

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

In re: KP ENGINEERING, LP, <i>et al.</i> , <div style="text-align: right;">Debtors.¹</div>	§ § § § § § § § §	Chapter 11 Case No. 19-34698 (DRJ) (Jointly Administered)
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GLOBAL NOTES REGARDING KP ENGINEERING, LLC’S SCHEDULES OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS

The Schedules of Assets and Liabilities (the “Schedules”) and the Statements of Financial Affairs (the “Statements,” and collectively with the Schedules, the “Schedules and Statements”) filed by KP Engineering, LLC (“KPE” or a “Debtor”), in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”), were prepared pursuant to section 521 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 1007 of the Federal Rules of Bankruptcy Procedure by management of the Debtors and are unaudited. While the Debtor’s management has made every reasonable effort to ensure that the Schedules and Statements are accurate and complete, based upon information that was available to them at the time of preparation, the subsequent receipt of information may result in material changes to the financial data and other information contained therein. The Debtor reserves the right to amend the Schedules and Statements from time to time as may be necessary or appropriate. These Global Notes Regarding Debtors’ Schedules of Assets and Liabilities and Statements of Financial Affairs (the “Global Notes”) are incorporated by reference in, and comprise an integral part of, the Schedules and Statements, and should be referred to and reviewed in connection with any review of the Schedules and Statements.

The Schedules and Statements and Global Notes should not be relied upon by any person for information relating to current or future financial conditions, events or performance of any of the Debtors. Due to numerous unliquidated, contingent and/or disputed claims, summary statistics in the Schedule, Statements and Global Notes likely significantly understate the Debtors’ liabilities.

1. Reservation of Rights. The Schedules and Statements are unaudited. Accordingly, although current management has made reasonable efforts to insure that the Schedules and Statements are accurate and complete based on information that was available to them at the time

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: KP Engineering, LP (7785) and KP Engineering, LLC (0294). The location of the Debtors’ corporate headquarters and the Debtors’ service address is: 5555 Old Jacksonville Highway, Tyler, TX 75703.

of preparation, subsequent information or discovery may result in material changes to one or more of the Schedules and Statements; indeed inadvertent errors, omissions or inaccuracies may exist. Moreover, because the Schedules and Statements contain unaudited information, there can be no assurance that the Schedules and Statements are wholly accurate and Complete. The Debtors reserve the right to amend and/or supplement any and all of the Schedules and Statements from time to time as they deem necessary and appropriate.

2. Description of the Cases and “as of” Information Date. On August 23, 2019 (the “Petition Date”), the Debtor filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code in the Bankruptcy Court commencing this Chapter 11 Case. The Debtor continues to operate its business as debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. The U.S. Trustee appointed the Official Committee of Unsecured Creditors (the “Committee”) on September 6, 2019. No request has been made for the appointment of a trustee or an examiner.

The Chapter 11 Cases have been procedurally consolidated for the purpose of joint administration under case number 19-34698. Unless otherwise stated, asset and liability information is as of the Petition Date. Additionally, the Debtors have made every effort to allocate liabilities between the prepetition and post-petition periods based on the information and research that was conducted in connection with the preparation of the Schedules and Statements. As additional information becomes available to and further research is conducted by the Debtors, the Debtors’ allocation of liabilities between pre-petition and post-petition periods may change.

3. Basis of Presentation. The Schedules and Statements do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles (“GAAP”).

4. Summary of Significant Reporting Policies. The following conventions were adopted by the Debtors in the preparation of the Schedules and Statements

- a. Book Value. Unless otherwise noted, each asset and liability of the Debtor is shown on the basis of the net book value of the asset or liability in accordance with the Debtor’s accounting records as of the Petition Date. Unless otherwise noted, the Schedules reflects the carrying value of the assets and liabilities as listed in the Debtor’s books, and are not based upon any estimate of their current market values.
- b. Currency. All amounts are reflected in U.S. Dollars.
- c. Debtors’ Consolidated Cash Management System. The Debtors utilize a central and consolidated cash management system, which consists of multiple bank accounts. The Debtors manage the cash within the cash management system by transferring funds among bank accounts as needed based on cash receipts and disbursements. The Debtors described the consolidated cash management system in detail in the *Debtors’ Emergency Motion for Order Authorizing the Debtors to Continue to (I) Operate Their Cash Management System, (II) Use Existing Checks and Business Forms and (III) Maintain Existing Bank Accounts; and for Related Relief* [Docket No. 9] (“the Cash Management Motion”). The Bankruptcy Court granted

the Cash Management Motion and authorized the Debtors to continue using the cash management system on an interim basis by order entered August 26, 2019 [Docket No. 52] (the "Cash Management Order"). As part of the cash management system, the Debtors maintain accounting records of daily transactions between and among the Debtor affiliates. Thus, the Debtors' debits and credits are known and recorded.

