

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
CASE NUMBER 15-60071

PETITION DATE September 18, 2015

MONTHLY OPERATING REPORT SUMMARY FOR:

| MONTH | MONTH: August | | | YEAR: 2015 | | | | | |
|--|---------------|-----------|-----------|-------------|--------------|-------------|------------|--|--|
| | September | October | November | December | January | February | March | | |
| REVENUES (MOR-6) | - | - | - | (14,720.80) | - | - | - | | |
| INCOME BEFORE INT; DEPREC./TAX (MOR-6) | - | - | - | (18,236.45) | (182,817.46) | (85,088.59) | (1,124.26) | | |
| NET INCOME (LOSS) (MOR-6) | - | - | - | (18,236.45) | (245,404.41) | (85,088.59) | (1,125.26) | | |
| PAYMENTS TO INSIDERS (MOR-9) | - | - | - | - | - | - | - | | |
| PAYMENTS TO PROFESSIONALS (MOR-9) | - | - | - | - | - | - | - | | |
| TOTAL DISBURSEMENTS (MOR-7) | - | 10,408.24 | 19,467.12 | - | 46,823.83 | - | 249,255.23 | | |
| | | | | | | | 66,998.74 | | |

•••The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee•••

| REQUIRED INSURANCE MAINTAINED AS OF SIGNATURE DATE | EXP. DATE | Are all accounts receivable being collected within terms? | Circle One no |
|--|-----------|--|------------------|
| | | Are all post-petition liabilities, including taxes, being paid within terms? | Yes |
| | | Have any pre-petition liabilities been paid? | Yes |
| CASUALTY YES (x) NO () | 8/12/2016 | If so, describe: <u>Per court order allowing for certain payments</u> | |
| LIABILITY YES (x) NO () | 8/12/2016 | Are all funds received being deposited into the DIP bank account? | Yes |
| VEHICLE YES () NO () NA (x) | 8/12/2016 | Were any assets disposed of outside the normal course of business? | No |
| WORKERS YES () NO () NA (x) | | If so, describe: | |
| OTHER YES () NO () | | Are all U.S. Trustee Quarterly Fee Payments current? | Yes |
| | | What is the status of the Plan of Reorganization? | |

Plan filed and approved 4/15/2016

ATTORNEY NAME Hugh Ray III
FIRM NAME McKool Smith
ADDRESS 600 Travis Street, Suite 700
CITY, STATE, ZIP Houston, TX 77002
TELEPHONE 713-485-7315

I certify under penalty of perjury that the following complete Monthly Operating Report (MOR), consisting of MOR-1 through MOR-9 plus attachments, is true and correct.

SIGNED: *Loretta R. Cross*
Original Signature

TITLE: Chief Restructuring Officer

NOTES:
The Plan of Reorganization has been filed and was approved on April 15, 2016.

Loretta R. Cross
Print Name of Signatory

Date

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
CASE NUMBER 15-60071

COMPARATIVE BALANCE SHEETS

| ASSETS | FILING DATE * | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH |
|--|---------------------|----------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 9/18/2015 | | September | October | November | December | January | February | March |
| CURRENT ASSETS | | | | | | | | | |
| Cash - Chase | 581.28 | | 581.28 | 581.28 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash - Heartland | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Trade Accounts Receivable | 743,302.34 | | 732,894.10 | 732,894.10 | 714,008.26 | 526,564.75 | 526,564.79 | 268,990.54 | 201,991.80 |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL CURRENT ASSETS | 743,883.62 | - | 733,475.38 | 733,475.38 | 714,008.26 | 526,564.75 | 526,564.79 | 268,990.54 | 201,991.80 |
| FIXED ASSETS | 932,853.11 | | 932,853.11 | 932,853.11 | 932,853.11 | 932,853.11 | - | - | - |
| Less Accumulated Depreciation & Amortization * | (492,344.03) | | (492,344.03) | (492,344.03) | (492,344.03) | (554,930.98) | - | - | - |
| NET FIXED ASSETS** | 440,509.08 | - | 440,509.08 | 440,509.08 | 440,509.08 | 377,922.13 | - | - | - |
| OTHER ASSETS | | | | | | | | | |
| Goodwill | 954,727.50 | | 954,727.50 | 954,727.50 | 954,727.50 | 954,727.50 | 954,727.50 | 954,727.50 | 954,727.50 |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL OTHER ASSETS | 954,727.50 | - | 954,727.50 | 954,727.50 | 954,727.50 | 954,727.50 | 954,727.50 | 954,727.50 | 954,727.50 |
| TOTAL ASSETS | 2,139,120.20 | - | 2,128,711.96 | 2,128,711.96 | 2,109,244.84 | 1,859,214.38 | 1,481,292.29 | 1,223,718.04 | 1,156,719.30 |

