

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	)	
	)	Chapter 11
	)	
TARONIS FUELS, INC., <i>et al.</i> ,	)	Case No. 22-11121 (BLS)
	)	Jointly Administered
Debtors.	)	
	)	Re: Docket No. 45

**LIMITED OBJECTION OF THE MELVIN RUYLE FAMILY TRUST TO
DEBTORS' MOTION FOR ENTRY OF ORDERS (I)(A) APPROVING BIDDING
PROCEDURES FOR THE SALE OF THE DEBTORS' TEXAS ASSETS, (B)
AUTHORIZING THE DEBTORS TO DESIGNATE A STALKING HORSE BIDDER
AND TO SEEK APPROVAL OF BID PROTECTIONS, (C) SCHEDULING AN
AUCTION AND APPROVING THE FORM AND MANNER OF NOTICE THEREOF,
(D) APPROVING ASSUMPTION AND ASSIGNMENT PROCEDURES, (E)
SCHEDULING A SALE HEARING AND APPROVING THE FORM AND MANNER OF
NOTICE THEREOF AND (F) GRANTING RELATED RELIEF; AND (II)(A)
APPROVING THE SALE OF THE DEBTORS' ASSETS FREE AND CLEAR OF LIENS,
CLAIMS, INTERESTS AND ENCUMBRANCES, (B) APPROVING THE ASSUMPTION
AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES
AND (C) GRANTING RELATED RELIEF**

The Melvin Ruyle Family Trust (the "Trust"), by and through its undersigned counsel, hereby files this Limited Objection to *Debtors' Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of the Debtors Texas Assets, (B) Authorizing the Debtors to Designate a Stalking Horse Bidder and to Seek Approval of Bid Protections, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof and (F) Granting Related Relief; and (II)(A) Approving the Sale of the Debtors Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases and (C) Granting Related Relief* [Docket No. 45] (the "Sale Motion"). In support of this Limited Objection, the

Trust states:

1. On November 18, 2022 (the “Petition Date”), the above-captioned Debtors filed voluntary petitions for bankruptcy under Chapter 11 of the United States Bankruptcy Code. On the Petition Date, the Debtors filed the Sale Motion seeking approval of a sale of substantially all of their Texas-based assets. Under the Sale Motion the Debtors seek to assume and assign certain executory contracts.

2. The Trust is the owner of three properties (collectively, the “Properties”), located in Longview, Texas, Sulphur Springs, Texas, and Tyler Texas. The Trust leases the Properties to the Debtors pursuant to certain commercial lease agreements (each, a “Lease,” collectively, the “Leases”).

3. On December 21, 2022, in accordance with the Sale Motion, the Debtors filed the Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection With Sale of Substantially All Assets [Docket No. 168] (the “Cure Notice”). The Cure Notice lists dozens of executory contracts and unexpired leases that have been designated by the Debtors for possible assumption and assignment to a purchaser of the Debtors’ assets and identifies the amounts necessary to cure any defaults under those contracts and leases. The Notice identifies the Leases and lists the cure amounts for each Lease.

4. Each of the Leases contains a purchase option which states, “[t]he Lessor hereby grants the Lessee the exclusive right to purchase the Premises on or before the end of the Term. The terms of the real estate purchase will be set forth in a real estate purchase and sale agreement mutually agreeable to the Parties.” The Debtors have not exercised any of the purchase options as to any of the Properties.

5. Based on a review of the Sale Motion and publicly available stalking horse asset

purchase agreement, it does not appear that the Debtors are seeking to sell the Properties (which belong to the Trust) or sell their rights to purchase the Properties. However, in the event the Debtors seek to sell the Properties pursuant to the Sale Motion, the Trust objects, as the Properties are not property of the Debtors' estates.. The Trust further objects to any attempt by the Debtors to separately sell, transfer or assign the purchase options contained in the Leases, without requiring the Debtors to cure all defaults under the Leases, or without obligating the assignee to abide fully with all terms of the Leases.

6. Finally, while the Trust does not object to the Stalking Horse Bidder's adequate assurance of future performance, should the Stalking Horse Bidder not be the winning bidder/assignee, the Trust reserves the right to object to the ability of the winning bidder/assignee to continue making future payments.

WHEREFORE, the Trust respectfully requests that the Bankruptcy Court enter an Order that specifically provides and makes clear that the Debtors are not selling the Properties and, should the Debtors assume and assign the Leases, they must assume and assign all terms of the Leases.

Dated: January 19, 2023
Wilmington, DE

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