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IN THE UNITED STATES BANKRUPTCY COURT FOR THE
DISTRICT OF MAINE
PORTLAND DIVISION

IN THE MATTER OF:

CASE NO. 04-20878

PEGASUS SATELLITE TELEVISION, INC.,
PEGASUS SATELLITE TELEVISION OF
TEXAS

DEBTOR

CHAPTER 11

RESPONSE
TO DEBTORS' THIRD OMNIBUS OBJECTION TO AND MOTION TO RECLASSIFY,
REDUCE OR DISALLOW CERTAIN CLAIMS
(CONTESTING OBJECTION TO CLAIM NUMBER 457)

TO THE HONORABLE BANKRUPTCY JUDGE:

NOW COME County of Anderson, County of Burnet, County of Calhoun, County of Callahan, County of Comanche, City of DeLeon, DeLeon ISD, County of Crockett, County of Denton, County of Eastland, City of Gorman, Gorman ISD, County of Guadalupe, County of Harrison, Hallsville ISD, County of Hays, County of Henderson, Trinity Valley Community

College, Athens ISD, FM-FC, Road and Bridge, Right of Way, County of Hill, Hillsboro ISD, County of Kendall, Kerrville ISD, Center Point ISD, County of Leon, Centerville ISD, Buffalo ISD, County of Lynn, Iraan-Sheffield ISD, County of Runnels, County of Stephens, County of Taylor, Terrell County, County of Van Zandt, County of Wilbarger, Vernon ISD, hereinafter referred to as claimants, and file their Response to Debtors' Third Omnibus Objection to and Motion to Reclassify, Reduce or Disallow Certain Claims (Contesting Objection to Claim Number 457), on the following grounds:

I.

These claims (Attached on Exhibit A) arise from property taxes for the tax years 1998,2001,2004 due on the debtor's property described as personal property. The laws of the State of Texas (Tex. Tax Code, § 32.05(b)) give the tax liens securing the property taxes a secured status as well as priority over any other claim or lien against this property. This state priority for tax liens is retained in the Bankruptcy Code giving this claim priority over all other claims against this property. *Stanford v. Butler*, 826 F.2d 353 (5th Cir. 1987), 11 U.S.C. § 506.

II.

Claimants do not contest the disallowance of the tax claims listed on Exhibit A (other than as to claim number 457), for their various reasons listed by the debtor, inasmuch as these claims have been satisfied by the debtor.

III.

Claimants object to the disallowance of Claim number 457, filed on behalf of the County of Kendall, inasmuch as this claim remains unpaid as a tax debt of the debtor and should be allowed as a secured claim in this bankruptcy.

IV.

WHEREFORE, claimants request that the Objection of debtor, which seeks to deny these property taxes be Overruled (as to claim number 457 only), and further request other and such relief as is just and proper.

Dated: March 11, 2005

Respectfully submitted,

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ALLEN, P.C.

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/s/ Michael Reed

Michael Reed
State Bar Number 16685400

CERTIFICATE OF SERVICE

I hereby certify that I have placed a copy of the above Answer to Objection to Claim to Sidley, Austin, Brown & Wood LLP, Attn: Guy S. Neal, 787 Seventh Ave., New York, NY 10019, Sidley, Austin, Brown & Wood, LLP, Attn: Paul S. Caruso, Bank One Plaza, 10 South Dearborn Street, Chicago, IL, 60603; Bernstein, Shur, Sawyer & Nelson, Attn: Robert J. Keach, 100 Middle Street, PO Box 9729, Portland, Maine, 04104; Akin, Gump, Strauss, Hauer & Feld LLP, Attn: Phillip C. Dublin, 590 Madison Ave, New York, NY 10022, on March 11, 2005, by First Class U. S. Mail or by Electronic Mail.

/s/ Michael Reed

Michael Reed