Docket #0612 Date Filed: 11/05/2019

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
EMERGE ENERGY SERVICES LP, *et al.*,[1]	:	Case No. 19-11563 (KBO)
Debtors.	:	Jointly Administered

SUPPLEMENTAL DECLARATION OF BRYAN M. GASTON IN SUPPORT OF CONFIRMATION OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION FOR EMERGE ENERGY SERVICES LP AND ITS AFFILIATE DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

I, Bryan M. Gaston, hereby declare that the following is true to the best of my knowledge, information and belief:

1. I am the Restructuring Officer ("**RO**") of each of the debtors and debtors-in-possession in the above-captioned cases (collectively, the "**Debtors**").

2. This declaration (the "**Supplemental Declaration**") supplements the *Declaration of Bryan M. Gaston in Support of Confirmation of the First Amended Joint Plan of Reorganization for Emerge Energy Services LP and its Affiliate Debtors Under Chapter 11 of the Bankruptcy Code* (the "**Prior Declaration**") [Docket No. 559] filed on October 28, 2019.

3. The Prior Declaration and the exhibits thereto, including the Debtors' Liquidation Analysis (the "**Original Liquidation Analysis**"), were admitted into evidence in these cases on

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Emerge Energy Services LP (2937), Emerge Energy Services GP LLC (4683), Emerge Energy Services Operating LLC (2511), Superior Silica Sands LLC (9889), and Emerge Energy Services Finance Corporation (9875). The Debtors' address is 5600 Clearfork Main Street, Suite 400, Fort Worth, Texas 76109.

October 30, 2019. *See* Oct. 30, 2019, Hr'g Tr. at 136:5-136:15. For convenience, a true and correct copy of the Original Liquidation Analysis is attached hereto as Exhibit A.

4. During my cross-examination on October 30, 2019, counsel to the Official Committee of Unsecured Creditors (the "**Committee**") asked me several questions regarding the Original Liquidation Analysis. In particular, the Committee requested to know if, and how, the results might change if certain encumbered assets were instead unencumbered. I responded at the time that I would need to re-run the analysis.

5. In further response to the questions from the Committee, and for illustrative purposes only, I have updated the Original Liquidation Analysis by making the discrete modifications set forth on the modified liquidation analysis attached hereto as Exhibit B (the "**Modified Liquidation Analysis**"). The changes are shown in red on the Modified Liquidation Analysis and are summarized below:

6. Business Interruption Insurance Proceeds ("BIIP"). The Original Liquidation Analysis estimated recoveries in respect of BIIP at $9,000,0000 to $15,000,000 (listed as "Other Assets" on Page 1). The recoveries in respect of the BIIP presented in the Original Liquidation Analysis contemplated that the Debtors would have completed construction of a new berm to replace the failed berm at the San Antonio facility and resumed operations in mines A and B as well as the wet plant by October 1, 2019. In reality the construction of the new berm was not actually completed by October 1, 2019 and the operational start-up was delayed. Construction of the new berm was completed by October 31, 2019 but resumption of operations in mines A and B had only begun on a very limited test basis. As a result of these events, I have increased the BIIP recovery range to between $11,800,000 and $19,800,000.

7. Carve-Out Claims. The Original Liquidation Analysis estimated the only Carve-Out Claims would be the additional $1 million of professional fees allowable under the carve out to the DIP Order[2] arising after delivery of a Carve-Out Trigger Notice (as defined in the DIP Order). I have increased the Carve-Out Claims to include the actual accrued but unpaid professional fees of the Debtors' professionals and the Committee's professionals as of October 31, 2019. The revised total for Carve-Out Claims in the Modified Liquidation Analysis is $12,030,000.

8. Total Liquidation Costs. As a result of the increased Carve-Out Claims, the Total Liquidation Costs are estimated to increase from $15,661,000 - $16,116,000 in the Original Liquidation Analysis to $27,775,000 - $28,291,000 in the Modified Liquidation Analysis.

9. Gross Liquidation Proceeds from Unencumbered Assets. The Original Liquidation Analysis assumed that only Preference Proceeds were unencumbered assets, with a value range of $2,200,000 to $4,038,000. For illustrative purposes only, I have increased the total proceeds from unencumbered assets by assuming the entirety of the BIIP are unencumbered by any prepetition liens. With this assumption, the Gross Liquidation Proceeds from Unencumbered Assets are estimated to increase from $2,200,000 - $4,038,000 in the Original Liquidation Analysis to $14,000,000 - $23,838,000 in the Modified Liquidation Analysis. To be clear, the Debtors believe the BIIP are encumbered by prepetition liens.

[2] "DIP Order" means the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Certain Protections to Prepetition Secured Lenders, (III) Scheduling a Final Hearing, and (IV) Granting Related Relief.* (D.I. 209).

10. Net Liquidation Proceeds from Unencumbered Assets Available to Distribute. Even assuming the BIIP are unencumbered by any prepetition liens, there are still no net liquidation proceeds from unencumbered assets available to distribute to Class 6 unsecured creditors because the Total Liquidation Costs ($27,775,000 - $28,291,000 as shown in paragraph 8 above) still exceed the Gross Liquidation Proceeds from Unencumbered Assets ($14,000,000 - $23,838,000 as shown in paragraph 9 above). In other words, even assuming that 100% of the BIIP are unencumbered by any prepetition liens, there are still no proceeds from unencumbered assets available to provide any recovery to Class 6 general unsecured creditors in a chapter 7 liquidation. Most importantly, this result is true even before taking into account the Adequate Protection Claims discussed below.

11. Adequate Protection Claims. Because the Original Liquidation Analysis already demonstrated that general unsecured creditors would achieve no recovery in a chapter 7 liquidation, I did not include the effect of the prepetition lenders' adequate protection claim. Given the focus of the Committee's questions on the possibility of material unencumbered assets, I have added a calculation of that adequate protection claim.

