

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

In re:

VERTEX ENERGY, INC., *et al.*,<sup>1</sup>

Debtors.

)  
) Chapter 11  
)  
) Case No. 24-90507 (CML)  
)  
) (Joint Administration Requested)  
) (Emergency Hearing Requested)

**DEBTORS' EMERGENCY  
MOTION FOR ENTRY OF AN  
ORDER (I) AUTHORIZING  
THE DEBTORS TO (A) CONTINUE  
INSURANCE COVERAGE ENTERED INTO  
PREPETITION AND SATISFY PREPETITION  
OBLIGATIONS RELATED THERETO, (B) RENEW,  
AMEND, SUPPLEMENT, EXTEND, PURCHASE,  
AND ENTER INTO NEW INSURANCE POLICIES,  
(C) HONOR PREPETITION PAYMENT ARRANGEMENTS,  
(D) CONTINUE TO PAY BROKERAGE FEES, AND (E) MAINTAIN  
THE SURETY BOND PROGRAM AND (II) GRANTING RELATED RELIEF**

Emergency relief has been requested. Relief is requested not later than 12:30 p.m. (prevailing Central Time) on September 25, 2024.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on September 25, 2024, at 12:30 p.m. (prevailing Central Time) in Courtroom 401, 4<sup>th</sup> floor, 515 Rusk Street, Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at (832) 917-1510. Once connected, you will be asked to enter the conference room number. Judge Lopez's conference room number is 590153. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Lopez's homepage. The meeting code is "JudgeLopez". Click the settings icon in the upper right corner and enter your name under the personal information setting.

<sup>1</sup> A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://www.veritaglobal.net/vertex>. The location of Debtor Vertex Energy, Inc.'s corporate headquarters and the Debtors' service address in these chapter 11 cases is 1331 Gemini Street, Suite 250, Houston, Texas 77058.



**Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the “Electronic Appearance” link on Judge Lopez’s homepage. Select the case name, complete the required fields and click “Submit” to complete your appearance.**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion (this “Motion”):<sup>2</sup>

### **Relief Requested**

1. The Debtors seek entry of an order, substantially in the form attached hereto (the “Order”), (a) authorizing the Debtors to (i) continue insurance coverage entered into prepetition and satisfy prepetition obligations related thereto in the ordinary course of business, (ii) renew, amend, supplement, extend, or purchase insurance coverage on a postpetition basis in the ordinary course, (iii) honor and renew the terms of the Payment Arrangements (as defined herein) entered into prepetition and satisfy obligations related thereto, and enter into new Payment Agreements (as defined herein) in the ordinary course of business, (iv) pay prepetition obligations on account of and continue to pay Brokerage Fees (as defined herein) on a postpetition basis in the ordinary course, and (v) maintain the Surety Bond Program (as defined herein); and (b) granting related relief.

### **Jurisdiction and Venue**

2. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Amended Order of Reference to Bankruptcy Judges*, dated May 24, 2012, from the United States District

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<sup>2</sup> A description of the Debtors, their businesses, and the facts and circumstances supporting this Motion and the Debtors’ chapter 11 cases, are set forth in greater detail in the *Declaration of R. Seth Bullock, Chief Restructuring Officer of Vertex Energy, Inc., in Support of the Debtors’ Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed contemporaneously herewith and incorporated by reference herein. Capitalized terms used but not otherwise defined in this Motion shall have the meanings ascribed to them in the First Day Declaration.

Court for the Southern District of Texas. This is a core proceeding pursuant to 28 U.S.C. § 157(b). The Debtors confirm their consent to the Court's entry of a final order in connection with this Motion.

3. Venue is proper pursuant to 28 U.S.C. § 1408.

4. The bases for the relief requested herein are sections 105(a), 363(b), 363(c), 503, and 1107(a), 1108, and 1112(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rules 1075-1, 4002-1, and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”), and the *Procedures for Complex Cases in the Southern District of Texas* (the “Complex Case Procedures”).

### **Background**

5. On the date hereof (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors have filed a motion requesting joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases and no official committees have been appointed or designated.

### **The Insurance Policies Overview**

6. In the ordinary course of business, the Debtors engage in complex refining operations that require the Debtors to manage substantial risk in connection with such operations. Accordingly, it is critical for the Debtors to maintain appropriate insurance coverage at all times. To that end, in the ordinary course of business, the Debtors maintain approximately 115 insurance policies (each, an “Insurance Policy” and, collectively, the “Insurance Policies”) with

approximately 57 third-party insurance carriers (collectively, the “Insurance Carriers”). Specifically, in connection with the general operation of their businesses and the management of their properties, the Debtors carry certain insurance policies, including: primary casualty, director & officer (“D&O”) liability, pollution, excess umbrella liability, property, terrorism, marine, protection and indemnity, and Unmanned Aircraft Systems liability. A schedule of the Insurance Policies is attached to the Order as Exhibit 1 and is incorporated herein by reference.<sup>3</sup>

7. The Debtors’ continuation of the Insurance Policies, and the entry into new insurance policies, is essential to preserving the value of the Debtors’ businesses and operations. In many instances, the coverage provided by the Insurance Policies is required by the regulations, laws, credit documents, customer contracts, and other arrangements that govern the Debtors’ operations, as well as the Bankruptcy Code and the requirement of the Office of the United States Trustee for the Southern District of Texas (the “U.S. Trustee”), as provided in the *Region 7 Guidelines for Debtors-in-Possession* (the “U.S. Trustee Guidelines”). The Debtors do not believe that they presently owe any prepetition amounts on account of the Insurance Policies. Out of an abundance of caution, however, the Debtors seek authority to pay any outstanding prepetition amounts owed in connection with the Insurance Policies and to continue to honor their obligations under the Insurance Policies as they come due in the ordinary course of business on a postpetition

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<sup>3</sup> The descriptions of the Insurance Policies set forth in this Motion constitute a summary only. To the extent there is any inconsistency between the terms of the Insurance Policies and related agreements and this Motion, the Insurance Policies and related agreements will govern. The Debtors request authority to honor the obligations with respect to, and renew in the ordinary course, as applicable, all Insurance Policies regardless of whether the Debtors inadvertently fail to include a particular insurance policy on Exhibit 1 to the Order, and any such omitted insurance policy is hereby included in the defined term “Insurance Policies” as used herein and in the Order.

Moreover, in addition to the Insurance Policies listed on Exhibit 1 to the Order, the Debtors maintain numerous insurance policies with respect to, among other things, workers’ compensation, employee health, disability, and life insurance benefits. These programs are further described in the Debtors’ *Emergency Motion for Entry of an Order Authorizing the Debtors to (I) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses, (II) Continue Employee Benefits Programs, and (III) Granting Related Relief* (the “Wages Motion”), by which the Debtors are seeking relief with respect to such programs, filed contemporaneously herewith.

basis, consistent with past practice. The Debtors also request authority to maintain their existing Insurance Policies and to renew, supplement, or enter into new insurance policies, as applicable, in the ordinary course of business to ensure uninterrupted coverage under their Insurance Policies.

