless a written agreement to the contrary is made with the holder of any such Allowed Claim.

The Court must approve all professional fees listed in this table. Professionals must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be required to be paid under this plan.

The following are the estimated administrative claims:

Claimant	Nature of Claim	Amount Claimed by Claimant	Amount Forecast to be Paid by the Debtor	Total payable in Months 1-12	Total payable in Months 13-24	Total payable in Months 25-36	Total payable in Months 37-48	Total payable in Months 49-60	Total payable in Months 61-end
U.S. Trustee	U.S. Trustee Quarterly Fees	Unknown	\$650.00						
Hughes Watters Askanase, LLP	Attorneys' fees	\$150,000	\$150,000						
Gillis, Paris & Heinrich	Special Tax Counsel	\$3,500.00	\$3,500.00						
The Sheena Law Firm	Special Counsel Litigation	To be determined.	To be determined.						
Wesley Crooks with Ranch Realty	Realtor	\$0.00	\$0.00						
Ronald L. Briggs, P.C.	Accountant	To be determined.	To be determined.						
	Counsel for Unsecured Creditors	To be determined.	To be determined.						

Claimant	Nature of Claim	Amount Claimed by Claimant	Amount Forecast to be Paid by the Debtor	Total payable in Months 1-12	Total payable in Months 13-24	Total payable in Months 25-36	Total payable in Months 37-48	Total payable in Months 49-60	Total payable in Months 61-end
	Committee			\$160,000	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

8. Payment of Priority, Unsecured Tax Claims of Governmental Units

Claims held by governmental units of the type described in § 507(a)(8) of the Bankruptcy Code will be paid in full, with interest at an annual rate of 12% (or such other rate as noted below), in equal monthly installments over a period beginning 30 days after the Effective Date of the plan and ending five years after the date of the filing of the petition. Notwithstanding the foregoing treatment, any holder of a § 507(a)(8) claim may file a written election to be treated on the same basis as any nonpriority unsecured claim. Any such election must be filed in writing not later than 14 days after entry of the order confirming the plan.

Claimant	Nature of Claim	Interest Rate (if other than general interest rate set forth above)	Amount Claimed by Claimant	Amount and nature of any dispute by the Debtor	Total payable in Months 1-12	Total payable in Months 13-24	Total payable in Months 25-36	Total payable in Months 37-48	Total payable in Months 49-54
Internal Revenue Service	Taxes	4%	\$4,301,824.26	Debtor asserts that after his amended tax returns are filed the amount owed by the Estate will be \$1,119,197.39.	\$272,178.84	\$272,178.84	\$272,178.84	\$272,178.84	\$136,089.42
Glasscock County Tax Office	Taxes	12%	\$213,531.56		\$61,642.08	\$61,642.08	\$61,642.08	\$61,642.08	\$30,821.04
Midland County Tax Office	Taxes	12%	\$3,377.18		\$974.88	\$974.88	\$974.88	\$974.88	\$487.44
Coke County Tax Office	Taxes	12%	\$8,734.72		\$2,521.56	\$2,521.56	\$2,521.56	\$2,521.56	\$1,260.78
Comptroller of Public Accounts	Taxes	12%	\$100,798.99		\$29,098.56	\$29,098.56	\$29,098.56	\$29,098.56	\$14,549.28
Tom Green Appraisal District	Taxes	12%	\$3,726.76		\$1,075.80	\$1,075.80	\$1,075.80	\$1,075.80	\$537.90
Burnet	Taxes	12%	\$46,426.60		\$13,402.44	\$13,402.44	\$13,402.44	\$13,402.44	\$6,701.22

CAD									
Midland CAD	12%	\$35,722.64	\$10,312.32	\$10,312.32	\$10,312.32	\$10,312.32	\$10,312.32	\$10,312.32	\$5,156.16
			\$ 391,295.40	\$ 391,295.40	\$ 391,295.40	\$ 391,295.40	\$ 391,295.40	\$ 391,295.40	\$ 195,647.70

9. Forecasts

Based on the preceding forecasts of income and expenses and on the provisions of the plan, the Debtor provides these forecasts of his cash flow: See Exhibit 2 – Proforma Financial Statement.

