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as defined herein

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE: Rockies Region 2006 Limited Partnership and Rockies Region 2007 Limited Partnership, *Debtors*.	Case No. 18-33513 Chapter 11 Jointly Administered

OBJECTION TO DEBTORS' EMERGENCY MOTION TO (i) EXCLUDE EXPERT REPORT AND TESTIMONY OF EDWIN C. MORITZ, (ii) EXCLUDE PORTIONS OF EXPERT REPORT AND TESTIMONY OF GREGORY E. SCHEIG, AND (iii) LIMIT SCOPE OF EVIDENCE FOR HEARING ON MOTION TO DISMISS

Robert R. Dufresne, as Trustee of the Dufresne Family Trust; Michael A. Gaffey, as Trustee of the Michael A. Gaffey and JoAnne M. Gaffey Living Trust dated March 2000; Ronald Glickman, as Trustee of the Glickman Family Trust established August 29, 1994; Jeffrey M.

Schulein, as Trustee of the Schulein Family Trust established March 29, 1989; and William J. McDonald as Trustee of the William J. McDonald and Judith A. McDonald Living Trust dated April 16, 1991 (collectively, the "LP Plaintiffs") file this objection to the Debtors' Emergency Motion to (i) Exclude Expert Report and Testimony of Edwin C. Moritz, (ii) Exclude Portions of Expert Report and Testimony of Gregory E. Scheig, and (iii) Limit Scope of Evidence for Hearing on Motion to Dismiss ("Motion"), and respectfully state as follows:

INTRODUCTION

1. On October 30, 2018, both the Rockies Region 2006 and Rockies Region 2007 Limited Partnerships (together, the "Partnerships") filed chapter 11 bankruptcy petitions with this Court.

2. Nearly a year before the filing of the Partnerships' bankruptcy petitions, the LP Plaintiffs brought a civil action in the Colorado Federal District Court against PDC Energy, Inc. ("PDC"), the managing general partner of the Partnerships. In that case, styled as *Dufresne v. PDC Energy*, Case No. 17-cv-03079-RBJ (the "Civil Action"), the LP Plaintiffs alleged that PDC breached its fiduciary and contractual obligations to both the Partnerships and the limited partners. The LP Plaintiffs assert that PDC adopted a "Corporate Strategy" to rid itself of its drilling partnerships so that it could wrest control of the Partnerships' valuable assets in Colorado's Wattenberg Field and exploit those assets for its own benefit. Importantly, in the complaint filed in the Civil Action, the LP Plaintiffs allege that PDC has been able to "… reap millions of dollars in unlawful profits at the expense of the Partnerships." (*Dufresne* Doc. 1 at 3.)

3. On December 3, 2018, the LP Plaintiffs moved to dismiss these cases on the grounds that it was filed in bad faith; to obtain a litigation advantage in the Civil Action and to

obtain the Partnerships' assets in furtherance of PDC's ongoing "Corporate Strategy." (Doc. 85.) As shown in the LP Plaintiffs' Amended Motion to Dismiss, it is well-settled that it is bad faith to file a bankruptcy petition to impede, or to gain a tactical advantage in, a nonbankruptcy proceeding and such a finding supports an order granting the dismissal.

4. In addition, the LP Plaintiffs asserted that these cases should be dismissed because the bankruptcy petitions themselves are invalid, which deprives this Court of the necessary subject matter jurisdiction. The petitions are invalid because PDC did not have the authority to file them under applicable West Virginia law, which governs under the terms of the Limited Partnership Agreements that formed the Partnerships and establish the rights and obligations of PDC as the Partnerships' managing general partner. Moreover, the person who signed the petitions on behalf of the Partnerships—Karen Nicolaou—did not have the authority to do so because PDC lacked the ability to delegate its authority to Ms. Nicolaou under both the Partnership Agreements and West Virginia law.

5. In arguing that *these* cases were filed in bad faith, the LP Plaintiffs contend that the circumstances surrounding the filing of the bankruptcy petitions demonstrate that they were not filed for a proper purpose. Specifically, the LP Plaintiffs assert that (1) PDC is an insider of the Partnerships and used its position as their Managing General Partner and sole creditor to place the Partnerships in bankruptcy; (2) the complete lack of *outside* creditors shows that the purpose behind the filing of the petitions was not to pay creditors but to impede the Civil Action[1]; (3) PDC's total failure to consult with *any* of the Partnerships' investor partners before the filing of the petitions belies PDC's representation that their filing was done to maximize the

[1] Several limited partners of the Partnerships have filed claims in the bankruptcy proceedings. There are no other claims.

benefit to the limited partners; (4) despite PDC's complaints about plugging and abandoning costs, these cases are truly a two-party dispute between PDC and the investor partners that is the subject of the Civil Action; and (5) since the Partnerships have minimal contacts with the State of Texas, much less the Northern District of Texas, the filing of the petitions in this District constitutes forum shopping that, again, was done with the goal of thwarting, or gaining an advantage in, the Civil Action in Colorado. (Doc. 85 at 19–25.)

6. And most importantly, the LP Plaintiffs also argue that the value of the Partnerships' assets, which include the claims that the Partnerships have against PDC in the Civil Action, constitute strong evidence that the petitions were not filed for a valid purpose but, instead, to impede the Civil Action. (Doc. 85 at 22.) To support the Civil Action claims, the LP Plaintiffs engaged Gustavson Associates ("Gustavson")—the oil, gas, and mining consulting firm of which Mr. Moritz is president—to conduct a detailed analysis and to prepare a report concerning the value of the Partnerships' claims against PDC. Gustavson completed his report, which assessed the damages the Partnerships and limited partners have sustained through PDC's breaches of its contractual and fiduciary obligations. (*Ibid.*) A preliminary version of this report was attached to the LP Plaintiffs' Motion to Dismiss. (Doc. 85, Ex. B.) Gustavson has since completed a revised report (the "Moritz Report") which has been produced to opposing counsel.

7. The Debtors now seek to have the Moritz report and Mr. Moritz's testimony excluded from the trial of the LP Plaintiffs' Amended Motion to Dismiss, contending that the opinion offered by Moritz is irrelevant to the Court's determination of whether the Debtors' bankruptcy petitions were filed in good faith.[2] (Doc. 149.) In sum, the Debtors argue that the

[2] It should be noted that Debtors' counsel was fully aware of the LP Plaintiffs' intention to call Moritz as an expert witness in this case, yet they did not include their intent to file a motion to

Moritz Report is irrelevant to the matters at issue in the LP Plaintiffs' Amended Motion to Dismiss. The Debtors characterize the Moritz Report as "evidence of alleged damages at the dismissal phase" and contend that, because there has been no finding of liability or an order granting class certification in the Civil Action, that Mr. Moritz's report has no bearing on the LP Plaintiffs' Amended Motion to Dismiss. (*Id.* at 3.)

8. Contrary to the assertions of Debtors' counsel, the Moritz Report and Moritz's testimony are manifestly relevant to this Court's determination of whether the Debtors' bankruptcy petitions were filed in bad faith.[3] In making their argument, the Debtors fail to recognize that relevance is an extremely liberal standard under the Federal Rules of Evidence and, even in the context of the admissibility of expert witness testimony, the party offering the expert need only show that the testimony is helpful to the trier of fact to "understand the evidence or to determine a fact at issue." FED. R. EVID. 702.

9. As shown in detail below, the Moritz Report and Moritz's testimony meet this standard because it is evidence of the value of the claims the LP Plaintiffs asserted in the Civil Action. In the Debtors' own objection to the LP Plaintiff' Amended Motion to Dismiss, they contend that determining whether the Partnerships' bankruptcy petitions were filed in bad faith must be done "… by considering the totality of the circumstances," which includes an evaluation of a host of facts including "the debtor's financial condition, *motives*, and the local financial

exclude his opinion and testimony in the meet and confer discussions regarding the schedule of briefing leading up to the trial on the LP Plaintiffs' Amended Motion to Dismiss.

[3] While the Debtors' Motion seeks to exclude the "Profitability Opinions" of Gregory E. Scheig, the LP Plaintiffs have agreed to withdraw those opinions for the purposes of their Amended Motion to Dismiss and therefore do not address Debtors' arguments as to the relevance of those opinions here.

realities."[4] (Doc. 141 at 14, citing *Little Creek Dev. Co. v. Commonwealth Mortg. Corp. (In re Little Creek Dev. Co.)*, 779 F.2d 1068, 1072–73 (5th Cir. 1986).) One of the central thrusts of the LP Plaintiffs' argument that this case should be dismissed is that PDC's *motive* in the filing of the bankruptcy petitions was improper and was to impede the LP Plaintiffs from seeking redress in the Civil Action. It cannot be denied that one factor that informed PDC's motive is the magnitude of the liabilities confronting PDC based on the claims asserted by the LP Plaintiffs in the Civil Action, of which the Moritz Report and Moritz's testimony are evidence.

10. Furthermore, the Debtors' ignore the fact that the trial of the LP Plaintiffs' Amended Motion to Dismiss is occurring contemporaneously with the hearing on the LP Plaintiffs' objection to the appointment of Karen Nicolaou as Responsible Party.