Notes:

** Due to the sale of assets closed on 01/04/2016, the company performed a modified weighted-average purchase price allocation to reflect the asset sale. The company will perform a detailed purchase price allocation and record an impairment to FMV on remaining assets at a later date. Assets reported as stolen have been written off as a loss.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
CASE NUMBER 15-60071

COMPARATIVE BALANCE SHEETS

| LIABILITIES & OWNER'S EQUITY | FILING DATE * | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH |
|---|----------------------|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 9/18/2015 | | September | October | November | December | January | February | March |
| LIABILITIES | | | | | | | | | |
| POST PETITION (MOR-4) | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| PRE-PETITION LIABILITIES | | | | | | | | | |
| Trade Accounts Payable | 1,115,417.37 | | 1,115,417.37 | 1,140,234.58 | 1,140,234.58 | 1,140,234.58 | 1,140,234.58 | 1,140,234.58 | 1,140,234.58 |
| Accrued Expenses | 101,601.21 | | 101,601.21 | 101,601.21 | 101,601.21 | 101,601.21 | 101,601.21 | 101,601.21 | 101,601.21 |
| Sales Tax Payable | 71,035.54 | | 71,035.54 | 71,035.54 | 71,035.54 | 71,035.54 | - | - | - |
| Net Intercompany * | 762,533.54 | | 752,125.30 | 727,308.09 | 726,190.42 | 721,564.37 | 500,091.41 | 243,641.42 | 176,642.68 |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL PRE-PETITION LIABILITIES | 2,050,587.66 | - | 2,040,179.42 | 2,040,179.42 | 2,039,061.75 | 2,034,435.70 | 1,741,927.20 | 1,485,477.21 | 1,418,478.47 |
| TOTAL LIABILITIES | 2,050,587.66 | - | 2,040,179.42 | 2,040,179.42 | 2,039,061.75 | 2,034,435.70 | 1,741,927.20 | 1,485,477.21 | 1,418,478.47 |
| OWNER'S EQUITY | | | | | | | | | |
| Equity & Minority Interest | | | | | | | | | |
| Current Period Profit (Loss) | (1,061,326.86) | | (1,061,326.86) | (1,061,326.86) | (1,079,676.31) | (1,325,080.72) | (85,088.59) | (86,212.85) | (86,212.85) |
| Retained Earnings at filing date | 1,149,859.40 | | | | | | | | |
| Retained Earnings post filing date | | | 1,149,859.40 | 1,149,859.40 | 1,149,859.40 | 1,149,859.40 | (175,546.32) | (175,546.32) | (175,546.32) |
| TOTAL OWNER'S EQUITY | 88,532.54 | - | 88,532.54 | 88,532.54 | 70,183.09 | (175,221.32) | (260,634.91) | (261,759.17) | (261,759.17) |
| TOTAL LIABILITIES & OWNER'S EQUITY | 2,139,120.20 | - | 2,128,711.96 | 2,128,711.96 | 2,109,244.84 | 1,859,214.38 | 1,481,292.29 | 1,223,718.04 | 1,156,719.30 |

Notes:

Change in Net Intercompany reflects the allocation of proceeds on the sale of assets to Enservco, post-petition professional and consulting fees and the collections of accounts receivable, and is not a pay down of intercompany payables.

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF TEXAS
 HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
 CASE NUMBER 15-60071

SCHEDULE OF POST-PETITION LIABILITIES

| | FILING DATE | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH |
|---------------------------------|-------------|-------|-----------|---------|----------|----------|---------|----------|-------|
| | 9/18/2015 | | September | October | November | December | January | February | March |
| TRADE ACCOUNTS PAYABLE | - | - | | | | | | | |
| TAXES PAYABLE | | | | | | | | | |
| Federal Payroll Taxes | | | | | | | | | |
| State Payroll Taxes | | | | | | | | | |
| Ad Valorem taxes | | | | | | | | | |
| Sales Taxes | | | | | | | | | |
| TOTAL TAXES PAYABLE | - | - | - | - | - | - | - | - | - |
| SECURED DEBT POST-PETITION | | | | | | | | | |
| ACCURED INTEREST PAYABLE | | | | | | | | | |
| ACCRUED PROFESSIONAL FEES * | | | | | | | | | |
| POST PETITION PREPAID RENT | | | | | | | | | |
| OTHER ACCRUED LIABILITIES | | | | | | | | | |
| TOTAL POST-PETITION LIABILITIES | - | - | - | - | - | - | - | - | - |

