EXHIBIT D-5

Liquidation Analysis

Introduction:

Under the "best interest of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code,[1] the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of an allowed claim or interest that does not vote in favor of the plan with property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor was liquidated under Chapter 7 of the Bankruptcy Code. To analyze whether the proposed Plan satisfies the "best interest of creditors" test, the Debtors, with the assistance of their restructuring advisor, Opportune LLP ("Opportune"), have prepared the following hypothetical liquidation analysis (the "Liquidation Analysis"), which is based upon certain assumptions discussed in the Disclosure Statement and in the accompanying notes to the Liquidation Analysis.

The Liquidation Analysis sets forth an estimated range of recovery values for each Class of Claims or Interests under the Plan upon disposition of assets pursuant to a hypothetical Chapter 7 liquidation. As illustrated by the Liquidation Analysis, no holders of Claims or Interests in Impaired Classes would receive a greater recovery in a hypothetical Chapter 7 liquidation than they would receive under the Plan. Accordingly, and as set forth in greater detail below, the Debtors submit that the Plan satisfies the "best interest of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code.

Statement of Limitations:

The determination of the costs of, and proceeds from, the hypothetical liquidation of the Debtors' assets in a Chapter 7 case is an uncertain process involving estimates and assumptions that, although considered reasonable by the Debtors based upon their business judgment and input from their advisors, including Opportune, are inherently subject to business, economic, and competitive uncertainties and contingencies beyond the control of the Debtors, their management and their advisors. Inevitably, some assumptions in the Liquidation Analysis would likely not materialize in an actual Chapter 7 liquidation and unanticipated events and circumstances could materially affect the ultimate results in an actual Chapter 7 liquidation, including, without limitation, changes in the currently volatile oil and gas pricing environment. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good faith estimate of the proceeds that would be generated if the Debtors' assets were liquidated in accordance with Chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended and should not be used for any other purpose. The underlying financial information in the Liquidation Analysis was not compiled or examined by independent accountants. Actual results could vary materially from estimates provided herein.

The recoveries shown in the Liquidation Analysis do not contemplate a sale or sales of the Debtors' assets on a going concern basis. This assumption is made because of the Debtors'

[1] Capitalized terms used but not otherwise defined in this **Exhibit D-5** have the meanings set forth in the *Amended Joint Plan of Reorganization of Knight Energy Holdings, LLC,* et al.*, Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), filed in these cases.

assessment that, in the wake of conversions to Chapter 7 cases and the consequent disruptions to the Debtors' business and resultant attrition of both employees and customers, the likelihood that the Debtors or substantial business units of the Debtors can continue operations for any extended length of time as a going concern, especially in a manner that yields material positive incremental cash flow, is low.

In preparing the Liquidation Analysis, the Debtors estimated Allowed Claims based upon a review of Claims listed on the Debtors' financial statements. In addition, the Liquidation Analysis includes estimates for Claims not currently asserted in the Chapter 11 Cases, but which could be asserted and allowed in a Chapter 7 liquidation, including unpaid Chapter 11 Administrative Claims, and Chapter 7 administrative claims such as wind down costs and trustee fees. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing the Liquidation Analysis. Therefore, the Debtors' estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS WITH RESPECT TO THE ULTIMATE ALLOWANCE OF CLAIMS AND THE DEBTORS RESERVE ANY AND ALL OBJECTIONS TO CLAIMS. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS, AND SOME CLAIMS INCLUDED IN THIS LIQUIDATION ANALYSIS COULD BE DISALLOWED IN THEIR ENTIRETY.

Methodology:

The Liquidation Analysis has been prepared assuming that the Debtors' Chapter 11 cases are converted to Chapter 7 cases (the "Chapter 7 Liquidation") on November 30, 2017 (the "Chapter 7 Conversion Date"). Except as otherwise noted herein, the Liquidation Analysis is based upon the unaudited consolidating balance sheets of the Debtors as of June 30, 2017, and except as otherwise indicated, those values, in total, are assumed to be representative of the Debtors' approximate assets and liabilities as of the Chapter 7 Conversion Date. It is assumed that on the Chapter 7 Conversion Date, the Bankruptcy Court will appoint a Chapter 7 trustee (the "Chapter 7 Trustee") who would liquidate the Debtors' estates and distribute the cash proceeds, net of liquidation-related costs, to creditors in accordance with the Bankruptcy Code. Under section 704 of the Bankruptcy Code, a trustee must, among other duties, collect and convert the property of the estate as expeditiously as possible (which often is at distressed prices), taking into account the best interest of stakeholders.

Value in liquidation is assumed to be driven by, among other things: (a) the accelerated time frame in which the business units are marketed and sold; (b) negative customer and vendor reaction to the conversion of the cases; (c) the loss of key personnel and customers; (d) the lack of any additional debtor-in-possession financing and (e) the general perceived forced nature of the sale.

Global Notes and Assumptions:

The Liquidation Analysis should be read in conjunction with the following notes and assumptions:

1. **An analysis of recoveries in a Chapter 7 Liquidation is presented separately for Knight Family Enterprise, LLC, HMC Leasing, LLC, and Knight Energy Holdings, LLC (including their respective constituent businesses).** Except where indicated, it is assumed that all would be liquidated under the same assumptions set forth out below. For the purposes of this analysis, in accordance with the Bankruptcy Code, any value attributed to the liquidation of unencumbered assets is applied to pay an allocated portion of DIP Financing Costs and other Liquidation Expenses before any recovery is provided to holders of any unsecured claims.