DISCUSSION

A. The standard of relevance is a liberal one.

11. Under the Federal Rules of Evidence: "Evidence is relevant if: (a) it has any tendency to make a fact more or less probable than it would be without the evidence; and (b) the fact is of consequence in determining the action." FED. R. EVID. 401. It is well-established that this standard rule of relevance is to be applied liberally. *See, e.g., Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579, 587 (1993).

12. For an *expert's* testimony to be relevant, his or her "reasoning [must] be properly applied to the facts in issue." *Id.* at 589. When performing this analysis, the court's main focus should be on determining whether the expert's opinion will assist the trier of fact. *See Peters v. Five Star Marine Serv.*, 898 F.2d 448, 449 (5th Cir. 1990) (citing FED. R. EVID. 702 advisory

[4] All emphasis added unless otherwise indicated.

committee's notes (1972)). Assisting the trier of fact means that the proffered expert brings something "more than the lawyers can offer in argument." *Salas v. Carpenter*, 980 F.2d 299, 305 (5th Cir. 1992) (internal quotation marks and citation omitted). Importantly, the Fifth Circuit has held that the "helpfulness threshold is low: it is principally … a matter of relevance." *E.E.O.C. v. Boh Bros. Construction Co.*, 731 F.3d 444, 459 n.14 (5th Cir. 2013) (en banc) (internal quotation marks and citation omitted). The Moritz Report and Moritz's testimony are relevant under these standards.

13. Importantly, none of the cases offered by the Debtors support the conclusion that Moritz's testimony is irrelevant to the LP Plaintiffs' Amended Motion to Dismiss—not a single case presents facts analogous to these cases and therefore cannot support the relief the Debtors are requesting here. In fact, almost all of the cases the Debtors cite involve the exclusion of expert testimony based on *reliability* and not the relevance of the expert's opinions (and Debtors have expressly stated that they are making no challenge to the Moritz Report and Moritz's testimony on any ground other than their relevance to the LP Plaintiffs' Amended Motion to Dismiss). (Doc. 149 at 3.)

14. For example, in *Seatrax, Inc. v. Sonbeck Int'l, Inc.*, 200 F.3d 358, 372 (5th Cir. 2000), a trademark-infringement case, the trial court excluded the expert witness testimony proffered by the plaintiff to establish the amount of lost profits it sustained as a result of the defendant's infringing activity. The plaintiff appealed and the Court of Appeals upheld the decision of the trial court. *See id.* In reaching its decision, the Fifth Circuit found that the magistrate judge had properly exercised the court's gatekeeping function and, after reviewing the proffered testimony and qualifications of the expert witness in question, found that he had no "formal or professional training in accounting" and "did not conduct any independent

examination" of the underlying information on which his opinion was based, concluding that the expert's "… lack of formal training or education in accounting, and his failure to conduct an independent analysis of [the defendant's] sales figures were insurmountable obstacles for [the plaintiff] in its attempt to qualify him as an expert." *Id.*

15. Similarly, in *Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 151 (1999), a product-defect case brought against a tire manufacturer after one of the defendant's tires "blew out," the Supreme Court concluded that the admissibility standards expressed in the *Daubert* decision were not limited to expert opinions based on scientific foundations. As to the underlying case, the Court upheld the trial court's decision to exclude the testimony of the plaintiff's expert based on the trial court's finding that the methodology used by the expert was not accepted by any similar expert in the same field. *Id.* at 157. Thus, as with *Seatrax*, the expert testimony was excluded based on its *reliability* and not based on its lack of relevance to the subject matter of the case.[5]

16. Moreover, even those cases offered by the Debtors that concern the *relevance* of an expert opinion bear no resemblance to the facts of this case. In *Knight v. Kirby Inland Marine Inc.*, 482 F.3d 347, 352 (5th Cir. 2007), a toxic tort action in which plaintiffs alleged that their illnesses resulted from chemical exposure that occurred while working for defendant, the District Court excluded the testimony of plaintiffs' expert witness who testified that the specific chemical to which plaintiffs were exposed causes cancer. In affirming the District Court's decision, the Fifth Circuit found that the "case-control studies" on which the expert witness's opinion was

[5] Other decisions offered by the Debtors are similarly inapplicable. *See Pineda v. Ford Motor Co.*, 520 F.3d 237 (3d Cir. 2008) (overturning District Court decision to exclude expert witness testimony based on reliability and causation concerns); *First Am. Bank v. First Am. Transp. Title Ins. Co.*, 759 F.3d 427 (5th Cir. 2014) (holding that District Court has discretion to weigh the credibility of an expert witness in reaching its decision).

based were insufficient to establish the threshold "general causation" necessary in toxic tort cases (i.e., the studies could not show that "… the types of chemicals [plaintiffs] were exposed to can cause their particular injuries in the general population."). *Id.* at 355. For this reason, the same studies could not be used to show "specific causation" (that same chemical causes the illnesses in the plaintiffs).

17. In *Pipitone v. Biomatrix, Inc.*, 288 F.3d 239, 245 (5th Cir. 2002), a product defect case against a pharmaceutical company, the District Court excluded the testimony of the plaintiff's expert witnesses. There, the critical question of causation was whether the injury suffered by the plaintiff was a result of a pharmaceutical defect or a contaminated syringe. *Id.* at 249. On appeal, the Fifth Circuit upheld (in part) the District Court's decision, finding that one of the experts offered by the plaintiff—who opined that "… it was as likely as not …" that the syringe was contaminated—did not offer testimony helpful to the trier of fact because: "A perfectly equivocal opinion does not make any fact more or less probable and is irrelevant under the Federal Rules of Evidence." *Id.* at 245. The Moritz Report and Moritz's testimony is incomparable to a "perfectly equivocal opinion" and instead offers a detailed analysis of the value of the claims asserted against PDC in the Civil Action.

18. In sum, the evidentiary standard for relevance under the federal rules is a liberal one. And, expert testimony is relevant when it assists the trier of fact in understanding the evidence or in determining a fact that is at issue in the action. As argued below, the Moritz Report and Moritz's testimony meet these standards and the Debtors have offered no authority that supports their exclusion from trial on the pending matters.

B. Moritz Report and Moritz's testimony are relevant under the "totality of the circumstances" standard.

19. Given the liberal standard of relevance outlined above, the Moritz Report and Moritz's testimony are relevant to the Court's determination of whether the Partnerships' bankruptcy petitions were filed in bad faith, as argued in the LP Plaintiffs' Amended Motion to Dismiss.

20. In their Motion, the Debtors argue that "Mr. Moritz's opinions and damages calculations are irrelevant to the LP Plaintiffs' arguments in the Motion to Dismiss," supporting this claim with the conclusory assertions that (1) Mr. Moritz's damages calculations arise out of the derivative claims in the Civil Action and "have nothing to do with" the contention that the Debtors' and Ms. Nicolaou had the authority to file the bankruptcy petitions and (2) Mr. Moritz's report and testimony do not make it "more or less probable" that the petitions were filed in bad faith, as a litigation tactic, than "it would be without the evidence." (Doc. 149 at 11.) Both of these assertions are wrong.

21. *First*, while the LP Plaintiffs have never contended that Mr. Moritz's damages calculations are relevant to the Court's consideration of the terms of the Partnership Agreements, or on the text of West Virginia law, the calculations are certainly relevant to the LP Plaintiffs' contention that Ms. Nicoloau is not a disinterested party and should not be approved as the Responsible Party to work on the Partnerships' behalf. (*See* Doc. At 5–7.)

22. The Debtors' Motion fails to recognize that the trial on the LP Plaintiffs' Amended Motion to Dismiss also involves the LP Plaintiffs' objection to the appointment of Ms. Nicolaou. In that objection, the LP Plaintiffs contend that Ms. Nicolaou is not a disinterested party but is, instead, working "… to benefit PDC by obtaining control and settling the derivative portion of [the Civil Action] to the detriment of the [LP Plaintiffs]." (Doc. 61 at 5.) Ms.

Nicolaou's First Day Declaration details a proposed "PDC Transaction" through which these derivative claims are to be settled and PDC is to acquire the Debtors' properties. (*Id.*) How did Ms. Nicolaou determine that the "PDC Transaction" was fair to the Debtors (and the LP Plaintiffs)? In her declaration, Ms. Nicolaou states that it is her familiarity with these types of claims, based on her involvement in past cases, that supports her conclusion. But such general hand-waving falls far short of addressing the merits of the claims raised in the Civil Action.