- d. Payments Made within 90 Days Prior to the Petition Date. Payments made by the Debtor within 90 days prior to the Petition Date have been classified by Debtor based on the owner of the various accounts from which disbursements were made and without regard to which Debtor was obligated to make payment.
- e. Property and Equipment: Owned. Property and equipment are capitalized and stated at cost while maintenance and repairs are expenses currently. Depreciation and amortization of other property and equipment are provided when assets are placed in service using the straight line method based on estimated useful lives ranging from one to twenty years.
- f. Property and Equipment: Leased. In the ordinary course of their businesses, the Debtor leases real property and various articles of personal property from certain third-party lessors. All such leases are set forth in the Schedules. Leases not deemed to be capital leases are included on Schedule D and listed in the list of executory contracts contained in Schedule G; the property that is the subject of such leases therefore has been excluded from Schedule A (real property) and Schedule B

Unpaid lease payments are listed in Schedule F (unsecured claims). However, nothing in the Schedules or Statements is or shall be construed as an admission or determination as to the legal status of any lease (including whether it is a true lease or a financing arrangement) and the Debtor reserves all rights with respect to all such issues

- g. Deferred Finance Costs. The Debtors capitalize financing costs associated with the acquisition of debt. The financing costs are amortized over the finite life of the underlying debt instrument.
- h. Application of Vendor Credits. In the ordinary course of its business, the Debtor applies credits against amounts otherwise due to vendors. These credits arise, *inter alia*, in connection with goods that are ultimately not delivered, damaged goods, defective goods, prompt pay discounts and volume rebates and incentives. Certain of these credits are subject to change.
- i. Litigation. The Debtor has listed in Schedule F all known claimants related to any pending or threatened litigation action as contingent, disputed and unliquidated with unknown amounts. Although claim amounts were not estimated, allowed claims, if any, for these claimants may be substantial. Any information contained in Schedule F with respect to potential litigation shall not be a binding

representation of the Debtor's liabilities with respect to any of the potential suits and proceedings included therein

The Debtors have listed in Statements 4(a) the various litigation matters to which the Debtors were a party within the past year. The Statements do not include administrative or other proceedings concerning *de minimis* amounts. The Debtor expressly incorporates by reference into Schedule F all parties to pending litigation listed in Statement 4(a) as contingent, unliquidated, and disputed claims, to the extent not already listed on Schedule F.

- j. Liens and Encumbrances on Assets. In the ordinary course of the Debtor's businesses, tax liens mechanic's and materialmen's liens and other encumbrances (e.g., judgment liens) are occasionally filed against property owned by the Debtor. It is the Debtor's practice to timely resolve all liens by either satisfying the lien claim or formally contesting the validity of such liens. Any such lien claimants are included on Schedule F. Inclusion of such claims of parties asserting liens is not an admission of the Debtor that such parties are in fact secured and the Debtor reserves all rights in relation to the amount, extent, priority and validity of any such claims and liens.
- k. Causes of Action. The Debtor has not necessarily set forth all claims or causes of action against third parties as assets in the Schedules and Statements. The Debtors reserve all of their rights with respect to any such claims or causes of action they may have, and neither these Global Notes nor the Schedules and Statements shall be deemed a waiver of any such causes of action.
- l. Secured Claims. Except as otherwise agreed pursuant to a stipulation or agreed order or order entered by the Bankruptcy Court, the Debtor reserves its rights to dispute or challenge the validity, perfection or immunity from avoidance of any lien purported to be granted or perfected in any specific asset to a secured creditor listed on Schedule D of any Debtor. Moreover, although the Debtor may have scheduled claims of various creditors as secured claims, except as otherwise agreed pursuant to a stipulation or agreed order or order entered by the Bankruptcy Court, the Debtor reserves all rights to dispute or challenge the secured nature of any such creditor's claim or the characterization of the structure of any such transaction or any document or instrument (including without limitation, any intercompany agreement) related to such creditor's claim. Furthermore, secured claim amounts have been listed on Schedule D without regard to the value of assets secured thereby. No attempt was made by the Debtor to estimate the fair market value as of the Petition Date of assets pledged pursuant to a secured obligation. Accordingly, deficiency claims of secured creditors were not listed on Schedule F and such omission is not an admission by the Debtor as to the sufficiency of collateral related to any secured claim listed on Schedule D. In certain instances, a Debtor may be a co-obligor, co-mortgagor or guarantor with respect to scheduled claims of other Debtors, and no claim set forth on Schedule D of the Debtor is intended to acknowledge claims of creditors that are otherwise satisfied or discharged by other entities. The descriptions provided in Schedule D are intended only to be a