2. **Dependence on unaudited financial statements and Schedules and Statements.** Proceeds available for recovery are based upon the unaudited financial statements, balance sheets, and schedules and statements of the Debtors as of June 30, 2017, and as otherwise noted in this Liquidation Analysis. Cash balances have been rolled forward through to the Chapter 7 Conversion Date to take into account cash flows from the Petition Date to the Chapter 7 Conversion Date.

3. **Chapter 7 liquidation costs and length of the liquidation process.** The Liquidation Analysis assumes that an orderly Chapter 7 Liquidation would take approximately 6-12 months in order to conclude sales of substantially all of the rental tools, real estate, and inventory, collect receivables, and liquidate other assets on the balance sheet and as noted herein, and otherwise administer and close the estates. In an actual liquidation, the wind down process and time periods could be shorter or longer, which may affect creditor recoveries in a hypothetical Chapter 7 Liquidation. For example, extending the duration of the process to liquidate and allow Claims, including priority, contingent, litigation, rejection, and other Claims, could delay and reduce the distributions of asset proceeds to creditors due to, among other things, increased administrative costs. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such liquidation.

   In accordance with the Bankruptcy Code, it is assumed that Chapter 7 administrative and priority Claims, post-Chapter 7 conversion expenses and professional fees, and an assumed 3% fee payable to the Chapter 7 Trustee are entitled to payment in full prior to any distribution to holders of any other unsecured Claims.

4. **Distribution of Net Proceeds.** Chapter 11 Administrative Claims amounts, Priority Claims amounts, Secured Claims amounts (to the extent of recovery on the liquidation of the security for such Secured Claim), and the costs of liquidation that will arise in a liquidation scenario would be paid in full from the liquidation proceeds before the remainder of the liquidation proceeds will be made available to pay General Unsecured Claims. Under the absolute priority rule, no general unsecured creditor can receive any distribution: (a) out the proceeds of property subject to a security interest in favor of another creditor until the creditor possessing the security interest is paid (to the extent

of recovery on the liquidation of the security for such Secured Claims), or (b) until senior unsecured creditors, such as higher-ranking administrative or priority creditors, are paid in full, and (c) no equity holder can receive any distribution until all creditors are paid in full. The assumed distributions to creditors as reflected in the Liquidation Analysis are estimated in accordance with the absolute priority rule.

Additional Claims. The cessation of business in a liquidation is likely to trigger certain administrative and priority Claims that otherwise might not exist (or would be paid on a go forward basis) under a plan of reorganization absent a liquidation. Examples of these kinds of Claims include potential Claims for such items as severance, accrued vacation days, paid days off claims, Worker Adjustment and Retraining Notification Act Claims, medical and health insurance Claims, tax liabilities, Claims related to further rejection of unexpired leases and executory contracts, litigation Claims, and other potential allowed Claims. These additional Claims could be significant; some may be administrative expenses, and others may be entitled to priority in payment over General Unsecured Claims. These types of administrative and priority Claims have not been accounted for in the Liquidation Analysis except as otherwise noted, but it is important to note that some of these may need to be paid in full before any balance of liquidation proceeds would be available to pay General Unsecured Claims.

5. **Preference or fraudulent transfers; other litigation.** No recovery or related litigation costs have been attributed to any potential Avoidance Actions under the Bankruptcy Code, including potential preference or fraudulent transfer actions due to, among other issues, the costs of such litigation, the uncertainty of the outcome, and anticipated disputes regarding these matters. Based on the filed Schedules, a majority of payments made during the preference period relate to payroll or are payments in the ordinary course of business or in connection with new value provided by creditors. For the purpose of illustration only in this Liquidation Analysis, a potential net recovery of $2 million has been listed for potential Claims which might be asserted against directors and officers for breach of corporate duties to the Company. The recovery of $2 million is net of attorney's fees. We have assumed that the attorneys prosecuting directors & officers Claims will do so on a one-third (1/3) contingency fee basis.

6. **Litigation Costs.** Except as otherwise noted herein, additional costs for potential litigation have not been incorporated in the Liquidation Analysis.

Conclusion:

The Liquidation Analysis demonstrates that upon the Effective Date, the Plan will provide all creditors and equity holders with a recovery (if any) that is not less than what they would otherwise receive (if any) pursuant to a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code, and, based on the Liquidation Analysis, the Debtors submit that the Plan satisfies the requirement of section 1129(a)(7) of the Bankruptcy Code.

The following Liquidation Analyses should be reviewed with the accompanying notes.

