

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

In re §
§ Chapter 11
§
EXPRESS ENERGY SERVICES §
OPERATING, LP, et al., §
§ Case No. 09-____ (____)
§
Debtors. §
§
§
§ Joint Administration Requested

DEBTORS’ EMERGENCY MOTION PURSUANT TO SECTIONS 363(c)(1) AND 503(b)(1)(A) OF THE BANKRUPTCY CODE FOR AUTHORITY (I) TO TREAT UNDISPUTED VENDOR OBLIGATIONS ARISING FROM THE POSTPETITION DELIVERY OR RECEIPT OF GOODS AND SERVICES ORDERED PREPETITION AS ADMINISTRATIVE EXPENSES, AND (II) TO PAY SUCH OBLIGATIONS IN THE ORDINARY COURSE OF BUSINESS

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Express Energy Services Operating, LP (“**EES**”) and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”),¹ submit this emergency motion (the “**Motion**”) seeking authority, pursuant to sections 363(c)(1) and 503(b)(1)(A) of the Bankruptcy Code (as defined below), to: (i) treat undisputed vendor obligations arising from the postpetition delivery or receipt of goods and services ordered prepetition as administrative expenses, and (ii) pay such obligations in the ordinary course of business, and respectfully represent:

I.

BACKGROUND

1. On the date hereof (the “**Commencement Date**”), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the

¹ A list of the Debtors in these chapter 11 cases is attached hereto as **Exhibit A**.

“Bankruptcy Code”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Contemporaneously herewith, the Debtors filed a motion seeking joint administration of their chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the **“Bankruptcy Rules”**).

2. Information regarding the Debtors’ business and events leading to the Debtors’ bankruptcy filings can be found in the Declaration of Darron Anderson in Support of First-Day Motions and Applications, filed contemporaneously herewith.

II.

JURISDICTION

3. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

III.

RELIEF REQUESTED

4. The Debtors request that the Court enter an order, substantially in the form attached hereto as **Exhibit B**, authorizing the Debtors (i) to grant administrative priority status to all undisputed obligations of the Debtors owing to vendors (the **“Vendors”**) arising from the postpetition delivery or receipt of goods and services ordered prior to the Commencement Date and (ii) to pay such obligations in the ordinary course of business.

IV.

BASIS FOR RELIEF REQUESTED

5. As of the Commencement Date, the Debtors have certain prepetition purchase orders (the **“Prepetition Orders”**) outstanding with Vendors for goods and services

ordered by the Debtors. As a consequence of the commencement of these chapter 11 cases, the Vendors may be concerned that the obligations arising from goods shipped or services ordered prepetition and delivered or received by the Debtors postpetition, pursuant to the Prepetition Orders, will be treated as general unsecured claims against the Debtors' estates. The Vendors may refuse to ship goods (or may recall shipments thereof) or perform services under such Prepetition Orders unless the Debtors issue substitute purchase orders. If this occurs, the Debtors' operations would be severely disrupted. The Debtors' survival depends upon the continued uninterrupted supply of goods and services, and, as such, payment of the obligations that arise under the Prepetition Orders will preserve the value of the Debtors' businesses and ease the administrative burden on the Debtors' estates.

6. Accordingly, out of an abundance of caution, the Debtors request authority to treat the obligations arising from the postpetition delivery or receipt of goods and services ordered prepetition as administrative obligations of the Debtors' estates.

7. Pursuant to section 503(b)(1)(A) of the Bankruptcy Code, obligations that arise in connection with the postpetition delivery of necessary goods and services, including those ordered prepetition, are afforded administrative expense priority status. Thus, the granting of the relief sought herein with respect to goods and services ordered prepetition and delivered postpetition will not provide the Vendors with any greater priority than they otherwise would have if the relief herein were not granted, and will not prejudice any other party in interest. Absent such relief, however, the Debtors may be required to expend substantial time and effort reissuing the Prepetition Orders to provide the Vendors with assurance of such administrative priority. The attendant disruption to the continuous flow of goods and services to the Debtors could adversely affect the Debtors' ability to provide services to their customers. Such a

disruption could lead to dissatisfied customers, potentially harming confidence in the Debtors' ability to conduct business at this critical juncture.

8. Moreover, the Debtors' satisfaction of undisputed obligations in respect of the Prepetition Orders consistent with their customary practices is equally important and is authorized under the Bankruptcy Code. See 11 U.S.C. § 363(c)(1) (debtor in possession "may use property of the estate in the ordinary course of business without notice or a hearing"). Any impairment of the Debtors' ability to obtain or access goods and/or services that are required in the operation of their businesses will, in turn, impair the Debtors' ability to operate effectively and comply with client demands and deadlines, adversely affecting the Debtors' prospects for a successful reorganization.

9. Courts in this and other districts have granted similar relief in other chapter 11 cases. See, e.g., In re Edge Petroleum, Case No. 09-20644 (RSS) (Bankr. S.D. Tex. Oct. 14, 2009) (Dkt. No. 109); In re Spectrum Jungle Labs Corp., Case No. 09-50455 (RBK) (Bankr. W.D. Tex. Feb. 6, 2009) (Dkt. No. 67); In re Am. Plumbing & Mech. Inc., Case No. 03-55789 (LMC) (Bankr. W.D. Tex. Oct. 22, 2003) (Dkt. No. 60); In re Pilgrim's Pride Corp., Case No. 08-45664 (DML) (Bankr. N.D. Tex. Dec. 3, 2008) (Dkt. No. 72); In re Mirant Corp., et al., Case No. 03-46590 (DML) (Bankr. N.D. Tex. July 17, 2007) (Dkt No. 50). The Debtors submit that similar authorization is appropriate in these chapter 11 cases.