summary. Reference to the applicable loan agreements and related documents is necessary for a complete description of the collateral and the nature, extent and priority of any liens. Nothing in the Global Notes or the Schedules and Statements shall be deemed a modification or interpretation of the terms of such agreements.

- m. Priority Claims. Priority claims related to various tax obligations have been listed on Schedule E. Moreover, although the Debtor may have scheduled claims of various creditors as priority claims, the Debtor reserves all rights to dispute or challenge the priority treatment of any such creditor's claim (or portion thereof) or the characterization of the structure of any such transaction or any document or instrument related to such creditor's claim. While reasonable efforts have been made, determination of the date upon which each claim in Schedule E was incurred or arose would be unduly burdensome and cost prohibitive, and therefore, the Debtor may not list a date for each claim listed on Schedule E.
- n. Executory Contracts. The business of the Debtor is complex. While every effort has been made to ensure the completeness and accuracy of the listing of executory contracts, inadvertent errors or omissions may have occurred. The Debtor hereby reserves all of their rights to dispute the validity, status, or enforceability of any contracts, agreements or leases set forth in Schedule G and to amend or supplement such Schedule as necessary. The contracts, agreements and leases listed on Schedule G may have expired, or been terminated, or may have been modified, amended, or supplemented from time to time by various amendments, restatements, waivers, estoppels certificates, letter and other documents, instruments and agreements which may not be listed therein. Certain of the real property leases listed on Schedule G may contain renewal options, guarantees of payments, options to purchase, rights of first refusal, rights to lease additional space and other miscellaneous rights. Such rights, powers, duties and obligations are not set forth on Schedule G. Certain of the executory agreements may not have been memorialized and could be subject to dispute. Schedule G does not include stand-alone equipment purchase orders. The presence of a contract or agreement on Schedule G does not constitute an admission that such contract or agreement is an executory contract or unexpired lease. Similarly, the absence of a contract or agreement on Schedule G does not constitute an admission that any other contract or agreement to which the Debtor is a party is not executory. Parties to executory contracts and unexpired leases were not listed on Schedule F, except where past due amounts were recorded in the Debtors' accounts payable. The Debtor has not listed on Schedule F landlords and executory contract counter-parties which may have claims related to contract/lease rejection or other damages. The Debtor reserves all of their rights, claims and causes of action with respect to the contracts and agreements listed on the Schedules, including the right to dispute or challenge the characterization or the structure of any transaction, document, or instrument.
- o. Interests in Subsidiaries. Interests in subsidiaries arise from stock ownership and from intercompany balances. Each Debtor's Schedule B sets forth its ownership interests, if any, in other Affiliated Debtors at net book value.

5. Employee Claims. The Bankruptcy Court has entered an order granting authority to the Debtors to pay certain prepetition and post-petition employee wages, salaries, benefits and other obligations.

6. Disputed, Contingent and/or Unliquidated Claims. Schedules D, E and F permit each of the Debtors to designate a claim as disputed, contingent and/or unliquidated. A failure to designate a claim on any of the Schedules as disputed, contingent and/or unliquidated does not constitute an admission that such claim is not subject to objection by the Debtors. The Debtors reserve the right to dispute, or assert offsets or defenses to, any claim reflected on the Schedules as to amount, liability or status.

7. Global Notes Control. In the event that the Schedules and Statements differ from the foregoing Global Notes, the Global Notes shall control.

