

CAUSE NO. DC-20-07026

DOWNHOLE CHEMICAL	§	IN THE DISTRICT COURT
SOLUTIONS, LLC,	§	
	§	
Plaintiff,	§	
	§	
v.	§	OF DALLAS COUNTY, TEXAS
	§	
PETROSTAR SERVICES, LLC,	§	
	§	
Defendant.	§	191 JUDICIAL DISTRICT

PLAINTIFF'S ORIGINAL PETITION

Plaintiff Downhole Chemical Solutions, LLC ("DCS" or "Plaintiff") files this its Original Petition against Defendant PetroStar Services, LLC ("PetroStar" or "Defendant"), and would respectfully show the Court as follows:

I.
DISCOVERY CONTROL PLAN

1. Plaintiffs seek monetary relief over \$1,000,000.
2. Discovery is to be conducted under Level 3 pursuant to Texas Rule of Civil Procedure 190.3.

II.
PARTIES

3. Plaintiff Downhole Chemical Solutions, LLC is a limited liability company formed under the laws of the State of Texas with its main office and principal place of business in Frisco, Texas.

4. Defendant PetroStar is a limited liability company formed under the laws of the State of Delaware with its principal place of business in San Antonio, Texas. PetroStar may be served through its registered agent, CT Corporation

System, 1999 Bryan St., Suite 900, Dallas, Texas 75201-3136, or wherever it may be found.

III. JURISDICTION AND VENUE

5. This Court has jurisdiction over this suit because the amount in controversy exceeds the minimum jurisdictional limits of the Court. This Court has personal jurisdiction over the parties because all of the acts and omissions of Defendants complained of herein occurred in Texas.

6. Venue is proper in Dallas County, Texas, pursuant to the mandatory venue provision under the Promissory Note between the parties and under Texas Civil Practice and Remedies Code Sections 15.020.

IV. FACTUAL BACKGROUND

A. Promissory Note

7. On January 28, 2020, PetroStar executed and delivered to DCS a Promissory Note in the original principal amount of \$1,300,000.00 (the “Note”). A true and correct copy of the Note is attached as **Exhibit 1**. The Note was made by PetroStar to secure its obligation to DCS to pay a portion of the purchase price for seven of DCS’s mixing plants (defined as the “Assets” in the Note), which PetroStar agreed to purchase from DCS under a separate Equipment Purchase Agreement for a total of \$1,500,000.00.

8. PetroStar paid a \$200,000.00 down payment for the equipment and agreed, under the terms of the Note, to pay the remaining balance of \$1,300,000.00

in twelve equal, monthly installments, with the first payment to be made on February 28, 2020. The Note had a maturity date of January 31, 2021. DCS did not charge any interest on the amounts owed under the Note except in the case of PetroStar's failure to make payment more than ten days past the due date. Upon this occurrence, the overdue amount accrues interest at the rate of 9%.

9. In connection with Note, PetroStar also signed a Security Agreement granting DCS a security interest in certain collateral described in the agreement as security for Note. A true and correct copy of the Security Agreement is attached as **Exhibit 2**. PetroStar has perfected its security interest under the Security Agreement in Texas.

10. DCS is the current owner and holder of Note, together with any and all other documents and instruments evidencing, securing, or in any manner relating to Note, including without limitation the Security Agreement.

B. PetroStar Defaults on the Note

11. DCS inspected each of the mixing plant units to its satisfaction and, after executing the Equipment Purchase Agreement, Note, and Security Agreement, PetroStar took possession of five of the seven units. DCS delivered title for those five units to PetroStar at the same time PetroStar took possession of those five units.

12. For the two units that remained at DCS's yard, PetroStar did not object to the lack of title at the time of the closing and was made aware of the lack of title within approximately one week of the closing but still did not object. In fact,

PetroStar sent representatives to DCS's yard to take spare parts from the two remaining units. These two remaining units have since remained at DCS's yard in Midland, where DCS has granted PetroStar access to those units and PetroStar has actively accessed those two units.

13. Following the sale, DCS has diligently worked to acquire title to the two remaining units and has obtained title to one of the units as of the date of this petition. DCS continues to work to obtain title to final unit and believes it will be able to do so, but its efforts have been hampered by closures of governmental offices due to the COVID-19 pandemic. PetroStar only first raised an objection to the lack of title on the two units after it had defaulted on the Note, as discussed below.

14. Despite taking possession of five of the units, using those units for its business, and accessing and removing parts from the other two units, PetroStar failed to make the first required monthly payment due on February 28, 2020, and has failed to make any subsequent payments when due under the Note. PetroStar has thus defaulted on the Note.

15. By reason of these defaults, by letter dated April 9, 2020, DCS notified PetroStar of its defaults under the Note for failure to make the required monthly payments when due and demanded payment of the same (the "Default Notice"). The Default Notice also informed PetroStar that as a result of its defaults, pursuant to Section 6 of the Note, DCS would accelerate and declare the entire indebtedness due and owing under the Note payable if the payment defaults were not cured by

April 25, 2020. A true and correct copy of the April 9, 2020 Default Notice is attached as **Exhibit 3**.

