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U.S. BANKRUPTCY CT.
INDIANAPOLIS DIVISION
2004 JUL 13 PM 4:59
SOUTHERN DISTRICT
OF INDIANA
JOHN A. O'NEAL
CLERK

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

In re:	)	Chapter 11
	)	
Kiel Bros. Oil Company, Inc., and	)	Case No. 04-11121-BHL-11
KP Oil, Inc.	)	Case No. 04-11167-FJO-11
	)	
Debtors.	)	Jointly Administered under
	)	Case No. 04-11121-BHL-11[1]

LIMITED OBJECTION OF THE DEBTORS TO APPLICATION FOR RELIEF FROM STAY ("Esther Pederson")

Kiel Bros. Oil Company, Inc. ("Kiel Bros."), and KP Oil, Inc. ("KP Oil" together with Kiel Bros., the "Debtors"), the above-captioned debtors and debtors in possession (collectively, the "Debtors"), hereby file this limited objection ("Objection") to the Application For Relief From Stay ("Application") filed by Esther Pederson ("Ms. Pederson") on or about June 25, 2004. The Debtors object to lifting the stay only to the extent of incurring any cost to the estates either as the costs of defense or resulting in a claim for any applicable deductibles.

1. On June 15, 2004 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., as amended (the "Bankruptcy Code"). Debtors' cases are being jointly administered as captioned above for procedural purposes. Debtors continue to operate their

[1] On June 15, 2004, the Court entered an Order Granting Motion for Joint Administration of Kiel Bros. Oil Company, Inc. ("Kiel Bros.") (Case No. 04-92128-BHL-11) and KP Oil, Inc. ("KP") (Case No. 04-92129-BHL-11) under Case No. 04-92128-BHL-11. The Kiel Bros. and KP bankruptcy cases (the "Cases") were filed in the New Albany Division of the United States Bankruptcy Court for the Southern District of Indiana. On June 17, 2004, by order of the Court, the Cases were transferred to the Indianapolis Division. Kiel Bros. has been assigned a new case number of 04-11121-BHL-11 and KP has been assigned a new case number of 04-11167-FJO-11 and the Cases are jointly administered under 04-11121-BHL-11.

28

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businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

2. Ms. Pederson has filed a complaint against Kiel Bros. alleging personal injury, which complaint is now pending before the Marion Superior Court, Indianapolis, Indiana under cause number 49D01-0103-CT-000340 (the "Lawsuit").

3. The Lawsuit is stayed by action of 11 U.S.C. § 362.

4. Kiel Bros. believes that a judgment, if any, against it under the Lawsuit is an insured event under an insurance policy issued in 1998 for the period June 12, 1998 to June 12, 1999 belonging to the Debtors and issued by St. Paul Insurance Company (the "Insurer") (the "Policy").

5. Kiel Bros. further believes that under the Policy all costs of defense are paid by the Insurer.

6. Kiel Bros. further believes that the first $25,000 of any third party judgment against it is charged as a deductible to Kiel Bros. under the Policy.

7. The Application states that should this Court grant relief from the automatic stay, Ms. Pederson will seek payment on any judgment or settlement only from the proceeds of all applicable liability insurance policies and not from assets of this bankruptcy estate. Application, ¶ 5.

WHEREFORE, the Debtors object to the Application only to the extent that granting relief from the automatic stay would result in any cost to the estates (including defense costs) and would request that any order modifying the automatic stay be contingent on a statement from the Insurer accepting responsibility for the costs of defense and limiting the relief granted to the proceeds of any applicable insurance policy.

Respectfully submitted,

BAKER & DANIELS

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served this 13th day of July, 2004, by expedited delivery (email, facsimile, same day hand delivery and/or overnight mail), on the following:

Unsecured Creditors' Committee counsel

Counsel of record

Intervenors

U.S. Trustee

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