

**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>Hearing Date: September 27, 2017 at 10:30 a.m. (ET)</b>
	)	<b>Obj. Deadline: September 15, 2017 at 4:00 p.m. (ET)</b>

**LIQUIDATION TRUSTEE’S EIGHTH OMNIBUS OBJECTION (SUBSTANTIVE)  
TO CERTAIN CLAIMS (A) FOR WHICH THE DEBTORS HAVE NO LIABILITY  
OR (B) WHICH SHOULD BE RECLASSIFIED**

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 C** (the “Proposed Order”), (a) 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”), and (b) reclassifying the claim set forth on **Exhibit B** attached hereto because the Liquidation Trustee believes that the claim is not entitled to priority claim status (the “Reclassified Claim”). In support of this objection, the Liquidation Trustee submits the *Declaration of Eugene I. Davis in Support of Liquidation Trustee’s Eighth Omnibus Objection (Substantive) to Certain Claims (A) for Which*

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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 Have No Liability or (B) Which Should Be Reclassified* (the “Davis Declaration”)<sup>2</sup> and respectfully states:

### **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].

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

<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.

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 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, prosecuting objections to Disputed Claims, and making distributions to holders of Allowed Claims.

**B. Specific Background**

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.

10. Pursuant to the Plan, requests for payment of an Administrative Expense Claim must have been filed with the Bankruptcy Court and served on the Debtors or the Liquidation Trustee by October 16, 2016 (the “Administrative Bar Date”).

11. To date, approximately 630 proofs of claim have been filed in these chapter 11 cases. The Liquidation Trustee and its advisors are continuing 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 Exhibit B and has concluded that each such claim is appropriately objected to on the bases set forth below.

#### **RELIEF REQUESTED**

12. By this objection, the Liquidation Trustee respectfully requests entry of the Proposed Order disallowing and expunging the No Liability Claims identified on Exhibit A and reclassifying as a general unsecured claim the Reclassified Claim identified on Exhibit B.

### **CLAIMS OBJECTION**

13. 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.

14. 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.*

#### **A. No Liability Claims**

15. The No Liability Claims that are listed on **Exhibit A** consist of certain wholly unliquidated and contingent claims and certain claims in a liquidated amount for which the Liquidation Trustee submits that the Debtors have no liability. Upon review of the Claims filed against the Debtors in these chapter 11 cases, the Liquidation Trustee has identified thirty-four (34) No Liability Claims listed on **Exhibit A**. These claims generally fall into one of the following categories: (1) Contingent and Unliquidated Claims; (2) Landowner Claims; (3) Tax Claims; and (4) Noteholder Fee Claim (each of the foregoing as defined below).

##### (1) Contingent and Unliquidated Claims

16. The No Liability Claims that are identified on Schedule 1 of **Exhibit A** consist of various claims that were filed as contingent claims or wholly unliquidated claims (the

“Contingent and Unliquidated Claims”). The Liquidation Trustee has reviewed the Contingent and Unliquidated Claims and the Debtors’ books and records and has concluded that the Debtors’ do not have any liability for each of the claims. Moreover, the claimants asserting each of the Contingent and Unliquidated Claims have not filed amended claims or otherwise sought to assert an actual claim in a specified amount. Accordingly, as discussed in the Davis Declaration, the Debtors do not have any liability associated with the Contingent and Unliquidated Claims and Liquidation Trustee requests that such Claims be disallowed and expunged.

(2) Landowner Claims

17. The No Liability Claims that are identified on Schedule 2 of **Exhibit A** consist primarily of claims asserted by the lessors of the Debtors’ oil and gas leases (the “Landowner Claims”). 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”). Many of the landowners asserted claims for outstanding Royalties or filed proofs of claim to protect their interest with respect to future Royalties. During the chapter 11 cases, the Debtors continued to pay Royalties in the ordinary course of business and future obligations for Royalties were assumed by Bluestone in connection with the Sale. Certain landowners also filed proofs of claim relating to non-producing or expired leases. Accordingly, as discussed in the Davis Declaration, the Debtors do not have any liability associated with the Landowner Claims and the Liquidation Trustee requests that such claims be disallowed and expunged.

(3) Tax Claims

18. The No Liability Claims that are identified on Schedule 3 of **Exhibit A** consist primarily of claims asserted by various taxing authorities (the “Tax Claims”). In each case, the claims asserted have already been satisfied, have been filed in an amount of \$0, or the

Liquidation Trustee has determined that the Debtors do not have any liability. Accordingly, as discussed in the Davis Declaration, the Debtors do not have any liability associated with the Tax Claims and the Liquidation Trustee requests that such claims be disallowed and expunged.

