

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

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| In re: |) | |
| |) | Chapter 11 |
| VERTEX ENERGY, INC., <i>et al.</i> , ¹ |) | |
| |) | Case No. 24-90507 (CML) |
| Debtors. |) | (Jointly Administered) |

**LIMITED OBJECTION OF
THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
(Relates to Doc. Nos. 5 and 55)**

COMES NOW, the Texas Commission on Environmental Quality (“TCEQ”), by and through the Office of the Texas Attorney General, respectfully files this Objection to the *Order (I) Approving the Bidding Procedures and Auction, (II) Scheduling Bid Deadlines, an Auction, Objection Deadlines, and a Sale Hearing, (III) Approving the Assumption and Assignment Procedures, (IV) Approving the Form and Manner of Notice of a Sale Transaction, the Auction, the Sale Hearings, and Assumption and Assignment Procedures, and (V) Granting Related Relief* (the “Limited Objection”), and in support thereof, respectfully states as follows:

I. JURISDICTION

1. This Court has jurisdiction pursuant to 28 U.S.C. § 1334 and 28 U.S.C. § 157. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

¹ 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.



II. BACKGROUND

2. TCEQ is the environmental agency for the State of Texas that oversees the protection of the state's public health and natural resources consistent with sustainable economic development.

3. On September 24, 2024, Debtors filed for protection under Chapter 11 of the Bankruptcy Code [Doc. No. 1]. On September 25, 2024, the Court entered an order authorizing the joint administration of these cases [Doc. No. 39].

4. On September 24, 2024, Debtors filed the *Emergency Motion for Entry of an Order (I) Approving the Bidding Procedures and Auction, (II) Scheduling Bid Deadlines, an Auction, Objection Deadlines, and a Sale Hearing, (III) Approving the Assumption and Assignment Procedures, (IV) Approving the Form and Manner of Notice of a Sale Transaction, the Auction, the Sale Hearings, and Assumption and Assignment Procedures, and (V) Granting Related Relief* [Doc. No. 5] (the "Bid Procedures Motion"), seeking the Court's approval of procedures governing the sale of substantially all of Debtors assets. On September 25, 2024, the Court entered an order approving the Bid Procedures Motion [Doc. No. 55] (the "Bid Procedures Order"), which also included procedures for the assumption, assignment, and cure of executory contracts. Certain deadlines within the Bid Procedures Order were extended through the *Notice of Amended Sale Schedule* [Doc. No. 210].

5. Counsel for TCEQ made an appearance in the case on November 12, 2024 [Doc. No. 407].

III. OBJECTION

6. TCEQ files this Limited Objection to reserve its right to enforce applicable state laws and regulations pursuant to the “police and regulatory power” exception to the automatic stay under section 362(b)(4) of the Bankruptcy Code. *See* 11 U.S.C. § 362(b)(4).

7. TCEQ reserves all rights, remedies, and obligations to, among other things, complement, supplement, augment, alter, or modify this Limited Objection and reservation of rights, assert any objection, file any appropriate motion, or conduct any and all discovery as may be deemed necessary or as may be required and to assert such other grounds as may become apparent upon further factual discovery. TCEQ further reserve its right to assert all objections to the proposed sale transactions described herein which objections are not otherwise addressed herein. Nothing herein waives the rights of TCEQ to enforce applicable state laws and regulations.

8. Further, TCEQ requests the following language be added to the proposed Sale Order:

Nothing in this Sale Order or related documents, including the Purchase Agreement, discharges, releases, precludes, or enjoins: (i) any liability to any governmental unit as defined in 11 U.S.C. § 101(27) (“Governmental Unit”) that is not a “claim” as defined in 11 U.S.C. § 101(5) (“Claim”); (ii) any Claim of a Governmental Unit arising on or after the Closing Date; (iii) any liability to a Governmental Unit under police and regulatory statutes or regulations that any entity would be subject to as the owner or operator of property after the effective date of the Sale; or (iv) any liability to a Governmental Unit on the part of any Person other than the Debtors. Nor shall anything in this Order enjoin or otherwise bar a Governmental Unit from asserting or enforcing, outside this Court, any liability described in the preceding sentence.

Further, nothing in this Order or related documents, including the Purchase Agreement, authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements and approvals under police or regulatory law. Nothing in this Order shall relieve any entity from any obligation to address or comply with information requests or inquiries from any Governmental Unit. Nothing in this Order shall affect any setoff or recoupment rights of any Governmental Unit. Nothing in this

Order divests any tribunal of any jurisdiction it may have under police or regulatory law to interpret this Order or to adjudicate any defense asserted under this Order.

IV. CONCLUSION

WHEREFORE, TCEQ respectfully requests the Court enter relief consistent with this Limited Objection and grant such other relief as the Court deems just and appropriate.

Dated: November 13, 2024

Respectfully submitted,

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ATTORNEYS FOR THE TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing has been served via the Court's Electronic Filing System on all parties requesting notice in this proceeding on November 13, 2024.

/s/ Sahrish K. Soleja

SAHRISH K. SOLEJA

Assistant Attorney General