

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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| In re: |) | Chapter 11 |
| |) | |
| PES HOLDINGS, LLC, |) | Case No. 19-11626 (___) |
| |) | |
| Debtor. |) | |
| |) | |
| Tax I.D. No. 37-1698157 |) | |
| <hr/> |) | |
| In re: |) | Chapter 11 |
| |) | |
| NORTH YARD GP, LLC, |) | Case No. 19-11627 (___) |
| |) | |
| Debtor. |) | |
| |) | |
| Tax I.D. No. 47-1145458 |) | |
| <hr/> |) | |
| In re: |) | Chapter 11 |
| |) | |
| NORTH YARD LOGISTICS, L.P., |) | Case No. 19-11628 (___) |
| |) | |
| Debtor. |) | |
| |) | |
| Tax I.D. No. 47-1135952 |) | |
| <hr/> |) | |
| In re: |) | Chapter 11 |
| |) | |
| PES ADMINISTRATIVE SERVICES, LLC, |) | Case No. 19-11629 (___) |
| |) | |
| Debtor. |) | |
| |) | |
| Tax I.D. No. 90-0913022 |) | |
| <hr/> |) | |
| In re: |) | Chapter 11 |
| |) | |
| PES ENERGY INC., |) | Case No. 19-11630 (___) |
| |) | |
| Debtor. |) | |
| |) | |
| Tax I.D. No. 83-1160661 |) | |
| <hr/> |) | |

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| In re: |) | Chapter 11 |
| PES INTERMEDIATE, LLC, |) | |
| Debtor. |) | Case No. 19-11631 (___) |
| Tax I.D. No. 83-1680074 |) | |
| In re: |) | Chapter 11 |
| PES ULTIMATE HOLDINGS, LLC, |) | |
| Debtor. |) | Case No. 19-11632 (___) |
| Tax I.D. No. 83-1166061 |) | |
| In re: |) | Chapter 11 |
| PHILADELPHIA ENERGY SOLUTIONS REFINING AND MARKETING LLC, |) | |
| Debtor. |) | Case No. 19-11633 (___) |
| Tax I.D. No. 61-1689574 |) | |

**DEBTORS’ MOTION FOR ENTRY
OF AN ORDER (I) DIRECTING JOINT ADMINISTRATION
OF THE CHAPTER 11 CASES AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”)¹ respectfully state the following in support of this motion (this “Motion”).

¹ A detailed description of the Debtors and 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 Jeffrey S. Stein, Chief Restructuring Officer of the Debtors, in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed contemporaneously with the Debtors’ voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), on July 21, 2019 (the “Petition Date”).

Relief Requested

1. The Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Order”): (a) directing procedural consolidation and joint administration of these chapter 11 cases; and (b) granting related relief. Specifically, the Debtors request that the United States Bankruptcy Court for the District of Delaware (the “Court”) maintain one file and one docket for all of the jointly administered cases under the case of PES Holdings, LLC, and that the cases be administered under a consolidated caption, as follows:

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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| In re: |) | Chapter 11 |
| PES HOLDINGS, LLC, <i>et al.</i> , ¹ |) | Case No. 19-11626 (___) |
| Debtors. |) | (Jointly Administered) |
| |) | |

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PES Holdings, LLC (8157); North Yard GP, LLC (5458); North Yard Logistics, L.P. (5952); PES Administrative Services, LLC (3022); PES Energy Inc. (0661); PES Intermediate, LLC (0074); PES Ultimate Holdings, LLC (6061); and Philadelphia Energy Solutions Refining and Marketing LLC (9574). The Debtors’ service address is: 1735 Market Street, Philadelphia, Pennsylvania 19103.

2. The Debtors further request that the Court order that the foregoing caption satisfies the requirements set forth in section 342(c)(1) of the Bankruptcy Code. The Debtors also request that a docket entry, substantially similar to the following, be entered on the docket of each of the Debtors other than PES Holdings, LLC to reflect the joint administration of these chapter 11 cases:

An order has been entered in accordance with rule 1015(b) of the Federal Rules of Bankruptcy Procedure and rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware directing joint administration for procedural purposes only of the chapter 11 cases

of: PES Holdings, LLC, Case No. 19-11626; North Yard GP, LLC, Case No. 19-11627; North Yard Logistics, L.P., Case No. 19-11628; PES Administrative Services, LLC, Case No. 19-11629; PES Energy Inc., Case No. 19-11630; PES Intermediate, LLC, Case No. 19-11631; PES Ultimate Holdings, LLC, Case No. 19-11632; and Philadelphia Energy Solutions Refining and Marketing LLC, Case No. 19-11633. **All further pleadings and other papers shall be filed in and all further docket entries shall be made in Case No. 19-11626 (___).**

Jurisdiction and Venue

3. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012 (the “Amended Standing Order”). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The bases for the relief requested herein are section 105(a) of the Bankruptcy Code, Bankruptcy Rule 1015(b), and Local Rules 1015-1 and 9013-1(m).