Fill in this information to identify the case:

Debtor name **KP Engineering, LLC**

United States Bankruptcy Court for the: SOUTHERN DISTRICT OF TEXAS

Case number (if known) **19-34698**

Check if this is an amended filing

Official Form 206Sum
Summary of Assets and Liabilities for Non-Individuals

12/15

Part 1: Summary of Assets

1. **Schedule A/B: Assets-Real and Personal Property** (Official Form 206A/B)

1a. Real property: Copy line 88 from <i>Schedule A/B</i>	\$ <u> 0.00</u>
1b. Total personal property: Copy line 91A from <i>Schedule A/B</i>	\$ <u> 0.00</u>
1c. Total of all property: Copy line 92 from <i>Schedule A/B</i>	\$ <u> 0.00</u>

Part 2: Summary of Liabilities

2. Schedule D: Creditors Who Have Claims Secured by Property (Official Form 206D) Copy the total dollar amount listed in Column A, <i>Amount of claim</i> , from line 3 of <i>Schedule D</i>	\$ <u> 8,975,787.29</u>
3. Schedule E/F: Creditors Who Have Unsecured Claims (Official Form 206E/F)	
3a. Total claim amounts of priority unsecured claims: Copy the total claims from Part 1 from line 5a of <i>Schedule E/F</i>	\$ <u> 0.00</u>
3b. Total amount of claims of nonpriority amount of unsecured claims: Copy the total of the amount of claims from Part 2 from line 5b of <i>Schedule E/F</i>	+\$ <u> 0.00</u>
4. Total liabilities Lines 2 + 3a + 3b	\$ <u> 8,975,787.29</u>

Fill in this information to identify the case:

Debtor name **KP Engineering, LLC**

United States Bankruptcy Court for the: SOUTHERN DISTRICT OF TEXAS

Case number (if known) **19-34698**

Check if this is an amended filing

Official Form 206A/B

Schedule A/B: Assets - Real and Personal Property

12/15

Disclose all property, real and personal, which the debtor owns or in which the debtor has any other legal, equitable, or future interest. Include all property in which the debtor holds rights and powers exercisable for the debtor's own benefit. Also include assets and properties which have no book value, such as fully depreciated assets or assets that were not capitalized. In Schedule A/B, list any executory contracts or unexpired leases. Also list them on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G).

Be as complete and accurate as possible. If more space is needed, attach a separate sheet to this form. At the top of any pages added, write the debtor's name and case number (if known). Also identify the form and line number to which the additional information applies. If an additional sheet is attached, include the amounts from the attachment in the total for the pertinent part.

For Part 1 through Part 11, list each asset under the appropriate category or attach separate supporting schedules, such as a fixed asset schedule or depreciation schedule, that gives the details for each asset in a particular category. List each asset only once. In valuing the debtor's interest, do not deduct the value of secured claims. See the instructions to understand the terms used in this form.

Part 1: Cash and cash equivalents

1. Does the debtor have any cash or cash equivalents?

- No. Go to Part 2.
- Yes Fill in the information below.

All cash or cash equivalents owned or controlled by the debtor	Current value of debtor's interest

Part 2: Deposits and Prepayments

6. Does the debtor have any deposits or prepayments?

- No. Go to Part 3.
- Yes Fill in the information below.

Part 3: Accounts receivable

10. Does the debtor have any accounts receivable?

- No. Go to Part 4.
- Yes Fill in the information below.

Part 4: Investments

13. Does the debtor own any investments?

- No. Go to Part 5.
- Yes Fill in the information below.

	Valuation method used for current value	Current value of debtor's interest
14. Mutual funds or publicly traded stocks not included in Part 1 Name of fund or stock:		
15. Non-publicly traded stock and interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture Name of entity: _____ % of ownership		
15.1. KP Engineering, L.P. _____ 1% % _____		Unknown

Debtor **KP Engineering, LLC**
Name

Case number (If known) **19-34698**

16. **Government bonds, corporate bonds, and other negotiable and non-negotiable instruments not included in Part 1**
 Describe:

17. **Total of Part 4.**
 Add lines 14 through 16. Copy the total to line 83.

\$0.00

Part 5: Inventory, excluding agriculture assets

18. **Does the debtor own any inventory (excluding agriculture assets)?**

- No. Go to Part 6.
- Yes Fill in the information below.

