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its Capacity as Trustee of the Vista Litigation
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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:	§
	§ Chapter 11
VISTA PROPPANTS AND LOGISTICS, LLC, et al.,	§
	§ Case No. 20-42002-ELM-11
	§
Reorganized Debtors. ¹	§ (Jointly Administered)
	§

**MOTION OF TRUSTEE TO ESTIMATE THE VALUE OF CLAIM NUMBERS 142 AND
143 FILED BY SEQUITUR PERMIAN, LLC FOR PURPOSES OF DISTRIBUTION**

Ankura Trust Company, LLC (the “Trustee”), as the Litigation Trustee of the Litigation Trust established by the confirmed plan of reorganization (the “Plan”)² of the above-captioned debtors and debtors in possession (collectively, prior to the Effective Date of the Plan, the

¹ The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor’s federal tax identification number, are: Vista Proppants and Logistics, LLC (7817); VPROP Operating, LLC (0269); Lonestar Prospects Management, L.L.C. (8451); MAALT Specialized Bulk, LLC (2001); Denetz Logistics, LLC (8177); Lonestar Prospects, Ltd. (4483); and MAALT, LP (5198). The location of the Reorganized Debtors’ service address is 4413 Carey Street, Fort Worth, TX 76119.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan (as further identified below).



“Debtors” and, following the Effective Date of the Plan, the “Reorganized Debtors”), and as Disbursing Agent with respect to General Unsecured Claims under the Plan, moves the Court for entry of an order estimating the value of claim numbers 142 and 143 (together, the “Sequitur Permian Claims”) filed by Sequitur Permian, LLC (“Sequitur Permian”) at \$0.00 for purposes of distribution under the Plan pursuant to Section VII.B of the Plan, sections 502(c) and 105(a) of title 11 of the United States Code (the “Bankruptcy Code”), and Rule 3007-3 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the “Local Rules”). In support of this Motion, the Trustee respectfully states as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and paragraph 80 of the Confirmation Order (as defined below). This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

General Background

2. On June 9, 2020, the Debtors commenced the above-captioned cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Pursuant to an order entered on June 12, 2020 [Dkt. No. 66], the Debtors’ chapter 11 cases have been consolidated for procedural purposes only and are being administered jointly.

3. On October 28, 2020, the Court entered an order [Dkt. No. 717] (the “Confirmation Order”) confirming the *Fourth Amended Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Dkt. No. 682] (as confirmed, the “Plan”). The Plan became effective in accordance with its terms on

November 6, 2020 (the “Effective Date”), at which time the Debtors emerged from chapter 11 as the Reorganized Debtors. *See Notice of Effective Date of the Fourth Amended Joint Plan of Reorganization of Vista Proppants and Logistics, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Dkt. No. 748].

4. Among other things, the Plan provides for the creation of a Litigation Trust for the purpose of prosecuting and liquidating certain causes of action and administering the claim reconciliation and distribution process for General Unsecured Claims. *See* Plan, § IV.P. Pursuant to the Confirmation Order and the Plan, the Trustee was appointed Litigation Trustee of the Litigation Trust and Disbursing Agent for the General Unsecured Claims. *See* Plan, § IV.P; *Notice of Filing of Amended Plan Supplements*, Ex. 10 [Dkt. No. 612]; Confirmation Order, ¶¶ 2, 43; Plan, § IV.P (“The Litigation Trustee shall be deemed the Disbursing Agent under the Plan when making distributions to holders of Litigation Trust Interests and the GUC Cash Settlement.”).

5. Under the Plan, all objections to General Unsecured Claims must be filed on or before the “Claim Objection Deadline,” which may be extended for cause upon a motion by the Trustee. Further, the Plan requires the Trustee, as Disbursing Agent, to make an initial *pro rata* cash distribution to each holder of an Allowed General Unsecured Claim (other than Term Loan Lender Class 6 Creditors) by the “Distribution Deadline,” which also may be extended for cause upon a motion by the Trustee. Plan, § VI.F.1. The Bankruptcy Court has extended the Objection Deadline and the Distribution Deadline, at the request of the Trustee upon motion and opportunity for hearing, through July 31, 2024 [*see, e.g.*, Dkt No. 1048].