Background

6. Headquartered in Philadelphia, Pennsylvania, the Debtors are owners and operators of the largest oil refining complex on the United States Eastern seaboard and have been continuously operating in some form for over 150 years. The refining complex sits on an approximately 1,300 acre industrial site roughly 2.5 miles from downtown Philadelphia. It is comprised of two separate refineries that have a combined distillation and refining capacity of

335,000 barrels of crude oil per day. The refining complex produces a full range of transportation fuels, such as gasoline and ultra-low sulfur diesel, as well as other refined products, including home heating oil, jet fuel, kerosene, fuel oil, propane, propylene, butane, cumene, and sulfur. The Debtors market and distribute these products by truck, rail, pipeline, and waterborne vessels throughout population centers in the northeastern United States and by waterborne vessels to international markets.

7. On the Petition Date, each of the Debtors filed a petition with the Court under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their business and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this Motion, the Debtors have requested procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No party has requested the appointment of a trustee or examiner in these chapter 11 cases, and no committees have been appointed or designated.

Basis for Relief

8. Bankruptcy Rule 1015(b) provides, in pertinent part, that “[i]f . . . two or more petitions are pending in the same court by or against . . . a debtor and an affiliate, the court may order a joint administration of the estates.” Fed. R. Bankr. P. 1015. The eight Debtor entities that commenced chapter 11 cases are “affiliates” as that term is defined in section 101(2) of the Bankruptcy Code. Accordingly, the Bankruptcy Code and Bankruptcy Rules authorize the Court to grant the relief requested herein.

9. Further, Local Rule 1015-1 provides additional authority for the Court to order joint administration of these chapter 11 cases:

An order of joint administration may be entered, without notice and an opportunity for hearing, upon the filing of a motion for joint administration pursuant to Fed. R. Bankr. P. 1015, supported by an

affidavit, declaration, or verification, which establishes that the joint administration of two or more cases pending in the Court under title 11 is warranted and will ease the administrative burden for the Court and the parties. An order of joint administration entered in accordance with this Local Rule may be reconsidered upon motion of any party in interest at any time. An order of joint administration under this Local Rule is for procedural purposes only and shall not cause a “substantive” consolidation of the respective debtors’ estates.

Del. Bankr. L.R. 1015-1.

10. Joint administration is generally non-controversial, and courts in this jurisdiction routinely order joint administration in cases with multiple related debtors. *See, e.g., In re Z Gallerie, LLC*, No. 19-10488 (LSS) (Bankr. D. Del. Mar. 12, 2019) (directing joint administration of chapter 11 cases); *In re Things Remembered Inc.*, No. 19-10234 (KG) (Bankr. D. Del. Feb. 7, 2019) (same); *In re PES Holdings, LLC*, No. 18-10122 (KG) (same) (Bankr. D. Del. Jan. 23, 2018); *In re Charming Charlie Holdings Inc.*, No. 17-12906 (CSS) (Bankr. D. Del. Dec. 13, 2017) (same); *In re GST AutoLeather, Inc.*, No. 17-12100 (LSS) (Bankr. D. Del. Oct. 4, 2017) (same).³

11. Given the integrated nature of the Debtors’ operations, joint administration of these chapter 11 cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Many of the motions, hearings, and orders in these chapter 11 cases will affect each Debtor entity. The entry of an order directing joint administration of these chapter 11 cases will reduce fees and costs by avoiding duplicative filings and objections. Joint administration also will allow the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) and all parties in interest to monitor these chapter 11 cases with greater ease and efficiency.

³ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors’ proposed counsel.

12. Moreover, joint administration will not adversely affect the Debtors' respective constituencies because this Motion seeks only administrative, not substantive, consolidation of the Debtors' estates. Parties in interest will not be harmed by the relief requested; instead, parties in interest will benefit from the cost reductions associated with the joint administration of these chapter 11 cases. Accordingly, the Debtors submit that the joint administration of these chapter 11 cases is in the best interests of their estates, their creditors, and all other parties in interest.

Notice

13. The Debtors will provide notice of this Motion to: (a) the Office of the U.S. Trustee for the District of Delaware; (b) the holders of the 50 largest unsecured claims against the Debtors (on a consolidated basis); (c) the administrative agent under the Debtors' prepetition first lien term loan facility and counsel thereto; (d) the lenders under the Debtors' prepetition first lien term loan facility and counsel thereto; (e) Merrill Lynch Commodities, Inc. and counsel thereto; (f) NGL Energy Partners LP and counsel thereto; (g) the lenders under the Debtors' prepetition promissory note and counsel thereto; (h) counsel to ICBC Standard Bank Plc; (i) the Internal Revenue Service; (j) all parties known by the Debtors to hold or assert a lien on any asset of any Debtor; (k) all relevant state taxing authorities; (l) all of the Debtors' landlords, and owners and/or operators of premises at which any of the Debtors' inventory and/or equipment is located; and (m) any party that has requested notice pursuant to Bankruptcy Rule 2002. As this Motion is seeking "first day" relief, within two business days of the hearing on this Motion, the Debtors will serve copies of this Motion and any order entered in respect to this Motion as required by Local Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

14. No prior motion for the relief requested herein has been made to this or any other court.

[Remainder of page intentionally left blank.]