(4) Noteholder Fee Claim

19. The No Liability Claim that is identified on Schedule 4 of Exhibit A is a claim asserted by one of the holders (the "Noteholder") of the Debtors' 7.125% Senior Subordinate Notes due 2016 (the "Subordinated Notes"). The claim seeks reimbursement of the Noteholder's prepetition legal fees in connection with failed negotiations with the Debtors regarding a potential out of court restructuring (the "Noteholder Fee Claim").<sup>4</sup> The Debtors had no obligation to pay the fees or expenses of the Noteholder under the terms of the indenture governing the Subordinated Notes or any other agreement. Accordingly, as discussed in the Davis Declaration, the Debtors do not have any liability associated with the Noteholder Fee Claim and the Liquidation Trustee requests that such claims be disallowed and expunged

20. 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.

**B. Reclassified Claim**

21. The Reclassified Claim identified on Exhibit B is a priority claim asserted by a Canadian tax authority relating to an alleged balance owed by the Debtors for certain tax periods

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<sup>4</sup> The Noteholder asserting the Noteholder Fee Claim is a current client of both Akin Gump Strauss Hauer & Feld LP and Richards, Layton & Finger, P.A. To avoid any actual or potential conflicts, the objection to the Noteholder Fee Claim is being asserted and will be prosecuted solely by the Liquidation Trustee's local Delaware counsel, Gellert, Scali, Busenkell & Brown, LLC.

in 1997 and 1999. The Liquidation Trustee is continuing to review the Debtors' books and records to determine whether the claim represents a valid liability, however, the claim should not be entitled to priority status given that it arose in the years 1997 and 1999. *See* 11 U.S.C. § 507(a)(8) (generally providing for a three year look-back period for tax claims to be afforded priority status). Accordingly, for the reasons discussed in the Davis Declaration, Liquidation Trustee requests that the Reclassified Claim be reclassified as a general unsecured claim and subject to any further objections that the Liquidation Trustee may determine are appropriate.

**RESPONSES TO THE OBJECTION**

22. To contest the Liquidation Trustee's objection to any claim listed on **Exhibit A** or **Exhibit B**, a claimant must file and serve a written response to this objection (a "Response") so that it is **actually received by no later than September 15, 2017 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

23. 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.

24. 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**

25. 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**

26. 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**

27. 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**

28. To the best of the Liquidation Trustee's knowledge and belief, this objection and the accompanying exhibits 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**

29. 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.

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

Wilmington, Delaware  
Date: August 28, 2017

*/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*)  
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Telephone: (214) 969-2800  
Facsimile: (214) 969-4343

Kevin Zuzolo (admitted *pro hac vice*)  
One Bryant Park  
New York, New York 10036  
Telephone: (212) 872-1000  
Facsimile: (212) 872-1002

– and –

**GELLERT SCALI BUSENKELL & BROWN, LLC**

Ronald S. Gellert (DE 4259)

1201 N. Orange Street

Suite 300

Wilmington, DE 19801

Telephone: (302) 425-5806

Facsimile : (302) 425-5814

**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>Hearing Date: September 27, 2017 at 10:30 a.m. (ET)</b>
	)	<b>Obj. Deadline: September 15, 2017 at 4:00 p.m. (ET)</b>
	)	

**NOTICE OF OMNIBUS OBJECTION AND HEARING**

PLEASE TAKE NOTICE that, on August 28, 2017, 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 Eighth Omnibus Objection (Substantive) to Certain Claims (A) for Which the Debtors Have No Liability or (B) Which Should Be Reclassified* (the “Objection”) which seeks to disallow or reclassify certain claims. **Your claim(s) may be disallowed or reclassified 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**

<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].

**CLAIM OBJECTION THAT MAY BE FILED BY THE LIQUIDATING TRUSTEE OR OTHERWISE. THE RELIEF SOUGHT HEREIN IS WITHOUT PREJUDICE TO THE LIQUIDATING 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 Liquidating Trustee, (a) Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201 (Attn: Charles R. Gibbs and 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 Liquidating Trustee, PIRINATE Consulting Group, LLC, 5 Canoe Brook Drive, Livingston, New Jersey 07039 (Attn: Eugene I. Davis) so as to be received on or before **September 15, 2017 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 Liquidating 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 **September 27, 2017 at 10:30 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.**

Wilmington, Delaware  
Date: August 28, 2017

*/s/ Amanda R. Steele*

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

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Amanda R. Steele (DE 5530)  
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– and –