Monthly reports have been filed showing actual income and expenses during the period of the bankruptcy case. These forecasts vary from the monthly reports for the reasons described in the following narrative.

During the period covered by the monthly reports, the Debtor began leasing out first one truck and then a second. As those leased vehicles continue to generate cash flow and new opportunities present themselves, the Debtor will continue to expand his fleet of leased vehicles. Additionally, certain business opportunities that the Debtor is aware of will likely begin in early to mid-2017. Further, as more of the Debtor’s real properties are liquidated, the Debtor anticipates that his carrying costs, including insurance and taxes on the properties will continue to decrease.

If the Debtor’s actual performance is congruent with the projections set forth in the Proforma Financial Statement, the Debtor will seek to pay all Allowed Claims of the unsecured classes in full within the term of the Plan.

10. Disposable Income Test

If an unsecured creditor objects to confirmation, the plan can be confirmed only if it provides for (x) a 100% distribution to creditors; or (y) a distribution to creditors that is of a value of not less than the debtor's projected disposable income to be received during the longer of (i) the 5-year period beginning on the date that the first payment is due under the plan; or (ii) the term of the plan. Disposable income is the difference between income and necessary expenses.

Notwithstanding any provision in this plan to the contrary, the Debtor commits to make payments of a value not less than required by the preceding paragraph.

11. Cramdown

If a class of creditors does not accept the plan, the Debtor will seek to obtain confirmation through the cramdown provisions of § 1129(b). This means that the plan must be fair and equitable to the class that does not accept the plan. The definition of whether the plan is fair and equitable may be found in § 1129(b) of the Bankruptcy Code.

12. Liquidation Analysis

Section 1129(a)(7)(A) of the Bankruptcy Code requires that each holder of a claim must either accept the plan or receive payments or property with a value of at least as much as would be available in a chapter 7 liquidation of the Debtor's assets.

As set forth above, each holder of an secured claim is either receiving its collateral or is being paid the value of its claim, with interest. This treatment satisfies the liquidation test under § 1129(a)(7)(A). Holders of priority claims are paid in full, with interest. This also satisfies the requirements of § 1129(a)(7).

Holders of general unsecured claims are forecast to receive a dividend of approximately 74% of their Allowed Claim in Chapter 11. The Debtor has estimated that his non-exempt assets, after payment of liens would generate the following amounts in a chapter 7 liquidation:

Description of Asset	Estimated Liquidation Value	Amount of Debt Secured by Liens Against this Asset	Amount Claimed Exempt	Value Available to Estate in Liquidation	Basis of Estimate of Value
Coke County Ranch	\$3,260,250.00	\$2,580,851.04 (plus ad valorem taxes of \$8,734.72)	\$0.00	\$670,664.24	Secured Creditor's Proof of Claim
976 Hillger Rd., Garden City, TX -	\$320,625.00	\$188,920.22 (plus ad valorem taxes	\$0.00	\$125,608.21	Offer to Purchase