16. Despite demand, PetroStar failed to cure its payment defaults by April 25, 2020. Accordingly, by letter date April 29, 2020, DCS informed PetroStar that it had accelerated PetroStar's obligations under the Note such that the unpaid balance of \$1,300,000.00 was immediately due and payable in full. A true and correct copy of the April 29, 2020 Notice of Acceleration is attached as **Exhibit 4**.

17. Despite these notices, PetroStar has and continues to fail and refuse to remedy its defaults and pay the entire outstanding indebtedness due under the Note.

C. Amounts Due and Owing

18. As of May 18, 2020, PetroStar owes \$1,300,000.00 of principal under the Note, plus interest at the default rate of 9%, which began to accrue on the first overdue payment of \$108,333.33 that was to be paid on February 28, and has continued to accrue on each subsequent overdue payment until April 29, 2020, when the Note was accelerated and interest began to accrue at the default rate on the full principal balance of \$1,300,000.00.

V. **BREACH OF CONTRACT**

19. DCS incorporates in this section all the factual allegations made in this petition.

20. DCS and PetroStar entered into valid agreement under which PetroStar promised to pay DCS \$1,300,000.00 on certain terms and conditions as

evidenced by the Note in connection with the purchase of certain assets by PetroStar from DCS.

21. DCS fulfilled its obligation to PetroStar under the Note and the corresponding Equipment Purchase Agreement by delivering the assets or making the assets available to PetroStar, as stated above.

22. PetroStar breached the Note by failing to timely pay the amounts due under the Note.

23. DCS notified PetroStar of its default, accelerated the principal balance, and demanded that PetroStar cure such default and pay the outstanding indebtedness in full.

24. Despite demand, PetroStar has failed to cure the default and pay the accelerated, unpaid principal balance of the Note, plus accrued interest, which continues to accrue.

25. PetroStar has thus materially breached the Note.

26. DCS is the current owner and holder of the Note and the other loan documents.

27. DCS has been damaged in the amounts set forth herein.

VI. DAMAGES

28. As a result of PetroStar's defaults, DCS has been damaged in the amount of: (1) the unpaid principal on the Note, plus accrued but unpaid interest at the default rate; (2) interest, which continues to accrue on all the indebtedness at

the default rate; plus (3) all other costs and expenses, including attorney's fees, which DCS is authorized to recover under the Note and applicable law.

VII.
ATTORNEY'S FEES

29. By the terms of the Note, PetroStar has agreed to pay DCS's reasonable attorney's fees and costs if DCS is required to sue to enforce the Note and prevails on its suit.

30. As a result of PetroStar's failure to comply with the obligations under the Note, DCS has employed the law firm of Clark Hill Strasburger to prosecute this action.

31. All conditions precedent to DCS's right to recover attorney's fees from PetroStar have been satisfied or will be satisfied prior to the trial of this lawsuit.

32. DCS is therefore entitled to recover its reasonable attorney's fees incurred in the prosecution of this action under the agreements between the parties and any applicable law.

VIII.
CONDITIONS PRECEDENT

33. All conditions precedent to DCS's right to assert the claims and causes of action in this action have occurred or have been satisfied, waived, or excused.

IX.
PRAYER FOR RELIEF

Plaintiff Downhole Chemical Solutions, LLC, requests that Defendant PetroStar Services, LLC be cited to appear and answer herein and that upon final hearing hereof, Plaintiff be granted:

1. Judgment against Defendant for the amount of the outstanding balance due on the Note, including interest, due to DCS;
2. Post-judgment interest as provided by law;
3. Recovery of DCS's reasonable attorney's fees and expenses;
4. Costs of suit; and
5. Such other and further relief to which DCS may be justly entitled.

Respectfully submitted,

CLARK HILL STRASBURGER



TATE L. HEMINGSON

State Bar No. 24064370

R. PRICE ANDERSON

State Bar No. 24116029

901 Main Street, Suite 6000

Dallas, Texas 75202

(214) 651-4300 (Telephone)

(214) 651-4330 (Facsimile)

themingson@clarkhill.com

panderson@clarkhill.com

ATTORNEYS FOR PLAINTIFF

EXHIBIT 1

PROMISSORY NOTE

Date: January 28, 2020

Payee: **Downhole Chemical Solutions, LLC**
a Texas limited liability company
1 Cowboys Way, Suite 572
Frisco, Texas 75034
Email: wayne@stimchems.com

Maker: **PetroStar Services, LLC**
a Delaware limited liability company
4350 Lockhill-Selma Road, Suite 150
San Antonio, TX 78249
Facsimile: 210-463-9938
Email: Muddiman@petrostarservices.com

Reference is hereby made to that certain Equipment Purchase Agreement dated as of **January 24, 2020** between Maker as the purchaser, and Payee as the seller, pursuant to which Maker shall purchase certain of Payee's Mixing Plant Equipment (as defined therein) (the "Assets") for an aggregate purchase price of **One Million Five Hundred Thousand Dollars (\$1,500,000)** (the "Purchase Agreement"). This Promissory Note (this "Note") is being delivered by Maker to Payee to evidence the obligation of Maker to pay a portion of the purchase price for the Assets due to Payee as described herein and in the Purchase Agreement.

