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

In re:	§	**Case No. 26-90338 (CML)**
	§	
AXIP ENERGY SERVICES, LP, *et al*.,	§	**(Chapter 11)**
	§	
Debtors.[1]	§	**(Joint Administration Requested)**
	§	**(Emergency Hearing Requested)**

DECLARATION OF BEN CHESTERS IN SUPPORT
OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, Ben Chesters, pursuant to 28 U.S.C. § 1746, declare under penalty of perjury that:

1. I am the Chief Restructuring Officer ("***CRO***") of Axip Energy Services, LP, a Texas limited partnership ("***Axip***," and together with its Debtor and Non-Debtor Affiliates, each as defined below, the "***Company***").

2. In addition to serving as Axip's CRO, I am a Senior Managing Director at Ankura Consulting Group, LLC ("***Ankura***"), a leading international business advisory firm. I have more than 20 years of restructuring and turnaround experience in the United States and abroad and have advised companies, lenders, and creditors across a range of industries, including energy, healthcare, industrials, and technology. My experience includes advising companies during periods of transformational change and undertaking complex restructurings, both in and out of court, and serving in chief restructuring officer and interim management roles. My specific areas of expertise include business plan development, cash flow forecasting and management, contingency planning, and negotiating business or asset sales.

[1] The Debtors in these Chapter 11 Cases and the last four digits of their respective federal tax identification numbers are: Axip Energy Services, LP (9220); Axip Energy Services Management, LLC (9986); Axip Holdings, LLC (6302); Axip Leasing Company, LLC (5678); Axip Producer Services – Marcellus I, LLC (3312); Axip Producer Services, LLC (4792); and E3 Compression Holdings LLC (0825). The location of the Debtors' corporate headquarters is: 1221 McKinney, Suite 3175, Houston, Texas 77010.

3. On February 22, 2026 (the "***Petition Date***"), each of the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "***Court***").

4. I am authorized to submit this declaration (the "***Declaration***") on behalf of the Debtors. I am over 21 years of age, and, if called upon to testify, I would testify competently to the facts and opinions set forth herein. All facts and opinions set forth herein are based upon: (a) my knowledge of the Debtors' day-to-day operations, business and financial affairs, books and records, and employees; (b) information I learned from my review of relevant documents, including unaudited financial documents; (c) information supplied to me or verified by other members of the Company's management and its third-party advisors and/or employees of Ankura working directly with me or under my supervision, direction, or control on this matter; and/or (d) my experience, education, knowledge, and training concerning financial matters, restructurings, and the oil and gas industry generally. Unless otherwise indicated, any financial information contained in this Declaration is unaudited and subject to change but is true and correct to the best of my knowledge as of the Petition Date. Such financial information is presented on a consolidated basis for the Debtors, except where specifically noted.

5. The Debtors have filed certain contemporaneous motions seeking "first day" relief (collectively, the "***First Day Motions***") to minimize possible adverse effects of the chapter 11 filings on the Debtors' businesses. I have reviewed the First Day Motions, and I submit that the relief requested therein is necessary to avoid immediate and irreparable harm to the Debtors' businesses, estates, and stakeholders resulting from the filing of these chapter 11 cases (the "***Chapter 11 Cases***"). As set forth below and described in greater detail in the First Day Motions,

I also submit that, without immediate access to cash collateral, debtor-in-possession financing ("***DIP Financing***"), authority to make certain essential prepetition payments, and otherwise continue conducting ordinary-course business operations, the Debtors would suffer immediate and irreparable harm to the detriment of their businesses, estates, and stakeholders.

6. This Declaration is organized into four parts as follows. Part I provides background information on the Company and its operations. Part II provides an overview of the Debtors' prepetition capital structure. Part III describes the challenges the Company has faced and strategies the Company has implemented in response to such challenges. Part IV and **Exhibit A** attached to this Declaration summarize the relief requested in the First Day Motions and the factual bases supporting them.

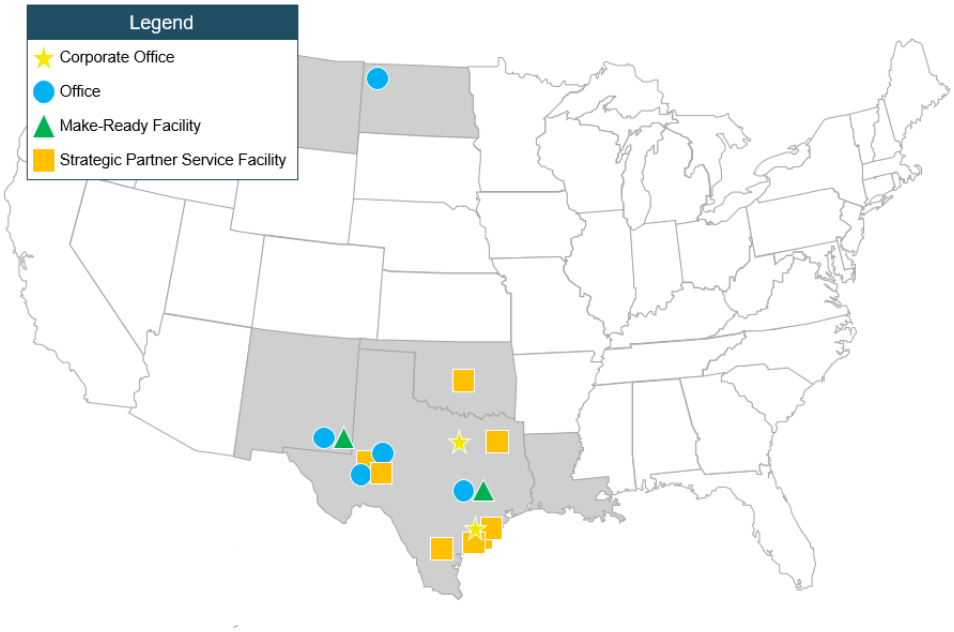
I. THE COMPANY'S BUSINESSES

7. The Company is a leading provider of natural gas compression services to upstream and midstream customers in major natural gas producing basins in the United States and offshore in the Gulf of Mexico, with a primary focus on the Permian Basin. The Company operates a network of seven facilities across Texas, New Mexico, and North Dakota to service the seven states and offshore regions in which it provides compression services. Through its network of facilities, the Company deploys approximately 940 compression units generating a total of approximately 326,070 horsepower ("***HP***") to provide customers with state-of-the-art gas lift and gathering compression services.

8. The Company provides its compression services on a fixed-fee initial contract or, after the expiration of the initial term, on a month-to-month basis. These gas-compression services help customers maximize their natural gas and crude oil production and throughput; specifically, the Company provides its customers with compression equipment that mechanically increases pressure for more efficient natural gas transportation—called "gathering compression"—as well

as readying natural gas to assist with crude oil production by injecting it into a well's production stream to artificially lift fluids—called "gas lift." Overlaying the Company's technical expertise is its commitment to prioritizing environmental protection by focusing on safety, efficiency, and decarbonization outcomes and innovation.

9. Headquartered in Houston, Texas, the Company is privately held and employs approximately 150 individuals on a full-time, part-time, and contract basis to successfully operate its businesses, many of whom have specialized industry and/or technical knowledge and a longstanding relationship with the Company. The map below depicts the locations of the Company's network of offices, facilities, and partner service facilities.



A. The Company's History

10. The Company was founded as Valerus Compression Services LP ("***Valerus***") in 2002. Following various spin-offs and with a renewed focus on its core compression services business line, Valerus changed its name to Axip Energy Services, LP in 2014. In September 2022,

a fund affiliated with Energy Spectrum Capital LP ("***Energy Spectrum***") acquired the Company via an equity purchase transaction.

B. The Company's Operations

11. The Company earns revenue by contracting with oil and gas production companies and midstream companies to provide compression services on an initial term contract that rolls over to a month-to-month arrangement after the initial term elapses. The Company's compression services provide a broad national customer base with natural gas and/or electric compressor units of various sizes ranging from less than 250 HP to more than 1,500 HP to engage in specific applications, including, primarily, gas lift and gathering compression. In addition to compression units, the Company also contracts out a fleet of more than 120 skid-mounted, auxiliary natural-gas coolers, which assist customers with cooling higher-pressure natural gas produced from deeper wells.

12. Compression units have historically been powered by siphoning off a small part of the natural gas that is abundantly available at the well to drive the engine. While the majority of the Company's compression unit fleet remains natural-gas powered—as is the case industry-wide—the Company has moved toward offering electric-driven compressors as an efficient alternative to service the increasing climate-related goals of its customers; more than 25% of the Company's compressor fleet is now electric-motor driven. Electric compressors have improved runtime and performance metrics relative to gas-driven counterparts—including, in most cases, automatic and remote-start capabilities—that eliminate combustion emissions. Electric compressors, however, require certain infrastructure—for example, powerlines—to be in place at the well, which is not required for natural-gas compressors.

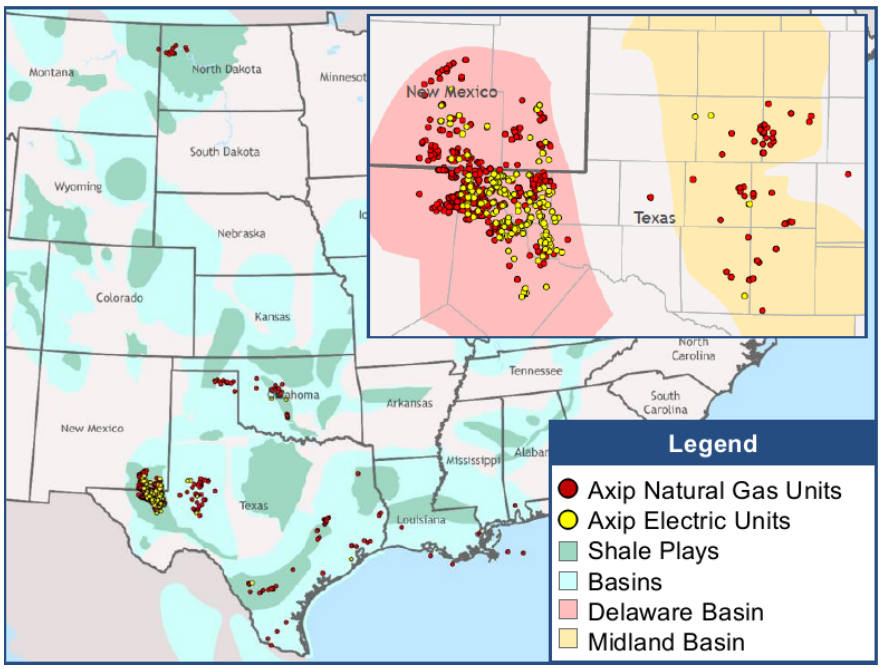


Figure 1 **–** Map reflecting the deployment of Axip natural gas and electric compressor units across the United States, as of the Petition Date.

1. Gas Lift Compression

13. The majority of the Company's compression unit assets—more than 70%—support its customers by providing "gas lift" services. "Gas lift" is a compression service in which a natural gas or electric compressor is used to inject mechanically compressed, high-pressure natural gas into a well's production stream, at the surface component of the well, called a "wellhead," to force the fluids below up to the surface, thereby optimizing crude oil production. This type of compression is relied on by upstream customers and can be utilized either at the wellhead or in centralized compression stations using a broad range of compressor unit sizes, depending on the application. Once a well goes on an artificial lift, such as gas lift, that well will typically be on a lift application for the rest of its productive life. Figures 2 and 3, below, depict electric and natural gas compressors engaged in a gas lift application.

Figure 2 – Electric compression unit in a gas lift application

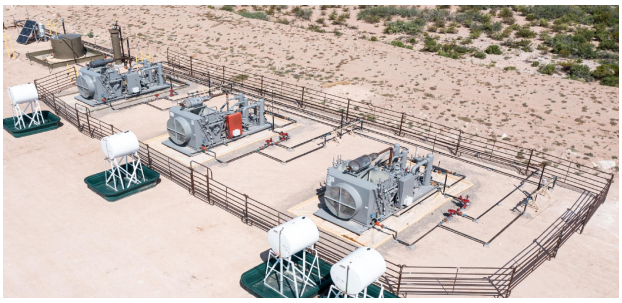


Figure 3 **–** Natural gas compression units in a gas lift application

2. Gathering Compression

14. Nearly 30% of the Company's compression units are used in gathering applications. Many potential factors, including distance, friction, and volume, can contribute to lower pressure, which creates an inefficient environment to move natural gas downstream. Gathering compression applications collect lower pressure natural gas from wells and move it through a compressor unit, mechanically reducing the space that the natural gas occupies. By reducing volume and thereby increasing the pressure on the gas as it moves, a pipeline can service increased flow rates into trunk lines and help the gas move in a specific direction. Figure 4, below, depicts a compressor unit in a gathering compression application.

Figure 4 – Compressor units in a natural gas gathering application.

15. Once the Company's compression services are contracted, the Company selects the appropriate compression unit(s) for the application and transports the compression unit(s) to the desired site. On site, the compression units are connected to the customer's pipelines and facilities by the customer, subject to supervision by the Company, as is industry standard. After installation, a compression unit often remains in place for 2–5 years, depending on the specific application, but can be deployed for as many as ten years or more. The typical lifespan of a compression unit, however, is approximately 20–25 years. Thus, after completion of a compression services contract, the compression units are often returned to the Company with useful life remaining. These compression units sit idle until they can be redeployed in the provision of compression services to another customer.

16. In conjunction with physical equipment, the Company also maintains an experienced staff of approximately 101 field technicians who provide operations and maintenance services for the compressors. Those services include callout help, crash repairs, monthly preventative maintenance, and larger overhauls on years-long intervals, all of which work together to limit compression unit downtime and ensure that the Company meets contracted availability

standards regarding compression services for its customers. Although some employees live and work in the same area as the compressors, there are often not enough skilled workers in the rural areas in which the Company's compression units are deployed to adequately service them. As a result, the Company recruits primarily from elsewhere in Texas and New Mexico and provides lodging for those employees to work on a set rotation schedule.

17. While many of the Company's services must necessarily be provided on site, the Company also utilizes a remote monitoring and data analytics program that monitors and optimizes the Company's compressor fleet from wellhead to pipeline in real time to assist with reducing time-intensive manual intervention and associated downtime and flaring, supporting root-cause analysis, and improving resource allocation relative to other diagnostic approaches. In addition to the repair and maintenance services provided by Company employees, the Company also relies on service partners in the field, as reflected in paragraph 9, above, to provide certain types of repairs or maintenance.

3. The Company's Markets & Customers

18. The Company currently maintains an active and diverse customer base of more than 55 companies, which includes, among others, very large, integrated multinational oil and gas companies and other investment-grade producers. The Company serves its customers across the most prolific basins in the United States with a specific focus on the West Texas Permian Basin and other low breakeven unconventional shale plays, as reflected in Figure 1.

4. The Company's Management

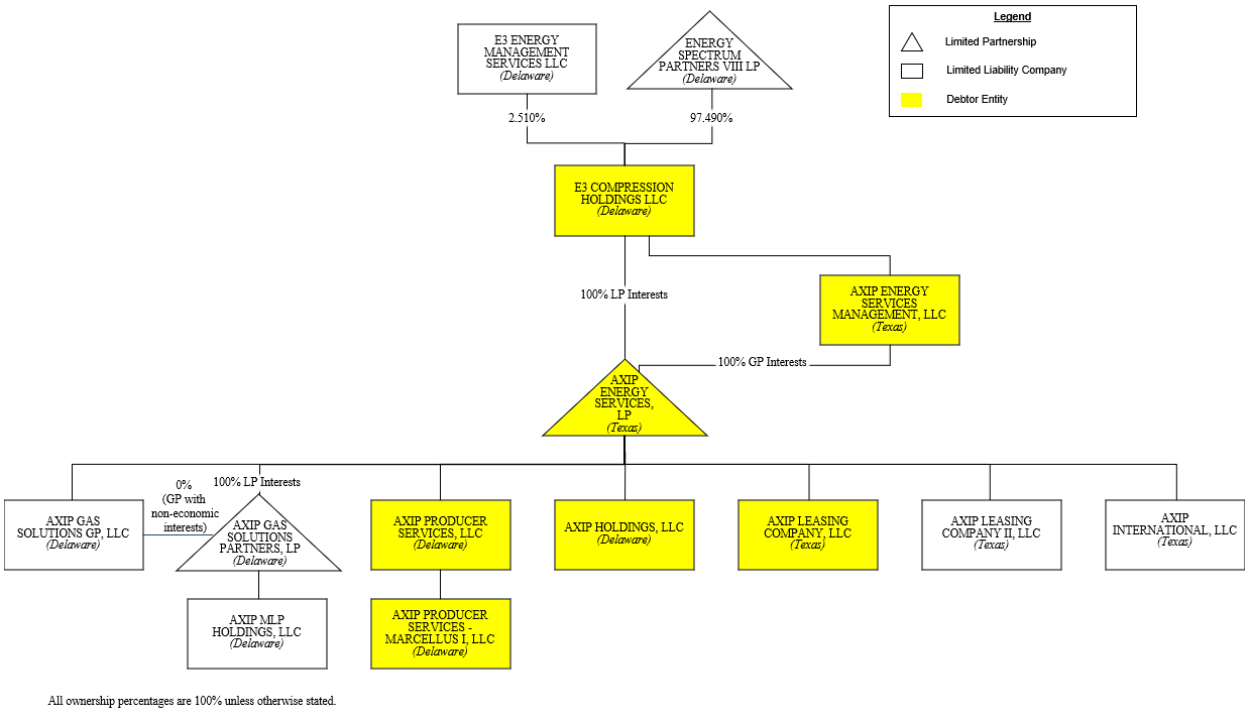
19. The Company is led by an experienced management team comprised of the following members:

Name	Years with the Company	Years of Industry Experience	Title
Robert Stiles	3	45	President and Chief Executive Officer
Stephen Childress	3	20	Chief Financial Officer
Earl Ashley	3	36	Vice President, Operations
Mike Wright	5	23	Vice President, Sales & Business Development
John Guoynes	3	30	Vice President, Product Development

20. As of the Petition Date, the Company employs approximately 149 full-time and part-time employees. The Company's management team is supported by an experienced workforce that is vital to the Company's operations, these Chapter 11 Cases, and the Debtors' efforts to maximize the value of their estates for the benefit of all stakeholders. Their skills, knowledge, and understanding of the Debtors' operations are essential to preserving operational stability, safety, and efficiency. In many instances, these employees are highly trained personnel with specialized skills and are not easily replaced.

C. The Company's Organizational Structure

21. The Company's organizational structure consists of 12 entities. A fund affiliated with Energy Spectrum is the ultimate majority owner of the Company. A total of seven Company entities are Debtors in these Chapter 11 Cases, including the borrower and each entity that is a guarantor under the Prepetition Credit Agreements (as defined below). The following chart depicts the Company's organizational structure, with the Debtor entities highlighted in yellow:



1. The Debtors

22. E3 Compression Holdings LLC ("***E3 Holdings***"), a Delaware limited liability company, is the immediate parent company of Axip Management (as defined below). E3 Holdings is a holding company whose primary assets consist of its direct and/or indirect ownership of the equity interests of each of (a) the other Debtors, and (b) Axip Gas Solutions GP, LLC, a Delaware limited liability company, Axip Gas Solutions Partners, LP, a Delaware limited partnership, Axip MLP Holdings, LLC, a Delaware limited liability company, Axip Leasing Company II, LLC, a Texas limited liability company, and Axip International, LLC, a Texas limited liability company (collectively, the "***Non-Debtor Affiliates***").[2] E3 Holdings owns 100% of the limited partnership interests in Axip and 100% of the membership interests in Axip Management (as defined below).

[2] The Non-Debtor Affiliates are non-operating entities which hold no assets and from which the Debtors derive no revenue. The Non-Debtor Affiliates are not guarantors under any of the Prepetition Credit Agreements.

E3 Holdings is a guarantor under the Prepetition Superpriority Credit Agreement and the Prepetition ABL Credit Agreement (each as defined below) and is a grantor of a security interest under the Prepetition 2L Loan Documents (as defined below).

