

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

In re:	§	Chapter 11
	§	
HII TECHNOLOGIES, INC. et al,	§	Case No. 15-60070 (DJR)
	§	(Jointly Administered)
Debtors.	§	

**RESPONSE TO DEBTORS’ MOTION TO SELL CERTAIN ASSETS UNDER SECTION
363 OF THE BANKRUPTCY CODE, APPROVAL OF BIDDING PROCEDURES,
AND FOR RELATED RELIEF**

[Refers to ECF No. 242]

The Ad Hoc Committee of Creditors of debtor Apache Energy Services, Inc.¹ hereby files this response to the Debtors’ motion to sell assets to Enservco Corporation (“Enservco”) and states as follows:

I. Introduction and Summary of Debtors’ Motion

The Debtors’ Motion to Sell (the “Motion”) seeks court approval of multiple transactions including: (a) a sale of assets of owned by various debtors to Enservco, (b) assumption of the Distribution Agreement with HydroFlow Holdings USA, (c) lease of estate property to Enservco, and (d) amendment of the DIP Financing Order to make additional cash available under the DIP budget and extend certain deadlines under the DIP Financing Order. As set forth below, the Debtors have not provided sufficient information about these transactions to creditors, the court, or other purchasers who may wish to bid on the assets. Consequently, the Motion should not be approved.

¹ The Ad Hoc Committee consists of unsecured trade creditors and former employees of Apache Energy Services, Inc. who hold unsecured claims.

II. The Debtors' Motion to Sell Lacks Adequate Information

A. Assets and Purchase Price Not Allocated by Individual Debtor

Before the sale is approved, the consideration paid by Enservco should be allocated among the assets to be sold, by specific debtor. These bankruptcy estates have not been substantively consolidated. Each debtor has its own assets, liabilities, and creditors. Therefore, the purchase price and sale proceeds to be paid by Enservco must be allocated by individual debtor.

Allocation is of particular importance for debtor Apache Energy Services, Inc. ("AES") and its unsecured creditors. The trade name "Apache Energy Services" was excluded from the DIP Financing Order. Other parties may be interested in bidding on the trade name, "Apache Energy Services". Proceeds from sale of the AES trade name are potentially available to junior creditors.

Even more fundamental to the necessity of purchase price allocation is that debtor AES does not have the same liability to the secured lender as the other debtors.² As to debtor AES, there are legal bases to challenge the liens of the secured lender including the \$12 million term loan which at present is senior to junior creditors of AES. If that \$12 million term loan is avoided, the proceeds of the sale of AES assets will be available for other AES creditors. This is another reason why allocation of purchase price consideration is required.

B. Other Information Not Disclosed by Debtors

As to the other transactions proposed in the Sale Motion, the Debtors did not include the following: (a) are there any cure payments in connection with the HydroFlow Distribution

² The legal bases of claims against the secured lender have been brought to the attention of the Official Committee of Unsecured Creditors and its legal counsel.

Agreement and, if so, what are those amounts, and how will those be financed? (b) how much is the DIP Loan being increased and what are those terms? (c) what deadlines are being extended in the DIP Financing Order and for how long? (d) will the proceeds of the sale be maintained in the Debtors' bank accounts or distributed to the secured creditor?

Conclusion

The Debtors' Motion should not be approved until the information set forth above regarding the sale is provided to the court and creditors.

Respectfully submitted this 10th day of December 2015.

/s/ Leonard H. Simon

Leonard H. Simon, Esq.
TBN: 18387400; SDOT: 8200
The Riviana Building
2777 Allen Parkway, Suite 800
Houston, Texas 77019
(713) 737-8207 (Direct)
(832) 202-2810 (Direct Fax)
lsimon@pendergraftsimon.com

**COUNSEL FOR THE AD HOC
COMMITTEE OF UNSECURED
CREDITORS OF APACHE ENERGY
SERVICES, LLC**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing was Response was served on December 10, 2015, by the CM/ECF system to all parties receiving electronic notice in this case.

/s/ Leonard H. Simon