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

In re:)	
)	
)	Chapter 11
Express - Ace Rat Hole Service, Ltd.)	
)	Case No. 09-38074
Debtors.)	
)	Jointly Administered Under Case No. 09-38044
)	

DEBTOR'S SCHEDULES OF ASSETS AND LIABILITIES

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

In re:)	
)	
Express Energy Services Operating, LP, <i>et al.</i> , ¹)	Chapter 11
Debtors.)	Case No. 09-38044
)	Jointly Administered
)	

**GLOBAL NOTES AND STATEMENT OF
LIMITATIONS, METHODOLOGY AND DISCLAIMER
REGARDING THE DEBTORS’ SCHEDULES OF ASSETS
AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS**

Express Energy Services Operating, LP and certain of its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (the “Debtors”) have filed their respective Schedules of Assets and Liabilities (the “Schedules”) and Statements of Financial Affairs (the “Statements,” and collectively with the “Schedules,” the “Schedules and Statements”) in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Court”). The Debtors, with the assistance of their advisors, prepared the Schedules and Statements in accordance with section 521 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 1007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

James Davis has signed each set of the Schedules and Statements. Mr. Davis serves as the Chief Financial Officer for all of the Debtors. In reviewing and signing the Schedules and Statements, Mr. Davis has necessarily relied upon the efforts, statements and representations of

¹ The Debtors in these chapter 11 cases, along with the last four digits of each U.S. Debtors’ federal tax identification number (if any), include: 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, L.P. (6586); Express-North Trail Oilfield Services, GP, LLC (7506); Express-North Trail Oilfield Services, Ltd. (7526); Express-Ace Rat Hole Service GP, LLC (6617); Express-Ace Rat Hole Service, Ltd. (6632). The location of the Debtors’ corporate headquarters and the service address for all of the Debtors is: 3200 Southwest Freeway Suite 2000, Houston, TX 77027.

various personnel of the Debtors. Mr. Davis has not (and could not have) personally verified the accuracy of each such statement and representation, including statements and representations concerning amounts owed to creditors.

The Global Notes and Statement of Limitations, Methodology and Disclaimer Regarding the Debtors' Schedules of Assets and Liabilities and Statements of Financial Affairs (the "Global Notes") pertain to, are incorporated by reference in, and comprise an integral part of all of the Schedules and Statements. The Global Notes should be referred to and reviewed in connection with any review of the Schedules and Statements.²

The Schedules and Statements do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"), nor are they intended to be fully reconciled to the financial statements of each Debtor. The Schedules and Statements contain unaudited information that is subject to further review and potential adjustment. The Schedules and Statements reflect the Debtors' reasonably best efforts to report the assets and liabilities of each Debtor on an unconsolidated basis.

In preparing the Schedules and Statements, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have made reasonable efforts to ensure the accuracy and completeness of such financial information, subsequent information or discovery may result in material changes to the Schedules and Statements. As a result, inadvertent errors or omissions may exist. The Debtors reserve all rights to amend or supplement the Schedules and Statements as is necessary and appropriate.

Nothing contained in the Schedules and Statements shall constitute a waiver of any of the Debtors' rights or an admission with respect to their chapter 11 cases, including, without limitation, any issues involving substantive consolidation, equitable subordination, defenses or causes of action arising under the provisions of chapter 5 of the Bankruptcy Code and any other relevant applicable laws to recover assets or avoid transfers.

Description of Cases. On October 27, 2009, (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On October 28, 2009, an order was entered directing procedural consolidation and joint administration of these chapter 11 cases. Each Debtor's fiscal year ends on December 31. All asset information contained in the Schedules and Statements, except where otherwise noted, is reported as of the close of business on September 30, 2009. All liability information contained in the Schedules and Statements are reported as of the best available prepetition information.

² The Global Notes are in addition to the specific notes contained in each Debtor's Schedules and Statements. The fact that the Debtors have prepared a "specific note" with respect to any of the Schedules and Statements and not to others should not be interpreted as a decision by the Debtors to exclude the applicability of such Global Note to any of the Debtors' remaining Schedules and Statements.