Knight Family Enterprises, LLC

($ in thousands)

Proceeds of Liquidation in Ch. 7	Notes	KNIGHT FAMILY ENTERPRISES, LLC Net Book Value	Low $	Low %	High $	High %
Cash and Cash Equivalents	A	$ -	$ -	0%	$ -	0%
Accounts Receivable	B	-	-	0%	-	0%
Inventory	C	-	-	0%	-	0%
Other Current Assets	D	7	-	0%	-	0%
Total Current Assets		7	-	0%	-	0%
PP&E	E	8,571	5,475	64%	5,475	64%
Other Non-Current Assets	F	12	-	0%	-	0%
Total Non-Current Assets		8,583	5,475	64%	5,475	64%
Unencumbered Assets	G	15,671	10,010	64%	12,455	79%
Potential Claims	G		-		-	
Gross Liquidation Proceeds		**24,261**	**15,485**	**64%**	**17,930**	**74%**
Liquidation Adjustments:						
DIP Financing Claims	H		(1,278)		(1,252)	
Net Wind-Down Expenses of Trustee	I		(886)		(1,199)	
Trustee Fees	J		(488)		(561)	
Trustee Legal & Advisors	K		(465)		(538)	
Net Liquidation Proceeds Avail. for Distribution		**24,261**	**12,368**		**14,380**	

Distribution of Proceeds in Ch. 7	Notes	KNIGHT FAMILY ENTERPRISES, LLC Claims Estimate	Liquidation Low Recovery $	Low Recovery %	High Recovery $	High Recovery %
Priority Tax Claims						
Ad-Valorem Taxes	L	-	-	n/a	-	n/a
Other Taxes	L	-	-	n/a	-	n/a
DIP Financing Claims	H	-	-	n/a	-	n/a
Class 1 – Other Secured Claims	M	-	-	n/a	-	n/a
Class 2 – Other Priority Claims	N	-	-	n/a	-	n/a
Class 3 – JPM Commercial Loan Claims	O	5,475	5,475	100%	5,475	100%
Class 4 – JPM Consumer Loan Claims	P	-	-	n/a	-	n/a
Class 5 – Iberia Loan Claims	Q	-	-	n/a	-	n/a
Class 6 – Secured Senior Credit Facility		203,716				
Secured Fixed Assets	R		-	n/a	-	n/a
Mortgaged Properties	R		-	n/a	-	n/a
Senior Secured Intercompany Claim	R		501	0%	590	0%
Class 7 – Mineral Contractors Claims	S	-	-	n/a	-	n/a
Ch. 11 Administrative Claims	T	-	-	n/a	-	n/a
Class 8 – Unsecured Convenience Class Claims	U	-	-	n/a	-	n/a
Class 9 – General Unsecured Claims						
Senior Secured Deficiency Claim	V	136,865 - 151,253	6,392	5%	8,315	5%
Other Unsecured Claims	V	11	0	5%	1	5%
Class 10 – Debtor Intercompany Claims/Interest	W	10,724	-	0%	-	0%
Class 11 – Debtor Interests	X	-	-	n/a	-	n/a
Class 12 – Section 510(b) Claims	Y	-	-	n/a	-	n/a
Total Estimated Claims/Interests and Recoveries		**$ 219,926**	**$ 12,368**		**$ 14,380**	

HMC Leasing, LLC

($ in thousands)

Proceeds of Liquidation in Ch. 7	Notes	HMC LEASING, LLC Net Book Value	Low $	Low %	High $	High %
Cash and Cash Equivalents	A	$ 3	$ 3	*100%*	$ 3	*100%*
Accounts Receivable	B	4,552	-	*0%*	-	*0%*
Inventory	C	-	-	*0%*	-	*0%*
Other Current Assets	D	86	-	*0%*	-	*0%*
Total Current Assets		4,641	3	*0%*	3	*0%*
PP&E	E	62,065	31,448	*51%*	34,136	*55%*
Other Non-Current Assets	F	8	-	*0%*	-	*0%*
Total Non-Current Assets		62,073	31,448	*51%*	34,136	*55%*
Unencumbered Assets	G	2,847	4,932	*173%*	7,989	*281%*
Potential Claims	G		-		-	
Gross Liquidation Proceeds		**69,561**	**36,382**	***52%***	**42,128**	***61%***
Liquidation Adjustments:						
DIP Financing Claims	H		(3,003)		(2,942)	
Net Wind-Down Expenses of Trustee	I		(2,083)		(2,817)	
Trustee Fees	J		(1,115)		(1,287)	
Trustee Legal & Advisors	K		(1,091)		(1,264)	
Net Liquidation Proceeds Avail. for Distribution		**69,561**	**29,091**		**33,818**	