12. There are two components of the adequate protection claim. The first is the Chapter 11 Adequate Protection Claim, which is the amount of all cash draws under the DIP and the net cash outflows during the chapter 11 proceedings. I estimate the Chapter 11 Adequate Protection Claim at $22,278,000 to $39,078,000 as set forth in my Prior Declaration.

13. The second is the Incremental Chapter 7 Adequate Protection Claim, which is the difference in recovery to the prepetition noteholders between the recovery offered under the Debtors' plan of reorganization and the recovery (if any) in a chapter 7 liquidation. I estimate the Chapter 7 Adequate Protection Claim to be between $110,055,000 to $146,988,000.

14. As a result of the foregoing, even when I revise the analysis in response to the hypotheticals posed by the Committee regarding the BIIP, the Modified Liquidation Analysis still demonstrates that general unsecured creditors would receive no recovery in a chapter 7 liquidation (and this is true even before considering any adequate protection claims ranging from approximately $133 million to $186 million to the Prepetition Noteholders).[3]

[3] I have not updated the Original Liquidation Analysis regarding the proceeds of liquidating the assets located at Kingfisher, Oklahoma. But, for the avoidance of doubt, had I assumed that such assets were likewise unencumbered by any prepetition liens, the analysis still would not change: Total Liquidation Costs would still exceed the Gross Liquidation Proceeds from Unencumbered Assets, even prior to application of the adequate protection claims.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: November 5, 2019

Respectfully submitted,

/s/ Bryan M. Gaston
Bryan M. Gaston
Ankura Consulting Group, LLC

EXHIBIT A

Emerge Energy Services LP, et. al
Case Number: 19-11563
Liquidation Analysis

($s in USD '000s)	Notes	Estimated Claim Amount		Emerge Energy Services LP, et. al Recovery Estimate (%)		Emerge Energy Services LP, et. al Recovery Estimate ($)	
		Low	High	Low	High	Low	High
Gross Proceeds of Asset Liquidation, by Asset Type							
Assets							
Cash and Equivalents	[A]					$ 11,535	$ 11,535
Restricted Cash	[B]					-	-
Accounts Receivable	[C]					13,347	15,095
Intercompany Receivable	[D]					-	-
Finished Inventory	[E]					2,241	3,734
Wet Inventory	[F]					8,698	10,996
Other Inventory	[G]					-	2
Prepaid Expenses	[H]					661	1,982
Other Current Assets	[I]					-	91
Construction-in-Process	[J]					661	4,410
Land / Buildings	[K]					7,435	9,055
Equipment	[L]					15,336	17,453
Other Fixed Assets	[M]					290	347
Mineral Reserves	[N]					2,595	5,190
Right-of-Use Asset	[O]					-	-
Goodwill & Intangibles	[P]					-	-
Deposits	[Q]					1,400	1,900
Investment in Subsidiaries	[R]					-	-
Other Assets	[S]					9,000	15,000
Preference Proceeds	[T]					2,220	4,038
Gross Recovery						**$ 75,418**	**$ 100,828**

Emerge Energy Services LP, et. al
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($s in USD '000s)	Notes	Estimated Claim Amount		Emerge Energy Services LP, et. al Recovery Estimate (%)		Emerge Energy Services LP, et. al Recovery Estimate ($)	
		Low	High	Low	High	Low	High
Carve-Out Claim and Liquidation Cost Summary							
Carve-Out Claims							
Chapter 11 Professional Fees	[U]					$ (1,000)	$ (1,000)
US Trustee Fee	[V]					(950)	(950)
Total Carve-Out Claims						**$ (1,950)**	**$ (1,950)**
Chapter 7 Liquidation Costs							
Liquidation Wind-Down Exp.	[W]					$ (7,156)	$ (5,717)
PTO / Accrued Wages	[X]					(679)	(679)
Chapter 7 Trustee	[Y]					(2,233)	(2,995)
Royalty Admin Expense	[Z]					(2,035)	(2,035)
Liquidation Fee	[AA]					(3,558)	(4,690)
Total Liquidation Costs						**$ (15,661)**	**$ (16,116)**
Gross Liquidation Proceeds from Unencumbered Assets						**$ 2,220**	**$ 4,038**
Less: Liquidation Costs Charged Against Unencumbered Assets						(2,220)	(4,038)
Net Liquidation Proceeds from Unencumbered Assets Available to Distribute to Unsecured Claims						**$ -**	**$ -**
Gross Liquidation Proceeds from Encumbered Assets						**$ 73,198**	**$ 96,790**
Less: Net Liquidation Proceeds from Unencumbered Assets						-	-
Less: Liquidation Costs Not Charged Against Unencumbered Assets						(15,391)	(14,028)
Liquidation Proceeds Available to Distribute						**$ 57,808**	**$ 82,762**

Emerge Energy Services LP, et. al
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Liquidation Analysis