Recharacterization. Notwithstanding that the Debtors have made reasonable best efforts to correctly characterize, classify, categorize or designate certain claims, assets, executory contracts, unexpired leases, and other items reported in the Schedules and Statements, the Debtors nonetheless may have improperly characterized, classified, categorized or designated certain items. Thus, the Debtors reserve all rights to recharacterize, reclassify, recategorize or redesignate items reported in the Schedules and Statements at a later time as is necessary and appropriate.

Liabilities. The Debtors allocated liabilities between the prepetition and postpetition periods based on the information and research conducted in connection with the preparation of the Schedules and Statements. As additional information becomes available and further research is conducted, the allocation of liabilities between the prepetition and postpetition periods may change. The Debtors reserve all rights to modify, amend and supplement the Schedules and Statements as is necessary and appropriate.

Pursuant to orders of the Bankruptcy Court, the Debtor have been granted authority to pay, in their own discretion, certain prepetition obligation to employees, taxing authorities, potential lienholders, and certain customers of the Debtors. As further indicated below, in the case of certain taxing authorities, the Debtors' investigation regarding the validity of such claims is ongoing, and certain claims for which the Debtors may ultimately determine they have no liability have been scheduled as "contingent" claims.

The liabilities listed on these Schedules do not reflect any analysis of claims under section 503(b)(9) of the Bankruptcy Code. Accordingly, the Debtors reserve all rights to dispute or challenge the validity of any asserted claims under section 503(b)(9) of the Bankruptcy Code or the characterization of the structure of any such transaction or any document or instrument related to such creditor's claim.

Insiders. For purposes of the Schedules and Statements, the Debtors define "insiders" pursuant to section 101(31) of the Bankruptcy Code as (a) directors; (b) officers; (c) partners; (d) general partners; (e) relatives of directors, officers, or partners of the Debtors; and (f) debtor/non-debtor affiliates. Payments to debtor/non-debtor affiliates as set forth in Statement 3c represent the net change in intercompany claims and balances over a period of approximately one year.

Intercompany Claims. Receivables and payables among the Debtors in these chapter 11 cases and their affiliates (each an "Intercompany Receivable" or "Intercompany Payable" and, collectively, the "Intercompany Claims") are reported on Schedule B and Schedule F, respectively. The listing of these amounts is not and shall not be construed as an admission of the characterization of such balances, as debt, equity or otherwise.

Executory Contracts. The Debtors have not set forth executory contracts as assets in the Schedules and Statements. The Debtors' executory contracts have been set forth in Schedule G.

Classifications. Listing a claim (1) on Schedule D as "secured," (2) on Schedule E as "priority," (3) on Schedule F as "unsecured," or (4) listing a contract on Schedule G as "executory" or

“unexpired,” does not constitute an admission by the Debtors of the legal rights of the claimant, or a waiver of the Debtors’ right to recharacterize or reclassify such claim or contract.

Claims Description. While the Debtors have made every effort to properly classify each claim listed in the Schedules and SOFAs as being either disputed or undisputed, liquidated or unliquidated, and contingent or noncontingent, the Debtors have not been able to fully reconcile all payments made to certain third parties and their related entities on account of the Debtors’ obligations to same. Any failure to designate a claim on a given Debtor’s Schedules and Statements as “disputed,” “contingent” or “unliquidated” does not constitute an admission by the Debtor that such amount is not “disputed,” “contingent” or “unliquidated.” The Debtors reserve all rights to dispute any claim reflected on their respective Schedules and Statements on any grounds, including, without limitation, liability, classification or to otherwise subsequently designate such claims as “disputed,” “contingent” or “unliquidated.”

Causes of Action. Despite reasonable efforts, the Debtors may not have identified and/or set forth all of their causes of action (filed or potential) against third parties as assets in their Schedules and Statements. The Debtors reserve all rights with respect to any causes of action and nothing in the Global Notes or the Schedules and Statements shall be deemed a waiver of any such causes of action.