23. Furthermore, Ms. Nicolaou states that she engaged Graves & Co. Consulting LLC ("Graves") "to value the Debtors' wells and independently confirm and update the analysis in the Debtors' latest Ryder Scott reserve reports dated effective January 1, 2018." (Doc. 61.) In addition to her familiarity with cases of this type, Ms. Nicolaou uses the purported valuation conducted by Graves to support her decision that the "PDC Transaction" is fair to the Debtors and the LP Plaintiffs. However, Ms. Nicolaou conceded in her testimony at the 341-A hearing that she only requested that Graves do an analysis of "wellbore" interests that PDC assigned to the Partnerships. (**Exhibit A** at 47.) There is an underlying dispute in the Civil Action as to whether—pursuant to the terms of the partnership agreements—PDC, as the managing general partner, was required to assign spacing units in Prospects to the Partnerships, or mere wellbore interests. In her 341-A testimony, Ms. Nicolaou conceded that "arguably" PDC was required to assign spacing units in Prospects to the Partnerships. (**Exhibit A** at 44.) In Ms. Nicolaou's objection to the LP Plaintiffs' Amended Motion to Dismiss, she concedes that the language in the Partnership Agreements is "ambiguous" as to whether PDC was required to assign wellbores only or spacing units in prospects. (Doc. 141 at 9.) The Moritz Report and Moritz's testimony constitute a stark comparison between the limited due diligence conducted by Ms. Nicolaou in reaching her decision to support and submit the "PDC Transaction" and the work done by the LP

Plaintiffs in assessing the value of these claims. This is evidence relevant to the Court's determination of whether Ms. Nicolaou should serve as a neutral, independent Responsible Party for the Debtors.

24. *Second*, Mr. Moritz's damages calculations are absolutely relevant to the Court's determination of bad faith under the "totality of circumstances," which specifically provides that the *motives* that lead the debtor to file bankruptcy (or of the one who filed the Partnerships' bankruptcy petitions). *See Little Creek*, 779 F.2d at 1072–73. In its objection to the LP Plaintiffs' Amended Motion to Dismiss, the Debtors assert that "whether a petition was filed in good faith" is determined "by considering the totality of the circumstances." (Doc. 141 at 14.) In *Little Creek*, the Fifth Circuit held that "[d]etermining whether the debtor's filing for relief is in good faith depends largely upon the bankruptcy court's on-the-spot evaluation of the debtor's financial condition, *motives*, and the local financial realities. Findings of lack of good faith … have been predicated on certain recurring but non-exclusive patterns, and they are based on a conglomerate of factors rather than on any single datum." *Id.* at 1072. In fact, the *Little Creek* court specifically found that the existence of litigation is one such circumstance that is relevant to the court's determination of good faith. *See id.* at 1073.

25. The Debtors' Motion ignores the "totality of the circumstances" standard and instead argues that since the Civil Action has not yet concluded—the liability of PDC has not been established—Mr. Moritz's "damages calculations" are premature and irrelevant to the question of bad faith. (Doc. 149 at 11.) Here, the Debtors have adopted an obviously untenable position. Under the Debtors' standard, any damages analysis concerning the value of a party's non-bankruptcy litigation claims would be automatically irrelevant to any motion to dismiss based on bad faith if the posture of that litigation was short of a determination of liability. Thus,

a court could *never* consider evidence concerning the value of litigation claims when determining whether a bankruptcy petition was filed to impede, delay, or obtain a tactical advantage in litigation. Such a standard is patently wrong.

26. Moreover, despite the remarkable breadth of their assertion, the Debtors do not offer a single case supporting the notion that damages calculations are irrelevant to a motion to dismiss based on bad faith. One would think that if such a standard were appropriate, there would be ample authority to support its application in these cases. There is not. Instead, there is copious case law supporting the conclusion that the *motive* of the debtor is relevant to a bad faith determination and that the filing of a bankruptcy petition with the motive to impede non-bankruptcy litigation is grounds for a bad faith dismissal.[6] *See, e.g., Little Creek*, 779 F.2d at 1071–73; *In re Antelope Technologies, Inc.*, 431 Fed. Appx. 272, 275 (5th Cir. 2011) (" … when a bankruptcy court finds a party pursues bankruptcy for the purpose of securing litigation advantage in another forum, such intent is dispositive: it establishes bad faith and necessitates dismissal."); *In re Humble Place Joint Venture*, 936 F.2d 814, 818 (5th Cir. 1991) (affirming dismissal of chapter 11 bankruptcy case that was filed to avoid the litigation of disputes that were "… fully capable of resolution in state court without the delay and expense caused by bankruptcy."); *Investors Group, LLC v. Pottorff*, 518 B.R. 380, 384 (N.D. Tex. 2014) ("[I]t constitutes bad faith to file bankruptcy to impede, delay, forum shop, or obtain a tactical advantage regarding litigation ongoing in bankruptcy forum …") (internal citations omitted); *In re Mirant Corp.*, No. 03-46590 Jointly Administered, 2005 Bankr. LEXIS 1686, at *31 (Bankr. N.D. Tex. Jan. 26, 2005) ("In analyzing the purpose of a debtor's chapter 11 petition in the context of a motion to dismiss for bad faith filing, the courts regularly consider whether the

[6] As the Debtors themselves admit. (*See* Doc. 149 at 11.)

bankruptcy was intended to obtain tactical advantage in litigation or negotiations.")

27. Given the relevance of the Debtors' motives for filing the Partnerships' bankruptcy petitions, and specifically a determination of whether the petitions were filed for the improper purpose of impeding non-bankruptcy litigation, the LP Plaintiffs assert that evidence as to the value of the claims asserted in the Civil Action is manifestly relevant to the LP Plaintiffs' assertion that PDC directed the filing of the bankruptcy petitions to impede the LP Plaintiffs' right to pursue these valuable claims against PDC.

28. Finally, it should be noted that the Debtors' repeated attacks on Mr. Moritz's damages calculations as being premature is, in truth, a veiled attack on the reliability of the Moritz Report. In other words, the Debtors believe that the Court should not rely on Mr. Moritz's analysis because its conclusion is speculative. While the Debtors are incorrect in this assertion, it highlights the fact that the Motion to exclude the Moritz Report asks the Court to use its "gatekeeper function" to replace the adversary system. *See Pipitone*, 288 F.3d at 250 ("… vigorous cross-examination, presentation of contrary evidence, and careful instruction on the burden of proof are the traditional and appropriate means of attacking" expert evidence). While the court must ack as gatekeeper to exclude all irrelevant and unreliable expert testimony, "the rejection of expert testimony is the exception rather than the rule." FED. R. EVID. 702 advisory committee's notes (2000) (internal citations omitted). To the extent the Debtors believe that Mr. Moritz's calculation of the value of the claims raised in the Civil Action are incorrect, they should offer their own expert testimony or confront Mr. Moritz's conclusions through cross-examination instead of seeking to exclude Mr. Moritz's testimony on a specious claim of irrelevance.

CONCLUSION

29. For all of the foregoing reasons, the LP Plaintiffs respectfully request that the Debtors' Emergency Motion to (i) Exclude Expert Report and Testimony of Edwin C. Moritz, (ii) Exclude Portions of Expert Report and Testimony of Gregory E. Scheig, and (iii) Limit Scope of Evidence for Hearing on Motion to Dismiss be denied in its entirety.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing document was served to the parties in the manner as set forth below on the 13th day of May 2019 and a true and correct copy of the foregoing document was caused to be served via the Court's CM/ECF system on all those who have so subscribed.

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EXHIBIT A

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY
NORTHERN DISTRICT OF TEXAS

IN RE:	§	
	§	
ROCKIES REGION 2006 LIMITED PARTNERSHIP	§	CASE NO. 18-33513-SGH11
	§	
and	§	
	§	
ROCKIES REGION 2007 LIMITED PARTNERSHIP	§	CASE NO. 18-33514SGJ11

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341 CREDITORS' MEETING

DECEMBER 6, 2018

****

341 CREDITORS' MEETING was taken in the above-styled and -numbered cause on the 6th of December, 2018, from 1:30 p.m. to 2:41 p.m., before Melisa Duncan, CSR in and for the State of Texas, reported by machine shorthand, at the offices of U.S. Trustee, 1100 Commerce, Room 976, Dallas, Texas, in accordance with the Federal Rules of Civil Procedure and agreement hereinafter set forth.

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ALSO PRESENT:

Darwin L. Stump - PDC Energy

I N D E X

P R O C E E D I N G S

MS. SCHMIDT: Go on the record. All right. Today's date is December 6, 2018. This is the 341 Meeting of Creditors for Rockies Region 2006 Limited Partnership Case No. 18-33513SGH11 [sic] and Rockies Region 2007 Limited Partnership, Case No. 18-33514SGJ11.

My name is Erin Schmidt. I'm a trial attorney with the U.S. Trustee's Office and the presiding officer of this meeting.

And I think we've been here before in a group of other related cases that I believe these are jointly administered under -- is it -- is it -- these are jointly administered under a different number, correct?

MS. WEBB: It's 18-33513.

MS. SCHMIDT: All right. Thank you. And the way -- so we have here on behalf of the debtor, we do have Karen Nicolaou. And I'm going to go -- you signed the schedules and statement of financial affairs for both cases?

MS. NICOLAOU: I did.

MS. SCHMIDT: The way I was thinking we could proceed is I'm going to quickly ask questions about the administrative -- the administration and the -- kind of pro forma questions about the schedules and statement of financial affairs for both cases and then I'll just

pass the witness to the other parties who are present in the order they signed in.

So -- and let me go ahead and get an appearance on behalf of the debtor counsel.

MS. WEBB: Lydia Webb, Gray Reed & McGraw, counsel to the debtor, is here with Karen Nicolaou, responsible party to the debtors.