($s in USD '000s)		Estimated Claim Amount		Emerge Energy Services LP, et. al			
				Recovery Estimate (%)		Recovery Estimate ($)	
	Notes	Low	High	Low	High	Low	High
Distribution of Liquidation Proceeds							
Liquidation Proceeds Available to Distribute						**$ 57,808**	**$ 82,762**
Class 1 - Other Priority Claims	[AB]	$ 1,790		0.0%	0.0%	$ -	$ -
Class 2 - Other Secured Claims	[AC]	$ 17,346		2.5%	22.9%	$ (441)	$ (3,971)
Other Secured Claims - Deficiency	[AD]					*$ (16,904)*	*$ (13,374)*
Class 3 - Secured Tax Claims	[AE]	$ 2,288		100.0%	100.0%	$ (2,288)	$ (2,288)
Superpriority DIP Claim	[AF]	$ 69,054		79.8%	100.0%	$ (55,078)	$ (69,054)
Superpriority DIP Claim - Deficiency	[AG]					*$ (13,975)*	*$ -*
Class 4 - Prepetition Credit Agreement Claims	[AH]	$ 27,497		0.0%	27.1%	$ -	$ (7,449)
Prepetition Credit Agreement Claims - Deficiency	[AI]					*$ (27,497)*	*$ (20,048)*
Class 5 - Prepetition Notes Claim	[AJ]	$ 217,258		0.0%	0.0%	$ -	$ -
Prepetition Notes Claim - Deficiency	[AK]					*$ (217,258)*	*$ (217,258)*
Net Liquidation Proceeds from Unencumbered Assets	[AL]					$ -	$ -
503(b)(9) Claims	[AM]	$ 150	$ 300	0.0%	0.0%	$ -	$ -
Other Ch.11 Admin Claims	[AN]	$ 6,035	$ 6,035	0.0%	0.0%	$ -	$ -
Class 6 - General Unsecured Claims	[AO]	$ 832,639	$ 807,685	0.0%	0.0%	$ -	$ -
Class 7 - Intercompany Claims	[AP]	N/A	N/A	0.0%	0.0%	$ -	$ -
Class 8 - Old Emerge GP Interests	[AQ]	N/A	N/A	0.0%	0.0%	$ -	$ -
Class 9 - Old Emerge LP Interests	[AR]	N/A	N/A	0.0%	0.0%	$ -	$ -
Class 10 - Old Affiliate Equity Interests	[AS]	N/A	N/A	0.0%	0.0%	$ -	$ -

Emerge Energy Services
Liquidation Analysis
Footnotes and Assumptions

Notes Reference	Description	Commentary
n/a	Global Assumptions	– The Debtors prepared the Liquidation Analysis assuming a chapter 7 liquidation commences on or about October 31, 2019 (the “Liquidation Date”). – The Debtors have assumed that their liquidation would occur over approximately three months during which the Trustee would monetize substantially all assets of the estates. – No recovery assumed for non-frac by product for which does not inventory and on average essentially sells for a price equivalent to the cost of disposal. – No assumptions made for purposes of this analysis in any way restrict or limit any of the Debtors' rights which are fully reserved.
[A]	Cash and Equivalents	Estimated 10/31/2019 cash balance per latest DIP budget, dated 8/20/2019.
[B]	Restricted Cash	No balance to include.
[C]	Accounts Receivable	An estimate for AR at 10/31/19 has been prepared by performing a roll-forward from the 7/31/2019 actual balance based upon actual tons sold through approximately 8/20/19 and forecasted sales thereafter. Historical DSO terms were assumed which on average approximate 30 days. The following recovery rates were then applied: – Current: 80% - 90% Recovery – 0-30 Days Past Due: 70% - 80% Recovery – 31-60 Days Past Due: 50% - 60% Recovery – 61-90 Days Past Due: 10% - 25% Recovery – 90+ Days Past Due: No Recovery
[D]	Intercompany Receivable	Intercompany balances relate solely to payroll and net to zero, no recovery assumed
[E]	Finished Inventory	Finished inventory includes sand located both at the Debtors' facilities and at Transload facilities. High recovery estimated based on actual average sale price ("ASP") for July sales by grade and total tons in inventory at 7/31/2019. Low estimated recoveries assume 40% discount resulting from "flooding" the market and from discussions with management.
[F]	Wet Inventory	Estimated recovery determined by the location. San Antonio is based upon a slight discount to known market pricing as the debtors have been purchasing significant volumes of outside wet feed on the open market; Kosse assumed to be slightly lower than SA due to greater pricing pressure in that market; Northern White Sand ("NWS") assumed to have multiple recovery rates, for the first 100,000 tons, a sale price of $8/ton is assumed based on a recent offer from a competitor, due to the volume of material, compressed timeframe for sale and market conditions a sales price of only $4-$5/ton has been assumed for remainder of NWS.
[G]	Other Inventory	Primarily chemical inventory related to discontinued product; assumed de minimus recovery.
[H]	Prepaid Expenses	Primarily consist of prepaid inventory deliveries, prepaid insurance, and prepaid leases. No recovery assumed. Also includes professional fee retainer balances, which are applied in full to outstanding balances assumed in excess of the DIP carve-out at conversion.
[I]	Other Current Assets	Primarily consist of site improvements at transload facilities; (a) none of these facilities are owned by the Debtors and (b) any of these that relate to facilities under long term lease will have been rejected, assumed de minimus recovery.
[J]	Construction-in-Process	These represent capital improvements not yet complete and reclassified into fixed assets, a significant portion includes Oklahoma. Recovery assumed to be primarily from scrap sales, therefore assumed to be de minimus. All value recovered from Oklahoma is assumed to go first to creditors asserting secured liens against site specific assets. However, as described in the global notes above this is not an acknowledgement that the Debtors agree that these are valid, perfected leans. Accordingly the Debtors reserve all rights.