For value received, Maker hereby promises to pay to Payee the principal sum of **One Million Three Hundred Thousand Dollars (\$1,300,000)** (the "Indebtedness"). This Note and the Indebtedness shall be secured by the Collateral as provided in that certain Security Agreement dated as of **January 24, 2020** between Maker and Payee. This Note shall be effective as of the date provided above, and the following terms and conditions shall apply:

1. **PAYMENTS.** Maker shall pay twelve (12) installments of principal in the amount of **One Hundred Twenty-Five Thousand Dollars (\$125,000)**, and such installment payments shall be due and payable on the last day of every month beginning on the **28th day of February 2020**. The parties agree that no interest shall bear on the principal, except as provided below upon in Section 4.
2. **MATURITY DATE.** The final payment of the remaining full balance on this Note, including any Overdue Amounts (as hereinafter defined), is due and payable on the **31st day of January 2021** (the "Maturity Date").
3. **PLACE OF PAYMENT.** Payment shall be made at the above stated address of the Payee or at such place as may be designated in writing by the Payee or holder of this Note. For ease of payment the Maker may exercise the option to effect payment by direct deposit or electronic transfer of funds into the account of Payee as specified in writing. Otherwise, payments shall be made by United States Mail, and shall be considered timely if posted on or before the 5th day of the relevant month.
4. **OVERDUE AMOUNTS.** In the event that Maker fails to make a payment of any amount when due



under this Note (a "Payment Delay" and such payment amount owed, the "Overdue Amount"), the Overdue Amount shall bear interest at **Nine Percent (9%)**. In the event that any interest rate under this Section shall exceed the Maximum Rate, all past-due principal and, to the extent permitted by applicable law, past-due interest upon this Note shall bear interest at the Maximum Rate. Any Payment Delay exceeding ten (10) days shall be deemed an event of default ("Default"). The "Maximum Rate" as used in this Section means the maximum lawful rate of interest permitted under applicable usury laws, now or hereafter enacted.

5. **PREPAYMENT.** The Maker may prepay this Note in full or in part at any time without premium or penalty.
6. **ACCELERATION.** Except as provided above in Section 4, if Maker is in Default under this Note and fails to make any payment owed and such default is not cured within fifteen (15) days after written notice of such Default, then Payee may, at its option, declare all outstanding sums owed on this Note to be immediately due and payable, in addition to any other rights or remedies that Payee may have under state and federal law.
7. **ATTORNEYS' FEES AND COSTS.** If Maker or Payee sues to enforce this Note or obtain a declaration of its rights hereunder, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorneys' fees and costs incurred in the proceeding (including those incurred in any bankruptcy proceeding or appeal) from the non-prevailing party.
8. **TRANSFER.** Payee may transfer this Note to another holder without notice to Maker, and Maker agrees to remain bound to any subsequent holder of this Note under the terms of this Note.
9. **REPLACEMENT OF NOTE AS A RESULT OF LOSS, THEFT OR DESTRUCTION.** Upon receipt by Maker of evidence reasonably satisfactory to Maker of the loss, theft or destruction of this Note and of indemnity or security reasonably satisfactory to Maker, Maker shall make and deliver a new Note that shall carry the same rights to principal and or interest (unpaid and to accrue) carried by this Note, stating that such Note is issued in replacement of this Note, making reference to the original date of issuance of this Note (and any successor hereto) and dated as of such cancellation, in lieu of this Note.
10. **WAIVERS BY BORROWER.** Maker waives presentment for payment, notice of non-payment, off-set, protest and notice of protest and agrees to remain fully bound until this Note is paid in full.
11. **PAYEE'S INDULGENCE; NON-WAIVER.** No relaxation, indulgence, waiver, release or concession of any terms of this Note by the Payee on one occasion shall be binding unless in writing and if granted shall not be applicable to any other or future occasion.
12. **SEVERABILITY.** Every provision of this Note is intended to be severable. If any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.
13. **INTEGRATION.** There are no verbal or other agreements which modify or affect the terms of this Note. This Note may not be modified or amended except by written agreement signed by Maker and Payee.
14. **NOTICE.** Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by facsimile, (d) by email or (e) by a commercial overnight courier that guarantees next day delivery and

provides a receipt, and such notices shall be made to the parties at the contact information provided above.

- 15. EXECUTION.** The persons executing this Note on behalf Maker and Payee, respectively, each warrant that they have the full authority and power to execute this Note on behalf of each.
- 16. BINDING EFFECT.** The terms of this Note shall be binding upon the Maker's successors and shall accrue to the benefit and be enforceable by Payee and its successors, legal representatives and assigns.
- 17. JURISDICTION.** This Note shall be construed, interpreted and governed in accordance with the laws of the State of Texas in case of any dispute arising under or from it, including default in repayment.
- 18. VENUE.** Proper venue for any disputes arising under or from this Note shall be the Texas State Courts in and for Dallas County, Texas, and each party irrevocably agrees and stipulates to the personal jurisdiction and appropriateness of venue for those Courts, and any objections to personal jurisdiction and venue, including inconvenience, are waived by each party.
- 19. WAIVER OF JURY TRIAL: MAKER HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN THE EVENT SUIT IS FILED TO ENFORCE THE TERMS HEREOF.**

20. GENERAL.

- A. Where appropriate words signifying one gender shall include the others and words signifying the singular shall include the plural and vice versa.
- B. Paragraph headings are for convenience of reference only and are not intended to have any effect in the interpretation or determining of rights or obligations under this Note.
- C. Maker and Payee agree and represent that each party has been represented by such party's own legal counsel with regard to all aspects of this Note, or if such party is acting without legal counsel, that such party has had adequate opportunity and has been encouraged to seek the advice of such party's own legal counsel prior to the execution of this Note