Notes:

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF TEXAS
 HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
 CASE NUMBER 15-60071

AGING OF POST-PETITION LIABILITIES
MONTH

| DAYS | TOTAL | TRADE ACCOUNTS | FEDERAL TAXES | STATE TAXES | AD VALOREM TAXES | OTHER |
|--------------|-------|-------------------|------------------|-------------|---------------------|-------|
| 0 - 30 | | | - | - | - | - |
| 31 - 60 | | | - | - | - | - |
| 61 - 90 | | | - | - | - | - |
| 91 + | | | - | - | - | - |
| TOTAL | - | - | - | - | - | - |

AGING OF ACCOUNTS RECEIVABLE

| DAYS | | September | October | November | December | January | February | March |
|--------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 0 - 30 | | - | - | - | - | - | - | - |
| 31 - 60 | | - | - | - | - | - | - | - |
| 61 - 90 | | 2,143.35 | - | - | - | - | - | - |
| 91 + | | 730,750.75 | 732,894.10 | 714,008.26 | 526,564.75 | 526,564.79 | 268,990.54 | 201,991.80 |
| TOTAL | - | 732,894.10 | 732,894.10 | 714,008.26 | 526,564.75 | 526,564.79 | 268,990.54 | 201,991.80 |

Notes:

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
CASE NUMBER 15-60071

STATEMENT OF INCOME (LOSS)

| | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | FILING TO |
|---|-------|-----------|---------|--------------------|---------------------|--------------------|-------------------|-------|---------------------|
| | | September | October | November | December | January | February | March | DATE |
| REVENUES | | | | | | | | | |
| | | | | | | | | | - |
| Credits issued on previous period invoices | | | | | (14,720.80) | - | - | - | (14,720.80) |
| | | | | | | | | | - |
| TOTAL REVENUES (MOR-1) | - | - | - | - | (14,720.80) | - | - | - | (14,720.80) |
| OPERATING EXPENSES | | | | | | | | | |
| | | | | | | | | | - |
| Professional Fees | | | | 15,966.06 | 21,249.46 | - | 1,124.26 | | 38,339.78 |
| Consulting Fees | | | | 1,490.00 | 2,835.61 | - | - | - | 4,325.61 |
| Allocated Salary Expense | | | | 780.39 | 975.48 | - | - | - | 1,755.87 |
| Allocated Insurance Expense* | | | | | 18,026.68 | - | - | - | 18,026.68 |
| Quarterly Trustee Fees | | | | | 325.00 | - | - | - | 325.00 |
| Bad Debt Expense** | | | | | 124,684.43 | - | - | - | 124,684.43 |
| Loss on sale of assets | | | | | | 22,860.00 | - | - | 22,860.00 |
| Gain on sales tax settlement | | | | | | (71,035.54) | - | - | (71,035.54) |
| Write off of Stolen Assets | | | | | | 133,264.13 | - | - | 133,264.13 |
| | | | | | | | | | - |
| TOTAL OPERATING EXPENSES | - | - | - | 18,236.45 | 168,096.66 | 85,088.59 | 1,124.26 | - | 272,545.96 |
| OPERATING INCOME | - | - | - | (18,236.45) | (182,817.46) | (85,088.59) | (1,124.26) | - | (287,266.76) |
| | | | | | | | | | - |
| | | | | | | | | | - |
| INCOME BEFORE INT, DEPR, TAX (MOR-1) | - | - | - | (18,236.45) | (182,817.46) | (85,088.59) | (1,124.26) | - | (287,266.76) |
| Depreciation Expense*** | | | | | 62,586.95 | - | 1.00 | | 62,587.95 |
| NET INCOME | - | - | - | (18,236.45) | (245,404.41) | (85,088.59) | (1,125.26) | - | (349,854.71) |

Accrual Accounting Required, Otherwise Footnote with Explanation

* Footnote describing these expenses is mandatory

** Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

Notes:

* Insurance premiums were recorded as a prepaid asset on the parent's balance sheet and reported as a cash payment on the parent's MOR schedules. The expense amount for December reflects the allocation of post-petition premiums to the subsidiaries on a weighted-average basis in accordance with the company's accounting policy.

** The bad debt reserve was analyzed at year end in accordance with the company's accounting policy, and the expected recovery of outstanding accounts receivable has decreased, resulting in bad debt expense at year end.