MS. SCHMIDT: All right. And Ms. Nicolaou, I'm going to go ahead and swear you in. If you'd please raise your right hand.

(Witness was sworn.)

EXAMINATION

BY MS. SCHMIDT:

Q. Thank you. And so let me ask questions first about the Rockies Region 2006 Limited Partnership, 18-33513. Is this debtor operating at all?

A. Yes.

Q. Okay. And does it have any employees or --

A. No.

Q. And the debtor -- can you explain very briefly what the debtor does.

A. They drilled wells in the Wattenberg verticals. It's an exploration and production activity, oil and gas, LNG, hydrocarbons, etcetera. And they -- they retrieve those and they're sold and distributions are made to the

unit -- unitholders.

Q. And who handles the operations for . . .

A. PDC.

Q. And does PDC also sell the minerals and then distribute the proceeds to the investors?

A. Yes.

Q. Does any money flow through the debtor itself?

A. Money has been flowing through the debtor. Distributions to the unitholders were stopped a while ago. There are significant liabilities in the partnerships themselves.

Q. And why did the --

A. I'm sorry. This is 2006?

Q. Yes.

A. Okay. It doesn't have any money. It essentially had 900 and something dollars when it filed.

Q. And the -- and the debtor currently has a checking account with Texas Capital Bank?

A. Yes.

Q. Now, is that prepetition or set up after the filing?

A. It was set up prepetition some time ago.

Q. And who are the signatories on the account?

A. I am and Darwin Stump.

Q. And Mr. Stump is he with PDC?

A. He's with PDC. I'm thinking his title may be chief accounting officer.

Q. And Mr. Stump is he -- does he -- what's his connection with 2006?

A. PDC does all of the accounting.

Q. And how long have you been the responsible party for 2006?

A. Since the summer.

Q. And previously before you were -- before you came on for 2006, who made decisions on behalf of -- on this entity?

A. PDC.

Q. Okay. So PDC delegated its authority to you this past summer to run the debtor?

A. I don't know if delegated authority is the term I would use. They made me responsible for decision making, but that doesn't delegate all of their authority under the partnership agreement.

So they still make the decisions about day-to-day operations on the wells, maintenance, those sort of things. I am consulted on certain aspects of the operations. I'm consulted on the filing of the SEC documentation, that sort of thing, so.

Q. Who made the decision to put this entity into bankruptcy?

A. I did.
Q. Was that a decision you made independently?
A. Yes.
Q. And the firm has -- pardon me.
The debtor has hired Gray Reed McGraw as its counsel. Where did the retainer for that retention come from?
A. It came from PDC.
MS. WEBB: Actually, clarify. There's -- for one of the -- for one of the debtors for '06 there was a loan made from PDC to pay the retainer for '07, those funds actually came from the debtor.
Q. (BY MS. SCHMIDT) And Texas Capital Bank, is that set up -- has that been converted into a debtor in possession account?
A. It has. I think the checks were delivered to the U.S. Trustee yesterday, copies.
Q. And who's going to be preparing the operating reports?
A. PDC's accounting staff is preparing the operating reports. They're reviewed by Darwin and then they're reviewed by me and I sign off on them.
Q. And you're a CPA as well, correct?
A. I am.
Q. And the income tax returns provided to us those

were true and correct copies filed with the Revenue Service?

A. They were.

Q. And what -- let me briefly review the schedules. So for the schedules for 2006, did you review them before signing?

A. I did.

Q. And did the debtor list everything that it owns and everybody it owes money to?

A. Yes.

Q. Any amendments I need to be aware of?

A. No.

Q. And then would the statement of financial affairs, did you review these before signing?

A. I did.

Q. And is it true and correct to the best of your knowledge?

A. It is.

Q. Any amendments I need to be aware of?

A. Not at this time. None that I'm aware of.

Q. And how were you -- Ms. Nicolaou, are you paid by PDC for your work as a responsible party?

A. No.

Q. How is -- how are you being paid for doing this?

A. I'm assuming I'll be paid at the end of the case.

After the court approves.

Q. And the debtor's filed an employment application to retain you?

A. Yes, which has been objected to.

Q. And then the questions I asked about 2006 about the -- the operations and who handles the bank accounts and the accounting and whatnot, are they the same for 2007?

A. They are.

Q. And PDC will prepare the operating reports for 2007?

A. Yes.

Q. And both you and Mr. Stump have signatory access to the account with Texas Capital Bank?

A. Correct.

Q. And the tax returns are filed with the -- the copies of the tax returns that we have that were provided to us for 2007 -- for Rockies Region 2007 Limited Partnership, are those true and correct copies of those filed with the Revenue Service?

A. They are.

Q. And the schedules filed for 2007, did you review them before signing?

A. I did.

Q. And are they true and correct to the best of your

knowledge?

A. They are.

Q. And then did you review the statement of financial affairs for 2007 before signing?

A. I did.

Q. And those are true and correct to the best of your knowledge?

A. Yes.

MS. SCHMIDT: I'm going to reserve the right to ask questions at the end. But let's see. Ms. Russell, did you have any questions for the debtor -- debtors?

MS. RUSSELL: No, ma'am, I do not.

MS. SCHMIDT: Mr. Brouner or Mr. Weisbart, do you have any questions?

MR. BROUNER: We're going to defer to Mr. Foley.

MR. WEISBART: We may have a few in conjunction with what he asks, but it'll be just a few.

MS. SCHMIDT: All right. And then Mr. Foley, I imagine you have questions for Ms. Nicolaou.

MR. FOLEY: Yes, ma'am.

MS. SCHMIDT: All right. Very good.

EXAMINATION

BY MR. FOLEY:

Q. On what do you base your authority to sign the

Chapter 11 bankruptcy petition on behalf of the two debtor partnerships?

A. Within the context of my retention agreement with PDC, they indicated that they had the authority. I read the partnership agreement. My counsel read the partnership agreement. I relied on advice from counsel.

Q. Do you recall what particular provisions of the partnership agreement you're relying upon that shows PDC has the power to delegate responsibility for the dissolution and winding up of the partnerships?

A. It's five and six, I think, in that area. It's management. There's an indication that PDC can hire and retain for any sort of service. There is an -- there are exceptions to that rule that talk about they can do this except for certain circumstances unless the partnerships don't have cash flow.

So it's -- I am not an attorney. That is my layman's reading of the verbiage and my recollection.

Q. Isn't it true that section -- well, first, both partnerships are substantially the same, are they not?

A. They are.

Q. Isn't it true that Section 9.03 entitled Winding Up in Subsection C says, quote, The winding up of the affairs of the partnership and the distribution of its assets shall be conducted exclusively by the managing

general partner or the liquidator, who is hereby authorized to do any and all acts and things authorized by law for these purposes, close quote?

MS. WEBB: Objection. That calls for a legal conclusion. You can give your understanding if you like.

A. That's what it says.

Q. (BY MR. FOLEY) Now, I'm not asking you to interpret; I'm just saying isn't that what it says.

A. Well, yeah, you just read it. So yes, the answer to my -- the question is that is what it says.

Q. And doesn't Section 9.02 of both partnerships agreements, which are under the heading of dissolution of winding up, doesn't it state that, quote, Upon a dissolution and final termination of the partnership, the managing general partner, or in the event there is no managing general partner, any other person or entity selected by the investor partners hereinafter referred to as the liquidator shall cause the affairs of the partnership to be wound up and shall take account of the partnerships' assets?

MS. WEBB: Again, I object to the extent you're asking Ms. Nicolaou to make any kind of legal conclusion.

You can give your understanding, if you

wish.

A. That's what the document says.

Q. (BY MR. FOLEY) Now, do you know -- did the investor partners vote to appoint you as the liquidator pursuant to Section 9.02 of the partnership agreements?

A. No.

Q. Did you reach out yourself and try to speak to any of the 20 largest equityholders in these partnerships?

A. No.

Q. Do you know whether your counsel, at your direction, reached out and spoke to any of the 20 largest or any of the equityholders of either partnership?

A. I'm -- I don't know the answer to that.

MS. SCHMIDT: And, Counsel, I don't -- I mean, I'm trying to give you a little bit of lee share [sic], but this might be more appropriate for discovery in connection with the motion to dismiss.

MR. FOLEY: Yes, ma'am.

Q. (BY MR. FOLEY) Now, both debtors are West Virginia partnerships, are they not?

A. They are.

Q. And neither debtor has ever had an office in Texas, correct?

A. Not to my knowledge.

Q. And the headquarters of both debtors is in PDC's

office in Denver, Colorado, which is the head office of PDC, correct?

MS. WEBB: Object to the extent that he's trying to draw some legal conclusion of headquarters.

MR. FOLEY: Ma'am, I'm just trying to address minimum contacts with the state of Texas.

MS. SCHMIDT: Wouldn't that be appropriate when going through these schedules and asking about the location of assets and the like?

MR. FOLEY: I'll ask for the location of assets.