#### **I. Premium Payments.**

8. In 2023, the Debtors paid an aggregate amount of approximately \$17 million in premiums for all of the Insurance Policies, not including applicable taxes and surcharges, deductibles, broker and consulting fees, and commissions. The Insurance Policies are generally one year in length and renew at various times throughout the year.<sup>4</sup>

9. The Debtors pay the Insurance Policies by (a) prepaying the insurance premiums at the inception of the Insurance Policies, (b) entering into premium financing agreements (“PFAs”), or (c) entering into bespoke payment agreements that—akin to the PFAs—require a downpayment for the initiation of services and then incremental payments each month thereafter (together with the PFAs, the “Payment Arrangements”).

- a. ***Prepayments:*** Pursuant to the terms of certain of the Insurance Policies, the Debtors prepay for coverage and related services at the start of each such Insurance Policy’s term. Once paid, the Debtors do not incur or owe any further amounts in connection with these Insurance Policies.
- b. ***PFAs.*** With respect to certain Insurance Policies, including the marine, excess umbrella liability, property, and terrorism policies, the Debtors finance a portion of the premiums because it is not economically advantageous for the Debtors to pay the premiums in full on or around the start date of each policy period. The Debtors

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<sup>4</sup> The Debtors’ Insurance Policies renew on January 31, April 1, July 10, or October 10, depending on the terms of the applicable Insurance Policy.

currently finance certain of their premium obligations through three PFAs, two with IPFS Corporation and one with Talbot Premium Financing, LLC (collectively, the “PFA Lenders”). The PFAs require the Debtors to pay monthly installments to the PFA Lenders in exchange for PFA Lenders’ obligation to pay certain of the Debtors’ insurance premiums on account of the Insurance Policies. As of the Petition Date, the Debtors have paid approximately \$6,936,291 on account of their PFAs in 2024.

- c. ***Bespoke Financing Agreements.*** For two of the primary casualty Insurance Policies, the Debtors entered into incremental financing agreements with McGriff Insurance Services, Inc. (“McGriff”), the Company’s insurance broker. Pursuant to the incremental financing agreements, the Debtors pay a down payment, followed by monthly installments to McGriff, in exchange for McGriff’s obligation to pay certain of the Debtors’ insurance premiums on account of the Insurance Policies. As of the Petition Date, the Debtors have paid approximately \$196,432 on account of their bespoke financing agreements in 2024.

10. Continuing to perform under the Payment Arrangements on a postpetition basis is in the best interests of the Debtors’ estates. In light of their financial circumstances, alternative insurance premium finance companies may not be willing to provide insurance premium financing and/or incremental financing arrangements to the Debtors on attractive market terms on a postpetition basis. The Debtors do not believe that they presently owe any prepetition amounts on account of the Payment Arrangements. Out of an abundance of caution however, and to ensure uninterrupted coverage under the Insurance Policies, the Debtors seek authority to pay any direct or indirect prepetition amounts due and owing in connection with the Payment Arrangements. The

Debtors also seek authority to renew, supplement, or enter into new payment arrangements and to continue paying amounts owed in connection with the Payment Arrangements as they come due in the ordinary course of business on a postpetition basis without further Court approval.

## **II. Insurance Deductibles.**

11. The Insurance Policies require the Debtors to pay a per-incident or annual aggregate deductible (the “Deductibles”). Generally, if a claim is made against the Insurance Policies for which there is a per-incident Deductible, the Debtors’ applicable Insurance Carrier will administer the claim, make any payments in connection therewith, and offset any applicable Deductible against such payments. If a claim is made against any Insurance Policies for which there is an annual aggregate Deductible, the Debtors must first pay an amount specified by such Insurance Policies for each policy period before the applicable Insurance Carrier will make payments in connection with claims against such Insurance Policy. The Deductibles typically range from approximately \$1,000 to \$250,000, depending on the Insurance Policy. As of the Petition Date, the Debtors do not believe that there are any material prepetition obligations owed to the Insurance Carriers relating to the Deductibles. Out of an abundance of caution, however, the Debtors seek authority to satisfy any prepetition amounts outstanding on account of any Deductible and to continue honoring Deductible obligations on a postpetition basis in the ordinary course.

## **III. Brokerage Fees.**

12. The Debtors obtain the Insurance Policies primarily through their insurance brokers, McGriff and Lockton Companies (“Lockton,” and together with McGriff, the “Insurance Brokers”). The Insurance Brokers assist the Debtors in (a) obtaining comprehensive insurance coverage for their operations in the most cost-effective manner; (b) negotiating policy terms, provisions, and premiums; and (c) providing ongoing support throughout the applicable policy

periods. In exchange for these services, the Debtors pay the Insurance Brokers certain fees (such fees, the “Broker Fees”).

13. In 2023, the Debtors paid approximately \$1.8 million to McGriff and approximately \$50,000 to Lockton on account of the Broker Fees. As of the Petition Date, the Debtors do not believe they owe any amounts to the Insurance Brokers on account of the Broker Fees. Out of an abundance of caution, however, and to ensure that the Insurance Brokers continue to provide services to the Debtors, the Debtors seek authority to satisfy any prepetition Broker Fees and to continue honoring Broker Fees on a postpetition basis in the ordinary course of business.

#### **IV. Claims Administration.**

14. In addition to its Insurance Broker services, McGriff administers and pays certain professional and general liability claims related to the Insurance Policies on behalf of the Debtors. Generally, if a claim is made against the Debtors, McGriff will report, settle, adjust, or otherwise handle the claim and make any payments in connection therewith. However, McGriff does not pay the claims on behalf of the Debtors. Instead, such claims are paid by the third-party insurance companies in accordance with the provisions of the applicable Insurance Policy. Because McGriff’s claims administration services are rendered in accordance with McGriff’s general contractual insurance obligations to the Debtors and are included in the payment of general fees, the Debtors do not incur any additional amounts on account of claims administration. The Debtors believe that continuing the foregoing is necessary to ensure that the Debtors can administer insurance claims on a postpetition basis in the ordinary course of business.



## **V. Insurance Policy Audits.**

15. Certain of the Insurance Policies, including automobile and workers' compensation policies, are subject to routine audits (the "Insurance Policy Audits"), which may result in an adjustment of the premiums owed on account thereof. The Insurance Policy Audits with respect to the prepetition premium payments will not conclude until after the Petition Date. As a result, the aggregate amount of the Debtors' obligations arising from the Insurance Policy Audits, if any, is not known at this time. Accordingly, the Debtors seek the authority to pay any outstanding prepetition amounts owed on account of any Insurance Policy Audits and to continue to pay amounts owed on account of any Insurance Policy Audits as they come due in the ordinary course of business on a postpetition basis.

