



**Development Specialists, Inc.**

Advisory and Fiduciary Services • Corporate Restructuring and Workouts • Interim Management • Insolvency Services

July 1, 2016

*e-mail address: msorenson@dsi.biz*

TO THE CREDITORS AND EQUITYHOLDERS OF

ThermaSource, LLC, a Delaware limited liability company  
ThermaSource International, LLC, a Delaware limited liability company  
ThermaSource Holding Company, LLC, a Delaware limited liability company  
Ridge Cementing, LLC, a Delaware limited liability company  
ThermaSource Drilling, LLC, a California limited liability company; and  
Tecton Geologic, LLC, a Delaware limited liability company  
3883 Airport Way, Suite 340  
Santa Rosa, California 95403

Re: **GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS**

Please be advised that ThermaSource, LLC, a Delaware limited liability company; ThermaSource International, LLC, a Delaware limited liability company; ThermaSource Holding Company, LLC, a Delaware limited liability company; Ridge Cementing, LLC, a Delaware limited liability company; ThermaSource Drilling, LLC, a California limited liability company; and Tecton Geologic, LLC, a Delaware limited liability company (collectively, the “**Assignors**”) executed general assignments for the benefit of creditors in favor of Development Specialists, Inc. on June 16, 2016.

This action was taken and approved by (a) the Board of Directors of ThermaSource, LLC; (b) ThermaSource, LLC as the sole and Managing Member of ThermaSource International, LLC; Tecton Geologic, LLC ThermaSource Holding Company, LLC; and (c) ThermaSource Holding Company, LLC as the sole and Managing Member of the other assignors after efforts to locate strategic buyers for the various services each entity provided, as well as buyers for its drilling rigs, failed. The Assignors determined that the assignment and wind down of operations would be in the best interest of the Companies, its creditors and respective members. The Assignors ceased operations and terminated all employees at the beginning of June 2016.

The Assignee has retained Justin Rawlins and Daniel McGuire with the law firm of Winston & Strawn LLP to serve as its counsel in this assignment estate. The Assignee will oversee the liquidation of the Assignors’ assets and the distribution of those assets to the creditors based on such creditor’s relative priorities, including the validity of the liens asserted on the Assignors’ assets as noted below.

**LOS ANGELES**

333 South Grand Avenue, Suite 4070 • Los Angeles, California 90071-1544 • Telephone: 213.617.2717 • Fax: 213.617.2718 • [www.dsi.biz](http://www.dsi.biz)

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The Assignors were obligated to Glitnir Holdco ehf, (“Glitnir”) which claims to have a security interest on all assets of the Assignors and which was owed approximately \$15,732,000 on the date of the general assignment. The Assignee and counsel will review and verify Glitnir’s security documents to confirm the validity of the asserted liens against the Assignors’ assets. Assuming the Glitnir security interest is as was represented to the Assignee, Glitnir will have priority to the proceeds of the liquidation of the Assignors’ assets until its claim is paid in full. Additionally, the Assignors owed a series of investors (“Noteholders”) who have asserted a lien on specific Ridge Cementing assets senior to that of Glitnir. The Assignee and counsel will also review and verify the security interest claimed by the Noteholders.

The Assignee has received interest in select assets related to Ridge Cementing, LLC and is working to try to finalize a sale of those assets in the near future, with Glitnir’s consent. The sale of these assets would also resolve the Noteholders’ secured claims against the assets thereby eliminating that obligation. The Assignors’ rigs and related equipment are being made available for sale, likely through an auction process as well as through brokers experienced in the sale of such oil and gas equipment. One of the issues facing the Assignee is the glut of such equipment throughout the country due to the depressed prices for oil and gas, which has brought oil and gas exploration to an all but complete halt. The Assignee will notify creditors as to how the equipment is made available for sale as soon as that decision has been made. Any party interested in purchasing the Assignors’ assets are urged to contact the Assignee or counsel for further information.

