

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

In re:	§	
	§	Chapter 11
	§	
UTEX INDUSTRIES, INC., et al.,	§	Case No. 20-34932 (DRJ)
	§	
Debtors.¹	§	(Joint Administration Requested)
	§	(Emergency Hearing Requested)

**EMERGENCY MOTION OF DEBTORS FOR AN ORDER (I) AUTHORIZING
PAYMENT OF PREPETITION TRADE CLAIMS IN ORDINARY
COURSE OF BUSINESS; AND (II) GRANTING RELATED RELIEF**

EMERGENCY RELIEF HAS BEEN REQUESTED. A HEARING WILL BE CONDUCTED ON THIS MATTER ON OCTOBER 9, 2020, AT 12:00 P.M. (CENTRAL TIME) BY AUDIO AND VIDEO COMMUNICATIONS AS SET FORTH BELOW. IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST EITHER APPEAR AT THE HEARING OR FILE A WRITTEN RESPONSE PRIOR TO THE HEARING. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

RELIEF IS REQUESTED NOT LATER THAN OCTOBER 9, 2020.

PLEASE NOTE THAT THROUGH ENTRY OF GENERAL ORDER 2020-19 ON AUGUST 7, 2020, THE COURT HAS EXTENDED THE USE OF THE PROTOCOL FOR EMERGENCY PUBLIC HEALTH OR SAFETY CONDITIONS (ADOPTED BY GENERAL ORDER 2020-4; INVOKED BY GENERAL ORDERS 2020-10 AND 2020-10A AND AS EXTENDED AND MODIFIED BY GENERAL ORDERS 2020- 11, 2020-17 AND 2020-18) THROUGH NOVEMBER 1, 2020.

IT IS ANTICIPATED THAT ALL PERSONS WILL APPEAR TELEPHONICALLY AND ALSO MAY APPEAR VIA VIDEO AT THIS HEARING.

AUDIO COMMUNICATION WILL BE BY USE OF THE COURT’S DIAL-IN FACILITY. YOU MAY ACCESS THE FACILITY AT (832) 917-1510. YOU WILL BE RESPONSIBLE FOR YOUR OWN LONG-DISTANCE CHARGES. ONCE CONNECTED, YOU WILL BE ASKED TO ENTER THE CONFERENCE ROOM NUMBER. JUDGE JONES CONFERENCE ROOM NUMBER IS 205691.

YOU MAY VIEW VIDEO VIA GOTOMEETING. TO USE GOTOMEETING, THE COURT RECOMMENDS THAT YOU DOWNLOAD THE FREE GOTOMEETING APPLICATION. TO CONNECT, YOU SHOULD ENTER THE MEETING CODE “JUDGEJONES” IN THE

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: UTEX Industries, Inc. (9867), RSH Utex Holdings, LLC (4048), Industrial Sealing Solutions Holdings Inc. (0104), UI Sealing Technologies Intermediate Holdings, Inc. (9553), UTEX Holding, Inc. (8260), Applied Rubber Technology, Inc. (1790), CAM Specialty Intermediate Holdings, Inc. (9099), CAM Specialty Products, Inc. (8342), Duraquest, Inc. (7017), Work Manufacturing, L.L.C. (5341), Energy Products LLC (8160), and Arefco Seals, Inc. (5258). The Debtors’ mailing address is 10810 Katy Freeway, Suite 100, Houston, TX 77043.

GOTOMEETING APP OR CLICK THE LINK ON JUDGE JONES' HOME PAGE ON THE SOUTHERN DISTRICT OF TEXAS WEBSITE. ONCE CONNECTED, CLICK THE SETTINGS ICON IN THE UPPER RIGHT CORNER AND ENTER YOUR NAME UNDER THE PERSONAL INFORMATION SETTING.