Part 6: Farming and fishing-related assets (other than titled motor vehicles and land)

27. **Does the debtor own or lease any farming and fishing-related assets (other than titled motor vehicles and land)?**

- No. Go to Part 7.
- Yes Fill in the information below.

Part 7: Office furniture, fixtures, and equipment; and collectibles

38. **Does the debtor own or lease any office furniture, fixtures, equipment, or collectibles?**

- No. Go to Part 8.
- Yes Fill in the information below.

Part 8: Machinery, equipment, and vehicles

46. **Does the debtor own or lease any machinery, equipment, or vehicles?**

- No. Go to Part 9.
- Yes Fill in the information below.

Part 9: Real property

54. **Does the debtor own or lease any real property?**

- No. Go to Part 10.
- Yes Fill in the information below.

Part 10: Intangibles and intellectual property

59. **Does the debtor have any interests in intangibles or intellectual property?**

- No. Go to Part 11.
- Yes Fill in the information below.

Part 11: All other assets

70. **Does the debtor own any other assets that have not yet been reported on this form?**

Include all interests in executory contracts and unexpired leases not previously reported on this form.

- No. Go to Part 12.
- Yes Fill in the information below.

Debtor **KP Engineering, LLC**
Name

Case number (If known) **19-34698**

Part 12: Summary

In Part 12 copy all of the totals from the earlier parts of the form

Type of property	Current value of personal property	Current value of real property
80. Cash, cash equivalents, and financial assets. <i>Copy line 5, Part 1</i>	<u> \$0.00 </u>	
81. Deposits and prepayments. <i>Copy line 9, Part 2.</i>	<u> \$0.00 </u>	
82. Accounts receivable. <i>Copy line 12, Part 3.</i>	<u> \$0.00 </u>	
83. Investments. <i>Copy line 17, Part 4.</i>	<u> \$0.00 </u>	
84. Inventory. <i>Copy line 23, Part 5.</i>	<u> \$0.00 </u>	
85. Farming and fishing-related assets. <i>Copy line 33, Part 6.</i>	<u> \$0.00 </u>	
86. Office furniture, fixtures, and equipment; and collectibles. <i>Copy line 43, Part 7.</i>	<u> \$0.00 </u>	
87. Machinery, equipment, and vehicles. <i>Copy line 51, Part 8.</i>	<u> \$0.00 </u>	
88. Real property. <i>Copy line 56, Part 9.....></i>		<u> \$0.00 </u>
89. Intangibles and intellectual property. <i>Copy line 66, Part 10.</i>	<u> \$0.00 </u>	
90. All other assets. <i>Copy line 78, Part 11.</i>	<u> \$0.00 </u> +	
91. Total. Add lines 80 through 90 for each column	<u> \$0.00 </u> + 91b.	<u> \$0.00 </u>
92. Total of all property on Schedule A/B. Add lines 91a+91b=92		<u> \$0.00 </u>

Fill in this information to identify the case:

Debtor name **KP Engineering, LLC**

United States Bankruptcy Court for the: SOUTHERN DISTRICT OF TEXAS

Case number (if known) **19-34698**

Check if this is an amended filing

Official Form 206D

Schedule D: Creditors Who Have Claims Secured by Property

12/15

Be as complete and accurate as possible.

1. Do any creditors have claims secured by debtor's property?

- No. Check this box and submit page 1 of this form to the court with debtor's other schedules. Debtor has nothing else to report on this form.
- Yes. Fill in all of the information below.

Part 1: List Creditors Who Have Secured Claims

2. List in alphabetical order all creditors who have secured claims. If a creditor has more than one secured claim, list the creditor separately for each claim.

