

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11  
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EMERGE ENERGY SERVICES LP, *et al.*,<sup>1</sup> : Case No. 19-11563 (KBO)  
: :  
Debtors. : Jointly Administered  
: :  
: Obj. Deadline: August 7, 2019 at 4:00 p.m. (ET)  
: Hearing Date: August 14, 2019 at 11:00 a.m. (ET)  
: :  
: Re: Docket Nos. 7 & 62  
: :  
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**NOTICE OF (A) ENTRY OF INTERIM ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 506(b), 541, 1107(a), AND 1108 AND FED. R. BANKR. P. 6003 (I) AUTHORIZING DEBTORS TO PAY CERTAIN PREPETITION CLAIMS OF SHIPPERS, LIEN CLAIMANTS, AND ROYALTY INTEREST OWNERS, (II) CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY OF UNDISPUTED AND OUTSTANDING PREPETITION ORDERS, AND (III) GRANTING RELATED RELIEF; AND (B) FINAL HEARING THEREON**

PLEASE TAKE NOTICE that, on July 15, 2019, the above captioned debtors and debtors in possession (collectively, the “**Debtors**”), filed the *Debtors’ Motion for Entry of Orders Under 11 U.S.C. §§ 105(a), 363(b), 506(b), 541, 1107(a), and 1108 and Fed. R. Bankr. P. 6003 (I) Authorizing Debtors to Pay Certain Prepetition Claims of Shippers, Lien Claimants, and Royalty Interest Owners, (II) Confirming Administrative Expense Priority of Undisputed and Outstanding Prepetition Orders, and (III) Granting Related Relief* [Docket No. 7] (the “**Motion**”) with the United States Bankruptcy Court for the District of Delaware (the “**Court**”).

A copy of the Motion is attached hereto as Exhibit A.

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Emerge Energy Services LP (2937), Emerge Energy Services GP LLC (4683), Emerge Energy Services Operating LLC (2511), Superior Silica Sands LLC (9889), and Emerge Energy Services Finance Corporation (9875). The Debtors’ address is 5600 Clearfork Main Street, Suite 400, Fort Worth, Texas 76109.



PLEASE TAKE FURTHER NOTICE that, following an initial hearing to consider the Motion on July 17, 2019, the Court entered the *Interim Order Under 11 U.S.C. §§ 105(a), 363(b), 506(b), 541, 1107(a), and 1108 and Fed. R. Bankr. P. 6003 (I) Authorizing Debtors to Pay Certain Prepetition Claims of Shippers, Lien Claimants, and Royalty Interest Owners, (II) Confirming Administrative Expense Priority of Undisputed and Outstanding Prepetition Orders, and (III) Granting Related Relief* [Docket No. 62] (the “**Interim Order**”). A copy of the Interim Order is attached hereto as Exhibit B.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Interim Order, objections or responses to the final relief requested in the Motion, if any, must be made in writing, filed with the Court on or before **August 7, 2019 at 4:00 p.m. (prevailing Eastern Time)**, and served on: (i) Emerge Energy Services, LP, 5600 Clearfork Main Street, Suite 400, Fort Worth, Texas 76109 (Attn: Bryan Gaston (email: bgaston@sssand.com)); (ii) Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 (Attn: Keith A. Simon, Esq., Hugh K. Murtagh, Esq. and Liza L. Burton, Esq. (emails: keith.simon@lw.com, hugh.murtagh@lw.com and liza.burton@lw.com)); (iii) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: John H. Knight, Esq. and Paul N. Heath, Esq. (emails: knight@rlf.com and heath@rlf.com)); (iv) counsel to the DIP Agent and the Prepetition Agents, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Matt S. Barr, Esq., David Griffiths, Esq., and Candace M. Arthur, Esq. (emails: matt.barr@weil.com, david.griffiths@weil.com, and candace.arthur@weil.com)) and (b) Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, Wilmington, Delaware 19801 (Attn: Laura Davis Jones, Esq. (email: ljones@pszjlaw.com)); (v) counsel to any statutory committee appointed in these cases, if any; and (vi) the United States Trustee for the District of

Delaware, 844 King Street, Suite 2207, Wilmington, DE 19801 (Attn: Juliet M. Sarkessian, Esq. (email: juliet.m.sarkessian@usdoj.gov)).

PLEASE TAKE FURTHER NOTICE that, pursuant to the Interim Order, the final hearing with respect to the Motion, if required, will be held before The Honorable Karen B. Owens at the Court, 824 North Market Street, 6<sup>th</sup> Floor, Courtroom 1, Wilmington, Delaware 19801 on **August 14, 2019 at 11:00 a.m. (prevailing Eastern Time)**.

**PLEASE TAKE FURTHER NOTICE THAT, IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE FINAL RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.**

Dated: July 18, 2019  
Wilmington, Delaware

/s/ Brett M. Haywood

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*Proposed Counsel for Debtors  
and Debtors-in-Possession*

**EXHIBIT A**

**Motion**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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 In re: : Chapter 11  
           : :  
 EMERGE ENERGY SERVICES LP, *et al.*,<sup>1</sup> : Case No. 19-\_\_\_\_\_ (\_\_\_\_\_)  
           : :  
           Debtors. : (Joint Administration Requested)  
           : :  
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**DEBTORS’ MOTION FOR ENTRY OF ORDERS UNDER 11 U.S.C. §§ 105(a), 363(b), 506(b), 541, 1107(a), AND 1108 AND FED. R. BANKR. P. 6003 (I) AUTHORIZING DEBTORS TO PAY CERTAIN PREPETITION CLAIMS OF SHIPPERS, LIEN CLAIMANTS, AND ROYALTY INTEREST OWNERS, (II) CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY OF UNDISPUTED AND OUTSTANDING PREPETITION ORDERS, AND (III) GRANTING RELATED RELIEF**

The debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”) hereby file this motion (the “**Motion**”) for entry of interim and final orders, substantially in the forms attached hereto as Exhibit A and Exhibit B (respectively, the “**Interim Order**” and the “**Final Order**”), under sections 105(a), 363(b), 506(b), 541, 1107(a) and 1108 of Title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), (i) authorizing, but not directing, the Debtors to pay certain prepetition claims held by Shippers (as defined herein), Lien Claimants (as defined herein), and Royalty Interest Owners (as defined herein); (ii) confirming the administrative expense priority status of Outstanding Orders (as defined herein) and authorizing, but not directing, the Debtors to pay prepetition amounts related to the Outstanding Orders (as defined herein); (iii) authorizing financial institutions to honor and process related checks and

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Emerge Energy Services LP (2937), Emerge Energy Services GP LLC (4683), Emerge Energy Services Operating LLC (2511), Superior Silica Sands LLC (9889), and Emerge Energy Services Finance Corporation (9875). The Debtors’ address is 5600 Clearfork Main Street, Suite 400, Fort Worth, Texas 76109.

transfers; and (iv) granting certain related relief. In support of the Motion, the Debtors rely upon and incorporate by reference the *Declaration of Bryan Gaston, Restructuring Officer of the Debtors, in Support of Chapter 11 Petitions and First Day Pleadings*, filed with the Court concurrently herewith (the “**Gaston Declaration**”).<sup>2</sup> In further support of the Motion, the Debtors, by and through their undersigned counsel, respectfully represent:

### **JURISDICTION**

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are sections 105(a), 363(b), 506(b), 507(a), 541, 1107(a) and 1108 of the Bankruptcy Code and Bankruptcy Rule 6003.

### **BACKGROUND**

2. On the date hereof (the “**Petition Date**”), the Debtors filed voluntary petitions in this Court commencing cases (the “**Chapter 11 Cases**”) for relief under chapter 11 of the Bankruptcy Code. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the Gaston Declaration and is fully incorporated herein by reference.