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– and –

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Facsimile : (302) 425-5814

**COUNSEL FOR THE LIQUIDATION TRUSTEE**



**EXHIBIT A**

**No Liability Claims**

## Exhibit A

### Schedule 1 - Contingent & Unliquidated Claims

**Eighth 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	AIL INVESTMENT LP C/O DON REID 13600 HERITAGE PKWY STE 200 FORT WORTH, TX 76177  Debtor: Quicksilver Resources Inc.	7/31/2015	526	Unsecured: Unliquidated	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.
2	BAKER HUGHES OILFIELD OPERATIONS INC SNOW SPENCE GREEN LLP C/O PHIL SNOW 2929 ALLEN PARKWAY SUITE 2800 HOUSTON, TX 77019  Debtor: Quicksilver Resources Inc.	7/29/2015	445	Unsecured: \$0.00	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.
3	COWTOWN GAS PROCESSING PARTNERS LP C/O WEIL GOTSHAL & MANGES LLP ATTN ALFREDO R PEREZ 700 LOUISIANA STE 1700 HOUSTON, TX 77002  Debtor: Quicksilver Resources Inc.	4/8/2016	636	Unsecured: Unliquidated	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.
4	COWTOWN PIPELINE PARTNERS LP C/O WEIL GOTSHAL & MANGES LLP ATTN ALFREDO R PEREZ 700 LOUISIANA STE 1700 HOUSTON, TX 77002  Debtor: Quicksilver Resources Inc.	4/8/2016	635	Unsecured: Unliquidated	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.
5	COWTOWN PIPELINE PARTNERS LP C/O WEIL GOTSHAL & MANGES LLP ATTN ALFREDO R PEREZ 700 LOUISIANA STE 1700 HOUSTON, TX 77002  Debtor: Cowtown Pipeline L.P.	4/8/2016	637	Unsecured: Unliquidated	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.
6	CRESTWOOD MIDSTREAM PARTNERS LP C/O WEIL GOTSHAL & MANGES LLP ATTN ALFREDO R PEREZ 700 LOUISIANA STE 1700 HOUSTON, TX 77002  Debtor: Cowtown Pipeline L.P.	4/8/2016	634	Unsecured: Unliquidated	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.
7	CRESTWOOD MIDSTREAM PARTNERS LP C/O WEIL GOTSHAL & MANGES LLP ATTN ALFREDO R PEREZ 700 LOUISIANA STE 1700 HOUSTON, TX 77002  Debtor: Quicksilver Resources Inc.	4/8/2016	638	Unsecured: Unliquidated	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.
8	ILLINOIS NATIONAL INSURANCE COMPANY RYAN G. FOLEY 175 WATER STREET 15TH FLOOR NEW YORK, NY 10038  Debtor: Quicksilver Resources Inc.	7/1/2015	181	Secured: Unliquidated Unsecured: Unliquidated	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.
9	PETRUS INVESTMENT LP C/O DON REID 13600 HERITAGE PKWY STE 200 FORT WORTH, TX 76177  Debtor: Quicksilver Resources Inc.	7/31/2015	527	Unsecured: Unliquidated	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.

## Exhibit A

### Schedule 1 - Contingent & Unliquidated Claims

**Eighth 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	
10	TG BARNETT RESOURCES LP C/O TOKYO GAS AMERICA LTD ATTN KYOICHIRO BABA 5051 WESTHEIMER RD STE 1900 HOUSTON, TX 77056  Debtor: Quicksilver Resources Inc.	7/30/2015	460	Secured: Unliquidated Unsecured: Unliquidated	The claim is contingent and unliquidated and the Debtors have no liability on their books and records.

\* Denotes an unliquidated component.