6. The Plan provides that the Litigation Trustee has authority to seek estimation by the Bankruptcy Court of the value of any disputed, contingent or unliquidated claim for any reason. Plan, § VII.B.

The Sequitur Permian Claims

7. On August 17, 2020, Sequitur Permian filed the Sequitur Permian Claims against Vista Proppants and Logistics, LLC (Claim No. 142) and MAALT, LP (Claim No. 143). Both the Sequitur Permian Claims assert damages in the same amount of \$4,029,977.00 arising from an agreement referred to as the “Terminal Services Agreement” between Sequitur Permian and MAALT, LP (“MAALT” and, together with Sequitur Permian, the “Parties”).

8. Prior to the Petition Date, MAALT initiated a lawsuit against Sequitur Permian in the District Court of Irion County, Texas, asserting claims arising from the Terminal Services Agreement, which lawsuit was styled *MAALT, LP v. Sequitur Permian, LLC*, Cause No. CV19-003 (the “Civil Action”). On September 4, 2020, MAALT initiated Adversary Proceeding No. 20-04064 (ELM) (the “Adversary Proceeding”) by filing a notice of removal of the Civil Action to this Court [Adversary Proceeding Dkt No. 1].

9. The Parties briefed their positions in the Adversary Proceeding and the Court held an evidentiary hearing in the Adversary Proceeding on December 7-14, 2021. The Parties’ claims and counterclaims, as prosecuted in the Adversary Proceeding, have been *sub judice* and under the advisement of the Court since December 14, 2021.

RELIEF REQUESTED

10. By this Motion, the Trustee respectfully requests entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”) estimating the Sequitur Permian Claims at \$0.00 for purposes of distribution under the Plan, pursuant to Section VII.B of the Plan, sections 502(c) and 105(a) of the Bankruptcy Code, and Rule 3007-3 of the Local Rules.

BASIS FOR RELIEF

11. Section 502(c) of the Bankruptcy Code provides that “[t]here *shall* be estimated for purpose of allowance under this section (1) any contingent or unliquidated claim, the fixing or liquidation of which, as the case may be, would *unduly delay the administration of the case*[.]” 11 U.S.C. § 502(c)(1). (emphasis added) Section 105(a) of the Bankruptcy Code provides that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

12. In addition, the Plan authorizes the Trustee to seek estimation of any disputed claim that is contingent or unliquidated, even during pending litigation objecting to that claim. *See* Plan, § VII.B. Specifically, the Plan provides that the Litigation Trustee may:

at any time request that the Bankruptcy Court estimate any Disputed Claim or Disputed Interest that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection.

Plan, § VII.B.

A. The Sequitur Permian Claims Must Be Estimated to Avoid Undue Delay to the Administration of the Debtors’ Chapter 11 Cases.

13. The process of evaluating filed proofs of claim is of critical importance to the bankruptcy process. As the United States Supreme Court has noted:

[T]he bankruptcy court whose aid is sought for enforcement of an asserted claim is not bound to treat the tendered proof [of claim] as conclusive. When objections are made, it is duty bound to pass on them. That process is, indeed, of basic importance in the administration of a bankruptcy estate whether the objective be liquidation or reorganization. Without that sifting process, unmeritorious or excessive claims might dilute the participation of the legitimate claimants.

Gardner v. New Jersey, 329 U.S. 565, 573 (1947).