Q. (BY MR. FOLEY) Isn't it true that both debtors have oil and gas interests in the state of Colorado?

A. Yes.

Q. Isn't it true that neither debtor has any oil and gas interests in the state of Texas?

A. Correct.

Q. And isn't it true that neither debtor has any business operations whatsoever in the state of Texas?

A. They maintain bank accounts in the state of Texas.

Q. And when were those bank accounts opened?

A. I do not know the answer to that, but they have been open for some time.

Q. Isn't it a fact that the limited partners when

they were getting their distribution checks got checks from a bank account on a bank in Denver, Colorado?

A. I can't answer that.

Q. Would it be fair to say that the only contact that these two debtors have with the state of Texas is that bank accounts were opened this year, 2018, for them?

A. I believe you have unitholders in Texas as well.

Q. Limited partners?

A. Uh-huh.

Q. That was a yes?

A. I'm sorry?

Q. You said uh-huh.

A. Yes. I'm sorry.

Q. And -- but you didn't speak with any of those, what you call unitholders, or limited partners prior to filing the bankruptcy petition?

A. Correct.

MS. WEBB: Objection, asked and answered.

Q. (BY MR. FOLEY) Now, for what reason then if the debtor has no business operations in Texas, why was the bankruptcy filed in Texas rather than Colorado or West Virginia?

MS. WEBB: Objection. Compound question.

MR. FOLEY: I'll break it down.

Q. (BY MR. FOLEY) What was the reason that the

Chapter 11 bankruptcy petitions were not filed in Colorado?

A. I consulted with counsel and counsel indicated that Texas -- that filing in Texas was appropriate.

Q. What is the reason that the debtors didn't file -- since there are West Virginia partnerships -- their bankruptcy petitions in West Virginia?

A. I consulted with counsel and counsel indicated that Texas was appropriate.

Q. Are you aware of anything in the partnership agreements that gave any authority to PDC itself to file bankruptcy petitions?

MS. WEBB: Objection, calling for a legal conclusion.

If you want to give your understanding, you can.

A. I don't have any.

Q. (BY MR. FOLEY) Now, in your application to be appointed in your declaration, which was filed as document No. 20 in this bankruptcy, on October 30, 2018, you state that as responsible party or independent fiduciary for the debtors and authorized representative of the debtors in all matters relating to the Chapter 11 cases. What is your understanding, not as an attorney, but as the responsibility party of your fiduciary duties to the

debtors?

A. To maximize return to the debtors.

Q. Anything else?

A. To operate the businesses within the context of the bankruptcy.

Q. And how about to operate the businesses within the context of the partnership agreements?

A. PDC is the --

MS. SCHMIDT: I think we're getting into deposition questions. This is related to the litigation. And it's not that it's -- the answers to these aren't important or interesting, I don't know if this is the forum for that.

Q. (BY MR. FOLEY) Now, in connection with -- and following up on other questions that the representative of U.S. Trustee's Office asked you, your firm did receive a retainer at the inception of your business relationship with the debtors; isn't that correct?

A. Yes.

Q. And how much was that retainer?

A. $35,000 per partnership.

Q. So a total of $70,000?

A. Yes.

MS. SCHMIDT: Where did that retainer come from?

THE WITNESS: From a loan to -- from PDC to one of the partnerships and from operating funds from the other. So 2007 would have paid it and 2006 would have taken the loan.

MS. SCHMIDT: I apologize, I realize I asked that before.

THE WITNESS: That's okay.

MS. SCHMIDT: Go ahead, Counselor.

Q. (BY MR. FOLEY) I'm just looking through her declaration. I just wanted to check one fact here.

And from that retainer -- I'm referencing your declaration filed on -- as part of Docket No. 12 of the bankruptcy proceedings, your declaration also dated October 30, 2018. From that $70,000 retainer that you received, you've already deducted $15,241.26, correct?

A. Yes.

Q. And as of today, the bankruptcy court has not affirmed your position as responsible party; is that true?

A. That is true.

Q. And the proposed fee agreement that's attached to the motion to be appointed responsible party is between the debtors and a company called Bridgepoint and the debtor. Do you recall that?

A. I do.

Q. But you're actually applying to have a different

company called Harney Management Partners and yourself appointed rather than Bridgepoint; isn't that true?

A. Yes.

Q. Why is it then that there's not a -- fee agreement or retainer agreement between Harney Management Partners and the debtors?

A. It's a long story. Harney Management Partners is -- is an entity called Red Owl Investments doing business as Harney Management Partners. The turnaround and dispute resolution team at Bridgepoint Consulting, which is about nine people, left Bridgepoint after it was sold to Addison search and joined Harney in a -- an -- an affiliate relationship.

So we actually -- I actually work for Red Owl doing business as Harney affiliated with Harney Management Partners out of Chicago. All of the engagements, AR, etcetera, were assigned or -- I'm not -- that's a legal term. They were -- there was some transaction in which the owner of Red Owl acquired the employees, engagements, etcetera, of Bridgepoint. And it's documented and counsel has reviewed the transaction.

Q. Now, what is the reason that you've asked the bankruptcy court to appoint you as responsible party not pursuant to Bankruptcy Code Section 227?

MS. WEBB: Objection to the extent it calls

for a legal conclusion.

A. I was advised to do so by counsel.

Q. (BY MR. FOLEY) Are you familiar that Bankruptcy Code Section 327 contains the disinterestedness factors?

MS. WEBB: Objection. Ms. Nicolaou is not a lawyer.

MS. SCHMIDT: This is -- okay. CROs are typically hired under -- is it 363?

MS. WEBB: 363, the Jay --

MS. SCHMIDT: The Jay Alix protocol. So this is -- this is a typical practice in bankruptcy courts. You don't hire a responsible -- you don't hire CROs under 327 typically. Under the Jay Alix protocol it's typical to do it under 363.

Q. (BY MR. FOLEY) Now, what are you doing as the responsible party that the general partner, PDC and the partnerships can do -- cannot do outside the bankruptcy?

A. I don't think I understand the question.

Q. All right.

A. In what context?

Q. Now, you understand that PDC as the managing general partner of the partnership has a fiduciary duty to the partnerships, correct?

A. Correct.

Q. And to the limited partners?

A. Correct.

Q. And you're familiar with the fact that the partnership agreement says PDC cannot purchase assets from these partnerships; are you not?

A. Yes.

Q. All right. So isn't the fact that the reason that you have been appointed as independent fiduciary is so that in your plan, what you've proposed to the court you're proposing that PDC purchase all the assets of these partnerships for $760,000?

MS. WEBB: Can you restate the question?

A. I'm sorry. You lost me there somewhere.

Q. (BY MR. FOLEY) Do you recall that the partnership agreement for both partnerships state that PDC cannot purchase or acquire assets from the partnerships, correct?

A. Yes.

Q. And so isn't the reason that you were picked by PDC to be the responsible party without consultation with any of the limited partners was so that you could propose a plan to the bankruptcy court, whereby PDC would buy all of the assets of these partnerships irregardless of what the partnership agreements say?

MS. WEBB: Objection. Sounds like a question for PDC, not Ms. Nicolaou.

MR. WEISBART: That's a fair question.

MS. SCHMIDT: Is the intention of this -- is one of the plans being -- is the debtor considering whether to sell assets to PDC?

THE WITNESS: Yes.

MR. WEISBART: That's the whole crux of the plan, Erin.

THE WITNESS: Yes.

Q. (BY MR. FOLEY) And you've proposed that those assets will be sold to PDC collectively for both partnerships for $760,000, right?

MS. SCHMIDT: Has there been a plan proposed yet?

MS. WEBB: There's a plan on file.

MS. SCHMIDT: Okay.

MS. WEBB: And the plan contains a settlement with PDC where there are several components of what PDC is paying. Part of that is a consideration for the oil and gas assets, but that is not all of the compensation -- excuse me -- not compensation, consideration pay under the plan. There's also payments for releases.

THE WITNESS: And not only that, it's they're subject to higher and better offers. And it's being auctioned by Clearinghouse. So I mean, it's -- so I

haven't -- it clearly states in the plan that it's subject to a higher and better offer.

Q. (BY MR. FOLEY) But the only thing that -- in your plan that's being sold are the partnerships, what you say arguably their only assets, that's your word in your declaration -- arguably their only asset are something called well bores, right?

A. Yes.

Q. And that's what you're attempting to sell through Clearinghouses, only the well bores, not the rest of the leases, which the partners have an interest?

MS. WEBB: Objection to the extent that you're asking Ms. Nicolaou to make some legal determination of what the partnerships own or do not own. That's a matter that's clearly been in dispute and part of what we're seeking settlement in the plan.

MS. SCHMIDT: Wouldn't that be part -- wouldn't that be done -- some of these questions wouldn't this be better done -- I mean, I realize that some of this is connected to the objection to Ms. Nicolaou's employment about why she was retained by PDC. But we're also getting into plan issues. I just think we need to kind of stick to the schedules and statement of financial affairs.

MR. BROUNER: If I may, Erin, the question is really what the assets of the estate are.

MS. SCHMIDT: Right.

MR. BROUNER: And the question is what the basis is to limit the estate's interest in just the well bore rather than the spacing units. That is the subject of the -- of the litigation as she signed in -- she signed the schedules asserting that the only assets are the well bore. And I think the scope of what the assets are is a proper consideration for the 341 Meeting.