## Exhibit A

### Schedule 2 - Landowner Claims

## Eighth 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, JOHN A 109 SOUTH DORAN MESA, AZ 85204  Debtor: Quicksilver Resources Inc.	6/25/2015	136	Secured: \$16,000.00	The Debtors have no liability on their books and records.
2	CHIEF ROYALTY PARTNERS LTD ATTN DAVID HUNDLEY 8111 WESTCHESTER DR STE 900 DALLAS, TX 75225  Debtor: Quicksilver Resources Inc.	6/29/2015	161	Secured: Unliquidated Unsecured: Unliquidated	The Debtors have no liability on their books and records.
3	FLEMING, TERRY K C/O THE LAW OFFICE OF MARK B FRENCH ATTN MARK B FRENCH 1901 CENTRAL DR STE 704 BEDFORD, TX 76021  Debtor: Quicksilver Resources Inc.	7/29/2015	431	Unsecured: \$100.00	The Debtors have no liability on their books and records.
4	FORT WORTH TERMINALS LLC C/O CROWN ENTERPRISES INC ATTN D SCHREIBEIS 12225 STEPHENS RD WARREN, MI 48089  Debtor: Quicksilver Resources Inc.	7/29/2015	432	Secured: Unliquidated	The Debtors have no liability on their books and records.
5	GANTT, MARY ANN C/O THE LAW OFFICE OF MARK B FRENCH ATTN MARK B FRENCH 1901 CENTRAL DR STE 704 BEDFORD, TX 76021  Debtor: Quicksilver Resources Inc.	7/31/2015	533	Unsecured: \$3,533.59	The Debtors have no liability on their books and records.
6	HARRIS, CHARLES B 777 MAIN STE 1800 FT WORTH, TX 76102  Debtor: Quicksilver Resources Inc.	7/2/2015	193	Unsecured: \$453.95	The Debtors have no liability on their books and records.
7	HERRINGTON, JOHN & BARBARA 3903 WINDING WAY GRANBURY, TX 76049  Debtor: Quicksilver Resources Inc.	6/29/2015	163	Unsecured: \$10,000.00*	The Debtors have no liability on their books and records.
8	MASSEY, STETSON JR 1500 NE LOOP 567 GRANBURY, TX 76048  Debtor: Quicksilver Resources Inc.	7/29/2015	443	Unsecured: \$14,656.00*	The Debtors have no liability on their books and records.
9	MCDONALD, ROBERT & TERESA 7520 CINDY CT GRANBURY, TX 76049  Debtor: Quicksilver Resources Inc.	7/20/2015	331	Secured: \$4,490.00	The Debtors have no liability on their books and records.
10	MITCHELL, JAMES E 86 WINTHROP STREET AUGUSTA, ME 04330  Debtor: Quicksilver Resources Inc.	7/31/2015	523	Unsecured: \$0.00	The Debtors have no liability on their books and records.

## Exhibit A

### Schedule 2 - Landowner Claims

## Eighth 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	
11	NOELL, JEFF C & PAULA J PO BOX 2128 GLEN ROSE, TX 76043  Debtor: Quicksilver Resources Inc.	7/20/2015	340	503(b)(9): \$0.00 Secured: Unliquidated Priority: Unliquidated	The Debtors have no liability on their books and records.
12	ROCKWELL, TEDDIE W 3636 CATTLEBARON DR ROANOKE, TX 76262  Debtor: Quicksilver Resources Inc.	7/12/2015	280	Secured: Unliquidated Unsecured: Unliquidated	The Debtors have no liability on their books and records.
13	RUIZ, LUIS & MARIA ANTONIA 2312 VAUGHN BLVD FORT WORTH, TX 76105  Debtor: Quicksilver Resources Inc.	7/25/2015	390	Secured: Unliquidated	The Debtors have no liability on their books and records.
14	SCEARCE, DEREK & KENDRA 15 MONTEREY DR TROPHY CLUB, TX 76262  Debtor: Quicksilver Resources Inc.	7/22/2015	360	Unsecured: \$5,000.00	The Debtors have no liability on their books and records.
15	STACY, GENABEL W 119 N 3RD ST #303 MUSKOGEE, OK 74401  Debtor: Quicksilver Resources Inc.	7/27/2015	409	Unsecured: Unliquidated	The Debtors have no liability on their books and records.
16	TALLMAN FAMILY TRUST C/O DONALD J TALLMAN, TRUSTEE PO BOX 7701 FORT WORTH, TX 76111  Debtor: Quicksilver Resources Inc.	7/20/2015	338	Secured: Unliquidated Priority: Unliquidated	The Debtors have no liability on their books and records.
17	VIRGINIA MITCHELL REV TR 86 WINTHROP ST AUGUSTA, ME 04330  Debtor: Quicksilver Resources Inc.	7/31/2015	521	Unsecured: \$0.00	The Debtors have no liability on their books and records.
18	WHITE, PHILIP L PO BOX 25968 ALBUQUERQUE, NM 87125  Debtor: Quicksilver Resources Inc.	6/26/2015	141	Unsecured: \$37,863.78	The Debtors have no liability on their books and records.

\* Denotes an unliquidated component.