3. The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been requested in the Chapter 11 Cases, and no committees have yet been appointed.

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Gaston Declaration.

4. Simultaneously with the filing of this Motion, the Debtors have filed a motion with this Court pursuant to Bankruptcy Rule 1015(b) seeking joint administration of the Chapter 11 Cases.

### **RELIEF REQUESTED**

5. By this Motion, the Debtors request entry of the Interim Order and Final Order, (i) authorizing, but not directing, the Debtors to pay prepetition claims held by (a) Shippers in an amount not to exceed \$473,000 on an interim basis (the “**Interim Shipping Claims Cap**”) and \$1,504,000 on a final basis (the “**Final Shipping Claims Cap**”), (b) Lien Claimants in an amount not to exceed \$57,000 on an interim basis (the “**Interim Lien Claims Cap**”) and \$147,000 on a final basis (the “**Final Lien Claims Cap**”), and (c) Royalty Interest Owners in an amount not to exceed \$186,000 on an interim basis (the “**Interim Royalty Payments Cap**”) and \$211,000 on a final basis (the “**Final Royalty Payments Cap**”), each absent further order of the Court; (ii) confirming the administrative expense priority status of Outstanding Orders and authorizing, but not directing, the Debtors to pay prepetition amounts related to the Outstanding Orders; and (iv) granting related relief.

6. A summary of the relief requested herein is set forth below:

	<b>Interim Relief</b>	<b>Final Relief</b>
<b>Shipping Claims</b>	<b>\$473,000</b>	<b>\$1,504,000</b>
<b>Lien Claims</b>	<b>\$57,000</b>	<b>\$147,000</b>
<b>Royalty Payments</b>	<b>\$186,000</b>	<b>\$211,000</b>

7. As more particularly described in the Gaston Declaration, the Debtors operate businesses throughout North America that are primarily engaged in the businesses of mining, processing, and distributing high-quality silica sand — a key input for the hydraulic fracturing of oil and natural gas wells. The Debtors’ ability to operate their business without interruptions is

dependent upon the Debtors' vendors, suppliers, shippers and warehousemen, each of which either provides the Debtors with the materials and supplies necessary to ensure safe mining conditions, extract and process silica sand, transport silica sand among the Debtors' mines and plants, or deliver silica sand to the Debtors' customers. The Debtors utilize the services of a number of service providers who, by the nature of their business and the work that they perform for the Debtors, may be able to assert that prepetition amounts owed to them are secured by statutory liens on property of the Debtors, and in some cases their customers' property, that is either in the possession of the service provider or that has been improved upon by the provider. The Debtors are also obligated to make royalty payments to certain royalty interest owners who may assert that prepetition royalty payments owed to them are secured by liens on the Debtors' property. Moreover, amounts held by the Debtors on account of the royalty interests may not be property of the Debtors' bankruptcy estates. In addition, the claims of certain providers of goods to the Debtors may be entitled to priority under section 503 of the Bankruptcy Code because such goods were delivered to the Debtors within twenty days prior to the Petition Date. In order to continue the operation of their business uninterrupted postpetition, the Debtors seek to pay the prepetition claims of certain of these claimants, each of which may be entitled to priority over general unsecured creditors.

8. The Debtors further request that the Court (i) authorize all applicable financial institutions (collectively, the "**Banks**") to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the foregoing to the extent directed by the Debtors in accordance with this Motion and to the extent the Debtors have sufficient funds standing to their credit with such Bank, whether such checks were presented or electronic requests were submitted before or after the Petition Date, and (ii) authorize all Banks to rely on

the Debtors' designation of any particular check or electronic payment request as appropriate pursuant to this Motion, without any duty of further inquiry and without liability for following the Debtors' instructions.

## **BASIS FOR RELIEF**

### **A. The Shipping and Lien Claims**

#### **i. Shipping Claims**

9. In operating their silica sand business, the Debtors rely on their network of common carriers, shippers, transloaders, rail car operators, expeditors, consolidators, transportation service providers, and other related parties (collectively, the "**Transporters**") to transport, ship, and deliver silica sand and other goods and products between the Debtors' mines and plants, or from the Debtors to their customers. In addition, in connection with the transport of their goods, the Debtors often temporarily store silica sand with third party storage facilities, transloading facilities, logistics providers and warehouses (collectively, the "**Warehouses**" and together with the Transporters, the "**Shippers**"). Many of the Shippers currently hold claims against the Debtors (collectively, the "**Shipping Claims**").

10. The operation of the Debtors' business requires a multitude of shipments of silica sand between the Debtors' mines and plants to storage facilities, transloading facilities, and the Debtors' vendors and customers. The Debtors' silica sand is frequently in the possession of logistics providers, rail car operators, and transloaders who assist the Debtors in transporting goods and materials, including finished product, throughout the supply chain, from origin to destination. In the case of shipments of silica sand to customers, the Debtors lease rail cars in order to transport silica sand from their plants via railroads. Depending on the final customer destination, logistics providers may be utilized to transport the silica sand shipments from trucking companies to rail car operators. In addition, transloading facilities may be used to

transport the silica sand shipments from rail car operator to rail car operator in order for such sand to reach the end customer.

11. Under some state laws, Shippers may have a possessory lien on the goods and sand in their possession, which secures payment of claims incurred in connection with the storage or transportation of goods.<sup>3</sup> In addition, pursuant to section 363(e) of the Bankruptcy Code, the Shippers, as bailees, may be entitled to adequate protection for valid possessory liens. If the Debtors fail to pay the Shippers in a timely manner, the Shippers may seek to assert liens against the silica sand or other goods in their possession, which could potentially block the Debtors' access to the goods that are in transport. While the Debtors reserve all rights to contest such actions, it cannot be disputed that such actions would severely damage the Debtors' ability to operate their businesses for the benefit of all stakeholders. Thus, the relief requested by this Motion is essential to the Debtors' ability to transition their operations into chapter 11 in a commercially reasonable manner. The Debtors further believe that the cost of replacing or reconstructing their existing transportation network far exceeds the aggregate amount of Shipping Claims. With hundreds of thousands of dollars' worth of silica sand in transit at any given time, the cost of a disruption to the Debtors' estates that could be caused by the Shippers' retention of silica sand likely far outweighs the outstanding Shipping Claims. Thus, the Debtors seek authority, but not direction, to pay prepetition obligations owed to the Shippers in an amount not to exceed the applicable Shipping Claims Cap absent further order of the Court. The Final

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<sup>3</sup> For example, Texas's Business and Commerce Code provides, in pertinent part: "A carrier has a lien on the goods covered by a bill of lading or on the proceeds thereof in its possession for charges after the date of the carrier's receipt of the goods for storage or transportation, including demurrage and terminal charges, and for expenses necessary for preservation of the goods incident to their transportation or reasonably incurred in their sale pursuant to law." Tex. Bus. & Com. Code Ann. § 7.307.

Shipping Claims Cap represents approximately 3.2% of the total amount paid to these Shippers during the twelve months prior to the Petition Date.