Signed the 24th day of January, 2020 by the following:

"MAKER" – PetroStar Services, LLC,
a Delaware limited liability company

By: 
Name: Matthew Muddiman
Title: Chief Financial Officer

"PAYEE" – Downhole Chemical Solutions, LLC,
a Texas limited liability company


By: 
Name: Wayne Cutrer
Title: Chief Executive Officer

EXHIBIT 2

SECURITY AGREEMENT

PETROSTAR SERVICES, LLC, a Delaware limited liability company ("Debtor"), and **DOWNHOLE CHEMICAL SOLUTIONS, LLC**, a Texas limited liability company ("Secured Party") agree, effective **January 28, 2020**, as follows:

1. Background and Purpose

The parties acknowledge that Debtor (also as the "Maker"), has executed one or more promissory notes payable to the order of Secured Party, including but not limited to that one certain Promissory Note dated on or about even date herewith in the amount of **\$1,300,000.00** (collectively, the "Note") in connection with the execution of an Equipment Purchase Agreement (the "EPA") pursuant to which Secured Party sold the Collateral to Debtor. The parties further acknowledge that to secure Debtor's obligations under the Note, and Debtor's obligations under this Agreement, Debtor has agreed to grant Secured Party a security interest as provided below and that the parties desire to set forth more fully the terms of their understanding in this Agreement.

2. Grant of Security Interest

To secure Debtor's Obligations (as defined in Paragraph 3 below), Debtor grants to Secured Party a security interest in the Collateral (as defined in Paragraph 4 below).

3. Obligations

For purposes of this Agreement, "Obligations" means any and all now or hereafter existing debts, obligations, and liabilities of Debtor to Secured Party, including but not limited to those arising out of, or relating in any way to the Note, the EPA, any other related agreement, any guaranties, and any obligations of Debtor to Secured Party pursuant to this Agreement or the EPA, whether existing or arising after the date of this Agreement; whether voluntary or involuntary; whether jointly owned with others; whether direct or indirect; or whether absolute or contingent; and whether or not from time to time amended, modified, extended, increased, decreased, extinguished, created, or incurred.

4. Collateral

For purposes of this Agreement, "Collateral" means the Equipment as described on Exhibit A to this Agreement, including but not limited to all proceeds from the sale of the Equipment, in any form, as well as proceeds of any insurance relating to such collateral; proceeds consisting of any of the above types of collateral; wherever located. In addition, Debtor agrees to name Secured Party as an additional loss payee on its property insurance coverage to the extent of its current interest in the Equipment under the Promissory Note and this Agreement at the time of a loss as defined in the applicable insurance policy, as more fully set forth in Section 6.1 of this Agreement.

5. Representations and Warranties

As a material inducement to Secured Party under this Agreement, Debtor represents and warrants that the following are and shall remain true and correct:

5.1 Title

Debtor is the owner of all right, title, and interest in the Collateral free and clear of all liens, encumbrances, and security interests, except the security interest created by this Agreement.

5.2 Truth

All information that Debtor has provided to Secured Party concerning the Collateral is true and correct.

5.3 Defenses

No defenses, offsets, claims, or counterclaims exist against Debtor that may be asserted against Secured Party in any proceeding to enforce Secured Party's rights in the Collateral.

5.4 Conflict

The execution, delivery, and performance of this Agreement by Debtor is not in violation of any applicable law or regulation or contractual obligation of Debtor.

5.5 First Priority Lien

The liens granted to Secured Party under this Agreement will constitute a first priority lien on the Collateral and a Purchase Money Security Interest in the Equipment, on the filing of a UCC-1 Financing Statement and Debtor's grant of such lien to Secured Party does not constitute a fraudulent conveyance under any applicable law. Any landlord's lien and other lien in favor of Maker are hereby subordinated.

5.6 Good Standing

Debtor is duly organized, validly existing, and in good standing under the laws of State of Texas.

5.7 Due Authorization

Debtor has been duly authorized to execute and deliver this Agreement, which is a valid and binding obligation of Debtor.

5.8 Survival of Representations and Warranties

All of the Debtor's representations and warranties contained in this Agreement shall survive its execution and until all Obligations are satisfied.

6. Covenants of Debtor

6.1 *Protection of Security Interest and Collateral – Insurance*

Contemporaneously with the execution of this Agreement, Secured Party shall file one or more UCC-1 Financing Statements to enable Secured Party to perfect Secured Party's security interest in the Collateral. Debtor agrees also to execute, file, and record such other statements, notices, and agreements, take such action and obtain such certificates and documents, in accordance with all applicable laws, statutes, and regulations as may be necessary or advisable to perfect, evidence, and continue Secured Party's security interest in the Collateral. Debtor must maintain insurance on the Collateral, in the form and substance as required in Secured Party's reasonable discretion, and Debtor shall cause Secured Party to be designated as an additional insured on such Policy(ies).