14. In light of that importance, section 502(c) of the Bankruptcy Code *requires* estimation of a claim if fixing the value of that claim would unduly delay the administration of the case. See 11 U.S.C. § 502(c); *In re Trendsetter HR, LLC*, No. 16-34457-SGJ11, 2017 WL 4457435, at *9 (Bankr. N.D. Tex. Aug. 15, 2017), *aff'd*, 596 B.R. 509 (N.D. Tex. 2019), *aff'd sub nom. Matter of Trendsetter HR L.L.C.*, 949 F.3d 905 (5th Cir. 2020). In other words, “section 502(c) is a mandatory provision.” *Trendsetter*, 2017 WL 4457435, at *9 (emphasis added).

15. Though the Parties sought to fix the value of the Sequitur Permian Claims through the Adversary Proceeding, it would cause undue delay to the administration of the Debtors’ chapter 11 cases—specifically, consummation of the Plan through a Plan Distribution—to wait for a ruling in the Adversary Proceeding that liquidates the Sequitur Permian Claims. The Adversary Proceeding has been *sub judice* since mid-December 2021 (nearly two and a half years), and it is unclear when a ruling may be issued.

16. The Trustee requires the liquidation or estimation of the Sequitur Permian Claims to effect a Plan Distribution. The Trustee prefers to make a single distribution on behalf of all eligible Allowed General Unsecured Claims to avoid the expense of (i) establishing a reserve for disputed or contingent claims and (ii) implementing multiple distributions to claimholders. Given the cost of the distribution process, the Trustee strongly believes that a single distribution is in the best interests of creditors.

17. As set forth in the undersigned counsel’s letter to the Court dated May 4, 2023 [Dkt. No. 1029] and in the Trust’s *Eighth Motion of the Litigation Trustee for Order Extending Claim Objection Deadline and Initial Distribution Deadline for General Unsecured Claims* [Dkt.

No. 1043], the Trustee has now resolved all disputed General Unsecured Claims except the Sequitur Permian Claims. Therefore, the only claims that are now standing in the way of a Plan Distribution are the Sequitur Permian Claims.

18. Without estimation of the Sequitur Permian Claims, distributions in the Debtors' chapter 11 cases, which is a key part of case administration, will be unreasonably delayed. As such, the Trustee seeks estimation of the Sequitur Permian Claims to allow for a Plan Distribution.

B. The Sequitur Permian Claims Should Be Estimated at \$0.00.

19. The Trustee believes that the Sequitur Permian Claims should be estimated at a value of \$0.00 for purposes of distribution because the proofs of claim do not contain adequate documentation to support the amounts sought therein (\$4,029,977.00). Though Sequitur Permian attached a copy of its Third Amended Counterclaims and Second Amended Third-Party Claims to its proofs of claim, those pleadings do not contain documentation to support the amounts Sequitur Permian claims for alleged expenses and damages incurred in connection with the Terminal Services Agreement. "The ultimate burden of proof [of the validity of the claim] always lies with the claimant." *In re Armstrong*, 347 B.R. 581, 583 (Bankr. N.D. Tex. 2006).

20. Moreover, the Debtors' books and records do not support the Sequitur Permian Claims. Rather, MAALT disputes the Sequitur Permian Claims, as set forth in the Adversary Proceeding.

21. Last, the Sequitur Permian Claims appear to assert the same liability in duplicate claims against different Debtor entities. Therefore, at a minimum, Claim No. 142 against Vista Proppants and Logistics, LLC should be estimated at \$0.00 because it is a duplicate of the alleged liability asserted by Claim No. 143 and, if valid, such liability should be asserted against MAALT.

22. In short, the Trustee submits that estimation of the Sequitur Permian Claims at \$0.00 is reasonable based on the lack of evidence to support those claims and the Debtors' position disputing them. Further, the Trustee submits that estimation of the Sequitur Permian Claims for purposes of distribution is in the best interest of the Debtors' estates and the Litigation Trust beneficiaries because it will allow the Trustee to move forward with making a distribution to holders of Allowed General Unsecured Claims, which the Trustee cannot perform in a cost-effective way while the Sequitur Permian Claims remain contingent and disputed. Therefore, for the reasons stated herein, the Trustee respectfully requests that the Court grant the requested relief and estimate the value of the Sequitur Permian Claims at \$0.00 for purposes of distribution.

