

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

In re:	§	
	§	Chapter 11
	§	
BASIC ENERGY	§	Case No. 21-90002 (DRJ)
SERVICES, INC., et al.,	§	
	§	(Jointly Administered)
Debtors.¹	§	

**NOTICE OF SALE, BIDDING
PROCEDURES, AUCTION, AND SALE HEARING**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On August 17, 2021, Basic Energy Services, Inc. and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”) filed with the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”) a motion (ECF No. 39) (the “**Motion**”) for the entry of an order (the “**Bidding Procedures Order**”)² (i) approving (a) the Bidding Procedures, substantially in the form attached to the Bidding Procedures Order as **Exhibit 1**; (b) the Debtors’ designation of stalking horse bidders (the “**Stalking Horse Bidders**,” and such bidders’ bids, the “**Stalking Horse Bids**”) and offer such bidders certain bid protections identified in the Motion and the Bidding Procedures (the “**Stalking Horse Bid Protections**”); (c) authorizing the Debtors to

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Basic Energy Services, L.P. (1819); Basic Energy Services, Inc. (1194); C&J Well Services, Inc. (5684); KVS Transportation, Inc. (4882); Indigo Injection #3, LLC (7657); Basic Energy Services GP, LLC (1197); Basic Energy Services LP, LLC (1195); Taylor Industries, LLC (7037); SCH Disposal, L.L.C. (8335); Agua Libre Holdco LLC (3092); Agua Libre Asset Co LLC (1409); Agua Libre Midstream LLC (6701); and Basic ESA, Inc. (2279). The Debtors’ headquarters and service address for the purposes of these chapter 11 cases is 801 Cherry Street, Suite 2100, Fort Worth, Texas 76102.

² Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Motion, Bidding Procedures Order, and the Bidding Procedures, as applicable. Any summary of the Bidding Procedures Order or the Bidding Procedures contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

designate one or more Additional Stalking Horse Bidders (as defined in the Motion) and offer each such bidder certain Additional Stalking Horse Bid Protections (as defined in the Motion); (d) setting the deadline for potential bidders to submit a proposal to purchase the Debtors' businesses or assets (the "**Bid Deadline**"), authorizing and scheduling an auction (the "**Auction**"), authorizing and scheduling hearings with respect to the approval of a proposed sale transaction (the applicable "**Sale Hearing**"); (e) authorizing and approving the form and manner of the Sale Notice; (f) authorizing and approving the Cure Notice to Contract Counterparties regarding the Debtors' potential assumption and assignment of the Assigned Contracts and of the Debtors' calculation of the amount necessary to cure any defaults thereunder (the "**Cure Costs**"); (g) authorizing and approving procedures for the assumption and assignment of the Assigned Contracts and the determination of Cure Costs with respect thereto (collectively, the "**Assumption and Assignment Procedures**"); (ii) authorizing the sale of certain of the Assets (as defined and identified in each Stalking Horse Agreement, free and clear of all liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code following the sale process and completion of the Auction (collectively, the "**Sale Transactions**"); and (iii) granting related relief.

2. On August 25, 2021, the Bankruptcy Court entered the Bidding Procedures Order (ECF No. 179).

Stalking Horse Bids

3. On August 17, 2021, the Debtors and the Stalking Horse Bidders entered into the Stalking Horse Agreements, which provide for, among other things, the sale of the Debtors' businesses and assets contained in each Stalking Horse Package. The Stalking Agreements are subject to higher or otherwise better offers submitted in accordance with the terms and

provisions of the Bidding Procedures. A copy of the Stalking Horse Agreements are available on the website dedicated to the Debtors' chapter 11 cases maintained by their proposed claims and noticing agent and administrative advisor, Prime Clerk LLC, located at <https://cases.primeclerk.com/basicenergy> (the "Case Website") and on the Court's docket at (ECF No. 39).

Important Dates and Deadlines

- **Non-Binding Indication of Interest Deadline.** Any person or entity interested in participating in the Auction is encouraged to submit a Non-Binding Indication of Interest on or before September 6, 2021 at 5:00 p.m. (prevailing Central Time) (the "Non-Binding Indication of Interest Deadline").
- **Bid Deadline.** Any person or entity interested in participating in the Auction must submit a Qualified Bid on or before September 10, 2021 at 5:00 p.m. (prevailing Central Time) (the "Bid Deadline").
- **Auction.** An Auction, if necessary, has been scheduled for September 13, 2021 at 1:00 p.m. (prevailing Central Time).
- **Sale Objection Deadlines.** Objections to the Sale Transactions, including any objection to the sale of the Debtors' business free and clear of all claims and interests pursuant to section 1141(c) of the Bankruptcy Code must be (i) filed in accordance with the Bidding Procedures and (ii) filed with the Bankruptcy Court by no later than September 2, 2021 at 5:00 p.m. for the Stalking Horse Agreements, and September 17, 2021 at 5:00 p.m. (prevailing Central Time) for all other Sale Transactions (the "Sale Objection Deadlines").
- **Sale Hearing.** A hearing to approve the Stalking Horse Agreements if no other Qualified Bid(s) are received shall be held before the Bankruptcy Court before the Honorable David R. Jones on September 16, 2021 at 2:00 p.m. (prevailing Central Time), and September 23, 2021 at 9:00 a.m. (prevailing Central Time) for all other Sale Transactions (the applicable "Sale Hearing").