MS. SCHMIDT: I would agree with that. Okay.

EXAMINATION

BY MR. BROUNER:

Q. So the question is: What -- why do you believe that the sole -- the asset is limited to the well bore rather than the spacing units?

A. That's what was assigned is my understanding.

Q. Have you -- I'm sorry, go ahead.

A. I have -- it is my understanding that the assignments included well bores only. And that there is a contested matter related to whether or not the spacing units should also have been appropriately assigned.

Q. Have you seen the assignment?

A. Yes.

Q. Okay. Have you been advised by -- well -- you said you've been advised. Who's advised you that it's

limited to well bore?

A. Counsel.

MR. WEISBART: Whose counsel?

THE WITNESS: Mine.

Q. (BY MR. BROUNER) And so you retained an independent counsel, and who would that have been?

A. Gray Reed.

Q. Okay.

MR. FOLEY: May I just defer to my co-counsel. I'm not a bankruptcy practitioner. I do represent numerous of these limited partners, but -- and I've done 341 examinations in New York in Colorado, Arizona, California. I know that they have different protocols. So may I just defer to my bankruptcy --

MS. SCHMIDT: Sure. Sure.

MR. FOLEY: -- counsel as to the rest of the examination.

MS. SCHMIDT: Sure. Yes, absolutely.

EXAMINATION

BY MR. WEISBART:

Q. You said you had an assessment from your attorney -- this is Mark Weisbart.

MS. SCHMIDT: And what I was going to suggest is whoever's asking questions -- first off, we have the recorder. Second, if we can just move this

closer. You can move the chairs.

MR. WEISBART: It's the same recorder I use.

Q. (BY MR. WEISBART) Ms. Nicolaou, I'm Mark Weisbart. I'm one of the attorneys here representing these investors.

Would you be willing to share your assessment that you obtained about what the partnership owns with us and with the U.S. Trustee.

A. It's what we put on the statement and schedules, we put the well bores.

Q. Right. I understand that's the conclusion. But you testified that your attorney advised you as a responsible party that that's all they owned as the representative of certain limited partners were asking to -- would you provide that assessment -- the research that was done associated with it?

MS. WEBB: I think we can have a discussion off line. You're obviously asking us to delve into some attorney-client issues right here. But let's talk afterwards.

MR. WEISBART: That's fine. And understanding that as the, quote, fiduciary to all the limited partners.

A. So anything I have that I can share with you, I will share.

Q. (BY MR. WEISBART) Okay. That's fine. I understand you'll need to consult with your attorney.

Now, you said there was an agreement with the partnership, presumably through the general partner related to your authority to file the case and to be the responsible party. Is that agreement in writing?

MS. WEBB: Are you referring to her engagement letter?

A. Engagement letter.

Q. (BY MR. WEISBART) Is there any other agreements besides the engagement letter?

A. No.

Q. Okay. And you said that counsel advised you it was okay to file the bankruptcy here in Dallas, Texas?

A. Yes.

Q. What was the business reason for filing the case here?

A. The business reason?

Q. Yes. As opposed to Denver.

A. As opposed to Denver. Bank accounts are here, Denver -- the accounting is done in Virginia. The executive offices are in Denver. You know, business reason it's -- yeah, halfway between the two.

Q. Well, but you said the bank accounts are here. But my understanding is the bank accounts were opened a

few months before the bankruptcy case was filed; is that correct?

A. They were in place when I was brought on board.

Q. Which was in May, right?

A. Uh-huh.

Q. Okay. But other than some bank accounts which were opened at least as of May this year, and I gather of the thousands and thousands of investors, a few of them are in Texas. What other connections are there to -- to Dallas, Texas?

A. I don't know.

Q. All right. You also indicated that you would be paid at the end of the case. Who is going to -- to pay your fees and fees of profession?

A. The estate. Out of the estate.

Q. And where is the money coming --

A. From the proceeds of the -- from the proceeds of the sale, which ultimately come out of the pocket of the unitholders.

Q. Well, I thought what your plan provided is that -- is that the general partner was going to put up $3 million --

A. 3 million, yes.

Q. -- to fund administrative costs, which seems like a very large number to me --

A. Right.
Q. -- and probably no where --
A. Not going to get there.
Q. -- anywhere near that.
But I also thought it said that if the general partner doesn't like what you've proposed then it reserves the right to pull those funds; is that correct?
A. Correct.
Q. Okay. So you were incentivized to do what the general partner likes; is that correct?
A. I'm incentivized by virtue of the way I was retained, to maximize the amount that the estate achieves for the assets. If I have to fight with PDC over a payment, then I'll fight with PDC over a payment. I -- money has never been -- how do I put this? I've walked away -- I have walked away from more. I've -- I'm not going to be pushed into doing something that I don't believe in by virtue of somebody dangling a dollar in front of me. That's not going to happen.
Q. All right. But the plan that has been put on the table -- and I'm not going into all the details. That plan has met with the approval of the general partner, correct?
A. Yes.
Q. I mean, those are terms that were agreed to prior

to the filing case?

A. Yes.

Q. Without any input whatsoever from the most effective parties, the limited partners, correct?

A. Correct.

Q. You undertook that responsibility on your own to decide what's in the best interest of the limited partners without consulting the limited partners; is that correct?

A. That's one way of looking at it.

Q. You filed this case under that arrangement, correct?

A. Correct.

Q. Couldn't this all have been accomplished -- and I don't -- just in a general sense, without going into a bankruptcy?

MS. WEBB: Are you asking her to speculate?

MR. WEISBART: No. I'm asking why she filed bankruptcy for these partners.

MS. WEBB: She's already answered that question.

Q. (BY MR. WEISBART) Indulge me.

A. Well, the partnerships don't have sufficient cash flow from their operations to fund the activity. They don't have -- they were perilously close to being unable to satisfy their obligations under a CC filing

requirements. So, you know, there were other reasons beyond selling assets for putting these things in and winding them up.

Q. What are those reasons?

A. Well, us being able to suspend the SEC filing requirements for one thing, which are $25,000 a quarter to get the audits done.

Q. But that's not entirely correct in the sense that there is a general partner to the partnerships, correct?

A. Correct.

Q. And that general partner is PDC, which is a publicly traded company worth tens if not hundreds of millions of dollars, is that correct, perhaps billions, correct?

A. I don't know if it's worth billions. It is a publicly traded --

Q. It is flush with cash; is that not a fair statement?

A. I haven't looked at their financial statements.

Q. Okay. Well, I would encourage you to look at their financials.

Certainly the general partner is not strapped for cash, could pay the plugging liabilities of associated with these -- with these partnerships if it truly believes these wells need to be plugged, pay the SEC

requirements and address the litigation claims outside of bankruptcy. Would you not agree with that?

MS. RUSSELL: Can I inject something here since PDC is in the room, and Ms. Nicolaou does not work for PDC. He seems to be asking her to testify about matters related to my client, so I object to the extent that she -- she is not an employee and is not here representing PDC.

MR. WEISBART: I'm not asking her as an employee of PDC, Erin. I'm simply trying to understand the reasoning for the filing of the bankruptcy case. Our contention being, it was not necessary and she's a work out expert, right?

MS. SCHMIDT: No, I know --

MS. RUSSELL: She's never been hired by PDC Energy to be a work out expert for their company. And I would like to come back and question. I know I passed in advance, but this really has turned into a deposition. And so I feel like I have to say a couple of things on the record.

MS. SCHMIDT: I think the questions about the reasoning why they filed, it's -- I think ultimately it's more of a deposition question. A lot of it too is going to be probably protected by attorney-client privilege.

FURTHER EXAMINATION

BY MS. SCHMIDT:

Q. I will note, Ms. Nicolaou, you are the responsible party for the Eastern 1996 the limited partnership cases, right, that were filed in 2013?

A. 2013. Uh-huh.

Q. And were these instances in which the debtors were also -- you were -- you're the responsible party and put them into bankruptcy?

A. Yes.

Q. And that was the Northern District of Texas.

A. Yes.

Q. And my understanding is that you were -- those entities were able to confirm plans?

A. Yes.

Q. And did those also involve the sales of assets to PDC?

A. Yes.

MS. SCHMIDT: We can move on.

MR. WEISBART: Okay. And I just want to make a comment about the attorney-client privilege, Erin. I mean, who are they protecting? I mean, there's no creditors in this case, none, except the general partner. And all that's left is the limited partners. We're the ones that either benefit or take the hammer on --

MS. SCHMIDT: I understand it. It's just --

MR. WEISBART: -- who are they protecting? I mean, PDC pipes up about, you know, don't speak for us. But, you know, these are -- these go to the heart of the question of why you're doing -- you're telling us you're doing it for the benefit of us.

MS. WEBB: I think the issue of the dispute here of who represents the unitholders. The one that's actually been hired to do that or a limited number of unitholders that do not represent the entire class yet.

MS. SCHMIDT: I just -- we're getting into the questions of why these debtors filed in the Northern District, why they made the decisions they did. Those are issues related to whether this was a bad faith filing. It's -- those are -- that's more properly done under discovery.