## Exhibit A

### Schedule 3 - Tax Claims

## Eighth 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	ARLINGTON INDEPENDENT SCHOOL DISTRICT ATTN: CINDY POWELL ARLINGTON INDEPENDENT SCHOOL DISTRICT 1203 W. PIONEER PKWY ARLINGTON, TX 76103  Debtor: Quicksilver Resources Inc.	9/30/2016	669	Unsecured: \$800,000.00	The Debtors have no liability on their books and records.
2	DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE PO BOX 7346 PHILADELPHIA, PA 19101  Debtor: Cowtown Pipeline L.P.	06/30/15	182	Unsecured: \$0.00	The Debtors have no liability on their books and records.
3	DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE PO BOX 7346 PHILADELPHIA, PA 19101  Debtor: Cowtown Gas Processing L.P.	6/30/2015	183	Unsecured: \$0.00	The Debtors have no liability on their books and records.
4	FORT BEND COUNTY ATTN JOHN P DILLMAN C/O LINEBARGER GOGGAN BLAIR & SAMPSON LLP PO BOX 3064 HOUSTON, TX 77253  Debtor: Quicksilver Resources Inc.	5/20/2015	87	Secured: \$5,254.21*	The Debtors have no liability on their books and records.
5	MOFFAT COUNTY TREASURER ATTN ROBERT RAZZANO DEPUTY TREASURER 221 WEST VICTORY WAY SUITE 230 CRAIG, CO 81625  Debtor: Quicksilver Resources Inc.	4/22/2015	41	Priority: \$31,238.67	The Debtors have no liability on their books and records.

\* Denotes an unliquidated component.

## Exhibit A

### Schedule 4 - Noteholder Fee Claim

**Eighth 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	ARES MANAGEMENT LLC ATTN: DARRYL SCHALL 2000 AVENUE OF THE STARS 12TH FLOOR LOS ANGELES, CA 90067  Debtor: Quicksilver Resources Inc.	7/24/2015	373	Unsecured: \$308,387.04	The Debtors have no liability on their books and records.

**Exhibit B**

**Reclassified Claim**



## Exhibit B Incorrect Classification Claims

### Eighth 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 MODIFIED				MODIFIED AMOUNT AND CLASSIFICATION	REASON FOR RECLASSIFICATION
	NAME	DATE FILED	CLAIM NO.	CLAIMED AMOUNT AND CLASSIFICATION		
1	CANADA REVENUE AGENCY 330, 220 4 AVE SE CALGARY, AB T2G 0L1 ATTENTION: RAJ PATEL OR CINDY ENDL  Debtor: Quicksilver Resources Inc.	9/10/2015	580	Priority: \$727,870.32	Unsecured: \$727,870.32	The claim is not entitled to priority status

**EXHIBIT C**

**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 RELATING TO EIGHTH OMNIBUS CLAIMS  
OBJECTION (A) DISALLOWING AND EXPUNGING CERTAIN  
CLAIMS FOR WHICH THE DEBTORS HAVE NO LIABILITY AND  
(B) RECLASSIFYING CERTAIN CLAIMS**

Upon the eighth omnibus claims 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 Reclassified 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

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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].

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

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**:

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 Reclassified Claim listed on **Exhibit B** to the Objection is reclassified as a general unsecured claim without prejudice to the right of the Liquidation Trustee to assert further objections with respect to any alleged liability related to the Reclassified Claim.
4. 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 and the Reclassified Claim on any grounds other than those set forth in the objection are preserved.
5. The objection by the Liquidation Trustee to each claim, as addressed in the objection and as set forth in **Exhibit A** and **Exhibit B**, 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.

6. 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.

7. 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: \_\_\_\_\_, 2017

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The Honorable Laurie Selber Silverstein  
United States Bankruptcy Judge

**EXHIBIT D**

**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  
EIGHTH (SUBSTANTIVE) OMNIBUS OBJECTION TO CERTAIN  
CLAIMS (A) FOR WHICH THE DEBTORS HAVE NO LIABILITY AND (B)  
WHICH SHOULD BE RECLASSIFIED**

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 Eighth (Substantive) Omnibus Objection to Certain Claims (A) for Which the Debtors Have No Liability and (B) Which Should Be Reclassified*, 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].

<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 and 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 and the Reclassified Claim identified on Exhibit B.

**A. No Liability Claims**

5. The No Liability Claims that are listed on Exhibit A consist of certain wholly unliquidated and contingent claims and certain claims in a liquidated amount for which I believe that the Debtors have no liability. These claims generally fall into one of the following categories: (1) Contingent and Unliquidated Claims; (2) Landowner Claims; (3) Tax Claims, and (4) Noteholder Fee Claim. For the reasons described below, I believe that each of the No Liability Claims should be disallowed and expunged.