Notice to Holders of Consent Rights, Preferential Purchase Rights and Similar Rights of Sale Objection Deadline

4. The Debtors will assign to a Successful Bidder, pursuant to an asset purchase agreement, certain contracts, agreements, leases and other assets, including assets constituting real property interests (including all fee surface interests in land, surface leases, easements, rights of way, servitudes, licenses, franchises, road, railroad, and other surface use permits or agreements), free and clear of all **liens, claims, interests, and encumbrances** (other than certain

permitted post-closing liabilities, liens, or as otherwise provided in the applicable purchase agreement). Subject to approval by the Bankruptcy Court, if any party objects to such assignment, including any objection based on any alleged approval or consent right or anti-assignment provision contained in or applicable to any contract, lease, or other agreement (a “**Consent Right**”), then such party must file with the Bankruptcy Court, via ECF, an objection identifying (i) the contract(s), lease(s), or other agreement(s), (ii) the basis for objecting to the assignment of such contract(s), lease(s), or other agreement(s), and (iii) all supporting documentation (each, an “**Assignment Objection**”), no later than the Sale Objection Deadline.

5. In addition, the Debtors will assign to a Successful Bidder, pursuant to an asset purchase agreement, certain contracts, agreements, leases or other assets, including assets constituting real property interests (including all fee surface interests in land, surface leases, easements, rights of way, servitudes, licenses, franchises, road, railroad, and other surface use permits or agreements), free and clear of any preferential purchase rights, rights of first refusal, drag-along rights, tag-along rights, and other similar rights, if any, that are applicable to the transfer of the Debtors’ assets in connection with a Sale Transaction (each a “**Preferential Purchase Right**”). Subject to approval by the Bankruptcy Court, if any purported holder of a Preferential Purchase Right objects to such transfer, including on account of any alleged Preferential Purchase Right contained in or applicable to any contract, lease, or other agreement, then such holder must file with the Bankruptcy Court, via ECF, an objection identifying (i) the assets subject to such Preferential Purchase Right(s), (ii) the applicable agreement, document, or statute giving rise to such Preferential Purchase Right(s), (iii) the portion of the agreement, document, or statute giving rise to such Preferential Purchase Right(s), and (iv) all other supporting documentation (a “**Rights Objection**”), no later than the Sale Objection Deadline.

6. IF A PARTY FILES AN ASSIGNMENT OBJECTION OR RIGHTS OBJECTION IN A MANNER THAT IS CONSISTENT WITH THE REQUIREMENTS SET FORTH ABOVE, AND THE PARTIES ARE UNABLE TO CONSENSUALLY RESOLVE THE DISPUTE PRIOR TO THE SALE HEARING, SUCH OBJECTION WILL BE HEARD BY THE BANKRUPTCY COURT AT THE SALE HEARING.

7. Any person failing to timely file an Assignment Objection or Rights Objection, as applicable, will be (i) forever barred from objecting to the transfer, sale, assumption, and/or assignment of the Debtors' right, title, and interest in, to and under the assets to be sold, assumed, and/or assigned in connection with a Sale Transaction, free and clear of all liens, claims, interests, and encumbrances, including Consent Rights and Preferential Purchase Rights (other than certain permitted liens), and from asserting any alleged Preferential Purchase Rights with respect to a Sale Transaction, and (ii) deemed to consent to and approve the transfer, sale, and assumption and/or assignment of the Debtors' right, title, and interest in, to and under such assets free and clear of all liens, claims, interests, and encumbrances, including Consent Rights and Preferential Purchase Rights (other than certain permitted liens), regardless of whether such consent must be in writing pursuant to the terms of any contract, lease, or other agreement.