MR. WEISBART: Go ahead. May Mr. Brouner ask a question?

MS. SCHMIDT: Yes.

FURTHER EXAMINATION

BY MR. BROUNER:

Q. Ms. Nicolaou, are you familiar with the litigation pending in Denver, the litigation that was filed on behalf of our clients?

A. The class action -- no, it hasn't been certified

as a class is my understanding.

Q. Right. The putative class, are you familiar with that?

A. I've read through it a couple times.

Q. Okay. Have you undertaken any valuation of merits of the claims, the factual allegation?

A. No.

Q. To the extent that those -- I believe that a -- the mail letter was served on your counsel in the last day or two concerning the different claims that the estate holds. Are you familiar with that?

A. The Louisiana letter?

Q. Pardon?

A. The Louisiana letter.

MS. WEBB: Referring to Louisiana World, but, yes, we're aware of the letter.

Q. (BY MR. BROUNER) Do you have a position with respect to that -- to the demand made?

MS. WEBB: There hasn't -- the deadline to respond to that hasn't been filed yet. So we're looking at that now and we'll respond in due course.

MR. BROUNER: Thank you.

FURTHER EXAMINATION

BY MR. WEISBART:

Q. And in conjunction with that, I understand that

the plan provides a certain amount of money, I think it's around $5 million range, goes to settle that litigation; is that correct?

A. There is an amount of money set aside.

Q. Do you recall the amount?

A. I do not.

Q. Okay. My best recollection --

A. There's a formula.

Q. Okay. But how is that amount derived?

A. I'm sorry, how was it?

Q. How did you come to that -- the conclusion that this amount represents a fair amount to settle the litigation?

A. We --

MS. WEBB: Again, this is kind of getting to if you have an issue with the settlement proposed in the plan, that's an appropriate objection for confirmation. We're happy to talk to you about this outside of the course of 341 Meeting.

MR. WEISBART: It's an appropriate question of the representative who's filed a case who's saying this is an appropriate filing because we're going to do ABC during the course of the case and one of those --

MS. WEBB: Right. But you're getting to the heart of what we're proposing in the plan, which is a

confirmation objection.

MR. WEISBART: It's both. That's a fair question for her to say why -- why filing this case and settling a multi-million dollar piece of litigation for 5 million is in the best interest of -- is a good reason to file this case and is in the best interest of the limited partners --

MS. SCHMIDT: Let's just go on to the schedules and statement of financial affairs. I mean, that's -- that's -- to me that's more about the discovery. And again, I'm not saying it's an unimportant question. This just doesn't --

FURTHER EXAMINATION

By MS. SCHMIDT:

Q. How did you come up with $5 million value for paying the interest holders that amount?

A. We negotiated it. We went back and forth with PDC. We went out to experts and said, What are these things worth? At the end of the day we went to some other folks and said, What else can I do with this property. And finally, we put it up to Clearinghouse -- we're putting up to Clearinghouse and say, Go get me a higher and better offer.

Q. So this is based on your valuation of the assets then, the well bores?

MS. WEBB: There's a -- like I said earlier, there are different components of the consideration in the plan. One is for the assets themselves. I believe what Mr. Weisbart is getting to is for the release provision. And there is a calculation there, which is with respect to a certain dollar value associated with acreage multiplied by the number of wells, multiplied by the size of the spacing unit.

Q. (BY MS. SCHMIDT) So basically a release from PDC as part of the consideration?

A. That's right.

Q. And so that would be property of the estate in a way.

MS. WEBB: The claims.

Q. (BY MS. SCHMIDT) Right. Does the debtor have any potential claims listed against PDC on its schedules?

MS. WEBB: I'm not sure. I know we list the California --

A. We list --

MS. WEBB: -- Colorado class action?

A. The Colorado class action, but we don't list anything else.

Q. But you're not listing anything against --

A. PDC.

Q. -- PDC.

Why not? You're getting money out of PDC?

A. Right.

Q. So --

A. Maybe it should be there as a derivative.

MS. WEBB: To the extent that the -- the estate claims -- it's our position that the -- the claims in the Colorado class action are, you know, estate derivative claims and so there's an overlap there. To the extent we haven't disclosed those, we're happy to amend our SOFAS and put those in there.

A. The derivative is in there.

MS. WEBB: I think the derivative was in there, which would be the same.

MS. SCHMIDT: Go ahead, Mr. Weisbart.

FURTHER EXAMINATION

BY MR. WEISBART:

Q. All Right. And you said you consulted with experts about reaching this amount $5 million?

A. No, sir. I said I consulted about what these things were worth.

Q. The claims were worth?

A. The underlying property.

Q. Okay. Well, I'm talking about the litigation claims.

A. Uh-huh.

Q. Did you consult with any outside parties about what they were worth?

A. I consulted with counsel.

Q. Counsel who is present today?

A. Yes, and her colleagues.

Q. Okay. And did you get a -- like a written analysis of the litigation claims?

A. No.

Q. Any -- anyone else besides?

A. No.

Q. You said there were agreements assigning the contracts with Bridgeport to -- to the new outfit?

A. ROI, Red Owl Interests.

Q. Red Owl. That's an interesting name.

A. That's what I thought too.

Q. Did the U.S. Trustee want to see those agreements or --

A. Okay.

Q. -- if we want to see them, would you agree to provide them?

A. Sure.

MS. WEBB: I don't know. We didn't represent --

A. They're not mine. I am not the principal. I work for Red Owl Interests. I -- based on what I've been

told, all these things have been assigned, so I will get you the documents.

MS. WEBB: Assuming there isn't any kind of confidential something between there, we're more than happy to get those for you. Since I didn't -- I'm not counsel, I'm not sure what's agreed to in that.

MR. WEISBART: We can talk about that.

MS. WEBB: Yeah, absolutely.

Q. (BY MR. WEISBART) But assuming -- I mean, the partnership hired -- did the partnership hire you or did they hire Red Owl?

A. I'm -- I am the responsible party, so they hired me through Red Owl.

Q. So they hired Red Owl and you're then the person designated?

A. Yes. Uh-huh.

MR. WEISBART: All right. I might -- give me a couple minutes.

MS. SCHMIDT: Sure.

FURTHER EXAMINATION

BY MS. SCHMIDT:

Q. I do have a few follow-up questions which are -- was any -- did you hire an outside appraiser to value the oil and gas wells that belong to either debtor in the year before bankruptcy?

A. John Graves, Graves & Company.

MS. WEBB: He's a reserve engineer?

A. He's a reserve engineer in Houston.

Q. (BY MS. SCHMIDT) Because looking at the schedule, has any other property listed in Part 9 been appraised by a professional within the last year? You checked no.

MS. WEBB: It's not an appraisal technically --

A. It's a reserve.

MS. WEBB: -- it's a reserve report.

Q. (BY MS. SCHMIDT) when did Mr. Graves do the report?

A. Finalized in October, I think.

MS. WEBB: It was before -- it was before filing.

A. Before filing.

MS. WEBB: I'm not sure on the exact date.

A. September -- September early October something, September.

MS. WEBB: I was still on maternity leave.

THE WITNESS: Yes, you were still out on maternity leave.

Q. (BY MS. SCHMIDT) And so the value -- the $304,000 value, for example, listed for 2006, did that

come from Mr. Graves' report?

A. Can't answer that as I sit here. I'd have to look.

Q. And you note the well bore only interest and you mentioned -- obviously there's dispute as to whether the spacing units belong to the debtors. If the spacing units belong to the debtors, wouldn't that maximize the value of the estate?

A. It would change the values. Theoretically increase them.

Q. If there's a dispute wouldn't you want to take the position that the debtors might own the spacing units?

A. We have taken that position.

Q. All right. So you've taken that position in both these bankruptcies that you -- but then why don't -- why do you only list the well bore interest on the schedules?

MS. WEBB: It's the only undisputed interest that we know the debtor owns. The debtor's taking the position part of that is through the plan settlement, trying to maximize value to resolve that dispute in favor of the unitholders.

Q. (BY MS. SCHMIDT) But is -- even if it's disputed, is that disputed -- claim -- well, that's part of -- is that part of the class action?

A. Yes. I'm sorry, I shook my head.

Q. All right. Because it's -- it just wasn't clear to me and I may have missed it on the schedules, so that's why I was asking that.

MS. SCHMIDT: Go ahead, Counsel.

FURTHER EXAMINATION

BY MR. WEISBART:

Q. Okay. Let me understand because this is news to me. Your position is is that the partnership owns the prospects, the spacing units?

MS. WEBB: It's an issue that's in dispute.

Q. (BY MR. WEISBART) But it's a simple question. Is the debtor's position that it owns the spacing units, yes or no?

A. It's a disputed issue. I don't have -- it's.

Q. So, yes, subject to it being disputed?

A. Yes.

Q. But yet the debtor has hired a -- a outside firm to put up for auction. What's the name of the firm?

MS. WEBB: Clearinghouse.

MR. STUMP: Oil and Gas Clearinghouse.

Q. (BY MR. WEISBART) Oil and Gas Clearinghouse to sell the spacing units?

A. The well bores.

MS. WEBB: Just the well bore.