**ii. Lien Claims**

12. In addition to the Shippers, the Debtors routinely transact business with a number of third party service providers or contractors (collectively, the “**Lien Claimants**”) who may be permitted to assert statutory or possessory liens against the Debtors’ equipment, sand, and other property if the Debtors fail to pay for those parties’ various services. For example, certain of the Lien Claimants manufacture specialized equipment and parts for the Debtors, while others provide maintenance and repair services with respect to specialized equipment at the Debtors’ mines and plants. Many of the Lien Claimants are not required to perform future services, but rather perform work and related services on an order-by-order basis. Finally, several Lien Claimants are railcar operators, transloaders, terminal facilities, or other carriers and storage sites that ship, transmit, transload, or temporarily store the Debtors’ silica sand. If the Debtors become delinquent in their payments for such services rendered, the Lien Claimants may assert liens, including mechanic’s liens, artisan’s liens, materialman’s liens, possessory liens, and other similar liens against the Debtors’ property for the amounts owed (collectively, the “**Lien Claims**”). Pursuant to section 362(b)(3) of the Bankruptcy Code, the act of perfecting mechanics’ liens, to the extent consistent with section 546(b) of the Bankruptcy Code, is expressly excluded from the automatic stay.<sup>4</sup>

13. Unless the Debtors are able to satisfy the Lien Claims as provided herein, these parties may refuse to provide services to the Debtors or may seek to enforce priority claims

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<sup>4</sup> Under section 546(b) of the Bankruptcy Code, a debtor’s lien avoidance powers “are subject to any generally applicable law that . . . permits perfection of an interest in property to be effective against an entity that acquires rights in such property before the date of perfection.” 11 U.S.C. § 546(b)(1)(A).

against their chapter 11 estates on account of such claims. Accordingly, the Debtors seek authority to pay and discharge, on a case-by-case basis, Lien Claims that the Debtors believe have created, or could give rise to, a lien against the Debtors' property or equipment, regardless of whether such Lien Claimants already have perfected their interests, in an amount not to exceed the applicable Lien Claims Cap absent further order of the Court. The Final Lien Claims Cap represents approximately 3.4% of the total amount paid to these Lien Claimants during the twelve months prior to the Petition Date.

**B. Royalty Interests**

14. As part of their silica sand business, the Debtors enter into royalty lease agreements. Such agreements generally consist of an interest in silica sand in place on a parcel of property and the exclusive right to explore, mine, produce and otherwise capture silica sand/ from the land. Through a written agreement, owners of the silica sand interests (“**Royalty Interest Owners**”) may lease or otherwise convey the exclusive right to capture silica sand to a third party in exchange for either a share of production or payments in lieu of a share of production. The nature of the interest retained by the Royalty Interest Owners (the “**Royalty Interests**”) represents a share of the revenue derived from the sale of such silica sand, subject to the terms of the applicable agreement. Pursuant to agreements with Royalty Interest Owners, the Debtors periodically make payments to Royalty Interest Owners at a monthly rate or based upon the volume of silica sand mined, or a minimum annual payment if certain volumes of sand are not mined by the Debtors (collectively, the “**Royalty Payments**”). The Debtors are parties approximately forty royalty lease agreements with Royalty Interest Owners located in Wisconsin, Oklahoma and Texas.

15. Royalty payments may be governed by statutory frameworks that set strict payment deadlines and contain enforcement mechanisms including interest, fines, recovery of

costs and attorneys' fees and treble damages. *See e.g.* Tex. Bus. & Com. Code Ann. § 9.343 (West). Failure to make such payments can also result in actions seeking the forfeiture, cancellation or termination of the agreements with the Royalty Interest Owners. In addition, the Debtors believe that the Royalty Interest Owners may be able assert that they are entitled to statutory or other liens in the event that the Debtors fail to make the Royalty Payments. It is likely that the Royalty Interest Owners may be able assert that the funds held by the Debtors on account of the Royalty Interests are not property of the estate, but are instead held in trust for the benefit of the Royalty Interest Owners.

16. The Debtors seek authority, but not direction, to pay prepetition obligations owed to the Royalty Interest Owners in an amount not to exceed the applicable Royalty Payments Cap absent further order of the Court. Given the various rights afforded to Royalty Interest Owners, the Debtors believe that granting the requested relief will merely affect the timing of Royalty Payments and that Royalty Interest Owners will not receive more than they would receive under a plan of reorganization.

### **C. Payment of Outstanding Orders**

17. Prior to the commencement of the Chapter 11 Cases, the Debtors placed various orders for goods that will not be delivered until on or after the Petition Date (collectively, the "**Outstanding Orders**"). The suppliers of these goods may be concerned that because the Debtors' obligations under the Outstanding Orders arose prior to the Petition Date, such obligations will be treated as general unsecured claims in the Chapter 11 Cases. To prevent any disruption to the Debtors' operations, the Debtors request entry of an order (i) confirming administrative expense priority under section 503(b)(9) of the Bankruptcy Code for all undisputed obligations of the Debtors arising from the acceptance of goods included in the

Outstanding Orders, and (ii) authorizing the Debtors to satisfy such obligations in the ordinary course of business.

### APPLICABLE AUTHORITY

#### A. **Payment of the Shipping Claims, Lien Claims, and Royalty Payments Is Warranted Under Section 363(b)(1) of the Bankruptcy Code**

18. To the extent that payment of the Shipping Claims, Lien Claims, and Royalty Payments would be deemed to constitute a use of property outside the ordinary course of business, a basis for authorizing such payment is found under section 363 of the Bankruptcy Code. Section 363(b)(1) of the Bankruptcy Code authorizes the trustee to use property of the estate other than in the ordinary course of business after notice and a hearing. 11 U.S.C. § 363(b)(1). Courts in this and other jurisdictions have relied on such subsection to authorize the payment of prepetition claims held by vendors. *See, e.g., In re B456 Sys., Inc.*, Case No. 12-12859 (KJC) (Bankr. D. Del. Oct. 18, 2012) (authorizing, pursuant to Section 363, the payment of prepetition claims of some suppliers); *In re OTC Holdings Corp.*, Case No. 10-12636 (BLS) (Bankr. D. Del. Sept. 17, 2010) (same); *In re MPC Computers, LLC*, Case No. 08-12667 (PJW) (Bankr. D. Del. Nov. 10, 2008) (same); *Armstrong World Indus., Inc. v. James A. Phillips, Inc.*, 29 B.R. 391, 397 (S.D.N.Y. 1983) (district court affirmed bankruptcy court's decision under Section 363 authorizing contractor to pay prepetition claims of some suppliers who were potential lien claimants). Courts in this and other circuits have indicated that the use of property of the estate outside of the ordinary course of business is proper where the debtor in possession has articulated a good business reason for such use. *See Institutional Creditors of Cont'l Airlines, Inc. v. Cont'l Airlines, Inc. (In re Cont'l Airlines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986) (holding that Section 363(b) requires that "there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business");

*United States Trustee v. Bethlehem Steel Corp. (In re Bethlehem Steel Corp.)*, No. 02 Civ. 2854 (MBM), 2003 WL 21738964, at \*12 (S.D.N.Y. July 28, 2003) (“To approve a transaction under § 363(b), the bankruptcy court must find that there is a good business reason to allow the transaction.”); *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (“In determining whether to authorize the use, sale or lease of property of the estate under [Section 363(b)], courts require the debtor to show that a sound business purpose justifies such actions.”); *In re Terrace Gardens Park P’ship*, 96 B.R. 707, 714 (Bankr. W.D. Tex. 1989) (applying Continental to require “articulated business justification” for section 363 transaction); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003) (“[A] § 363 application requires a showing that there is a ‘good business reason to grant such an application.’”) (quoting *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983)).

