

Support of Liquidation Trustee's Ninth Omnibus Objection (Substantive) to Certain Claims (the "Davis Declaration")² 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).³
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.

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

² A copy of the Davis Declaration is attached hereto as **Exhibit D**.

³ 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] 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,⁴ 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

⁴ All capitalized terms not otherwise defined herein are to be given the meaning ascribed to them in the Plan.

claim (the “General Bar Date”). See Bar Date Order, ¶ 2. The Bar Date Order also established September 14, 2015 at 5:00 p.m. (prevailing Eastern Time) as the time and date by which a governmental unit asserting a claim against the Debtors in their chapter 11 cases was required to file a proof of claim (“Governmental Bar Date”). See Bar Date Order, ¶ 3.

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, the Governmental 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. To date, approximately 633 proofs of claim have been filed in these chapter 11 cases. The Liquidation Trustee and its advisors are completing the process of 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 review, the Liquidation Trustee has determined that the claims listed on Exhibit A and Exhibit B are 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 and reducing and allowing the Reduced Claim on Exhibit B.

CLAIM 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.*

A. No Liability Claims

14. The No Liability Claims that are identified on **Exhibit A** consist of certain claims 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 three (3) No Liability Claims listed on **Exhibit A**. As discussed in the Davis Declaration, the No Liability Claims consist of (a) a property tax claim that was satisfied in connection with the Sale to Bluestone; (b) a Canadian tax claim that the Liquidation Trustee has been unable to substantiate after a reasonable review of the Debtors' books and records; and (c) a claim for royalty payments related to oil and gas leases which the Debtors sold prior to the Petition Date.

15. Each of the No Liability Claims 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. Reduced Claim

16. The Reduced Claim that is identified on **Exhibit B** is a claim filed in a liquidated amount plus contingent unliquidated liabilities. As discussed in the David Declaration, the Liquidation Trustee submits that the claim should be allowed only in the liquidated amount.

C. Responses to the Objection

17. To contest the Liquidation Trustee's objection to the claims 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 May 22, 2019 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
2300 North Field Street, Suite 1800
Dallas, Texas 75201
Attn: Sarah Link Schultz

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Attn: Kevin Zuzolo
Rachelle L. Rubin

-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

18. 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.

19. 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

20. Consistent with Local Rule 9006-1(d), the Liquidation Trustee may, at its 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.

RESERVATION OF RIGHTS

21. The Liquidation Trustee hereby reserves the right to (i) file subsequent objections to the claims subject hereto on any ground; (ii) amend, modify, or supplement this objection, including, without limitation, the filing of objections to previously filed, 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 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

23. The Liquidation Trustee has provided notice of this objection to (a) the U.S. Trustee, Attn.: Jane Leamy, Esq.; (b) 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) allowing and reducing the Reduced Claim identified **Exhibit B**, and (iii) granting such other and further relief as this Court deems just and proper.

Wilmington, Delaware

Date: May 1, 2019

/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

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– and –

AKIN GUMP STRAUSS HAUER & FELD LLP

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New York, New York 10036

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Facsimile: (212) 872-1002

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> , ¹	)	Case No. 15-10585 (LSS)
)	
Debtors.	)	Jointly Administered
)	
	)	Hearing Date: June 4, 2019 at 11:30 a.m. (ET)
	)	Obj. Deadline: May 22, 2019 at 4:00 p.m. (ET)
)	

NOTICE OF OMNIBUS OBJECTION AND HEARING

PLEASE TAKE NOTICE that, on May 1, 2019, 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 Ninth Omnibus Objection (Substantive) to Certain Claims* (the “Objection”) which seeks to disallow or reduce certain claims. **Your claim(s) may be disallowed or reduced 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 LIQUIDATING TRUSTEE OR

¹ 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].

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, 2300 North Field Street, Suite 1800, Dallas, Texas 75201 (Attn: 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 **May 22, 2019 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 Epiq Class Action and Claims Solutions, Inc., 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 **June 4, 2019 at 11:30 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: May 1, 2019

/s/ Amanda R. Steele

RICHARDS, LAYTON & FINGER, P.A.

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Facsimile: (212) 872-1002

COUNSEL FOR THE LIQUIDATION TRUSTEE

EXHIBIT A

No Liability Claims

Exhibit A - No Liability Claims

Ninth 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	CLAIM NO.	CLAIM AMOUNT	
1	CANADA REVENUE AGENCY 330, 220 4 AVE SE CALGARY, AB T2G 0L1 ATTENTION: RAJ PATEL OR CINDY ENDL Date Filed: 09/10/15 Debtor: Quicksilver Resources Inc.	580	Unsecured: \$727,870.32	The Debtors have no liability on their books and records.
2	COUNTY OF ERATH COLLECTING PROPERTY TAXES FOR ITSELF AND FOR MIDDLE TRINITY WATER DISTRICT C/O MCCREARY VESELKA BRAGG & ALLEN PC ATTN LEE GORDON PO BOX 1269 ROUND ROCK, TX 78680 Date Filed: 05/04/15 Debtor: Quicksilver Resources Inc.	80	Secured: \$30.49*	The Debtors have no liability on their books and records.
3	OFFICE OF NATURAL RESOURCES REVENUE PO BOX 25165 MS 64200B DENVER, CO 80225 Date Filed: 07/31/15 Debtor: Quicksilver Resources Inc.	529	Unsecured: \$205,703.56*	The Debtors have no liability on their books and records.

* Denotes an unliquidated component.