(1) Contingent and Unliquidated Claims

6. The No Liability Claims that are identified on Schedule 1 of Exhibit A consist of various claims that were filed as contingent claims or wholly unliquidated claims (the "Contingent and Unliquidated Claims"). The Contingent and Unliquidated Claims consist of the following:

- (i) **AIL Investment LP (Claim No. 526) and Petrus Investment LP (Claim No. 527):** The claimants filed identical claims relating to contingent maintenance and remediation obligations of the Debtors pursuant to certain mineral leases. The proofs of claim note that the claims are "contingent and unknown" and the claimants have not asserted an actual



claim against the Debtors. In addition, certain of the referenced leases in the proofs of claim were acquired by Bluestone and Bluestone would be responsible for any continuing maintenance and remediation obligations with respect to the acquired leases. Accordingly, I believe that the Debtors have no liability associated with these claims.

- (ii) **Baker Hughes Oilfield Operations, Inc. (Claim No. 445):** The claim was filed as a *conditional* claim in an unliquidated amount after the claimant executed a critical vendor letter with the Debtors. The proof of claim notes that it was filed to the extent that any payments made to the claimant were avoided. An avoidance action against an affiliate of the claimant was commenced and subsequently settled and dismissed with a waiver of any claims asserted pursuant to section 502(h) of the Bankruptcy Code. The claimant has not asserted any further claim for unpaid liabilities or avoided payments. Accordingly, I believe that the Debtors have no liability associated with this claim.
- (iii) **Crestwood Midstream Partners LP, Cowtown Pipeline Partners L.P., and Cowtown Gas Processing L.P. (collectively, "Crestwood") (Claim Nos. 635, 636, 637, 638, and 639):** Crestwood filed various identical contingent and unliquidated claims against the Debtors. The claims were filed in an abundance of caution and the addendum to each proof of claim notes that no claims will be asserted against the Debtors so long as the Debtors do not breach their respective obligations under paragraph 4 of a certain letter agreement between Crestwood and the Debtors. The Debtors did not breach their obligations under the letter agreement and, therefore, the Debtors do not have any liability associated with this claim.
- (iv) **Illinois National Insurance Company (Claim No. 181):** The claim was filed in an unliquidated amount relating to prepetition insurance policies that were held by the Debtors. The Debtors satisfied all of their obligations to their insurers during the pendency of the chapter 11 cases and the claimant has not asserted a further claim for any unpaid liabilities. Based on a review of the Debtors' books and records, I believe that the Debtors do not have any liability related to this claim.
- (v) **TG Barnett Resources LP (Claim No. 460):** The Debtors and the claimant were co-interest owners in oil and gas properties and various audit rights existed between the parties. All audits have been completed and liabilities have been settled. Further, the Debtors' contracts with the claimant were assumed in the sale to Bluestone. Accordingly, I believe that the Debtors have no liability associated with the claim.

7. The claimants asserting each of the Contingent and Unliquidated Claims have not filed amended claims or otherwise sought to assert an actual claim in a specified amount. For the foregoing reasons, I believe that the Debtors have no liability for the Contingent and Unliquidated Claims.

- (2) Landowner Claims

8. The No Liability Claims that are identified on Schedule 2 of **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"). During the course of the chapter 11 cases, the Debtors continued to pay Royalties and satisfy obligations owed to the landowners. In addition, substantially all of the Debtors' unexpired leases were acquired by Bluestone and Bluestone assumed the obligation to continue to pay Royalties. Nonetheless, many landowners filed proofs of claims to protect their interests in their leases. For the reasons described below, I believe that each of the No Liability Claims is not a valid liability of the Debtors or has been already satisfied:

- (i) **John A. Cartwright (Claim No. 136):** The claim relates to a non-producing lease. Therefore, the Debtors do not have any liabilities on account of Royalties or other obligations relating to this claim.
- (ii) **Chief Royalty Partners Ltd. (Claim No. 161):** The claim was filed in an unliquidated amount relating to obligations for ongoing royalty payments relating to three wells operated by the Debtors. I have reviewed the Debtors' books and records and determined that all three wells were acquired by Bluestone in the Sale and the Debtors made a final payment to the claimant in the amount of \$116.09 on May 16, 2016. Accordingly, the Debtors do not have any liability associated with this claim.
- (iii) **Terry K. Fleming (Claim No. 431):** The claim relates to mineral interests and the claimant attached tax statements relating to various well units operated by the Debtors. I have reviewed the Debtors' books and records and determined that the claimant's lease and associated well units were acquired by Bluestone. In addition, the claimant was paid \$227.93 on May 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (iv) **Fort Worth Terminals LLC (Claim No. 432):** The claimant filed an unliquidated claim relating to an oil and gas lease with the Debtors. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and the claimant was paid \$1.91 on November 25, 2015, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.