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

Dated: July 22, 2019
Wilmington, Delaware

/s/ Laura Davis Jones

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Proposed Co-Counsel to the Debtors and Debtors in Possession

Exhibit A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:) Chapter 11
PES HOLDINGS, LLC,) Case No. 19-11626 (___)
Debtor.)
Tax I.D. No. 37-1698157)

In re:) Chapter 11
NORTH YARD GP, LLC,) Case No. 19-11627 (___)
Debtor.)
Tax I.D. No. 47-1145458)

In re:) Chapter 11
NORTH YARD LOGISTICS, L.P.,) Case No. 19-11628 (___)
Debtor.)
Tax I.D. No. 47-1135952)

In re:) Chapter 11
PES ADMINISTRATIVE SERVICES, LLC,) Case No. 19-11629 (___)
Debtor.)
Tax I.D. No. 90-0913022)

In re:) Chapter 11
PES ENERGY INC.,) Case No. 19-11630 (___)
Debtor.)
Tax I.D. No. 83-1160661)

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| Debtor. |) | |
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| In re: |) | Chapter 11 |
| PES ULTIMATE HOLDINGS, LLC, |) | Case No. 19-11632 (___) |
| Debtor. |) | |
| Tax I.D. No. 83-1166061 |) | |
| In re: |) | Chapter 11 |
| PHILADELPHIA ENERGY SOLUTIONS REFINING AND MARKETING LLC, |) | Case No. 19-11633 (___) |
| Debtor. |) | |
| Tax I.D. No. 61-1689574 |) | |

**ORDER (I) DIRECTING JOINT ADMINISTRATION
OF THE CHAPTER 11 CASES AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)¹ of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”) (a) directing the joint administration of the Debtors’ chapter 11 cases for procedural purposes only and (b) granting related relief, 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. §§ 157 and 1334 and the Amended Standing Order; and that this Court 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

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; 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 Motion is granted as set forth herein.
2. The above-captioned chapter 11 cases are consolidated for procedural purposes only and shall be jointly administered by the Court under Case No. 19-11626 (___).
3. The caption of the jointly administered cases should read as follows:

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

| | | |
|---|---|-------------------------|
| In re: |) | |
| |) | Chapter 11 |
| PES HOLDINGS, LLC, <i>et al.</i> ¹ |) | Case No. 19-11626 (___) |
| Debtors. |) | (Jointly Administered) |
| |) | |

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PES Holdings, LLC (8157); North Yard GP, LLC (5458); North Yard Logistics, L.P. (5952); PES Administrative Services, LLC (3022); PES Energy Inc. (0661); PES Intermediate, LLC (0074); PES Ultimate Holdings, LLC (6061); and Philadelphia Energy Solutions Refining and Marketing LLC (9574). The Debtors’ service address is: 1735 Market Street, Philadelphia, Pennsylvania 19103.

4. The foregoing caption satisfies the requirements set forth in section 342(c)(1) of the Bankruptcy Code.

5. A docket entry, substantially similar to the following, shall be entered on the docket of each of the Debtors other than PES Holdings, LLC to reflect the joint administration of these chapter 11 cases:

An order has been entered in accordance with rule 1015(b) of the Federal Rules of Bankruptcy Procedure and rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware directing joint administration for procedural purposes only of the chapter 11 cases of: PES Holdings, LLC, Case No. 19-11626; North Yard GP, LLC, Case No. 19-11627; North Yard Logistics, L.P., Case No. 19-11628; PES Administrative Services, LLC, Case No. 19-11629; PES Energy Inc., Case No. 19-11630; PES Intermediate, LLC, Case No. 19-11631; PES Ultimate Holdings, LLC, Case No. 19-11632; and Philadelphia Energy Solutions Refining and Marketing LLC, Case No. 19-11633. **All further pleadings and other papers shall be filed in and all further docket entries shall be made in Case No. 19-11626 (___).**

6. The Debtors shall maintain, and the Clerk of the United States Bankruptcy Court for the District of Delaware shall keep, one consolidated docket, one file, and one consolidated service list for these chapter 11 cases.

7. Nothing contained in the Motion or this Order shall be deemed or construed as directing or otherwise effecting a substantive consolidation of these chapter 11 cases and this Order shall be without prejudice to the rights of the Debtors to seek entry of an order substantively consolidating their respective cases.

8. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.

9. The terms and conditions of this Order are immediately effective and enforceable upon its entry.

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

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

Dated: _____, 2019
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE