

**STATEMENT OF THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF SHALE SUPPORT GLOBAL HOLDINGS, LLC, *ET AL.***

Chapter 11 Case No. 19-33884 (DRJ)

c/o Foley Gardere, Foley & Lardner LLP
2021 McKinney Avenue, Suite 1600
Dallas, Texas 75201

September 18, 2019

To: Holders of Class 5 Unsecured Convenience Class Claims and Holders of Class 6 General Unsecured Claims of Shale Support Global Holdings, LLC and its affiliated debtors and debtors in possession

Foley Gardere, Foley & Lardner LLP is counsel to the Official Committee of Unsecured Creditors (the “Committee”) in the above-referenced chapter 11 cases of Shale Support Global Holdings, LLC, *et al.*, as debtors and debtors in possession (collectively, the “Debtors”). The Committee was appointed by the United States Trustee to represent the interests of all of the Debtors’ unsecured creditors. We write to advise you of the Committee’s position regarding the *Amended Joint Plan of Reorganization of Shale Support Global Holdings, LLC, et al., and BSP Agency, LLC Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 310 (the “Plan”). The Plan is described in, and attached as an exhibit to, the accompanying *Amended Disclosure Statement for the Amended Joint Plan of Reorganization of Shale Support Global Holdings, LLC, et al., and BSP Agency, LLC Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 320] (the “Disclosure Statement”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan, as applicable.

The Committee has concerns regarding the Plan and cannot recommend that holders of Class 5 Unsecured Convenience Class Claims and Holders of Class 6 General Unsecured Claims to vote to accept or reject the Plan.

The Committee cannot make a recommendation for a number of reasons, including the following:

- *First*, the Plan is a joint plan between the Debtors and BSP Agency, LLC (“BSP”). BSP is the Term Loan Agent and DIP Facility Agent and serves as the agent to the Term Loan Lenders, the Debtors’ primary prepetition secured lenders. The centerpiece of the Plan is a settlement between the Debtors, BSP and the Term Loan Lenders (the “Plan Settlement”)

The Plan proposes to give the Term Loan Lenders ownership of the Reorganized Debtors and substantially all of the Debtors’ assets. The Committee was not involved in negotiating the Plan and Plan Settlement. Substantially more information regarding the formulation of the Plan is required before the Committee can make a recommendation regarding the Plan.

- *Second*, the Plan provides for a range of recovery from 4% to 26% for general unsecured creditors. Your recovery within that range will depend on (a) whether your claim is classified as a Class 5 Unsecured Class Claim or a Class 6 General Unsecured Claim and (b) which Debtor is responsible for your claim. The Plan is a “pot plan” in that it creates a finite pot of money for allowed general unsecured creditors to share ratably.

Because recoveries for general unsecured creditors are limited, the addition of claims to the general unsecured creditor pool directly dilutes recoveries for general unsecured creditors. In addition to trade claims included as general unsecured claims, the Debtors also anticipate having significant claims related to the rejection of executory contracts and unexpired leases and the proposed treatment of cure costs related to the assumption of railcar leases. The current projected recoveries for general unsecured creditors includes the anticipated rejection and assumption claims, an amount projected to be millions of dollars. The Committee does not agree with the Debtors’ classification of assumption cure claims as general unsecured claims and cannot make a recommendation regarding the Plan without a resolution regarding the treatment of such cure claims.

- *Third*, the Plan defines “Avoidance Actions” and other “Causes of Action” as potential recoveries for the Debtors’ estates. The Plan provides that Causes of Action and Avoidance Actions will be retained by the Reorganized Debtors unless otherwise released. The Plan allocates to the general unsecured creditors only a partial contingent recovery in one Cause of Action (the Cudd Litigation) and does not permit general unsecured creditors to share in proceeds from Avoidance Actions and other Causes of Action. Obviously, since the Term Loan Lenders will own the Reorganized Debtors, the retention of such claims will solely benefit the Term Loan Lenders. As the Plan provides limited recoveries for general unsecured creditors, the Committee believes that the allocation of recoveries from Causes of Actions and Avoidance Actions unfairly favors the Term Loan Lenders and DIP Facility Lenders at the expense of general unsecured creditors.
- *Fourth*, the Committee has had insufficient time to review the Debtors’ Liquidation Analysis, Financial Projections, and Valuation Analysis. The Committee’s professionals are continuing to review the Debtors’ financial analysis in support of the Plan and cannot make an independent determination of the validity and reasonableness of such analysis. The Committee cannot recommend whether general unsecured creditors should vote to accept or reject the Plan until its professionals have had sufficient time to review and test this information.
- *Fifth*, the Plan contains extraordinarily broad releases of the Debtors and a multitude of non-Debtor third parties, including BSP, the Term Loan Lenders, the Debtors’ current and former directors, managers, officers, and equity holders and all of the Debtors’ current and former affiliates and subsidiaries (as well as those entities’ affiliates and subsidiaries and their current and former officers, directors, managers,

equity holders, etc.). The Disclosure Statement fails to provide information as to the identity of these “Released Parties,” the consideration these “Released Parties” are providing to warrant such releases, nor otherwise describes the legal justification in support of the releases. Further, the releases are of all “Causes of Action,” which is broadly defined. The Committee believes that the Debtors should provide substantial additional disclosures regarding these third party releases. Importantly, unless creditors and parties in interest “opt out” of these third party releases, they are deemed to have granted very broad releases to these “Released Parties.” The Committee believes that if creditors want to “opt in” of the third party releases, they should have that election. At present, the Plan requires that parties “opt out” of the releases by so indicating on their voting ballot; in other words, if a creditor does not vote or does not “opt out,” it will be deemed to have agreed to release these third parties.

For the foregoing reasons, among others, the Committee cannot make a recommendation to holders of Class 5 Unsecured Convenience Class Claims and Holders of Class 6 General Unsecured Claims to vote to accept or reject the Plan.

The foregoing description is not intended as a substitute for the Disclosure Statement. Creditors should read the Disclosure Statement and Plan in their entirety, and then make their own respective independent decisions as to whether the Plan is acceptable.

The Debtors have provided you with a Ballot with which to vote to accept or reject the Plan. In order to have your vote counted, you must complete and return the Ballot in accordance with the procedures set forth therein and in the accompanying Disclosure Statement Order. **PLEASE READ THE DIRECTIONS OF THE BALLOT CAREFULLY AND COMPLETE YOUR BALLOT IN ITS ENTIRETY BEFORE RETURNING IT TO THE DEBTORS’ SOLICITATION AGENT.**

Should you have any questions about this letter, the Plan, the Disclosure Statement or the solicitation procedures, we would be pleased to discuss them with you at your convenience. Please direct any such questions to Holland O’Neil (214-999-4961; honeil@foley.com) or Timothy C. Mohan (720-437-2014; tmohan@foley.com).

Very truly yours,

THE OFFICIAL COMMITTEE UNSECURED CREDITORS OF SHALE SUPPORT GLOBAL HOLDINGS, LLC, *ET AL*