Emerge Energy Services
Liquidation Analysis
Footnotes and Assumptions

Notes Reference	Description	Commentary
[K]	Land / Buildings	Recovery for owned real estate has been determined as follows: - NWS appraised tax values +/-10%, - SA 2017 purchase price of $22 mil discounted approximately 80%, based on current appraised tax value - Kosse values discounted 50% of acquisition cost due to aged assets and depressed market conditions for Kosse-produced sand.
[L]	Equipment	- Recovery values represent an 8% recovery for estimated salvage value for mining equipment.
[M]	Other Fixed Assets	- Other Fixed Assets consist of office equipment and vehicles. Office Equipment values also represent an 8% recovery for estimated salvage value. Vehicle values were estimated by researching comparables with similar make, year, and model information as compared to the owned vehicles using online research websites such as Ritchie Brothers Auctions.
[N]	Mineral Reserves	No value assigned to reserves at leased locations due to (a) current market conditions and (b) unlikelihood of assigning for value royalty agreements entered into under significantly higher market conditions. Assumed recover for owned reserves by location: - San Antonio: Approximately 21 million tons of sand ore reserves assumed to be sold at $0.25 - $0.50/ton. - Church Road Mines: Approximately 6 million tons of sand ore reserves assumed to be sold at $0.25 - $0.50/ton. - Kosse: Approximately 38 million tons of sand ore reserves assumed to be sold at $0.50 - $1.00/ton.
[O]	Right-of-Use Asset	Intangible asset which GAAP requires be recorded. It represents value for the prospective use of rail-cars. These asset was calculated from the terms of original lease agreements which have now been rejected. Deemed to have no value.
[P]	Goodwill & Intangibles	No balance to include.
[Q]	Deposits	Primarily cash held in escrow related to the 2016 fuel sale transaction. The amounts to be released and the relative split of is disputed between the buyer and seller (Debtors). Recoveries estimated based upon recent settlement discussions.
[R]	Investment in Subsidiaries	No value
[S]	Other Assets	Estimates of insurance claims related to San Antonio berm breach incident prepared based upon discussion with claim consultant.
[T]	Preference Proceeds	– Specifically identified payments made to insiders and assumed 5-10% of all other 90-day payments, net of estimated legal fees, court filing costs, and other collection-related costs. – Ankura has not performed an analysis of or estimated any recovery of value related to any causes of action.
[U]	Chapter 11 Professional Fees	Cap of Ch. 11 Professional fee payments per DIP agreement.
[V]	US Trustee Fee	Total estimated US Trustee fee paid per 8/20/2019 DIP forecast.
[W]	Liquidation Wind-Down Exp.	Estimated wind-down budget for assumed 90-day, orderly process. Budget based on cash forecast for corporate-related and insurance, utilities, and rent expenses from 10/31/2019 through 1/31/2020. Low-recovery estimate assumes no reduction in workforce. High-recovery estimate assumes all employees receive WARN notice on 10/31/19 and remain on payroll for 60 days. In period 61-90 days staff drops significantly to 10 specifically identified key individuals converted to contractors and 10 TBD personnel to remain at plants.
[X]	PTO / Accrued Wages	Estimated liability for all accrued but unpaid PTO and one week of unpaid wages due to payroll cycle timing.

Emerge Energy Services
Liquidation Analysis
Footnotes and Assumptions

Notes Reference	Description	Commentary
[Y]	Chapter 7 Trustee	Section 326(a) of the Bankruptcy Code provides that Trustee Fees may not exceed 3.0% of distributable proceeds in excess of $1.0 million. The Liquidation Analysis assumes the Trustee Fees would be 3.0% of Gross Liquidation Proceeds from External Assets in excess of $1.0 million.
[Z]	Royalty Admin Expense	Assumed administrative expense associated with the sale of wet sand inventory located at mines with royalty agreements that include a charge per ton moved out of the mine, built up by-location.
[AA]	Liquidation Fee	Assumes liquidator sells all fixed assets (land / buildings, equipment, & other) and receives a fee equal to 15% of the gross proceeds from the sale of these assets.
[AB]	Class 1 - Other Priority Claims	Balance reflects increased bonding demand related to reclamation. No proof of claim has been filed and no analysis has not been undertaken since in either case the projected recovery is zero.
[AC]	Class 2 - Other Secured Claims	Lien claims listed as other secured primarily relate to specific assets at the Kingfisher, OK plant (under construction). Any assumed recovery is related specifically to any potential proceeds from the sale of those particular assets.
[AD]	Other Secured Claims - Deficiency	Deficiency claim for un-recovered portion of other secured claims.
[AE]	Class 3 - Secured Tax Claims	Estimated property tax obligations related to calendar 2019 due January 2020.
[AF]	Superpriority DIP Claim	Estimated 10/31/2019 balance plus accrued and unpaid interest per 8/20/2019 DIP forecast.
[AG]	Superpriority DIP Claim -	Deficiency claim for un-recovered portion of total DIP facility.
[AH]	Class 4 - Prepetition Credit Agreement Claims	Estimated remaining balance on 1L revolver at 10/31/2019 per 8/20/2019 DIP forecast.
[AI]	Prepetition Credit Agreement Claims - Deficiency	Deficiency claim for un-recovered portion of 1L revolver.
[AJ]	Class 5 - Prepetition Notes Claim	Estimated remaining balance on 2L including interest accrued as of filing. No interest accrued post-filing.
[AK]	Prepetition Notes Claim - Deficiency	Deficiency claim for un-recovered portion of 2L term loan.
[AL]	Net Liquidation Proceeds from Unencumbered Assets	Proceeds, net of liquidation costs, to unsecured claimants. All liquidation costs are charged against unencumbered assets first.
[AM]	503(b)(9) Claims	High-level estimate.
[AN]	Other Ch.11 Admin Claims	Estimated amount of accrued but unpaid ordinary course post-petition obligations as of 10/31/19 excluding professional fees
[AO]	Class 6 - General Unsecured Claims	General unsecured claims consist of outstanding accounts payable and accrued expense claims, estimated rejection claims, and all deficiency claims related, as applicable.
[AP]	Class 7 - Intercompany Claims	No balance to include. All intercompany claims net out when consolidating.
[AQ]	Class 8 - Old Emerge GP Interests	No claim value; Old Emerge GP equity interests.
[AR]	Class 9 - Old Emerge LP Interests	No claim value; Old Emerge LP equity interests.
[AS]	Class 10 - Old Affiliate Equity Interests	No claim value; Old Affiliate Equity Interests in any Emerge LP Subsidiary.