1. **Summary of Significant Reporting Policies.** The following is a summary of significant reporting policies:

- (a) **Currency.** All amounts are reflected in U.S. dollars.
- (b) **Undetermined Amounts.** The description of an amount as “unknown” or “undetermined” is not intended to reflect upon the materiality of such amount.
- (c) **Totals.** All totals that are included in the Schedules and Statements represent totals of all known amounts. To the extent there are unknown or undetermined amounts, the actual total may be different than the listed total.
- (d) **Current Market Value - Net Book Value.** Current market valuations are neither maintained by, nor readily available to, the Debtors. Accordingly, the Debtors’ Schedules and Statements reflect net book values. Market values may vary, at some times materially, from net book value. Also, assets that have been fully depreciated or that were expensed for accounting purposes do not appear in these Schedules and Statements as they have no net book value.
- (e) **Paid Claims.** The Debtors have authority to pay certain outstanding prepetition payables pursuant to a Bankruptcy Court order, as such, outstanding liabilities have been reduced by any Bankruptcy Court approved postpetition payments made on prepetition payables. To the extent the Debtors pay any of the claims listed in the Schedules and Statements pursuant to any orders entered by the Bankruptcy Court,

the Debtors reserve all rights to amend or supplement the Schedules and Statements or take other action such as filing claims objections, as is necessary and appropriate to avoid over payment or duplicate payments for liabilities.

- (f) Excluded Assets and Liabilities. The Debtors have excluded the following categories of assets and liabilities from the Schedules and Statements: goodwill; and accrued liabilities including, but not limited to, accrued salaries and employee benefits, tax accruals and accrued accounts payable. Other immaterial assets and liabilities may also have been excluded.
- (g) Liens. The inventories, property and equipment listed in the Schedules and Statements are presented without consideration of any liens.

2. Specific Schedules and Statements Disclosures

- (a) Schedule B2. The Debtors have listed book balances as of October 27, 2009, for amounts related to checking, savings and other financial accounts.
- (b) Schedules B13 & B14. Ownership interests in subsidiaries, partnerships and joint ventures have been listed in these Schedules at an undetermined amount because the fair market value of such ownership is dependent on numerous variables and factors and may differ significantly from the net book value.
- (c) Schedule B16. The Debtors have listed accounts receivable balances at net book balances as of October 27, 2009.
- (d) Schedule B25. The Debtors have included leased automobiles and trucks in its reported balances as the Debtors do not track leased items in a way that would be conducive to breaking out leased vehicles from owned vehicles.
- (e) Schedule D. Except as otherwise agreed pursuant to a written agreement, stipulation or order entered by the Bankruptcy Court, the Debtors reserve their rights to dispute or challenge the validity, perfection or immunity from avoidance of any lien purported to be granted or perfected in any specific asset to a secured creditor listed on Schedule D. Moreover, although the Debtors have scheduled claims of various creditors as secured claims, the Debtors reserve all rights to dispute or challenge the secured nature of any such creditor's claim or the characterization of the structure of any such transaction or any document or instrument related to such creditor's claim. The descriptions provided in Schedule D are intended only to be a summary.

The Debtors have not included on Schedule D parties that may believe their claims are secured through setoff rights or inchoate statutory lien rights. Although there are multiple parties that hold a portion of the debt included in the secured facilities, only the administrative agents have been listed for purposes of Schedule D.

- (f) Schedule E. The Debtors have authority to pay certain prepetition obligations including to pay employee wages and other employee benefits in the ordinary course of business pursuant an interim order (the “Employee Wages Order”). Pursuant to such Employee Wages Order, the Debtors believe that any employee claims for prepetition amounts related to ongoing payroll and benefits, whether allowable as a priority or nonpriority claim, have been or will be satisfied, and such satisfied amounts are not listed on Schedule E.
- (g) Schedule F. Schedule F contains information regarding threatened or pending litigation involving the Debtors. The amounts for these potential claims are listed as “undetermined” and marked as contingent, unliquidated and disputed in the Schedules and Statements.

Schedule F reflects the prepetition amounts owing to certain counterparties to executory contracts and unexpired leases. The Debtors did not list on Schedule F prepetition amounts that will be paid in connection with the assumption of certain executory contracts. In addition, Schedule F does not include rejection damages claims, if any, of the counterparties to executory contracts and unexpired leases that may be rejected.