HEARING APPEARANCES MUST BE MADE ELECTRONICALLY IN ADVANCE OF THE HEARING. TO MAKE YOUR ELECTRONIC APPEARANCE, GO TO THE SOUTHERN DISTRICT OF TEXAS WEBSITE AND SELECT "BANKRUPTCY COURT" FROM THE TOP MENU. SELECT "JUDGES' PROCEDURES," THEN "VIEW HOME PAGE" FOR JUDGE JONES. UNDER "ELECTRONIC APPEARANCE" SELECT "CLICK HERE TO SUBMIT ELECTRONIC APPEARANCE". SELECT THE CASE NAME, COMPLETE THE REQUIRED FIELDS AND CLICK "SUBMIT" TO COMPLETE YOUR APPEARANCE.

UTEX Industries, Inc. and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the "**Debtors**"), respectfully represent as follows in support of this motion (the "**Motion**"):

Relief Requested

1. By this Motion, pursuant to sections 105(a), 363(b), and 503(b)(9) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "**Bankruptcy Code**"), the Debtors request (i) authority to pay creditors (the "**Trade Creditors**"), in the ordinary course of business, undisputed prepetition claims for goods and services related to the Debtors' ongoing business operations and other ordinary course claims (collectively, the "**Trade Claims**") and (ii) related relief.

2. A proposed form of order granting the relief requested herein is annexed hereto as **Exhibit A** (the "**Proposed Order**").

Jurisdiction

3. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

4. On the date hereof (the “**Petition Date**”), the Debtors each commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases.

5. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of their chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

6. October 1, 2020, the Debtors executed a restructuring support agreement (the “**RSA**”) with (i) certain of their secured lenders (collectively, with other creditors that may sign joinders to the RSA, the “**Consenting Creditors**”) that hold approximately 81.6% of the outstanding principal amount of the First Lien Loans (as defined in the RSA) and approximately 90.4% of the outstanding principal amount of the Second Lien Loans (as defined in the RSA) and (ii) Riverstone Gamma Holdings LP, the direct and indirect holder of 100% of the equity interests in the Debtors (the “**Consenting Investor**”). Pursuant to the RSA, the Consenting Creditors and Consenting Investor agreed to vote in favor of and support confirmation of the *Joint Prepackaged Chapter 11 Plan of UTEX Industries, Inc. and Its Affiliated Debtors* (the “**Prepackaged Plan**”).

7. Prior to the Petition Date, on October 1, 2020, the Debtors commenced the solicitation of votes on the Prepackaged Plan from the holders of First Lien Loans and Second Lien Loans on the basis of the *Disclosure Statement for Joint Prepackaged Chapter 11 Plan of UTEX Industries, Inc. and Its Affiliated Debtors* pursuant to sections 1125(g) and 1126(b) of the Bankruptcy Code. Consistent with their obligations under the RSA, the Debtors are seeking to emerge from chapter 11 on an expedited basis.

8. Additional information regarding the Debtors' business and capital structure and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Pete T. Sanchez in Support of the Debtors' Chapter 11 Petitions and First Day Relief*, sworn to on the date hereof (the "**Sanchez Declaration**"),² filed contemporaneously herewith and incorporated herein by reference.

Trade Creditors

9. The Debtors' businesses involve the design, manufacturing, and selling of custom-engineered and specialty sealing components, primarily for the oil and gas extraction market targeting drilling, completions, and production activities. The Trade Creditors include various vendors and suppliers that provide goods or services essential to such operations. These essential goods and services include materials and supplies, basic raw materials used in the manufacture of products such as elastomeric materials and related chemicals, resins, and metallic, logistics and transportation services, equipment, packaging materials, technology support, facilities maintenance, utilities, and other items that support the Debtors' corporate headquarters and other facilities.

10. Absent the relief requested by this motion, Trade Creditors may refuse to continue doing business with the Debtors without the risk of incurring material damages or other contractual liabilities. Such refusals would cause significant disruption to or cessation of the Debtors' business, which would negatively affect the Debtors' income and, potentially, the Debtors' employees. The importance of preserving key business relationships and minimizing the effects of the chapter 11 process on the Debtors' operations cannot be understated and are among

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Sanchez Declaration.

management's primary goals as the Debtors transition into chapter 11 to pursue consummation of the Prepackaged Plan.