Notes Reference	Description	Commentary
n/a	Disclaimer	– The Liquidation Analysis was prepared for the sole purpose of assisting the Bankruptcy Court and holders of Impaired Claims or Interests in making this determination, and should not be used for any other purpose. The determination of the hypothetical proceeds, and costs of the liquidation of the Debtors' assets, is an uncertain process involving the use of estimates and assumptions that, although considered reasonable by the Debtors, are inherently subject to significant business and economic uncertainties and contingencies beyond the control of the Debtors, their management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results. The Company prepared the Liquidation Analysis for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code after conversion of the chapter 11 case. 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 any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis.
n/a	Disclaimer (Cont.)	– For purposes of the liquidation analysis ONLY, all asserted liens are presented as the face value amount asserted. 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. For purposes of the Liquidation Analysis, the Debtors' estimates of Allowed Claims contained in the Liquidation Analysis reference specific Claims estimates, even though the Debtors' estimates of ranges of projected recoveries under the Plan to holders of Allowed Claims and Interests are based on ranges of Allowed Claims and Interests. 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. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS. – In addition, the following are some, but not all, of the considered factors that could negatively impact the recoveries estimated: turnover of key personnel and delays in the liquidation process. These factors may limit the amount of the proceeds generated by the liquidation of the Debtors' assets. For example, it is possible that the liquidation would be delayed while the Trustee and his or her professionals become knowledgeable about the Chapter 11 Cases and the Debtors' businesses and operations. This delay could materially reduce the value, on a "present value" basis, of the liquidation proceeds, the effect of which has not been contemplated in this analysis. – The cessation of business in a liquidation is likely to trigger certain claims that otherwise would not exist under a Plan absent a liquidation. These types of administrative and priority claims have not been accounted for in the Liquidation Analysis. However, it is important to note certain of these will need to be paid in full before any balance of liquidation proceeds would be available to pay general unsecured creditors. Examples of Claims triggered in a liquidation include various potential employee claims (for such items as severance and potential WARN Act liabilities), tax liabilities, claims related to the rejection of unexpired leases and executory contracts that would otherwise be assumed, and other potential Allowed Claims. These additional claims could be significant; some may be administrative expenses, others may be entitled to priority in payment over General Unsecured Claims.

EXHIBIT B

Emerge Energy Services LP, et. al
Case Number: 19-11563
Liquidation Analysis

($s in USD '000s)	Notes	Estimated Claim Amount		Emerge Energy Services LP, et. al			
				Recovery Estimate (%)		Recovery Estimate ($)	
		Low	High	Low	High	Low	High
Gross Proceeds of Asset Liquidation, by Asset Type							
Assets							
Cash and Equivalents	[A]					$ 11,535	$ 11,535
Restricted Cash	[B]					-	-
Accounts Receivable	[C]					13,347	15,095
Intercompany Receivable	[D]					-	-
Finished Inventory	[E]					2,241	3,734
Wet Inventory	[F]					8,698	10,996
Other Inventory	[G]					-	2
Prepaid Expenses	[H]					661	1,982
Other Current Assets	[I]					-	91
Construction-in-Process	[J]					661	4,410
Land / Buildings	[K]					7,435	9,055
Equipment	[L]					15,336	17,453
Other Fixed Assets	[M]					290	347
Mineral Reserves	[N]					2,595	5,190
Right-of-Use Asset	[O]					-	-
Goodwill & Intangibles	[P]					-	-
Deposits	[Q]					1,400	1,900
Investment in Subsidiaries	[R]					-	-
Business Interruption Insurance Proceeds	[S]					11,800	19,800
Preference Proceeds	[T]					2,220	4,038
Gross Recovery						**$ 78,218**	**$ 105,628**

Emerge Energy Services LP, et. al
Case Number: 19-11563
Liquidation Analysis

($s in USD '000s)	Notes	Estimated Claim Amount		Emerge Energy Services LP, et. al			
				Recovery Estimate (%)		Recovery Estimate ($)	
		Low	High	Low	High	Low	High
Carve-Out Claim and Liquidation Cost Summary							
Carve-Out Claims							
Unpaid Chapter 11 Debtor Professional Fees	[U]					$ (5,786)	$ (5,786)
Unpaid Chapter 11 Committee Professional Fees	[V]					(4,295)	(4,295)
Additional Chapter 11 Professional Fees	[W]					(1,000)	(1,000)
US Trustee Fee	[X]					(950)	(950)
Total Carve-Out Claims						**$ (12,030)**	**$ (12,030)**
Chapter 7 Liquidation Costs							
Liquidation Wind-Down Exp.	[Y]					$ (7,156)	$ (5,717)
PTO / Accrued Wages	[Z]					(679)	(679)
Chapter 7 Trustee	[AA]					(2,317)	(3,139)
Royalty Admin Expense	[AB]					(2,035)	(2,035)
Liquidation Fee	[AC]					(3,558)	(4,690)
Chapter 7 Liquidation Costs						**$ (15,745)**	**$ (16,260)**
Total Liquidation Costs						**$ (27,775)**	**$ (28,291)**
Gross Liquidation Proceeds from Unencumbered Assets	[AD]					**$ 14,020**	**$ 23,838**
Less: Liquidation Costs Paid from Proceeds from Unencumbered Assets						$ (14,020)	$ (23,838)
Net Liquidation Proceeds from Unencumbered Assets Available to Distribute						**$ -**	**$ -**
Less: Ch. 11 Adequate Protection Claims	[AE]	$ 22,278	$ 39,078			$ -	$ -
Ch. 11 Adequate Protection Claims - Deficiency						*$ (22,278)*	*$ (39,078)*
Less: Incremental Ch. 7 Adequate Protection Claims	[AF]	$ 110,055	$ 146,988			$ -	$ -
Incremental Ch. 7 Adequate Protection Claims - Deficiency						*$ (110,055)*	*$ (146,988)*
Net Liquidation Proceeds from Unencumbered Assets Available to Distribute to Unsecured Claims						**$ -**	**$ -**
Gross Liquidation Proceeds from Encumbered Assets						**$ 64,198**	**$ 81,790**
Less: Remaining Liquidation Costs Not Paid from Proceeds from Unencumbered Assets						(13,755)	(4,453)
Liquidation Proceeds Available to Distribute						**$ 50,443**	**$ 77,337**