Distribution of Proceeds in Ch. 7	Notes	HMC LEASING, LLC Claims Estimate	Liquidation Low Recovery $	Low Recovery %	High Recovery $	High Recovery %
Priority Tax Claims						
Ad-Valorem Taxes	L	508	508	*100%*	508	*100%*
Other Taxes	L	-	-	*n/a*	-	*n/a*
DIP Financing Claims	H		-	*0%*	-	*0%*
Class 1 – Other Secured Claims	M	-	-	*n/a*	-	*n/a*
Class 2 – Other Priority Claims	N	-	-	*n/a*	-	*n/a*
Class 3 – JPM Commercial Loan Claims	O	-	-	*n/a*	-	*n/a*
Class 4 – JPM Consumer Loan Claims	P	3,541	3,541	*100%*	3,541	*100%*
Class 5 – Iberia Loan Claims	Q	14,670	14,670	*100%*	14,670	*100%*
Class 6 – Secured Senior Credit Facility		203,716				
Secured Fixed Assets	R		-	*n/a*	-	*n/a*
Mortgaged Properties	R		10,372	*5%*	15,099	*7%*
Senior Secured Intercompany Claim	R		-	*0%*	-	*0%*
Class 7 – Mineral Contractors Claims	S	-	-	*n/a*	-	*n/a*
Ch. 11 Administrative Claims	T	-	-	*n/a*	-	*n/a*
Class 8 – Unsecured Convenience Class Claims	U	-	-	*n/a*	-	*n/a*
Class 9 – General Unsecured Claims						
Senior Secured Deficiency Claim	V	136,865 - 151,253	-	*0%*	-	*0%*
Other Unsecured Claims	V	276	-	*0%*	-	*0%*
Class 10 – Debtor Intercompany Claims/Interest	W	50,419	-	*0%*	-	*0%*
Class 11 – Debtor Interests	X	-	-	*n/a*	-	*n/a*
Class 12 – Section 510(b) Claims	Y	-	-	*n/a*	-	*n/a*
Total Estimated Claims/Interests and Recoveries		**$ 273,131**	**$ 29,091**		**$ 33,818**	

Knight Energy Holdings, LLC

($ in thousands)

Proceeds of Liquidation in Ch. 7	Notes	KNIGHT ENERGY HOLDINGS, LLC Net Book Value	Low $	Low %	High $	High %
Cash and Cash Equivalents	A	$ 578	$ 578	*100%*	$ 578	*100%*
Accounts Receivable	B	83,904	17,863	*21%*	18,445	*22%*
Inventory	C	8,793	1,905	*22%*	2,839	*32%*
Other Current Assets	D	880	-	*0%*	-	*0%*
Total Current Assets		94,155	20,346	*22%*	21,862	*23%*
PP&E	E	90,055	36,918	*41%*	47,428	*53%*
Other Non-Current Assets	F	1,743	-	*0%*	-	*0%*
Total Non-Current Assets		91,798	36,918	*40%*	47,428	*52%*
Unencumbered Assets	G	2,143	1,979	*92%*	2,318	*108%*
Potential Claims	G		2,000		2,000	
Gross Liquidation Proceeds		**188,097**	**61,242**	***33%***	**73,608**	***39%***
Liquidation Adjustments:						
DIP Financing Claims	H		(3,979)		(4,318)	
Net Wind-Down Expenses of Trustee	I		(3,506)		(4,741)	
Trustee Fees	J		(1,843)		(2,214)	
Trustee Legal & Advisors	K		(1,090)		(2,191)	
Net Liquidation Proceeds Avail. for Distribution		**188,097**	**50,824**		**60,144**	

Distribution of Proceeds in Ch. 7	Notes	KNIGHT ENERGY HOLDINGS, LLC Claims Estimate	Liquidation Low Recovery $	Low Recovery %	High Recovery $	High Recovery %
Priority Tax Claims						
Ad-Valorem Taxes	L	5,415	5,415	*100%*	5,415	*100%*
Other Taxes	L	2,350	2,350	*100%*	2,350	*100%*
DIP Financing Claims	H	823 - 1,076	1,076	*12%*	823	*9%*
Class 1 – Other Secured Claims	M	393	393	*100%*	393	*100%*
Class 2 – Other Priority Claims	N	-	-	*n/a*	-	*n/a*
Class 3 – JPM Commercial Loan Claims	O	-	-	*n/a*	-	*n/a*
Class 4 – JPM Consumer Loan Claims	P	-	-	*n/a*	-	*n/a*
Class 5 – Iberia Loan Claims	Q	-	-	*n/a*	-	*n/a*
Class 6 – Secured Senior Credit Facility		203,716				
Secured Fixed Assets	R		20,643	*10%*	26,908	*13%*
Mortgaged Properties	R		20,948	*10%*	24,255	*12%*
Senior Secured Intercompany Claim	R		-	*n/a*	-	*n/a*
Class 7 – Mineral Contractors Claims	S	200	-	*0%*	-	*0%*
Ch. 11 Administrative Claims	T	4,642	-	*0%*	-	*0%*
Class 8 – Unsecured Convenience Class Claims	U	-	-	*n/a*	-	*n/a*
Class 9 – General Unsecured Claims						
Senior Secured Deficiency Claim	V	136,865 - 151,253	-	*0%*	-	*0%*
Other Unsecured Claims	V	13,941	-	*0%*	-	*0%*
Class 10 – Debtor Intercompany Claims/Interest	W	-	-	*n/a*	-	*n/a*
Class 11 – Debtor Interests	X	-	-	*n/a*	-	*n/a*
Class 12 – Section 510(b) Claims	Y	-	-	*n/a*	-	*n/a*
Total Estimated Claims/Interests and Recoveries		**$ 231,606**	**$ 50,824**		**$ 60,144**	

Specific Notes to the Liquidation Analysis:

Gross Liquidation Proceeds –

A. Cash and Cash Equivalents

The liquidation proceeds of cash and cash equivalents for all entities holding cash are estimated to be 100% of the pro forma balance. The pro forma balance as of November 30, 2017 is based on the latest business plan projections with adjustments for the timing of professional fee payments.