Trade Claims

11. The Debtors incur fixed, liquidated, and undisputed payment obligations to the Trade Creditors in the ordinary course. For the 12 months prior to the Petition Date, the Debtors' average monthly payment to Trade Creditors was approximately \$5,900,000.

12. As of the Petition Date, the Debtors estimate that they owe approximately \$6,000,000 to prepetition Trade Creditors on account of Trade Claims, of which approximately \$2,800,000 will come due in the first 30 days of these chapter 11 cases. As discussed in more detail below, a majority of the Trade Claims are claims of the Debtors' Critical Vendors and/or are secured or priority claims under the Bankruptcy Code.

13. The Debtors are not seeking to immediately pay the Trade Claims or to pay them in one lump sum. Rather, the Debtors intend to pay these amounts as they become due and payable in the ordinary course of business. The Debtors' cash on hand, the cash generated by the Debtors' business, and the proceeds of the DIP Financing will provide ample liquidity for the payment of the Trade Claims during the administration of these chapter 11 cases. The estimated amounts of Trade Claims outstanding as of the Petition Date and coming due in the first 30 days of these chapter 11 cases are summarized in the following table:

Category of Claim	Description of Obligation	Estimated Amount Outstanding as of Petition Date	Estimated Amount Due Within 30 days of Petition Date
Material Costs	Materials and supplies directly involved with manufacturing finished goods.	\$4,500,000	\$2,200,000

Plant Overhead	Maintenance, equipment repair, small tools, and other non-labor costs.	\$750,000	\$400,000
Other Disbursements	Rent, office supplies, non-restructuring professional fees, and other general and administrative expenses.	\$750,000	\$200,000
Total:		\$6,000,000	\$2,800,000

Relief Requested Should Be Granted

A. Payment of Trade Claims is Warranted Under Sections 363(b) and 105(a) of the Bankruptcy Code

14. The Court may grant the relief requested herein pursuant to section 363 of the Bankruptcy Code, which provides, in relevant part, that “[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Courts in the Fifth Circuit have granted a debtor’s request to use property of the estate outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code upon a finding that such use is supported by sound business reasons. *See, e.g., In re BNP Petroleum Corp.*, 642 F. App’x 429, 435 (5th Cir. 2016); *In re Cont’l Air Lines*, 780 F.2d 1223, 1226 (5th Cir. 1986) (“[F]or a debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.”); *see also In re Crutcher Res. Corp.*, 72 B.R. 628, 631 (Bankr. N.D. Tex. 1987) (“A Bankruptcy Judge has considerable discretion in approving a § 363(b) sale of property of the estate other than in the ordinary course of business, but the movant must articulate some business justification for the sale.”); *In re Terrace Gardens Park P’ship*, 96 B.R. 707, 714 (Bankr. W.D. Tex. 1989).

15. In addition, under section 1107(a) of the Bankruptcy Code, a debtor 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 *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)). Under section 105(a) of the Bankruptcy Code, “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” *See CoServ*, 273 B.R. at 497 (holding that sections 105 and 1107 of the Bankruptcy Code provide authority for a debtor-in-possession to pay prepetition claims); *see also In re Tusa-Expo Holdings, Inc.*, Case No. 08-45057-DML-11, 2008 WL 4857954, at *1 (Bankr. N.D. Tex. Nov. 7, 2008); *CEI Roofing*, 315 B.R. at 56; *In re Mirant Corp.*, 296 B.R. 427 (Bankr. N.D. Tex. 2003). Moreover, Bankruptcy Rule 6003 itself implies that the payment of prepetition obligations may be permissible within the first 21 days of a case where doing so is “necessary to avoid immediate and irreparable harm.” Accordingly, the Bankruptcy Code authorizes the postpetition payment of prepetition claims where, as here, such payments are critical to preserving the going-concern value of a debtor's estate.