For those of you unfamiliar with general assignments, the process is similar to liquidations administered under Chapter 7 of the Bankruptcy Code. However, California law controls rather than Federal bankruptcy law. Experience has proven that in circumstances such as those in this instance, estates administered through general assignments typically return a greater recovery on the assets of the estate quicker and more economically than the bankruptcy process. There is no guaranty, however, in light of the outstanding and un-assumed secured indebtedness that there will be any recoveries for general unsecured creditors at this time. Creditors should note that California law provides for an assignee to recover preferential transfers made by the Company within the ninety days immediately prior to the making of the general assignment. No review of the transactions that may qualify as recoverable under California law has been undertaken yet.

Attached hereto is a form Proof of Claim by which creditors can file their claims with the Assignee. If you have received this letter, you may be a vendor of the Company or otherwise a potential creditor. Please note that pursuant to California law (*see* Code of Civil Procedure §1802), the last day to file proofs of claim in this estate is **December 14, 2016** (the “Claims Bar Date”). Creditors who fail to file their proofs of claim by the Claims Bar Date will not be entitled to share in any distribution arising out of the liquidation of the Company’s assets should there in fact be any funds available for distribution to unsecured creditors, and shall be deemed to have waived any right to recover from the liquidation should there be proceeds beyond that owing Glitnir or any priority tax claimant.

THERMASOURCE, LLC and related Assignors

July 1, 2016

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The Assignee will accept proofs of claim via facsimile, e-mail, or through our website so long as they are received by the Claims Bar Date, December 14, 2016, and the original signed proof of claim is received by the Assignee within ten (10) days thereafter. Claims will not be deemed to be valid unless they include copies of your supporting invoices or statements; please attach all such supporting documentation with each filed claim. The fact that the Assignee is accepting proofs of claim is not a guaranty that there will be any recovery by unsecured creditors from the liquidation of the assets of the Assignors.

Information regarding the general assignment may also be found at [www.dsiassignments.com](http://www.dsiassignments.com). After returning the completed and executed Proof of Claim, together with all necessary supporting documentation, creditors are requested to advance their files approximately thirty days, pending our next report.

Very truly yours,

Development Specialists, Inc., solely in its capacity  
as Assignee for the Benefit of Creditors of THERMASOURCE, LLC. AND RELATED ASSIGNORS



By

Matthew P. Sorenson

Enclosures: (Proof of Claim Form)

**PROOF OF CLAIM**

In the Matter of:

**ThermaSource, LLC, a Delaware limited liability company  
ThermaSource International, LLC, a Delaware limited liability company  
ThermaSource Holding Company, LLC, a Delaware limited liability company  
Ridge Cementing, LLC, a Delaware limited liability company  
ThermaSource Drilling, LLC, a Delaware limited liability company; and  
Tecton Geologic, LLC, a Delaware limited liability company  
3883 Airport Way, Suite 340  
Santa Rosa, California 95403**

The undersigned creditor of the above companies (Assignors) hereby submits its claim in the general assignment estate created upon the execution and acceptance of the general assignment in favor of Development Specialists, Inc. as of June 16, 2016, in the amount as set forth below, and substantiated by the attached invoices or statement of account.

Date Submitted: \_\_\_\_\_

Amount of Claim: \_\_\_\_\_

Assignor Entity: \_\_\_\_\_

Name of Creditor: \_\_\_\_\_

By: \_\_\_\_\_

Title

Address: \_\_\_\_\_

City, State & Zip: \_\_\_\_\_

( ) \_\_\_\_\_ ( ) \_\_\_\_\_

Telephone

Facsimile

E-mail address: \_\_\_\_\_

**NOTE:** Interest is applicable only to the date of the assignment and then only in the event a written agreement exists between you and the debtor providing for the payment of interest.

*Return completed form to Development Specialists, Inc.  
333 South Grand Avenue, Suite 4070, Los Angeles, CA 90071  
(213) 617-2717/FAX (213) 617-2718*

Note: If faxing the proof of claim, the original must be received by the Assignee by  
December 20, 2016, 2016