19. Where a debtor has articulated a valid business justification for a proposed transaction, courts generally apply the business judgment rule in evaluating such transaction. *Lange v. Schropp (In re Brook Valley VII, Joint Venture)*, 496 F.3d 892, 900 (8th Cir. 2007) (“In general, courts do not second-guess business decisions made in good faith.”); *In re ALH Holdings LLC*, 675 F. Supp. 462, 477 (D. Del. 2009) (“[A] court will not disturb the business decisions of loyal and informed directors ‘if they can be attributed to any rational business purpose.’”) (citing *Sinclair Oil Corp. v. Levien*, 280 A. 2d 717, 720 (Del. 1971)); *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (“In evaluating whether a sound business purpose justifies the use, sale or lease of property under Section 363(b), courts consider a variety of factors, which essentially represent a ‘business judgment test’”); *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147

B.R. 650, 656 (S.D.N.Y. 1992) (“The business judgment rule ‘is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company.’”) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)); see also *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) (“[T]he Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a Debtor’s management decisions.”). Here, as discussed above, it is the Debtors’ business judgment that the failure to pay the Shipping Claims, Lien Claims, and Royalty Payments could have a material adverse impact on the day-to-day operations of their businesses.

**B. Payment of the Shipping Claims, Lien Claims, and Royalty Payments Is Warranted Under Section 506(b) of the Bankruptcy Code**

20. In addition, the Debtors believe that their failure to pay the Shipping Claims, Lien Claims, and Royalty Payments may result in the assertion of possessory liens by many of the Shippers, Warehouses, Lien Claimants and Royalty Interest Owners under applicable state law with respect to certain of the Debtors’ property (collectively, the “**Liens**”). Pursuant to section 362(b)(3) of the Bankruptcy Code, acts to perfect such Liens or interests, to the extent consistent with section 546(b) of the Bankruptcy Code, are expressly excluded from the automatic stay otherwise established by section 362(a) of the Bankruptcy Code. Moreover, under section 546(b) of the Bankruptcy Code, a debtor’s lien avoidance powers “are subject to any generally applicable law that . . . permits perfection of an interest in property to be effective against an entity that acquires rights in such property before the date of perfection.” Therefore, notwithstanding the automatic stay established by section 362 of the Bankruptcy Code, many of the Shippers, Warehouses, Lien Claimants and Royalty Interest Owners may assert and attempt

to perfect Liens or interests against the Debtors' property. Thus, there is a risk that they would be deemed to hold secured claims under section 506(b) of the Bankruptcy Code that would, in any event, be required to be paid in full under section 1129(b)(2)(A) of the Bankruptcy Code.

21. Moreover, to protect any asserted Lien rights, such counterparties may refuse to release goods or property in their possession unless and until their Shipping Claims, Lien Claims, and/or Royalty Payments have been satisfied. Therefore, notwithstanding the automatic stay imposed by section 362 of the Bankruptcy Code, many of these parties: (i) may be entitled to assert and perfect Liens against the Debtors' property, which would entitle them to payment ahead of other general unsecured creditors in any event; and (ii) may hold the property subject to the asserted Liens pending payment, to the direct detriment of the Debtors and their estates. The time and resources that would be required for the Debtors to contest Liens would detract from the value of the estates and could impair the Debtors' ability to stabilize their operations.

22. Furthermore, since the amount of the Shipping Claims, Lien Claims, and/or Royalty Payments is likely materially less than the value of any property securing those claims, any such party holding a Lien arguably is a fully secured creditor. For any Shipping Claims, Lien Claims, and Royalty Payments that are deemed secured claims, section 1129(b)(2)(A) of the Bankruptcy Code requires that they be satisfied through deferred cash payments totaling at least the allowed amount of each such claim, of a value as of the effective date of the plan equal to the value of the collateral securing the claim, with a continuation of the Liens against the collateral; or if the collateral is to be sold, that the Lien securing the claim attach to the proceeds of sale; or that the holder realize the indubitable equivalent of the claim. 11 U.S.C. § 1129(b)(2)(A).

23. Additionally, under section 506(b) of the Bankruptcy Code, fully secured creditors are entitled to receive postpetition interest accruing on their claims to the extent that such claims are oversecured. Consequently, payment of those of Shipping Claims, Lien Claims, and/or Royalty Payments that are subject to valid Liens should give such counterparties no more than that to which they otherwise would be entitled under a plan and save the Debtors the interest costs that otherwise may accrue on the Shipping Claims, Lien Claims, and/or Royalty Payments during the Chapter 11 Cases.

**C. Payment of the Shipping Claims, Lien Claims, and Royalty Payments Is Authorized Under Sections 1107(a) and 1108 of the Bankruptcy Code**

24. Authority for payment of the Shipping Claims, Lien Claims, and Royalty Payments also may be found in sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors, operating their businesses as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code, are fiduciaries “holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners.” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a chapter 11 debtor in possession is the duty “to protect and preserve the estate, including an operating business’s going-concern value.” *Id.*

25. The *CoServ* court has noted that there are instances in which a debtor in possession can fulfill its fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” *Id.*; see also *In re Mirant Corp.*, 296 B.R. 427, 429-30 (Bankr. N.D. Tex. 2003) (allowing debtors to pay claims “reasonably believe[d]” to be authorized under the *CoServ* test or whose payment was necessary “in the exercise of their business judgment . . . in order for [the] [d]ebtors to continue their respective businesses”). That court specifically noted that preplan satisfaction of prepetition claims would be a valid exercise of a debtor’s fiduciary duty

when the payment “is the only means to effect a substantial enhancement of the estate,” *id.*, and also when the payment was to “sole suppliers of a given product.” *Id.* at 498. The court provided a three-pronged test for determining whether a preplan payment on account of a prepetition claim was a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim

*Id.*

26. Payment of the Shipping Claims, Lien Claims, and Royalty Payments meets each element of the *CoServ* court’s standard. First, the shutdown of the Debtors’ operations would cost the Debtors’ estates substantial amounts in lost revenues. The harm and economic disadvantage that would stem from the Debtors’ failure to pay any of their Shippers, Warehouses, Lien Claimants or Royalty Interest Owners is grossly disproportionate to the amount of the prepetition claims that would have to be paid. In addition, the Debtors have examined other options short of paying the Shipping Claims, Lien Claims, and Royalty Payments and have determined that to avoid significant disruption of the Debtors’ business operations there exists no practical or legal alternative to payment of certain of the Shipping Claims, Lien Claims, and Royalty Payments. Therefore, the Debtors only can meet their fiduciary duties as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code by payment of certain of the Shipping Claims, Lien Claims, and Royalty Payments.

**D. Section 105 of the Bankruptcy Code and the Doctrine of Necessity Support Payment of the Shipping Claims, Lien Claims, and Royalty Payments**

27. Additionally, the Debtors' proposed payment of certain of the Shipping Claims, Lien Claims, and Royalty Payments should be authorized under section 105(a) of the Bankruptcy Code and the "doctrine of necessity." Under section 105(a) of the Bankruptcy Code this Court "may issue any order . . . that is necessary or appropriate to carry out the provisions of" the Bankruptcy Code. 11 U.S.C. § 105(a). For the reasons set forth above, and in light of the need for the Debtors to preserve the going concern value of their businesses, the relief requested herein is proper and should be granted.

28. The relief sought is further supported by the doctrine of necessity. The doctrine of necessity is a well-settled doctrine that permits a bankruptcy court to authorize payment of certain prepetition claims prior to the completion of the chapter 11 case where the payment of such claims is necessary to the restructuring efforts. *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (payment of creditors' claims authorized under "necessity of payment" doctrine); *In re Penn Central Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (the necessity of payment doctrine permits "immediate payment of claims of creditors where those creditors will not supply services or materials essential to the conduct of the business until their pre-reorganization claims have been paid"); see *In re Just for Feet, Inc.*, 242 B.R. 821, 826 (D. Del. 1999) (stating that where the debtor "cannot survive" absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment);<sup>5</sup> *In re Columbia Gas*

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<sup>5</sup> The Court's power to utilize the doctrine of necessity in chapter 11 cases derives from the Court's inherent equity powers and its statutory authority to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). The United States Supreme Court first articulated the doctrine of necessity over a century ago, in *Miltenberger v. Logansport, C. & S.W. R. Co.*, 106 U.S. 286 (1882), in affirming the authorization by the lower court of the use of receivership funds to pay pre-receivership debts owed to employees, vendors and suppliers, among others, when such payments were necessary to preserve the receivership property and the integrity

*Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (noting that the debtors “may pay pre-petition claims that are essential to continued operation of business”); *see also In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (“[T]he court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.”).