16. Payment of the Trade Claims as they become due in the ordinary course of business is a sound exercise of the Debtors' business judgment because doing so will avoid a value-destructive business interruption, while not prejudicing the Debtors' other stakeholders. The goal of these prepackaged chapter 11 cases is to deleverage the Debtors' balance sheet with minimal interruption to the Debtors' business operations. Failure to pay the Trade Claims could disrupt the Debtors' timely receipt of necessary goods and services, which would negatively impact the Debtors' operations. This would harm the Debtors' business, damage their market reputation, and lead to a loss of revenue. Accordingly, it is imperative that the Debtors maintain positive relationships with their suppliers and service providers, which are essential to the Debtors' business operations, throughout the course of these chapter 11 cases.

17. Further, because the Trade Creditors are already familiar with the Debtors' assets and business needs, often as a result of years-long relationships, they are in the best position to provide goods and services to the Debtors and are the most likely to do so on commercially reasonable terms. Forcing the Debtors to obtain replacement goods and services, if replacements are even an option, would likely cause substantial delay and significant costs.

18. Paying the relatively modest amount of Trade Claims—approximately 1% of the total debt to be restructured in these chapter 11 cases—in the ordinary course is prudent when compared to the amount the Debtors' stakeholders stand to lose if the Debtors' business was to be interrupted. Additionally, the Prepackaged Plan provides for payment in full of all Other Priority Claims, Other Secured Claims, and General Unsecured Claims. The relief requested in this Motion, therefore, merely alters the timing of payment to Trade Creditors and not the amount or priority of such payment.

B. Many Trade Creditors are Critical Vendors Necessary to Ensure Continuation of Debtors' Operations

19. The Debtors have determined that a majority of the Trade Creditors are essential to maintaining the going concern value of the Debtors' enterprise (the "**Critical Vendors**"). The Debtors rely on a network of Critical Vendors to provide the materials and services needed for their operations efficiently and seamlessly. These essential materials and services are integral and necessary for the manufacturing of the Debtors' finished goods. Due to the interdependent nature of its production and distribution branches, the Debtors' business is highly sensitive and is easily disrupted by any single Critical Vendor refusing to provide the Debtors with essential materials and services for even a short period of time. Any such disruption could jeopardize the Debtors' ability to continue their manufacturing processes, deliver their

products to customers, preserve the value of their business, and ensure stability during these chapter 11 cases.

20. Payment of Critical Vendors is necessary for the Debtors to maintain operations, to preserve the value of the Debtors' business, and moreover, to enable the Debtors to function in the ordinary course. Given the nature of the goods and services provided by the Critical Vendors, the consequences if the Critical Vendors ceasing to provide such goods and services to the Debtors, and the resulting loss of value to the Debtors' estates, the relief requested herein is necessary and appropriate. The Debtors' authority to address claims held by Trade Creditors that are Critical Vendors in the initial days of these cases will send a clear signal to their suppliers and customers that the Debtors are both willing and able to conduct business as usual after the Petition Date. Failure to authorize the Debtors to pay such vendors as provided herein would jeopardize the Debtors' chapter 11 restructuring strategy, and, ultimately, the success of these chapter 11 cases.

C. Relief Requested is Supported by Section 503(b)(9) of the Bankruptcy Code

21. Certain of the Trade Claims may be entitled to statutory priority for goods delivered to the Debtors in the ordinary course of business within 20 days prior to the Petition Date. Section 503(b)(9) of the Bankruptcy Code provides that such claims are administrative expense claims against the applicable Debtor's estate. *See* 11 U.S.C. § 503(b)(9). The Debtors, therefore, are required to pay such claims in full in order to confirm a plan of reorganization. *See* 11 U.S.C. § 1129(a)(9)(A) (requiring payment in full of claims entitled to administrative expense priority). Instead of paying such claims on the effective date of a chapter 11 plan, the Debtors seek authority to pay the Trade Claims in the ordinary course of business.