B. Accounts Receivable

The make-up of the Debtor's accounts receivable balance consists of revenues earned from the primary business segments including oil tool rental, downhole fishing services, and equipment manufacturing, as well as large balances due from Non-Debtor related parties or members. For the purposes of the Liquidation Analysis, (a) Trade Receivables are assumed to be quality receivables with an expected recovery of approximately 80% to 85% and (b) for purposes of illustration only (and without taking into account any potential defenses to such Claims) the receivables from the ultimate equity owners (the Knights) are recorded at 100% and (c) other receivables have an expected recovery of 50% to 75%. The approximate receivable balances owed from the Knight Family Members are as follows: Mark Knight and Mark Knight 2010 and 2012 Trusts - $7.1 million, Bryan Knight and Bryan Knight 2010 and 2012 Trusts - $1.0 million, Kelley Knight Sobiesk and Kelley Knight Sobiesk 2010 and 2012 Trusts - $1.4 million. Substantially all of the receivables from Mark Knight, Bryan Knight, Kelley Knight Sobiesk, the three 2010 trusts and the three 2012 trusts were recorded between the years 2004 through 2014. The receivables from the 2010 trusts were for insurance premiums paid and, receivables from the 2012 trusts were for loans made to purchase stock in Knight Energy Holdings. Any recoveries on account of intercompany receivables and other receivables including the receivables from the owners are applied to the liens of the Senior Secured Creditors under the Senior Secured Credit Facility as described below.

<u>HMC Leasing, LLC</u>

The receivable balance consists of amounts due to HMC Leasing, LLC from other Debtor entities. Any "equity" from the liquidation of the assets of other Debtors remaining after payment in full of the secured Claims against such assets will be used to pay other Claims against such other Debtors as follows: (a) an allocated portion of the DIP Claims and Administrative Claims of the estate and the Chapter 7 trustee fees and expenses will be paid in full, and (b) unsecured Claims against such debtor, including (i) intercompany Claims by HMC Leasing, (ii) deficiency Claims of the Senior Secured Creditors (all Debtors are co-makers on the Senior Secured Credit Facility), and (iii) third party unsecured Claims, will be paid on a *pro rata* basis, with the *pro rata* share attributable to the intercompany Claims of HMC Leasing, LLC applied to the liens of the Senior Secured Creditor, which has a security interest on the intercompany receivables of HMC Leasing against the other Debtors under the Senior Secured Credit Facility.

Knight Energy Holdings, LLC

The majority of the receivable balance consists of intercompany balances due to Knight Energy Holdings, LLC from other Debtors. Any "equity" from the liquidation of the assets of other Debtors remaining after payment in full of the secured Claims against such assets will be used to pay other Claims against such other Debtors as follows: (a) an allocated portion of the DIP Claims and Administrative Claims of the estate and the Chapter 7 trustee fees and expenses will be paid in full, and (b) unsecured Claims against such debtor, including (i) intercompany Claims by Knight Energy Holding, LLC (ii) deficiency Claims of the Senior Secured Creditors (all Debtors are co-makers on the Senior Secured Credit Facility), and (iii) third party unsecured Claims, will be paid on a *pro rata* basis, with the *pro rata* share attributable to the intercompany Claims of Knight Energy Holding, LLC applied to the liens of the Senior Secured Creditor, which has a security interest on the intercompany receivables of Knight Energy Holding, LLC against the other Debtors under the Senior Secured Credit Facility.

C. Inventory

Inventory consists primarily of spare parts and oilfield tools in various stages of completion. A large portion of the inventory is considered obsolete. The inventory was valued in an orderly liquidation scenario by a third-party firm with expertise in machinery and equipment valuation.

D. Other Current Assets

Other current assets consist of prepaid expenses, prepaid insurance, and deferred tax assets. Other current assets are assumed to have no recovery due the unlikelihood of recovering any of these balances in a liquidation scenario.

Knight Family Enterprises
Balance consists of allocated prepaid insurance. No recovery is expected in a liquidation scenario.

HMC Leasing
Balance consists of allocated prepaid insurance and other prepaid expenses. No recovery is expected in a liquidation scenario.

Knight Energy Holdings, LLC
Balance consists of allocated prepaid insurance, other prepaid expenses, and deferred tax assets. No recovery is expected in a liquidation scenario.

E. Property Plant & Equipment

The Debtor's Property Plant & Equipment consists primarily of rental tool assets, machinery, and real-estate. For the purposes of a Liquidation Analysis, all Property Plant & Equipment, except for real-estate, was valued in an orderly liquidation scenario by a third-party firm with expertise in industrial machinery and equipment valuation. The net expected value of the Debtors' owned machinery & equipment, rolling stock, furniture, fixtures, rental inventory, and other inventory in an orderly liquidation scenario is between $17 million and $25 million. All machinery and equipment, excluding amounts in Note G below, are collateral for the Secured Senior Credit Facility.