		Column A	Column B
		Amount of claim	Value of collateral that supports this claim
		Do not deduct the value of collateral.	
2.1	KPE Realty II, LLC <small>Creditor's Name</small>	\$208,333.32	Unknown
	5555 Old Jacksonville Hwy Tyler, TX 75703 <small>Creditor's mailing address</small>		
	<small>Creditor's email address, if known</small>		
	Date debt was incurred 07/31/17		
	Last 4 digits of account number		
	Do multiple creditors have an interest in the same property? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Specify each creditor, including this creditor and its relative priority.		
	Describe debtor's property that is subject to a lien		
	Describe the lien		
	Is the creditor an insider or related party? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes		
	Is anyone else liable on this claim? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Fill out <i>Schedule H: Codebtors</i> (Official Form 206H)		
	As of the petition filing date, the claim is: Check all that apply <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed		

2.2	KPE Realty, LLC <small>Creditor's Name</small>	\$0.00	\$0.00
	5555 Old Jacksonville Hwy Tyler, TX 75703 <small>Creditor's mailing address</small>		
	<small>Creditor's email address, if known</small>		
	Date debt was incurred 08/19/14		
	Last 4 digits of account number		
	Do multiple creditors have an interest in the same property? <input type="checkbox"/> No <input type="checkbox"/> Yes. Specify each creditor, including this creditor and its relative priority.		
	Describe debtor's property that is subject to a lien		
	Describe the lien		
	Is the creditor an insider or related party? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes		
	Is anyone else liable on this claim? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Fill out <i>Schedule H: Codebtors</i> (Official Form 206H)		
	As of the petition filing date, the claim is: Check all that apply		

Debtor **KP Engineering, LLC**
Name

Case number (if know) **19-34698**

- No
 Yes. Specify each creditor, including this creditor and its relative priority.
- Contingent
 Unliquidated
 Disputed

<p>2.3 Steele Resources, LLC Creditor's Name</p> <p>5555 Old Jacksonville Hwy. Tyler, TX 75704 Creditor's mailing address</p> <p>Creditor's email address, if known</p> <p>Date debt was incurred 08/01/14</p> <p>Last 4 digits of account number</p> <p>Do multiple creditors have an interest in the same property? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Specify each creditor, including this creditor and its relative priority.</p>	<p>Describe debtor's property that is subject to a lien</p> <hr/> <p>Describe the lien</p> <hr/> <p>Is the creditor an insider or related party? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes</p> <p>Is anyone else liable on this claim? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Fill out <i>Schedule H: Codebtors</i> (Official Form 206H)</p> <hr/> <p>As of the petition filing date, the claim is: Check all that apply <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed</p>	<p>\$24,246.76</p> <hr/> <p>\$0.00</p>
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<p>2.4 Texas Capital Bank Creditor's Name</p> <p>2350 Lakeside Blvd. Suite 800 Richardson, TX 75082 Creditor's mailing address</p> <p>Creditor's email address, if known</p> <p>Date debt was incurred</p> <p>Last 4 digits of account number</p> <p>Do multiple creditors have an interest in the same property? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Specify each creditor, including this creditor and its relative priority.</p>	<p>Describe debtor's property that is subject to a lien</p> <hr/> <p>Describe the lien</p> <hr/> <p>Is the creditor an insider or related party? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes</p> <p>Is anyone else liable on this claim? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Fill out <i>Schedule H: Codebtors</i> (Official Form 206H)</p> <hr/> <p>As of the petition filing date, the claim is: Check all that apply <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed</p>	<p>\$8,743,207.21</p> <hr/> <p>\$0.00</p>
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3. Total of the dollar amounts from Part 1, Column A, including the amounts from the Additional Page, if any.	<p>\$8,975,787.2 9</p>
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Part 2: List Others to Be Notified for a Debt Already Listed in Part 1

List in alphabetical order any others who must be notified for a debt already listed in Part 1. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for secured creditors.

If no others need to be notified for the debts listed in Part 1, do not fill out or submit this page. If additional pages are needed, copy this page.

Name and address	On which line in Part 1 did you enter the related creditor?	Last 4 digits of account number for this entity
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Fill in this information to identify the case:

Debtor name **KP Engineering, LLC**

United States Bankruptcy Court for the: SOUTHERN DISTRICT OF TEXAS

Case number (if known) **19-34698**

Check if this is an amended filing

Official Form 206E/F
Schedule E/F: Creditors Who Have Unsecured Claims

12/15

Be as complete and accurate as possible. Use Part 1 for creditors with PRIORITY unsecured claims and Part 2 for creditors with NONPRIORITY unsecured claims. List the other party to any executory contracts or unexpired leases that could result in a claim. Also list executory contracts on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B) and on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G). Number the entries in Parts 1 and 2 in the boxes on the left. If more space is needed for Part 1 or Part 2, fill out and attach the Additional Page of that Part included in this form.