### **The Surety Bond Program**

#### **I. Surety Bonds.**

16. In the ordinary course of business, the Debtors are required by certain applicable statutes, rules, and regulations to provide surety bonds (each, a "Surety Bond" and collectively, the "Surety Bonds") to certain third parties, often governmental units or other public agencies, to secure the Debtors' payment or performance of certain obligations, including customs and border tax obligations (the "Surety Bond Program"). To preserve value during these chapter 11 cases, the Debtors must maintain the existing Surety Bond Program, including paying bond premiums and related fees as they come due, providing the sureties (each, a "Surety" and collectively, the "Sureties") with collateral, renewing, or potentially acquiring additional bonding capacity as needed in the ordinary course of business, and executing other agreements, as appropriate, in connection with the Surety Bond Program. Failure to provide, maintain, or timely replace the Surety Bonds may prevent the Debtors from undertaking essential functions related to their

operations and fulfilling, among other things, their public agency and governmental unit obligations during these chapter 11 cases.

17. The Sureties have issued the Debtors' current outstanding Surety Bonds for their tax obligations to various states, as well as obligations to the Texas Commission on Environmental Quality, the Alabama Department of Transportation, and the Alabama Power Company. As of the Petition Date, the Debtors maintain twenty-six Surety Bonds. A schedule of the Debtors' Surety Bonds is attached as Exhibit 2 to the Order and incorporated herein by reference.<sup>5</sup>

18. The issuance of a Surety Bond lessens the risk of the Debtors' nonperformance or nonpayment by providing that the Surety will perform or tender payment. Unlike an insurance policy, if a surety incurs a loss on a surety bond, it is entitled to recover the full amount of that loss from the principal. To continue their business operations during these chapter 11 cases, the Debtors must be able to provide financial assurance to state governments and regulatory agencies, including taxing and environmental regulation agencies. In turn, the Debtors must be able to maintain the existing Surety Bond Program, including paying the premiums due in connection therewith and providing collateral, renewing, or potentially acquiring additional bonding capacity as needed, and executing other agreements as needed, in each case, in the ordinary course of business in connection with the Surety Bond Program. Failing to continue the Surety Bond Program will prevent the Debtors from undertaking essential functions related to their operations. The premiums related to the Surety Bond Program generally are determined on an annual, per-bond basis, and are paid by the Debtors when the Surety Bonds are issued and annually upon

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<sup>5</sup> Although Exhibit 2 is intended to be comprehensive, the Debtors may have inadvertently omitted one or more Surety Bonds. By this Motion, the Debtors request relief applicable to all Surety Bonds, regardless of whether such Surety Bond is specifically identified on Exhibit 2. Further, to the extent there is a discrepancy between the schedule of Surety Bonds listed in Exhibit 2 and the Surety Bonds, the Surety Bonds and business records relating thereto shall control.

renewal until the Surety Bonds are released (the “Surety Premiums”). The Debtors pay approximately \$81,000 annually in Surety Premiums.

19. As of the Petition Date, the Debtors do not believe that they owe any amounts with respect to the Surety Premiums. However, out of an abundance of caution, the Debtors seek authority to satisfy any prepetition amounts outstanding on account of the Surety Premiums and to continue honoring Surety Premiums in the ordinary course of business.

## **II. Surety Broker.**

20. The Debtors’ outstanding Surety Bonds are arranged by Acrisure, LLC (“Acrisure,” or the “Surety Broker”). The Surety Broker assists the Debtors in obtaining Surety Bonds for their operations in the most cost-effective manner by negotiating bond terms, provisions, and premiums. The Debtors pay Acrisure through their payment of Surety Premiums, and do not pay Acrisure any additional fees for its services as Surety Broker. Instead, the applicable Insurance Carrier pays Acrisure a small commission in connection with the acquisition of the Surety Bonds. As of the Petition Date, the Debtors have paid approximately \$31,545 to Acrisure in 2024.

### **Basis for Relief**

#### **I. The Debtors Must Continue the Insurance Policies to Comply with the Bankruptcy Code and U.S. Trustee Operating Guidelines.**

21. The Debtors’ existing Insurance Policies and Surety Bond Program provide a comprehensive range of protection for the Debtors’ businesses, properties, and assets. It is essential that the Debtors’ insurance coverage and Surety Bond Program continues in full force and effect during the course of these chapter 11 cases. Section 1112(b)(4)(C) of the Bankruptcy Code provides that “failure to maintain appropriate insurance that poses a risk to the estate or to the public” is “cause” for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). In many instances, the coverage provided under the Insurance Policies is

required by the regulations, laws, and contracts that govern the Debtors' commercial activities, as well as Section III of the U.S. Trustee Guidelines, which provides that "[a]ll debtors must maintain insurance and pay all premiums as they come due." It is essential to the Debtors' estates, and consistent with the Bankruptcy Code and the U.S. Trustee Guidelines, that they (a) maintain and continue to make all payments required under their Insurance Policies, and (b) have the authority to supplement, amend, extend, renew, or replace their Insurance Policies as needed, in their judgment, without further order of the Court.<sup>6</sup>

**II. Renewing, Amending, Supplementing, Extending, Purchasing, or Entering Into New Insurance Policies and Surety Bonds, and Paying Obligations Related to the Insurance Policies and Surety Bonds in the Ordinary Course of Business are Each Warranted.**

22. Given the importance of the Insurance Policies and the Surety Bond Program to the continued operation of the Debtors' businesses, the Debtors request authority to pay any prepetition amounts due on account thereof, including the Broker Fees, and to continue their insurance program and Surety Bond Program in the ordinary course of business on a postpetition basis. In authorizing payments of prepetition insurance obligations, courts have relied on several legal theories rooted in sections 105(a), 363(b), 503, 1107(a), and 1108 of the Bankruptcy Code. Pursuant to these sections of the Bankruptcy Code, and consistent with the chapter 11 goal of value preservation, the Court may authorize the Debtors to maintain the Insurance Policies and renew or enter into new policies on a postpetition basis.

23. Courts in the Fifth Circuit and other jurisdictions have recognized that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and

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<sup>6</sup> The Debtors believe that continuing the Insurance Policies and the Surety Bond Program and maintaining the ability to supplement, amend, extend, renew, or replace such Insurance Policies and Surety Bonds are authorized in the ordinary course of business. 11 U.S.C. § 363(c)(1). The Debtors, therefore, seek such relief out of an abundance of caution given the importance of the Insurance Policies to the protection of their estates.

preserve the estate, including an operating business's going-concern value. *See, e.g., In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (stating that a debtor's duty to maximize the value of the estate can only be satisfied through payment of a prepetition claim); *see also In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept."); *Armstrong World Indus., Inc. v. James A. Phillips, Inc.*, (*In re James A. Phillips, Inc.*), 29 B.R. 391, 392, 398 (S.D.N.Y. 1983) (affirming bankruptcy court order authorizing payments by debtor to prepetition creditors when the payments were essential to the debtor's survival). Moreover, section 503(b)(1)(A) of the Bankruptcy Code provides that: "After notice and a hearing, there shall be allowed administrative expenses[,] including . . . the actual, necessary costs and expenses of preserving the estate." 11 U.S.C. § 503(b)(1)(A). The Court, therefore, can authorize the Debtors to use estate funds to pay any obligations under the Insurance Policies and Surety Bonds arising during or relating to the period after the Petition Date. In addition, pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, a debtor in possession is a fiduciary "holding the bankruptcy estate and operating the business for the benefit of its creditors and (if the value justifies) equity owners." *CoServ, L.L.C.*, 273 B.R. at 497. Implicit in the fiduciary duties of any debtor in possession is the obligation to "protect and preserve the estate, including an operating business's going concern value." *Id.*

24. The Court may also authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a), which codifies the inherent equitable powers of the bankruptcy court, empowers the bankruptcy court to "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). Under section 105(a), courts may permit payments of prepetition

obligations when essential to the continued operation of a debtor's business. This Court's power under section 105(a) to authorize payment of prepetition obligations is popularly referred to as the "necessity of payment" rule (also referred to as the "doctrine of necessity").

25. The "doctrine of necessity" or the "necessity of payment" rule has long been recognized as precedent within the Fifth Circuit. *See CoServ, L.L.C.*, 273 B.R. at 492–93, 497 (discussing the instances in which the "doctrine of necessity" or "necessity of payment" apply to debtors in possession). Today, the rationale for the necessity of payment rule—the rehabilitation of a debtor in reorganization cases—is the paramount policy and goal of chapter 11. *Id.* at 493; *see also In re Mirant*, 296 B.R. 427, 429 (Bankr. N.D. Tex. 2003) (allowing a debtor in possession to pay prepetition claims when failing to do so could "seriously damage" the debtor's business).

26. There is sufficient business justification to grant the relief requested herein because failure to pay the insurance premiums and amounts owed in connection with the Surety Bond Program, and the other related expenses for each when they come due, including the Broker Fees and Surety Broker Fees, may harm the Debtors' estates. Specifically, the Insurance Carriers and Sureties may refuse to renew the Insurance Policies and Surety Bonds, respectively, which would require the Debtors to obtain replacement policies and surety bonds and possibly reconfigure their risk management program. Obtaining replacement policies would require the Debtors to commit significant resources and could result in less favorable coverage or terms from the Insurance Carriers and Sureties. The Insurance Carriers and Sureties also could attempt to terminate the Debtors' existing policies and Surety Bonds.

27. The Debtors seek to continue, amend, supplement, and extend their existing Insurance Policies and Surety Bonds and purchase new insurance policies and surety bonds, in many cases as is required by applicable law, in the ordinary course of business. Failure to timely

honor any outstanding prepetition obligations on account of the Insurance Policies and Surety Bonds could negatively affect their ability to enter into amendments, supplements, extensions, or new policies and bonds. Continuing the Insurance Policies and Surety Bond Program is essential to preserving the value of the Debtors' assets and minimizing exposure to risk during the pendency of these chapter 11 cases, especially in light of the hazardous nature of the Debtors' businesses and operations. Therefore, continuing the Insurance Policies and Surety Bond Program during these chapter 11 cases is an essential part of preserving the value of the Debtors' estates, and the Debtors should be authorized to pay any prepetition obligations related thereto.

28. Courts in this district and other jurisdictions have granted relief similar to the relief requested herein under sections 105(a) and 363(b) of the Bankruptcy Code. *See, e.g., In re Digit. Media Sols., Inc.*, No. 24-90468 (ARP) (Bankr. S.D. Tex. Sept. 12, 2024) (authorizing the debtors to continue their insurance policies and surety bond program on a final basis); *In re SmileDirectClub, Inc.*, No. 23-90786 (CML) (Bankr. S.D. Tex. Oct. 10, 2023) (authorizing the debtors to continue their insurance policies on a final basis); *In re Genesis Care Pty Ltd.*, No. 23-90614 (DRJ) (Bankr. S.D. Tex. June 1, 2023) (authorizing the debtors to continue their insurance policies and surety bond program on a final basis); *In re Benefytt Techs. Inc.*, No. 23-90566 (CML) (Bankr. S.D. Tex. May 23, 2023) (same); *In re Envision Healthcare Corp.*, No. 23-90342 (CML) (Bankr. S.D. Tex. May 15, 2023) (same).

### **III. Continuing the Insurance Policies and the Surety Bond Program and Paying Obligations Thereunder in the Ordinary Course of Business Is Warranted.**

29. In authorizing payments of prepetition obligations, courts have relied on several legal theories rooted in sections 105(a), 363(b), 503, and 1107(a) of the Bankruptcy Code. Pursuant to these sections of the Bankruptcy Code, the Court may authorize the Debtors to pay any prepetition amounts due on account of the Insurance Policies, and to maintain the Insurance

Policies and the Surety Bond Program, including renewing or entering into new policies and Surety Bonds on a postpetition basis, because the relief requested is consistent with the value preservation policy of chapter 11.

30. Courts in the Fifth Circuit and other jurisdictions have recognized that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value. *See, e.g., In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Further, section 363(b) of the Bankruptcy Code permits a debtor, subject to court approval, to pay prepetition obligations where a sound business purpose exists for doing so. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (noting that section 363(b) of the Bankruptcy Code provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification). In addition, under section 1107(a) of the Bankruptcy Code, a debtor in possession has, among other things, the "implied duty of the debtor in possession to 'protect and preserve the estate, including an operating business' going-concern value.'" *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *CoServ*, 273 B.R. at 497).

31. In addition, the Court may authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of the bankruptcy court and empowers the bankruptcy court to "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). This Court's power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations is popularly referred to as the "necessity of payment" rule or the "doctrine of necessity" and has long been recognized as precedent within the Fifth Circuit. *See CoServ*, 273 B.R. at 492–93. Satisfying possible outstanding or future obligations related to the



Insurance Policies, the Brokerage Fees, and the Surety Bond Program is warranted under the doctrine of necessity.

32. Here, the Debtors seek to continue, renew, amend, supplement, and extend their existing Insurance Policies and the Surety Bond Program, purchase new policies and coverage, and execute other agreements as needed, in the ordinary course of business on a postpetition basis consistent with past practice. Related to that process, the Debtors believe that failure to timely honor any outstanding prepetition obligations on account of the Insurance Policies and the Surety Bond Program could negatively affect the Debtors' ability to enter into such amendments, supplements, extensions, or new policies and coverage. Continuation of the Insurance Policies and the Surety Bond Program is essential to preserving the value of the Debtors' assets and minimizing exposure to risk during the pendency of these chapter 11 cases. Therefore, the Debtors should be authorized to pay any prepetition obligations related to the Insurance Policies and the Surety Bond Program and to renew, supplement, purchase, or enter into new insurance or surety bond coverage, in the ordinary course of business on a postpetition basis consistent with past practice.

**IV. To the Extent the Court Determines that the Surety Bonds Are a Secured Extension of Credit, Relief Is Appropriate under Section 364 of the Bankruptcy Code.**

33. Under section 364(c) of the Bankruptcy Code, a debtor may obtain unsecured credit in the ordinary course of business or obtain secured credit (a) with priority over administrative expenses, (b) secured by a lien on unencumbered estate assets, or (c) secured by a junior lien on previously encumbered assets. To satisfy the requirements of section 364(c) of the Bankruptcy Code, a debtor need only demonstrate "by a good faith effort that credit was not available" to the debtor on an unsecured or administrative expense basis. *See In re Snowshoe Co.*, 789 F.2d 1085, 1088 (4th Cir. 1986). Given the Debtors' current financial circumstances, the Debtors may not be

able to obtain financial accommodations comparable to those offered by the Surety Broker on an unsecured basis or administrative expense basis. To the extent a Surety Bond is deemed an extension of credit, section 364 of the Bankruptcy Code provides the Debtor ample authority to renew the existing Surety Bond and procure new ones, whether on an unsecured basis or, if necessary, on a secured basis.

34. Continuing the Surety Bond Program is necessary to maintain the Debtors' current business operations. As described above, the Debtors are required to provide Surety Bonds or other forms of credit support to certain third parties, often governmental units or other public agencies, to secure the payment or performance of certain obligations. The Debtors therefore seek authority to furnish the Surety (or any new provider of Surety Bonds) with collateral or new forms of credit support with respect to the Debtors' existing Surety Bond, Surety Bond renewals, or any new Surety Bonds.

#### **Emergency Consideration**

35. Pursuant to Bankruptcy Local Rule 9013-1(i), the Debtors request emergency consideration of this Motion pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first twenty-one (21) days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm." An immediate and orderly transition into chapter 11 is critical to the viability of their operations and any delay in granting the relief requested could hinder the Debtors' operations and cause irreparable harm. Failure to receive the requested relief in this Motion during the first twenty-one (21) days of these chapter 11 cases would severely disrupt the Debtors' operations at this critical juncture. The Debtors have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and request that the Court approve the relief requested in this Motion on an emergency basis.

**Processing of Checks and Electronic Fund Transfers Should Be Authorized**

36. The Debtors have sufficient funds to pay the amounts described herein in the ordinary course of business by virtue of expected cash flows from ongoing business operations, and the anticipated access to debtor-in-possession financing and the consensual use of cash collateral. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to any authorized payment in respect of the relief requested herein. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

**Waiver of Bankruptcy Rules 6004(a) and 6004(h)**

37. The Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the fourteen (14)-day stay period under Bankruptcy Rule 6004(h).

**Reservation of Rights**

38. Nothing contained herein or any actions taken pursuant to the relief requested or granted (including any payment made in accordance with any such order) is intended as or shall be construed as: (a) an admission as to the amount of, basis for, priority of, or validity of, any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion or a finding that any particular claim is an administrative expense

claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

### **Notice**

39. The Debtors will provide notice of this Motion to the following parties or their respective counsel: (a) the U.S. Trustee; (b) the holders of the thirty (30) largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to the Consenting Term Loan Lenders; (d) the agent under the Debtors' Term Loan Facility, and counsel thereto; (e) the agent under the Debtors' DIP Facility, and counsel thereto; (f) counsel to Macquarie; (g) the United States Attorney's Office for the Southern District of Texas; (h) the Internal Revenue Service; (i) the United States Securities and Exchange Commission; (j) the state attorneys general for states in which the Debtors conduct business; (k) the Insurance Carriers; (l) the Sureties; (m) the Insurance Brokers; (n) the Surety Broker; (o) the PFA Lenders; and (p) any party that has requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, no other or further notice need be given.

The Debtors request that the Court enter the Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Houston, Texas  
September 24, 2024

*/s/ Jason G. Cohen*

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**Certificate of Accuracy**

I certify that the foregoing statements are true and accurate to the best of my knowledge. This statement is being made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ Jason G. Cohen

Jason G. Cohen

**Certificate of Service**

I certify that on September 24, 2024, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Jason G. Cohen

Jason G. Cohen

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

In re:	)	
	)	Chapter 11
	)	
VERTEX ENERGY, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 24-90507 (CML)
	)	
Debtors.	)	(Joint Administration Requested)
	)	
	)	<b>Re: Docket No. __</b>

**ORDER (I) AUTHORIZING THE DEBTORS TO  
(A) CONTINUE INSURANCE COVERAGE ENTERED  
INTO PREPETITION AND SATISFY PREPETITION  
OBLIGATIONS RELATED THERETO, (B) RENEW, AMEND,  
SUPPLEMENT, EXTEND, PURCHASE, AND ENTER INTO NEW INSURANCE  
POLICIES, (C) HONOR PREPETITION PAYMENT ARRANGEMENTS,  
(D) CONTINUE TO PAY BROKERAGE FEES, AND (E) MAINTAIN  
THE SURETY BOND PROGRAM AND (II) GRANTING RELATED RELIEF**

Upon the emergency motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”), (a) authorizing the Debtors to (i) continue insurance coverage entered into prepetition and satisfy prepetition obligations related thereto in the ordinary course of business, (ii) renew, amend, supplement, extend, or purchase insurance coverage on a postpetition basis in the ordinary course, (iii) honor and renew the terms of the Payment Arrangements entered into prepetition and satisfy obligations related thereto, and enter into new Payment Agreements in the ordinary course of business, (iv) pay prepetition obligations on account of and continue to pay Brokerage Fees on a postpetition basis in the ordinary course, and (v) maintain the Surety Bond Program; and (b) granting related relief;

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<sup>1</sup> A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://www.veritaglobal.net/vertex>. The location of Debtor Vertex Energy, Inc.’s corporate headquarters and the Debtors’ service address in these chapter 11 cases is 1331 Gemini Street, Suite 250, Houston, Texas 77058.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. § 1408; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Debtors are authorized, but not directed, to maintain the Insurance Policies, including, but not limited to, the Insurance Policies identified on **Exhibit 1** and any related agreements, and to pay any prepetition or postpetition obligations related to the Insurance Policies, including, but not limited to, any amounts owed to the Insurance Carriers, the Insurance Brokers, the PFA Lenders, and other parties that come due in the ordinary course of business.

2. The Debtors are authorized, but not directed, to renew, amend, supplement, and extend their existing Insurance Policies, and to purchase new insurance policies in the ordinary course of business, and to execute other agreements in connection therewith.



3. The Debtors are authorized to honor the terms of the Payment Arrangements and pay direct and indirect premiums thereunder, to renew, amend, supplement, rollover, or extend the Payment Arrangements, or enter into new Payment Arrangements in connection with their Insurance Policies in the ordinary course of business.