*** Depreciation and interest expense for post-petition dates were recorded in December.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
CASE NUMBER 15-60071

STATEMENT OF INCOME (LOSS)

| CASH RECEIPTS AND DISBURSEMENTS | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | FILING TO |
|---|--------------|------------------|------------------|-----------------|------------------|----------------|-------------------|------------------|-------------------|
| | | September | October | November | December | January | February | March | DATE |
| CASH, BEGINNING OF MONTH | | 581.28 | 581.28 | - | - | - | - | - | 581.28 |
| RECEIPTS | | | | | | | | | |
| Accounts Receivable Collections | | 10,408.24 | 18,885.84 | - | 46,823.83 | | 249,255.23 | 66,998.74 | 392,371.88 |
| Other * | | | | | | | | | - |
| TOTAL RECEIPTS | - | 10,408.24 | 18,885.84 | - | 46,823.83 | - | 249,255.23 | 66,998.74 | 392,371.88 |
| DISBURSEMENTS | | | | | | | | | |
| AR collections deposited to parent account | | 10,408.24 | 18,885.84 | - | 46,823.83 | - | 249,255.23 | 66,998.74 | 392,371.88 |
| Bank account closed and funds transferred to parent account | | | 581.28 | | | | | | 581.28 |
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | | | | | | | | - |
| | | | | | | | | | - |
| TOTAL DISBURSEMENTS FROM OPERATION | - | 10,408.24 | 19,467.12 | - | 46,823.83 | - | 249,255.23 | 66,998.74 | 392,953.16 |
| | | | | | | | | | - |
| | | | | | | | | | - |
| TOTAL DISBURSEMENTS * | - | 10,408.24 | 19,467.12 | - | 46,823.83 | - | 249,255.23 | 66,998.74 | 392,953.16 |
| NET CASH FLOW | - | - | (581.28) | - | - | - | - | - | (581.28) |
| CASH, END OF MONTH | - | 581.28 | (0.00) | - | - | - | - | - | (0.00) |

Accrual Accounting Required, Otherwise Footnote with Explanation

* Numbers for the current month should balance (match) "Receipts" and "Checks/Other Disbursements" from MOR-8

Notes:

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
CASE NUMBER 15-60071

CASH ACCOUNT RECONCILIATION

| BANK NAME | March | March | March | March | March | TOTAL |
|--|----------------|--------------------|--------------|--------------|--------------|--------------|
| ACCOUNT NUMBER | 525092289 | 2100024260 | | | | |
| ACCOUNT TYPE | Chase Checking | Heartland Checking | | | | |
| BANK BALANCE | \$ - | \$ - | | | | \$ - |
| DEPOSITS IN TRANSIT | | | | | | - |
| OUTSTANDING CHECKS | | | | | | - |
| OTHER ADJUSTMENTS | | | | - | | - |
| ADJUSTED BANK BALANCE | - | - | - | - | - | - |
| BEGINNING CASH - PER BOOKS | - | - | - | - | - | - |
| RECEIPTS* | | 66,998.74 | | | | 66,998.74 |
| TRANSFERS BETWEEN ACCOUNTS (WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR | | | | | | - |
| ADJUSTMENT TO REFLECT LENDER SWEEP | | | | | | - |
| CHECKS / OTHER DISBURSEMENTS * | | (66,998.74) | | | | (66,998.74) |
| ENDING CASH - PER BOOKS | - | - | - | - | - | - |

* Numbers for the current month should balance (match) "Total Receipts" and "Total Disbursements" from MOR-7

Notes:

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF TEXAS
 HOUSTON DIVISION

CASE NAME Aqua Handling of Texas, LLC
 CASE NUMBER 15-60071

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals.

Also, for insiders, identify the type of compensation paid (e.g. salary, commission, bonus, etc.)

| INSIDER: NAME / COMP TYPE | MONTH | MONTH September | MONTH October | MONTH November | MONTH December | MONTH January | MONTH February | MONTH March |
|----------------------------------|--------------|----------------------------|--------------------------|---------------------------|---------------------------|--------------------------|---------------------------|------------------------|
| 1. none | | | | \$ - | \$ - | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |
| 6 | | | | | | | | |
| TOTAL INSIDERS | - | - | - | - | - | - | - | - |

| PROFESSIONALS | MONTH | MONTH September | MONTH October | MONTH November | MONTH December | MONTH January | MONTH February | MONTH March |
|--------------------------------|--------------|----------------------------|--------------------------|---------------------------|---------------------------|--------------------------|---------------------------|------------------------|
| 1. none | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |
| 6 | | | | | | | | |
| TOTAL PROFESSIONAL FEES | - | - | - | - | - | - | - | - |

Notes: