

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	)	
	)	Chapter 11
Quicksilver Resources Inc., <u>et al.</u> , <sup>1</sup>	)	Case No. 15-10585 (LSS)
	)	
Debtors.	)	Jointly Administered
	)	
	)	Hearing Date: Dec. 14, 2016 at 10:00 a.m. (ET)
	)	Response Deadline: Dec. 5, 2016 at 4:00 p.m. (ET)
	)	

**LIQUIDATION TRUSTEE’S FOURTH OMNIBUS OBJECTION (SUBSTANTIVE)  
TO CERTAIN CLAIMS FOR WHICH THE DEBTORS HAVE NO LIABILITY**

Eugene I. Davis, in his capacity as the liquidation trustee (the “Liquidation Trustee”) for the KWK Liquidation Trust (the “Liquidation Trust”), the trust established pursuant to the *First Amended Joint Chapter 11 Plan of Liquidation for Quicksilver Resources Inc. and its Affiliated Debtors* (the “Plan”) seeks entry of an order, substantially in the form attached hereto as **Exhibit B** (the “Proposed Order”), disallowing and expunging the claims set forth on **Exhibit A** attached hereto, because the Liquidation Trustee believes that the Debtors do not have any liability on account of each such claim (the “No Liability Claims”). In support of this objection, the Liquidation Trustee submits the *Declaration of Eugene I. Davis in Support of Liquidation Trustee’s Fourth Omnibus Objection (Substantive) to Certain Claims for Which the Debtors Have No Liability* (the “Davis Declaration”)<sup>2</sup> and respectfully states:

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. (“Quicksilver”) [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

<sup>2</sup> A copy of the Davis Declaration is attached hereto as **Exhibit C**.

## **JURISDICTION**

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).<sup>3</sup>
2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The predicates for the relief requested herein are sections 105 and 502 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 3007-1.

## **BACKGROUND**

### **A. General Background**

4. On March 17, 2015 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court. Throughout their chapter 11 cases, the Debtors operated their business and managed their properties as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. These chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015 and Local Rule 1015-1. No request for the appointment of a trustee has been made in these chapter 11 cases. On March 25, 2015, the Acting United States Trustee, Region 3 (the “U.S. Trustee”) appointed the statutory committee of unsecured creditors (the “Committee”) [D.I. 119].

5. On January 27, 2016, the Court entered an order [D.I. 1095] (the “Sale Order”) approving the sale of substantially all of the Debtors’ U.S. assets to BlueStone Natural Resources

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<sup>3</sup> Under rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Liquidation Trustee hereby confirms its consent to the entry of a final order by this Court in connection with this objection if it is later determined that this Court, absent consent of the parties, cannot enter final orders or judgments in connection therewith consistent with Article III of the United States Constitution.

II, LLC (“Bluestone”) for \$254 million in cash (the “Sale”). The Sale to BlueStone closed on April 6, 2016, effective as of April 1, 2016.

6. On August 16, 2016, the Court entered an order [D.I. 1633] (the “Confirmation Order”) confirming the Plan. The effective date of the Plan occurred on August 31, 2016 (the “Effective Date”). On the Effective Date, the Liquidation Trust was established pursuant to the Plan and the KWK Liquidating Trust Agreement, dated as of August 31, 2016, by and among the Debtors and the Liquidation Trustee. Pursuant to the Plan and the Trust Agreement, the Liquidation Trustee is responsible for reconciling claims asserted against the Debtors and making distributions to holders of Allowed Claims.

**B. Specific Background**

*(i) The Schedules and Bar Date*

7. On June 9, 2015, each Debtor filed its respective Schedule of Assets and Liabilities and Statement of Financial Affairs [D.I. 383-401; 403-412; 414] (collectively, the “Schedules and Statements”). Quicksilver filed amendments to its Schedule of Assets and Liabilities on June 25, 2015 [D.I. 443], October 14, 2015 [D.I. 704], and an amendment to its Statement of Financial Affairs on July 1, 2015 [D.I. 455].

8. On May 19, 2015, the Debtors filed the *Debtors’ Motion for Entry of an Order Establishing Deadlines and Procedures for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof* [D.I. 349] (the “Bar Date Motion”). The Court entered an order on June 10, 2015 [D.I. 417] (the “Bar Date Order”) granting the relief requested in the Bar Date Motion, which, among other things, established July 31, 2015 at 5:00 p.m. (prevailing Eastern Time) as the time and date by which any person or entity (excluding governmental units) asserting a claim against the Debtors in their chapter 11 cases was required to file a proof of claim (the “General Bar Date”). See Bar Date Order, ¶ 2.

9. In accordance with the Bar Date Order, Garden City Group LLC (“GCG”), the Debtors’ court-appointed claims and noticing agent, mailed notices of the General Bar Date and proof of claim forms to, among others, all of the Debtors’ creditors and other known parties in interest as of the Petition Date. Notice of the General Bar Date was also published once in the *New York Times*, *Fort Worth Star-Telegram*, and certain local publications. See D.I. 435, 436, 499, 518, and 520.

(ii) *Proofs of Claim*

10. To date, approximately 607 proofs of claim have been filed in these chapter 11 cases. The Liquidation Trustee and its advisors are in the process of comprehensively reviewing and reconciling each of the filed claims and comparing them with the Debtors’ books and records to determine the validity of such claims. As part of this ongoing review, the Liquidation Trustee has reviewed each of the claims listed on Exhibit A and has concluded that each such claim is appropriately objected to on the bases set forth below.

**RELIEF REQUESTED**

11. By this objection, the Liquidation Trustee respectfully requests entry of the Proposed Order disallowing and expunging the No Liability Claims identified on Exhibit A.

**CLAIMS OBJECTION**

12. When asserting a proof of claim against a bankrupt estate, a claimant must allege facts that, if true, would support a finding that the debtor is legally liable to the claimant. *In re Allegheny Int’l, Inc.*, 954 F.2d 167, 173 (3d Cir. 1992); *Matter of Int’l Match Corp.*, 69 F.2d 73, 76 (2d Cir. 1934) (finding that a proof of claim should at least allege facts from which legal liability can be seen to exist). Where the claimant alleges sufficient facts to support its claim, its claim is afforded *prima facie* validity. *In re Allegheny Int’l, Inc.*, 954 F.2d at 173.

13. As a result, a party wishing to dispute such a claim must produce evidence in sufficient force to negate the claim's *prima facie* validity. *Id.* The objecting party must produce evidence that would refute at least one of the allegations essential to the claim's legal sufficiency. *Id.* Once the objecting party produces such evidence, the burden shifts back to the claimant to prove the validity of his or her claim by a preponderance of the evidence. *Id.* The burden of persuasion is always on the claimant. *Id.*

14. The No Liability Claims that are listed on **Exhibit A** consist primarily of claims asserted by the lessors of the Debtors' oil and gas leases. In connection with the Debtors' oil and gas assets, the Debtors were obligated to remit to the lessors and potentially other parties their share of revenue from producing wells pursuant to the terms of the applicable oil and gas lease (the "Royalties"). Upon review of the proofs of claim filed against the Debtors in these chapter 11 cases, the Debtors have identified fifty-six (56) No Liability Claims listed on **Exhibit A**. These claims generally fall into one of the following categories:

(i) Conveyed Lease Claims: The No Liability Claims that are identified on Schedule 1 of **Exhibit A** consist of the "Conveyed Lease Claims." The Liquidation Trustee has reviewed the Conveyed Lease Claims and has determined that the Debtors' lease interest was transferred, sold, or otherwise conveyed to a third party prior to the Petition Date. Accordingly, the Liquidation Trustee has determined that the Debtors do not have any liability for the Conveyed Lease Claims and the Liquidation Trustee requests that the Conveyed Lease Claims be disallowed and expunged.

(ii) Held-in-Suspense Claims: The No Liability Claims that are identified on Schedule 2 of **Exhibit A** consist of the "Held-in-Suspense Claims" that relate to certain suspended funds (the "Suspended Funds"). The Suspended Funds represent amounts that are due

and owing to certain lessors or other parties entitled to receive Royalties, but are otherwise unpayable for a variety of reasons, including, among others, incorrect contact information, ongoing disputes over ownership of the underlying interest, and failure to meet minimum payout requirements. As part of the Sale to Bluestone, all Suspended Funds transferred to Bluestone effective as of April 1, 2016. Therefore, the Debtors do not have any liability on account of the Held-in-Suspense Claims and any claim related to the Held-in-Suspense Claims would be an obligation of Bluestone.<sup>4</sup> Accordingly, the Liquidation Trustee requests that the Held-in-Suspense Claims be disallowed and expunged.

(iii) Expired Lease Claims: The No Liability Claims that are identified on Schedule 3 of Exhibit A consist of the “Expired Lease Claims.” The Liquidation Trustee has reviewed the Expired Lease Claims and has determined that the Debtors’ lease interest that is the subject of the claim expired by its terms prior to the Petition Date. Accordingly, the Liquidation Trustee has determined that the Debtors do not have any liability for the Expired Lease Claims and the Liquidation Trustee requests that the Expired Lease Claims be disallowed and expunged.

(iv) Non-Producing Lease Claims: The No Liability Claims that are identified on Schedule 4 of Exhibit A consist of the “Non-Producing Lease Claims.” The Liquidation Trustee has reviewed the Non-Producing Lease Claims and has determined that the claim relates to one or more non-producing leases. Therefore, the Debtors do not have any liability on account of Royalties or other obligations relating to the non-producing leases. Accordingly, the Liquidation Trustee requests that the Non-Producing Lease Claims be disallowed and expunged.

(v) Books and Records Lease Claims: The No Liability Claims that are identified on Schedule 5 of Exhibit A consist of the “Books and Records Lease Claims.” The

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<sup>4</sup> If Claimants identified on Schedule 2 of Exhibit A have questions regarding the status of any Suspended Funds, the Claimants may contact Bluestone’s Owner Relations Department by phone at 918-392-9295 or by e-mail at [revenue@bluestone-nr.com](mailto:revenue@bluestone-nr.com).

Liquidation Trustee has reviewed the Books and Records Lease Claims and has determined that the Debtors do not have any liability for each of the claims after a review of the underlying proof of claim, the supporting documentation, and the Debtors' books and records. After a reasonable effort to research the Books and Records Lease Claims, the Liquidation Trustee has been unable to substantiate the amounts asserted in each of the proofs of claim and the Liquidation Trustee believes that the Books and Records Lease Claims should be disallowed for the reasons indicated in the column marked "Reason for Disallowance" on Schedule 5 of Exhibit A. Accordingly, the Liquidation Trustee requests that the Books and Records Lease Claims be disallowed and expunged.

15. As noted above, each of the No Liability Claims reflects a proof of claim that asserts a claim for which the Liquidation Trustee believes the Debtors are not liable, based on the supporting documentation provided in the proof of claim and a reasonable review of the Debtors' books and records. After reasonable efforts, the Liquidation Trustee has been unable to locate any documentation that would substantiate the No Liability Claims, whether in full or in part.

#### **RESPONSES TO THE OBJECTION**

16. To contest the Liquidation Trustee's objection to any claim listed on Exhibit A, a claimant must file and serve a written response to this objection (a "Response") so that it is **actually received by no later than December 5, 2016 at 4:00 p.m. (prevailing Eastern Time)** (the "Response Deadline"). Every Response must be filed with the Office of the Clerk of the United States Bankruptcy Court for the District of Delaware (the "Clerk"), 824 North Market Street, Wilmington, Delaware 19801, and served upon the following entities, so that the Response is actually received no later than the Response Deadline, at the following addresses:

Akin Gump Strauss Hauer & Feld LLP  
1700 Pacific Avenue, Suite 4100  
Dallas, Texas 75201

Attn: Charles R. Gibbs  
Sarah Link Schultz

-and-

Richards, Layton & Finger, P.A.  
One Rodney Square  
920 North King Street  
Wilmington, Delaware 19801  
Attn: Paul N. Health  
Amanda R. Steele

Counsel for the Liquidation Trustee

-and-

PIRINATE Consulting Group, LLC  
5 Canoe Brook Drive  
Livingston, New Jersey 07039  
Attn: Eugene I. Davis

17. Every Response to this objection must contain at a minimum the following information:

- (a) a caption setting forth the name of this Court, the name of the Debtors, the case number, and the title of this objection;
- (b) the claimant's name, the claim number, and a description of the basis for the amount of the claim;
- (c) the specific factual basis and supporting legal argument upon which the claimant will rely in opposing this objection;
- (d) any supporting documentation, to the extent it was not included with the claim previously filed with the Clerk or GCG, upon which the claimant will rely to support the basis for and amounts asserted in the claim; and
- (e) the name, address, telephone number, and fax number of the person(s) (which may be the claimant or the claimant's legal representative) with whom counsel for the Liquidation Trustee should communicate with respect to the claim or the objection and who possesses authority to reconcile, settle, or otherwise resolve the objection to the disputed claim on behalf of the claimant.



18. If a claimant fails to file and serve a timely Response by the Response Deadline, the Liquidation Trustee may present to the Court an appropriate order granting the requested relief, without further notice to the claimant or a hearing.

### **REPLIES TO RESPONSES**

19. Consistent with Local Rule 9006-1(d), the Liquidation Trustee may, at their option, file and serve a reply to a claimant's Response no later than 4:00 p.m. (prevailing Eastern Time), one day prior to the deadline for filing the agenda for any hearing scheduled to consider this objection.

### **SEPARATE CONTESTED MATTERS**

20. To the extent a Response is filed regarding any claim listed in this objection and the Liquidation Trustee is unable to resolve the Response, the objection by the Liquidation Trustee to such claim shall constitute a separate contested matter as contemplated by Bankruptcy Rule 9014. Any order entered by the Court regarding an objection asserted in this objection shall be deemed a separate order with respect to each claim subject thereto.

### **RESERVATION OF RIGHTS**

21. The Liquidation Trustee hereby reserves the right to (i) file subsequent objections to any claims subject hereto on any ground; (ii) amend, modify, or supplement this objection, including, without limitation, the filing of objections to further amended or newly-filed claims; (iii) seek to expunge or reduce any claim to the extent all or a portion of such claim has been paid; and (iv) settle any claim for less than the asserted amount. Separate notice and a hearing will be provided in respect of any such additional objections.

### **COMPLIANCE WITH LOCAL RULE 3007-1**

22. To the best of the Liquidation Trustee's knowledge and belief, this objection and **Exhibit A** comply with Local Rule 3007-1. To the extent this objection does not comply in all

respects with the requirements of Local Rule 3007-1, the undersigned believes such deviations are not material and respectfully requests that any such requirement be waived.

**NOTICE**

23. The Liquidation Trustee has provided notice of this objection to (a) the U.S. Trustee, Attn.: Jane Leamy, Esq.; (b) each of the claimants subject to this objection; (c) members of the Trust Advisory Board; (d) members of the Unsecured Advisory Group; and (e) any parties entitled to notice pursuant to Local Rule 2002-1(b). In view of the nature of the relief requested in this objection, the Liquidation Trustee respectfully submits that no further notice is necessary.

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WHEREFORE, for the reasons set forth herein, the Liquidation Trustee respectfully requests entry of the Proposed Order, substantially in the form in **Exhibit B** hereto, (i) disallowing and expunging the No Liability Claims identified on **Exhibit A**; and (ii) granting such other and further relief as this Court deems just and proper.

Wilmington, Delaware  
Date: November 14, 2016

/s/ Amanda R. Steele

**RICHARDS, LAYTON & FINGER, P.A.**

Paul N. Heath (DE 3704)

Amanda R. Steele (DE 5530)

One Rodney Square

920 North King Street

Wilmington, Delaware 19801

Telephone: (302) 651-7700

Facsimile: (302) 651-7701

– and –

**AKIN GUMP STRAUSS HAUER & FELD LLP**

Charles R. Gibbs (admitted *pro hac vice*)

Sarah Link Schultz (admitted *pro hac vice*)

1700 Pacific Avenue, Suite 4100

Dallas, Texas 75201

Telephone: (214) 969-2800

Facsimile: (214) 969-4343

**COUNSEL FOR THE LIQUIDATION  
TRUSTEE**

**PLEASE CAREFULLY REVIEW THIS OBJECTION AND THE ATTACHMENTS HERETO TO DETERMINE WHETHER THIS OBJECTION AFFECTS YOUR CLAIM.**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

	)	
In re:	)	Chapter 11
	)	
Quicksilver Resources Inc., <u>et al.</u> , <sup>1</sup>	)	Case No. 15-10585 (LSS)
	)	
Debtors.	)	Jointly Administered
	)	
	)	<b>Response Deadline: Dec. 5, 2016 at 4:00 p.m. (ET)</b>
	)	<b>Hearing Date: Dec. 14, 2016 at 10:00 a.m. (ET)</b>

**NOTICE OF OMNIBUS OBJECTION AND HEARING**

PLEASE TAKE NOTICE that, on November 14, 2016, Eugene I. Davis, in his capacity as the liquidation trustee (the “Liquidation Trustee”) for the KWK Liquidation Trust (the “Liquidation Trust”) filed with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) the *Liquidation Trustee’s Fourth Omnibus Objection (Substantive) to Certain Claims for Which Debtors Have No Liability* (the “Objection”) which seeks to disallow certain claims. **Your claim(s) may be disallowed as a result of the Objection. Therefore, you should read the attached Objection carefully.**

**PLEASE TAKE FURTHER NOTICE THAT YOUR SUBSTANTIVE RIGHTS MAY BE AFFECTED BY THE OBJECTION AND BY ANY FURTHER CLAIM OBJECTION THAT MAY BE FILED BY THE LIQUIDATION TRUSTEE OR OTHERWISE. THE RELIEF SOUGHT HEREIN IS WITHOUT PREJUDICE TO THE**

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. (“Quicksilver”) [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 4000, Fort Worth, Texas 76102.

**LIQUIDATION TRUSTEE'S RIGHT TO PURSUE FURTHER OBJECTIONS AGAINST YOUR CLAIM(S) SUBJECT TO THE OBJECTION IN ACCORDANCE WITH APPLICABLE LAW AND APPLICABLE ORDERS OF THIS COURT.**

PLEASE TAKE FURTHER NOTICE that if the holder of a claim that is the subject of the Objection wishes to respond to the Objection, the holder must file a written response with: (i) the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801; (ii) counsel for the Liquidation Trustee, (a) Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201 (Attn: Charles R. Gibbs, Sarah Link Schultz), and (c) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Paul N. Heath and Amanda R. Steele); and (iii) the Liquidation Trustee, 5 Canoe Brook Drive, Livingston, New Jersey 07039 (Attn: Eugene Davis) so as to be received on or before **December 5, 2016 at 4:00 p.m. (prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE that responses to the Objection must contain, at minimum, the following: (a) a caption setting forth the name of the Bankruptcy Court, the name of the Debtors, the case number, and the title of this Objection; (b) the claimant's name, the claim number, and a description of the basis for the amount of the claim; (c) the specific factual basis and supporting legal argument upon which the claimant will rely in opposing this Objection; (d) any supporting documentation, to the extent it was not included with the claim previously filed with the Clerk or GCG, upon which the claimant will rely to support the basis for and amounts asserted in the claim; and (e) the name, address, telephone number, and fax number of the person(s) (which may be the claimant or the claimant's legal representative) with whom counsel for the Liquidation Trustee should communicate with respect

to the claim or the Objection and who possesses authority to reconcile, settle, or otherwise resolve the Objection to the disputed claim on behalf of the claimant.

PLEASE TAKE FURTHER NOTICE that if no response to the Objection is timely filed and received in accordance with the above procedures, an order may be entered granting the relief requested in the Objection without further notice or a hearing. If a response is properly filed, served, and received in accordance with the above procedures and such response is not resolved, a hearing to consider such response and the Objection will be held before The Honorable Laurie Selber Silverstein, United States Bankruptcy Judge for the District of Delaware, at the Bankruptcy Court, 824 North Market Street, 6th Floor, Courtroom 2, Wilmington, Delaware 19801 on **December 14, 2016 at 10:00 a.m. (prevailing Eastern Time)** (the "Hearing"). Only a response made in writing and timely filed and received will be considered by the Bankruptcy Court at the Hearing.

**IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE OBJECTION WITHOUT FURTHER NOTICE OR HEARING.**

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Wilmington, Delaware  
Date: November 14, 2016

*/s/ Amanda R. Steele*

**RICHARDS, LAYTON & FINGER, P.A.**

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Amanda R. Steele (DE 5530)

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Sarah Link Schultz (admitted *pro hac vice*)

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Dallas, Texas 75201

Telephone: (214) 969-2800

Facsimile: (214) 969-4343

**COUNSEL FOR LIQUIDATION TRUSTEE**

**EXHIBIT A**

**No Liability Claims**



## Exhibit A - No Liability Claims

### Schedule 1 - Conveyed Lease Claims

Fourth Omnibus Objection to Claims

Quicksilver Resources Inc., et al.  
Case No. 15-10585 (LSS), Jointly Administered

Note: Claimants are listed alphabetically.

SEQ NO.	CLAIM(S) TO BE DISALLOWED & EXPUNGED				REASON FOR DISALLOWANCE
	NAME	DATE FILED	CLAIM NO.	CLAIM AMOUNT	
1	BURGESS, SHARON 5710 CEDAR RIDGE DR ARLINGTON, TX 76017  Debtor: Quicksilver Resources Inc.	07/02/15	194	Secured: Unliquidated	Debtors Conveyed Lease in 2013.
2	DAVIDSON, SCOTT R C/O LINDA ATKINS 2620 WEST ARKANSAS LANE ARLINGTON, TX 76016  Debtor: Quicksilver Resources Inc.	07/27/15	399	Admin: Unliquidated	Debtors Conveyed Lease in 2013.
3	KINNEY, DANELL DAPHENE 5961 LOST VALLEY DR THE COLONY, TX 75056  Debtor: Quicksilver Resources Inc.	07/08/15	235	Admin: Unliquidated Secured: Unliquidated Priority: Unliquidated Unsecured: Unliquidated	Debtors Conveyed Lease in 2013.
4	L L ATKINS FAMILY LTD PARTNERSHIP ATTN LINDA ATKINS 2620 W ARKANSAS LN ARLINGTON, TX 76016  Debtor: Quicksilver Resources Inc.	07/27/15	397	Admin: Unliquidated	Debtors Conveyed Lease in 2013.
5	LANE, KELLY 7421 KELL DRIVE FORT WORTH, TX 76112  Debtor: Barnett Shale Operating LLC	07/24/15	372	Unsecured: Unliquidated	Debtors Conveyed Lease in 2013.
6	M A DAVIDSON FAMILY LIMITED PTSHP ATTN LINDA ATKINS 2620 W ARKANSAS LN ARLINGTON, TX 76016  Debtor: Quicksilver Resources Inc.	07/27/15	398	Admin: Unliquidated	Debtors Conveyed Lease in 2013.
7	MITCHELL, ROBERT & MONTE 3733 RADFORD RD FORT WORTH, TX 76119  Debtor: Quicksilver Resources Inc.	07/29/15	450	Secured: \$0.00 Unsecured: \$90,000.00	Debtors Conveyed Lease in 2012.
8	STAGRAY, EDWARD J 795 WHISPERING PINES LN BAY CITY, MI 48708  Debtor: Quicksilver Resources Inc.	07/27/15	412	Secured: \$30,000.00 Unsecured: Unliquidated	Debtors Conveyed Lease in 2007.
9	SUNDANCE RANCH JOINT VENTURE 1500 NE LOOP 567 GRANBURY, TX 76048  Debtor: Quicksilver Resources Inc.	07/29/15	444	Unsecured: \$6,356.00	Debtors Conveyed Lease in 2010.
10	VERDE MONTE 32 PARTNERS 1207 ELDORADO AVE DALLAS, TX 75208  Debtor: Quicksilver Resources Inc.	07/29/15	448	Unsecured: Unliquidated	Debtors Conveyed Lease in 2012.