4. The Debtors are authorized, but not directed, to maintain their Surety Bond Program without interruption, including, but not limited to, the Surety Bonds identified on **Exhibit 2** and any related agreements, and to pay any prepetition or postpetition obligations related to the Surety Bond Program, the Surety Broker fees, and any related expenses, including, but not limited to, any amounts owed to the Sureties or the Surety Brokers, and other parties that come due in the ordinary course of business.

5. The Debtors are authorized to renew, amend, supplement, and/or extend the Surety Bonds, including, but not limited to, the Surety Bonds identified on **Exhibit 2** attached hereto, or to purchase new Surety Bonds, and to execute other agreements, in connection with the Surety Bond Program, in each case in the ordinary course of business and consistent with prepetition practices.

6. The Debtors are authorized to honor any amounts owed on account of any audits that take place in the ordinary course of business.

7. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in this Order shall create any rights in favor of, or enhance the status of any claim held by, any person to whom any obligations under the Insurance Policies are owed.

8. Notwithstanding anything to the contrary set forth herein, any payment made hereunder, and any authorization contained herein, shall be subject to the requirements imposed under any interim or final orders authorizing the Debtors' use of cash collateral and/or postpetition

debtor-in-possession financing (any such order, a “DIP Order”) and any approved budget in connection therewith. To the extent there is any inconsistency between the terms of any DIP Order (including any approved budget in connection therewith) and any approval or action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

9. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing in this Order shall be deemed: (a) an admission as to the amount of, basis for, priority of, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors’ or any other party in interest’s right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors’ estates; (g) a waiver or limitation of the Debtors’, or any other party in interest’s, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

10. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented

for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.

11. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

12. The Debtors shall maintain a matrix/schedule of payments made pursuant to this Order, including the following information: (a) the names of the payee; (b) the date and amount of the payment; (c) the category or type of payment, as further described and classified in the Motion. The Debtors shall provide a copy of such matrix/schedule to the U.S. Trustee, counsel to the Consenting Term Loan Lenders, and any statutory committee appointed in these chapter 11 cases every 30 days beginning upon entry of this Order.

13. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

14. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

15. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

16. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

17. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: \_\_\_\_\_, 2024

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CHRISTOPHER M. LOPEZ  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT 1****Insurance Policies**

<b>Policy Coverage</b>	<b>Insurance Carrier</b>	<b>Policy No.</b>	<b>Policy Term</b>	<b>Annual Policy Premium</b>
Primary Casualty	Ironshore	IEPUW0030640300	7/10/2024 - 7/10/2025	\$415,284
Primary Casualty	Zurich	WC0198889-08	7/10/2024 - 7/10/2025	\$415,061
Primary Casualty	Zurich	BAP0198888-08	7/10/2024 - 7/10/2025	\$1,943,194
Primary Casualty	Scottsdale	CPS8019830	7/10/2024 - 7/10/2025	\$3,904
Marine	C.N.A	ML9780453	7/10/2024 - 7/10/2025	\$26,000
Marine	C.N.A/Liberty	H877525	10/30/2023 - 10/30/2024	\$14,166
Marine	Safe Harbor	V-17430-23	10/30/2023 - 10/30/2024	\$5,282
Marine	Beazley, Stratford, Somp	V3070E230301	10/30/2023 - 10/30/2024	\$26,775
Marine	Ascot, Beazley, Stratford	MAXS2310002544-03	10/30/2023 - 10/30/2024	\$17,404
Excess Liability	Ironshore	XSCUW0030640400	7/10/2024 - 7/10/2025	\$457,170
Excess Liability	Colony	EXO4287513	7/10/2024 - 7/10/2025	\$261,716
Excess Liability	AWAC	3129815	7/10/2024 - 7/10/2025	\$77,645
Property	ALESCO	MS-S 7300 A	7/10/2024 - 7/10/2025	\$151,124
Property	ALESCO	MS-S 7300 B	7/10/2024 - 7/10/2025	\$47,201
Property	ALESCO	MS-S 7300 C	7/10/2024 - 7/10/2025	\$319,476
Property	ALESCO	MS-S 7300 D	7/10/2024 - 7/10/2025	\$50,151
Property	ALESCO	MS-S 7300 E	7/10/2024 - 7/10/2025	\$216,680
Property	ALESCO	MS-S 7301	7/10/2024 - 7/10/2025	\$870,063
Property	ALESCO	MS-S 7302	7/10/2024 - 7/10/2025	\$170,446
Property	ALESCO	MS-S 7303 A	7/10/2024 - 7/10/2025	\$45,575
Property	ALESCO	MS-S 7303 B	7/10/2024 - 7/10/2025	\$73,423
Property	ALESCO	MS-S 7303 C	7/10/2024 - 7/10/2025	\$66,542
Property	ALESCO	MS-S 7304	7/10/2024 - 7/10/2025	\$94,401
Property	ALESCO	MS-S 7306	7/10/2024 - 7/10/2025	\$27,304
Property	ALESCO	MS-S 7305	7/10/2024 - 7/10/2025	\$138,455
Property	Arise Boiler Inspection	209465	7/10/2024 - 7/10/2025	\$9,060
Primary Casualty	Zurich	WC 9870046 - 02	4/1/2024 - 4/1/2025	\$253,583
Primary Casualty	Zurich	BAP 9870047 - 02	4/1/2024 - 4/1/2025	\$82,265
Primary Casualty	White Bear	MSS7176	4/1/2024 - 4/1/2025	\$196,100
Directors' and Officers' Liability	XL	ELU195142-24	1/31/2024 - 1/31/2025	\$215,000
Directors' and Officers' Liability	AmTrust	EUW1880187 03	1/31/2024 - 1/31/2025	\$137,600
Directors' and Officers' Liability	Sompo	DOX30052609300	1/31/2024 - 1/31/2025	\$90,000