NOTICE AND PRIOR REQUEST

23. Notice of this Motion has been provided to (i) the Office of the United States Trustee, (ii) counsel to the Reorganized Debtors, (iii) Sequitur Permian, and (iv) all parties requesting notice under Bankruptcy Rule 2002. In light of the nature of the relief requested, the Trustee submits that no other or further notice need be given.

24. No prior application for the relief sought herein has been made to this or any other Court.

WHEREFORE, the Trustee respectfully requests that the Court enter an order substantially in the form of the Proposed Order (i) estimating the value of the Sequitur Permian Claims for purposes of distribution at \$0.00, and (ii) granting such other and further relief as the Court deems appropriate under the circumstances.

Dated: April 29, 2024
Dallas, Texas

/s/ S. Wesley Butler _____

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– and –

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*Counsel to Ankura Trust Company, LLC, in its
Capacity as Litigation Trustee of the
Vista Litigation Trust*

EXHIBIT A
Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:	§
	§ Chapter 11
VISTA PROPPANTS AND LOGISTICS, LLC, et al.,	§
	§ Case No. 20-42002-ELM-1
	§
Reorganized Debtors. ¹	§ (Jointly Administered)
	§

**ORDER GRANTING MOTION OF TRUSTEE TO ESTIMATE
THE VALUE OF CLAIM NUMBERS 142 AND 143
FILED BY SEQUITUR PERMIAN, LLC FOR PURPOSES OF DISTRIBUTION**

Upon the *Motion of Trustee to Estimate the Value of Claim Numbers 142 and 143 Filed by Sequitur Permian, LLC for Purposes of Distribution* (the “Motion”)² filed by Ankura Trust

¹ The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor’s federal tax identification number, are: Vista Proppants and Logistics, LLC (7817); VPROP Operating, LLC (0269); Lonestar Prospects Management, L.L.C. (8451); MAALT Specialized Bulk, LLC (2001); Denetz Logistics, LLC (8177); Lonestar Prospects, Ltd. (4483); and MAALT, LP (5198). The location of the Reorganized Debtors’ service address is 4413 Carey Street, Fort Worth, TX 76119-4219.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

Company, LLC (the “Trustee”), as Litigation Trustee and Disbursing Agent with respect to the General Unsecured Claims; the Court having reviewed the Motion; and the Court finding that (i) it has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) proper and adequate notice of the Motion and the opportunity for a hearing thereon has been given under the circumstances and no other or further notice is necessary; and (iv) upon the record herein and after due deliberation thereon, good and sufficient cause exists for granting the relief requested in the Motion, as set forth herein.

Accordingly, **IT IS HEREBY ORDERED** as follows:

1. ORDERED that the Motion is GRANTED; and it is further
2. ORDERED that claim numbers 142 and 143 filed by Sequitur Permian, LLC (the “Sequitur Permian Claims”) shall be estimated at a value of \$0.00 each for purposes of Distribution under the Plan; and it is further
3. ORDERED that the Trustee, its professionals, and its claims and disbursement agent, Kurtzman Carson Consultants LLC, are authorized and empowered to take all actions necessary and proper to implement the relief granted in this Order, including effecting a Plan Distribution pursuant to the terms of the Plan without distributing or reserving any value on account of the Sequitur Permian Claims; and it is further
4. ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from and related to the entry of this Order.

END OF ORDER

Submitted by:

/s/ S. Wesley Butler

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– and –

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*Counsel to Ankura Trust Company, LLC,
in its Capacity as Litigation Trustee of the
Vista Litigation Trust*

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of April 2024, I caused a true and correct copy of the foregoing document to be served by the Reorganized Debtors' claims and noticing agent, Kurtzman Carson Consultants LLC, upon all parties eligible to receive services through electronic mail and first class mail.

/s/ S. Wesley Butler

S. Wesley Butler