## Exhibit A - No Liability Claims Schedule 2 - Held-in-Suspense Claims

Fourth Omnibus Objection to Claims

Quicksilver Resources Inc., et al.  
Case No. 15-10585 (LSS), Jointly Administered

Note: Claimants are listed alphabetically.

SEQ NO.	CLAIM(S) TO BE DISALLOWED & EXPUNGED				REASON FOR DISALLOWANCE
	NAME	DATE FILED	CLAIM NO.	CLAIM AMOUNT	
1	BRINKLEY, GREG D 7920 MEADOW RIDGE DR NORTHLAKE, TX 76247  Debtor: Quicksilver Resources Inc.	06/22/15	115	Admin: Unliquidated Secured: Unliquidated Priority: Unliquidated Unsecured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
2	BRODE, ROBERT A & DIANNE S 6203 CAPE CORAL DR. AUSTIN, TX 78746  Debtor: Quicksilver Resources Inc.	07/31/15	538	Unsecured: \$1.00*	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
3	BUSH, WILLIAM RICHARD 6440 CURZON AVE FORT WORTH, TX 76116  Debtor: Quicksilver Resources Inc.	07/15/15	309	Secured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
4	BUTLER, DANIEL R C/O BARBARA G BUTLER 113 CASAS DEL SUR GRANBURY, TX 76049  Debtor: Quicksilver Resources Inc.	07/01/15	185	Secured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
5	CALEAST NAT TEXAS LP CENTERPOINT PROPERTIES 1808 SWIFT DRIVE OAKBROOK, IL 60523  Debtor: Quicksilver Resources Inc.	07/30/15	454	Unsecured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
6	CORPORATION OF THE EPISCOPAL C/O S. GARY WERLEY 1840 ACTON HWY, SUITE 102 GRANBURY, TX 76049  Debtor: Quicksilver Resources Inc.	07/27/15	410	Unsecured: \$10,000.00*	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
7	CROWN ENTERPRISES INC. ATTN D SCHREIBEIS 12225 STEPHENS ROAD WARREN, MI 48089  Debtor: Quicksilver Resources Inc.	07/29/15	433	Secured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
8	ESTATE & TRUST OF EUGENE PHILIP BURTNER C/O BARBARA TOTH, ESQ. 224 CRUZ ALTA, SUITE H TAOS, NM 87871  Debtor: Quicksilver Resources Inc.	07/28/15	426	Unsecured: \$50,000.00*	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
9	ESTATE OF WILLIAM E GIBSON C/O LAW OFFICES OF MM WADE ATTN MICKEY WADE PO BOX 328 BELTON, TX 76513  Debtor: Quicksilver Resources Inc.	07/31/15	532	Unsecured: \$3,000.00*	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
10	FLEISCHAKER MINERAL CO LLC 100 N BROADWAY STE 2460 OKLAHOMA CITY, OK 73102  Debtor: Quicksilver Resources Inc.	07/29/15	441	Unsecured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
11	FRANCISCO, DORIS JEAN 230 CHESTERFIELD DR KINGSLAND, TX 78639  Debtor: Quicksilver Resources Inc.	07/29/15	439	Unsecured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
12	GOODRICH, DARLA LANKFORD 710 SHADY GROVE CT GRANBURY, TX 76049  Debtor: Quicksilver Resources Inc.	07/20/15	343	Admin: Unliquidated Secured: Unliquidated Priority: Unliquidated Unsecured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
13	J D QESENBURY JR TESTAMENTARY TR 860 BRIDLE PATH BURLESON, TX 76028  Debtor: Quicksilver Resources Inc.	07/12/15	278	Unsecured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.

**Exhibit A - No Liability Claims**  
**Schedule 2 - Held-in-Suspense Claims**

Fourth Omnibus Objection to Claims

Quicksilver Resources Inc., *et al.*  
Case No. 15-10585 (LSS), Jointly Administered

Note: Claimants are listed alphabetically.

SEQ NO.	CLAIM(S) TO BE DISALLOWED & EXPUNGED				REASON FOR DISALLOWANCE
	NAME	DATE FILED	CLAIM NO.	CLAIM AMOUNT	
14	KERBOW, GARY D PMB 383 729 GRAPEVINE HWY HURST, TX 76054  Debtor: Quicksilver Resources Inc.	07/24/15	386	Secured: \$0.00*	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
15	MALONE, EDWARD J 3906 CAREY ST FORT WORTH, TX 76119  Debtor: Quicksilver Resources Inc.	06/26/15	143	Secured: \$2,000.00*	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
16	MCCOMBS FAMILY TR DTD 10/25/1989 5545 BANFF CT CONCORD, CA 94521  Debtor: Quicksilver Resources Inc.	07/27/15	414	Unsecured: \$25,000.00*	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
17	SHIPLEY, SAM & CINDY 1502 ISLAND VILLAGE CT GRANBURY, TX 76048  Debtor: Quicksilver Resources Inc.	07/14/15	296	Admin: Unliquidated Secured: Unliquidated Unsecured: Unliquidated	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.
18	WHITINGTON, RHONDA KAY 3637 SILVERADO TR ROANOKE, TX 76262  Debtor: Quicksilver Resources Inc.	07/07/15	226	Secured: Unliquidated Priority: \$100.00	The claim relates to suspended funds and all suspended funds were transferred to Bluestone pursuant to the Sale of the Debtors' Assets.

\* Denotes an unliquidated component.

## Exhibit A - No Liability Claims Schedule 3 - Expired Lease Claims

Fourth Omnibus Objection to Claims

Quicksilver Resources Inc., et al.  
Case No. 15-10585 (LSS), Jointly Administered

Note: Claimants are listed alphabetically.

