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

IN RE:	§	
	§	Chapter 11
STRIKE, LLC, <i>et al.</i>¹	§	
	§	Case No. 21-90054-drj
DEBTORS.	§	(Jointly Administered)

**ELITE SUPPLY PARTNERS, INC.'S APPLICATION FOR ALLOWANCE
AND PAYMENT OF ADMINISTRATIVE CLAIM PURSUANT TO
11 U.S.C. §§ 503(A) AND 503(B)(9)**

**THIS PLEADING REQUESTS RELIEF THAT MAY BE ADVERSE TO
YOUR INTERESTS.**

**IF NO TIMELY RESPONSE IS FILED WITHIN 21 DAYS FROM THE
DATE OF SERVICE, THE RELIEF REQUESTED HEREIN MAY BE
GRANTED WITHOUT A HEARING BEING HELD.**

**A TIMELY-FILED RESPONSE IS NECESSARY FOR A HEARING TO
BE HELD. SUCH RESPONSE MUST BE FILED WITH THE COURT
AND SERVED ON THE PARTY SENDING YOU THIS APPLICATION.**

**TO THE HONORABLE DAVID R. JONES,
UNITED STATES BANKRUPTCY JUDGE:**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtors' federal tax identification number, are: Strike, LLC (2120); Strike HoldCo, LLC (0607); Delta Directional Drilling, LLC (9896); Strike Global Holdings, LLC (4661); Capstone Infrastructure Services, LLC (0161); and Crossfire, LLC (7582). The location of Debtor Strike, LLC's principal place of business and the Debtors' service address is: 1800 Hughes Landing Boulevard, Suite 500, The Woodlands, Texas 77380. Additional information regarding this case may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://dm.epiq11.com/StrikeLLC>.

Elite Supply Partners, Inc. (“Elite”), a creditor, administrative claimant, and party in interest in the above-styled and captioned case (this “Case”), files this *Application for Allowance and Payment of Administrative Claim Pursuant to 11 U.S.C. §§ 503(a) and 503(b)(9)* (the “Application”), seeking allowance and payment of an administrative expense claim in the amount of \$199,280.50, which represents the value of goods delivered to the Debtors in the last 20 days before the Petition Date. In support, Elite would respectfully show the Court as follows:

I.

JURISDICTION AND VENUE

1. This Court has jurisdiction to hear this matter pursuant to 28 U.S.C. §§ 1334 and 157. This proceeding is a core proceeding under 28 U.S.C. §§ 157(b)(2)(A) and (B). The statutory predicate for relief is 11 U.S.C. §§ 503(a) and 503(b)(9). The Court has full constitutional and statutory authority to enter a final order resolving the matter.

II.

SUMMARY OF RELIEF REQUESTED

2. Elite is a nationwide distributor of pipes, valves, and fittings. Elite supplied \$199,280.50 in products to the Debtors that were delivered in the twenty (20) day period before the Petition Date. Pursuant to 11 U.S.C. §§ 503(a) and 509(b)(9), Elite seeks allowance and payment of an administrative claim for the value goods delivered to the Debtors during the 20-day period before the Petition Date.

III.

FACTUAL AND PROCEDURAL BACKGROUND

A. The Debtor's Bankruptcy Case

3. On December 6, 2021 (the “Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the

United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Court”). The Debtors’ several Chapter 11 cases are jointly administered under the name and case number of the lead case, Strike, LLC, Case No. 21-90054.

4. Pursuant to 11 U.S.C. §§ 1107 and 1108, the Debtors remain in possession of their property and continue to manage their business and financial affairs as debtors-in-possession. An Official Committee of Unsecured Creditors has been appointed in the Case.

5. The Debtors provide pipelines, other facilities, and infrastructure solutions to the oil and gas industry. As part of their normal business, the Debtors purchase pipe, valves, and fitting for use in pipelines and other industrial facilities.

B. Elite’s Delivery of Product to the Debtors

6. Elite is a nationwide supplier of pipe, valves, and fitting used in the construction, maintenance, and repair of pipelines and other industrial facilities. Debtor, Strike, LLC is a regular customer. During the 20-day period before the Petition Date, Elite delivered pipes, valves, fittings, and miscellaneous related goods (the “Goods”) to the Debtors for use in their business. The Goods were sold and delivered to the Debtors (specifically Strike, LLC) in the ordinary course of the Debtors’ business. The total value of the Goods was \$199,280.50. The Debtors accepted the Goods delivered by Elite but have not yet paid for them.