23. Axip Energy Services Management, LLC ("***Axip Management***"), a Texas limited liability company, owns 100% of the general partnership interests of Axip. Axip Management has no material investments or ownership interests other than its direct ownership of the general partnership interests of Axip. Axip Management is a guarantor under the Prepetition Credit Agreements.

24. Axip is the Company's primary operating entity and the direct owner of 100% of the equity interests of each of Axip Producer Services, LLC ("***Axip Services***"), a Delaware limited liability company; Axip Holdings, LLC ("***Axip Holdings***"), a Delaware limited liability company; and Axip Leasing Company, LLC ("***Axip Leasing***"), a Texas limited liability company. Axip is the borrower under each of the Prepetition Superpriority Credit Agreement, Prepetition ABL Credit Agreement, and the Prepetition 2L Credit Agreement (as defined below). Axip Services, Axip Holdings, and Axip Leasing are each guarantors under the Prepetition Credit Agreements. Axip Services' primary assets consist of its 100% ownership of the equity interest of Axip Marcellus (as defined below). Axip Leasing owns substantially all of the Debtors' compression units.

25. Axip Producer Services – Marcellus I, LLC ("***Axip Marcellus***"), a Delaware limited liability company, is a wholly owned subsidiary of Axip Services. Axip Marcellus is a guarantor under the Prepetition Credit Agreements.

II. PREPETITION CAPITAL STRUCTURE[3]

26. As of the Petition Date, the Debtors' funded debt liabilities total approximately $240,499,780.26. The Debtors' significant funded debt obligations include:

Facility	Maturity Date	Total Approx. Amount Outstanding
Prepetition Superpriority Facility	Initial Tranche: October 19, 2025	$13,160,147.31
	First Incremental Tranche: November 9, 2025	
	Second Incremental Tranche: February 22, 2026	
Prepetition ABL Facility	September 23, 2025	$207,839,082.36
Prepetition 2L Facility	March 22, 2026	$19,500,550.59

A. Prepetition Superpriority Facility

27. As discussed further below, on September 23, 2025, the Debtors entered into that certain *Term Loan Credit Agreement* by and among Axip, as borrower (the "***Borrower***"), Axip Management, Axip Services, Axip Marcellus, Axip Holdings, Axip Leasing, and E3 Holdings, as guarantors (the "***Guarantors***"), the lenders from time to time party thereto (the "***Prepetition Superpriority Lenders***"), and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (in such capacity, the "***Prepetition Superpriority Agent***") (such agreement, as amended or otherwise modified from time to time prior to the Petition Date, the "***Prepetition Superpriority Credit Agreement***"). The Prepetition Superpriority Credit Agreement provides for a first lien secured term loan credit facility with an aggregate principal amount of up to $15,653,000 (the "***Prepetition Superpriority Facility***"). The obligations under the Prepetition Superpriority

[3] The following description of the Debtors' prepetition capital structure is for informational purposes only and is qualified in its entirety by reference to the documents setting forth the specific terms of such obligations and their respective related agreements, including, but not limited to, the Prepetition Credit Agreements.

Credit Agreement are secured by a first-priority lien on substantially all of the Debtors' assets, and the obligations thereunder have payment priority over the obligations under the Prepetition ABL Credit Agreement.

28. On October 19, 2025, the Debtors entered into that certain *Forbearance to Term Loan Credit Agreement* by and among the Borrower, the Guarantors party thereto, lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, which was twice extended by email extension on October 25, 2025, and November 7, 2025.

29. On October 30, 2025, the Debtors entered into that certain *First Amendment to Term Loan Credit Agreement* by and among the Borrower, the Guarantors party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (such agreement, as amended or otherwise modified from time to time prior to the Petition Date, the "***First Incremental Superpriority Credit Agreement***"). The obligations under the First Incremental Superpriority Credit Agreement are secured by a first-priority lien on substantially all of the Debtors' assets, and the obligations thereunder have payment priority over the obligations under the Prepetition ABL Credit Agreement. The First Incremental Superpriority Credit Agreement provides for a first lien secured term loan credit facility with an aggregate principal amount of up to $850,000 (the "***First Incremental Superpriority Facility***").

30. On November 24, 2025, the Debtors entered into that certain *Second Forbearance to Term Loan Credit Agreement* by and among the Borrower, the Guarantors party thereto, lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, which was extended by email on December 9, 2025, and December 11, 2025.

31. On December 17, 2025, the Debtors entered into that certain *Third Forbearance to Term Loan Credit Agreement* by and among the Borrower, the Guarantors party thereto, lenders

party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, which was extended by email on or about December 26, 2025, January 6, 2026, January 12, 2026, January 14, 2026, January 24, 2026, February 9, 2026, and February 18, 2026.

32. On February 20, 2026, the Debtors entered into that certain *Second Amendment to Term Loan Credit Agreement* by and among the Borrower, the Guarantors party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (such agreement, as amended or otherwise modified from time to time prior to the Petition Date, the "***Second Incremental Superpriority Credit Agreement***"). The obligations under the Second Incremental Superpriority Credit Agreement are secured by a first-priority lien on substantially all of the Debtors' assets, and the obligations thereunder have payment priority over the obligations under the Prepetition ABL Credit Agreement. The Second Incremental Superpriority Credit Agreement provides for a first lien secured term loan credit facility with an aggregate principal amount of up to $1,922,591.23 (the "***Second Incremental Superpriority Facility***").

33. As of the Petition Date, the Debtors' aggregate principal amount of the funded debt obligations under the Prepetition Superpriority Credit Agreement totals approximately $13,160,147.31. In addition, the Debtors owe accrued and unpaid interest under the Prepetition Superpriority Facility.

B. Prepetition ABL Facility

34. On September 23, 2025, the Debtors entered into that certain *Forbearance and Omnibus Amendment* by and among the Borrower, the Guarantors, the lenders party thereto ("***Prepetition ABL Lenders***"), and JPMorgan Chase Bank, N.A., as administrative agent and as collateral agent (in such capacity, the "***Prepetition ABL Agent***") (the "***First Forbearance Agreement***"). On October 19, 2025, the Debtors further entered into that certain Second

Forbearance Agreement by and among the Borrower, the Guarantors, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and as collateral agent (the "***Second Forbearance Agreement***" and collectively with the First Forbearance Agreement, the "***Forbearance Agreements***"). The Second Forbearance Agreement was further extended by email extension on or about October 24, 2025, November 7, 2025, November 24, 2025, December 9, 2025, December 11, 2025, December 16, 2025, December 26, 2025, January 6, 2026, January 12, 2026, January 14, 2026, January 24, 2026, February 9, 2026, and February 17, 2026.

35. The Forbearance Agreements amended that certain *Fourth Amended and Restated Credit Agreement* by and among the Borrower, the Guarantors, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent and as collateral agent (the "***ABL Agent***") (as amended by that certain *Amendment No. 1*, dated as of August 7, 2023, as further amended by that certain *Amendment No. 2*, dated as of May 24, 2024, and as further amended by that certain *Amendment No. 3*, dated as of November 25, 2024, the "***Prepetition ABL Credit Agreement***" and, the Prepetition ABL Credit Agreement, as amended by the Forbearance Agreements, and as further amended or otherwise modified from time to time prior to the Petition Date, the "***Prepetition ABL Credit Agreement***"; collectively with any other agreements and documents executed or delivered in connection therewith, including the "Loan Documents" as defined therein, each as may be amended or otherwise modified from time to time prior to the Petition Date, the "***Prepetition ABL Loan Documents***"). The Prepetition ABL Credit Agreement provided for a revolving credit and letter of credit facility (the "***Prepetition ABL Facility***") with an initial aggregate revolving commitment amount of $203,351,388.13. The obligations under the Prepetition ABL Loan Documents are secured by a first-priority lien on substantially all of the Debtors' assets (subject to the priority payment structure referenced in paragraph 27 above).

36. As of the Petition Date, the Debtors' aggregate amount of the funded debt obligations under the Prepetition ABL Loan Documents totals approximately $207,839,082.36. In addition, the Debtors owe accrued and unpaid interest under the Prepetition ABL Facility.

C. Prepetition 2L Facility

37. Axip is also the borrower under that certain *Amended and Restated Second Lien Term Loan Agreement*, dated as of September 22, 2022, among Axip, as borrower, the guarantors from time to time party thereto, the lenders from time to time party thereto, and Permico, Inc., as administrative agent (in such capacity, the "***Prepetition 2L Agent***") (as amended or otherwise modified from time to time prior to the Petition Date, the "***Prepetition 2L Credit Agreement***" (and together with the Prepetition ABL Credit Agreement and Prepetition Superpriority Credit Agreement, the "***Prepetition Credit Agreements***"); collectively with any other agreements and documents executed or delivered in connection with the Prepetition 2L Credit Agreement, each as may be amended or otherwise modified from time to time prior to the Petition Date, the "***Prepetition 2L Loan Documents***"), which provided initial term loans in an amount equal to $17,581,191 (the "***Prepetition 2L Facility***"). The obligations under the Prepetition 2L Credit Agreement are secured by a second-priority lien on substantially all of the Debtors' assets.

38. The Prepetition 2L Credit Agreement has a scheduled maturity date of March 22, 2026. As of the Petition Date, the Debtors' aggregate amount of the funded debt obligations under the Prepetition 2L Credit Agreement totals approximately $19,500,550.59.

D. Vendor Claims and Other Unsecured Claims

39. The Debtors rely on numerous trade vendors, including certain key or critical providers of essential goods and services to operate their businesses. These key vendors are critical to the Debtors' businesses because they: (a) possess unique technical knowledge regarding, and have familiarity with, the Debtors' compression products and services, (b) provide specialized

materials and/or services to the Debtors that are vital to the Debtors' operations going forward, (c) are located near the Debtors' operations, or (d) provide some combination of the foregoing. Specifically, the Debtors rely on certain critical vendors who supply specialized equipment and services necessary for the Debtors' operations. These critical vendors are, by and large, sole-source or limited-source suppliers and vendors who provide a material economic or operational advantage when compared to other available suppliers and vendors, where an alternative exists at all. Any disruption in the provision of goods and services from these vendors—even for a short period—could materially impair the Debtors' ability to maintain, service, and deploy their compressor units, jeopardize customer and vendor relationships, and cause immediate and irreparable harm to the Debtors.

1. Specialized Parts Suppliers

40. The Debtors maintain longstanding relationships with certain suppliers (the "***Specialized Parts Suppliers***") that provide specialized equipment, parts, and other supplies critical to the operations of compression and cooler equipment across the natural gas compression industry. This equipment ranges from small, skid-mounted natural gas compressors and coolers used at well pad locations to large, high-output units deployed in centralized compression applications, all of which are essential to the Debtors' operations. Many of these items and their component parts are available only from single-source or limited-source providers, are sold on a one-off purchase order basis, and are specifically designed or customized by the supplier to meet the operational requirements of the Debtors' compressor fleet.

41. An inability to continue purchasing from the Specialized Parts Suppliers would impair the Debtors' ability to provide reliable compression services to their customers because timely locating a suitable replacement would be difficult or impossible, jeopardizing the Debtors'

provision of services to, and relationships with, their customers and causing immediate and irreparable harm to the Debtors.

2. Repair and Maintenance Providers

42. The Debtors also depend on certain vendors that provide essential repair and maintenance services for the Debtors' compressor fleet (the "***Repair and Maintenance Providers***"), which are necessary to ensure uninterrupted postpetition operation of the Debtors' compression units. The Debtors' compressor fleet includes specialized equipment tailored to specific service applications, as discussed above, such as compressors used in gas-gathering and gas-lift applications. The Debtors rely heavily on the Repair and Maintenance Providers' expertise and familiarity with this specialized equipment to maintain safe, efficient, and continuous operations. When issues arise with the compression units, the Repair and Maintenance Providers respond on an emergency basis to restore them to operational status.

43. Moreover, the Debtors rely on specialized Repair and Maintenance Providers located near the sites where the Debtors' compression units are deployed. In many cases, these providers are essential to the Debtors' operations because there are no alternative service providers capable of servicing equipment in those locations. Without access to such providers, the Debtors would be unable to complete necessary repairs and maintenance, causing compression units to be taken out of service, shortening the useful life of the fleet, and potentially driving customers to seek services from competitors. Moreover, because replacement providers may not be available in the geographic areas where the Debtors operate, the Debtors cannot readily substitute other vendors if existing relationships are disrupted. Accordingly, any interruption in the Debtors' ability to utilize these Repair and Maintenance Providers would cause immediate and irreparable harm to the Debtors' businesses and estates.

3. Essential Service and Equipment Providers

44. Certain other vendors provide the Debtors with essential services and equipment, including (a) remote monitoring services across the Debtors' fleet of compressors, (b) information and technology services such as enterprise resource planning software and logistics management software, and (c) equipment and goods, including health and safety equipment and other necessary equipment for the Debtors and their employees (collectively, the "***Essential Service and Equipment Providers***"). The Debtors rely on certain remote monitoring services that enable them to monitor the operational status of all of their compressors from a centralized location. These remote monitoring services allow the Debtors to minimize their compressors' downtime by proactively addressing potential issues before compressors fail, and the remote diagnosis capabilities allow the Debtors to efficiently deploy the correct repair teams, as needed, to quickly address any needed repair and maintenance.

45. The Essential Service and Equipment Providers are a necessary part of the Debtors' day-to-day operations and cannot be easily replaced. Without the Essential Service and Equipment Providers, the Debtors would face significant disruption to their businesses. Accordingly, the Essential Service and Equipment Providers are essential to the Debtors' continuing operations.

4. Trade Claims

46. As of the Petition Date, $17–20 million in Trade Claims[4] exist against the Debtors. In addition to the Trade Claims, the Debtors have additional general unsecured claims, most of which the Debtors believe are contingent and unliquidated and/or disputed.

[4] Trade Claims represent the Debtors' outstanding accounts payable obligations, including unpaid invoices and other amounts owed for goods or services received in the ordinary course of business.

III. EVENTS LEADING TO THE CHAPTER 11 CASES

47. The Company's acquisition by Energy Spectrum in 2022 represented a growth opportunity. Post-acquisition, the Debtors, with the support of Energy Spectrum, began executing on their strategies to capitalize on that opportunity by (a) renewing their focus on contracting for compression services that utilize idle compression units; (b) filling gaps in the market for compression services that utilize large, high-HP compression units and electric compression units; and (c) optimizing operations. In particular, the Debtors implemented these growth strategies by, among other things, contracting for compression services that utilize idle compression units and purchasing a number of new, larger HP compression units to meet customer demand. In December 2023, the Debtors purchased 10 new compression units, each with 2,500 HP, which would be built over the following several months, with much of the purchase being paid for in cash as the buildout progressed. These new-build compression units were purchased to fulfill compression services contracts with an intended customer, as the Debtors do not make speculative equipment purchases.

48. During this transformative period, however, the Debtors operated under thin margins and were susceptible to impacts from large or unexpected cost or revenue shifts. As described in greater detail below, when several challenging circumstances with large customer accounts coalesced in 2024, the impact of those challenges was felt across the business, ultimately contributing to the occurrence of events of default under, and the Debtors' inability to secure refinancing for, the Prepetition ABL Facility, a credit facility upon which the Debtors depended for liquidity.

49. As described below, following these challenges the Debtors pursued the Refinancing Process and subsequently the Sale Process before commencing these Chapter 11 Cases to continue the Sale Process pursuant to the Bidding Procedures in order to maximize the value of their Estates.

A. Challenges Facing the Company

1. Customer Challenges

50. As the Debtors were undertaking their growth initiatives, including by committing capital to new-build equipment, a major offshore drilling customer doing business in the Gulf of Mexico encountered its own financial difficulties and unexpectedly filed chapter 11 cases in the Southern District of Texas, resulting in a liquidation and ultimate conversion to cases under chapter 7 of the Bankruptcy Code. As a result of the sale of certain parts of that customer's business and abandonment of other assets, more than 15% of the Debtors' total available HP across 24 compression units was left stranded in the Gulf of Mexico, unable to generate anticipated revenue. This unexpected and profound loss in the first quarter of 2024 not only cost the Debtors millions in EBITDA, but required significant and unexpected legal spend to address related issues. Moreover, because the Debtors' compression units were not returned—a multi-million dollar expense that would normally be borne by the customer—the compression units could not be economically redeployed in other compression services contracts. The Debtors were able to sell a subset of these compression units and the rest remain idle in the Gulf of Mexico.

51. In addition to the challenges above, other customers made changes to their business practices and, as a result, unexpectedly returned certain compression units under the compression services contracts to the Debtors prematurely. For example, after one customer was acquired, it shifted its business model away from wellhead compression to centralized compression over the course of approximately six months in 2023 and 2024. As a result, the previously contracted electric wellhead compression units were returned to the Debtors, resulting in an additional significant and unanticipated reduction in EBITDA. While the returned compression units could potentially be redeployed, electrical infrastructure in 2024 struggled to keep pace with drilling and compression demand across the industry, resulting in lagging deployment of electric compression

units. The inability to quickly redeploy these electric compression units hindered the Debtors' ability to mitigate their losses from returned electric compression units.

52. The challenging confluence of events described above adversely impacted the Debtors' EBITDA leading up to the Petition Date. In an effort to maintain liquidity levels sufficient to meet the Debtors' near-term financial commitments and obligations, the Debtors pursued a number of steps, including (a) minimizing capital expenditures, including deferring certain non-essential preventative maintenance measures and (b) limiting certain operating expenses. The Debtors also stopped conducting zero-hour "make ready" projects, which are the capital expenditures required to prepare an idle piece of equipment for a new compression services contract. Finally, the Debtors closed their offshore office and began limiting overtime hours, among other things.[5]

2. Prepetition ABL Facility Covenants Defaults

53. The challenges described above impacted the Debtors' finances throughout 2024 and into the spring of 2025, which the Debtors took various steps to limit and ameliorate, including certain equity cures as allowed under the Prepetition ABL Credit Agreement. During this time, the Debtors continued to rely on borrowings under the Prepetition ABL Facility as their primary source of liquidity because they were operating under cash dominion, which allowed the ABL Agent to sweep and apply receivables to the Prepetition ABL Facility balance. However, the Debtors were mindful that certain financial covenant ratios under the Prepetition ABL Credit Agreement would likely no longer be met when tested for the fiscal quarter ending June 30, 2025, based on the Debtors' operating performance and projected contract revenues and that Energy

[5] In connection with the closure of the Debtors' offshore operations, the company sold two compressor units to Mr. Stiles and entered into a lease of those same units from Mr. Stiles. The lease agreement has an Effective Date of March 6, 2025, and expires by its terms 12 months after the Effective Date. The Debtors understand that Mr. Stiles intends to sell the compressors in the near term.

Spectrum was unable to utilize equity cures sufficient to address the anticipated shortfall and defaults.

3. The Refinancing Process

54. In the face of the looming maturity and upcoming potential defaults under the Prepetition ABL Facility, the Debtors engaged Evercore Group, L.L.C. ("***Evercore***") in March 2025 as their investment banker to assist with refinancing the Prepetition ABL Credit Agreement (the "***Refinancing Process***") over the spring and summer of 2025. Although it did not result in a transaction, the Refinancing Process was extensive and thorough. In connection with the Refinancing Process, Evercore contacted approximately 85 parties, which resulted in approximately 51 parties entering into confidentiality agreements and receiving initial diligence materials with more than a dozen providing indications of interest. Nine of those parties proceeded to a second round of due diligence. Throughout the Refinancing Process, Evercore assisted with the resolution of hundreds of questions regarding diligence materials both in a virtual data room and on calls. Although the Refinancing Process was initially intended to close in July 2025, it ultimately extended into early September 2025.

55. Despite running a robust out-of-court marketing and diligence process over this period, however, the Debtors were unable to identify any party willing to transact on terms and at a level sufficient to meet their financial objectives.

B. Forbearance and Pivot to Sale Process

56. Although the Debtors continued to diligently pursue the Refinancing Process, when the process extended past July 2025 without any actionable proposals, the Debtors needed to address the defaults under the Prepetition ABL Credit Agreement. The Debtors engaged Vinson & Elkins LLP ("***V&E***") as restructuring counsel and Ankura Consulting LLC ("***Ankura***," and collectively with Evercore and V&E, the "***Advisors***") as restructuring advisor. JPMorgan Chase

Bank, N.A., on behalf of itself and certain other holders of claims under the Debtors' prepetition secured debt (the "***ABL Lender Group***"), previously retained Simpson Thacher & Bartlett LLP ("***STB***") and Huron Consulting Group, Inc. (together with STB, the "***Consenting Creditor Representatives***").