EXHIBIT B

Reduced Claim

Exhibit B - Reduced Claim**Ninth 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		CLAIM AMOUNT	MODIFIED AMOUNT
	NAME	CLAIM NO.		
1	DARDEN, THOMAS F C/O HOLLAND & KNIGHT LLP ATTN FRED STOVALL 200 CRESCENT CT STE 1600 DALLAS TX 75201 Date Filed: 07/30/15 Debtor: Quicksilver Resources Inc.	463	Unsecured: \$115,000.00 Unliquidated *	Unsecured: \$115,000.00

* Denotes an unliquidated component.

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> , ¹	)	Case No. 15-10585 (LSS)
)	
Debtors.	)	Jointly Administered
)	

ORDER RELATING TO NINTH OMNIBUS CLAIMS OBJECTION

Upon the ninth omnibus claims objection of the Liquidation Trustee, pursuant to Bankruptcy Code² sections 105 and 502, Bankruptcy Rule 3007, and Local Rule 3007-1, to the No Liability Claims and Reduced Claim (the “Objection”); 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**:

¹ 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].

² 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 are disallowed and expunged in their entirety.
3. The Reduced Claim is allowed in the amount set forth on Exhibit B to the Objection.
4. The Objection by the Liquidation Trustee to the claims, 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.
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 claim is the subject of the Objection with respect to any matters related to or arising from the Objection or the implementation of this Order.

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> , ¹	)	Case No. 15-10585 (LSS)
Debtors.	)	Jointly Administered
)	

**DECLARATION OF THE LIQUIDATION TRUSTEE IN SUPPORT OF NINTH
OMNIBUS OBJECTION (SUBSTANTIVE) TO CERTAIN CLAIMS**

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 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 Debtors² and, if necessary, prosecuting objections to Disputed Claims asserted against the Debtors.

2. I submit this declaration (the “Declaration”) in support of 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

¹ 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].

² All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the *Liquidation Trustee’s Ninth (Substantive) Omnibus Objection to Certain Claims*, dated as of the date hereof and filed contemporaneously herewith (the “Objection”).

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, Akin Gump Strauss Hauer & Feld LLP and GCG. These efforts resulted in the identification of the No Liability Claims, identified on **Exhibit A**, which I believe that the Debtors have no liability and should be disallowed and expunged, and the Reduced Claim identified on **Exhibit B**, which I believe that the Debtors have partial liability and should be reduced and allowed.

5. The No Liability Claims that are identified on **Exhibit A** consist of certain claims for which I believe that that the Debtors have no liability. Upon review of the Claims filed against the Debtors in these chapter 11 cases, I have identified three (3) No Liability Claims, which should be disallowed and expunged for the reasons set forth below.

- (i) **County of Erath (Claim No. 80):** This claim was filed as a secured claim in the amount of \$30.49 for the estimated 2015 property taxes for a property in Erath County. Pursuant to the Sale, the Debtors paid approximately \$1.7 million to Bluestone for its share of property tax obligations arising prior to the closing of the Sale. As a result, this claim has been satisfied and the Debtors do not have any liability associated with this claim. Therefore, I believe this claim should be disallowed and expunged.
- (ii) **Canada Revenue Agency (Claim No. 580):** This claim asserts that the Debtors, as successor, are liable for the remaining balance of corporate taxes of MSR Exploration Ltd. in the amount of \$727,870.32. Substantially all of the alleged liability pursuant to this claim relates to a period of time in 1997, approximately 18 years prior to the date the Debtors' commenced the chapter 11 cases. I have reviewed the Debtors' books and records and discussed this alleged claim with the Debtors' personnel and tax advisors. After a reasonable and diligent effort, I have not been able to locate any evidence to substantiate the claim. In addition, I believe that the statute of limitations for collection of this claim has likely expired prior to the Debtors' commencement of the chapter 11 cases. Therefore, I believe the claim should be disallowed and expunged.
- (iii) **Office of Natural Resources Revenue (Claim 529):** This claim relates to oil and gas royalties allegedly owed to the Office of Natural Resources in the amount of \$205,703.56 for the period from February 2008 through March 2015 plus other unliquidated amounts that may be owed based on

alleged missing production reports. I have reviewed the proof of claim and the Debtors' records and determined that the referenced properties were sold by the Debtors to Southwestern Energy Production Company effective January 1, 2014. As a result of the sale, the Debtors' obligation to pay royalties and all of the records related to the properties were transferred to the purchaser. Therefore, I believe that the Debtors have no liability on account of this claim and it should be disallowed and expunged.

6. The Reduced Claim identified on **Exhibit B** includes the following:
 - (i) **Thomas F. Darden (Claim No. 463):** This claim includes amounts outstanding for consulting services provided to the Debtors in the amount of \$115,000 claim plus a contingent and unliquidated amount for a "Project Discovery Payment" if certain transactions occurred on or before December 31, 2016. I have reviewed the proof of claim and the Debtors' books and records and determined that the Debtors owed the claimant \$115,000 as of the Petition Date. However, the Debtors did not enter into any transactions that would have triggered the Project Discovery Payment. Therefore, I believe the claim should be allowed in the amount of \$115,000, and no additional amounts are owed to the claimant.

CONCLUSION

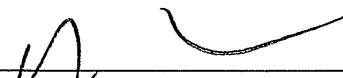
7. The information contained in the Objection and accompanying exhibits is true and correct to the best of my knowledge and belief.

8. 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 Reduced Claim on **Exhibit B** should allowed and reduced to \$115,000.

[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 1st day of May, 2019.



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