Description of Asset	Estimated Liquidation Value	Amount of Debt Secured by Liens Against this Asset	Amount Claimed Exempt	Value Available to Estate in Liquidation	Basis of Estimate of Value
Glasscock County Ranch		of \$6,096.57)			
Sterling County, TX – Raw Land (AB 314, Blk 12, Secs: 8,9,15,16,17)	\$300,000.00	\$0.00 (plus ad valorem taxes of \$4,914.95)	\$0.00	\$337,500.00	Debtor
5006 Jarvis Street, Lubbock TX 79416	\$117,499.50	\$0.00	\$0.00	\$112,584.55	Appraisal District
5722 Columbine Lane, San Angelo, TX (1.32 Acres)	\$61,374.72	\$0.00	\$0.00	\$61,374.72	Property Sold (July 14, 2016)
Commercial Equipment	\$193,500.00	\$0.00 (Tax liens to be determined)	\$0.00	\$193,500.00	To be determined.
Commercial Equipment – Citizens Bank Collateral	\$110,391.00	\$72,194.79 (Tax liens to be determined)	\$0.00	\$38,196.21	To be determined.
Personal Equipment	\$41,100.00	\$0.00	\$0.00	\$41,100.00	Debtor
Personal Ranch Equipment	\$45,998.02	\$0.00	\$0.00	\$45,998.02	Debtor
Claim against Kimberly Boyce	\$2,039,014.53	\$0.00	\$0.00	\$2,039,014.53	United States of America’s <i>First Amended Verified Complaint for Forfeiture</i> ²⁴
Cash on Hand	\$110,009.30	\$0.00	\$0.00	\$110,009.30	Debtor’s

²⁴ Filed in Civil Action 7:16-cv-00076-RAJ pending in the United States District Court for the Western District of Texas, Midland Division. A copy of the *First Amended Verified Complaint for Forfeiture* is attached hereto as Exhibit 1.

Description of Asset	Estimated Liquidation Value	Amount of Debt Secured by Liens Against this Asset	Amount Claimed Exempt	Value Available to Estate in Liquidation	Basis of Estimate of Value
as of the Petition Date					Schedules
TOTAL				\$3,775,549.78	

In a chapter 7 liquidation, the estimated liquidation value of \$3,611,815.18²⁵ would be applied to the chapter 7 Trustee's fees and expenses and then to priority claims. This would produce the following:

Liquidation Value	\$3,611,815.18
Estimated Trustee's Fees and expenses	\$230,307.80
Estimated priority claims	\$1,531,823.93
Total available for holders of unsecured claims	\$1,850,178.45
Estimated unsecured claims	\$3,500,000.00
Estimated percentage recovery in liquidation	53%

Because the plan forecasts to pay holders of unsecured claims 74% of the amount of their claims and a chapter 7 liquidation is forecast to pay only 53%, this plan satisfies the liquidation test as to holders of unsecured claims.

13. Prepayment

Any claim may be prepaid at any time, without penalty. Interest as provided in this plan must be paid through the date of prepayment.

14. Tax Issues

The federal income tax effects on holders of claims will vary depending on how the holder has treated its claim for tax purposes. For example, if the holder has a basis in its debt claim and is paid an amount less than its basis, the holder may be entitled to a federal income tax deduction for its loss. This will depend on the holder's own tax characteristics and cannot be assured. Conversely, if the holder has no basis in its debt claim, the holder may recognize income for federal income tax purposes based on payments under the plan.

Because each holder's federal income tax situation may vary, you are urged to consult your own tax advisors to determine the federal income tax effect of the plan on you.

²⁵ Assumes a 10% cost of sale for all real and personal property sold.

The Debtor and NewCo may also have a federal income tax effect from the plan. To the extent that indebtedness is discharged, the Debtor may have a basis adjustment in their assets. Moreover, any sale of assets may produce taxable income. The forecasts set forth above incorporate the Debtor’s best estimate of the federal income tax effect of the plan. The Plan does not forecast any federal income tax or other tax effect as to NewCo.

15. Executory Contracts and Leases

Except for the assumed contracts and leases listed in the following chart, all executory leases and contracts are rejected as of the Effective Date. Proofs of claim for damages arising from the rejection of an executory lease or contract must be filed not later than 30 days after the Effective Date. Claims filed after that date will not be paid.

Contracting Party	Description of Contract	Amount Required to Cure Any Default
Jimmy Sherrod	Lease	\$9,279.24
Montevallo, Inc.	Lease	\$0.00
Silver Spar Energy Services	Truck Lease	\$0.00

The amount shown under “Amount Required to Cure Any Default” will be paid not later than 30 days after the Effective Date of the Plan.