57. In tandem with the Refinancing Process, the Debtors and the Advisors began working with the ABL Lender Group and the Consenting Creditor Representatives to comprehensively address the Debtors' funded debt and liquidity constraints. As an initial matter, the Debtors and the Advisors engaged in extensive arm's-length, good-faith negotiations with the ABL Lender Group and the Consenting Creditor Representatives to negotiate and enter into the Forbearance Agreements with respect to the outstanding defaults. While the parties worked to reach agreement, Energy Spectrum provided additional equity to fund certain interim obligations in August 2025 as the Debtors lacked other capital.

58. The First Forbearance Agreement was initially intended to provide relief related to the defaults while the Debtors completed the Refinancing Process. However, by early September, when the Refinancing Process proved unsuccessful, the parties pivoted to negotiate the Prepetition Superpriority Credit Agreement to provide the Debtors both time and liquidity necessary to pursue a sale process ("***Sale Process***") and engage in certain contingency planning initiatives, including preparing for the filing of these Chapter 11 Cases. Critically, the liquidity provided under the Prepetition Superpriority Facility allowed the Debtors to prepare for smooth and expeditious chapter 11 cases and implement the out-of-court Sale Process, rather than be forced into an emergency, value-destructive filing. An emergency, freefall chapter 11 filing, without DIP financing and with no potential buyer or other exit alternative, would have been particularly value destructive given that the Debtors had no unencumbered cash—or access to cash more

generally—with which to pay employees, vendors, service providers, and the other administrative expenses associated with a restructuring.

59. As part of that process, I was appointed to serve as Chief Restructuring Officer of the Company in September 2025. Peter Laurinaitis joined E3 Holdings as an independent member of the executive committee, which has governing and oversight authority over the Debtors, and was granted a formal delegation of authority.

60. The Sale Process conducted by Evercore was robust, extensive, and conducted in an attempt to achieve a value-maximizing going-concern transaction. In connection with the Sale Process, Evercore facilitated a diligence process that included executing confidentiality agreements and providing initial diligence materials to approximately 21 parties and answering more than 125 questions from prospective bidders through a virtual data room and on calls. At the initial bid deadline, the Debtors had received multiple indications of interest. The Debtors, with the assistance of their Advisors, management team, and Peter Laurinaitis, negotiated extensively with bidders up to and after the initial bid deadline to improve and define those bids in an effort to increase competitive tension and maximize value, with a particular focus on identifying and developing a value-maximizing bid that could be implemented on an out-of-court basis, while also continuing to engage with any other prospective bidders.

61. The Debtors attempted to negotiate additional funding during this period, but the Prepetition Superpriority Lenders and Prepetition ABL Lenders were unwilling to provide such funding outside of a bankruptcy process, although the ABL Lender Group agreed to provide debtor-in-possession financing if a bankruptcy process was necessary. To continue funding the business while advancing the Sale Process, the Debtors, with the assistance of their Advisors, negotiated with the ABL Lender Group to obtain access to receivables, which had previously been

swept pursuant to the Prepetition ABL Credit Agreement. The Debtors also attempted to source additional funding from other parties, but were unable to reach agreed terms with any such parties.

62. Ultimately, despite a robust Sale Process, no bid exceeded amounts owed under the Prepetition ABL Facility. After evaluating all of the bids, the Debtors, together with their Advisors and the ABL Lender Group, determined that Service Compression, LLC ("***SC***") had the highest, most actionable, and, therefore, best bid. It was clear, however, that SC's bid could not be implemented out-of-court and would require a process within a chapter 11 case.

63. As a result, the Debtors determined to select SC as a stalking-horse bidder for a sale process which the Debtors would implement through the Chapter 11 Cases to "market check" the SC bid.

64. After identifying SC as the highest and best bid, the Debtors, with the assistance of their Advisors, worked with SC to negotiate a stalking-horse asset purchase agreement. SC, however, was never granted exclusivity during this time. As a result, in parallel with negotiating a stalking-horse asset purchase agreement, the Debtors and their Advisors continued marketing and engaging with interested bidders in an effort to identify a higher and better bid, although no better bid was identified. On February 16, 2026, the Debtors and SC entered into a stalking-horse asset purchase agreement.

65. Given its support of the stalking-horse asset purchase agreement path, the ABL Lender Group, with JP Morgan Chase Bank, N.A. in its capacity as administrative agent and collateral agent (in such capacity, together with its successors and permitted assigns, the "***DIP Agent***"), moved forward with funding a chapter 11 case implementing this process through a debtor-in-possession loan ("***DIP Loan***") as previously agreed. The proposed DIP Loan is described further in the *Declaration of Robert A. Pacha in Support of the Debtors' (I) Emergency*

Motion to Obtain Debtor-in-Possession Financing and (II) Motion to Approve Bidding Procedures and Sale and the *Declaration of Ben Chesters, the Debtors' Chief Restructuring Officer, in Support of the Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Grant Senior Liens and Superpriority Administrative Expense Status, and (C) Utilize Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief.* The proposed DIP Loan provided by the ABL Lender Group consists of (a) $25,514,587 in new money loans and (b) loans representing a "roll up" of (i) the full principal amount of the Prepetition Superpriority Loans (including accrued and unpaid interest thereon) and (ii) $66,167,124.94 of Prepetition ABL Loans outstanding under the Prepetition ABL Facility, which collectively provides critical funding for these Chapter 11 Cases.

66. The Debtors, with the support of the ABL Lender Group, commenced these Chapter 11 Cases in order to continue the prepetition Sale Process, identify any higher or better offers for the assets to be sold, and confirm that a sale to SC is the most value-maximizing path available to the Debtors. The Debtors will then expeditiously work to negotiate definitive sale documentation, as necessary, and consummate the transaction contemplated thereby.

IV. FIRST DAY MOTIONS

67. Contemporaneously with this Declaration, the Debtors have filed several First Day Motions seeking orders granting various forms of relief intended to stabilize the Debtors' business operations and facilitate a smooth and efficient transition into bankruptcy and administration of these Chapter 11 Cases. I have reviewed each of the First Day Motions, and I believe that the relief requested therein is necessary to allow the Debtors to operate with minimal disruption during the pendency of these Chapter 11 Cases. The Debtors intend to seek entry of Court orders approving each of the First Day Motions as soon as possible. For each First Day Motion where

the Debtors have sought relief on an emergency basis, if the Court declines to grant the relief requested therein, I believe that the Debtors will suffer immediate and irreparable harm for the reasons stated in the First Day Motions and in **Exhibit A** attached hereto.

68. A description of the relief requested and the facts and opinions supporting each of the First Day Motions is detailed in Exhibit A attached hereto.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 23, 2026

/s/ Ben Chesters
Ben Chesters
Chief Restructuring Officer

EXHIBIT A

Evidentiary Support for First Day Motions[1]

[1] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Declaration and/or the applicable First Day Motions.

I. ADMINISTRATIVE MOTIONS[1]

A. Emergency Motion For Entry of an Order Directing Joint Administration of The Debtors' Chapter 11 Cases (the "*Joint Administration Motion*")

1. In the Joint Administration Motion, the Debtors seek entry of an order consolidating the administration of these Chapter 11 Cases for procedural purposes only as follows:

a. the Office of the United States Trustee for the Southern District of Texas (the "***U.S. Trustee***") shall conduct joint informal meetings with the Debtors, as required, and, unless otherwise directed by the Court, to the extent required, a joint first meeting of creditors;

b. one plan and disclosure statement may be filed for all of the Debtors by any plan proponent; however, substantive consolidation of the Debtors' estates is not being requested at this time;

c. unless otherwise required by the Court, to the extent the Debtors are required to file schedules of assets and liabilities and statements of financial affairs, each Debtor will file separate schedules of assets and liabilities, statements of financial affairs, and lists of equity security holders;

d. proofs of claim filed by creditors of any Debtor shall reflect the caption and case number of the Debtor to which the claim relates and in which chapter 11 case such claim is to be filed; and

e. a separate claims register shall be maintained for each Debtor.

2. The Debtors respectfully request that the Court maintain one file and one docket for all of the jointly administered cases under the lead case of Axip Energy Services, LP, and that the Court administer these Chapter 11 Cases under a consolidated caption, as follows:

In re:	**§**	**Case No. 26-90338 (CML)**
	§	
AXIP ENERGY SERVICES, LP, *et al.*,	**§**	**(Chapter 11)**
	§	
Debtors.[2]	**§**	**(Jointly Administered)**

[1] Each defined term used in this Exhibit A shall only be applicable to the specific section where it is defined.

[2] The Debtors in these Chapter 11 Cases and the last four digits of their respective federal tax identification numbers are: Axip Energy Services, LP (9220); Axip Energy Services Management, LLC (9986); Axip Holdings, LLC (6302); Axip Leasing Company, LLC (5678); Axip Producer Services - Marcellus I, LLC (3312); Axip

3. The lead case docket, as well as the dockets for each of the other Chapter 11 Cases, will be available on the website of the Debtors' proposed claims, noticing, and solicitation agent at https://dm.epiq11.com/AXIP.

4. The Debtors also respectfully request that a notation substantially similar to the following be entered on each of the Debtors' respective dockets (other than Debtor Axip Energy Services, LP) to reflect the joint administration of these Chapter 11 Cases:

> An order has been entered in this case in accordance with Rule 1015(b) of the Federal Rules of Bankruptcy Procedure and Rule 1015-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Southern District of Texas directing the joint administration of the Chapter 11 Cases of Axip Energy Services, LP; Axip Energy Services Management, LLC; Axip Holdings, LLC; Axip Leasing Company, LLC; Axip Producer Services - Marcellus I, LLC; Axip Producer Services, LLC; and E3 Compression Holdings LLC. The docket in Case No. 26-90338 (CML) should be consulted for all matters affecting these cases. **All further pleadings and other papers shall be filed in and all further docket entries shall be made in Case No. 26-90338 (CML)**

5. Axip Energy Services, LP is a direct or indirect affiliate of each of the Debtors.

6. I understand that the Debtors anticipate that notices, applications, motions, other pleadings, hearings, and orders in these Chapter 11 Cases may affect all of the Debtors. I believe that if each Debtor's case were administered independently, there would be a number of duplicative filings and overlapping service, which would be an unnecessary duplication of identical documents that would be wasteful of the resources of the Debtors' estates, as well as the resources of the Court and of other parties in interest.

7. Joint administration will permit the Clerk of the Court to use a single general docket for all of the Debtors' Chapter 11 Cases and to combine notices to creditors and other parties in

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Producer Services, LLC (4792); and E3 Compression Holdings LLC (0825). The location of the Debtors' corporate headquarters is: 1221 McKinney, Suite 3175, Houston, Texas 77010.

interest by ensuring that all parties in interest will be able to review one docket to stay apprised of the various matters before the Court regarding all of the Debtors' Chapter 11 Cases. Moreover, supervision of the administrative aspects of the Debtors' Chapter 11 Cases by the U.S. Trustee will be simplified. Therefore, I believe joint administration will promote the economical and efficient administration of the Debtors' estates to the benefit of the Debtors, their creditors, the U.S. Trustee, and the Court.

8. I do not believe joint administration will give rise to any conflict of interest among the Debtors' estates, and I believe that the rights of the Debtors' respective creditors will not be adversely affected by the proposed joint administration because each of the Debtors will continue as separate and distinct legal entities, will continue to maintain separate books and records, and will provide information as required in the consolidated monthly operating reports on a debtor-by-debtor basis. I further understand that each creditor may file a proof of claim against the applicable estate in which it allegedly has a claim or interest and will retain whatever claims or interests it has against the particular estate. As such, I believe the recoveries of all creditors will be enhanced by the reduction in costs resulting from joint administration of the Debtors' Chapter 11 Cases. I also believe that the Court will be relieved of the burden of scheduling duplicative hearings, entering duplicative orders, and maintaining redundant files.

9. Based on the foregoing, I believe any delay in granting the relief requested in the Joint Administration Motion would hinder the Debtors' operations and cause immediate and irreparable harm. Accordingly, on behalf of the Debtors, I respectfully request that the relief sought in the Joint Administration Motion be approved.

B. Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) File a Consolidated Creditor Matrix; (B) File a Consolidated List of 30 Largest Unsecured Creditors; (C) Redact Certain Personal Identification Information and (D) Redact Certain Confidential Information of Customers; (II) Approving Form and Manner of Notice of Commencement; and (III) Granting Related Relief (the "*Consolidated Creditor Matrix Motion*")

10. In the Consolidated Creditor Matrix Motion, the Debtors seek entry of an order (a) authorizing the Debtors to (i) file a consolidated creditor matrix in lieu of submitting separate mailing matrices for each Debtor, (ii) file a consolidated list of the Debtors' 30 largest unsecured creditors in lieu of filing separate lists for each Debtor, and (iii) redact certain personal identification information, (iv) redact certain confidential information of customers, (b) approving the form and manner of the notice of commencement of these Chapter 11 Cases; and (c) granting related relief.

11. The Debtors respectfully request authority to file a single list of their thirty largest general unsecured creditors (the "***Top 30 List***") on a consolidated basis.[3] I believe that preparing separate lists and creditor matrices for each Debtor would be an unnecessarily burdensome task and could result in duplicate mailings. Moreover, the Debtors presently maintain various computerized lists of the names and addresses of their respective creditors that are entitled to receive notice, as applicable, and other documents in these Chapter 11 Cases. I submit that the information, as maintained in computer files (or those of their agents), may be consolidated and utilized efficiently to provide interested parties with requisite notice and other documents filed in these Chapter 11 Cases.

12. Because the Top 30 Lists of the Debtors could overlap, and certain Debtors may have fewer than 30 significant unsecured creditors, the Debtors submit that filing separate Top 30

[3] The Debtors submit that if any of these Chapter 11 Cases converts to a case under chapter 7 of the Bankruptcy Code, the applicable Debtor will file an unconsolidated Top 30 List within ten days of any such conversion.

Lists for each Debtor would be of limited utility. I believe a single consolidated Top 30 list would be more reflective of the body of unsecured creditors that have the greatest stake in these cases than filing a consolidated list for all Debtors. In addition, the exercise of compiling separate Top 30 Lists for each individual Debtor could consume an excessive amount of the Debtors' limited time and resources. I further believe a single Top 30 List will also help alleviate administrative burden, costs, and the possibility of duplicative service. Accordingly, I believe that filing a consolidated Top 30 List is necessary for the efficient and orderly administration of these Chapter 11 Cases, appropriate under the facts and circumstances, and in the best interests of the Debtors' estates.

13. The Debtors also request that certain personal identification information of the Debtors' employees and individual creditors of the Debtors be redacted from the Creditor Matrix because such information could be used to perpetrate identity theft or to harm to such individuals. The Debtors propose to provide an unredacted version of the Creditor Matrix to the U.S. Trustee, counsel to any official committee of unsecured creditors appointed in these Chapter 11 Cases, counsel to the DIP Agent, the Prepetition Superpriority Agent, and the Prepetition ABL Agent, the Prepetition 2L Agent, and any party in interest who, for cause, requests such information from the Debtors or the Court.

14. As the Debtors operate a contract servicing business in a highly competitive market, the Debtors also request that Debtors' customer database, which is comprised of the names of individuals and entities, email addresses, physical addresses, and telephone numbers (collectively, the "***Customer List***"), be redacted. I believe that if Debtors were required to disclose the Customer List, the Debtors' business operations may be harmed by loss of customers to competitors, which could in turn negatively impact the Debtors' estates. I further believe that not

only would the disclosure of the Customer List give unfair advantages to Debtors' competitors by providing them information as to the commercial operations of the Debtors, but the deluge of customer solicitation that will inevitably follow from such a disclosure will significantly increase the risk of customer attrition, diminish the value of the Debtors' estates, and distract the Debtors from their efforts to preserve and maximize value for the benefit of stakeholders. Accordingly, I believe given the commercial importance of keeping such a comprehensive customer list confidential, the Customer List should be redacted.

15. The Debtors, through Epiq Corporate Restructuring, LLC, their proposed claims and noticing agent, propose to serve the notice of commencement substantially in the form attached hereto as Annex A (the "***Notice of Commencement***") on all parties listed on the Creditor Matrix to advise them of the meeting of creditors under section 341 of the Bankruptcy Code. I believe providing service of the Notice of Commencement on the Creditor Matrix will prevent the Debtors' estates from incurring unnecessary costs associated with serving multiple notices to the parties listed on the Debtors' Creditor Matrix and will preserve judicial resources and prevent creditor confusion through the efficient service of critical information. Accordingly, the Debtors submit that service of a single Notice of Commencement is warranted and appropriate in these Chapter 11 Cases

16. Based on the foregoing, I believe any delay in granting the relief requested in the Consolidated Creditor Matrix Motion would hinder the Debtors' operations and cause immediate and irreparable harm. Accordingly, on behalf of the Debtors, I respectfully request that the relief sought in the Consolidated Creditor Matrix Motion be approved.

C. Emergency Application for Entry of Order Appointing Epiq Corporate Restructuring Inc. as Claims, Noticing, and Solicitation Agent (the "*Epiq Retention Application*")

17. The Debtors request entry of an order authorizing the Debtors to employ Epiq Corporate Restructuring, LLC ("***Agent***") as claims, noticing, and solicitation agent (the "***Claims and Noticing Agent***") in accordance with the terms and conditions set forth in the engagement letter dated September 25, 2025 (the "***Engagement Letter***"), attached as Exhibit B to the Epiq Retention Application, which is also supported by the *Declaration of Kate Mailloux in Support of Emergency Ex Parte Application for Entry of an Order Authorizing the Employment and Retention of Epiq Corporate Restructuring, LLC as Claims, Noticing, and Solicitation Agent* (the "***Declaration***") attached as Exhibit C to the Epiq Retention Application.

18. The Debtors respectfully request approval to employ the Agent to serve Claims and Noticing Agent in their Chapter 11 Cases to provide the services outlined in the Engagement Letter. I believe that the Agent's employment is in the best interest of the Debtors' estates, the Agent's rates are competitive and reasonable, and the Agent has the expertise required in a complex chapter 11 case.

19. The Debtors request that Agent's fees and expenses be paid as an administrative expense in the ordinary course of Debtor's business without further application from the Court. Should a dispute develop between the Agent and the Debtors with respect to the Agent's fees and expenses, the matter will be brought to the Court for resolution. Further, the Agent agrees to maintain records of all services showing dates, categories of services, fees charged, and expenses incurred, and to serve monthly invoices on the Debtors, Debtors' counsel, the U.S. Trustee, counsel for any official committee, and any party-in-interest who specifically requests service of the monthly invoices.

20. Debtors have agreed to indemnify the Agent as set forth in the Engagement Letter; however, notwithstanding anything to the contrary, the Agent will not be indemnified for liability arising out of gross negligence, willful misconduct, and certain other matters identified in the order. I believe that such an indemnification obligation is customary, reasonable, and necessary to retain the services of a Claims, Noticing, and Solicitation Agent in these Chapter 11 Cases.

21. Prior to the Petition Date, the Debtors provided the Agent an advance in the amount of $25,000, and I understand that the Agent will apply these funds in accordance with the Engagement Letter.

22. Finally, I understand that the Agent has reviewed its conflicts system to determine whether it has any relationships with the Debtors' creditors and parties-in-interest. Except as disclosed in the Declaration, the Agent represents that it neither holds nor represents any interest materially adverse to the Debtors' estates in connection with any matter on which it would be employed. I also understand that the Agent agrees that it will supplement its disclosure to the Court if any facts or circumstances are discovered that would require such additional disclosure.

23. I believe that the Epiq Retention Application should be granted because the Agent's services are required to effectuate the Debtors' transition into bankruptcy and to immediately begin providing effective notice of pleadings and orders to interested parties. Accordingly, on behalf of the Debtors, I respectfully request that the relief sought in the Epiq Retention Application be approved.