The Debtor's real-estate assets consist of both core and non-core business-related assets and other non-core assets. Real-estate appraisals were performed on three properties, (1) the LaSalle County Ranch, (2) the Corporate Headquarters, and (3) approximately 155 acres located in Oklahoma City, OK. The Debtors have copies of the LaSalle County Ranch and Oklahoma City acreage appraisals and were provided the appraised amount for the Corporate Headquarters by JPM, who contracted the appraisal. The mid-point of these appraised values was used as the base case and adjusted downward by 5% to reflect a 6-month (low) liquidation process and upward by 10% to reflect a 12-month (high) liquidation process. The remaining real estate properties were valued in a liquidation scenario by a former employee of the Debtor who managed the real-estate portfolio. These amounts were also adjusted downward by 5% to reflect a 6-month (low) liquidation process and upward by 10% to reflect a 12-month (high) liquidation process.

<u>Knight Family Enterprises</u>
The value of Knight Family Enterprises, LLC consists of the sale proceeds from the sale of the Debtor's corporate campus located at 2727 SE Evangeline Thruway, Lafayette Louisiana 70508, which is collateral for JPM Commercial Loans described in Note O below. The expected proceeds fully cover the outstanding amount of Class 3 – JPM Commercial Loan Claims. The remainder of the balance from the sale reduces the (a) DIP Loan and (b) Trustee Fees and Costs before being applied to the various classes of unsecured creditors.

<u>HMC Leasing, LLC</u>
Balance consists primarily of values assigned to the HMC Leasing, LLC owned properties, which include the Seaside Property securing the JPM Consumer Loans described in Note P below, a number of properties securing the Iberia Loan described in Note Q, and properties securing the Secured Senior Credit Facility described in Note R. Holders of Senior Secured Credit Facility Claims have a second lien on two properties owned by HMC in which Iberia Bank has a first lien. We have assumed that the sales proceeds in excess of the Iberia Bank debt are allocated pro-rata based upon the gross proceeds of the properties subject to the second mortgage held by the Secured Senior Credit Facility over the gross proceeds of all property owned by HMC. Proceeds from the liquidation of the various HMC Leasing, LLC properties are used to first satisfy, as applicable, (a) Class 4 – JPM Consumer Loan Claims, (b) Class 5 – Iberia

Loan Claims, and (c) Class 6 – Secured Senior Credit Facility Liens. The remainder of any sale proceeds would reduce the (a) DIP Loan and (b) Trustee Fees and Costs before being applied to the various classes of unsecured creditors.

Knight Energy Holdings, LLC
Balance consists of rental tool assets, machinery, furniture and fixtures, and the Knight Energy Holdings, LLC owned real estate properties secured under the Iberia Loan described in Note Q and the Secured Senior Credit Facility described in Note R.

F. Other Non-Current Assets

Other non-current assets consist of deferred financing costs, intellectual property, and deposits. In the Chapter 7 Liquidation, there would be minimal value to these assets which are estimated to have no recovery.

G. Unencumbered Assets

Unencumbered assets include the Debtors' fleet of transportation equipment, which includes over 100 vehicles, any unencumbered properties owned by the Debtors, as well as any potential directors and officers Claims. The liquidation value assigned to the transportation equipment ($1.1 million to $1.3 million) was provided by the Debtors' fleet manager, and the value assigned to other unencumbered properties was determined via the same methodology as described in Note E. For the purpose of this analysis, the proceeds of the liquidation of unencumbered assets are first used to pay an allocated portion of DIP Claims, and Chapter 7 trustee fees and expenses, and unpaid administrative Claims and priority Claims, before any recovery is available to the various classes of unsecured creditors.

Liquidation Adjustments –

H. DIP Financing Claims

DIP Financing Claims include any Claims against the Debtors on account of the DIP Financing. For the purpose of this analysis, the DIP Financing Claims total was estimated based on the expected DIP Draws as of the conversion date, along with any unpaid DIP interest and fees as of the liquidation date, as well as $75,000 for a professional fee escrow account. The responsibility for the payment of the DIP Financing Claims and for the Chapter 7 fees and expenses of Liquidation is allocated to the three silos on a pro rata basis based on the gross proceeds of the Liquidation of the assets of each silo. The allocated portion of the DIP Financing Claims and Chapter 7 fees and expenses of each silo is payable from the proceeds of the unencumbered assets and any "equity" after payment of the secured liens. To the extent there are insufficient proceeds of unencumbered assets and any "equity" remaining after payment of the secured liens to pay all of the allocated DIP Financing Claims and Chapter 7 fees and expenses, the shortfall is then charged to value otherwise attributable to the holders of the Senior Secured Credit Facility. The Liquidation Analysis also assumes that holders of Senior Secured Credit Facility Claims agree in such an event to the payment of the DIP Financing Claims in full in preference to the payment of the Chapter 7 fees and expenses. The Liquidation Analysis projects an estimated recovery of 100% for holders of DIP Financing Claims.

I. Net Wind-Down Expenses of Trustee

The Liquidation Analysis assumes the Chapter 7 liquidation process will take 6 - 12 months to complete due to the large quantity of rental tools and real estate that will need to be liquidated. Corporate payroll and administrative costs during the liquidation are based on the assumption that certain limited functions would be required during the liquidation process for an orderly wind-down of the business. Examples of such costs incurred during a Chapter 7 liquidation would include expenses associated with salary or hourly compensation and retention programs to maintain wind-down personnel, rent, and utilities. The Liquidation Analysis includes the cost of an employee retention program equal to one month compensation for a 6 month wind-down and two months compensation for a 12 month wind-down. For the purposes of this Liquidation Analysis, net wind-down expenses have been allocated to the various Debtor entities based on gross liquidation proceeds available for distribution.