If you are the Contracting Party on an assumed contract and disagree with the cure amounts shown, you must file an objection prior to the objection deadline of _____ . If you do not file an objection prior to the objection deadline, the Court may confirm the plan and you will be bound by the terms of the confirmed plan as to the cure amount.

16. Claims Objections

Claims objections must be filed not later than 120 days after entry of the order confirming the plan. This deadline may be extended by the Court, on motion by a party in interest. Any such motion must be filed not later than 120 days after entry of the order confirming the plan.

17. Additional Provisions

Pursuant to applicable loan documents, Citizens State Bank asserts and holds a perfected first priority security interest in \$85,425.69 held in the Debtor’s Citizens State Bank accounts, Account Numbers 9077, 9535 and 1309. Creditor Pinnacle Propane, LLC asserts that by way of a purported prepetition writ of garnishment and a default judgment obtained during the 90 days prior to Petition Date, also holds a security interest in such funds. Any such security interest, if any, is (i) inferior in priority to Citizens State Bank’s lien position in such funds and (2) subject

to avoidance as a preferential transfer pursuant to 11 U.S.C. § 547. As such, under the Plan, Citizens State Bank shall receive such funds as set forth herein.

18. Discharge, Vesting and Effective Date

Upon completion of all payments, the Debtor must file a motion for discharge, served on all holders of Allowed Claims, in which they will certify that (i) they meet the standards set forth in § 1141(d)(5)(C) of the Bankruptcy Code; and (ii) have completed all payments under the plan. Unless a party objects and the Court sustains the objection to the motion for discharge, the Debtor will be discharged of his liability on debts to the maximum extent allowed by § 1142 of the Bankruptcy Code.

Pending completion of the payments under the plan, the plan's provisions bind all persons to the extent allowed by § 1141(a) of the Bankruptcy Code.

All estate property is vested in the Debtor on the Effective Date of the plan, free and clear of all claims and interests except (i) as provided in this plan; and (ii) for claims and interests that are excepted from discharge under § 523 of the Bankruptcy Code.

This Effective Date of this plan is the 15th day after entry of the order confirming the plan, unless the confirmation order is stayed. If the confirmation order is stayed, the Effective Date shall be the 15th day following the termination of the stay. No party may act pursuant to this plan prior to the Effective Date.

If Debtor performs as set forth in the Plan, after the expiration of month eighty-four (84) he shall receive his discharge. The Debtor reserves the right to move to close the case as soon as practical upon substantial consummation and necessary post-confirmation actions and litigation.

19. Obligations to United States Trustee

The Debtor will be responsible for timely payment of United States Trustee quarterly fees incurred pursuant to 28 U.S.C. § 1930(a)(6). Any fees due as of the date of confirmation will be paid on the Effective Date. After confirmation, the Debtor will continue to file timely financial reports in the format required by the United States Trustee and continue to pay quarterly fees as accrued until the case is closed, converted to a case under chapter 7, or dismissed.

20. Default

If there is a default in payment to a creditor under this plan, the default must be cured within 21 days of written notice sent by the affected creditor. If the default is not cured within the 21-day period, the creditor may seek any rights available under the Bankruptcy Code or under applicable non-bankruptcy law. In the event the Debtor determines not to form NewCo, such non-formation shall not be a default under the Plan.

21. Conclusion

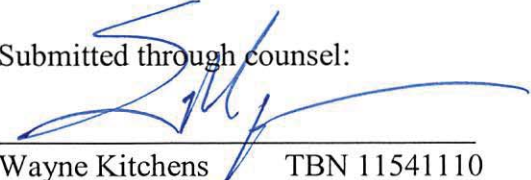
The Debtor has filed this plan and disclosure statement. He represents that he believes the information contained in this document to be true and correct in all respects.

Dated: August 2, 2016.



Gary D. Rogers

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