D. Emergency Motion For Entry Of An Order Extending Time To File Schedules Of Assets And Liabilities, Schedules Of Current Income And Expenditures, Schedules Of Executory Contracts And Unexpired Leases, And Statements Of Financial Affairs (The "*Motion for Extension of Time to File Schedules*")

24. In the Motion for Extension of Time to File Schedules, the Debtors seek entry of an Order extending the deadline by which the Debtors must file their schedules of assets and

liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the "***Schedules and Statements***") by 30 days, for a total of 44 days from the Petition Date, through and including April 7, 2026.

25. The Debtors submit that ample cause exists to grant the relief requested therein. To prepare their Schedules and Statements, the Debtors will have to compile information from books, records, and documents relating to numerous creditors, assets, leases, and contracts from each Debtor entity. I believe that accurate preparation of the Schedules and Statements will require a significant expenditure of time and effort on the part of the Debtors' employees. Complying with the short timeline that I understand is granted under the Bankruptcy Code and the Bankruptcy Rules would place significant strain on the Debtors' financial team and would likely impact the Debtors' ability to maintain their normal operations.

26. In the days leading up to the Petition Date, the primary focus of the Debtors' financial team has been preparing for these Chapter 11 Cases. I believe focusing the attention of key personnel on critical operational and chapter 11 compliance issues during the early days of these Chapter 11 Cases will facilitate the Debtors' smooth transition into chapter 11, thereby maximizing value for their estates and all stakeholders.

27. Based on the foregoing, I believe that extending the time by which the Debtors are required to file the Schedules and Statements is critical to enabling the Debtors to effectively transition to operating as chapter 11 debtors. I believe failure to receive such authorization and other relief during the first 21 days of these Chapter 11 Cases would severely disrupt the Debtors' operations and significantly impact the Debtors' ability to focus on preserving and maximizing the value of the Debtors' estates. I further believe that the relief requested is necessary in order for

the Debtors to operate their businesses in the ordinary course and preserve the ongoing value of the Debtors' operations while maximizing the value of their estates for the benefit of all stakeholders.

28. For all the reasons stated above, I believe that any delay in granting the relief requested in the Motion for Extension of Time to File Schedules would cause immediate and irreparable harm. Accordingly, on behalf of the Debtors, I respectfully request that the relief sought in the Motion for Extension of Time to File Schedules be approved.

II. OPERATIONAL MOTIONS REQUESTING IMMEDIATE RELIEF

A. Emergency Motion For Entry Of An Order (I) Authorizing The Debtors To (A) Pay Prepetition Wages, Salaries, Other Compensation, And Reimbursable Expenses And (B) Continue Employee Benefits Programs, And (II) Granting Related Relief (the "*Wages Motion*")

29. To avoid the immediate and irreparable harm to the Debtors' business operations and restructuring efforts that I believe would occur if the Debtors' employee obligations are not paid when due and if the Debtors' compensation and benefit programs are not continued in the ordinary course of business—and to minimize personal hardship on the Debtors' employees—the Debtors seek, through the Wages Motion, entry of an order (a) authorizing the Debtors to (i) pay prepetition wages, salaries, other compensation, and reimbursable expenses and (ii) continue employee benefits programs, and (b) granting related relief.

30. As of the Petition Date, the Debtors employ approximately 149 people of which approximately 108 are paid on an hourly basis (the "***Hourly Employees***") and approximately 41 receive a salary (the "***Salaried Employees***" and together with the Hourly Employees, the "***Employees***"). The Debtors also utilize one independent contractor (the "***Independent Contractor***" and together with the Employees the "***Workforce***"). To fill gaps in the Workforce that cannot be filled with full-time Employees, the Debtors are party to that certain Interim and

Contract Solutions Agreement, dated as of February 12, 2026, with Korn Ferry (US) (the "***Staffing Agency***") to provide temporary workers on a short-term basis. Currently, the Staffing Agency provides the Debtors with one temporary worker who serves as the Debtors' interim controller (the "***Temporary Worker***"). I understand that the Temporary Worker is a critical supplement to the efforts of the Debtors' Workforce. None of the Debtors' Workforce are represented by a union or are subject to a collective bargaining agreement.

31. The Workforce performs a wide variety of functions that are critical to the Debtors' operations and will be critical to the administration of these Chapter 11 Cases and to maximize the value of the Debtors' estates. I believe their skills, knowledge, and understanding of the Debtors' operations and infrastructure are essential to preserving operational stability, safety, and efficiency. The members of the Workforce are typically highly trained personnel with specialized skills who are not easily replaced. Without the continued, uninterrupted services of the Workforce, I believe the Debtors' business operations will suffer immediate and irreparable harm.

32. Additionally, the vast majority of the Workforce relies exclusively on their compensation and benefits from the Debtors to pay their daily living expenses and support their families. Thus, I believe the Workforce will be exposed to significant personal financial hardship if the Debtors are not permitted to continue paying their compensation and providing benefits in the ordinary course. Consequently, the relief requested herein is necessary and appropriate.

33. The Debtors are seeking authority to pay and honor certain prepetition claims relating to compensation and benefits programs to avoid immediate and irreparable harm to the Debtors' business operations and to minimize the personal hardship the Workforce would suffer if the Debtors' obligations are not paid when due or as expected. Specifically, the Debtors are seeking authority to pay and honor certain prepetition claims relating to, among other things,

wages, salaries, and other compensation owed to the Employees and the Independent Contractor in the ordinary course of business (the "***Compensation Programs***"), and certain expense reimbursements, federal and state withholding taxes, and other amounts withheld (including the Employees' share of insurance premiums, taxes, health savings account and flexible spending account contributions, and 401(k) contributions), health insurance, life and accidental death and dismemberment insurance, disability coverage, retirement benefits, paid time off, and other benefits that the Debtors have historically, directly or indirectly, provided to the Employees in the ordinary course of business (collectively, the "***Benefits Programs***," and together with the Compensation Programs, the "***Compensation and Benefits Programs***," and such obligations arising from the Compensation and Benefits Programs, the "***Compensation and Benefits Obligations***"), as well as all incidental costs thereof.

34. Subject to the Court's approval of the relief requested herein, the Debtors intend to continue their prepetition Compensation and Benefits Programs in the ordinary course of business and consistent with past practices. The Debtors also request, out of an abundance of caution, the authority to modify, change, and discontinue certain of their Compensation and Benefits Programs and to implement new programs, policies, and benefits, in their discretion and in the ordinary course of business during these Chapter 11 Cases without the need for further Court approval. A summary of the payments requested to be authorized by the Wages Motion is provided in the table below.[4]

[4] This table is for illustrative purposes only and is qualified by the Wages Motion and the Order.

Relief Sought	Approximate Amount
Compensation, Withholding, and Related Obligations	
Employee Wages	$438,700.00
Independent Contractor Obligations	$11,000.00
Commissions	$710.00
Staffing Agency Obligations	$10,000.00
Payroll Processing Fees	$9,100.00
Withholding Obligations	$111,000.00
Expense Reimbursements	$3,800.00
Employee Benefit Programs	
Health and Welfare Programs	$213,200.00
Life, AD&D, and Disability Insurance Program Obligations	$5,400.00
401(k) Obligations	$46,100.00
Cell Phone Allowance Obligations	$4,200.00
Vehicle Allowance Obligations	$580.00

a. **Employee Wages:** In the ordinary course of business, the Debtors incur and pay the Employees' wages, salaries, and other compensation (collectively, the "***Wages***") on a bi-weekly basis. The Debtors pay their Employees' Wages on either a salaried or hourly basis. On average, the Debtors pay approximately $1,800,000.00 per month on account of the Wages. The Debtors' most recent pay cycle ended on February 20, 2026, and payment on account of those Wages was made on February 21, 2026, prior to the Petition Date. Because some Employees are paid in arrears, those Employees are owed accrued but unpaid Wages as of the Petition Date. Wages also may be due and owing as of the Petition Date because of, among other things, potential discrepancies between the amounts paid and the amounts that Hourly Employees believe should have been paid, which, upon resolution, may reveal that additional amounts are owed to such Hourly Employees. Additionally, the Debtors compensate certain Hourly Employees for overtime services, which may have occurred and may not be recorded in the Debtors' internal payroll database. Although the Debtors' overtime reporting system makes it difficult for the Debtors to determine the precise amount of unpaid Hourly Employee Wages that may be due and owing at any given time, historically, Hourly Employees' Wages total approximately $1,242,000.00 per month.[5] As of the Petition Date, the Debtors believe that the amount of accrued but unpaid Wages is approximately $438,700.00 (the "***Unpaid Wages***"), all of which will become due and payable in the first 21 days of these Chapter 11 Cases. The Debtors seek authority to pay the Unpaid Wages in the ordinary course of business and consistent with past practices, and to continue paying the Wages and any associated processing costs on a postpetition basis in the

[5] Hourly Employees are required to submit a weekly payroll timesheet, which accounts for any overtime hours earned during such week.

ordinary course of business. The Debtors are not aware of any prepetition amounts owed to any individual on account of the Unpaid Wages that exceed $17,150, the priority expense amount set forth in section 507(a)(4) of the Bankruptcy Code, and the Debtors are not seeking authority to pay Unpaid Wages to any Employee in excess of such amount.

b. **Independent Contractor Obligations**: In the ordinary course of business, the Debtors incur and pay the Independent Contractor compensation based on an hourly rate (the "***Independent Contractor Obligations***"). The Independent Contractor provides essential consulting and accounting advisory services to the Debtors. Amounts owed on behalf of Independent Contractor Obligations are paid by the Debtors on a monthly basis for the work performed in the prior month. The Debtors pay approximately $11,000.00 on account of Independent Contractor Obligations per month. As of the Petition Date, the Debtors estimate that the amount of accrued but unpaid Independent Contractor Obligations is approximately $11,000.00 (the "***Unpaid Independent Contractor Obligations***"), all of which will become due and owing in the first 21 days of these Chapter 11 Cases. The Debtors seek authority to pay the Unpaid Independent Contractor Obligations in the ordinary course of business and consistent with past practices, and to continue paying the Independent Contractor Obligations on a postpetition basis in the ordinary course of business.

c. **Commissions**: The Debtors operate a program for approximately two non-Insider (as defined below), sales-designated Employees (each, a "***Sales Employee***") in which each Sales Employee is eligible to receive commissions (the "***Commissions***") based on a unique formula involving certain metrics specific to each Sales Employee and their related business segment with such metrics calculated based on the profitability of new sales orders brought in by the Sales Employee (the "***Commission Program***"). The Commission Program is an important part of the Sales Employees' overall compensation packages. Payments made under the Commission Program are evaluated, estimated, and paid out every month. The Commission Program motivates the Sales Employees to maximize their sales performance while ensuring Sales Employees are meeting market expectations in terms of compensation. In 2025, the Debtors paid approximately $292,200.00 to Sales Employees under the Commission Program. As of the Petition Date, the Debtors estimate that the amount of accrued but unpaid commissions is approximately $710.00 (the "***Unpaid Commission Obligations***"), all of which will become due and owing in the first 21 days of these Chapter 11 Cases. Due to the importance of Commissions to the Debtors' business, including their ability to maintain Employee morale and a motivated sales force during these Chapter 11 Cases, the Debtors seek authority to pay the Unpaid Commission Obligations in the ordinary course of business, consistent with past practices, and to continue paying the Commissions on a postpetition basis in the ordinary course of business.

d. **Temporary Staff Compensation:** As described above, the Debtors utilize temporary employees provided by the Staffing Agency to perform services critical to the Debtors' operations. The Debtors currently utilize one temporary employee, the Temporary Worker. During the course of these Chapter 11 Cases, the Debtors may utilize additional temporary employees provided by the Staffing Agency to fill any gaps in their Workforce that may arise. The Debtors pay a fee to the Staffing Agency on a bi-weekly basis for utilizing temporary employees (the "***Staffing Agency Obligations***"). The Staffing Agency in turn compensates the temporary employees directly; under the terms of the agreement with the Staffing Agency, the Debtors do not pay the Temporary Worker or any additional temporary employees directly. As of the Petition Date, the Debtors estimate that the amount of accrued but unpaid Staffing Agency Obligations is approximately $10,000.00 (the "***Unpaid Staffing Agency Obligations***"). The Debtors seek authority to pay the Unpaid Staffing Agency Obligations in the ordinary course of business, consistent with past practices, and, out of an abundance of caution, to continue paying the Staffing Agency Obligations on a postpetition basis in the ordinary course of business including any Staffing Agency Obligations arising out of the Debtors' utilizing further temporary employees provided by the Staffing Agency.

e. **Payroll Processing Fees:** The Debtors use UKG Ready (the "***Payroll Processor***") to process and pay their payroll obligations and perform other payroll-related services (the "***Payroll Processing Services***"). The Payroll Processor administers the payments to the Debtors' Employees related to the Debtors' Compensation and Benefits Obligations. For each payroll period, the Payroll Processing Services are used to process direct deposit transfers or administer payroll checks to Employees. The Payroll Processing Services are integral to the Debtors' ability to pay their Employees. On average, the Debtors pay approximately $9,100.00 per month on account of the Payroll Processing Services (the "***Payroll Processing Fees***"). As of the Petition Date, the Debtors estimate that the amount of accrued but unpaid Payroll Processing Fees is approximately $9,100.00 (the "***Unpaid Payroll Processing Fees***"), all of which will become due and owing in the first 21 days of these Chapter 11 Cases. The Debtors seek authority to pay the Unpaid Payroll Processing Fees in the ordinary course of business and consistent with past practices and to continue paying the Payroll Processing Fees and any associated costs on a postpetition basis in the ordinary course of business.

f. **Withholding Obligations:** The Debtors, through their Payroll Processor, routinely deduct and withhold certain amounts from Employees' paychecks for, among other things, pre- or post-tax deductions payable pursuant to certain of the benefit programs (collectively, the "***Deductions***"). Certain of the Deductions are processed and forwarded to the appropriate third party at the same time the Employees' payroll checks are disbursed. The Debtors

also are required by law to withhold from their Employees' Wages amounts related to, among other things, federal, state, and local income taxes, as well as Social Security and Medicare taxes (collectively, the "***Employee Payroll Taxes***") for remittance to the appropriate federal, state, and local taxing authorities. The Debtors must then match the Employee Payroll Taxes from their own funds and pay, based upon a percentage of gross payroll, additional amounts for state and federal unemployment insurance (together with the Employee Payroll Taxes, the "***Payroll Taxes***" and, together with the Deductions, the "***Withholding Obligations***"). The Payroll Taxes generally are processed and forwarded to the appropriate taxing authority at the same time the Employees' payroll checks are disbursed. As of the Petition Date, the Debtors estimate that the amount of accrued but unremitted and/or unpaid Withholding Obligations is approximately $111,000.00 (the "***Unpaid Withholding Obligations***"), all of which will become due and owing in the first 21 days of these Chapter 11 Cases. The Debtors seek authority to pay and/or remit the Withholding Obligations in the ordinary course of business and consistent with past practices, and to continue paying and/or remitting the Withholding Obligations and any associated processing costs on a postpetition basis in the ordinary course of business.

g. **Bonus Programs:** In the ordinary course of business, the Debtors have historically offered bonuses to certain Employees (the "***Bonuses***"). The Debtors offer the Bonuses pursuant to four plans (a) a corporate incentive plan which rewards participants based on the Employee's role, the Debtors' performance, and the Employee's performance, (b) a field incentive plan which rewards participants for district level performance; (c) the safe driver incentive plan which rewards participants based on their performance against set targets; and (d) the exceptional recognition award program which rewards Employees who perform their job in an exceptional way. While certain Employees eligible for the Bonuses may be considered insiders of the Debtors (as that term is defined in section 101(31) of the Bankruptcy Code) ("***Insiders***"), by this Motion, the Debtors are not seeking to pay any Bonuses to Insiders but are seeking authority, in the Debtors' discretion, to continue paying the Bonuses only with respect to non-Insider Employees. The Bonuses reward eligible Employees if the Debtors achieve certain strategic and financial targets and the Employees achieve personalized performance targets. In 2025, the Debtors did not award any Bonuses. In addition, prior to the Petition Date the Debtors paid one-time retention bonuses to 20 non-Insider Employees and one Insider Employee (the "***Retention Bonuses***"). The Retention Bonuses were paid to incentivize and retain the identified Employees through the close of the Debtors' sale process to maintain stability and ensure a smooth transition into these Chapter 11 Cases. The Retention Bonuses were fixed dollar amounts that were developed after considering the Employee's organizational level, current base salary, and importance to the Debtors and their Estates. The Retention Bonuses were paid by the Debtors prior to the

Petition Date, and each Retention Bonus is subject to claw back provisions if the Employee terminates his or her employment on a voluntary basis prior to the completion of the Debtors' sale. As of the Petition Date, the Debtors do not believe that any amounts are accrued but unremitted and/or unpaid on account of the Bonuses. However, the Debtors seek authority to pay and/or remit the Bonuses in the ordinary course of business and consistent with past practices, and to continue paying and/or remitting the Bonuses and any associated processing costs on a postpetition basis in the ordinary course of business. The Retention Bonuses were paid in full prior to the Petition Date, and the Debtors are not seeking any relief with respect to the Retention Bonuses by the Wages Motion, and instead are disclosing the Retention Bonuses out of an abundance of caution.

h. **Expense Reimbursements:** In the ordinary course of business, the Debtors reimburse Employees for reasonable and customary expenses that such Employees personally incur in the scope of their employment. Expense reimbursements typically include expenses associated with travel, lodging, ground transportation, meals, and other business-related expenses incurred in the course of an Employee's duties (the "***Expense Reimbursements***"). Eligible expenses may be (a) personally incurred by an Employee and reimbursed by the Debtors or (b) incurred on a company paid Corporate Card (as defined below). The Debtors internally process and administer the Expense Reimbursements. The Debtors' inability to reimburse their Employees with respect to any Expense Reimbursements would impose significant hardships on those Employees, as Employees may be held personally liable for any unpaid obligations even though the obligations were incurred for the Debtors' benefit. Because of the irregular nature of requests for Expense Reimbursements, it is difficult for the Debtors to determine the amount of unpaid Expense Reimbursements at any given time, but historically, the Expense Reimbursements average approximately $12,200.00 per month. As of the Petition Date, based on historical practices, the Debtors estimate that the amount of accrued but unpaid Expense Reimbursements is approximately $3,800.00 (the "***Unpaid Expense Reimbursements***"), all of which will become due and owing in the first 21 days of these Chapter 11 Cases. The Debtors seek authority to pay the Unpaid Expense Reimbursements in the ordinary course of business and consistent with past practices, and to continue paying the Expense Reimbursements on a postpetition basis in the ordinary course of business.

i. **Corporate Credit Card Program:** As part of the Debtors' cash management system, and in the ordinary course of business, the Debtors maintain company-paid credit cards (the "***Corporate Credit Cards***") and fuel cards (the "***Corporate Fuel Cards***," and together with the Corporate Credit Cards, the "***Corporate Cards***") that are utilized to pay for certain work-related expenses, such as work-related travel and certain non-recurring purchases made on behalf of the Debtors, and certain

operating expenses on behalf of the Debtors (collectively, the "***Corporate Card Program***"). The Corporate Credit Cards are issued by JP Morgan Chase Bank (the "***Corporate Credit Card Provider***"). As of the Petition Date, approximately 56 Corporate Credit Cards have been issued by the Corporate Card Provider to the Debtors and their employees. The Corporate Fuel Cards are issued by WEX Inc. (the "***Corporate Fuel Card Provider***"). As of the Petition Date, approximately 184 Corporate Fuel Cards have been issued by the Corporate Fuel Card Provider to the Debtors and their employees. In general, Corporate Credit Cards are issued to employees for use on the Debtors' behalf for the payment of business-related expenses that are verified through receipts. The Debtors receive weekly statements for purchases (the "***Corporate Credit Card Expenses***") made with the Corporate Credit Cards in the preceding week and review such statements for compliance with the Debtors' policies and procedures for Corporate Credit Card Expenses. The Debtors typically pay all outstanding Corporate Card Expenses the week after the Corporate Credit Card Expenses are incurred through an automatic payment issued each Monday. The Corporate Fuel Cards are issued to employees to pay in-transit fuel costs incurred by employees in connection with travel between multiple work sites and field offices. Expenses incurred on account of the Corporate Fuel Cards are billed directly to the Debtors and do not pass through the applicable employees' personal financial accounts (the "C***orporate Fuel Card Expenses***" and together with the Corporate Credit Card Expenses, the "***Corporate Card Expenses***"). Over the last twelve months, the Debtors have incurred a monthly average of approximately $147,400.00 in Corporate Card Expenses. As of the Petition Date, the Debtors believe that approximately $35,900.00 in Corporate Card Expenses has accrued and is outstanding, all of which will become due and payable within the first 21 days after the Petition Date. As of the Petition Date, the Debtors estimate that there are no accrued but unpaid fees on account of the Corporate Card Program (the "***Corporate Card Fees***"). Use of the Corporate Cards is an important part of the Debtors' cash management system, and continuation of the ability of the Debtors' employees to use the Corporate Cards is essential to the continued operation of the Debtors' businesses. I believe the Debtors' inability to maintain the Corporate Card Program could impose a hardship on the continued operation of the Debtors' businesses and would likely impose significant hardship on the Debtors' employees. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to continue the Corporate Card Program in the ordinary course of business and to pay any prepetition or postpetition Corporate Card Expenses or Corporate Card Fees.