J. Trustee Fees

Compensation for the Chapter 7 Trustee was estimated at 3% of the gross proceeds from the liquidation (excluding cash) in accordance with the fee guidelines in section 326(a) of the Bankruptcy Code.

K. Trustee Legal & Other Advisors

Compensation for the Chapter 7 Trustee’s professionals (legal, accounting, and other professionals retained or employed by the Trustee to assist in the liquidation of the assets and distribution of the proceeds) during the Chapter 7 Liquidation is estimated to be 3% the total proceeds from the liquidation (excluding cash).

Claims –

L. Priority Tax Claims

Priority Tax Claims include all Governmental Claims of the kind specified in section 507(a)(8) of the Bankruptcy Code. Estimates for unpaid property, franchise, and sales taxes, including any accrued penalties and interest, have been included as a Priority Tax Claims. For the purpose of this analysis, an estimate of $2.0 million in priority tax Claims associated with on-going tax audits has been included. Recovery of 100% is estimated for holders of Priority Tax Claims. An additional estimate of $0.2 million has been included for estimated Franchise Taxes.

M. Class 1 – Other Secured Claims

The Debtors are parties to a loan to finance insurance premiums on several of their insurance policies which is secured by the refunds payable to the Debtors in the event that the policies are cancelled for non- payment. The outstanding balance on this loan is estimated at approximately $0.4 million, which is a secured Claim. The Liquidation Analysis projects an estimated recovery of 100%.

N. Class 2 – Other Priority Claims

The Liquidation Analysis anticipates that on the Chapter 7 Conversion Date, there will be no outstanding Other Priority Claims entitled to a right of payment under section 507(a) of the Bankruptcy Code.

O. Class 3 – JPM Commercial Loan Claims

JPM Commercial Loan Claims consist of approximately $5.2 million principal and $0.27 million interest and fees owed under the JPM Commercial Loans secured by a lien on the real property at 2727 SE Evangeline Thruway, Broussard, Louisiana and possibly a second lien on the Seaside Property. For the purposes of the Liquidation Analysis, based on the value of the collateral, (and without considering any recovery on account of the second lien on the Seaside Property), the JPM Commercial Loan Claims are treated as fully secured. Holders of JPM Commercial Loan Claims will receive the proceeds from the sale of their collateral before any distribution is made to holders of any other Claims including on account of Chapter 7 trustee fees and expenses, unpaid administrative Claims, and unsecured Claims. The Liquidation Analysis projects an estimated recovery of 100% for holders of JPM Commercial Loan Claims.

With respect to the JPM Commercial Loan Claims, the Debtors are making adequate protection payments of postpetition, non-default interest in the Chapter 11 proceedings. As such, the Liquidation Analysis reflects principal and estimated accrued interest only as of the petition date. It is assumed the sale of the collateral will occur within 6 - 12 months of the Chapter 7 Conversion Date, and any unpaid interest (including any allowed default interest) that accrues through the date of the ultimate sale of the real estate has not been included. Proceeds from the sale of collateral do not include any ad valorem taxes or attorney's fees associated with the sale as these are separately included as Priority Tax Claims or wind-down costs. The actual amount owed to the secured creditor may be materially larger than depicted due to (a) additional interest which will be owed as of the closing of the sale, and/or (b) the continued accrual of ad valorem taxes and attorney's fees if the sale of the collateral is delayed.

P. Class 4 – JPM Consumer Loan Claims

JPM Consumer Loan Claims consist of approximately $3.4 million principal and $0.18 million interest owed under JPM Consumer Loan 1 and JPM Consumer Loan 2, both of which are secured by a Lien on the Seaside Property. For purposes of the Liquidation Analysis, JPM Consumer Loan Claims are treated as fully secured by the Seaside Property. The Holder of the JPM Consumer Loan Claims will receive the proceeds from the sale of its collateral before any distribution is made to holders of any other Claims, including on account of Chapter 7 trustee fees and expenses, unpaid administrative Claims, and unsecured Claims (including any intercompany Claims of other Debtors). The Liquidation Analysis projects an estimated recovery of 100% for holders of JPM Consumer Loan Claims.

With respect to the JPM Consumer Loan Claims, the Debtors are making adequate protection payments of postpetition, non-default interest in the Chapter 11 proceedings. As such, the Liquidation Analysis reflects principal and estimated accrued interest only as of the petition date. It is assumed the sale of the collateral will occur within 6 - 12 months of the Chapter 7 Conversion Date, and any unpaid interest (including any allowed default interest) that accrues through the date of the ultimate sale of the real estate has not been included. Proceeds from the sale of collateral do not include any ad valorem taxes or attorney's fees associated with the sale as these are separately included as Priority Tax Claims or wind-down costs. The actual amount owed to the secured creditor may be materially larger than depicted due to (a) additional interest which will be owed as of the closing of the sale, and/or (b) the continued accrual of ad valorem taxes and attorney's fees if the sale of the collateral is delayed.