29. The doctrine of necessity is a widely accepted component of modern bankruptcy jurisprudence. *See Just For Feet*, 242 B.R. at 826 (approving payment of key inventory suppliers’ prepetition claims when such suppliers could destroy debtor’s business by refusing to deliver new inventory on eve of debtor’s key sales season); *In re Payless Cashways, Inc.*, 268 B.R. 543, 546-47 (Bankr. W.D. Mo. 2001) (authorizing payment of critical prepetition suppliers’ claims when such suppliers agree to provide postpetition trade credit); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989).

30. For the reasons discussed herein, it is evident that payment of the Shipping Claims, Lien Claims, and Royalty Payments is necessary and critical to the Debtors’ efforts to maximize estate value. In particular, if the Debtors fail to pay the Shipping Claims, Shippers may exercise possessory liens and block the Debtors’ access to, or delivery of, silica sand that is in transport. If the Debtors fail to pay the Lien Claims, the Lien Claimants could assert liens against the Debtors, or in some instances the Debtors’ customers, goods, equipment, or other property for the amounts owed on account of the Lien Claims, and the Lien Claimants may also refuse to provide future services for the Debtors. If the Debtors fail to pay the Royalty Payments, the Royalty Interest Owners may assert liens against the Debtors’ property for the amounts owed on account of the Royalty Payments and may seek to terminate the underlying

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of the business in receivership. *See id.* at 309-14. The modern application of the doctrine of necessity is largely unchanged from the Court’s reasoning in *Miltenberger*. *See In re Lehigh & New Eng. Ry.*, 657 F.2d 570, 581-82 (3d Cir. 1981) (“[I]n order to justify payment under the ‘necessity of payment’ rule, a real and immediate threat must exist that failure to pay will place the [debtor’s] continued operation . . . in serious jeopardy.”).

royalty agreements, in effect restricting the Debtors' ability to conduct mining operations at the applicable locations. Thus, the Debtors' failure to pay certain of the Shipping Claims, Lien Claims, and Royalty Payments could severely impair the Debtors' ability to operate their business for the benefit of all stakeholders.

**E. To the Extent Funds in the Debtors' Possession Are Related to Royalty Interests, Such Funds May Not Be Property of the Debtors' Estates**

31. With certain exceptions, section 541 of the Bankruptcy Code provides that all property to which a debtor has a legal or equitable interest becomes property of the estate upon the commencement of a chapter 11 case. *See* 11 U.S.C. § 541(a)(1). However, Section 541 does not by itself create new legal or equitable interests in property; instead, “[p]roperty interests are created and defined by state law.” *Butner v. United States*, 440 U.S. 48, 54-55 (1979) (noting that “Congress has generally left the determination of property rights in the assets of a bankrupt’s estate to state law”). Further, Congress was clear that section 541(a)(1) of the Bankruptcy Code “is not intended to expand the debtor’s rights against others more than they existed at the commencement of the case.” H.R. Rep. No. 95-595, 95th Cong., 1st Sess. 367-68 (1977); *see also Moody v. Amoco Oil Co.*, 734 F.2d 1200, 1213 (7th Cir. 1984) (holding that the “rights a debtor has in property at the commencement of the case continue in bankruptcy—no more, no less”). Thus, if a debtor holds no legal or equitable interest in property as of the commencement of the case, such property does not become property of the debtor’s estate under section 541 of the Bankruptcy Code and the debtor is prohibited from distributing such property to its creditors. *Pearlman v. Reliance Ins. Co.*, 371 U.S. 132, 135-36 (1962) (“The Bankruptcy Act simply does not authorize a [debtor] to distribute other people’s property among a bankrupt’s creditors. . . .[S]uch property rights existing before bankruptcy in persons other than the bankrupt must be recognized and respected in bankruptcy.”); *see also Boyd v. Martin Exploration Co. (In*

*re Martin Exploration Co.*), 56 B.R. 776, 779 (E.D. La. 1986) (holding that debtor had neither legal nor equitable title to the royalty interests it had conveyed).

32. Section 541(d) of the Bankruptcy Code provides that a debtor who holds only bare legal title to property but not equitable interest in such property as of the commencement of the case does not obtain equitable interest in such property pursuant to section 541(d) of the Bankruptcy Code. Specifically, that section states:

Property in which the debtor holds, as of the commencement date of the case, only legal title and not an equitable interest . . . becomes property of the estate under subsection (a)(1) or (2) of this section only to the extent of the debtor's legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold.

11 U.S.C. § 541(d).

33. To the extent the Debtors have proceeds of the Royalty Interests in their possession, the Debtors may hold bare legal title to such funds and may potentially hold *no* legal title to the percentage of the silica sand production attributable to the Royalty Interest Owners. The Royalty Interest Owners may be able to assert that the Debtors only take possession of proceeds from the sale of the Royalty Interest Owners' share of silica sand production because they market and sell the silica sand on behalf of the Royalty Interest Owners before remitting the Royalty Payments to them. This Court has held that in such situations, a resulting trust is established on behalf of the Royalty Interest Owners. *See Hess Oil Corp. v. SemCrude, L.P. (In re SemCrude, L.P.)*, 418 B.R. 98, 106 (Bankr. D. Del. 2009) (holding that funds in debtors' possession held on behalf of royalty interest owners were held in a resulting trust for such parties, debtors only held bare legal title to such property, and thus, such funds were not property of the estate). The Supreme Court has held that property held by debtors for a third party (such as funds held on account of a resulting trust) is not property of the estate. *Begier v. I.R.S.*, 496 U.S. 53, 59 (1990) ("Because the debtor does not own an equitable interest in property he holds

in trust for another, that interest is not ‘property of the estate.’”); *United States v. Whiting Pools, Inc.*, 462 U.S. 198, 205 n.10 (1983) (noting that “Congress plainly excluded property of others held by the debtor in trust at the time of the filing of the petition” from the bankruptcy estate). Thus, property held by the Debtors on account of the Royalty Interests may not be property of the Debtors’ estates within the meaning of section 541 of the Bankruptcy Code.

34. Further, because the Royalty Payments may not be property of the estate, it is unclear whether the automatic stay would prevent any action by a Royalty Interest Holder to obtain possession or exercise control over the Royalty Payments. *See* 11 U.S.C. § 362(a)(3) (providing that the automatic stay is applicable to all entities for “any act to obtain possession of property of the estate or to exercise control over property of the estate”). Failure to grant the relief requested by this Motion could subject the Debtors to unnecessary litigation, either in or outside of this Court, at a time when their resources are already subject to enormous strain. As such, the Debtors believe payment of certain of the Royalty Payments in the ordinary course of business is in the best interests of the Debtors and their creditors, and should be authorized by the Court. Moreover, the Debtors believe that no creditors are prejudiced by this Motion. The Debtors believe that they may have no right to distribute any funds on account of the Royalty Interests to their creditors because the Royalty Interests may not be property of the estate. Accordingly, for the reasons set forth above, the Debtors respectfully request that the Court authorize the Debtors to make the Royalty Payments to the Royalty Interest Owners in the ordinary course of business, for obligations incurred both prepetition and postpetition on account of the Royalty Interests.