6.2 *Transactions Involving Collateral*

Debtor shall not, without the prior written consent of Secured Party, (a) sell, offer to sell, or otherwise transfer the Collateral except in the ordinary course of business, or (b) pledge, mortgage, encumber, or otherwise permit the Collateral to be subject to any lien, security interest, or charge, other than the security interest created by this Agreement. However, for the avoidance of any doubt, this provision shall not prohibit or limit Debtor's ability to enter into merger, acquisition or similar transactions that may modify or change the ownership and/ or controlling interest in Debtor, for which an assignment of Debtor's obligations would be made to the extent of a new or surviving entity, and Secured Party shall not unreasonably withhold consent for the same.

6.3 *Compliance with Laws*

Debtor shall comply with all laws, statutes, and regulations pertaining to the Collateral.

6.4 *Taxes, Assessments, and Liens*

Debtor shall pay when due all taxes, assessments, and liens with regard to the Collateral. Debtor may withhold any such payment or may elect to contest any lien if Debtor is conducting appropriate proceedings in good faith to contest the obligation to pay and so long as Secured Party's interest is not jeopardized.

6.5 *Notification of Change in Name*

The Debtor shall notify the Secured Party in writing of a change in the Debtor's name, identity, or

corporate structure within ten (10) days after the change. The Debtor shall also cooperate with the Secured Party to enable the Secured Party to file either a new UCC-1 Financing Statement or an amendment to the existing UCC-1 Financing Statement to reflect the change and to continue the Secured Party's security interest in the Collateral.

7. Authorized Action by Secured Party

Debtor acknowledges Secured Creditor's rights as provided by the Texas Uniform Commercial Code and other applicable laws, as more fully described in Section 8.2 of this Agreement, in the event of a Default by Debtor.

8. Defaults and Remedies

8.1 Event of Default

Any of the following events or conditions shall constitute an Event of Default by Debtor under this Agreement:

- (a) Default in payment of the Obligations in accordance with the terms of the Note or the EPA;
- (b) Default in payment of the Guaranty, if any;
- (c) Default in the performance of any Obligations or breach of any agreement, representation, covenants, or warranty contained in this Agreement, or in any other agreement between Debtor and Secured Party;
- (d) Any levy or proceeding against the Collateral or Debtor's interest in the Collateral, except if Debtor is conducting appropriate proceedings in good faith to contest the levy or proceeding; or
- (e) The filing of a petition by or against Maker and/or Debtor under the provisions of the Bankruptcy Code.
- (f) If Debtor is not an individual, any change in ownership or operational control of Debtor shall constitute an event of default hereunder, unless management of the control group expressly agrees to all provisions herein. Control means the direct or indirect power to direct or cause direction of management and policies of an entity, whether through ownership or voting securities, by contract or otherwise. To the extent the new control group does not expressly agree to all provisions herein, upon change of control, Secured Party may declare the Note secured by this Security Agreement immediately payable and invoke any remedies provided in this Security Agreement for default. Furthermore, if Debtor sells, disposes,

transfers, or conveys all or substantially all of Debtor's assets Secured Party may declare the Note secured by this Security Agreement immediately payable and invoke any remedies provided in this Security Agreement for default.

8.2 Remedies

On the occurrence of an Event of Default, Secured Party:

- (a) Shall have and may exercise all rights and remedies accorded to Secured Party by the Texas Uniform Commercial Code.
- (b) May declare all unperformed Obligations, in whole or in part, of Debtor immediately due and payable without demand or notice; and
- (c) May require Debtor to take any and all action necessary to make the Collateral available to Secured Party.

8.3 Remedies Cumulative

All of Secured Party's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Secured Party to pursue any remedy shall not exclude pursuit of any other remedy.

9. Waiver of Hearing

Debtor expressly waives any constitutional or other right to a judicial hearing prior to the time Secured Party takes possession or disposes of the Collateral on an Event of Default as provided in Paragraph 8 above.

10. Waiver

Secured Party shall not be deemed to have waived any rights under this Agreement unless such waiver is in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right.

11. Additional Documentation; Cooperation

Each party shall, on the request of the other, execute, acknowledge, and deliver to the other any instrument that may be required to accomplish the intent of this Agreement. Each party agrees to cooperate to effectuate the intent of this Agreement and shall take all appropriate action necessary or useful in doing so.

12. Miscellaneous

12.1 Successors and Assigns

Subject to the provisions otherwise contained in this Agreement, this Agreement shall inure to the benefit of and be binding on the successors and assigns of the respective parties.

12.2 Notices

Any notice under this Agreement shall be in writing, and any written notice or other document shall be deemed to have been duly given (a) on the date of personal service on the parties, (b) on the third business day after mailing, if the document is mailed by registered or certified mail, (c) one day after being sent by professional or overnight courier or messenger service guaranteeing one day delivery, with receipt confirmed by the courier, or (d) on the date of transmission if sent by telegram, telex, telecopy, email or other means of electronic transmission resulting in written copies, with receipt confirmed. Any such notice shall be delivered or addressed to the parties at the contact information set forth below or at the most recent address specified by the addressee through written notice under this provision. Failure to conform to the requirement that mailings be done by registered or certified mail shall not defeat the effectiveness of notice actually received by the addressee.

12.3 Amendment

The provisions of this Agreement may be modified at any time by written agreement of the parties. Any such agreement made after the date of this Agreement shall be ineffective to modify this Agreement in any respect unless in writing and signed by Secured Party.