Q. Class 5 – Iberia Loan Claims

The Iberia Loan Claims consist of approximately $11.2 million outstanding principal and $3.5 million interest which are secured by Liens on various Debtor properties owned by HMC Leasing, LLC and Knight Energy Holdings, LLC. Holders of Iberia Loan Claims will receive the proceeds from the sale of their collateral before any distribution is made to holders of any other Claims including on account of Chapter 7 trustee fees and expenses, unpaid administrative Claims, and unsecured Claims, including any intercompany Claims of other debtors. Iberia Bank will be paid in full out of the property that is owned by HMC. The property owned by Rayne Properties in which Iberia has a lien will be treated as unencumbered assets in KEH. The Liquidation Analysis projects an estimated recovery of 100% for holders of Iberia Loan Claims.

With respect to the Iberia Loan Claims, the Debtors are making adequate protection payments of postpetition, non-default interest in the Chapter 11 proceedings. As such, the Liquidation Analysis reflects principal and estimated accrued interest only as of the petition date. It is assumed the sale of the collateral will occur within 6 - 12 months of the Chapter 7 Conversion Date, and any unpaid interest (including any allowed default interest) that accrues through the date of the ultimate sale of the real estate has not been included. Proceeds from the sale of collateral do not include any ad valorem taxes or attorney's fees associated with the sale as these are separately included as Priority Tax Claims or wind-down costs. The actual amount owed to the secured creditor may be materially larger than depicted due to (a) additional interest which will be owed as of the closing of the sale, and/or (b) the continued accrual of ad valorem taxes and attorney's fees if the sale of the collateral is delayed.

R. Class 6 – Secured Senior Credit Facility Claims

The Secured Senior Credit Facility Claims of $203.8 million consists of approximately $180.6 million principal and $23.2 million interest outstanding under the Secured Senior Credit Facility as of the Petition Date. The Secured Senior Credit Facility is secured by substantially all of the Debtors' property, plant and equipment (excluding certain real-estate and the unencumbered assets described in Note G), including first liens on a number of real-estate properties and a lien on any intercompany balances between the Debtors. The Liquidation Analysis projects an estimated recovery of a low of approximately $58.9 million to a high of approximately $75.2 million for holders of Secured Senior Credit Facility Claims on account of their secured Claims from the proceeds of the liquidation of all Debtor entities. Based on the Liquidation Analysis, the holders of the Secured Senior Credit Facility Claims are expected to have general unsecured deficiency Claims of a low of approximately $136.9 million to a high of approximately $151.3 million that will be included in Class 9 – General Unsecured Claims.

S. Class 7 – Mineral Contractor Claims

Mineral Contractor Claims consist of an estimated $200,000 in unpaid Claims of creditors who may be able to assert statutory mineral liens on property of customers of the Debtors arising under Chapter 56 of the Texas Property Code, Article 4861 of the Louisiana Oil Lien Act, or other similar state of federal laws. In a liquidation scenario, it is assumed that the Chapter 7 trustee will not pay any Mineral Contractor Claims, that any Claimants capable of asserting a Mineral Contractor Claims against property of customers of the Debtors will do so, and that these Claims will be general unsecured Claims. The Liquidation Analysis projects no recovery for holders of Mineral Contractor Claims in their capacity as holders of Mineral Contractor Claims.

T. Ch. 11 Administrative Claims

Chapter 11 Administrative Claims consist of unpaid ordinary course business obligations of the Debtors as of the Chapter 7 conversion date, as well as unpaid professional fees in excess of the $75,000 escrow amount captured in DIP financing Claims. For the purposes of this analysis, a half- month of payroll and 1.5 months of general accounts payable and self-insured medical Claims are assumed to be unpaid at the Chapter 7 Conversion Date.

U. Class 8 – Unsecured Convenience Class Claims

For the purposes of the Liquidation Analysis, all convenience class Claims are included in Class 9 – General Unsecured Claims.

V. Class 9 – General Unsecured Claims

For the purposes of the Liquidation Analysis, except as otherwise noted, all liabilities that are, or that the Debtors expect to be, general unsecured liabilities are classified as General Unsecured Claims, including the general unsecured deficiency Claims of approximately $136.9 million to $151.3 million of the holders of the Senior Credit Facility Claims. The Class 9 General Unsecured Claims balance also includes $8.7 million of trade claims, $0.3 million of potential litigation claims not already accrued accounted for in the Debtors' accounts payable, a $2 million estimate of unpaid use tax, and an additional $3.2 million related to contract damages, which is comprised of $1.4 million in guaranty claims, $1.3 million in employee contract claims, and $.5 million in contract rejection damages. The estimate does not include future contingent P&A claims related to any Guarantees with operators of various properties owned by Knight Resources.

W. Class 10 – Debtor Intercompany Claims and Intercompany Interests

The Liquidation Analysis does not reflect any recovery for Intercompany Interests existing on the Chapter 7 Conversion Date. As noted above, any recovery attributable to Class 10 Debtor Intercompany Claims is additional collateral under the Class 6 Senior Secured Credit Facility Claims.

X. Class 11 – Debtor Interests

The Liquidation Analysis does not reflect any recovery for Debtor Interests existing on the Chapter 7 Conversion Date.

Y. Class 12 – Section 510(b) Claims

The Debtors do not anticipate any Claims in this class.