- (v) **Mary Ann Gantt (Claim No. 533):** The proof of claim alleges that the claimant is a lessee pursuant to several oil and gas leases and that the claim was filed to preserve claimant's interest in the leases. I have reviewed the Debtors' books and records and determined that the Debtors had one lease with the claimant and the lease was acquired by Bluestone. In addition, the claimant was paid \$59.07 on April 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (vi) **Charles B. Harris (Claim No. 193):** The claim relates to unpaid gas royalties. I have reviewed the Debtors' books and records and determined that the Debtors held certain funds related to the claimant's lease in suspense. 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 were transferred to Bluestone effective as of April 1, 2016. Therefore, the Debtors do not have any liability on account of this claim and any related claim for suspended funds would be an obligation of Bluestone.
- (vii) **John and Barbara Herrington (Claim No. 163):** The claim asserts amounts owed for non-payment of royalties. I have reviewed the Debtors' books and records and determined that the lease referenced in the proof of claim is an undeveloped lease that expired on June 11, 2010. Accordingly, the claimants are not entitled to any royalties from the lease and Debtors do not have any liability associated with this claim.
- (viii) **Stetson Massey, Jr. (Claim No. 443):** The claim relates to certain wells on land owned by the claimant and includes an estimated amount owed for unpaid royalties. I have reviewed the Debtors' books and records and determined that the claimant's lease and associated well units were acquired by Bluestone. In addition, the claimant was paid \$2,550.65 on May 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (ix) **Robert and Teresa McDonald (Claim No. 331):** The claimant filed a secured claim relating to a "royalty lease" and attached a property tax summary relating to one of the Debtors' well units. I have reviewed the Debtors' books and records and determined that the well unit was acquired by Bluestone and the claimant was paid \$71.24 on April 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (x) **James E. Mitchell (Claim No. 523):** The basis of this claim was "owner of royalties" and the claim was filed in an amount of \$0.00. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and the claimant was paid \$216.10 on May 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.

- (xi) **Jeff C. and Paula J. Noell (Claim No. 340):** The claimant filed an unliquidated claim for continued gas production creating royalty payables. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and the claimant was paid \$6.80 on November 25, 2015, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (xii) **Teddie W. Rockwell (Claim No. 280):** The claimant filed an unliquidated claim for unpaid royalties and did not attach any supporting documentation. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and the claimant was paid \$53.74 on May 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (xiii) **Luis and Maria Antonia Ruiz (Claim No. 390):** The claimant filed an unliquidated claim relating to "mineral interests" and did not attach any supporting documentation. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and the claimant was paid \$0.60 on November 25, 2015, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (xiv) **Derek & Kendra Scearce (Claim No. 360):** The claim relates to royalty payments for an oil and gas lease, but does not include supporting documentation regarding the alleged amount owed. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and the claimant was paid \$63.85 on February 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (xv) **Genabel W. Stacy (Claim No. 409):** The claimant filed an unliquidated claim relating to an oil and gas lease and did not attach any supporting documentation. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and the claimant was paid \$54.39 on May 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (xvi) **Tallman Family Trust (Claim No. 338):** The claimant filed an unliquidated claim relating to an oil and gas lease and did not attach any supporting documentation. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and the claimant was paid \$81.28 on May 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.
- (xvii) **Virginia Mitchell Revocable Trust (Claim No. 521):** The basis of this claim was "owner of royalties" and the claim was filed in an amount of \$0.00. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and the claimant was paid \$2,199.41 on May 16, 2016, which satisfied any liabilities owed to

the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.

- (xviii) **Philip L. White (Claim No. 141):** The claim asserts an amount owed for underpayment of overriding royalty interests in the amount of \$37,863.78. The claim does not include any documentation reflecting or explaining the alleged underpayment. I have reviewed the Debtors' books and records and determined that the claimant's lease was acquired by Bluestone and claimant was paid \$2,076.26 on May 16, 2016, which satisfied any liabilities owed to the claimant. Accordingly, the Debtors do not have any remaining liability associated with this claim.

9. For the reasons stated above, I believe that the Debtors have no liability associated with any of the Landowner Claims and such claims should be disallowed and expunged.