12.4 Attorney Fees; Prejudgment Interest

If the services of an attorney are required by either Party to secure the performance of this Agreement or otherwise on the breach or default of this Agreement, or if any judicial remedy or arbitration is necessary to enforce or interpret any provision of this Agreement or the rights and duties of any person in relation to this Agreement, the prevailing party shall be entitled to reasonable attorney fees, costs, and other expenses, in addition to any other relief to which Secured Party may be entitled. Any award of damages following judicial remedy or arbitration as a result of the breach of this Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law.

12.5 Post-Judgment Attorney Fees

If the services of an attorney are required by any party to enforce a judgment rendered in connection with this Agreement, the prevailing party shall be entitled to reasonable attorney fees, costs, and other expenses, and such fees, costs, and expenses shall be recoverable as a separate item. This provision

shall be severable from all other provisions of this Agreement, shall survive any judgment, and shall not be deemed merged into the judgment.

12.6 Captions

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

12.7 Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the Agreement that can be given effect without the invalid provision shall continue in full force and effect and shall in no way be impaired or invalidated.

12.8 Governing Law

The rights and obligations of the parties and the interpretation and performance of this Agreement shall be governed by the law of the State of Texas, excluding its conflict of laws rules.

12.9 Venue

Debtor agrees that any actions arising under this Agreement shall be heard and resolved in the courts in Dallas County, Texas.

12.10 Entire Agreement

This document and its exhibits constitute the entire agreement between the parties, all oral agreements being merged in this Agreement, and supersede all prior representations. There are no representations, agreements, arrangements, or understandings, oral or written, between or among the parties relating to the subject matter of this Agreement that are not fully expressed in this Agreement or its exhibits.

12.11 WAIVER OF JURY TRIAL

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER LEGAL THEORY). EACH PARTY HERETO CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) DEBTOR ACKNOWLEDGES THAT SECURED PARTY HAS BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT BY, AMONG OTHER THINGS, THE

MUTUAL WAIVERS AND CERTIFICATIONS IN THIS JURY TRIAL WAIVER SECTION.

SIGNATURE PAGE FOLLOWS

20
11/11

SECURED PARTY:

DOWNHOLE CHEMICAL SOLUTIONS, LLC,
a Texas limited liability company

By:  _____

Name: Wayne Cutrer

Title: Chief Executive Office

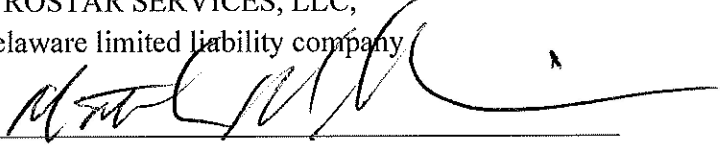
Address: 1 Cowboys Way, Suite 572
Frisco, Texas 75034

Telephone: 469-294-9209

Email: wayne@stimchems.com

DEBTOR:

PETROSTAR SERVICES, LLC,
a Delaware limited liability company

By:  _____

Name: Mr. Matthew Muddiman

Title: Chief Financial Officer

Address: 4350 Lockhill-Selma Road
San Antonio, Texas 78249

Telephone: (210) 463-9929

Facsimile: (210) 463-9938

Email: Matt.Muddiman@petrostarservices.com

SECURITY AGREEMENT - EXHIBIT A

Mixing Plant. Unit 1

- Trailer
 - Trailer length 42ft long
 - License Plate N/A
 - Vin # 9B64820XI20896
- Generator info
 - John Deer
 - S/N # PE6068L233987
 - 150A 124kva,100kw
- Centrifugal Pumps (qty 3)
 - 5x4x14"
 - 50/60Hp
- Control room
 - 4x8 raised
 - Control box inside
- Flow meters
 - Micromotion (qty2)
- Blender Mixer with motor (qty 2)
- Chemad pumps
 - Moyno Chemp pumps (qty3)
- Hydraulic pump
 - Magnum
 - 60hp
- Tank size
 - 4'x9'x4' (qty 2, roughly 25bbl/per)

Mixing Plant. Unit 2

- Trailer
 - Trailer length 42ft long
 - License Plate N/A
 - Vin # 24830-3-15997180
- Generator info
 - John Deer
 - S/N # PE6068L233699
 - 150A 124kva,100kw
- Centrifugal Pumps (qty 3)
 - 5x4x14"
 - 50/60Hp
- Control room
 - 4x8 raised
 - Control box inside
- Flow meters
 - Micromotion (qty2)

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- Blender Mixer with motor (qty 2)
- Chemad pumps
 - Moyno Chemp pumps (qty3)
- Hydraulic pump
 - Magnum
 - 60hp
- Tank size
 - 4'x9'x4' (qty 2, roughly 25bbl/per)

Mixing Plant. Unit 3

- Trailer
 - Trailer length 42ft long
 - License Plate (Paper) 15479219 06/2019
 - Vin # ID9BG4825X1208376
- Generator info
 - Perkins
 - S/N # U023983U
 - 100A 83KVA 66.5kw
- Centrifugal Pumps (qty 3)
 - 5x4x14"
 - 50/60Hp
- Control room
 - 4x8 raised
 - Control box inside
- Flow meters
 - N/A
- Blender Mixer with motor (qty 2)
- Chemad pumps
 - Moyno Chemp pumps (qty3)
- Hydraulic pump
 - Magnum
 - 60hp
- Tank size
 - 7'x6'x4 (qty 2, roughly 30bbl/per)

Mixing Plant. Unit 4

- Trailer
 - Trailer length 42ft long
 - License Plate N/A
 - Vin # 1L01B4826R1112550
- Generator info
 - John Deer
 - S/N # PE6068L205559
 - 150A 124kva,100kw

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- Centrifugal Pumps (qty 3)
 - 5x4x14"
 - 50/60Hp
- Control room
 - 4x8 raised
 - Control box outside
- Flow meters
 - Micromotion (qty2)
- Blender Mixer with motor (qty 2)
- Chemad pumps
 - Moyno Chemp pumps (qty4)
- Hydraulic pump
 - Magnum
 - 60hp
- Tank size
 - 7'x6'x4 (qty 2, roughly 30bbl/per)

Mixing Plant. Unit 5

- Trailer
 - Trailer length 42ft long
 - License Plate N/A
 - Vin # 1TTE4620X5107661
- Generator info
 - John Deer
 - S/N # PE6068L203626
 - 150A 124kva,100kw
- Centrifugal Pumps (qty 3)
 - 5x4x14"
 - 50/60Hp
- Control room
 - 4x8 low profile
 - Control box outside
- Flow meters
 - Micromotion (qty2)
- Blender Mixer with motor (qty 2)
- Chemad pumps
 - Moyno Chemp pumps (qty5)
- Hydraulic pump
 - Magnum
 - 60hp
- Tank size
 - 7'x6'x4 (qty 2, roughly 30bbl/per)

Mixing Plant. Unit 6

Handwritten signature/initials in blue ink.

- Trailer
 - Trailer length 42ft long
 - License Plate N/A
 - Vin # 1W9FH48217E285193
- Generator info
 - John Deer
 - S/N # PE6068L204785
 - 150A 124kva,100kw
- Centrifugal Pumps (qty 3)
 - 5x4x14"
 - 50/60Hp
- Control room
 - 4x8 low profile
 - Control box outside
- Flow meters
 - Micromotion (qty2)
- Blender Mixer with motor (qty 2)
- Chemad pumps
 - Moyno Chemp pumps (qty5)
- Hydraulic pump
 - Magnum
 - 60hp
- Tank size
 - 7'x6'x4 (qty 2, roughly 30bbl/per)

Mixing Plant. Unit 7 (generator blown & hydraulic not working)

- Trailer
 - Trailer length 42ft long
 - License Plate N/A
 - Vin # N/A
- Generator info
 - Perkins
 - S/N # U028806U
 - 100A 83KVA 66.5kw
- Centrifugal Pumps (qty 3)
 - 5x4x14"
 - 50/60Hp
- Control room
 - 4x8 raised
 - Control box inside
- Flow meters
 - N/A
- Blender Mixer with motor (qty 2)
- Chemad pumps
 - Moyno Chemp pumps (qty5)
- Hydraulic pump

Handwritten signature/initials in blue ink.

- Magnum
 - 60hp
- Tank size
 - 7'x6'x4 (qty 2, roughly 30bbl/per)

Filter Pods qty 6 (stand alone, not on trailers)

Diverter Mixing Plant (stand alone, not on a trailer)

- 60/80hp. 6x6 centrifugal Pump
- Blender Mixer with motor (qty 1)
- 25bbl

150psi hoses with 4" hammer unions F100

- Qty maybe 100

EXHIBIT 3

April 9, 2020

***Via Email, First Class Mail &
CMRRR #***

PetroStar Services, LLC
4350 Lockhill-Selma Road, Suite 150
San Antonio, TX 78249
Attn: Matthew Muddiman, Chief Financial Officer

RE: That certain original Promissory Note dated January 28, 2020 in the original principal amount of \$1,300,000.00, ("Note"), payable by PetroStar Services, LLC ("PetroStar") to the order of Downhole Chemical Solutions, LLC ("Downhole") and secured by, among other things, that certain Security Agreement dated as of January 28, 2020, executed by PetroStar for the benefit of Downhole, granting Downhole a lien on certain Equipment described therein (the "Security Agreement", collectively with the Note the "Downhole Loan"). Each of the foregoing agreements, instruments and documents are referred to herein individually as a "Loan Document," and collectively, as the "Loan Documents," each having been executed by PetroStar in connection with that certain Equipment Purchase Agreement date January 28, 2020 executed by PetroStar and Downhole.

Dear Mr. Muddiman

We are contacting you in connection with the above-referenced Downhole Loan. This correspondence supersedes any prior correspondence from Downhole, or its agents or representatives, with respect to the Downhole Loan, and constitutes formal notice to PetroStar of PetroStar's default under the Note. Notwithstanding anything to the contrary, Downhole hereby notifies you that Downhole insists upon strict compliance with the Loan Documents.

The Note requires PetroStar to make monthly installment payments of \$125,000 on the last day of the month beginning February 28, 2020. PetroStar has failed to make the installment payment due for February and March 2020. This letter constitutes formal demand upon PetroStar to immediately pay to Downhole all the past due installments of principal and accrued but unpaid interest on the Note.