j. **Health and Welfare Programs:** The Debtors offer their Employees the opportunity to participate in a number of health benefit plans, including the Medical Plans, the Dental Plan, the Vision Plan, and the COBRA Rights

(each, as defined below and collectively, and including any administrative costs related thereto, the "***Health and Welfare Programs***").

i. The Medical Plans and Dental Plans: The Debtors offer medical coverage (the "***Medical Plans***") to their Employees administered through Blue Cross Blue Shield of Texas ("***Blue Cross***"). Employees are provided with multiple plan options with varying required premiums. The Medical Plans provide coverage for, among other things, outpatient and inpatient services, preventative care, and prescription drug services. Employees, as well as their spouses, children, and/or eligible dependents may be covered under the Medical Plans. As of the Petition Date, approximately 136 Employees participate in the Medical Plans. The Debtors also offer dental coverage (the "***Dental Plan***") to their Employees through Blue Cross. Employees, as well as their spouses, children, and/or eligible dependents may be covered under the Dental Plan. As of the Petition Date, approximately 137 Employees participate in the Dental Plan. After taking applicable Deductions, the Debtors pay approximately $212,000.00 per month with respect to the Medical Plans and Dental Plan, including associated administrative fees.

ii. Vision Plan: The Debtors offer vision coverage (the "***Vision Plan***") to their Employees through Vision Service Plan. The Vision Plan provides coverage or discounts for exams, prescription eyeglasses, and contact lenses. Employees, as well as their spouses, children, and/or eligible dependents may be covered under the Vision Plan. As of the Petition Date, approximately 133 Employees participate in the Vision Plan. After taking applicable Deductions, the Debtors pay approximately $200.00 per month with respect to the Vision Plan, including associated administrative fees.

iii. Health Savings Accounts and Flexible Spending: Eligible Employees may contribute a portion of their compensation into a voluntary health savings account (collectively, the "***HSAs***"), administered by WEX Health, Inc. ("***WEX***"), which may be used for qualified medical expenses. Participating Employees can make contributions to their respective HSAs through payroll deductions on a pre-tax basis to cover reimbursements under the program up to the maximum amount permitted by the Internal Revenue Service. As of the Petition Date, approximately eight Employees maintain an HSA. The Debtors contribute approximately $1,100.00 per month on account of the HSAs. The Debtors pay WEX approximately $100.00 in administrative fees on a monthly basis on account of the HSAs. The Debtors provide Employees with access to an optional healthcare flexible spending account and dependent care flexible spending account (collectively, the "***FSAs***"), each administered by WEX. Participating Employees can make contributions to their

FSA to cover certain qualified out-of-pocket medical expenses, dependent child and elder care expenses, and eligible dental and vision expenses. As of the Petition Date, approximately 11 Employees maintain FSAs. The Debtors do not make contributions on account of the FSAs. The Debtors pay approximately $200.00 in administrative fees on a monthly basis on account of the FSAs.

iv. COBRA Rights: The Debtors provide their former Employees coverage under the Consolidated Omnibus Budget Reconciliation Act ("***COBRA***"), which provides former Employees who lose their health coverage the right to continue benefits for a limited period of time (the "***COBRA Rights***"). The COBRA Rights are administered by WEX. As of the Petition Date, three former Employees are eligible to participate in the COBRA Rights, but as of the Petition Date no former Employees are participating in the COBRA Rights. The Debtors do not pay any fees on account of the COBRA Rights; instead, the former Employees are responsible for paying all premiums and fees associated with the COBRA Rights.

v. As of the Petition Date, the Debtors estimate that the amount of total accrued but unpaid obligations arising under the Health and Welfare Programs, including associated administrative fees, is approximately $213,200.00 (the "***Unpaid Health and Welfare Program Obligations***"), all of which will become due and owing in the first 21 days of these Chapter 11 Cases. The Debtors seek authority to pay the Unpaid Health and Welfare Program Obligations in the ordinary course of business and consistent with past practices, and to continue paying the Health and Welfare Programs obligations on a postpetition basis in the ordinary course of business.

k. **Life, AD&D and Disability Insurance Programs:** The Debtors offer their Employees the opportunity to participate in a number of life, accidental death and dismemberment ("***AD&D***"), and disability benefit programs, including the Base Life and AD&D Insurance, the Voluntary Life and AD&D Insurance, the Short-Term Disability Benefits, and the Long-Term Disability Benefits (each, as defined below and collectively, including their respective administrative costs, the "***Life, AD&D, and Disability Insurance Programs***").

i. Life and AD&D Insurance Programs: The Debtors offer life and accidental death and dismemberment insurance coverage (the "***Base Life and AD&D Insurance***") to their Employees through New York Life. Employees are entitled to maximum coverage of up to 200 percent of the applicable Employee's annual salary (not to exceed $500,000) in the event of an Employee's death, accidental death, or dismemberment. Employees do not make any contributions on

account of the Base Life and AD&D Insurance. As of the Petition Date, Base Life and AD&D Insurance is provided to all Employees. The Debtors pay approximately $5,000.00 per month with respect to the Base Life and AD&D Insurance, including associated administrative fees. Employees may also purchase voluntary life insurance (the "***Voluntary Life Insurance***") and voluntary accidental death and dismemberment insurance (the "***Voluntary AD&D Insurance***," and together with the Voluntary Life Insurance, the "***Voluntary Life and AD&D Insurance***") through New York Life. The Debtors do not make any contributions on account of the Voluntary Life and AD&D Insurance. As of the Petition Date, approximately 81 Employees maintain Voluntary Life Insurance and approximately 100 Employees maintain Voluntary AD&D Insurance.

ii. Disability Benefit Programs: The Debtors provide all Employees with short- and long-term disability benefits (the "***Disability Benefits***"). In the event of a qualified non-work related illness or injury, all Employees are entitled to up to 80% of eligible weekly wages for up to 14 weeks (collectively, the "***Short-Term Disability Benefits***"). The Short-Term Disability Benefits are administered by New York Life and the Debtors pay any amounts owed to Employees pursuant to the Short-Term Disability Benefits. The Debtors pay approximately $300.00 per month to New York Life in administrative fees related to the Short-Term Disability Benefits. All Employees are also entitled to up to 60% of eligible monthly wages (up to a monthly limit of $10,000) for a period of time dependent on the Employee's age and when the disability begins (collectively, the "***Long-Term Disability Benefits***"). New York Life administers the Long-Term Disability Benefits and pays any amounts owed to Employees pursuant to the Long-Term Disability Benefits. The Debtors pay approximately $300.00 per month for the Long-Term Disability Benefits, including associated administrative fees. As of the Petition Date, the Debtors estimate that the amount of total accrued but unpaid obligations arising under the Life, AD&D, and Disability Insurance Programs is approximately $5,400.00 (the "***Unpaid Life, AD&D, and Disability Insurance Program Obligations***"), all of which will become due and owing in the first 21 days of these Chapter 11 Cases. The Debtors seek authority to pay the Unpaid Life, AD&D, and Disability Insurance Program Obligations in the ordinary course of business and consistent with past practices, and to continue paying the Life, AD&D, and Disability Insurance Program obligations on a postpetition basis in the ordinary course of business.

l. **Workers Compensation Program:** The Debtors maintain workers' compensation insurance (the "***Workers' Compensation Program***") for

Employees at the level required by law in the states in which the Debtors operate for claims arising from or related to their employment with the Debtors and to satisfy the Debtors' obligations arising under or related to the Workers' Compensation Program (the "***Workers' Compensation Obligations***"). The Debtors maintain third-party insurance for Workers' Compensation Obligations through Starr Indemnity & Liability Company ("***Starr***"). In North Dakota, the Debtors maintain insurance for Workers' Compensation through a state agency (the "***State Workers' Compensation Providers***"). All Employees are entitled to participate in the Workers' Compensation Program. The Debtors pay an annual premium of approximately $119,000.00 to Starr and an annual premium of approximately $8,300.00 to the State Workers' Compensation Providers. As of the Petition Date, approximately two individuals have open claims under the Workers' Compensation Program. The Debtors must continue the claim assessment, determination, adjudication, and payment process pursuant to the Workers' Compensation Program without regard to whether such liabilities are outstanding before the Petition Date to ensure that the Debtors comply with applicable workers' compensation laws and requirements during the pendency of these Chapter 11 Cases. To the extent any Employee asserts new claims arising under the Workers' Compensation Program, the Debtors request that the Court modify the automatic stay under section 362 of the Bankruptcy Code to permit the Employees to proceed with their claims under the Workers' Compensation Program. This required modification of the automatic stay pertains solely to claims under the Workers' Compensation Program. As of the Petition Date, the Debtors estimate that there are no accrued but unpaid obligations arising under the Workers' Compensation Program (the "***Unpaid Workers' Compensation Program Obligations***"). However, out of an abundance of caution, the Debtors seek authority to pay the Unpaid Workers' Compensation Program Obligations in the ordinary course of business and consistent with past practices, and to continue paying the Workers' Compensation Program Obligations on a postpetition basis in the ordinary course of business.

m. **Paid Leave:** The Debtors maintain certain paid leave benefit programs for Employees, providing paid leave for PTO and Other Leave (each as defined below, and collectively, the "***Leave Benefits***"). In the ordinary course of business, the Debtors provide paid time off ("***PTO***") to Employees in accordance with two PTO policies (such policies referred to herein as "***Policy A***" and "***Policy B***"). Under Policy A, certain full-time Employees accrue between 10 and 20 days of PTO each year (dependent upon such Employee's years of employment with the Debtors) and certain part-time Employees accrue five days of PTO each year, in each case with the ability to carry over up to 80 hours of PTO into the next calendar year. Upon termination, such full- and part-time Employees are entitled to cash payments for accrued but unused PTO at a rate of the Employee's base salary or hourly wage (the "***Policy A PTO Cash-Out Obligations***"). Under Policy B, certain Employees who work 14 days on and 14 days off may

accrue five days of PTO each year. Upon termination, such Employees are entitled to cash payments for any accrued but unused PTO at a rate of any such Employee's base salary or hourly wage (together with the Policy A PTO Cash-Out Obligations, the "***PTO Cash-Out Obligations***"). As of the Petition Date, the Debtors estimate that the amount of total accrued but unpaid PTO Cash-Out Obligations is approximately $375,700.00 (the "***Unpaid PTO Cash-Out Obligations***"), however, this amount is not a current cash pay obligation because Employees are only entitled to be paid for accrued and unused PTO in the event they resign or are terminated. Because PTO is an essential feature of the employment package provided to the Debtors' Employees, and failure to provide this benefit would harm Employee morale and encourage the premature departure of valuable Employees, the Debtors request authority to pay any Unpaid PTO Cash-Out Obligations and to continue paying the PTO Cash-Out Obligations on a postpetition basis in the ordinary course of business and consistent with past practice. In the ordinary course of business, the Debtors provide certain other paid and unpaid leave, including holidays, bereavement, jury duty, voting leave, military leave, leave provided for under the Family Medical Leave Act, and all legally required leaves (collectively, the "***Other Leave***"). Employees are not entitled to any cash payments in connection with the Other Leave. The Debtors believe that the continuation of the Leave Benefits in the ordinary course of business and consistent with past practices is essential to maintaining Employee morale during these Chapter 11 Cases. Further, the policies are broad-based programs upon which all Employees have come to depend. As a result, the Debtors seek authority to continue offering and honoring the Leave Benefits on a postpetition basis and in the ordinary course of business.

n. **401(k) Plan:** The Debtors provide all eligible Employees with the ability to participate in a defined contribution 401(k) profit sharing plan (the "***401(k) Plan***"), which is administered by Ascensus, LLC ("***Ascensus***"). All administrative fees due to Ascensus related to the 401(k) Plan are paid by the Employees. Employees generally are eligible to participate in the 401(k) Plan immediately upon employment. The 401(k) Plan generally provides for pre-tax deductions of compensation up to limits set by the Internal Revenue Code, as well as for certain post-tax deductions. Employee contributions to the 401(k) Plan are deducted automatically from each paycheck and transferred to a trust established under the 401(k) Plan (collectively, the "***401(k) Deductions***"). The Debtors also contribute $0.50 for each dollar contributed by the Employees up to six percent of the Employees' salary (the "***401(k) Match***," and together with the 401(k) Deductions, the "***401(k) Obligations***"). The 401(k) Plan immediately vests at a rate of 100 percent. As of the Petition Date, approximately 125 Employees contribute to the 401(k) Plan and approximately 116 former Employees hold balances in the 401(k) Plan. As of the Petition Date, the Debtors estimate that the amount of accrued but unpaid obligations due on account of the 401(k) Plan is up to approximately $46,100.00 (the "***Unpaid***

401(k) Obligations"), consisting of approximately $34,800.00 unremitted 401(k) Deductions and approximately $11,300.00 unpaid 401(k) Match, all of which will become due and owing within the first 21 days of these Chapter 11 Cases. The Debtors seek authority to remit and/or pay the Unpaid 401(k) Obligations in the ordinary course of business and consistent with past practices, and to continue remitting and/or paying the 401(k) Obligations on a postpetition basis in the ordinary course of business.

o. **Cell Phone Allowance:** The Debtors reimburse certain Employees a portion of their cell phone bill (up to $100.00 a month) (the "***Cell Phone Allowance***"). The Cell Phone Allowance is generally designed to assist Employees for whom providing the Cell Phone Allowance is an effective and efficient option for the Debtors due to the nature of the Employees' work. As of the Petition Date, approximately 149 Employees receive a Cell Phone Allowance. The Debtors pay approximately $16,100.00 per month on account of the Cell Phone Allowance. As of the Petition Date, the Debtors estimate that the amount of accrued but unpaid obligations arising on account of the Cell Phone Allowance is approximately $4,200.00 (the "***Unpaid Cell Phone Allowance Obligations***"), all of which will become due and owing within the first 21 days of these Chapter 11 Cases. The Debtors seek authority to pay the Unpaid Cell Phone Allowance Obligations in the ordinary course of business and consistent with past practices, and to continue paying Cell Phone Allowance obligations on a postpetition basis in the ordinary course of business.

p. **Vehicle Allowance:** The Debtors reimburse certain Employees in an amount of up to $1,000 a month plus fuel costs for use of their personal vehicles to fulfill their roles (the "***Vehicle Allowance***"). As of the Petition Date, approximately 10 Employees receive a Vehicle Allowance. The Debtors pay approximately $10,600.00 per month on account of the Vehicle Allowance. As of the Petition Date, the Debtors estimate that the amount of accrued but unpaid obligations arising on account of the Vehicle Allowance is approximately $580.00 (the "***Unpaid Vehicle Allowance Obligations***"), all of which will become due and owing within the first 21 days of these Chapter 11 Cases. The Debtors seek authority to pay the Unpaid Vehicle Allowance Obligations in the ordinary course of business and consistent with past practices, and to continue paying Vehicle Allowance obligations on a postpetition basis in the ordinary course of business.

35. I understand that certain Compensation and Benefits Obligations are entitled to priority treatment and that any such payments, if made pursuant to the Wages Motion, would only affect the timing of payments to Employees. I further understand that the payment of certain Compensation and Benefits Obligations is required by law and that the Debtors seek authority to

pay the Withholding Obligations to the appropriate third-party entities because these amounts principally represent Employee or Independent Contractor earnings that governments, Employees, Independent Contractors, and judicial authorities have designated for deduction and withholding from the Workforce's paychecks.

36. I believe that the Workforce will be exposed to significant financial difficulties if the Debtors are not permitted to honor unpaid Compensation and Benefits Obligations. Additionally, I believe that continuing ordinary course benefits will help maintain morale and minimize the adverse effect of the commencement of these Chapter 11 Cases on the Debtors' ongoing business operations. I also believe that the Compensation and Benefit Programs drive Employees' performance, align Employees' interests with those of the Debtors generally, and promote the overall efficiency of the Debtors' operations. Moreover, I believe the Workforce provides the Debtors with services necessary to conduct the Debtors' businesses and that absent the payment of the obligations owed to the Workforce, turnover and instability may result at this critical juncture in these Chapter 11 Cases. I further believe that without these payments, the Workforce may become demoralized and unproductive because of the potential significant financial strain and other hardships the Workforce may face. The Workforce may then elect to seek alternative employment opportunities. Additionally, a significant portion of the value of the Debtors' businesses is tied to the skills of the Workforce, which cannot be replaced without significant efforts, and which efforts may not be successful given the overhang of these Chapter 11 Cases. I believe that enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario.

37. I therefore believe that (a) payment of the prepetition Compensation and Benefits Obligations and (b) continuation of payment of the same on a postpetition basis is a necessary and

critical element of the Debtors' efforts to preserve value and will give the Debtors the greatest likelihood of retaining their Workforce throughout these Chapter 11 Cases.

38. I further believe that staying the workers' compensation claims could have a detrimental effect on the financial well-being and morale of the Employees. Further, if the Debtors fail to maintain the Workers' Compensation Program, state laws may prohibit the Debtors from operating in those states.

39. I believe, subject to approval of and entry into the DIP Financing, the Debtors have sufficient liquidity to pay the amounts described in this Motion in the ordinary course of business. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks, wire transfers, or electronic fund transfer requests as relating to an authorized payment in respect of the Compensation and Benefits Obligations. Accordingly, I believe that there is minimal risk that checks, wire transfers, and electronic fund transfer requests that the Court has not authorized will be honored inadvertently. The Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks, wire transfers, or electronic funds transfer requests in respect of the relief requested in this Motion. Further, the Debtors also seek authority to issue new postpetition checks, wire transfers, or electronic fund transfer requests to replace any prepetition checks, wire transfers, or fund transfers that may be dishonored or rejected as a result of the commencement of these Chapter 11 Cases.

40. Accordingly, on behalf of the Debtors, I respectfully request that the relief sought in the Motion be approved.

B. Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System and Maintain Existing Bank Accounts, (B) Continue Using Existing Checks and Business Forms, (C) Maintain Their Corporate Card Program, and (D) Continue Intercompany Transactions and (II) Granting Related Relief (the "*Cash Management Motion*")

41. The Debtors seek entry of interim and final orders, substantially in the forms attached to the Cash Management Motion, (a) authorizing the Debtors to (i) continue to operate their cash management system and maintain existing bank accounts, (ii) continue using their existing checks and business forms, (iii) maintain their corporate card program, and (iv) continue to engage in intercompany transactions; and (b) granting related relief.

42. The Debtors manage their cash, receivables, and payables, in the ordinary course of business, through a centralized cash management system, including the use of certain third-party processors (the "***Cash Management System***"). The Debtors use the Cash Management System to efficiently collect, transfer, concentrate, and disburse funds generated from their operations. The Cash Management System also enables the Debtors to monitor the collection and disbursement of funds and the administration of their bank accounts, which are maintained at JPMorgan Chase Bank, N.A. ("***JPM***" or the "***Bank***"). The Debtors maintain accounting controls with respect to each of their bank accounts and are able to accurately trace the funds through their Cash Management System to ensure that all transactions are adequately documented and readily ascertainable, including in connection with the intercompany transactions more fully described below. The Debtors will continue to maintain their books and records relating to the Cash Management System to the same extent such books and records were maintained prior to the Petition Date. Accordingly, the Debtors will be able to accurately document, record, and track the transactions occurring within the Cash Management System for the benefit of their bankruptcy estates.