(3) Tax Claims

10. The No Liability Claims that are identified on Schedule 3 of **Exhibit A** consist of following Tax Claims:

- (i) **Arlington Independent School District (Claim No. 669):** The claim relates to the alleged rejection of a settlement agreement between the claimant and the Debtors whereby the Debtors agreed to pay \$800,000 to the claimant. The claimant acknowledges that the settlement payment was made and notes that the settlement agreement is not executory in nature, but filed the claim to preserve its rights. As a result of payment of the settlement amount, the Debtors have no liability on account of this claim.
- (ii) **Department of the Treasury (Claim Nos. 182 and 183):** The claims were filed against Cowtown Pipeline L.P. and Cowtown Gas Processing L.P. for 2014 partnership taxes. Both claims were filed in the amount of \$0.00 and, therefore, the Debtors do not have any liability related to these claims.
- (iii) **Fort Bend County (Claim No. 87):** The claimant filed a secured claim for delinquent ad valorem taxes owed for tax years 2005 and 2007. I have reviewed the Debtors' books and records and determined that well related to the property was plugged in 2005 and the Debtors do not have any outstanding liability owed to the claimant.
- (iv) **Moffat County Treasurer (Claim No. 41):** The claim relates to alleged 2014 tax amounts due to the claimant. I have reviewed the Debtors' books and records and determined the following: (a) the alleged tax amount for P00906 relates to a well that was plugged in 2013; (b) the alleged tax amounts for P001703, P001997, and P002424 relate to properties that were sold to Southwestern Energy Company effective January 1, 2014; (c) the alleged tax amounts for P002242 and P002326 relate to properties that the Debtors sold to Antler Energy LLC effective July 1, 2014 and the

Debtors paid the outstanding tax amounts owed on April 16, 2015; and (d) the Debtors satisfied outstanding tax liabilities related to the remaining properties on April 16, 2015. Accordingly, the Debtors do not have any remaining liability associated with this claim.

11. For the reasons stated above, I believe that the Debtors have no liability associated with any of the Tax Claims and such claims should be disallowed and expunged.

(4) Noteholder Fee Claim

12. The No Liability Claim that is identified on Schedule 4 of **Exhibit A** includes the following Noteholder Fee Claim:

- (i) **Ares Management LLC (Claim No. 373):** The claim is asserted by one of the holders (the “Noteholder”) of the Debtors’ 7.125% Senior Subordinate Notes due 2016 (the “Subordinated Notes”). The claim seeks reimbursement of the Noteholder’s prepetition legal fees in connection with failed negotiations with the Debtors regarding a potential out of court restructuring (the “Noteholder Fee Claim”). Based on a review of the indenture governing the Subordinated Notes, the Debtors did not have any obligation to pay the fees or expenses of the Noteholder. Moreover, the proof of claim does not reference any agreement of the Debtors to pay the legal fees for the Noteholder. Therefore, the Debtors do not have any liability on account of this claim.

13. For the reasons stated above, I believe that the Debtors have no liability associated with the Noteholder Fee Claim and such claim should be disallowed and expunged.

**B. Reclassified Claim**

14. The Reclassified Claim identified on **Exhibit B** is described below.

- (i) **Canada Revenue Agency (Claim No. 580):** The claim is a priority claim asserted by a Canadian tax authority relating to an alleged balance owed by the Debtors for certain tax periods in 1997 and 1999. I am continuing to review the Debtors’ books and records and conduct the necessary diligence to determine if the claim asserted is a valid liability. I am advised by counsel, however, that the claim should not be entitled to priority status given that it arose more than three years prior to the Petition Date. Indeed, the claim relates to tax periods in the years 1997 and 1999.

15. For the reasons stated above, I believe that any liabilities associated with the Reclassified Claim would be a general unsecured claim and subject to further review to determine whether any amounts are owed by the Debtors to the claimant.

**CONCLUSION**

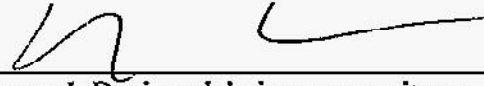
16. The information contained in the objection and accompanying exhibits is true and correct to the best of my knowledge and belief.

17. For the reasons set forth above, I respectfully submit that the No Liability Claims listed on **Exhibit A** should be disallowed in their entirety and the Reclassified Claim listed on **Exhibit B** should be reclassified as a general unsecured claim.

[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 28th day of August, 2017.

A handwritten signature in black ink, appearing to read 'E. Davis', written over a horizontal line.

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