

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF KNIGHT ENERGY HOLDINGS, LLC, et al., DEBTORS**

CHAPTER 11 CASE NO. 17-51014 JOINTLY ADMINISTERED

c/o Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C.
201 St. Charles Avenue, Suite 3600
New Orleans, LA 70170

October 17, 2017

To: All Unsecured Creditors of Knight Energy Holdings, LLC, et al. and their affiliated jointly administered chapter 11 debtors (the “Debtors”)

Re: Support of Joint Chapter 11 Plan of Reorganization and Disclosure Statement

Dear Unsecured Creditors of Knight Energy Holdings, LLC, et al.:

The Official Committee of Unsecured Creditors of Knight Energy Holdings, LLC, et al. and jointly administered chapter 11 debtors (the “Committee”) writes this letter to unsecured creditors, to recommend that each unsecured creditor vote in favor of the *Debtor’s Joint Chapter 11 Plan of Reorganization as of October 17, 2017* (the “Plan”)¹ as described in the related Disclosure Statement. You are receiving the Plan and Disclosure Statement from the Debtors in the same package as this letter. As the official representative of all unsecured creditors in these chapter 11 cases, the Committee believes that the Plan is fair and provides the unsecured creditors with the best possible recovery under the circumstances of these chapter 11 cases, and strongly recommends that all unsecured creditors vote to accept the Plan in accordance with the instructions set forth on the ballots.

On August 8, 2017, the Debtors filed for bankruptcy protection under chapter 11. On August 24, 2017, the Acting United States Trustee for this Region appointed the Committee to represent the interests of unsecured creditors in the Debtors’ chapter 11 cases. The Committee retained the firm of Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C. as its counsel; and Huron Consulting Services LLC as its financial advisor. The Committee is comprised of the following unsecured creditors:

- NLB Corp.
- American Eagle Logistics, LLC
- EDI Environmental Services, Inc.
- National Oilwell Varco & Associates; and
- Quail Tools, Incorporated.

¹ Capitalized terms not defined in this letter have the meanings set forth in the Plan or Disclosure Statement

Over the past two months, the Committee has played an active role in these chapter 11 cases in an effort to obtain the best possible recovery under the circumstances for the claims of unsecured creditors. The Committee has during that time diligently explored other options to determine if there is a better choice for unsecured creditors other than this Plan. We have concluded that this Plan is the best choice available to unsecured creditors.

The enclosed Plan is the result of intense negotiations among the Committee, the Debtors, and other key parties. The distribution proposed here is substantially higher than that originally proposed and, as a result and as part of the negotiated treatment of unsecured creditors, the Committee has agreed to support the Plan, and recommends that all unsecured creditors vote to accept the Plan. The Committee believes that the recovery for unsecured creditors under the Plan is certainly greater than any recovery that unsecured creditors could obtain in any liquidation or chapter 7 case of the Debtors. In fact, our analysis shows that there is a strong possibility that unsecured creditors might receive nothing in a Chapter 7.

Distributions on General Unsecured Claims. The Plan states that each holder of an Allowed General Unsecured Claim shall receive their Pro Rata share from the General Unsecured Claims Fund which should be dramatically higher than what would be received by each Holder in a Chapter 7, which could be nothing. The holders of the Senior Credit Facility Deficiency Claim shall forego their right to receive any recovery from the General Unsecured Claims Fund on account of their Senior Credit Facility Deficiency Claim, and the Senior Credit Facility Deficiency Claim shall be excluded from the calculation of the Pro Rata recoveries of the other holders of Class 9 Claims from the General Unsecured Claims Fund.

Distributions on Convenience Class Claims. For holders of (a) any Unsecured Claim (including prepetition accrued interest) in the amount of \$1,000 or less; or (b) any General Unsecured Claim (including prepetition accrued interest) in an amount in excess of \$1,000 that the holder thereof, pursuant to such holder's timely filed ballot or such other election accepted by the Debtor prior to the Effective Date, elects to have reduced to the amount of \$1,000 and to be treated as a Class 8 Unsecured Convenience Class Claim, the Plan provides that each such holder shall receive Cash in an amount equal to the lesser of (1) their Allowed Claim, and (2) \$1,000, paid on or after the Effective Date on the later of: (i) the date such claim is deemed Allowed in accordance with the Plan; or (ii) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Class 8 Claim.

Voting and Recommendation. For the purpose of voting on the Plan, the Debtors have provided you with a ballot, which should be completed by you for either accepting or rejecting the Plan and mailed in accordance with the procedures set forth on the ballot and in the Disclosure Statement. Before voting, all creditors are strongly urged to read carefully and review in their entirety the Plan and the Disclosure Statement, including the discussion of the risk factors related to the Plan, and all other documents submitted to you. The treatment provisions for Classes 8 and 9 are set forth in Article III.B of the Plan. Summary information regarding recoveries for Classes 8 and 9 are set forth in Article II of the Disclosure Statement.

THE COMMITTEE ENDORSES THE PLAN AND RECOMMENDS THAT ALL HOLDERS OF UNSECURED CLAIMS IN CLASS 9 VOTE TO ACCEPT THE PLAN.

The Committee and its professional advisors conducted significant diligence of potential recoveries for unsecured creditors. The Committee's decision to support the Plan was made after considering those potential recoveries and their well-advised belief that the recoveries under the Plan are well in excess of any potential recovery if the Plan is not confirmed.

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF KNIGHT ENERGY
HOLDINGS, LLC, *et al.*

COUNSEL TO THE COMMITTEE:

/s/ Jan M. Hayden

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