**F. The Court Should Confirm the Administrative Priority of the Outstanding Orders and Authorize Payment Thereof**

35. Pursuant to section 503(b) of the Bankruptcy Code, obligations that arise in connection with the postpetition delivery of goods and services—including goods ordered prepetition—are, in fact, administrative expense priority claims because they benefit the estate postpetition. Thus, granting the relief sought herein with respect to the Outstanding Orders will not afford such claimants any greater priority than they otherwise would have if the relief requested herein were not granted and will not prejudice any other party in interest. Absent such relief, however, the Debtors may be required to expend substantial time and effort reissuing the Outstanding Orders to provide certain suppliers with assurance of such administrative priority. Such a disruption to the continuous and timely flow of critical inventory and other goods to the Debtors would force the Debtors to potentially halt operations and production, damage the Debtors' business reputation, erode the Debtors' customer base, and ultimately lead to a loss of revenue, all to the detriment of the Debtors and their creditors. Accordingly, the Debtors submit that the Court should confirm the administrative expense priority status of the Outstanding Orders and should authorize the Debtors to pay the Outstanding Orders in the ordinary course of business.

**G. Cause Exists to Authorize Debtors' Financial Institutions to Honor Checks and Electronic Fund Transfers**

36. The Debtors have sufficient funds to pay the amounts related to the Shipping Claims, Lien Claims, Royalty Payments, and Outstanding Orders in the ordinary course of business by virtue of expected cash flows from ongoing business operations and existing cash on hand. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the Shipping Claims, Lien Claims, Royalty Payments, and Outstanding Orders. Accordingly, the

Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently and that the Court should authorize the Banks, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested herein, solely to the extent that the Debtors have sufficient funds standing to their credit with such Banks, and such Banks may rely on the representations of the Debtors without any duty of further inquiry and without liability for following the Debtors' instructions.

**BANKRUPTCY RULE 6003 HAS BEEN SATISFIED AND  
BANKRUPTCY RULE 6004 SHOULD BE WAIVED**

37. Pursuant to Bankruptcy Rule 6003, the Court may grant relief regarding a motion to pay all or part of a prepetition claim within twenty-one days after the Petition Date if the relief is necessary to avoid immediate and irreparable harm. *See* Fed. R. Bankr. P. 6003(b). Based on the foregoing, the Debtors submit that they have satisfied the requirements of Bankruptcy Rule 6003(b) because the relief set forth in Exhibit A is necessary to avoid immediate and irreparable harm.

38. To the extent that any aspect of the relief sought herein constitutes a use of property under section 363(b) of the Bankruptcy Code, the Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay under Bankruptcy Rule 6004(h). As described above, the relief that the Debtors request in this Motion is immediately necessary in order for the Debtors to be able to continue to operate their businesses and preserve the value of their estates. The Debtors respectfully request that the Court waive the notice requirements imposed by Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

### **CONSENT TO JURISDICTION**

39. Pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court of the District of Delaware (the “**Local Rules**”), the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final order or judgment absent consent of the parties.

### **RESERVATION OF RIGHTS**

40. Nothing contained herein is or should be construed as: (i) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors’ properties; (ii) a waiver of the Debtors’ rights to dispute any claim or lien on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim would constitute an allowed claim; (v) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; or (vi) a limitation on the Debtors’ rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to the proposed Interim Order and Final Order once entered. Nothing contained in the Interim Order or the Final Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

### **NOTICE**

41. Notice of this Motion will be given to: (i) the Office of the United States Trustee for the District of Delaware; (ii) the United States Attorney for the District of Delaware; (iii) the Internal Revenue Service; (iv) the creditors listed on the Debtors’ consolidated list of thirty creditors holding the largest unsecured claims; (v) counsel to the DIP Agent and the Prepetition Agents; (vi) the Shippers, Lien Claimants, and Royalty Interest Owners; (vii) counsel

to Insight Equity; and (viii) all parties entitled to notice pursuant to Local Rule 9013-1(m). The Debtors submit that, under the circumstances, no other or further notice is required.

42. A copy of this Motion is available on (i) the Court's website: [www.deb.uscourts.gov](http://www.deb.uscourts.gov), and (ii) the website maintained by the Debtors' proposed Claims and Noticing Agent, Kurtzman Carson Consultant LLC, [www.kccllc.net/EmergeEnergy](http://www.kccllc.net/EmergeEnergy).

**NO PRIOR REQUEST**

43. No previous request for the relief sought herein has been made to this Court or any other court.

*[Remainder of page intentionally left blank]*

**WHEREFORE**, the Debtors respectfully request that the Court enter the proposed Interim and Final Orders, substantially in the forms attached hereto as Exhibit A and Exhibit B, respectively, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: July 15, 2019  
Wilmington, Delaware

/s/ John H. Knight

**RICHARDS, LAYTON & FINGER, P.A.**

John H. Knight (No. 3848)  
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- and -

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*Proposed Counsel for Debtors and Debtors-in-Possession*

**EXHIBIT A**

**Proposed Interim Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

----- X  
 In re: : Chapter 11  
 :  
 EMERGE ENERGY SERVICES LP, *et al.*,<sup>1</sup> : Case No. 19-\_\_\_\_\_ (\_\_\_\_\_)  
 :  
 Debtors. : (Joint Administration Requested)  
 :  
 ----- X

**INTERIM ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 506(b), 541, 1107(a),  
AND 1108 AND FED. R. BANKR. P. 6003 (I) AUTHORIZING DEBTORS TO PAY  
CERTAIN PREPETITION CLAIMS OF SHIPPERS, LIEN CLAIMANTS, AND  
ROYALTY INTEREST OWNERS, (II) CONFIRMING ADMINISTRATIVE EXPENSE  
PRIORITY OF UNDISPUTED AND OUTSTANDING PREPETITION ORDERS,  
AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “**Motion**”)<sup>2</sup> of the Debtors for an Interim Order (i) authorizing the Debtors to pay the Shipping Claims, Lien Claims, and Royalty Payments; (ii) confirming the administrative expense priority status of Outstanding Orders and authorizing the Debtors to pay prepetition amounts related to the Outstanding Orders; and (iii) granting related relief, all as more fully set forth in the Motion; and the Court having reviewed the Motion and the Gaston Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Emerge Energy Services LP (2937), Emerge Energy Services GP LLC (4683), Emerge Energy Services Operating LLC (2511), Superior Silica Sands LLC (9889), and Emerge Energy Services Finance Corporation (9875). The Debtors’ address is 5600 Clearfork Main Street, Suite 400, Fort Worth, Texas 76109.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.

Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary, except as set forth in the Motion with respect to entry of this Order and notice of the final hearing; and upon the record herein; and after due deliberation thereon; and the Court having determined that there is good and sufficient cause for the relief granted in this Order, it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED on an interim basis, as set forth herein.
2. The Debtors are authorized, but not directed, to pay the prepetition Shipping Claims in an amount not to exceed \$473,000 in the aggregate (the “**Interim Shipping Claims Cap**”) absent further order of the Court.
3. The Debtors are authorized, but not directed, to pay the prepetition Lien Claims in an amount not to exceed \$57,000 in the aggregate (the “**Interim Lien Claims Cap**”) absent further order of the Court.
4. The Debtors are authorized, but not directed, to pay the prepetition Royalty Payments in an amount not to exceed \$186,000 in the aggregate (the “**Interim Royalty Payments Cap**”) absent further order of the Court.
5. All undisputed obligations related to the Outstanding Orders for goods that are delivered after the filing of the Debtors’ petitions in the Chapter 11 Cases are granted administrative expense priority status in accordance with section 503(b)(1)(A) of the Bankruptcy Code.
6. Each of the Banks at which the Debtors maintain their accounts relating to the payment of the Shipping Claims, Lien Claims, and Royalty Payments, are authorized to

(i) receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts, and (ii) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of the Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

7. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of Shipping Claims, Lien Claims, and Royalty Payments as set forth herein and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Debtors' Chapter 11 Cases.