22. The Bankruptcy Code requires, and the Prepackaged Plan provides for, payment in full of administrative expense claims on the effective date of the Prepackaged Plan, or

as soon as reasonably practicable thereafter. Thus, payment of Trade Claims entitled to priority under section 503(b)(9) of the Bankruptcy Code will effect only a change in the timing of such payments, not the amounts or priority thereof. Finally, authorizing the Debtors to pay the Trade Claims entitled to 503(b)(9) priority pursuant to the terms set forth herein should eliminate the burden on this Court and the Debtors arising from numerous individual motions requesting payment on account of such Trade Claims.

D. Relief Requested is Further Supported by Potential for Liens on Estate Property

23. Further, many of the Trade Claims are held by Trade Creditors that may be entitled to assert liens against certain of the Debtors' assets under various state and federal laws. Specifically, if the Debtors fail to reimburse certain shippers and warehousemen for charges incurred in connection with the Trade Claims related to transportation and storage, various state laws permit the shippers and warehousemen to assert statutory liens against the merchandise in their possession that is the subject of any delinquent charges, securing such charges and potentially blocking the Debtors' access to the stored merchandise. Additionally, certain Trade Creditors could potentially assert liens, including mechanic's liens, against the Debtors' property for their respective Trade Claims arising from improvements and repairs made to the Debtors' property and equipment. Under section 363(e) of the Bankruptcy Code, Trade Creditors with liens may be entitled to adequate protection of their liens, which may impose additional costs on the Debtors' estates. In addition, under the Prepackaged Plan, Trade Claims supported by liens are "Other Secured Claims" that are unimpaired and will be paid in full on the effective date of the Prepackaged Plan.

24. For the foregoing reasons, payment of the Trade Claims in the ordinary course is necessary, appropriate, and in the best interests of the Debtors, their estates, and all other

parties in interest in these cases. Accordingly, the Court should authorize the Debtors to pay such claims.

**Applicable Financial Institutions
Should Be Authorized to Receive, Process, Honor, and
Pay Checks Issued and Transfers Requested to Pay Trade Claims**

25. The Debtors further request that the Court authorize applicable financial institutions (the “**Banks**”) to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested, by the Debtors relating to the Trade Claims, to the extent that sufficient funds are on deposit in available funds in the applicable bank accounts to cover such payment. The Debtors also seek authority to issue new postpetition checks or effect new postpetition electronic funds transfers in replacement of any checks or fund transfer requests on account of prepetition Trade Claims dishonored or rejected as a result of the commencement of the Debtors’ chapter 11 cases.

Bankruptcy Rule 6003(b) Has Been Satisfied

26. Pursuant to Rule 9013-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of Texas (the “**Local Rules**”), the Debtors respectfully request emergency consideration of this Motion under Bankruptcy Rule 6003, which provides that the Court may grant relief within the first 21 days after the Petition Date to the extent such relief is necessary to avoid immediate and irreparable harm. As described herein and in the Sanchez Declaration, the relief requested is essential to avoid the immediate and irreparable harm that would be caused by the Debtors’ inability to transition smoothly into chapter 11. Accordingly, the Debtors submit that the requirements of Bankruptcy Rule 6003 are satisfied.

**Compliance with Bankruptcy Rule 6004(a)
and Waiver of Bankruptcy Rule 6004(h)**

27. To implement the foregoing successfully, the Debtors request that the Court find that notice of the Motion satisfies Bankruptcy Rule 6004(a) and that the Court waive the 14-day period under Bankruptcy Rule 6004(h).