Policy Coverage	Insurance Carrier	Policy No.	Policy Term	Annual Policy Premium
Directors' and Officers' Liability	AIG	02-277-05-72	1/31/2024 - 1/31/2025	\$60,000
Directors' and Officers' Liability	Allied	0312-2122	1/31/2024 - 1/31/2025	\$50,000
Directors' and Officers' Liability	Allied	ELU195147-24	1/31/2024 - 1/31/2025	\$35,000
Marine	C.N.A.	H0877528	4/1/2024 - 4/1/2025	\$6,000
Marine	Safe Harbor	V-17678-24	4/1/2024 - 4/1/2025	\$3,740
Pollution	Beazley	W31B60240301	4/1/2024 - 4/1/2025	\$539,082
Pollution	Hamilton	ENVXSHI207457-02	4/1/2024 - 4/1/2025	\$387,286
Pollution	Aspen	EX00QK324	4/1/2024 - 4/1/2025	\$357,156
Pollution	Ironshore	IEELPLLCHB7B003	4/1/2024 - 4/1/2025	\$476,159
Pollution	Enviant	ENVX0000331-24	4/1/2024 - 4/1/2025	\$225,433
Pollution	Starr	1000337917241	4/1/2024 - 4/1/2025	\$265,635
Pollution	C&F	EFX-125053	4/1/2024 - 4/1/2025	\$121,949
Pollution	Berkshire Hathaway	42-XSF-334216-01	4/1/2024 - 4/1/2025	\$47,700
Pollution	Ironshore	IEELPLLCHB6Y003	4/1/2024 - 4/1/2025	\$280,577
Pollution	Ascot	ENXP2210000683-03	4/1/2024 - 4/1/2025	\$90,787
Pollution	Argo/Colony	EXO 4279049	4/1/2024 - 4/1/2025	\$104,349
Pollution	XL	XEC006098202	4/1/2024 - 4/1/2025	\$172,057
Pollution	Markel	MKLV4EFX105815	4/1/2024 - 4/1/2025	\$138,982
Pollution	AWAC	0313-2989	4/1/2024 - 4/1/2025	\$69,054
Pollution	Aspen	EX00QL524	4/1/2024 - 4/1/2025	\$32,118
Pollution	Hamilton	ENVXSS221147-02	4/1/2024 - 4/1/2025	\$32,754
Pollution	Navigators	NY24XSP0BW6DZNC	4/1/2024 - 4/1/2025	\$64,236
Pollution	Allianz	USL02807924	4/1/2024 - 4/1/2025	\$65,508
Excess Liability	White Bear	MSS7177	4/1/2024 - 4/1/2025	\$524,700
Excess Liability	Lloyds	MSS7178	4/1/2023 - 4/1/2024	\$319,060
Excess Liability	OCIL	EXS-154759-02	4/1/2024 - 4/1/2025	\$461,100
Excess Liability	Axis	P-001-000703903-03	4/1/2024 - 4/1/2025	\$367,290
Excess Liability	Lloyds 65% APL 1969; 20% OPEnergy; 15% AML 2001	MSS7179	4/1/2024 - 4/1/2025	\$280,900
Excess Liability	Chubb	XCQG72568278003	4/1/2024 - 4/1/2025	\$236,250
Excess Liability	Hamilton Insurance DAC	ENGXSHI422665	4/1/2024 - 4/1/2025	\$212,212
Excess Liability	Everest	XC6EX00167-241	4/1/2024 - 4/1/2025	\$197,845
Excess Liability	Berkley	CEX09604705-01	4/1/2024 - 4/1/2025	\$162,180
Excess Liability	Starr	1000032009241	4/1/2024 - 4/1/2025	\$208,767
Excess Liability	Lloyds 22.14% Lloyds (\$2.5M) po IGO 1301 (\$5.25M) po EQU 9533	MSS7180	4/1/2024 - 4/1/2025	\$101,127
Excess Liability	AIG	62785802	4/1/2024 - 4/1/2025	\$131,778
Excess Liability	Ark	EI2400011/YLA24TA01266	4/1/2024 - 4/1/2025	\$89,246

Policy Coverage	Insurance Carrier	Policy No.	Policy Term	Annual Policy Premium
Excess Liability	Hamilton BDA	EI2400012/CX2418073	4/1/2024 - 4/1/2025	\$123,094
Excess Liability	Lloyds 40% Scor; 20% Emerald; 20% Arcadian; 20% Markel	MSS7181	4/1/2024 - 4/1/2025	\$309,918
Excess Liability	Westchester	G72568242003	4/1/2024 - 4/1/2025	\$284,875
Excess Liability	Starr \$15M part of	1000032011241	4/1/2024 - 4/1/2025	\$117,777
Excess Liability	Helix BDA \$15M part of	EI2400015/CASFO200292PF2024	4/1/2024 - 4/1/2025	\$111,110
Excess Liability	Everen \$15M part of	O921356-0424	4/1/2024 - 4/1/2025	\$166,665
Excess Liability	12.5% (\$5M) po Emerald - Ryan Specialty	MSS7182	4/1/2024 - 4/1/2025	\$58,888
Excess Liability	Lloyds \$15M po	MSS7183	4/1/2024 - 4/1/2025	\$166,950
Excess Liability	Argo	ARGO-CAS-OCC-001696.3	4/1/2024 - 4/1/2025	\$105,000
Excess Liability	AxaXL BDA	BM00040124LI24A	4/1/2024 - 4/1/2025	\$262,500
Excess Liability	\$12.5M Lloyds 15% OP Energy; 10% ASC 1414	MSS6749	4/1/2024 - 4/1/2025	\$128,724
Excess Liability	Arch BDA \$25M	URP0067876-00	4/1/2024 - 4/1/2025	\$242,875
Excess Liability	Markel BDA	EI2400023/AU2300625	4/1/2024 - 4/1/2025	\$121,438
Excess Liability	Lloyds 1414 ACS \$5M po	MSS6750	4/1/2024 - 4/1/2025	\$47,700
Excess Liability	Liberty \$10M po	EI2400025/100049811203	4/1/2024 - 4/1/2025	\$90,000
Excess Liability	Chubb BDA \$25M po	VRAL2260/XS004	4/1/2024 - 4/1/2025	\$225,000
Excess Liability	Group Ark Ins Ltd Bermuda \$5M po	EI2400188/YLA24NA02523	4/1/2024 - 4/1/2025	\$45,000
Excess Liability	Helix (Somers Re) BDA \$5M po	EI2400026/AU2300628	4/1/2024 - 4/1/2025	\$45,000
Excess Liability	\$30M po Lloyds 40% QBE; 10% CNP 4444; 10% OPEnergy	MSS6751	4/1/2024 - 4/1/2025	\$257,580
Excess Liability	Liberty BDA \$15M po	EI2400032	4/1/2024 - 4/1/2025	\$121,500
Excess Liability	\$5M po Lloyds 5% BRT 2987; 5% KII 9029	MSS6976	4/1/2024 - 4/1/2025	\$42,930
Excess Liability	\$21M Lloyds 7% APL 1969; 5% OPEnergy; 20% QBE; 10% CNP 4444	MSS6752	4/1/2024 - 4/1/2025	\$171,402
Excess Liability	Chubb BDA \$14M	VRAL-2260/XS004	4/1/2024 - 4/1/2025	\$107,800
Excess Liability	\$15M po American International Group UK Ltd	66834047	4/1/2024 - 4/1/2025	\$122,430
Excess Liability	Lloyds 60% QBE; 10% IGO 1301	MSS6753	4/1/2024 - 4/1/2025	\$254,394
Excess Liability	Everen BDA	B0507EI2400042	4/1/2024 - 4/1/2025	\$159,996
Property	AIG (Risk Specialists Companies Insurance Agency, Inc.)	MS-S 7201 A	4/1/2024 - 4/1/2025	\$706,313
Property	ALESCO	MS-S 7201 B	4/1/2024 - 4/1/2025	\$3,861,887
Property	AXA XL	MS-S 7201 C	4/1/2024 - 4/1/2025	\$365,000
Property	Starr Technical Risks a division within Starr Companies	MS-S 7201 D	4/1/2024 - 4/1/2025	\$596,250
Property	Swiss Re Corporate Solutions Elite Insurance Corporation	MS-S 7201 E	4/1/2024 - 4/1/2025	\$380,000
Property	ALESCO	MS-S 7201 F	4/1/2024 - 4/1/2025	\$588,300
Property	ALESCO	MS-S 7201 G	4/1/2024 - 4/1/2025	\$435,660
Property	Berkshire Hathaway Specialty Insurance	MS-S 7202	4/1/2024 - 4/1/2025	\$215,196
Property	ALESCO	EA0127024	4/1/2024 - 4/1/2025	\$225,000
Property	ALESCO	MS-S 7203	4/1/2024 - 4/1/2025	\$111,300
Property	ALESCO	MS-S 7204	4/1/2024 - 4/1/2025	\$64,744
Property	ALESCO	MS-S 7205	4/1/2024 - 4/1/2025	\$230,790
Property	ALESCO	MS-S 7206	4/1/2024 - 4/1/2025	\$94,215