8. Nothing in the Motion or this Interim Order, or the Debtors' payment of any claims pursuant to this Interim Order, shall be construed as: (i) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors' properties; (ii) a waiver of the Debtors' rights to dispute any claim or lien on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim would constitute an allowed claim; (v) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; or (vi) a limitation on the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to this Interim Order. Nothing contained in this Interim Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

9. Notwithstanding anything to the contrary in the Motion or this Interim Order, any payment made or authorization hereunder shall be subject to the applicable budget and/or cash collateral authorization requirements imposed on the Debtors under any order(s) of the Court authorizing the Debtors' use of cash collateral and post-petition debtor-in-possession financing facilities, including any order(s) authorizing post-petition financing.

10. The requirements set forth in Bankruptcy Rule 6004(a) are hereby waived.

11. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Interim Order shall be effective and enforceable immediately upon entry hereof.

12. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm.

13. The final hearing (the "**Final Hearing**") on the Motion shall be held on [\_\_\_\_\_, 2019, at \_\_\_\_:\_\_\_\_\_.m], prevailing Eastern Time. On or before [\_\_:\_\_\_.m.], prevailing Eastern Time, on [\_\_\_\_\_, 2019], any objections or responses to entry of a final order on the Motion shall be filed with the Court, and served on: (i) Emerge Energy Services, LP, 5600 Clearfork Main Street, Suite 400, Fort Worth, Texas 76109 (Attn: Bryan Gaston (email: bgaston@sssand.com)); (ii) Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 (Attn: Keith A. Simon, Esq., Hugh K. Murtagh, Esq. and Liza L. Burton, Esq. (emails: keith.simon@lw.com, hugh.murtagh@lw.com and liza.burton@lw.com)); (iii) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: John H. Knight, Esq. and Paul N. Heath, Esq. (emails: knight@rlf.com and heath@rlf.com)); (iv) counsel to the DIP Agent and the Prepetition Agents, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Matt S. Barr, Esq., David Griffiths, Esq., and Candace M. Arthur, Esq. (emails: matt.barr@weil.com, david.griffiths@weil.com, and

candace.arthur@weil.com)) and (b) Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, Wilmington, Delaware 19801 (Attn: Laura Davis Jones, Esq. (email: ljones@pszjlaw.com)); (v) counsel to any statutory committee appointed in these cases, if any; and (vi) the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, DE 19801 (Attn: Juliet M. Sarkessian, Esq. (email: juliet.m.sarkessian@usdoj.gov)). In the event no objections to entry of the Final Order on the Motion are timely received, this Court may enter such Final Order without need for the Final Hearing.

14. The Debtors are authorized to take all action necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

15. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Dated: \_\_\_\_\_, 2019  
Wilmington, Delaware

\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT B**

**Proposed Final Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

----- X  
 In re: : Chapter 11  
 :  
 EMERGE ENERGY SERVICES LP, *et al.*,<sup>1</sup> : Case No. 19-\_\_\_\_\_ (\_\_\_\_\_)  
 :  
 Debtors. : (Jointly Administered)  
 :  
 ----- X

**FINAL ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 506(b), 541, 1107(a), AND 1108 AND  
 FED. R. BANKR. P. 6003 (I) AUTHORIZING DEBTORS TO PAY CERTAIN  
 PREPETITION CLAIMS OF SHIPPERS, LIEN CLAIMANTS, AND ROYALTY  
 INTEREST OWNERS CLAIMANTS, (II) CONFIRMING ADMINISTRATIVE  
 EXPENSE PRIORITY OF UNDISPUTED AND OUTSTANDING PREPETITION  
ORDERS, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “**Motion**”)<sup>2</sup> of the Debtors for a Final Order (i) authorizing the Debtors to pay the Shipping Claims, Lien Claims, and Royalty Payments, as provided herein; (ii) confirming the administrative expense priority status of Outstanding Orders and authorizing the Debtors to pay prepetition amounts related to the Outstanding Orders; and (iii) granting related relief, all as more fully set forth in the Motion; and the Court having reviewed the Motion and the Gaston Declaration, and the Interim Order entered on \_\_\_\_\_, 2019; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Emerge Energy Services LP (2937), Emerge Energy Services GP LLC (4683), Emerge Energy Services Operating LLC (2511), Superior Silica Sands LLC (9889), and Emerge Energy Services Finance Corporation (9875). The Debtors’ address is 5600 Clearfork Main Street, Suite 400, Fort Worth, Texas 76109.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.

final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and the Court having determined that there is good and sufficient cause for the relief granted in this Order, it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED on a final basis, as set forth herein.
2. All objections to the entry of this Final Order, to the extent not withdrawn or settled, are overruled.
3. The Debtors are authorized, but not directed, to pay the prepetition Shipping Claims in an amount not to exceed \$1,504,000 in the aggregate (the “**Final Shipping Claims Cap**”) absent further order of the Court.
4. The Debtors are authorized, but not directed, to pay the prepetition Lien Claims in an amount not to exceed \$147,000 in the aggregate (the “**Final Lien Claims Cap**”) absent further order of the Court.
5. The Debtors are authorized, but not directed, to pay the prepetition Royalty Payments in an amount not to exceed \$211,000 in the aggregate (the “**Final Royalty Payments Cap**”) absent further order of the Court.
6. All undisputed obligations related to the Outstanding Orders for goods that are delivered after the filing of the Debtors’ petitions in the Chapter 11 Cases are granted administrative expense priority status in accordance with section 503(b)(1)(A) of the Bankruptcy Code.

7. Each of the Banks at which the Debtors maintain their accounts relating to the payment of the Shipping Claims, Lien Claims, and Royalty Payments are authorized to (i) receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts, and (ii) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of the Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

8. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of Shipping Claims, Lien Claims, and Royalty Payments as set forth herein and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Debtors' Chapter 11 Cases.

9. Nothing in the Motion or this Final Order, or the Debtors' payment of any claims pursuant to this Final Order, shall be construed as: (i) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors' properties; (ii) a waiver of the Debtors' rights to dispute any claim or lien on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim would constitute an allowed claim; (v) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; or (vi) a limitation on the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to this Final Order. Nothing contained in this Final Order shall be deemed to increase, decrease, reclassify,

elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

10. Notwithstanding anything to the contrary in the Motion or this Final Order, any payment made or authorization hereunder shall be subject to the applicable budget and/or cash collateral authorization requirements imposed on the Debtors under any order(s) of the Court authorizing the Debtors' use of cash collateral and post-petition debtor-in-possession financing facilities, including any order(s) authorizing post-petition financing.

11. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Final Order shall be effective and enforceable immediately upon entry hereof.