SEQ NO.	CLAIM(S) TO BE DISALLOWED & EXPUNGED				REASON FOR DISALLOWANCE
	NAME	DATE FILED	CLAIM NO.	CLAIM AMOUNT	
1	ADCOCK, NITA 3905 WINDING WAY GRANBURY, TX 76049  Debtor: Quicksilver Resources Inc.	07/06/15	215	Unsecured: \$10,000.00*	Lease expired on 6/11/2010.
2	ALFORD SCHUPBACH, BRENDA 220 BROKEN BOW QUITMAN, TX 75783  Debtor: Quicksilver Resources Inc.	06/26/15	142	Unsecured: \$3,000.00	Lease expired on 7/31/2013.
3	ANDERSON, CATHERINE A 2670 S KNIGHTSBRIDGE CIR ANN ARBOR, MI 48105  Debtor: Quicksilver Resources Inc.	07/08/15	241	Secured: Unliquidated Priority: Unliquidated	Lease expired on 7/22/2007.
4	ATKINS, LINDA L 2620 WEST ARKANSAS LANE ARLINGTON, TX 76016  Debtor: Quicksilver Resources Inc.	07/27/15	396	Admin: Unliquidated	Claim relates to three leases which expired on 1/25/2013, 1/25/2013 and 3/15/2014.
5	DILLON, ANGELA 4214 CYPRESS SPRINGS DR ARLINGTON, TX 76001  Debtor: Quicksilver Resources Inc.	07/02/15	195	Secured: Unliquidated	Lease expired on 8/15/2012.
6	FINCHER, JESSY 4104 NEWPORT BAY CT GRANBURY, TX 76049  Debtor: Quicksilver Resources Inc.	07/13/15	283	Unsecured: Unliquidated	Lease expired on 9/23/2010.
7	WALSH, MICHAEL & TAMARA 16401 SUMMERHOUSE LN STE 50 SARASOTA, FL 34242  Debtor: Quicksilver Resources Inc.	06/30/15	169	Admin: Unliquidated Secured: \$400.00 Priority: \$0.00* Unsecured: \$12,354.43*	Claim relates to two leases which expired on 4/9/2009 and 6/6/2013.
8	WHITLEY, BETH 1403 GILMAN RD FT WORTH, TX 76140  Debtor: Quicksilver Resources Inc.	06/27/15	155	Secured: Unliquidated Priority: Unliquidated	Lease expired on 6/22/2010.

\* Denotes an unliquidated component.

## Exhibit A - No Liability Claims Schedule 4 - Non-Producing Lease Claims

Fourth Omnibus Objection to Claims

Quicksilver Resources Inc., et al.  
Case No. 15-10585 (LSS), Jointly Administered

Note: Claimants are listed alphabetically.

SEQ NO.	CLAIM(S) TO BE DISALLOWED & EXPUNGED				REASON FOR DISALLOWANCE
	NAME	DATE FILED	CLAIM NO.	CLAIM AMOUNT	
1	CARTWRIGHT, LORENE J 906 S MISSISSIPPI ST #A AMARILLO, TX 79106  Debtor: Quicksilver Resources Inc.	07/20/15	339	Unsecured: Unliquidated	The claim relates to a non-producing lease and the Debtors have no liability.

## Exhibit A - No Liability Claims

### Schedule 5 - Books and Records Claims

Fourth Omnibus Objection to Claims

Quicksilver Resources Inc., *et al.*  
Case No. 15-10585 (LSS), Jointly Administered

Note: Claimants are listed alphabetically.

SEQ NO.	CLAIM(S) TO BE DISALLOWED & EXPUNGED				REASON FOR DISALLOWANCE
	NAME	DATE FILED	CLAIM NO.	CLAIM AMOUNT	
1	ADL DEVELOPMENT LP C/O DON REID 13600 HERITAGE PKWY STE 200 FORT WORTH, TX 76177  Debtor: Quicksilver Resources Inc.	07/31/15	525	Unsecured: Unliquidated	The Debtors have no liability related to claim on their books and records.
2	EAGLE INCOME PROPERTIES LP C/O DON REID 13600 HERITAGE PKWY STE 200 FORT WORTH, TX 76177  Debtor: Quicksilver Resources Inc.	07/31/15	528	Unsecured: Unliquidated	This claim relates to a Non-Producing Lease and the Debtors have no liability related to claim on their books and records.
3	MARSHALL, CLAUDE TIMOTHY 1809 MISSOURI AVE LAS CRUCES, NM 88001  Debtor: Quicksilver Resources Inc.	07/31/15	545	Secured: \$13,556.19	This lease was transferred to Bluestone Natural Resources and the Debtors have no liability related to claim on their books and records.
4	MILLS, LILLY & H A 2808 NEWKIRK CT EULESS, TX 76039  Debtor: Quicksilver Resources Inc.	06/26/15	144	Unsecured: \$1,000,000.00	This claim contains insufficient information and the Debtors have no liability related to claim on their books and records.
5	NELLIE L CHAMBERLIN OIL TRUST 1975 ATTN BERTON F CHAMBERLIN TRUSTEE 243 S ESCONDIDO BLVD #303 ESCONDIDO, CA 92025  Debtor: Quicksilver Resources Inc.	06/26/15	140	Secured: \$1,000.00*	The Debtors have no liability related to claim on their books and records.
6	SHAW, MARY M 3233 GREY DOLPHIN DR LAS VEGAS, NV 89117  Debtor: Quicksilver Resources Inc.	07/07/15	228	Unsecured: \$5,000.00	The Debtors conveyed lease in 2014 and the Debtors have no liability related to claim on their books and records.
7	SIEWERT, DONALD K & PATRICIA L 5500 WILKES DR FORT WORTH, TX 76119  Debtor: Quicksilver Resources Inc.	07/02/15	196	Unsecured: Unliquidated	The Debtors have no outstanding liability to claimant on their books and records.
8	VANN STANFORD, RONALD 20875 COUNTY RD 487 MAY, TX 76857  Debtor: Quicksilver Resources Inc.	06/29/15	158	Unsecured: Unliquidated	The Debtors have no outstanding liability to claimant on their books and records.

**EXHIBIT B**

**Proposed Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	)	
	)	Chapter 11
Quicksilver Resources Inc., <u>et al.</u> , <sup>1</sup>	)	Case No. 15-10585 (LSS)
	)	
Debtors.	)	Jointly Administered
	)	

**ORDER DISALLOWING AND EXPUNGING CERTAIN CLAIMS  
FOR WHICH THE DEBTORS HAVE NO LIABILITY**

Upon the objection of the Liquidation Trustee,<sup>2</sup> pursuant to Bankruptcy Code sections 105 and 502, Bankruptcy Rule 3007, and Local Rule 3007-1, to the No Liability Claims; and the Court having jurisdiction to consider the objection and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the objection and the relief requested therein being a core proceeding in accordance with 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the objection being adequate and appropriate under the particular circumstances; and the Court having considered the Davis Declaration and found and determined that the relief sought in the objection is in the best interests of the Debtors’ estates, the Debtors’ creditors, and other parties in interest and that the legal and factual bases set forth in the objection establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby **ORDERED**:

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. (“Quicksilver”) [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

<sup>2</sup> All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the objection.



1. The objection is sustained to the extent provided herein.
2. The No Liability Claims listed on Exhibit A to the objection under the heading labeled “Claims to be Disallowed & Expunged” are disallowed and expunged in their entirety.
3. The Liquidation Trustee’s rights to (i) file subsequent objections to any claims on any ground; (ii) amend, modify, or supplement the objection, including, without limitation, the filing of objections to further amended or newly-filed claims; (iii) seek to expunge or reduce any claim to the extent all or a portion of such claim has been paid; and (iv) settle any claim for less than the asserted amount are expressly preserved. Additionally, should the objection be denied, the Liquidation Trustee’s rights to object to the No Liability Claims on any grounds other than those set forth in the objection are preserved.
4. The objection by the Liquidation Trustee to each claim, as addressed in the objection and as set forth in Exhibit A, constitutes a separate contested matter as contemplated by Bankruptcy Rule 9014 and Local Rule 3007-1. This Order shall be deemed a separate Order with respect to each claim that is the subject of the objection. Any stay of this Order pending appeal by any claimants whose claims are subject to this Order shall only apply to the contested matter that involves such claimant and shall not act to stay the applicability and/or finality of this Order with respect to any other contested matters addressed in the objection and this Order.
5. The Liquidation Trustee, GCG, and the Clerk are authorized to take any and all actions that are necessary or appropriate to give effect to this Order.

6. This Court shall retain jurisdiction over the Liquidation Trustee and the claimants whose claims are the subject of the objection with respect to any matters related to or arising from the objection or the implementation of this Order.