Emerge Energy Services LP, et. al
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($s in USD '000s)	Notes	Estimated Claim Amount		Emerge Energy Services LP, et. al Recovery Estimate (%)		Emerge Energy Services LP, et. al Recovery Estimate ($)	
		Low	High	Low	High	Low	High
Distribution of Liquidation Proceeds							
Liquidation Proceeds Available to Distribute						**$ 50,443**	**$ 77,337**
Class 1 - Other Priority Claims	[AG]	$ 1,790		0.0%	0.0%	$ -	$ -
Class 2 - Other Secured Claims	[AH]	$ 17,346		2.5%	22.9%	$ (441)	$ (3,971)
Other Secured Claims - Deficiency	[AI]					*$ (16,904)*	*$ (13,374)*
Class 3 - Secured Tax Claims	[AJ]	$ 2,288		100.0%	100.0%	$ (2,288)	$ (2,288)
Superpriority DIP Claim	[AK]	$ 69,054		69.1%	100.0%	$ (47,714)	$ (69,054)
Superpriority DIP Claim - Deficiency	[AL]					*$ (21,340)*	*$ -*
Superpriority Adequate Protection Claims	[AM]	$ 132,333	$ 186,066	0.0%	1.5%	$ -	$ (2,024)
Superpriority Adequate Protection Claims - Deficiency	[AN]					*$ (132,333)*	*$ (184,042)*
Class 4 - Prepetition Credit Agreement Claims	[AO]	$ 27,497		0.0%	0.0%	$ -	$ -
Prepetition Credit Agreement Claims - Deficiency	[AP]					*$ (27,497)*	*$ (27,497)*
Class 5 - Prepetition Notes Claim	[AQ]	$ 217,258		0.0%	0.0%	$ -	$ -
Prepetition Notes Claim - Deficiency	[AR]					*$ (217,258)*	*$ (217,258)*
Net Liquidation Proceeds from Unencumbered Assets	[AS]					$ -	$ -
503(b)(9) Claims	[AT]	$ 150	$ 300	0.0%	0.0%	$ -	$ -
Other Ch.11 Admin Claims	[AU]	$ 6,035	$ 6,035	0.0%	0.0%	$ -	$ -
Class 6 - General Unsecured Claims	[AV]	$ 840,003	$ 815,133	0.0%	0.0%	$ -	$ -
Class 7 - Intercompany Claims	[AW]	N/A	N/A	0.0%	0.0%	$ -	$ -
Class 8 - Old Emerge GP Interests	[AX]	N/A	N/A	0.0%	0.0%	$ -	$ -
Class 9 - Old Emerge LP Interests	[AY]	N/A	N/A	0.0%	0.0%	$ -	$ -
Class 10 - Old Affiliate Equity Interests	[AZ]	N/A	N/A	0.0%	0.0%	$ -	$ -

Emerge Energy Services
Liquidation Analysis
Footnotes and Assumptions

Notes Reference	Description	Commentary
n/a	Global Assumptions	– The Debtors prepared the Liquidation Analysis assuming a chapter 7 liquidation commences on or about October 31, 2019 (the "Liquidation Date"). – The Debtors have assumed that their liquidation would occur over approximately three months during which the Trustee would monetize substantially all assets of the estates. – No recovery assumed for non-frac by product for which does not inventory and on average essentially sells for a price equivalent to the cost of disposal. – No assumptions made for purposes of this analysis in any way restrict or limit any of the Debtors' rights which are fully reserved.
[A]	Cash and Equivalents	Estimated 10/31/2019 cash balance per latest DIP budget, dated 8/20/2019.
[B]	Restricted Cash	No balance to include.
[C]	Accounts Receivable	An estimate for AR at 10/31/19 has been prepared by performing a roll-forward from the 7/31/2019 actual balance based upon actual tons sold through approximately 8/20/19 and forecasted sales thereafter. Historical DSO terms were assumed which on average approximate 30 days. The following recovery rates were then applied: – Current: 80% - 90% Recovery – 0-30 Days Past Due: 70% - 80% Recovery – 31-60 Days Past Due: 50% - 60% Recovery – 61-90 Days Past Due: 10% - 25% Recovery – 90+ Days Past Due: No Recovery
[D]	Intercompany Receivable	Intercompany balances relate solely to payroll and net to zero, no recovery assumed
[E]	Finished Inventory	Finished inventory includes sand located both at the Debtors' facilities and at Transload facilities. High recovery estimated based on actual average sale price ("ASP") for July sales by grade and total tons in inventory at 7/31/2019. Low estimated recoveries assume 40% discount resulting from "flooding" the market and from discussions with management.
[F]	Wet Inventory	Estimated recovery determined by the location. San Antonio is based upon a slight discount to known market pricing as the debtors have been purchasing significant volumes of outside wet feed on the open market; Kosse assumed to be slightly lower than SA due to greater pricing pressure in that market; Northern White Sand ("NWS") assumed to have multiple recovery rates, for the first 100,000 tons, a sale price of $8/ton is assumed based on a recent offer from a competitor, due to the volume of material, compressed timeframe for sale and market conditions a sales price of only $4-$5/ton has been assumed for remainder of NWS.
[G]	Other Inventory	Primarily chemical inventory related to discontinued product; assumed de Minimis recovery.
[H]	Prepaid Expenses	Primarily consist of prepaid inventory deliveries, prepaid insurance, and prepaid leases. No recovery assumed. Also includes professional fee retainer balances, which are applied in full to outstanding balances assumed in excess of the DIP carve-out at conversion.
[I]	Other Current Assets	Primarily consist of site improvements at transload facilities; (a) none of these facilities are owned by the Debtors and (b) any of these that relate to facilities under long term lease will have been rejected, assumed de Minimis recovery.
[J]	Construction-in-Process	These represent capital improvements not yet complete and reclassified into fixed assets, a significant portion includes Oklahoma. Recovery assumed to be primarily from scrap sales, therefore assumed to be de Minimis. All value recovered from Oklahoma is assumed to go first to creditors asserting secured liens against site specific assets. However, as described in the global notes above this is not an acknowledgement that the Debtors agree that these are valid, perfected leans. Accordingly the Debtors reserve all rights.