Additionally, proceedings may be commenced to collect on the Note, enforce Security Agreement, and collect attorneys' fees, paralegals' fees and other costs of collection incurred by Downhole in collection of all amounts for which PetroStar is liable. This letter constitutes formal notice of default and notice of intent to accelerate. You should contact Downhole's CFO, Robert "Bo" Edwards, at 469-430-0110 for the specific

PetroStar Services, LLC

April 9, 2020

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amounts currently due and payable. In addition to the foregoing, interest is accruing on the Downhole Loan a result of PetroStar's default.

In the event PetroStar does not pay to Downhole the total amount due and payable and cure all other defaults, as referred to above, on or before 5:00 p.m. on April 25, 2020, then PetroStar is advised that the entire unpaid balance of the Downhole Loan, together with accrued and unpaid interest will be accelerated and will be fully due and payable. Additionally, if the foregoing sums are not paid on or before the aforesaid date and time, Downhole shall pursue or authorize the pursuit of such remedies as may be available to Downhole, including exercising any and all rights afforded by the Security Agreement, or by law or in equity, or otherwise, including the recovery of attorneys' fees, paralegals' fees and other costs of collection incurred by Downhole in collection of all amounts for which PetroStar is liable.

If any party who receives this letter is a debtor in a bankruptcy proceeding subject to the provisions of the United States Bankruptcy Code (Title 11 of the United States Code) ("Code"), this letter is merely intended to be written notice that formal demand has been made in compliance with the loan documents and applicable law. This letter is not an act to collect, assess or recover a claim against that party, nor is this letter intended to violate any provisions of the Code. Any and all claims that Downhole asserts against that party will be properly asserted in compliance with the Code in the bankruptcy proceeding. In addition, all of Downhole's claims, demands and accruals regarding the Loan Documents, whenever made, and whether for principal, interest or otherwise, are intended to comply in all respects, both independently and collectively, with all applicable usury laws, and are accordingly limited so that no applicable usury laws are violated.

Should you have any questions concerning this matter, please contact the undersigned.

Very truly yours,



Robert "Bo" Edwards
Chief Financial Officer

EXHIBIT 4

Tate L. Hemingson
T (214) 651-4714
Email:themingson@ClarkHill.com

Clark Hill Strasburger
901 Main Street, Suite 6000
Dallas, TX 75202
T 214.651.4300

clarkhill.com

April 29, 2020

Via Email, Matt.Muddiman@petrostarservice.com

PetroStar Services, LLC
4350 Lockhill-Selma Road, Suite 150
San Antonio, TX 78249
Attn: Matthew Muddiman

FINAL NOTICE OF ACCELERATION

Re: That certain original Promissory Note dated January 28, 2020, in the original principal amount of \$1,300,000.00, (“Note”), payable by PetroStar Services, LLC (“PetroStar”) to the order of Downhole Chemical Solutions, LLC (“Downhole”) and secured by, among other things, that certain Security Agreement dated as of January 28, 2020, executed by PetroStar for the benefit of Downhole, granting Downhole a lien on certain Equipment described therein (the “Security Agreement,” collectively with the Note the “Downhole Loan”). Each of the foregoing agreements, instruments and documents are referred to herein individually as a “Loan Document,” and collectively, as the “Loan Documents,” each having been executed by PetroStar in connection with that certain Equipment Purchase Agreement date January 28, 2020, executed by PetroStar and Downhole

Dear Mr. Muddiman,

As previously notified, my firm has been retained to represent Downhole regarding the Downhole Loan taken out by PetroStar. This correspondence supersedes any prior correspondence from Downhole, or its agents or representatives, with respect to the Downhole Loan, and constitutes formal notice to PetroStar. Notwithstanding anything to the contrary, Downhole hereby notifies you that Downhole insists upon strict compliance with the Loan Documents.

Because of PetroStar’s refusal to pay the amounts owed under the Note and the uncured default under the Note as previously noticed, PetroStar is hereby notified the entire Loan evidenced by the Note and secured by the Security Agreement, including accrued but unpaid interest thereon and late charges, if any, has been accelerated and is immediately due and payable in full.

I have been authorized by Downhole to pursue all such remedies as may be available to Downhole, including filing suit to enforce PetroStar’s obligations under the Note and seeking attorney’s fees and expenses as allowed by the Note, along with exercising any and all rights

Mr. Muddiman
April 29, 2020
Page 2

afforded by the Security Agreement, or by law or in equity, or otherwise, all of which rights and remedies Downhole reserves.

If any party who receives this letter is a debtor in a bankruptcy proceeding subject to the provisions of the United States Bankruptcy Code (Title 11 of the United States Code) ("Code"), this letter is merely intended to be written notice that formal demand has been made in compliance with the loan documents and applicable law. This letter is not an act to collect, assess or recover a claim against that party, nor is this letter intended to violate any provisions of the Code. Any and all claims that Downhole asserts against that party will be properly asserted in compliance with the Code in the bankruptcy proceeding. In addition, all of Downhole's claims, demands and accruals regarding the Loan Documents, whenever made, and whether for principal, interest or otherwise, are intended to comply in all respects, both independently and collectively, with all applicable usury laws, and are accordingly limited so that no applicable usury laws are violated.

Should you have any questions concerning this matter, please contact the undersigned.

Sincerely,

CLARK HILL STRASBURGER

A handwritten signature in black ink, appearing to read "Tate Hemingson", with a stylized flourish extending from the end.

Tate L. Hemingson

TLH