Wilmington, Delaware

Date: \_\_\_\_\_, 2016

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The Honorable Laurie Selber Silverstein  
United States Bankruptcy Judge

**EXHIBIT C**

**Davis Declaration**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	)	
	)	Chapter 11
Quicksilver Resources Inc., <u>et al.</u> , <sup>1</sup>	)	Case No. 15-10585 (LSS)
	)	
Debtors.	)	Jointly Administered
	)	

**DECLARATION OF THE LIQUIDATION TRUSTEE IN SUPPORT OF  
FOURTH (SUBSTANTIVE) OMNIBUS OBJECTION TO CERTAIN  
CLAIMS FOR WHICH THE DEBTORS HAVE NO LIABILITY**

I, Eugene I. Davis, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

1. I am the Liquidation Trustee<sup>2</sup> of the KWK Liquidation Trust, the trust established pursuant to the *First Amended Joint Chapter 11 Plan of Liquidation for Quicksilver Resources Inc. and its Affiliated Debtors* (the “Plan”). As the Liquidation Trustee, I am responsible for reconciling claims asserted against the Debtors and, if necessary, prosecuting objections to Disputed Claims asserted against the Debtors.

2. I submit this declaration (the “Declaration”) in support of the *Liquidation Trustee’s Fourth (Substantive) Omnibus Objection to Certain Claims for Which the Debtors Have No Liability*, dated as of the date hereof and filed contemporaneously herewith.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

<sup>2</sup> All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the objection.

3. All statements in this Declaration are based upon my personal knowledge, my review (or the review of the advisors or consultants under my supervision) of (a) business records kept by the Debtors in the ordinary course of business, (b) the relevant proofs of claim, (c) the Schedules and Statements, or (d) the official register of claims filed in the Debtors' cases.

4. The proofs of claim subject to the objection were carefully reviewed and analyzed in good faith using due diligence by myself and appropriate personnel of the Debtors, Deloitte Transactions and Business Analytics LLP, Akin Gump Strauss Hauer & Feld LLP, and GCG. These efforts resulted in the identification of the No Liability Claims identified on **Exhibit A**.

5. The No Liability Claims identified on **Exhibit A** consist primarily of claims asserted by lessors of the Debtors' oil and gas leases. In connection with the Debtors' oil and gas assets, the Debtors were obligated to remit to the lessors and potentially other parties their share of revenue from producing wells pursuant to the terms of the applicable oil and gas lease (the "Royalties"). However, for the reasons described below with respect to each category of claim, the amount asserted in each of the No Liability Claims is not a valid liability of the Debtors.

**A. Conveyed Lease Claims**

6. The No Liability Claims that are identified on Schedule 1 of **Exhibit A** consist of the "Conveyed Lease Claims." I have reviewed the Conveyed Lease Claims and have determined that the Debtors' lease interest was transferred, sold, or otherwise conveyed to a third party prior to the Petition Date. Therefore, the Debtors do not have any liability for the Conveyed Lease Claims and, for the reasons stated below, such claims should be disallowed and expunged.

7. Each of the claims listed below relates to a lease that were transferred, sold, or otherwise conveyed to a third party in 2012.

- (i) Robert & Monte Mitchell - Claim No 450: Robert and Monte Mitchell filed a proof of claim asserting royalty payments from royalty and mineral rights on their home. The lease was conveyed to a third party in 2012.
- (ii) Verde Monte 32 Partners - Claim No. 448: Verde Monte 32 Partners filed a proof of claim asserting royalty payments from a mineral lease of property owned by the claimant. The lease was conveyed to a third party in 2012.

8. Each of the claims listed below relates to a lease that was transferred, sold, or otherwise conveyed to a third party in 2013.

- (i) Sharon Burgess - Claim No. 194: Sharon Burgess filed a proof of claim asserting royalty payments from her mineral interests in five properties. The lease was conveyed to a third party in 2013.
- (ii) Scott R. Davidson - Claim No. 399: Scott Davidson filed a proof of claim asserting royalty payments from his 25% royalty interest. The lease was conveyed to a third party in 2013.
- (iii) Danell Daphene Kinney - Claim No. 235: Danell Kinney filed a proof of claim asserting unliquidated payments related to the Debtors' drilling and services performed on her property. The lease was conveyed to a third party in 2013.
- (iv) L L Atkins Family LTD Partnership - Claim No. 397: The L L Atkins Family LTD Partnership filed a proof of claim asserting royalty payments from its 25% mineral interests. The lease was conveyed to a third party in 2013.
- (v) Kelly Lane - Claim No 372: Kelly Lane filed a proof of claim asserting unliquidated payments related to the Debtors' oil and gas operations on her property. The lease was conveyed to a third party in 2013.
- (vi) M A Davidson Family Limited PTSHP - Claim No. 398: The M A Davidson Family Limited PTSHP filed a proof of claim asserting royalty payments from its 25% mineral interests. The lease was conveyed to a third party in 2013.

9. Each of the claims listed below relates to a lease that was transferred, sold, or otherwise conveyed to a third party prior to the Petition Date.

- (i) Edward J Stagray - Claim No. 412: Edward J Stagray filed a proof of claim asserting payments for his percentile interest in land. The lease relating to the Mr. Stagray's claim was conveyed to a third party in 2007.
- (ii) Sundance Ranch Joint Venture - Claim No. 444: Sundance Ranch Joint Venture filed a proof of claim asserting royalty payments from its mineral interests in property. The lease relating to this entity's claim was conveyed to a third party in 2010.

10. Each of the No Liability Claims listed above and identified on Schedule 1 of Exhibit A relate to a lease interest of the Debtors that was transferred, sold, or otherwise conveyed to a third party prior to the Petition Date. Therefore, the Debtors do not have any liability for these Conveyed Lease Claims and these claims should be disallowed and expunged.

**B. Held-in-Suspense Claims**

11. The No Liability Claims that are identified on Schedule 2 of Exhibit A consist of the "Held-in-Suspense Claims" that relate to certain suspended funds (the "Suspended Funds"). The Suspended Funds represent amounts that are due and owing to certain lessors or other parties entitled to receive Royalties, but are otherwise unpayable for a variety of reasons, including, among others, incorrect contact information, ongoing disputes over ownership of the underlying interest, and failure to meet minimum payout requirements. As part of the Sale to Bluestone, all Suspended Funds transferred to Bluestone effective as of April 1, 2016. Therefore, the Debtors do not have any liability on account of the Held-in-Suspense Claims and any claim related to the Held-in-Suspense Claims would be an obligation of Bluestone. Accordingly, for the reasons stated below, the Held-in-Suspense Claims should be disallowed and expunged.

**(1) Division Order Held-in-Suspense Claims**

12. The Debtors suspended Royalties due and owing if the Debtors did not have an executed division order from the land owner. An executed division order represents the land owner's acknowledgement that the interest set out on the division order is correct and authorizes

the company to submit Royalties based on that decimal interest until notified by the land owner that the ownership has been changed. The division order further indemnifies the Debtors against liability to third parties who claim to own the interest being paid to the land owner. The Debtors suspended royalty payments if they did not have the requisite acknowledgment and indemnification. Each of the below listed claims relate to funds that were held-in-suspense as of the Petition Date because the Debtors lacked an executed division order.

- (i) Greg D Brinkley - Claim No 115: Greg Brinkley filed a proof of claim asserting unliquidated royalties from a working interest.
- (ii) Estate & Trust of Eugene Philip Burtner - Claim No. 426: The Estate and Trust of Eugene Philip Burtner filed a proof of claim asserting unliquidated royalty payments in excess of \$50,000.
- (iii) Estate of William Gibson - Claim No. 532: The Estate of William Gibson filed a proof of claim asserting unliquidated royalty payments from an oil and gas lease.
- (iv) Fleischaker Mineral Co LLC - Claim No. 441: Fleischaker Mineral Co LLC filed a proof of claim asserting unliquidated oil and gas royalties from a mineral interest.
- (v) Darla Lankford Goodrich - Claim No. 343: Darla Goodrich filed a proof of claim asserting unliquidated oil and gas royalty payments.
- (vi) McCombs Family Tr DTD 10/25/1989 - Claim No. 414: The McCombs Family Tr DTD 10/25/1989 filed a proof of claim asserting oil and gas royalties amounting to \$25,000 and additional unliquidated amounts.

**(2) Minimum Payout Requirement Held-in-Suspense Claims**

13. As an accounting practice, the Debtors did not issue checks for accounts payable to land owners of less than \$50.00. Although some leases stated a minimum threshold less than the company policy, in the absence of such a provision, the Debtor suspended payments until the owed amount was \$50.00 or greater. Each of the below listed claims relate to leases where the royalty owed was less than \$50.00 as of the Petition Date and thus the payout was suspended.



- (i) Robert A & Dianne S Brode - Claim No. 538: Robert and Dianne Brode filed a proof of claim asserting unliquidated royalties from an oil and gas lease.
- (ii) William Richard Bush - Claim No. 309: William Bush filed a proof of claim asserting an oil and gas lease as the basis for an unliquidated claim.
- (iii) Daniel R Butler - Claim No. 185: Daniel Butler filed a proof of claim asserting an unliquidated claim owed by the Debtors. The proof of claim lacked any description of the claim, the basis for it, or an amount. However, a review of the Debtors' books and records reveals that, as of the Petition Date, the claimant was owed less than \$50.00. Therefore, the Debtors suspended the payout.
- (iv) CalEast Nat Texas LP - Claim No. 454: CalEast Nat Texas LP filed a proof of claim asserting unliquidated royalties from an oil and gas lease.
- (v) Crown Enterprises Inc. - Claim No. 433: Crown Enterprises Inc. filed a proof of claim asserting unliquidated payments from an oil and gas lease and operating agreement.
- (vi) Doris Jean Francisco - Claim No. 439: Doris Jean Francisco filed a proof of claim asserting unliquidated oil and gas lease royalties.
- (vii) J D Quesenbury Jr Testamentary Tr. - Claim No. 278: The J D Quesenbury Jr Testamentary Tr filed a proof of claim asserting unliquidated oil and gas royalties.
- (viii) Gary D Kerbow - Claim No. 386: Gary Kerbow filed a proof of claim asserting unliquidated oil and gas royalties from gas well production.
- (ix) Edward J Malone - Claim No. 143: Edward Malone filed a proof of claim asserting unliquidated oil and gas royalties from a gas well.
- (x) Sam & Cindy Shipley - Claim No. 296: Sam and Cindy Shipley filed a proof of claim asserting unliquidated oil and gas royalties from a lease with the Debtor.
- (xi) Rhonda Kay Whittington - Claim No. 226: Rhonda Whittington filed a proof of claim asserting secured, unliquidated oil and gas royalties and a priority claim of \$100 relating to an oil and gas lease. As of the Petition Date, the royalty owed was for less than \$50.00, and therefore, the Debtors suspended the payout.

**(3) Litigation Held-in-Suspense Claims**

- (i) Corporation of the Episcopal - Claim No. 410: The Corporation of the Episcopal filed a proof of claim asserting \$10,000 and additional unliquidated amounts from unpaid royalties. I reviewed the Debtor's files and records and determined that this claim was suspended by the Debtors because of a lawsuit to which none of the Debtors is a party. This claim remained held-in-suspense as of the Petition Date.

14. Although the Debtors did not disburse the Suspended Funds, the Debtors held the Suspended Funds for the benefit of the applicable landowner. As part of the Sale to Bluestone, each of the above Suspended Funds claims transferred to Bluestone effective as of April 1, 2016. Therefore, the Debtors do not have any liability on account of this Held-in-Suspense Claim and any claim related to these the Held-in-Suspense Claim would be an obligation of Bluestone.

### **C. Expired Lease Claims**

15. The No Liability Claims that are identified on Schedule 3 of **Exhibit A** consist of the "Expired Lease Claims." I have reviewed the Expired Lease Claims and have determined that the Debtors' lease interest expired by the terms of the lease prior to the Petition Date. Therefore, the Debtors do not have any liability for the Expired Lease Claims and, for the reasons stated below, such claims should be disallowed and expunged.

- (i) Nita Adcock - Claim No. 215: Nita Adcock filed a proof of claim asserting unpaid royalty payments of an unliquidated amount greater than \$10,000. The lease to which this claim relates expired under its own terms on June 11, 2010.
- (ii) Brenda Alford Schupbach - Claim No. 142: Brenda Alford Schupbach filed a proof of claim asserting unpaid amounts owed under a lease of land for oil exploration in the amount of \$3,000. The lease to which this claim relates expired under its own terms on July 31, 2013.
- (iii) Catherine A Anderson - Claim No. 241: Catherine Anderson filed a proof of claim asserting an unliquidated secured claim related to an oil and gas lease to which Ms. Anderson was the royalty owner. The lease to which this claim relates expired under its own terms on July 22, 2007.
- (iv) Linda L Atkins - Claim No. 396: Linda Atkins filed a proof of claim asserting an unliquidated administrative claim related to Ms. Atkins's 25% royalty payments under an oil and gas lease. this claim relates to three different oil, gas and mineral leases and each of those leases has expired under their respective terms on January 25, 2013, January 25, 2013, and March 15, 2014.

- (v) Angela Dillon - Claim No. 195: Angela Dillon filed a proof of claim asserting an unliquidated claim related to an oil and gas interest. The lease to which this claim relates expired under its own terms on August 15, 2012.
- (vi) Jessy Fincher - Claim No. 283: Jessy Fincher filed a proof of claim asserting a claim without any description of the amount of such claim or the basis for such claim. The lease to which this claim relates expired under its own terms on September 23, 2010.
- (vii) Michael & Tamara Walsh - Claim No. 169: Michael and Tamara Walsh filed a proof of claim asserting an unsecured unliquidated claim of at least \$12,254.43 and a secured liquidated claim in the amount of \$400. Each of the claims relates to a royalty interest that the Debtors had paid pursuant to an oil and gas lease with Mrs. Walsh. This claim relates to two different oil, gas and mineral leases and such leases have expired under their respective terms on April 9, 2009, and June 6, 2013.
- (viii) Beth Whitley - Claim No. 155: Beth Whitley filed a proof of claim asserting a claim without any description of the amount of such claim or the basis for such claim, other than stating that Ms. Whitley had never received any money. The Debtors executed an oil, gas and mineral lease with Ms. Whitley and such lease expired under its own terms on June 22, 2010.

16. Each of the above claims relate to a lease that expired by its own terms prior to the Petition Date. Therefore, the Debtors do not have any liability for the Expired Lease Claims and such claims should be disallowed and expunged.

#### **D. Non-Producing Lease Claims**

17. The No Liability Claim that is identified on Schedule 4 of **Exhibit A** consist of the “Non-Producing Lease Claims.” I have reviewed the Non-Producing Lease Claims and have determined that each claim relates to one or more non-producing leases. Therefore, the Debtors do not have any liability on account of Royalties or other obligations relating to the non-producing leases and, for the reasons stated below, such claims should be disallowed and expunged.

- (i) Lorene J Cartwright - Claim No. 339: Lorene J Cartwright filed a proof of claim asserting lease rent payments pursuant to an oil and gas lease. I have reviewed the Debtors’ register of non-producing leases, and have determined that this claim relates to a non-producing lease. Because this lease is non-producing, no such rents are payable. Therefore, the Debtors do not have any liability on account of Royalties or other obligations

relating to this non-producing lease and such claim should be disallowed and expunged.