Part 1: List All Creditors with PRIORITY Unsecured Claims

1. Do any creditors have priority unsecured claims? (See 11 U.S.C. § 507).

- No. Go to Part 2.
- Yes. Go to line 2.

Part 2: List All Creditors with NONPRIORITY Unsecured Claims

3. List in alphabetical order all of the creditors with nonpriority unsecured claims. If the debtor has more than 6 creditors with nonpriority unsecured claims, fill out and attach the Additional Page of Part 2.

3.1	Nonpriority creditor's name and mailing address _____	As of the petition filing date, the claim is: <i>Check all that apply.</i> _____ <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed
	Date or dates debt was incurred _____	Basis for the claim: _____
	Last 4 digits of account number _____	Is the claim subject to offset? <input type="checkbox"/> No <input type="checkbox"/> Yes

Part 3: List Others to Be Notified About Unsecured Claims

4. List in alphabetical order any others who must be notified for claims listed in Parts 1 and 2. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for unsecured creditors.

If no others need to be notified for the debts listed in Parts 1 and 2, do not fill out or submit this page. If additional pages are needed, copy the next page.

Name and mailing address _____	On which line in Part 1 or Part 2 is the related creditor (if any) listed? _____	Last 4 digits of account number, if any _____
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Part 4: Total Amounts of the Priority and Nonpriority Unsecured Claims

5. Add the amounts of priority and nonpriority unsecured claims.

	Total of claim amounts
5a. Total claims from Part 1	5a. \$ _____ 0.00
5b. Total claims from Part 2	5b. + \$ _____ 0.00
5c. Total of Parts 1 and 2 Lines 5a + 5b = 5c.	5c. \$ _____ 0.00

Fill in this information to identify the case:

Debtor name **KP Engineering, LLC**

United States Bankruptcy Court for the: SOUTHERN DISTRICT OF TEXAS

Case number (if known) **19-34698**

Check if this is an amended filing

Official Form 206G

Schedule G: Executory Contracts and Unexpired Leases

12/15

Be as complete and accurate as possible. If more space is needed, copy and attach the additional page, number the entries consecutively.

1. Does the debtor have any executory contracts or unexpired leases?

No. Check this box and file this form with the debtor's other schedules. There is nothing else to report on this form.

Yes. Fill in all of the information below even if the contacts of leases are listed on *Schedule A/B: Assets - Real and Personal* *Property*

(Official Form 206A/B).

2. List all contracts and unexpired leases **State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease**

<p>2.1. State what the contract or lease is for and the nature of the debtor's interest</p>	<p>Effective July 31, 2017: Commercial lease agreement between KPE Realty II, LLC and KP Engineering, L.P. for 120 Months with a monthly rent of \$52,083.33 for the first 60 months; second sixty months are subject to adjustment. KP Engineering, LLC is a party to the lease agreement.</p>	<p>95 months</p> <p>KPE Realty II, LLC 5555 Old Jacksonville Hwy Tyler, TX 75703</p>
<p>State the term remaining</p> <p>List the contract number of any government contract</p>		

<p>2.2. State what the contract or lease is for and the nature of the debtor's interest</p>	<p>Effective January 1 2015: Commercial lease agreement between KPE Realty, LLC and KP Engineering, L.P. with a monthly rent of \$41,666.67 (specified in second amendment effective July 15, 2017) for 120 months. KP Engineering, LLC is a party to the lease agreement.</p>	<p>64 months</p> <p>KPE Realty, LLC 5555 Old Jacksonville Hwy Tyler, TX 75703</p>
<p>State the term remaining</p> <p>List the contract number of any government contract</p>		

Debtor 1 **KP Engineering, LLC**
First Name Middle Name Last Name

Case number (if known) **19-34698**

Additional Page if You Have More Contracts or Leases

2. List all contracts and unexpired leases

State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease

2.3. State what the contract or lease is for and the nature of the debtor's interest

Effective August, 1 2014: Lease Agreement Between WZ Associated Property Tulsa, LLC and KP Engineering, L.P. for 11,101 Security Deposit and Lease expires September 30, 2019. KP Engineering, LLC is a party to the lease agreement.