7. As of the Petition Date, Elite had invoiced the Debtors for only a portion of the Goods delivered to the Debtors in the last 20 days before the Petition Date. As of the Petition Date, Elite had invoiced the Debtors for Goods worth \$162,146.68. Elite delivered to the Debtors additional Goods worth \$37,133.82 for which invoices were not yet issued as of the Petition Date. True and correct copies of the pre-petition invoices to the Debtors in the amount of \$162,146.68, showing time of delivery, are attached hereto, incorporated herein by this reference, and marked as **Exhibit “A.”** The invoices are summarized on a spread sheet, which is

attached hereto, incorporated herein by this reference, and marked as **Exhibit “B.”** True and correct copies of the invoices that had not yet been issued to the Debtors as of the Petition Date are attached hereto, incorporated herein by this reference, and marked as **Exhibit “C.”** The invoices issued after the Petition Date are summarized on a second spread sheet, which is attached hereto, incorporated herein by this reference, and marked as **Exhibit “D.”**

8. By Emergency Motion filed on December 6, 2021 [Docket No. 10], the Debtors sought authority to pay Section 509(b)(9) claims held by at least some suppliers who provided goods to the Debtors within the last 20 days before the Petition Date. By this Application, Elite seeks relief that the Debtors themselves admit is lawful and appropriate under the circumstances.

IV.

ARGUMENTS AND AUTHORITIES

A. Elite is Entitled to a Section 503(b)(1)(A) Administrative Claim

9. Section 503(a) of the Bankruptcy Code provides that “[a]n entity may timely file a request for payment of an administrative expense or may tardily file such request if permitted by the Court for cause.” Section 503(b)(1) states that, “after notice and hearing, there shall be allowed administrative expenses ... including the actual, necessary costs and expenses of preserving the estate, including wages, salaries, and commissions for services rendered after the commencement of this case.” Section 503(b)(9) expressly provide administrative priority for the “value of any goods received by the debtor within 20 days before the date of the commencement of a case under this title in which goods have been sold to the debtor in the ordinary course of a debtor’s business.” 11 U.S.C. § 503(b)(9). The Goods provided by Elite to the Debtors in the 20-day period before the Petition Date were worth \$159,576.54.

10. The Debtors are required to pay the full value of the Goods to obtain confirmation of a Chapter 11 plan of reorganization. 11 U.S.C. § 1129(a)(9)(A). Consequently, payment in

full for the Goods will only provide Elite with the value that it would be entitled to receive under a Chapter 11 plan. Accordingly, all creditors would benefit from the allowance and payment of Elite's Section 503(b)(9) claim.

11. The Bankruptcy Code does not prohibit the Debtors from paying Elite prior to plan confirmation. The timing of such payments to vendors lies squarely within the discretion of the Bankruptcy Court. *ATP Oil & Gas Corp.*, 2014 Bankr. LEXIS 1050 at *28 (Bankr. S.D. Tex. 2014). Here, the equities tip in favor of providing for prompt payment. Failure to pay for the Goods in a timely fashion imposes a heavy financial burden on Elite, which delivered the Goods in good faith expecting payment within the normal business terms, not knowing of the Debtors' impending Chapter 11 cases. The Debtors ordered those Goods from Elite with full knowledge that a Chapter 11 would be filed shortly. It would be inequitable to allow the Debtors to accept Goods worth \$199,280.50, knowing that a Chapter 11 filing was imminent, without paying for those Goods. Congress recognized that reality when it enacted Section 502(b)(9).

12. The Debtors' ongoing ability to obtain goods from suppliers, such as Elite, is key to their survival and necessary to preserve the value of their estates. Absent payment of Section 503(b)(9) claims, such as Elite's claim for \$199,280.50, which merely accelerates the timing of payment, and not the ultimate treatment of such claims, the Debtors could be denied access to the equipment and supplies necessary to maintain the Debtors' business operations. Failure to honor the Section 503(b)(9) claims in the ordinary course of business would likely cause vendors, such as Elite, to withhold support for the Debtors during the Chapter 11 process.

V.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Elite respectfully requests that the Court enter an Order: (i) granting the relief requested in this Application, (ii) allowing Elite's

administrative claim, pursuant to 11 U.S.C. §§ 503(a) and 503(b)(9), in the amount of \$199,280.50 against Strike, LLC; (iii) directing Strike, LLC to pay the administrative claim within 30 days of the entry of the Order; and (iv) granting Elite such other and further relief to which it may be justly entitled, both at law and in equity.

December 17, 2021.

Respectfully submitted,

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By: /s/ **Robert A. Simon**

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CERTIFICATE OF SERVICE

I hereby certify on this 17th day of December 2021, I served a true and correct copy of the foregoing Application for Allowance and Payment of Administrative Claim upon all parties registered to receive service via this Court's ECF notification system and on the attached Service List by First Class United States Mail in a properly addressed envelope, postage prepaid and upon Debtors' counsel, Matthew D. Cavanaugh, Jackson Walker LLP, 1401 McKinney Street, Suite 1900, Houston, TX 77010, via email mcavanaugh@jw.com.

/s/ **Robert A. Simon**

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