**E. Books and Records Lease Claims**

18. The No Liability Claims that are identified on Schedule 5 of **Exhibit A** consist of the “Books and Records Lease Claims.” I have reviewed the Books and Records Lease Claims and have determined that the Debtors do not have any liability for each of the claims after a review of the underlying proof of claim, the supporting documentation, and the Debtors’ books and records. I have made a reasonable effort to research the Books and Records Lease Claims on the Debtors’ books and records and have been unable to locate any documentation that would substantiate the No Liability Claims, whether in full or in part. Therefore, the Books and Records Lease Claims should be disallowed for the reasons stated below and as indicated in the column marked “Reason for Disallowance” on Schedule 5 of **Exhibit A**.

- (i) ADL Development LP - Claim No. 525: ADL Development LP (“ADL”) filed a proof of claim asserting contingent and unliquidated obligations of the Debtors related to oil and gas leases with ADL. ADL asserts that the Debtors have a contingent obligation under the terms of the oil and gas lease to, *inter alia*, maintain and rehabilitate the property in the event of development activity. I reviewed the lease records of the Debtors and determined that the Debtors had an oil and gas lease with ADL. However, the ADL lease was conveyed to Bluestone as of April 1, 2016. Any such contingent obligation under the terms of that lease would be an obligation of Bluestone as of April 1, 2016. Furthermore, this contingent claim relates to a non-producing lease. A non-producing lease is one where no oil and gas was being extracted as of the Petition Date. Accordingly, no royalty payments would become due or payable by the Debtors. Therefore, having exhaustively reviewed the books and records of the Debtors to assess ADL’s contingent claim, I have determined that the Debtors’ have no liability related to such a claim on their books and records.
- (ii) Eagle Income Properties LP - Claim No. 528: Eagle Income Properties LP (“Eagle”) filed a proof of claim asserting contingent and unliquidated obligations of the Debtors related to oil and gas leases with Eagle. Eagle asserts that the Debtors have a contingent obligation under the terms of the oil and gas lease to, *inter alia*, maintain and rehabilitate the property in the event of development activity. I reviewed the lease records of the Debtors and determined that the Debtors had an oil and gas lease with Eagle. However, the Eagle lease was conveyed to Bluestone as of April 1, 2016. Any such contingent obligation under the terms of that lease would be an obligation of Bluestone as of April 1, 2016. Furthermore, this contingent

claim relates to a non-producing lease. A non-producing lease is one where no oil and gas was being extracted as of the Petition Date. Accordingly, no royalty payments would become due or payable by the Debtors. Therefore, having exhaustively reviewed the books and records of the Debtors to assess Eagle's contingent claim, I have determined that the Debtors' have no liability related to such a claim on their books and records.

- (iii) Claude Timothy Marshall - Claim No. 545: Claude Marshall filed a proof of claim asserting unpaid rents and royalties pursuant to an oil, gas and mineral lease in the secured amount of \$13,556.19. I reviewed the Debtors' lease records and determined that the Debtors did have a lease with Mr. Marshall. Such lease was transferred to Bluestone on April 1, 2016. I reviewed any payout owed to Mr. Marshall under such lease, as well as any other payment possibly owed to Mr. Marshall by the Debtors. Having exhaustively reviewed the books and records of the Debtors to assess Mr. Marshall's claim, I have determined that the Debtors' have no liability related to such a claim on their books and records.
- (iv) Lilly & H A Mills - Claim No. 144: Lilly and H A Mills filed a proof of claim asserting liability of the Debtors in the amount of \$1,000,000 or, in the alternative, requesting the restoration of mineral rights to creditors, and stating the same as the basis for such claim. The claim does not list a basis other than the request for restoration of rights or payment as an alternative. I searched the books and records for payments owed to the Mills by the Debtors. Having conducted an exhaustive search of accounts payable, payouts owed under leases, and mineral rights purchased, I determined that the claim does not contain sufficient information to relate this claim to any liability reflected in the Debtors' books and records. I therefore submit that the Debtors have no liability related to this claim on their books or records.
- (v) Nellie L Chamberlin Oil Trust 1975 - Claim No. 140: The Nellie L Chamberlin Oil Trust 1975 filed a proof of claim asserting a \$1,000 secured claim arising from certain oil and gas royalties and additional unliquidated amounts. I reviewed the Debtors' lease records and determined that the Debtors had a lease with this Trust. Such lease was transferred to Bluestone on April 1, 2016. I reviewed any payout owed to the Trust under such lease, as well as any other payment possibly owed to the Trust by the Debtors. Having exhaustively reviewed the books and records of the Debtors to assess the Trust's claim, I have determined that the Debtors' have no liability related to such a claim on their books and records.
- (vi) Donald K & Patricia L Siewert - Claim No. 196: Donald and Patricia Siewert filed a proof of claim asserting unsecured and unliquidated unpaid royalties. I reviewed the Debtors' lease records and determined that the Debtors had a lease with the Siewerts. Such lease was transferred to Bluestone on April 1, 2016. I reviewed any payout owed to the Siewerts under such lease, as well as any other payment possibly owed to the Siewerts by the Debtors. Having exhaustively reviewed the books and records of the Debtors to assess Donald and Patricia Siewert's claim, I have determined that the Debtors' have no liability related to such a claim on their books and records.

- (vii) Ronald Van Stanford - Claim No. 158: Ronald Van Stanford filed a proof of claim asserting an unsecured, unliquidated claim for “minerals own.” The claim does not list any other basis for Mr. Van Stanford’s claim. I searched the books and records for payments owed to Mr. Van Stanford by the Debtors. I determined that the Debtors had an oil and gas lease with Mr. Van Stanford, but also determined that the Debtors had no liability for payout to Mr. Van Stanford under such lease. Having conducted an exhaustive search of accounts payable, payouts owed under leases, and mineral rights purchased, I determined that the claim does not contain sufficient information to relate this claim to any liability reflected in the Debtors’ books and records. I therefore submit that the Debtors have no liability related to this claim on their books or records.
- (viii) Mary M Shaw - Claim No. 228: Mary Shaw filed a proof of claim asserting a \$5,000 payment from royalty and mineral rights in a certain Colorado property. I reviewed the Debtors’ lease records and determined that Mary Shaw was the lessor to two joint husband and wife oil and gas leases with the Debtors. Pursuant those leases, the Debtors paid the lessors \$300 in 2010 as part of a 2-acre lease payment and \$22,006.68 in 2014 as part of a 144-acre lease payment. Furthermore, I determined that the oil and gas lease referenced in Ms. Shaw’s claim was conveyed to a third party in 2014. Therefore, having thoroughly reviewed the books and records of the Debtors to assess the Ms. Shaw’s \$5,000 claim related to a 2-year lease fee, I have determined that the Debtors do not have any outstanding liability related to such claim on their books or in their records.

19. As noted above, after reasonable effort to research the Books and Records Lease Claims on the Debtors’ books and records, I have been unable to locate any documentation that would substantiate the No Liability Claims, whether in full or in part. Therefore, the Books and Records Lease Claims should be disallowed for the reasons stated above and as indicated in the column marked “Reason for Disallowance” on Schedule 5 of Exhibit A.

### CONCLUSION

20. The information contained in the objection and Exhibit A is true and correct to the best of my knowledge and belief.

21. For the reasons set forth above, I respectfully submit that the No Liability Claims listed on Exhibit A should be disallowed in their entirety.

[remainder of page intentionally left blank]

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed this 14th day of November, 2016.



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Eugene I. Davis, solely in my capacity as the  
Liquidation Trustee of the KWK  
Liquidation Trust.