Reservation of Rights

28. Nothing contained herein is intended to be or shall be deemed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver or limitation of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable nonbankruptcy law, or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

Notice

29. Notice of this Motion will be provided to (i) the Office of the United States Trustee for the Southern District of Texas; (ii) the holders of the 30 largest unsecured claims against the Debtors on a consolidated basis; (iii) Milbank LLP, 55 Hudson Yards, New York, NY 10001-2163 (Attn: Evan Fleck, Esq., Matthew Brod, Esq., and Daniel Porat, Esq.), counsel to the Ad Hoc Group of First Lien Lenders; (iv) Akin Gump Strauss Hauer & Feld LLP, Bank of America Tower, 1 Bryant Park, New York, NY 10036 (Attn: Ira Dizengoff, Esq., Daniel Fisher, Esq., and Jason Rubin Esq.), counsel to certain First Lien and Second Lien lenders; (v) Shearman & Sterling LLP, 599 Lexington Avenue, Lexington Ave, New York, NY 10022 (Attn: Fredrick Sosnick, Esq.

and Michael Guippone, Esq.), counsel to the First Lien Administrative Agent; (vi) the Internal Revenue Service; (vii) the United States Attorney's Office for the Southern District of Texas; (viii) the Securities and Exchange Commission; (ix) the Banks; and (x) any other party entitled to notice pursuant to Local Rule 9013-1(d).

No Previous Request

30. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

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WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: October 8, 2020
Houston, Texas

/s/ Alfredo R. Pérez
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-and-

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*Proposed Attorneys for Debtors
and Debtors in Possession*

Certificate of Service

I hereby certify that on October 8, 2020, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas, and will be served as set forth in the Affidavit of Service to be filed by the Debtors' proposed claims, noticing, and solicitation agent.

/s/ Alfredo R. Pérez
Alfredo R. Pérez

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

In re:	§	
	§	Chapter 11
	§	
UTEX INDUSTRIES, INC., et al.,	§	Case No. 20-34932 (DRJ)
	§	
Debtors.¹	§	(Jointly Administered)
	§	Re: Docket No. ____

**ORDER (I) AUTHORIZING PAYMENT OF PREPETITION TRADE CLAIMS
IN ORDINARY COURSE OF BUSINESS AND (II) GRANTING RELATED RELIEF**

Upon the motion, dated October 8, 2020 (the “**Motion**”),² of UTEX Industries, Inc. and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), for entry of an order pursuant to sections 105(a), 363(b) and 503(b) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 (i) authorizing the Debtors to pay, in the ordinary course of business, undisputed prepetition Trade Claims of the Trade Creditors and (ii) granting related relief, all as more fully set forth in the Motion; and upon consideration of the Sanchez Declaration; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be

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² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

provided; and this Court having reviewed the Motion; and this Court having held a hearing to consider the relief requested in the motion; and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003 and is in the best interests of the Debtors and their respective estates and creditors; 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.

1. The Debtors are authorized, but not directed, pursuant to sections 105(a), 363(b) and 503(b) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, in the reasonable exercise of their business judgment, to pay, in the ordinary course of business, some or all of the prepetition Trade Claims of Trade Creditors in full.

2. The Banks are authorized to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested, by the Debtors relating to such obligations, to the extent that sufficient funds are on deposit in available funds in the applicable bank accounts to cover such payments. The Banks are authorized to accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of this Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

3. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, and to replace any prepetition checks or electronic

fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases with respect to any prepetition amounts that are authorized to be paid pursuant to this Order.

4. Notwithstanding anything to the contrary contained in the Motion or this Order, any payment to be made and any relief or authorization granted hereunder shall not be inconsistent with, and shall be subject to, the requirements imposed on the Debtors in any orders entered by this Court authorizing the Debtors to obtain debtor-in-possession financing and authorizing the use of cash collateral (any such order, a "**DIP Order**"). To the extent that there may be any inconsistency between the terms of this Order and the terms of any DIP Order, the terms of the DIP Order will govern.

5. Nothing contained in the Motion or this Order or any payment made pursuant to the authority granted by this Order is intended to be or shall be deemed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable nonbankruptcy law, or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code.

6. Notice of the Motion is adequate under Bankruptcy Rule 6004(a).

7. Notwithstanding the provisions of Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

8. The Debtors are authorized to take all actions necessary or appropriate to carry out the relief granted in this Order.

9. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: _____, 2020
Houston, Texas

UNITED STATES BANKRUPTCY JUDGE