Emerge Energy Services
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Notes Reference	Description	Commentary
[K]	Land / Buildings	Recovery for owned real estate has been determined as follows: - NWS appraised tax values +/-10%, - SA 2017 purchase price of $22 mil discounted approximately 80%, based on current appraised tax value - Kosse values discounted 50% of acquisition cost due to aged assets and depressed market conditions for Kosse-produced sand.
[L]	Equipment	- Recovery values represent an 8% recovery for estimated salvage value for mining equipment.
[M]	Other Fixed Assets	- Other Fixed Assets consist of office equipment and vehicles. Office Equipment values also represent an 8% recovery for estimated salvage value. Vehicle values were estimated by researching comparables with similar make, year, and model information as compared to the owned vehicles using online research websites such as Ritchie Brothers Auctions.
[N]	Mineral Reserves	No value assigned to reserves at leased locations due to (a) current market conditions and (b) unlikelihood of assigning for value royalty agreements entered into under significantly higher market conditions. Assumed recover for owned reserves by location: - San Antonio: Approximately 21 million tons of sand ore reserves assumed to be sold at $0.25 - $0.50/ton. - Church Road Mines: Approximately 6 million tons of sand ore reserves assumed to be sold at $0.25 - $0.50/ton. - Kosse: Approximately 38 million tons of sand ore reserves assumed to be sold at $0.50 - $1.00/ton.
[O]	Right-of-Use Asset	Intangible asset which GAAP requires be recorded. It represents value for the prospective use of rail-cars. These asset was calculated from the terms of original lease agreements which have now been rejected. Deemed to have no value.
[P]	Goodwill & Intangibles	No balance to include.
[Q]	Deposits	Primarily cash held in escrow related to the 2016 fuel sale transaction. The amounts to be released and the relative split of is disputed between the buyer and seller (Debtors). Recoveries estimated based upon recent settlement discussions.
[R]	Investment in Subsidiaries	No value
[S]	Business Interruption Insurance Proceeds	Estimates of insurance claims related to the San Antonio berm breach incident prepared based upon discussion with claim consultant. Increase in claim size from original estimate driven by longer than previouosly anticipated interruption. When the liquidation analysis was initially created, mines A and B were projected to be back on-line on October 1; now, both A and B are down through at least 10/31.
[T]	Preference Proceeds	– Specifically identified payments made to insiders and assumed 5-10% of all other 90-day payments, net of estimated legal fees, court filing costs, and other collection-related costs. – Ankura has not performed an analysis of or estimated any recovery of value related to any causes of action.
[U]	Unpaid Chapter 11 Debtor Professional Fees	Estimated accrued but unpaid debtor professional fees as of 10/31, adjusted for remaining retainer balances. Does not include any estimated claims agent fees.
[V]	Unpaid Chapter 11 Committee Professional Fees	Estimated accrued but unpaid committee professional fees as of 10/31.
[W]	Additional Chapter 11 Professional Fees	Cap of Ch. 11 Professional fee payments per DIP agreement.
[X]	US Trustee Fee	Total estimated US Trustee fee paid per 8/20/2019 DIP forecast.
[Y]	Liquidation Wind-Down Exp.	Estimated wind-down budget for assumed 90-day, orderly process. Budget based on cash forecast for corporate-related and insurance, utilities, and rent expenses from 10/31/2019 through 1/31/2020. Low-recovery estimate assumes no reduction in workforce. High-recovery estimate assumes all employees receive WARN notice on 10/31/19 and remain on payroll for 60 days. In period 61-90 days staff drops significantly to 10 specifically identified key individuals converted to contractors and 10 TBD personnel to remain at plants.