State the term remaining

1 month

List the contract number of any government contract

**Steele Resources, LLC
5555 Old Jacksonville Hwy.
Tyler, TX 75704**

Fill in this information to identify the case:

Debtor name **KP Engineering, LLC**

United States Bankruptcy Court for the: SOUTHERN DISTRICT OF TEXAS

Case number (if known) **19-34698**

Check if this is an amended filing

**Official Form 206H
Schedule H: Your Codebtors**

12/15

Be as complete and accurate as possible. If more space is needed, copy the Additional Page, numbering the entries consecutively. Attach the Additional Page to this page.

1. Do you have any codebtors?

- No. Check this box and submit this form to the court with the debtor's other schedules. Nothing else needs to be reported on this form.
 Yes

2. In Column 1, list as codebtors all of the people or entities who are also liable for any debts listed by the debtor in the schedules of creditors, Schedules D-G. Include all guarantors and co-obligors. In Column 2, identify the creditor to whom the debt is owed and each schedule on which the creditor is listed. If the codebtor is liable on a debt to more than one creditor, list each creditor separately in Column 2.

Column 1: Codebtor

Column 2: Creditor

	Name	Mailing Address	Name	<i>Check all schedules that apply:</i>
2.1	KP Engineering, LP	5555 Old Jacksonville Hwy Tyler, TX 75703	Texas Capital Bank	<input checked="" type="checkbox"/> D <u> 2.4 </u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____
2.2	KP Engineering, LP	5555 Old Jacksonville Hwy Tyler, TX 75703	KPE Realty II, LLC	<input checked="" type="checkbox"/> D <u> 2.1 </u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____
2.3	KP Engineering, LP	5555 Old Jacksonville Hwy Tyler, TX 75703	KPE Realty, LLC	<input checked="" type="checkbox"/> D <u> 2.2 </u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____
2.4	KP Engineering, LP	5555 Old Jacksonville Hwy Tyler, TX 75703	Steele Resources, LLC	<input checked="" type="checkbox"/> D <u> 2.3 </u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____
2.5	KP Engineering, LP	5555 Old Jacksonville Hwy Tyler, TX 75703	Texas Capital Bank	<input checked="" type="checkbox"/> D <u> 2.4 </u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____

Debtor **KP Engineering, LLC**

Case number (if known) **19-34698**

Additional Page to List More Codebtors

Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.

Column 1: Codebtor

Column 2: Creditor

2.6	KP Engineering, LP	5555 Old Jacksonville Hwy Tyler, TX 75703	KPE Realty II, LLC	<input type="checkbox"/> D _____ <input type="checkbox"/> E/F _____ <input checked="" type="checkbox"/> G <u>2.1</u>
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2.7	KP Engineering, LP	5555 Old Jacksonville Hwy Tyler, TX 75703	KPE Realty, LLC	<input type="checkbox"/> D _____ <input type="checkbox"/> E/F _____ <input checked="" type="checkbox"/> G <u>2.2</u>
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2.8	KP Engineering, LP	5555 Old Jacksonville Hwy Tyler, TX 75703	Steele Resources, LLC	<input type="checkbox"/> D _____ <input type="checkbox"/> E/F _____ <input checked="" type="checkbox"/> G <u>2.3</u>
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Fill in this information to identify the case:

Debtor name **KP Engineering, LLC**
United States Bankruptcy Court for the: SOUTHERN DISTRICT OF TEXAS
Case number (if known) **19-34698**

Check if this is an amended filing

Official Form 202

Declaration Under Penalty of Perjury for Non-Individual Debtors

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Declaration and signature

I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- Schedule A/B: Assets—Real and Personal Property* (Official Form 206A/B)
- Schedule D: Creditors Who Have Claims Secured by Property* (Official Form 206D)
- Schedule E/F: Creditors Who Have Unsecured Claims* (Official Form 206E/F)
- Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G)
- Schedule H: Codebtors* (Official Form 206H)
- Summary of Assets and Liabilities for Non-Individuals* (Official Form 206Sum)
- Amended Schedule _____
- Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders* (Official Form 204)
- Other document that requires a declaration _____

I declare under penalty of perjury that the foregoing is true and correct.

Executed on **October 8, 2019**

 X /s/ Kyle McCoy
Signature of individual signing on behalf of debtor

 Kyle McCoy
Printed name

 Chief Financial Officer
Position or relationship to debtor