43. The Debtors' Cash Management System consists of a total of seven bank accounts (collectively, the "***Bank Accounts***")[6], all of which are maintained at JPM. Of the Bank Accounts, six are maintained by and held in the name of Axip; one is maintained by and held in the name of E3 Holdings, which was previously used to receive equity contributions from Energy Spectrum and facilitate transfers to Axip, but is no longer active (such Bank Account, the "***Dormant Transfers Account***").

44. A list identifying each of the Bank Accounts, along with the type of account, the Bank at which such account is held, and the last four digits of each account number, is attached to the Cash Management Motion as Exhibit C and a diagram depicting the Cash Management System, the relationship between the Bank Accounts, and the general flow of funds is attached as Exhibit D. A general description of the Debtors' Bank Accounts is provided in the table below:

Bank Accounts	**Description of Accounts**
Axip Energy Services, LP	
Accounts Receivable Account Account Ending: 8820	This account is primarily dedicated to receiving incoming accounts receivable payments. The account is subject to daily sweeps by the ABL Agent, which transfers collected funds to pay down the loan balance of the Prepetition ABL Facility; however, no such sweep has occurred since the Debtors' entry into the Forbearance Agreements. Instead, collected funds are transferred to the Accounts Payable Account (7246) to pay accounts payable and to fund the Payroll Disbursements Account (9936) as described below.
Main Operating Account Account Ending: 1552	This account will receive disbursements directly from the DIP Facility upon its approval and is used to pay Bank Fees (as defined below).
Accounts Payable Account Account Ending: 7246	This account receives disbursements from the Accounts Receivable Account (8820) and the Main Operating Account (1552) and received disbursements directly from the Prepetition ABL Facility, and is used to pay accounts payable and to fund the Payroll Disbursements Account (9936) on an as-needed basis.
Payroll Disbursements Account Account Ending: 9936	This account is funded through transfers from the Accounts Payable Account (7246) and is used exclusively for payroll and payroll-related disbursements to the Withdraws Disbursements Account (0769).
Withdraws Disbursements Account	This account is used primarily for automatic withdrawals related to payroll and health insurance. Funds are drawn automatically from this account by the Payroll Processor, WEX, and Ascensus (each as defined in the Debtors'

[6] For the avoidance of doubt, the Cash Management Motion applies to all of the Debtors' Bank Accounts irrespective of whether or not such account is specifically identified herein.

Bank Accounts	Description of Accounts
Account Ending: 0769	*Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief*, contemporaneously filed herewith). This account is a zero-balance account and is funded as needed from the Payroll Disbursements Account (9936) at the end of each business day.
Dormant Interest Account Account Ending: 8195	This account, previously used as a collateral account prior to Energy Spectrum's acquisition of the Company, is currently inactive and holds *de minimis* funds. The Debtors intend to utilize this Dormant Interest Account (8195) as the Adequate Assurance Account (as defined in the Debtors' *Emergency Motion for Entry of an Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies from Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief* (contemporaneously filed herewith) during these Chapter 11 Cases.
E3 Compression Holdings LLC	
Dormant Transfers Account Account Ending: 7137	This account, previously used as a pass-through account for equity funding from Energy Spectrum, is currently inactive and holds *de minimis* funds.

45. To the best of my knowledge, as of the Petition Date, the Debtors' Bank Accounts, all of which are maintained by JPM, hold approximately $700 of funds on a combined basis.

46. The Debtors respectfully request that the Court authorize the Debtors to continue to operate their Cash Management System and maintain and continue to use the Bank Accounts, and authorize the Bank to maintain, service, and administer the Bank Accounts without interruption and in the ordinary course of business. In this regard, the Debtors respectfully request that the Bank be authorized to receive, process, honor, and pay any and all checks, drafts, wires, credit card payments, automated clearing house ("***ACH***") transfers, and other instructions, payable through, drawn, or directed on such Bank Accounts after the Petition Date by holders, makers, or other parties entitled to issue instructions with respect thereto, provided that sufficient funds are on deposit in the applicable Bank Accounts to cover such payments.

47. To the best of my knowledge, each Bank Account is maintained at a bank that is insured by the Federal Deposit Insurance Corporation (the "***FDIC***").

48. I understand that the U.S. Trustee has established certain operating guidelines (the "***U.S. Trustee Guidelines***") for debtors-in-possession. I further understand that the U.S. Trustee Guidelines require, among other things, that upon the filing of a bankruptcy petition, a debtor must immediately close all of its existing bank accounts and open new bank accounts that are designated as debtor-in-possession accounts with authorized depositories whose deposits are insured by the FDIC and who agree to comply with the requirements of the U.S. Trustee's office. And I understand that the U.S. Trustee Guidelines further require debtors to maintain one account solely for the purpose of setting aside estate monies required for the payment of taxes and another separate account for cash collateral.

49. To the best of my knowledge, the Debtors maintain the entirety of their deposits with JPM, which is an authorized depository institution in the Southern District of Texas. As such, the Debtors respectfully request that the Court authorize the Debtors to maintain, service, and administer the Bank Accounts without interruption and in the ordinary course of business.

50. I believe that requiring the Debtors to adopt new cash management systems and open new bank accounts at the same or different depository institutions would be expensive, impose needless administrative burdens on the Debtors, and would cause undue disruption to the Debtors' operations. I believe any such disruption would have a severe and adverse impact upon the Debtors' ability to navigate these Chapter 11 Cases, adversely affecting the Debtors' ability to maintain and maximize value for the benefit of creditors and other parties in interest. Moreover, such a disruption would be wholly unnecessary insofar as the continued use of the Debtors' Bank Accounts and Cash Management System provides a safe, efficient, and established means for the Debtors to maintain and manage their cash.

51. I also believe that a waiver of certain requirements of the U.S. Trustee Guidelines is appropriate. Maintenance of the Bank Accounts and Cash Management System will minimize the disruption to the Debtors' operations and promote an orderly and efficient transition into chapter 11. I believe and understand that such benefits are entirely consistent with the goals underlying the U.S. Trustee Guidelines. I believe that the Cash Management System constitutes an ordinary-course and essential business practice providing significant benefits to the Debtors, including the ability to control corporate funds, ensure the maximum availability of funds when and where necessary, reduce borrowing costs and administrative expenses by facilitating the Case movement of funds, and ensure the availability of timely and accurate account balance information consistent with prepetition practices

52. In the ordinary course of business, the Debtors incur and pay, or allow to be deducted from the appropriate Bank Accounts, certain fees and expenses related to the cost of administering the Bank Accounts, including, *inter alia*, wire transfers and other fees, costs, and expenses standard for typical corporate bank accounts, and cash management systems (collectively, the "***Bank Fees***"). The Bank Fees are either debited directly from the Debtors' Bank Accounts or are paid on a per transaction basis. The amount of Bank Fees owed each month varies based on account activity and average monthly balance maintained in the Bank Accounts. Historically, the Debtors have paid approximately $3,931.61 per month in Bank Fees. As of the Petition Date, the Debtors believe that approximately $3,931.61 of Bank Fees has accrued and is outstanding, none of which will become due and payable within the first 21 days after the Petition Date.

53. As part of the Cash Management System, the Debtors utilize business forms (including, without limitation, letterhead, purchase orders, and invoices, collectively, the

"***Business Forms***") in the ordinary course of their business. The Debtors also maintain a limited supply of preprinted checks to make certain one-off payments on an as-needed basis (the "***Preprinted Checks***"). Despite having the Preprinted Checks, when a need arises for the Debtors to issue a check the Debtors will typically submit a request to JPM, which then issues a check directly to the recipient on the Debtors' behalf (a "***Bank Check***", and together with Preprinted Checks, the "***Checks***"). To minimize expenses to their estates and avoid confusion on the part of employees, customers, and vendors during the pendency of these Chapter 11 Cases, the Debtors respectfully request that the Court authorize their continued use of all Business Forms and Preprinted Checks as such forms were in existence immediately before the Petition Date, without reference to the Debtors' status as debtors in possession, rather than requiring the Debtors to incur the expense and delay of ordering entirely new Business Forms and Preprinted Checks as required under the U.S. Trustee Guidelines. To the extent the Debtors exhaust their existing supply of Business Forms or Preprinted Checks, or request the issuance of any postpetition Bank Checks during these Chapter 11 Cases, the Debtors will request that such Business Forms and Checks include the designation "debtor-in-possession" and the corresponding bankruptcy case number on all such forms. I believe that parties in interest will not be prejudiced by the Debtors use of pre-existing Checks and Business Forms with respect to the Bank Accounts and that such use will avoid undue expense and delay.

54. As part of the Debtors' Cash Management System, and in the ordinary course of business, the Debtors maintain company-paid credit cards (the "***Corporate Credit Cards***") and fuel cards (the "***Corporate Fuel Cards***," and together with the Corporate Credit Cards, the "***Corporate Cards***") that are utilized to pay for certain work-related expenses, such as work-related travel and certain non-recurring purchases made on behalf of the Debtors, and certain operating expenses on

behalf of the Debtors (collectively, the "***Corporate Card Program***"). The Corporate Credit Cards are issued by JPM (the "***Corporate Credit Card Provider***"). As of the Petition Date, approximately 56 Corporate Credit Cards have been issued by the Corporate Credit Card Provider to the Debtors and their employees. The Corporate Fuel Cards are issued by WEX Inc. (the "***Corporate Fuel Card Provider***"). As of the Petition Date, approximately 184 Corporate Fuel Cards have been issued by the Corporate Fuel Card Provider to the Debtors and their employees.

55. In general, Corporate Credit Cards are issued to employees for use on the Debtors' behalf for the payment of business-related expenses that are verified through receipts. The Debtors receive weekly statements for purchases (the "***Corporate Credit Card Expenses***") made with the Corporate Credit Cards in the preceding week and review such statements for compliance with the Debtors' policies and procedures for Corporate Credit Card Expenses. The Debtors typically pay all outstanding Corporate Credit Card Expenses the week after the Corporate Credit Card Expenses are incurred through an automatic payment issued each Monday.

56. The Corporate Fuel Cards are issued to employees to pay in-transit fuel costs incurred by employees in connection with travel between multiple work sites and field offices. Expenses incurred on account of the Corporate Fuel Cards are billed directly to the Debtors and do not pass through the applicable employees' personal financial accounts (the "***Corporate Fuel Card Expenses***" and together with the Corporate Credit Card Expenses, the "***Corporate Card Expenses***").

57. Over the last twelve months, the Debtors have incurred a monthly average of approximately $147,400.00 in Corporate Card Expenses. As of the Petition Date, the Debtors believe that approximately $35,900.00 in Corporate Card Expenses has accrued and is outstanding, all of which will become due and payable within the first 21 days after the Petition Date. As of

the Petition Date, the Debtors estimate that there are no accrued but unpaid fees on account of the Corporate Card Program (the "***Corporate Card Fees***").

58. Use of the Corporate Cards is an important part of the Debtors' Cash Management System, and continuation of the ability of the Debtors' employees to use the Corporate Cards is essential to the continued operation of the Debtors' businesses. I believe the Debtors' inability to maintain the Corporate Card Program could impose a hardship on the continued operation of the Debtors' businesses and would likely impose significant hardship on the Debtors' employees.

59. In the ordinary course of business, the Debtors maintain business relationships with each other, conducting intercompany transactions (collectively, the "***Intercompany Transactions***") from time to time that result in intercompany receivables and payables (the "***Intercompany Claims***"). As described above, the Debtors manage their expenses and revenues through a centralized Cash Management System. The Debtors track all fund transfers in their respective accounting systems and can ascertain, trace, and account for all Intercompany Transactions and will continue to do so postpetition.

60. At any given time, there may be Intercompany Claims owing by one Debtor to another Debtor. Intercompany Transactions are made periodically to reimburse certain Debtors for various expenditures associated with their businesses or to fund certain Debtors' accounts in anticipation of certain upcoming expenditures, as needed. For example, in the operation of the Cash Management System, the Debtors transfer funds, for cash concentration purposes from the Accounts Receivable (8820) to the Accounts Payable Account (7246), and subsequently to the Payroll Disbursements Account (9936) and the Withdraws Disbursement Account (0769). Transferring cash in this manner allows the Debtors to run their operations and financing activities in a systematic manner in accordance with certain restrictions under the Prepetition ABL Facility.

61. Additionally, in the ordinary course of business, Axip purchases compressor units. Once those compression units are designated to be used in connection with a compression services contract with a customer, Axip sells them to Axip Leasing pursuant to a bill of sale, and Axip Leasing concurrently leases the compression units back to LP under a lease agreement (such transaction, the "***Sale-Leaseback Program***"). Following each Intercompany Transaction in the Sale-Leaseback Program, the Intercompany Claims held by both LP and Axip Leasing are consolidated for financial accounting purposes.

62. The Intercompany Transactions under the Sale-Leaseback Program are necessary due to the corporate structure and Cash Management System of the Debtors. The Sale-Leaseback Program is a crucial part of the Debtors' customary business practices that would be difficult, inefficient, and value destructive to change. I believe that if the Sale-Leaseback Program were to be discontinued, the Cash Management System and the Debtors' operations would be unnecessarily disrupted to the detriment of the Debtors' estates. I further believe that continuing the Sale-Leaseback Program is essential and is in the best interests of the Debtors' estates and creditors. To minimize business disruptions and maintain value for the Debtors' estates, the Debtors seek authority to continue the Sale-Leaseback Program and related Intercompany Transactions in the ordinary course of business postpetition, consistent with the Debtors' customary prepetition practices.

63. I believe that the failure to receive the relief requested in the Cash Management Motion, including authorization to continue to operate their Cash Management System, maintain and continue to use the Bank Accounts, continue the Corporate Card Program, and continue the Intercompany Transactions in the ordinary course of business postpetition, consistent with the Debtors' customary prepetition practices, would imperil the Debtors' restructuring and cause

irreparable harm. Accordingly, on behalf of the Debtors, I respectfully request that the Cash Management Motion be approved.

C. Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(b)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief (the "*Vendors Motion*")

64. In the Vendors Motion, the Debtors seek entry of interim and final orders (a) authorizing the Debtors to pay in the ordinary course of business, based on their sound business judgment, prepetition amounts owed to (i) Critical Vendors (as defined below), (ii) Lien Claimants (as defined below), and (iii) 503(b)(9) Claimants (as defined below) (together with the Critical Vendors and the Lien Claimants, the "***Vendors***," and the Vendors' prepetition claims, collectively, the "***Vendor Claims***"); (b) confirming the administrative expense priority status and treatment of the Debtors' outstanding orders; and (c) granting related relief. The Debtors respectfully request authority to pay Vendor Claims in an amount not to exceed $4,100,000.00 on an interim basis and in an amount not to exceed $6,948,000.00 on a final basis, in each case as they become due in the ordinary course of business and only on such terms and conditions the Debtors deem appropriate, in their business judgment, to minimize any disruptions to the Debtors' businesses.[7]

65. The Debtors rely on uninterrupted access to and relationships with various Vendors that supply goods and services critical to the Debtors' ongoing business operations. These Vendors provide, among other things, specialized compressor parts and chemicals, emergency repair and remote monitoring services, and critical logistics support such as trucking, hauling, and storage. Any disruption in the Debtors' access to these goods and services would have significant and detrimental economic and operational consequences, including impairing the Debtors' ability to

[7] In the event Debtors will exceed the aggregate amounts to be paid to the Critical Vendors, 503(b)(9) Claimants, or Lien Claimants during the interim period, the Debtors shall file a notice with the Court describing the category and overage amount.

operate and maintain their compressor fleet and provide reliable service to their customers. Accordingly, the Debtors seek authority to pay certain prepetition Vendor Claims in the amounts summarized below.

Vendors[8]	**Requested Interim Amount**	**Requested Final Amount**[9]
Critical Vendors	$500,000.00	$1,000,000.00
Lien Claimants	$3,600,000.00	$4,900,000.00
503(b)(9) Claimants	N/A	$1,048,000.00
	$4,100,000.00	$6,948,000.00

a. **Critical Vendors:** In connection with the normal operation of their businesses, the Debtors purchase goods and/or services from certain vendors, suppliers, and service providers (the "***Critical Vendors***") that are unaffiliated with the Debtors and whose continued provision of such goods and/or services is crucial to maintaining the Debtors' ongoing business operations. These Critical Vendors are often sole-source or limited-source providers that supply specialized compressor components and related parts or furnish critical services such as remote monitoring and emergency repair services necessary for the Debtors' ongoing operations. In many cases, the Critical Vendors have expertise in the Debtors' industry, unique knowledge of the Debtors' compressor fleet, and/or provide access to specialized equipment or services that are not readily available from alternative sources. I believe disruption in the provision of goods and services from the Critical Vendors, even for a short duration, could materially impair the Debtors' ability to operate and maintain their compressor units, jeopardize customer relationships, and cause immediate and irreparable harm to the Debtors' businesses and estates during these Chapter 11 Cases.

[8] For the avoidance of doubt, the amounts proposed to be paid to each Vendor on account of its claims are only captured once. For instance, if a Critical Vendor Claim (defined below) is subject to a valid lien or entitled to administrative expense priority status under section 503(b)(9) of the Bankruptcy Code, that claim will instead be categorized as a Lien Claim (defined below) or 503(b)(9) Claim (defined below), as appropriate. Additionally, amounts proposed to be paid to the Vendors do not include claims of creditors whose prepetition claims are addressed in any other first-day motion filed contemporaneously herewith.

[9] For the avoidance of doubt, requested amounts of Critical Vendor Claims, Lien Claims, and 503(b)(9) Claims the Debtors seek authority to pay on a final basis are inclusive of Critical Vendor Claims, Lien Claims, and 503(b)(9) Claims, respectively, paid on an interim basis.

Accordingly, the Debtors, with the assistance of their advisors, have identified the universe and type of vendors they deem to be critical to their ongoing operations. Through this process, the Debtors and their Advisors spent significant time reviewing and analyzing the Debtors' books and records, consulting operations management and purchasing personnel, reviewing contracts and supply agreements, and analyzing applicable laws, and historical practices to identify certain critical business relationships and/or suppliers of goods and services, the loss of which could materially harm their businesses, reduce their enterprise value, and/or impair their going-concern viability. The Debtors considered a variety of factors, including, among other things:

- whether a vendor is a sole- or limited-source or high-volume supplier for goods or services critical to the Debtors' business operations;

- whether alternative vendors are available that can provide requisite volumes of similar goods or services on equal or better terms and, if so, whether the Debtors would be able to continue operating while transitioning business thereto;

- the degree to which replacement costs (including pricing, transition expenses, professional fees, and lost sales or future revenue) exceed the amount of a vendor's prepetition claim;

- whether an agreement exists by which the Debtors could compel a vendor to continue performing on prepetition terms without paying such vendor's prepetition claim at the outset of these Chapter 11 Cases;

- whether certain specification or contract requirements prevent, directly or indirectly, the Debtors from obtaining goods or services from alternative sources;

- whether failure to pay all or part of a particular vendor's claim could cause the vendor to refuse to ship inventory or replacement parts or to provide critical services on a postpetition basis;

- whether failure to pay all or part of a particular vendor's claim would significantly harm such vendor's ability to remain in business, leading to fewer options in the market for the Debtors to choose from;

- whether failure to pay a particular vendor could result in contraction of trade terms as a matter of applicable non-bankruptcy law or regulation; and

- whether authorization for payment of a particular vendor is being sought under another motion of the Debtors for first day relief.