10. Based upon the foregoing, the Debtors submit that the relief requested herein is necessary, appropriate, and in the best interest of the Debtors' estates and creditors, and therefore should be granted in these chapter 11 cases.

V.

RESERVATION OF RIGHTS

11. Nothing contained herein is intended or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code.

VI.

NOTICE

12. The Debtors have served notice of this Motion on (i) the U.S. Trustee; (ii) Credit Suisse, as administrative agent for (a) the Debtors' prepetition secured lenders under the Credit Agreement dated as of July 11, 2008, as amended, and (b) the Swap Agreement dated as of July 11, 2008; (iii) Akin Gump Strauss Hauer & Feld LLP (Attn: J. Michael Chambers and Charles R. Gibbs), attorneys for Credit Suisse; (iv) the Debtors' 20 largest unsecured creditors (on a consolidated basis); and (v) all applicable government agencies, to the extent required by the Bankruptcy Rules or the Bankruptcy Local Rules for the Southern District of Texas. The Debtors submit that no other or further notice need be provided.

WHEREFORE, the Debtors request entry of an order granting the relief requested herein and such other and further relief as is just.

Dated: October 27, 2009
Houston, Texas

/s/ Alfredo R. Pérez
Alfredo R. Pérez (15776275)

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Attorneys for Debtors
and Debtors in Possession

EXHIBIT A**LIST OF DEBTORS**

Debtor	Last Four Digits of Federal Tax I.D. No.
Express Energy Services Operating, LP	7644
Express Energy Services (2008) LLC	3087
Express Energy Services Holding, LP	7122
Express Energy Services GP, LLC	7083
Express Energy Services CT, LP	8432
Express Energy Services Ark, LP	5287
Express Energy Services P&A, LP	8402
Express Energy Services WL, LP	2834
Express – Byrd R&S GP, LLC	7556
Express – Byrd R&S Oilfield Services, L.P.	7580
Express – MBCC GP, LLC	0760
Express – MBCC, Ltd.	0802
Express – Mike Byrd Casing Crews GP, LLC	0852
Express – Mike Byrd Casing Crews, Ltd.	0938
Express – R&S Tong Services GP, LLC	2230
Express – R&S Tong Services, Ltd.	7465
Express – BAH Leasing GP, LLC	0510
Express – BAH Leasing, Ltd.	0708
D&D Tongs GP, LLC	6566
D&D Tongs, LP	6586
Express – North Trail Oilfield Services, GP, LLC	7506
Express – North Trail Oilfield Services, Ltd.	7526
Express – Ace Rat Hole Services GP, LLC	6617
Express – Ace Rat Hole Services, Ltd.	6632

EXHIBIT B

PROPOSED ORDER

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

<p>In re</p> <p>EXPRESS ENERGY SERVICES OPERATING, LP, et al.,</p> <p style="text-align: center;">Debtors.</p>	<p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p>	<p>Chapter 11</p> <p>Case No. 09-_____ (____)</p> <p>Joint Administration Requested</p>
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**ORDER PURSUANT TO SECTIONS 363(c)(1) AND 503(b)(1)(A)
OF THE BANKRUPTCY CODE FOR AUTHORITY (I) TO TREAT
UNDISPUTED VENDOR OBLIGATIONS ARISING FROM THE
POSTPETITION DELIVERY OR RECEIPT OF GOODS AND SERVICES
ORDERED PREPETITION AS ADMINISTRATIVE EXPENSES, AND
(II) TO PAY SUCH OBLIGATIONS IN THE ORDINARY COURSE OF BUSINESS**

Upon the Emergency Motion (the “**Motion**”)¹ of Express Energy Services Operating, LP (“**EES**”) and its affiliated debtors in the above referenced chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”) seeking authority, pursuant to sections 363(c)(1) and 503(b)(1)(A) of the Bankruptcy Code, to: (i) treat undisputed vendor obligations arising from the postpetition delivery or receipt of goods and services ordered prepetition (the “**Prepetition Orders**”) as administrative expenses, and (ii) pay such obligations in the ordinary course of business, all as more fully described in the Motion; and upon consideration of the Declaration of Darron Anderson in Support of the Debtors’ Chapter 11 Petitions and First Day Motions; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the requested relief being a core proceeding the Court can determine pursuant to 28

¹ Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in Motion.

U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion and the hearing thereon has been given under the circumstances and that no other or further notice need be provided; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is ORDERED that

1. The Motion is GRANTED to the extent provided for herein.
2. The undisputed obligations of the Debtors arising under the Prepetition Orders shall be afforded administrative expense priority status pursuant to section 503(b)(1)(A) of the Bankruptcy Code.
3. Pursuant to section 363(c)(1), the Debtors are authorized to pay in the ordinary course of business all undisputed obligations arising from the postpetition delivery to or receipt by the Debtors of goods and services under the Prepetition Orders consistent with their customary practices.
4. Nothing contained in this Order is intended or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code
5. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

Dated: _____, 2009
Houston, Texas

UNITED STATES BANKRUPTCY JUDGE