8. If any person files an Assignment Objection or Rights Objection in accordance herewith, the Debtors and other parties in interest will have the opportunity to object to any alleged rights asserted by such person by filing a response to the Assignment Objection or Rights Objection, as applicable (and serving such response on the objecting party) at any time prior to the Sale Hearing. Upon the filing of such response to such objection, any rights asserted will be deemed to be disputed and the Debtors will be entitled to assert that a bona fide dispute exists as

to such rights asserted. Nothing herein will be deemed a waiver of any rights of the Debtors or any other parties in interest to contest any rights asserted by any person in such objections, and all such rights of the Debtors are expressly preserved.

9. In addition, pursuant to an asset purchase agreement and the Bidding Procedures Order, the Debtors shall assume and assign contracts and leases to a Successful Bidder in accordance with the deadline provided in the applicable Stalking Horse Agreement (generally, up to ninety (90) days after closing). Any Assignment Objection or Rights Objection shall be filed within seven (7) days of notice thereof.

Additional Information

10. Any party interested in submitting a bid should contact the Debtors' investment banker, Lazard Frères & Co., 30 Rockefeller Plaza, New York, New York 10112 (Attn: Brandon Aebersold (Email: Brandon.Aebersold@lazard.com) and Lisa Lansio (Lisa.Lansio@lazard.com)), and 600 Travis Street, Houston, Texas 77002 (Attn: Douglas A. Fordyce (Email: Doug.Fordyce@lazard.com) and Frank Daily III (Email: Frank.Daily@lazard.com)). Copies of the Motion, the Bidding Procedures Order, and the Bidding Procedures may be obtained free of charge at the website dedicated to the Debtors' chapter 11 cases maintained by their claims and noticing agent and administrative advisor, Prime Clerk LLC, located at <https://cases.primeclerk.com/basicenergy>.

11. Copies of the Motion, the Bidding Procedures Order, the Bidding Procedures, and the Stalking Horse Agreements may be obtained free of charge from the Case Website.

Reservation of Rights

12. Except as otherwise set forth herein, the Debtors reserve the right to, in their reasonable business judgment, in a manner consistent with their fiduciary duties and applicable law, and in consultation with the Consultation Parties, to modify the Bidding Procedures; waive

terms and conditions set forth herein with respect to all Potential Bidders; extend the deadlines set forth herein; announce at the Auction modified or additional procedures for conducting the Auction; alter the assumptions set forth herein; *provided, that*, any modifications shall not be inconsistent with the Stalking Horse Agreements, the Bidding Procedures Order, or any other order of the Bankruptcy Court and shall not modify the consent or consultation rights of any party. Subject to the foregoing, the Debtors may, in consultation with the Consultation Parties, provide reasonable accommodations to any Potential Bidder(s) with respect to such terms, conditions, and deadlines of the bidding and Auction process to promote further bids on the Debtors' business, in each case, to the extent not materially inconsistent with the Bidding Procedures and the Bidding Procedures Order. All parties reserve their rights to seek Bankruptcy Court relief, including on an expedited basis, with regard to the Auction, the Bidding Procedures, and any related items (including, if necessary, to seek an extension of the Bid Deadline). The rights of all Consultation Parties with respect to the outcome of the Auction are reserved. Nothing in the Bidding Procedures or the Bidding Procedures Order shall amend, modify, waive, or impair, or be deemed to amend, modify, waive, or impair, any provision of the Stalking Horse Agreements or any rights or remedies of the Stalking Horse Bidders, all of which are hereby preserved. For the avoidance of doubt, the Consultation Parties shall be deemed to consent to the Sale Transactions, as applicable, if (i) the Debtors and any Successful Bidder and any Back Up Bidder adhere to the Bidding Procedures and (ii) liens attach to the proceeds of the Sale Transaction with the same validity and priority as existed on the Applicable Acquired Assets prior to the Sale Transaction.

13. **FAILURE TO ABIDE BY THE BIDDING PROCEDURES, THE BIDDING PROCEDURES ORDER, OR ANY OTHER ORDER OF THE BANKRUPTCY COURT IN THESE CHAPTER 11 CASES MAY RESULT IN THE REJECTION OF YOUR BID. THE FAILURE OF ANY PERSON OR ENTITY TO FILE AN OBJECTION IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER BY THE SALE OBJECTION DEADLINES SHALL FOREVER BAR SUCH PERSON OR ENTITY FROM ASSERTING ANY OBJECTION TO THE MOTION, THE ORDER APPROVING THE SALE TRANSACTIONS, THE PROPOSED SALE TRANSACTIONS, OR THE DEBTORS' CONSUMMATION OF THE STALKING HORSE AGREEMENTS OR ANY OTHER AGREEMENT EXECUTED BY THE DEBTORS AND A SUCCESSFUL BIDDER AT THE AUCTION.**

Dated: August 25, 2021
Houston, Texas

Respectfully submitted,

/s/ Alfredo R. Pérez

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