Following this analysis, the Debtors identified certain categories of Critical Vendors utilized in the ordinary course that would be difficult or impossible to replace or could only be replaced at substantially higher costs for the Debtors as they transition into chapter 11. Maintaining uninterrupted access to and relationships with the Critical Vendors is crucial for the Debtors' ongoing business operations. The Debtors have identified three categories of Critical Vendors.

i. Specialized Parts Suppliers: The Debtors rely on certain suppliers to provide specialized equipment, parts, and other supplies critical to the Debtors' compression operations across the natural gas industry. Many of these items are available only from single-source or limited-source providers, sold on a one-off purchase order basis, and specifically designed or customized to meet the operational requirements of the Debtors' compressor fleet; if the Debtors are unable to continue purchasing from these suppliers, I believe they would face significant difficulty locating suitable replacements and any substitute providers would require substantial lead time. I believe the resulting disruption would materially impair the Debtors' ability to provide reliable compression services, jeopardize customer relationships, and cause immediate harm to the Debtors' businesses and estates.

ii. Repair and Maintenance Providers: The Debtors depend on certain providers to repair and maintain the Debtors' compressor fleet, which includes specialized equipment tailored to specific service applications. Many of these providers are located near the remote, rural sites where the Debtors' compression units are deployed, and in many cases there are no alternative service providers capable of servicing equipment in those locations on the timeframes necessary for the Debtors' operations. Without access to such providers, the Debtors would be unable to timely complete necessary repairs and maintenance, if at all. Accordingly, I believe any interruption in the Debtors' ability to utilize such providers would cause immediate and irreparable harm to the Debtors' businesses and estates.

iii. Essential Service and Equipment Providers: The Debtors also depend on certain providers of (a) remote monitoring services across the Debtors' fleet of compressors, (b) necessary information and technology services, and (c) necessary equipment and goods, including health and safety equipment for the Debtors' employees. These providers enable the Debtors to monitor and diagnose their fleet of compressors from a centralized location and efficiently deploy the correct maintenance or repair teams as needed, among other things. These providers are a necessary part of the Debtors' day-to-day operations and cannot be easily replaced. Accordingly, I believe any interruption in the Debtors' ability to utilize such

providers would cause immediate and irreparable harm to the Debtors' businesses and estates.

I believe the Debtors' estates would be immediately and irreparably harmed if they were to lose access to the goods and services provided by the Critical Vendors. The Debtors therefore seek authority to honor prepetition obligations to Critical Vendors and pay all or a portion of the Critical Vendor Claims on an interim basis in an amount not to exceed $500,000.00, and on a final basis in an amount not to exceed $1,000,000.00 (the "***Critical Vendor Claims***"). I further believe that the requested relief will allow the Debtors to preserve the value of their estates by paying the prepetition claims of certain counterparties that are critical to their businesses. Moreover, I believe the relief requested herein is necessary because many of the Critical Vendors have no obligation to continue providing goods and services under relevant contracts, and, as a result, the Debtors would be unable to force those vendors to continue to perform. Additionally, I understand that the Debtors do not seek authorization to honor prepetition obligations arising under contract, except where the Debtors determine, in their business judgment, such parties may be capable of terminating their contracts or may otherwise inflict immediate and irreparable harm on the Debtors by their refusal to continue providing goods or services.

b. **Lien Claimants:** The Debtors routinely engage a number of third parties that may be able to assert and perfect liens, including mechanics' liens, construction liens, materialmen liens, transportation and freight liens, possessory liens, and other similar liens, against the Debtors' property if the Debtors fail to pay for the goods or services rendered (such parties, collectively, the "***Lien Claimants***"). Many of these Lien Claimants provide goods and services that are essential to the maintenance and operation of the Debtors' compressor fleet as well as field service, installation, and transportation services required to keep such equipment in continuous operation. Absent the continued support of these Lien Claimants, the Debtors could not reliably maintain or operate their compressor units, which are central to providing uninterrupted natural gas compression services to customers. Moreover, these Lien Claimants may hold or assert liens against the Debtors' property under applicable law for prepetition work performed for the Debtors. The Lien Claimants also include (a) common carriers, trucking companies, distributors, logistics management companies, transloading and other third-party transport service providers (collectively, the "***Shippers***") that ship, transport, and otherwise facilitate the movement of the Debtors' finished goods, operating supplies, parts, components, materials, equipment, or other property (collectively, the "***Materials***") among the Debtors' facilities, field locations, and customer sites, (b) the warehousemen, bailees, storage facilities, and other storage providers (collectively, the "***Warehousemen***") to whom Materials are delivered through established distribution networks to store Materials in transit or machinery for repair, and (c) contractors, mechanics, and other service

providers (collectively, the "***Service Providers***") that repair, maintain, equip, test, and otherwise service necessary equipment and machinery for the Debtors. The Shippers, Warehousemen, and Service Providers may possess Materials that belong to the Debtors, and the failure to pay any of the foregoing may result in such Shippers, Warehousemen, and Service Providers asserting liens against the Debtors' property, attempting to take possession of the Debtors' property, or preventing the Debtors from accessing the Materials. Ready access to the Materials is essential, as they may include critical compressor components and parts necessary for fleet maintenance, as well as equipment that must be timely delivered to customers to avoid operational disruptions. Moreover, I understand that under most state laws, a Lien Claimant is granted a lien on the goods in its possession, which secures any charges or expenses incurred in connection with the transportation or storage of such goods. Lien Claimants may, as a result, refuse to deliver or release Materials and other goods in their possession or control before the Debtors satisfy any outstanding prepetition amounts owed (collectively, the "Lien Claimants Claims") and any Lien Claimant's liens are released. If the Debtors are unable to timely pay the Lien Claimants Claims, they risk being unable to safely maintain their business operations as they transition into chapter 11, which would cause immediate and irreparable harm to the Debtors' estates. As of the Petition Date, the Debtors believe that approximately $4,900,000.00 in Lien Claims has accrued and is outstanding, approximately $3,600,000.00 of which will become due and payable within the first 21 days after the Petition Date.

c. **503(b)(9) Claimants:** The Debtors may have received certain goods or materials from certain vendors (collectively, the "***503(b)(9) Claimants***") in the ordinary course of business within 20 days before the Petition Date. Amounts owed to such parties may be entitled to administrative priority under section 503(b)(9) of the Bankruptcy Code (such amounts, "***503(b)(9) Claims***"). To the extent such goods are supplied on an order-by-order basis, a 503(b)(9) Claimant could refuse to accept new orders without payment of its prepetition claims. The Debtors also believe certain 503(b)(9) Claimants may attempt to reduce the Debtors' existing trade credit or demand payment in cash on delivery, either of which would negatively impact the Debtors' liquidity. Further, 503(b)(9) Claims must be paid in full for the Debtors to confirm a chapter 11 plan. Consequently, payment of such claims as requested by this Motion only provides such parties with what they would be entitled to receive under a chapter 11 plan. As of the Petition Date, the Debtors believe that approximately $1,048,000.00 in 503(b)(9) Claims has accrued and is outstanding, none of which will become due and payable within the first 21 days after the Petition Date.

66. I believe that any failure by the Debtors to pay the Vendor Claims could cause significant damage to the Debtors' business operations. The nature of the Debtors' businesses and

the extent of their operations make the continued services from the Vendors critical, and the prompt payment of the Vendor Claims is crucial for the orderly and efficient operation of the Debtors' businesses. I further believe that failure to pay for these essential goods or services would cause immediate and irreparable harm to the Debtors' businesses. For the foregoing reasons, I believe that satisfying the Vendor Claims is necessary, appropriate, and in the best interests of the Debtors, their estates, and their stakeholders, and respectfully submit that the Court should authorize the Debtors to satisfy the Vendor Claims as set forth in the Vendors Motion.

67. The Debtors seek authority to pay all or a portion of the Lien Claimants' Claims as they determine, in their discretion, is necessary or appropriate to obtain the release of, or prevent the assertion of, Liens and Interests on estate property asserted by any Lien Claimant that is critical to the Debtors' ongoing business operations. I believe that allowing the Debtors to pay such Lien Claimants' Claims, in their discretion and as an exercise of their business judgment, in the ordinary course of business would avoid the irreparable harm that would occur absent payment of the Lien Claimants' Claims.

68. I believe that timely obtaining goods is key to the Debtors' survival and necessary to preserve the value of their estates. If the Debtors did not pay the 503(b)(9) Claims at the outset of these Chapter 11 Cases—which I understand merely potentially accelerates the timing of payment and not the ultimate treatment of such claims—the Debtors could be denied access to the goods necessary to maintain their business operations. Failure to honor these claims in the ordinary course of business may also cause the Debtors' vendor base to withhold support for the Debtors during the chapter 11 process. The 503(b)(9) Claimants could, for example, accelerate or eliminate favorable trade terms. I believe such costs and distractions could impair the Debtors' ability to stabilize their operations at this critical juncture to the detriment of all stakeholders.

69. In the ordinary course of business, prior to the Petition Date, the Debtors may have ordered goods that will not be delivered until after the Petition Date (the "***Outstanding Orders***"). The suppliers that have supplied such goods (the "***Suppliers***") may refuse to ship or otherwise transport such goods to the Debtors to avoid becoming general unsecured creditors of the Debtors unless and until the Debtors re-order such goods postpetition. I believe that (a) granting administrative expense priority to the undisputed obligations arising from the Debtors' receipt of Outstanding Orders and (b) authorizing the Debtors to pay for the Outstanding Orders in the ordinary course of business will avoid any disruption to the Debtors' businesses. If the Debtors do not receive such relief, however, they may be forced to spend significant time and effort substituting the Outstanding Orders with postpetition orders or otherwise provide such claimants with assurance that the claim will receive administrative priority. This potential disruption could have a significant negative impact on the Debtors' business operations, as the Debtors may not timely receive the specialized compressor parts, components, and related equipment necessary to service and operate their compressor fleet, which would impair the Debtors' ability to fulfill customer contracts, disrupt revenue streams, and erode the value of the Debtors' estates. Therefore, the Debtors respectfully request that the Court authorize them to pay the undisputed Outstanding Orders in the ordinary course of business and confirm the administrative expense priority of the Outstanding Orders.

70. The Debtors seek authority to pay Vendor Claims in the ordinary course of business; *provided* that any such payment of Vendor Claims shall be contingent upon the applicable Vendor (a) agreeing to continue to supply goods or services to the Debtors on

"Customary Trade Terms"[10] and (b) agreement that they shall not be permitted to cancel any contract, agreement, or arrangement pursuant to which they provide such goods and services to the Debtors during the course of these Chapter 11 Cases (*provided*, that the Debtors continue to pay for such goods and services and are not otherwise in breach of such contract or agreement).

71. The Debtors further propose that if a Vendor accepts payment for a Vendor Claim and thereafter refuses to continue to supply goods or services to the Debtors on Customary Trade Terms for the applicable period, then the Debtors may assert and request that the Court order: (a) that the payment of such Vendor Claim is a voidable postpetition transfer pursuant to section 549(a) of the Bankruptcy Code that the Debtors may recover from such Vendor in cash, (b) that the Vendor immediately return such payments in respect of its Vendor Claim to the extent that the aggregate amount of such payments exceeds the postpetition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever, and (c) upon recovery of such payment by the Debtors, such Vendor Claim shall be reinstated in such an amount as to restore the Debtors and the applicable Vendor to their original positions, as if the payment of the Vendor Claim had not been made.

72. To ensure that Vendors transact business with the Debtors on Customary Trade Terms, the Debtors propose the following procedures as a condition to paying any Vendor Claim: (a) the Debtors may (i) require a Vendor to enter into a contractual agreement evidencing such Customary Trade Terms substantially in the form attached to this Motion as Exhibit C (a "***Vendor Agreement***"), or (ii) otherwise obtain a written communication from the Vendor evidencing such

[10] As used herein, "***Customary Trade Terms***" means, with respect to a Vendor, (i) the normal and customary trade terms, practices, and programs that were most favorable to the Debtors and in effect between such Vendor and the Debtors in the twelve-month period prior to the Petition Date or (ii) such other trade terms as agreed by the Debtors and such Vendor that, in the reasonable business judgment of the Debtors, are more favorable to the Debtors than the terms in the preceding clause (i).

Vendor's agreement to such Customary Trade Terms, and (b) that payment of the Vendor Claim include a communication of the following statement:

> By accepting this payment, the payee agrees to the terms of the Order of the United States Bankruptcy Court for the Southern District of Texas, Houston Division, dated [●], 2026, in the jointly administered Chapter 11 Cases of Axip Energy Services, LP, entitled "*[Interim] [Final] Order (I) Authorizing the Debtors to Pay (A) Critical Vendors, (B) Lien Claimants, and (C) 503(b)(9) Claimants; (II) Confirming Administrative Expense Priority of Outstanding Orders; and (III) Granting Related Relief*" and submits to the jurisdiction of that Court for enforcement thereof.

73. By the Vendors Motion, the Debtors respectfully request only the authorization to enter into Vendor Agreements when the Debtors determine that entry into such Vendor Agreements is in the best interest of the Debtors' estates. The Debtors also request authorization to make payments on account of Vendor Claims in the absence of a Vendor Agreement if the Debtors determine, in their business judgment, that entry into such Vendor Agreements will result in harm to the Debtors' businesses. For clarity, the Debtors request discretion to enter into Vendor Agreements because certain of the Vendors hold claims of modest size, and the anticipated cost to the Debtors' estates, in both time and expense, for the Debtors and their advisors to enter into Vendor Agreements with these Vendors would outweigh the size of the potential Vendor Claims being resolved. However, the Debtors request that to the extent the Debtors do not enter into a Vendor Agreement with a Vendor, such Vendor's acceptance of payment on account of its Vendor Claim be deemed as the Vendor's agreement (a) to continue providing goods or services on Customary Trade Terms and (b) that they shall not be permitted to cancel any contract, agreement, or arrangement pursuant to which they provide such goods or services to the Debtors during the

course of these Chapter 11 Cases (*provided*, that the Debtors continue to pay for such goods and services and are not otherwise in breach of such contract or agreement).[11]

74. The Debtors further request authority to require, as a further condition of receiving payment on account of a Vendor Claim, that a Vendor agree to take whatever action is necessary to remove any existing liens on the Debtors' property at such Vendor's sole cost and expense and waive any right to assert a trade lien on account of the paid Vendor Claim. I believe that the relief requested in the Vendors Motion is necessary to avoid immediate and irreparable harm to the Debtors. It is my understanding that the Debtors have sufficient liquidity (after approval of the requested debtor-in-possession financing) to pay the amounts described in the Vendors Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully submit that the Vendors Motion should be approved.

75. I believe timely obtaining goods is key to the Debtors' survival and necessary to preserve the value of their estates. If the Debtors did not pay the 503(b)(9) Claims at the outset of these Chapter 11 Cases—which merely potentially accelerates the timing of payment and not the ultimate treatment of such claims—the Debtors could be denied access to the goods necessary to maintain their business operations. I further believe that failure to honor these claims in the ordinary course of business may also cause the Debtors' vendor base to withhold support for the Debtors during the chapter 11 process, as 503(b)(9) Claimants could accelerate or eliminate favorable trade terms. I believe such costs and distractions could impair the Debtors' ability to stabilize their operations at this critical juncture to the detriment of all stakeholders.

[11] For the avoidance of doubt, nothing in the Vendors Motion should be construed as a waiver by any of the Debtors of their rights to contest any claim of a Vendor under applicable bankruptcy or non-bankruptcy law.

76. I believe if the Debtors do not receive such relief requested in the Vendors Motion, they may be forced to spend significant time and effort substituting the Outstanding Orders with postpetition orders or otherwise provide such claimants with assurance that the claim will receive administrative priority. I believe this potential disruption could have a significant negative impact on the Debtors' business operations, as the Debtors may not timely receive the specialized compressor parts, components, and related equipment necessary to service and operate their compressor fleet, which would impair the Debtors' ability to fulfill customer contracts, disrupt revenue streams, and erode the value of the Debtors' estates. Accordingly, the Debtors respectfully request that the Court authorize them to pay the undisputed Outstanding Orders in the ordinary course of business and confirm the administrative expense priority of the Outstanding Orders.

77. Subject to approval of and entry into the DIP Financing, the Debtors have sufficient liquidity to pay the amounts described in this Motion in the ordinary course of business. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks, wire transfers, or electronic fund transfer requests as relating to an authorized payment in respect of the payments to the Vendors. Accordingly, I believe that there is minimal risk that checks, wire transfers, and electronic fund transfer requests that the Court has not authorized will be honored inadvertently. The Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks, wire transfers, or electronic fund transfer requests in respect of the relief requested in this Motion. Further, the Debtors also seek authority to issue new postpetition checks, wire transfers, or electronic fund transfer requests to replace any prepetition checks, wire transfers, or funds transfers that may be dishonored or rejected as a result of the commencement of these Chapter 11 Cases.

D. Emergency Motion for Entry of an Order (I) Approving the Debtors' Proposed Adequate Assurance Payments for Future Utility Services; (II) Prohibiting Utility Companies from Altering, Discontinuing, or Refusing Services; (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests; and (IV) Granting Related Relief (the "*Utilities Motion*")

78. Certain companies (the "***Utility Companies***") provide the Debtors with traditional utility services (the "***Utility Services***"), such as electricity, gas, water, waste disposal, telecommunications, internet, and other similar services that the Debtors utilize in the ordinary course of business and are necessary for the continued operation of the Debtors' day-to-day affairs. A non-exclusive list of the Utility Companies that provide Utility Services to the Debtors as of the Petition Date is attached as Exhibit B to the Utilities Motion (the "***Utility Services List***"). The relief requested herein is with respect to all Utility Companies supplying Utility Services to the Debtors and is not limited to those on the Utility Services List.

79. I believe uninterrupted Utility Services are critical to the Debtors' ability to operate and maintain the value of their businesses while maximizing value for the benefit of their estates. The Debtors could not operate their businesses without the Utility Services. I further believe, should any Utility Company alter, refuse, or discontinue service, even for a brief period, the Debtors' business operations could be significantly disrupted, which could immediately and irreparably harm and jeopardize the Debtors' operations and strategic objectives. Accordingly, I believe it is essential that the Utility Services continue uninterrupted during these Chapter 11 Cases.

80. I understand that, to the best of the Debtors' knowledge, there are no material defaults or arrearages with respect to the Debtors' undisputed invoices for prepetition Utility Services. The Debtors pay approximately $37,195 each month for Utility Services in the aggregate, which is calculated as the aggregate historical average for the twelve-month payment

period ended January 31, 2026, for each Utility Company (the "***Average Monthly Utility Company Cost***").

81. The Debtors intend to pay postpetition obligations owed to the Utility Companies in the ordinary course of business in a timely manner, and, the Debtors expect that cash generated from operations and anticipated access to cash collateral and debtor-in-possession financing will provide sufficient liquidity to pay obligations related to Utility Services in accordance with prepetition practices.

82. I further believe that the Utility Companies are adequately assured against any risk of nonpayment for future services, especially in light of the Debtors' general history of paying utility bills on time and in the ordinary course. The Adequate Assurance Deposit (as defined below) and the Debtors' ongoing ability to meet obligations as they come due in the ordinary course as a result of the Debtors' proposed budget provides assurance of the Debtors' payment of their future obligations. Moreover, I believe termination of Utility Services could result in the Debtors' inability to operate their businesses to the detriment of all stakeholders.

83. To provide the Utility Companies with adequate assurance of payment, the Debtors propose to deposit $18,597 (the "***Adequate Assurance Deposit***") into a segregated account (the "***Adequate Assurance Account***"). The amount of the Adequate Assurance Deposit is an amount equal to the lesser of, for each Utility Company (a)(i) approximately half of the Average Monthly Utility Company Cost for such Utility Company, minus (ii) any deposit held by such Utility Company, plus (iii) the estimated amount owed to such Utility Company for prepetition services which have accrued but not come due; and (b) approximately half of the Average Monthly Utility Company Cost for such Utility Company. The Adequate Assurance Deposit will be held in the

Adequate Assurance Account for the duration of these Chapter 11 Cases and may be applied to any postpetition defaults in payment to the Utility Companies.

84. I believe that the relief requested in the Utilities Motion is necessary to avoid immediate and irreparable harm to the Debtors. It is my understanding that the Debtors have sufficient liquidity (after approval of the requested debtor-in-possession financing) to pay the amounts described in the Utilities Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully submit that the Utilities Motion should be approved.

E. Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Pay Certain Taxes and Fees and (II) Granting Related Relief (the "*Taxes Motion*")

85. By the Taxes Motion, the Debtors seek entry of an order (a) authorizing the Debtors to remit and pay (or use tax credits to offset) certain accrued and outstanding prepetition taxes and fees that will become payable during the pendency of these Chapter 11 Cases in the ordinary course of business and (b) granting related relief. In addition, for the avoidance of doubt, the Debtors seek authority to pay taxes and fees for so-called "straddle" periods. [12]

86. In the ordinary course of business, the Debtors collect, withhold, or incur property taxes, franchise and income taxes, sales, use, and excise taxes, as well as certain other administrative, governmental, and regulatory fees and assessments (collectively, the "***Taxes and Fees***"). The Debtors remit and pay the Taxes and Fees to various federal, state, and local governments, including taxing authorities (collectively, the "***Authorities***"). A schedule identifying the Authorities is attached to the Taxes Motion as Exhibit B.[13] The Debtors remit and pay the

[12] The Debtors reserve their rights with respect to the proper characterization of any "straddle" taxes and fees and to seek reimbursement of any portion of any payment made that ultimately is not entitled to administrative or priority treatment.

[13] While Exhibit B to the Taxes Motion is intended to be comprehensive, the Debtors may have inadvertently omitted Authorities from Exhibit B to the Taxes Motion. By the Taxes Motion, the Debtors respectfully request relief with respect to Taxes and Fees payable to all Authorities, regardless of whether such Authority is specifically identified on Exhibit B to the Taxes Motion.

Taxes and Fees through certain third-party advisors and consultants and/or checks and electronic funds transfers that are processed through their banks and other financial institutions. The Debtors may also receive tax credits from time to time for overpayments or refunds in respect of the Taxes and Fees, which the Debtors generally use to offset against future Taxes and Fees or have the amount of such credits refunded to the Debtors.

87. As of the Petition Date, approximately $1,423,136.33 in Taxes and Fees has accrued and is outstanding, approximately $394,089.44 of which will become due and payable within the first 21 days after the Petition Date. Such estimated Taxes and Fees are summarized below.

Category	**Approximate Amount Accrued as of Petition Date**	**Approximate Amount Due Within 21 Days After the Petition Date**
Property Taxes	$635,225.81	$13,859.92
Franchise Taxes and Income Taxes	$400,000.00	$0
Sales and Use Taxes	$380,229.52	$380,229.52
Regulatory Fees and Other Miscellaneous Taxes	$7,681.00	$0
	$1,423,136.33	$394,089.44

88. The Debtors incur various state and local property taxes against the Debtors' real and personal property (collectively, "***Property Taxes***"). The Debtors are required to remit and pay Property Taxes on an annual or monthly basis depending on the jurisdiction to avoid the imposition and/or enforcement of statutory liens on their real or personal property. In certain states, such as Texas, the Debtors remit a Property Tax based on special inventory such as heavy equipment on a monthly basis. The Debtors remit and pay Property Taxes through a third-party tax consultant. In 2025, the Debtors paid approximately $621,365.89 on account of Property Taxes. As of the

Petition Date, the Debtors submit that approximately $635,225.81 in Property Taxes has accrued and is outstanding, approximately $13,859.92 of which will become due and payable within the first 21 days after the Petition Date.

89. The Debtors incur various state and local franchise taxes on account of doing business in certain states and communities (the "***Franchise Taxes***"). The Debtors are required to pay Franchise Taxes in order to remain in good standing and continue conducting their businesses pursuant to applicable state and local laws. Depending on the taxing jurisdiction, Franchise Taxes may be assessed based on the applicable Debtor's capital structure, as a percentage of gross receipts or income, or as a fixed amount. The Debtors also incur various corporate income taxes on their taxable net income (collectively, "***Income Taxes***"). Income Taxes are generally calculated as a percentage of net or gross income, as applicable. The Debtors are required to remit and pay Income Taxes on an annual basis in order to remain in good standing and continue conducting their businesses pursuant to applicable federal, state, and local laws. State Income Taxes are generally calculated as a percentage of net income, but certain states assess a minimum amount of Income Taxes for doing business in that state regardless of net income. The Debtors remit and pay Franchise Taxes and Income Taxes both directly and through a third-party tax consultant. In 2025, the Debtors paid approximately $403,603.55 on account of Franchise Taxes and Income Taxes. As of the Petition Date, the Debtors submit that approximately $400,000.00 in Franchise Taxes and Income Taxes has accrued and is outstanding, none of which will become due and payable within the first 21 days after the Petition Date.

90. In the ordinary course of business, the Debtors incur, collect, and remit sales and use taxes (including interest and penalties on any late payments) to the relevant Authorities in connection with the sale, purchase, and use of goods and services (collectively, the "***Sales and Use***

Taxes"). Sales and Use Taxes are general consumption taxes charged at either the point of purchase for goods and services or the point of sale of goods or services purchased. In certain states, such as New Mexico, the Debtors remit a Sales and Use Tax based on gross receipts. The Debtors remit and pay Sales and Use Taxes through a third-party tax solutions service. The Debtors generally accrue and remit Sales and Use Taxes monthly. In 2025, the Debtors paid approximately $4,107,453.23 on account of Sales and Use Taxes. As of the Petition Date, the Debtors submit that approximately $380,229.52 in Sales and Use Taxes has accrued and is outstanding, all of which will become due and payable within the first 21 days after the Petition Date.

91. The Debtors incur, in the ordinary course of business, certain regulatory fees, annual reporting fees, permitting fees, licensing fees, levies, and other miscellaneous taxes and fees associated with conducting business in accordance with state and/or local laws (the "***Regulatory Fees and Other Miscellaneous Taxes***"). The Debtors remit and pay these fees to the relevant Authorities on a timely basis as required by the relevant Authorities through a third-party tax agent. In 2025, the Debtors paid approximately $10,181.00 on account of Regulatory Fees and Other Miscellaneous Taxes. As of the Petition Date, the Debtors submit that approximately $7,681.00 in Regulatory Fees and Other Miscellaneous Taxes has accrued and is outstanding, none of which will become due and payable within the first 21 days after the Petition Date.

92. As of the Petition Date, the Debtors are subject to certain ongoing audit investigations and may be subject to future audit investigations by certain Authorities on account of tax returns and/or obligations from prior years including, but not limited to, audit investigations by the Texas Comptroller of Public Accounts on account of Debtors' Texas Sales and Use Tax

obligations[14] (the "***Texas Audit***" and collectively, the "***Audits***"). The Authorities performing the Audits may seek to impose additional prepetition Taxes and Fees, including interest on late payment of taxes (if applicable) (such additional Taxes and Fees, the "***Assessments***"). Additionally, the Debtors may be contesting Audits and Assessments in appropriate judicial or administrative proceedings, as well as the amount that may need to be posted as collateral to contest asserted Assessment amounts. The Debtors expressly state that nothing in the Taxes Motion or any related order constitutes or should be construed as an admission of liability by the Debtors with respect to any Audit or Assessment. Furthermore, the Debtors expressly reserve all rights with respect to any Audit or Assessment and reserve the right to contest and/or appeal any Assessment as a result of any Audit.

93. Although paying the Taxes and Fees is critical to the continued operations of the Debtors' businesses, the Debtors may have appropriate grounds and wish to contest certain Taxes and Fees. As such, the Debtors respectfully request that such relief granted in the Taxes Motion be without prejudice to the Debtors' rights to contest the amounts of any Taxes and Fees on any grounds they deem appropriate. The Debtors propose that prior to making a payment to any of the Authorities under the Taxes Motion, the Debtors be authorized, in their discretion, to settle all or some of the prepetition claims of such Authorities for less than their face amount without further notice or hearing.

94. I believe that if certain of the Taxes and Fees are not paid, the Debtors' officers and directors may be subject to lawsuits during the pendency of these Chapter 11 Cases. Such lawsuits would prove distracting for the Debtors and the named officers and directors, whose immediate and full-time attention is required to focus on preserving and maximizing the value of the Debtors'

[14] Ryan LLC, a global tax services firm, has been engaged by the Debtors in connection with the Texas Audit to perform services on a contingent fee basis.

estates. I further believe it is in the best interest of the Debtors' estates to eliminate the possibility of such time-consuming, costly, and potentially damaging distractions. Moreover, I believe that the payment of the Taxes and Fees is necessary to avoid potential administrative difficulties. If the Taxes and Fees were not paid, the Authorities may attempt to take administrative or legal action, including additional state audits, lien filings, and lift stay motions. I understand that only the prompt and regular payment of the Taxes and Fees will avoid these and other unnecessary governmental actions.

95. Subject to approval of and entry into the DIP Financing, I believe the Debtors have sufficient liquidity to pay the amounts described in this Motion in the ordinary course of business. In addition, under the Debtors' existing cash management system, I believe the Debtors can readily identify checks, wire transfers, or electronic fund transfer requests as relating to an authorized payment in respect of the Taxes and Fees. Accordingly, the Debtors believe that there is minimal risk that checks, wire transfers, or electronic fund transfer requests that the Court has not authorized will be honored inadvertently. The Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks, wire transfers, or electronic fund transfer requests in respect of the relief requested in this Motion. Further, the Debtors also seek authority to issue new postpetition checks, wire transfers, or electronic fund transfer requests to replace any prepetition checks, wire transfers, or funds transfers that may be dishonored or rejected as a result of the commencement of these Chapter 11 Cases.

96. For the reasons stated above, I believe that the relief requested in the Taxes Motion is necessary to avoid immediate and irreparable harm to the Debtors. It is my understanding that the Debtors have sufficient liquidity (after approval of the requested debtor-in-possession

financing) to pay the amounts described in the Taxes Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully submit that the Taxes Motion should be approved.

F. Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage and Satisfy Prepetition Obligations Related Thereto; (B) Renew, Amend, Supplement, Extend, or Purchase Coverage on a Postpetition Basis in the Ordinary Course; (II) Modifying the Automatic Stay Solely With Respect to Workers' Compensation Claims; and (III) Granting Related Relief (the "*Insurance Motion*")

97. In the Insurance Motion, the Debtors seek entry of an order (a) authorizing the Debtors to (i) continue their prepetition insurance coverage and satisfy prepetition obligations related thereto; (ii) renew, amend, supplement, extend, or purchase insurance coverage on a postpetition basis in the ordinary course; (b) modifying the automatic stay solely with respect to workers' compensation claims; and (c) granting related relief.

98. The Debtors maintain nine insurance policies (collectively, the "***Insurance Policies***") through five third-party insurance carriers—Starr Indemnity & Liability Company, RSUI Indemnity Company, North Dakota Workforce Safety & Insurance, National Union Fire Insurance Company of Pittsburgh, PA, and QBE Insurance Corporation (collectively, the "***Insurance Carriers***")—in the ordinary course of their businesses. These Insurance Policies provide coverage for various risks and liabilities arising from the Debtors' business operations, including, among other things, losses related to the Debtors' leased real property, personal property, business automobile liability, commercial general liability, umbrella general liability, property and inland marine liability, workers' compensation, and directors and officers ("***D&O***") liability. In addition, certain of the Insurance Policies provide layers of excess liability coverage. A schedule of the Insurance Policies, including the category of insurance coverage, the Insurance

Carriers' names, the term, and the policy numbers, is attached as Exhibit B to the Insurance Motion.

99. I believe it is essential that the Debtors have the ability to continue or renew the Insurance Policies and enter into new insurance policies or agreements to preserve the value of their businesses. I understand and believe that in many cases, regulations, laws, and contract provisions that govern the Debtors' commercial activities require the types of coverage provided under the Insurance Policies. In addition, I understand the Bankruptcy Code and the U.S. Trustee Guidelines require the Debtors to maintain certain insurance coverage. I believe the relief requested in the Insurance Motion is necessary to ensure uninterrupted coverage under the Insurance Policies.

100. The Debtors, in the ordinary course of business, incur obligations to pay premiums (collectively, the "***Insurance Premiums***") for the Insurance Policies based upon a fixed rate established and billed by their respective Insurance Carriers. The Debtors pay an aggregate amount of approximately $1,877,474.57 in Insurance Premiums each year, not including applicable taxes and surcharges, deductibles, broker and consulting fees, and commissions. The Debtors pay the Insurance Premiums as they come due in the ordinary course of business pursuant to various coverage terms.

101. The Debtors pay the Insurance Premiums related to three of the Insurance Policies in monthly installments over the course of the year. Prior to the Petition Date, the Debtors paid a down payment of $259,724.86 on account of these Insurance Premiums and agreed to pay the remaining balance in five monthly installments. As of the Petition Date, the Debtors estimate that approximately $384,305.48 is outstanding pursuant to the upcoming Insurance Premium installment payments. Out of an abundance of caution, the Debtors respectfully request authority

to continue to honor the installment payments as they come due on a postpetition basis in the ordinary course of business, as making these payments is necessary to prevent cancellation of the Insurance Policies and to preserve the value of the Debtors' estates by mitigating the significant risks associated with any lapse in coverage, to the benefit all stakeholders. [15]

102. The Debtors pay the Insurance Premiums related to one of the Insurance Policies pursuant to a financing agreement (the "***Premium Financing Agreement***"). The Premium Financing Agreement is serviced by AFCO Premium Credit LLC ("***AFCO***"), as further detailed in the schedule attached to the Insurance Motion as Exhibit C. Under the Premium Financing Agreement, the Debtors financed $447,328.00 of Insurance Premiums related to their property liability insurance. At the outset of the agreement, the Debtors paid a $46,251.82 down payment, and agreed to pay the remaining balance in nine monthly installments of $46,251.82, payable from July 20, 2025 through March 20, 2026. The Debtors' next and final installment payment will become due and payable on March 20, 2026.

103. I believe the Premium Financing Agreement provides a cost-effective and convenient way for the Debtors to finance this costly insurance policy and avoid the burden of paying a large lump sum upfront. However, AFCO may cancel the Premium Financing Agreement if the Debtors do not timely pay the installment payments. Accordingly, I believe paying the installment payments (and thereby avoiding the potential cancellation of the Premium Financing Agreement) is essential to preserving the value of the Debtors' estates from substantial risk in the event of a cancellation, and accordingly is to the benefit of each of the Debtors' stakeholders.

[15] Prior to the Petition Date, the Debtors paid their first monthly installment in the amount of $96,076.37. The Debtors' second monthly installment is due on March 25, 2026.

104. As of the Petition Date, approximately $46,251.82 is outstanding pursuant to the Premium Financing Agreement, approximately all of which will come due on March 20, 2026.

105. The Debtors pay their remaining Insurance Premiums as a lump sum payment on an annual basis. As of the Petition Date, the Debtors estimate that no amounts are owed on account of these Insurance Premiums; *provided, however*, to the extent that the Debtors subsequently determine that any prepetition amounts are owed on account of such Insurance Premiums, the Debtors respectfully request authority to pay such amounts in the ordinary course of business.

106. The Debtors incur various fees, taxes, and deductibles related to their Insurance Policies (together with the Insurance Premiums, collectively, the "***Insurance Obligations***"). As of the Petition Date, no amounts are owed on account of prepetition taxes or fees related to their Insurance Policies; *provided, however*, to the extent that the Debtors subsequently determine that any prepetition amounts are owed on account of such taxes or fees, the Debtors respectfully request authority to pay such amounts in the ordinary course of business.

107. The Debtors respectfully request authority to pay all prepetition outstanding Insurance Obligations in the ordinary course of business and consistent with past practice. In addition, out of an abundance of caution, the Debtors respectfully request authority to continue to honor the Insurance Obligations as they come due on a postpetition basis in the ordinary course of business and consistent with past practice.

108. It is my understanding that the nature of the Debtors' businesses and the extent of their operations make it essential for the Debtors to maintain their Insurance Policies on an ongoing and uninterrupted basis. I believe the nonpayment of any premiums, deductibles, or related fees under any of the Insurance Policies could result in one or more of the Insurance Carriers

terminating or seeking to terminate the existing Insurance Policies, declining to renew the Insurance Policies, or refusing to enter into new insurance policies with the Debtors in the future.

109. Further, I believe if the Insurance Policies are allowed to lapse or terminate, the Debtors could be exposed to substantial liability for damages resulting to persons and property of the Debtors and others, which exposure could negatively impact the value of the Debtors' business. Furthermore, I believe the Debtors would be required to obtain replacement policies on an expedited basis at what would likely be a significantly higher cost to their estates. Accordingly, the Debtors seek authority to make all payments with respect to the Insurance Policies that the Debtors determine, in the exercise of their reasonable business judgment, must be paid to avoid any lapse or termination in coverage.

110. The Debtors maintain workers' compensation insurance (the "***Workers' Compensation Program***") for their employees at the level required by law in the states in which the Debtors operate for claims arising from or related to their employment with the Debtors and to satisfy the Debtors' obligations arising under or related to the Workers' Compensation Program (the "***Workers' Compensation Obligations***"). The Debtors must perform any claim assessment, determination, adjudication, and payment process, each pursuant to the Workers' Compensation Program without regard to whether such liabilities were outstanding before the Petition Date, to ensure that the Debtors comply with applicable workers' compensation laws and requirements during the pendency of these Chapter 11 Cases.

111. The Debtors maintain third-party insurance for Workers' Compensation Obligations through Starr Indemnity & Liability Company ("***Starr***"). In North Dakota, the Debtors maintain workers' compensation insurance through a state agency. [16] The Debtors pay an annual

[16] I understand that in North Dakota, the state workers' compensation program is run by the Workforce Safety & Insurance ("***WSI***"). While WSI does not issue specific policies under this program, WSI provides coverage

premium of approximately $118,918.00 to Starr and an annual premium of approximately $8,249.86 to North Dakota. Under the Workers' Compensation Program, any Workers' Compensation Obligations covered by Starr are covered at 100%. As of the Petition Date, approximately two individuals have open claims under the Workers' Compensation Program.

112. In the twelve months prior to the Petition Date, no claims were paid directly by the Debtors on account of Workers' Compensation Obligations related to the Workers' Compensation Program. However, out of an abundance of caution, the Debtors respectfully request authority to continue to honor the Workers' Compensation Obligations as they come due on a postpetition basis in the ordinary course of business

113. I believe cause exists here to modify the automatic stay to permit the Debtors' employees to proceed with workers' compensation claims. I believe that staying workers' compensation claims could cause employee departures or otherwise have a detrimental effect on the financial well-being and morale of the Debtors' employees, which could severely disrupt the Debtors' business and prevent a successful reorganization. Further, I believe and understand that if the Debtors fail to maintain the Workers' Compensation Program, state laws may prohibit the Debtors from operating in those states. Accordingly, the Debtors respectfully request that the Court (a) modify the automatic stay as it relates to valid workers' compensation claims to allow, in the Debtors' discretion, any such claims to proceed to resolution and (b) waive corresponding notice requirements under the Bankruptcy rules. The Debtors further request that the Court authorize the Debtors, as necessary, and to the extent required by law or under the Workers' Compensation Program, to pay all or part of an allowed claim related thereto directly to an

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without limits, except for limits placed on individual benefits, such as maximum weekly disability benefits. North Dakota's WSI is the only state-provided workers' compensation insurance program for which the Debtors pay a premium.

employee, any of his or her medical providers, or any of his or her heirs or legal representatives, as set forth in the applicable law or policy.

114. Subject to approval of and entry into the DIP Financing, I believe the Debtors have sufficient liquidity to pay the amounts described in this Motion in the ordinary course of business. In addition, I further believe, under the Debtors' existing cash management system, the Debtors can readily identify checks, wire transfers, or electronic fund transfer requests as relating to an authorized payment in respect of the Insurance Premiums and Insurance Obligations. Accordingly, the Debtors believe that there is minimal risk that checks, wire transfers, and electronic fund transfer requests that the Court has not authorized will be honored inadvertently. The Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks, wire transfers, or electronic fund transfer requests in respect of the relief requested in this Motion. Further, the Debtors also seek authority to issue new postpetition checks, wire transfers, or electronic fund transfer requests to replace any prepetition checks, wire transfers, or funds transfers that may be dishonored or rejected as a result of the commencement of these Chapter 11 Cases.

115. For the reasons stated above, I believe that the relief requested in the Insurance Motion is necessary to avoid immediate and irreparable harm to the Debtors. It is my understanding that the Debtors have sufficient liquidity (after approval of the requested debtor-in-possession financing) to pay the amounts described in the Insurance Motion in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully submit that the Insurance Motion should be approved.