12. The Debtors are authorized to take all action necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

13. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

Dated: \_\_\_\_\_, 2019  
Wilmington, Delaware

\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE

**File a First Day Motion:**[19-11563 Emerge Energy Services LP](#)

Type: bk

Chapter: 11 v

Office: 1 (Delaware)

Assets: y

Case Flag: VerifDue, PlnDue,  
DsclsDue**U.S. Bankruptcy Court****District of Delaware**

## Notice of Electronic Filing

The following transaction was received from John Henry Knight entered on 7/15/2019 at 11:20 PM EDT and filed on 7/15/2019

**Case Name:** Emerge Energy Services LP**Case Number:** [19-11563](#)**Document Number:** [7](#)**Docket Text:**

Motion Regarding Chapter 11 First Day Motions (*Debtors' Motion for Entry of Orders Under 11 U.S.C. §§ 105(a), 363(b), 506(b), 541, 1107(a), and 1108 and Fed. R. Bankr. P. 6003 (I) Authorizing Debtors to Pay Certain Prepetition Claims of Shippers, Lien Claimants, and Royalty Interest Owners, (II) Confirming Administrative Expense Priority of Undisputed and Outstanding Prepetition Orders, and (III) Granting Related Relief*) Filed By Emerge Energy Services LP (Knight, John)

The following document(s) are associated with this transaction:

**Document description:**Main Document**Original filename:**W:\BJW\Emerge - Shippers Motion - FILING VERSION.pdf**Electronic document Stamp:**

[STAMP bkecfStamp\_ID=983460418 [Date=7/15/2019] [FileNumber=15878266-0] [48e51d07561265be91323a3dbfaa7e35de710b4f1ca46c34f56c4717b2c1cc5a7e9e6d16c71b06dce32810f80d3b5f37c61850a59cc2f951c878d83ab8e8186d]]

**19-11563 Notice will be electronically mailed to:**

Brett Michael Haywood on behalf of Debtor Emerge Energy Services LP  
haywood@rlf.com, rbgroup@rlf.com,ann-jerominski-2390@ecf.pacerpro.com

Paul Noble Heath on behalf of Debtor Emerge Energy Services LP  
heath@rlf.com, RBGroup@rlf.com;ann-jerominski-2390@ecf.pacerpro.com

John Henry Knight on behalf of Debtor Emerge Energy Services LP  
knight@rlf.com, RBGroup@RLF.com;ann-jerominski-2390@ecf.pacerpro.com

Juliet M. Sarkessian on behalf of U.S. Trustee U.S. Trustee  
juliet.m.sarkessian@usdoj.gov

**EXHIBIT B**

**Interim Order**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

**ORIGINAL**

----- X  
 In re: : Chapter 11  
 :  
 EMERGE ENERGY SERVICES LP, *et al.*,<sup>1</sup> : Case No. 19-11563 (KBO)  
 :  
 Debtors. : Jointly Administered  
 :  
 ----- X Re: Docket No. 7

**INTERIM ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 506(b), 541, 1107(a), AND 1108 AND FED. R. BANKR. P. 6003 (I) AUTHORIZING DEBTORS TO PAY CERTAIN PREPETITION CLAIMS OF SHIPPERS, LIEN CLAIMANTS, AND ROYALTY INTEREST OWNERS, (II) CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY OF UNDISPUTED AND OUTSTANDING PREPETITION ORDERS, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the "Motion")<sup>2</sup> of the Debtors for an Interim Order (i) authorizing the Debtors to pay the Shipping Claims, Lien Claims, and Royalty Payments; (ii) confirming the administrative expense priority status of Outstanding Orders and authorizing the Debtors to pay prepetition amounts related to the Outstanding Orders; and (iii) granting related relief, all as more fully set forth in the Motion; and the Court having reviewed the Motion and the Gaston Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Emerge Energy Services LP (2937), Emerge Energy Services GP LLC (4683), Emerge Energy Services Operating LLC (2511), Superior Silica Sands LLC (9889), and Emerge Energy Services Finance Corporation (9875). The Debtors' address is 5600 Clearfork Main Street, Suite 400, Fort Worth, Texas 76109.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.

Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary, except as set forth in the Motion with respect to entry of this Order and notice of the final hearing; and upon the record herein; and after due deliberation thereon; and the Court having determined that there is good and sufficient cause for the relief granted in this Order, it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED on an interim basis, as set forth herein.
2. The Debtors are authorized, but not directed, to pay the prepetition Shipping Claims in an amount not to exceed \$473,000 in the aggregate (the “Interim Shipping Claims Cap”) absent further order of the Court.
3. The Debtors are authorized, but not directed, to pay the prepetition Lien Claims in an amount not to exceed \$57,000 in the aggregate (the “Interim Lien Claims Cap”) absent further order of the Court.
4. The Debtors are authorized, but not directed, to pay the prepetition Royalty Payments in an amount not to exceed \$186,000 in the aggregate (the “Interim Royalty Payments Cap”) absent further order of the Court.
5. All undisputed obligations related to the Outstanding Orders for goods that are delivered after the filing of the Debtors’ petitions in the Chapter 11 Cases are granted administrative expense priority status in accordance with section 503(b)(1)(A) of the Bankruptcy Code.
6. Each of the Banks at which the Debtors maintain their accounts relating to the payment of the Shipping Claims, Lien Claims, and Royalty Payments, are authorized to

(i) receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts, and (ii) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of the Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

7. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of Shipping Claims, Lien Claims, and Royalty Payments as set forth herein and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Debtors' Chapter 11 Cases.

8. Nothing in the Motion or this Interim Order, or the Debtors' payment of any claims pursuant to this Interim Order, shall be construed as: (i) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors' properties; (ii) a waiver of the Debtors' rights to dispute any claim or lien on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim would constitute an allowed claim; (v) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; or (vi) a limitation on the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to this Interim Order. Nothing contained in this Interim Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

9. Notwithstanding anything to the contrary in the Motion or this Interim Order, any payment made or authorization hereunder shall be subject to the applicable budget and/or cash collateral authorization requirements imposed on the Debtors under any order(s) of the Court authorizing the Debtors' use of cash collateral and post-petition debtor-in-possession financing facilities, including any order(s) authorizing post-petition financing.

10. The requirements set forth in Bankruptcy Rule 6004(a) are hereby waived.

11. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Interim Order shall be effective and enforceable immediately upon entry hereof.

12. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm.

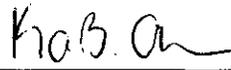
13. The final hearing (the "**Final Hearing**") on the Motion shall be held on August 14, 2019, at 11:00 a.m., prevailing Eastern Time. On or before 4:00 p.m., prevailing Eastern Time, on August 7, 2019, any objections or responses to entry of a final order on the Motion shall be filed with the Court, and served on: (i) Emerge Energy Services, LP, 5600 Clearfork Main Street, Suite 400, Fort Worth, Texas 76109 (Attn: Bryan Gaston (email: bgaston@sssand.com)); (ii) Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 (Attn: Keith A. Simon, Esq., Hugh K. Murtagh, Esq. and Liza L. Burton, Esq. (emails: keith.simon@lw.com, hugh.murtagh@lw.com and liza.burton@lw.com)); (iii) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: John H. Knight, Esq. and Paul N. Heath, Esq. (emails: knight@rlf.com and heath@rlf.com)); (iv) counsel to the DIP Agent and the Prepetition Agents, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Matt S. Barr, Esq., David Griffiths, Esq., and Candace M. Arthur, Esq. (emails: matt.barr@weil.com, david.griffiths@weil.com, and

candace.arthur@weil.com)) and (b) Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, Wilmington, Delaware 19801 (Attn: Laura Davis Jones, Esq. (email: ljones@pszjlaw.com)); (v) counsel to any statutory committee appointed in these cases, if any; and (vi) the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, DE 19801 (Attn: Juliet M. Sarkessian, Esq. (email: juliet.m.sarkessian@usdoj.gov)). In the event no objections to entry of the Final Order on the Motion are timely received, this Court may enter such Final Order without need for the Final Hearing.

14. The Debtors are authorized to take all action necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

15. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Dated: JULY 17, 2019  
Wilmington, Delaware

  
\_\_\_\_\_  
THE HONORABLE KAREN B. OWENS  
UNITED STATES BANKRUPTCY JUDGE