Policy Coverage	Insurance Carrier	Policy No.	Policy Term	Annual Policy Premium
Property	ALESCO	MS-S 7207	4/1/2024 - 4/1/2025	\$9,961
Property	ALESCO	MS-S 7208	4/1/2024 - 4/1/2025	\$79,452
Property	ALESCO	MS-S 7209A	4/1/2024 - 4/1/2025	\$27,623
Property	ALESCO	MS-S 7209B	4/1/2024 - 4/1/2025	\$47,014
Terrorism	Price Forbes	MSS7190	4/1/2024 - 4/1/2025	\$68,895
Terrorism	Price Forbes	MSS7191	4/1/2024 - 4/1/2025	\$66,557
Terrorism	ALESCO	MS-S 7220	4/1/2024 - 4/1/2025	\$79,500
UAS Aviation	Global Aerospace	9032529	4/1/2024 - 4/1/2025	\$8,743



**EXHIBIT 2****Surety Bonds**

Bond Description	Beneficiary	Bond No.	Bonding Company	Liability Limit	Bond Premium
OIL WASTE HAULERS BOND	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	1055477	LEXON INSURANCE COMPANY	\$4,100	\$350
LA- MOTOR FUELS TAX BOND	LOUISIANA DEPARTMENT OF REVENUE	082C236900-2	LIBERTY MUTUAL SURETY	\$50,000	\$1,000
AL- POWER COMPANY UTILITY BOND	ALABAMA POWER COMPANY	082C235902-3	LIBERTY MUTUAL SURETY	\$1,475,000	\$29,500
AL- MOTOR FUEL TAX BOND	ALABAMA DEPT. OF REVENUE, BUSINESS & LICENSE TAX	082C235903-3	LIBERTY MUTUAL SURETY	\$25,000	\$500
3 YEAR ERISA BOND	N/A	09999232133-1	LIBERTY MUTUAL SURETY	\$500,000	\$303
MS-PETROLEUM TAX BOND	MISSISSIPPI DEPARTMENT OF REVENUE	082C236951-2	LIBERTY MUTUAL SURETY	\$57,000	\$1,140
FL- AVIATION FUEL BOND	FLORIDA DEPARTMENT OF REVENUE	082C236953-2	LIBERTY MUTUAL SURETY	\$60,527	\$1,211
FL- POLLUTANT TAX BOND	FLORIDA DEPARTMENT OF REVENUE	082C236954-2	LIBERTY MUTUAL SURETY	\$57,037	\$1,141
LA - MOTOR FUELS TAX BOND	LOUISIANA DEPARTMENT OF REVENUE	082C236901-2	LIBERTY MUTUAL SURETY	\$20,000	\$400
MS - PETROLEUM TAX BOND	MISSISSIPPI DEPT. OF REVENUE	082C236950-2	LIBERTY MUTUAL SURETY	\$54,000	\$1,080
FL - DIESEL FUEL BOND	FLORIDA DEPARTMENT OF REVENUE	082C236956-2	LIBERTY MUTUAL SURETY	\$54,150	\$1,083
FL - POLLUTANT TAX BOND	FLORIDA DEPARTMENT OF REVENUE	082C236957-2	LIBERTY MUTUAL SURETY	\$5,119	\$102
TX- MOTOR FUELS TAX CONTINUOUS BOND	COMPTROLLER OF PUBLIC ACCOUNTS	082C236908-2	LIBERTY MUTUAL SURETY	\$30,000	\$600
TAXABLE FUEL BOND - DIESEL FUEL	DEPARTMENT OF TREASURY, INTERNAL REVENUE SERVICE	082C237377-2	LIBERTY MUTUAL SURETY	\$150,000	\$3,000
PERFORMANCE BOND - CITY OF COLUMBUS, OH	CITY OF COLUMBUS, OHIO, PUBLIC SERVICE DEPARTMENT	1LICX1203133-2	LEXON INSURANCE COMPANY	\$58,544	\$1,756
PERFORMANCE BOND	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	01148328-8	LEXON INSURANCE COMPANY	\$20,500	\$615
AL- MOTOR FUEL TAX BOND	ALABAMA DEPT. OF REVENUE, BUSINESS & LICENSE TAX	082C237340-2	LIBERTY MUTUAL SURETY	\$25,000	\$500

Bond Description	Beneficiary	Bond No.	Bonding Company	Liability Limit	Bond Premium
TX- MOTOR FUELS TAX CONTINUOUS BOND	TEXAS COMPTROLLER OF PUBLIC ACCOUNTS	082C236907-2	LIBERTY MUTUAL SURETY	\$600,000	\$12,000
PERFORMANCE BOND FOR RIGHT OF WAY - INSTALLING A 14””	ALABAMA DEPARTMENT OF TRANSPORTATION	082C236945-2	LIBERTY MUTUAL SURETY	\$1,019,855	\$20,397
OIL WASTE HAULERS	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	51055263-2	LEXON INSURANCE COMPANY	\$8,200	\$250
SOIL REMEDIATION PERFORMANCE-TX	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	1055569	LEXON INSURANCE COMPANY	\$26,000	\$780
SOIL REMEDIATION SURETY/PERFORMANCE TX	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	1055570	LEXON INSURANCE COMPANY	\$25,420	\$763
SOIL REMEDIATION PAYMENT TX	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	1055671	LEXON INSURANCE COMPANY	\$30,000	\$900
TCEQ PERFORMANCE	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	1084414	LEXON INSURANCE COMPANY	\$4,100	\$200
AL MOTOR FUELS SURETY	ALABAMA DEPARTMENT OF REVENUE, BUSINESS LICENSE TAX	01429110-1	LIBERTY MUTUAL SURETY	\$25,000	\$178
FL IMPORTER LICENSE BOND	FLORIDA DEPARTMENT OF REVENUE	82C237398	LIBERTY MUTUAL SURETY	\$35,609	\$712