The claims of individual creditors for, among other things, merchandise, goods, services or taxes are listed on the Debtors’ books and records and may not reflect credits or allowances due from such creditor. The Debtors reserve all of their rights respecting such credits and allowances. The dollar amounts listed may be exclusive of contingent and unliquidated amounts.

- (h) Schedule G. While every effort has been made to ensure the accuracy of Schedule G, inadvertent errors or omissions may have occurred. Listing a contract or agreement on Schedule G does not constitute an admission that such contract or agreement is an executory contract or unexpired lease or that such contract or agreement was in effect on the Petition Date or is valid or enforceable. The Debtors hereby reserve all of their rights to dispute the validity, status or enforceability of any contracts, agreements or leases set forth in Schedule G and to amend or supplement such Schedule as necessary. Certain of the leases and contracts listed on Schedule G may contain certain renewal options, guarantees of payment, indemnifications, options to purchase, rights of

first refusal and other miscellaneous rights. Such rights, powers, duties and obligations are not set forth separately on Schedule G.

Omission of a contract or agreement from Schedule G does not constitute an admission that such omitted contract or agreement is not an executory contract or unexpired lease. The Debtors' rights under the Bankruptcy Code with respect to any such omitted contracts or agreements are not impaired by the omission.

- (i) Schedule H. For purposes of Schedule H, only the agent under the prepetition credit facility or counterparties which are the subject to a guaranty are listed as Co-Debtors on Schedule H. The Debtors have not listed any litigation-related Co-Debtors on Schedule H. Instead, all such listings can be found on the Debtors' Schedule F and Statement 4a.
- (j) Statement Questions 3b and 3c. Receipts and disbursements are made through a centralized and consolidated cash management system. Payments made are listed by the entity making such payment notwithstanding that certain payments will have been made on behalf of another entity. As such, only certain Debtors include a response to Statements questions 3b and 3c.
- (k) Statement Question 8. The Debtors occasionally incur losses for a variety of reasons including theft and property damage, etc. Certain of these losses may not have been tracked and, thus, the Debtors have only listed losses that were identifiable in their books and records. In addition, given the routine nature of inventory shrinkage, the Debtors did not list these losses.

Global Notes Control. In the event that the Schedules and Statements differ from the foregoing Global Notes, the Global Notes shall control.

END OF GLOBAL NOTES

SCHEDULES AND STATEMENTS BEGIN ON THE FOLLOWING PAGE

B6 Summary (Official Form 6 - Summary) (12/07)

United States Bankruptcy Court

Southern District Of Texas

In re Express - Ace Rat Hole Service, Ltd.,
Debtor

Case No. 09-38074 (JB)

Chapter 11

SUMMARY OF SCHEDULES

Indicate as to each schedule whether that schedule is attached and state the number of pages in each. Report the totals from Schedules A, B, D, E, F, I, and J in the boxes provided. Add the amounts from Schedules A and B to determine the total amount of the debtor's assets. Add the amounts of all claims from Schedules D, E, and F to determine the total amount of the debtor's liabilities. Individual debtors also must complete the "Statistical Summary of Certain Liabilities and Related Data" if they file a case under chapter 7, 11, or 13.

NAME OF SCHEDULE	ATTACHED (YES/NO)	NO. OF SHEETS	ASSETS	LIABILITIES	OTHER
A - Real Property	Yes	1	\$ 0.00		
B - Personal Property	Yes	5	\$ 0.00 + undetermined amounts		
C - Property Claimed as Exempt	Yes	1			
D - Creditors Holding Secured Claims	Yes	1		\$ 0.00 + undetermined amounts	
E - Creditors Holding Unsecured Priority Claims (Total of Claims on Schedule E)	Yes	2		\$ 0.00	
F - Creditors Holding Unsecured Nonpriority Claims	Yes	5		\$ 0.00	
G - Executory Contracts and Unexpired Leases	Yes	1			
H - Codebtors	Yes	3			
I - Current Income of Individual Debtor(s)	No				\$ N/A
J - Current Expenditures of Individual Debtors(s)	No				\$ N/A
TOTAL		19	\$ 0.00 + undetermined amounts	\$ 0.00 + undetermined amounts	