Emerge Energy Services
Liquidation Analysis
Footnotes and Assumptions

Notes Reference	Description	Commentary
[Z]	PTO / Accrued Wages	Estimated liability for all accrued but unpaid PTO and one week of unpaid wages due to payroll cycle timing.
[AA]	Chapter 7 Trustee	Section 326(a) of the Bankruptcy Code provides that Trustee Fees may not exceed 3.0% of distributable proceeds in excess of $1.0 million. The Liquidation Analysis assumes the Trustee Fees would be 3.0% of Gross Liquidation Proceeds from External Assets in excess of $1.0 million.
[AB]	Royalty Admin Expense	Assumed administrative expense associated with the sale of wet sand inventory located at mines with royalty agreements that include a charge per ton moved out of the mine, built up by-location.
[AC]	Liquidation Fee	Assumes liquidator sells all fixed assets (land / buildings, equipment, & other) and receives a fee equal to 15% of the gross proceeds from the sale of these assets.
[AD]	Gross Liquidation Proceeds from Unencumbered Assets	Includes assumed business interruption insurance proceeds as well as preference proceeds as unencumbered assets for illustration purposes only.
[AE]	Ch. 11 Adequate Protection Claims	Claim for diminution in value associated with the ch. 11 proceeding, including all net cash consumption and DIP cash draws.
[AF]	Incremental Ch. 7 Adequate Protection Claims	Claim for the incremental diminution in value associated with a ch. 7 proceeding, calculated as the lost recovery to Class 4 - Prepetition Credit Agreement Claims and Class 5 - Prepetition Notes Claims compared to recovery under the Plan. Claim is ranged to reflect the range of recovery to Class 5 under the Plan.
[AG]	Class 1 - Other Priority Claims	Balance reflects increased bonding demand related to reclamation. No proof of claim has been filed and no analysis has not been undertaken since in either case the projected recovery is zero.
[AH]	Class 2 - Other Secured Claims	Lien claims listed as other secured primarily relate to specific assets at the Kingfisher, OK plant (under construction). Any assumed recovery is related specifically to any potential proceeds from the sale of those particular assets.
[AI]	Other Secured Claims - Deficiency	Deficiency claim for un-recovered portion of other secured claims.
[AJ]	Class 3 - Secured Tax Claims	Estimated property tax obligations related to calendar 2019 due January 2020.
[AK]	Superpriority DIP Claim	Estimated 10/31/2019 balance plus accrued and unpaid interest per 8/20/2019 DIP forecast.
[AL]	Superpriority DIP Claim -	Deficiency claim for un-recovered portion of total DIP facility.
[AM]	Superpriority Adequate Protection Claims	Aggregate claim amount for Ch. 11 and Incremental Ch. 7 Adequate Protection Claims.
[AN]	Superpriority Adequate Protection Claims - Deficiency	Deficiency claim for un-recovered portion of the adequate protection claim; does not increase Class 6 - General Unsecured Claims.
[AO]	Class 4 - Prepetition Credit Agreement Claims	Estimated remaining balance on 1L revolver at 10/31/2019 per 8/20/2019 DIP forecast.
[AP]	Prepetition Credit Agreement Claims - Deficiency	Deficiency claim for un-recovered portion of 1L revolver.
[AQ]	Class 5 - Prepetition Notes Claim	Estimated remaining balance on 2L including interest accrued as of filing. No interest accrued post-filing.
[AR]	Prepetition Notes Claim - Deficiency	Deficiency claim for un-recovered portion of 2L term loan.
[AS]	Net Liquidation Proceeds from Unencumbered Assets	Proceeds, net of liquidation costs, to unsecured claimants. All liquidation costs are charged against unencumbered assets first.
[AT]	503(b)(9) Claims	High-level estimate.
[AU]	Other Ch.11 Admin Claims	Estimated amount of accrued but unpaid ordinary course post-petition obligations as of 10/31/19 excluding professional fees

Emerge Energy Services
Liquidation Analysis
Footnotes and Assumptions

Notes Reference	Description	Commentary
[AV]	Class 6 - General Unsecured Claims	General unsecured claims consist of outstanding accounts payable and accrued expense claims, estimated rejection claims, and all deficiency claims related, as applicable.
[AW]	Class 7 - Intercompany Claims	No balance to include. All intercompany claims net out when consolidating.
[AX]	Class 8 - Old Emerge GP Interests	No claim value; Old Emerge GP equity interests.
[AY]	Class 9 - Old Emerge LP Interests	No claim value; Old Emerge LP equity interests.
[AZ]	Class 10 - Old Affiliate Equity Interests	No claim value; Old Affiliate Equity Interests in any Emerge LP Subsidiary.
n/a	Disclaimer	– The Liquidation Analysis was prepared for the sole purpose of assisting the Bankruptcy Court and holders of Impaired Claims or Interests in making this determination, and should not be used for any other purpose. The determination of the hypothetical proceeds, and costs of the liquidation of the Debtors' assets, is an uncertain process involving the use of estimates and assumptions that, although considered reasonable by the Debtors, are inherently subject to significant business and economic uncertainties and contingencies beyond the control of the Debtors, their management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results. The Company prepared the Liquidation Analysis for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code after conversion of the chapter 11 case. 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 any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis.

Notes Reference	Description	Commentary
n/a	Disclaimer (Cont.)	– For purposes of the liquidation analysis ONLY, all asserted liens are presented as the face value amount asserted. 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. For purposes of the Liquidation Analysis, the Debtors' estimates of Allowed Claims contained in the Liquidation Analysis reference specific Claims estimates, even though the Debtors' estimates of ranges of projected recoveries under the Plan to holders of Allowed Claims and Interests are based on ranges of Allowed Claims and Interests. 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. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS. – In addition, the following are some, but not all, of the considered factors that could negatively impact the recoveries estimated: turnover of key personnel and delays in the liquidation process. These factors may limit the amount of the proceeds generated by the liquidation of the Debtors' assets. For example, it is possible that the liquidation would be delayed while the Trustee and his or her professionals become knowledgeable about the Chapter 11 Cases and the Debtors' businesses and operations. This delay could materially reduce the value, on a "present value" basis, of the liquidation proceeds, the effect of which has not been contemplated in this analysis. – The cessation of business in a liquidation is likely to trigger certain claims that otherwise would not exist under a Plan absent a liquidation. These types of administrative and priority claims have not been accounted for in the Liquidation Analysis. However, it is important to note certain of these will need to be paid in full before any balance of liquidation proceeds would be available to pay general unsecured creditors. Examples of Claims triggered in a liquidation include various potential employee claims (for such items as severance and potential WARN Act liabilities), tax liabilities, claims related to the rejection of unexpired leases and executory contracts that would otherwise be assumed, and other potential Allowed Claims. These additional claims could be significant; some may be administrative expenses, others may be entitled to priority in payment over General Unsecured Claims.