Q. (BY MR. WEISBART) Why not sell the spacing

units?

MS. WEBB: Because PDC arguably owns the spacing unit. We can't sell something that we don't have clear title to.

A. Right.

Q. (BY MR. WEISBART) So PDC is directing what is being sold and what isn't being sold?

MS. WEBB: No.

MR. WEISBART: Well, that's what it sounds like to me. If you -- if the debtor is taking the position that there -- it has an arguable claim to the spacing units, but the debtor's only seeking active employment for the well bores, how does that benefit the debtor and principally the limited partners?

FURTHER EXAMINATION

BY MS. SCHMIDT:

Q. Do you know how much -- have you done any type of a valuation as to how much the spacing units might be worth if the title -- if title was cleared?

A. No.

MR. BROUNER: We do. We have an expert.

MR. WEISBART: 160 million I think is the number. If you want a copy, here's the valuation.

MS. SCHMIDT: So if . . .

MR. FOLEY: That has been filed with the

bankruptcy court.

Q. (BY MS. SCHMIDT) And I'm not going to get into this report or try to get -- but I'm just trying to understand -- so you haven't looked at all into the potential value of those units, the spacing units?

A. We did a -- we went out and asked an expert to give us a value per acre. Okay. And couldn't get the information without expending about $10,000 for access to the database.

Q. And so the -- the . . .

A. So we had very limited information about what the spacing unit acreage was worth.

Q. And there hasn't been any prior valuations done before the spacing units?

A. Not that I've seen.

Q. And so the work that Mr. Graves did, that was just on the well bores?

A. He did a reserve analysis report. And he's the one who went back and also tried to find for me information on the spacing units.

FURTHER EXAMINATION

BY MR. WEISBART:

Q. But the question was: It's just on well bores and the answer is yes?

A. Yes.

Q. Okay. And the $10,000 that you needed for the database, you didn't have that -- the partnership didn't have that money to do that or you didn't have the money?

A. Mr. Graves advised me that he thought it was a ridiculous amount of money to pay for the inquiry.

Q. But the point being that the general partner, which is willing to put up -- make available $3 million to pay professional fees to get confirmation of a plan it likes, wouldn't put up $10,000 to allow you to complete a reserve analysis of the spacing units?

MS. RUSSELL: Since this being conducted --

MR. WEISBART: Can I get an answer to my question?

MS. RUSSELL: I object because this is -- this has gone far beyond and I would like to question as well. And if we're going to conduct this like a deposition, then I do get to object.

MR. WEISBART: It's a simple question.

FURTHER EXAMINATION

BY MS. SCHMIDT:

Q. Pretty much what you're saying, Ms. Nicolaou, that you haven't -- that you -- that as a responsible party, you didn't want to spend $10,000 to value?

A. Mr. Graves advised after going out and looking, that spending $10,000 to get the information was, in his

view, a ridiculous sum of money.

Q. Okay. So based -- your -- your reserve report guy said just -- it's not worth the money?

A. Exactly. And I didn't ask PDC if they would fund it.

MR. WEISBART: Ask a few more questions.

MS. SCHMIDT: Yes. And again, I -- this is -- I mean -- yes.

FURTHER EXAMINATION

BY MR. WEISBART:

Q. How did you find Graves?

A. How did I find John Graves?

Q. Yeah.

A. I serve on a board of directors with him. I know his work and I know his reputation in the industry in Houston.

Q. Somebody you knew?

A. Uh-huh.

Q. And who paid Graves? You may have answered this.

A. The partnerships paid Graves.

Q. And there were Ryder Scott -- all Ryder Scott reports?

A. There are Ryder Scott reports and Graves --

MS. WEBB: We've already provided those to you.

MR. WEISBART: Right.

A. The last three years, I think.

Q. (BY MR. WEISBART) Who pays for those, the partnerships?

A. They are paid for by the partnership as part of the audit.

MR. WEISBART: I think the general partner's attorney wants to ask a few questions.

MS. SCHMIDT: Yes. And, Ms. Russell, if you want to come up and asks questions of Ms. Nicolaou.

EXAMINATION

BY MS. RUSSELL:

Q. Ms. Nicolaou, is it your understanding that the gentlemen who have been asking you questions today are plaintiffs' lawyers in the class-action litigation in Colorado?

A. Except for Mr. Weis- --

MR. WEISBART: Weisbart.

A. -- Weisbart, who I believe is a bankruptcy attorney in Dallas.

MR. WEISBART: And Mr. Brouner.

A. I'm sorry. I've seen your name. I don't know that I've seen . . .

Q. (BY MS. RUSSELL) Sure. Is it your general understanding that those people are working on a

contingent-fee basis?

A. I don't have any understanding of their fee arrangement, but most class actions are fee -- are for percentage.

Q. Now, do you maintain in an office in the state of Texas?

A. Yes.

Q. How long have you maintained an office in the state of Texas?

THE WITNESS: Can I just say more than 25 years?

MS. SCHMIDT: Yes.

A. 30 something.

Q. (BY MS. RUSSELL) So is it fair to say that all times during which you have been serving as the responsible party for these partnerships, you have been resident in the state of Texas?

A. That would be correct.

Q. So when they asked you if the only connection that the partnerships had to the state of Texas was that the bank accounts were here that wasn't really true, was it, because the responsible party was here as well?

A. Correct.

Q. Okay. Now, they also mentioned that the amount that PDC was paying was a cash amount, correct?

A. Yes.

Q. Okay. But isn't it true that in connection with that transaction. That PDC is also assuming all the plugging and abandonment liabilities for these partnerships?

A. It is.

Q. Okay. And is it -- is it possible that when Mr. Graves told you that it wasn't worth spending money on doing an analysis, it was because he felt like the plugging and abandonment liability was so great that it really dwarfed any value that the assets themselves had?

MR. WEISBART: Objection. She said "possible." Calls for speculation on the part of the witness.

Q. (BY MS. RUSSELL) Well, do you know?

A. I'm sorry, could you . . .

Q. Okay. Do you know whether or not Mr. Graves assessed the plugging and abandonment liabilities that were associated with these assets?

A. He did.

Q. Okay. And as you sit here today -- and I understand you don't have documents in front of you. As you sit here today, do you have any recollection of what those liabilities were?

A. No. In order of magnitude, no, but about $50,000

a well.

Q. A well. Okay. Did -- did Mr. Graves conclude that these assets had positive value?

A. No.

Q. Okay.

MR. WEISBART: Are you talking about just the well bores?

MS. RUSSELL: I'm talking about what Mr. Graves' value --

MR. WEISBART: Which was just the well bores, correct? I'm just --

MS. RUSSELL: I'm asking the witness a question. And I think that you know what the rules are. I don't think you get to clarify my question.

MR. WEISBART: I'm sorry, you don't mean to be hostile toward me. I know we've touched on a few sensitive points, but go ahead and ask your question.

MS. RUSSELL: You know, I understand that you're trying to create a record here and say --

MS. SCHMIDT: Okay. We're going to pause this for a moment. I'm done.

(Recess was taken.)

MS. SCHMIDT: We're back on the record.

Q. (BY MS. RUSSELL) Were you notified in advance of today that there would be a court reporter here?

A. I was certainly not.
Q. And so you didn't consent to having a reporter here?
A. No.
Q. All right. Have you, Ms. Nicolaou, acted as a fiduciary before -- in or outside a courtroom setting?
A. Yes.
Q. Have you ever been found to have breached your fiduciary duty to anyone to whom you had a fiduciary duty?
A. No.
Q. Now, the -- PDC is -- is a limited partner in these partnerships; is it not?
A. PDC?
Q. PDC Energy.
A. Both.
Q. Both a general and a limited partnership?
A. Uh-huh.
Q. And, in fact, isn't it the single largest limited partner?
A. Yes.
Q. All right. Would you have any reason to -- to dispute if I told you that in the last ten years more oil and gas cases have been filed in the state of Texas for bankruptcy than in any other state in the United States?
A. I'd have no reason to dispute that.

Q. Okay. And do you think it would be fair to say that the bankruptcy courts in Texas, including those in the Northern District of Texas, are very well versed in -- in oil and gas as a -- as a subject?

A. Yes.

Q. Okay. Now, the -- during the questioning I think you were -- the litigation that exists in Colorado was characterized as a multimillion dollar litigation. Did you hear that?

A. I did.

Q. That was their characterization, not your own; isn't that correct?

A. That's correct.

Q. Now, the -- the auction of the assets is subject to higher and better offers, correct?

A. The sale of?

Q. The sale of the assets.

A. The sale of the assets is subject to higher and better offers, yes.

Q. But that -- that would be an offer that included assumption of all plugging and abandonment liabilities, correct?

A. You would have to analyze whatever offer you received to determine higher and better. So, yes, you would have to necessarily assume -- it would necessarily

include the value of the amount of the liabilities.

MS. RUSSELL: All right. I have no further questions at this point.

MS. SCHMIDT: All right.

MS. WEBB: Erin, may I ask just one clarifying question?

MS. SCHMIDT: Sure.

EXAMINATION

BY MS. WEBB:

Q. Ms. Nicolaou, when you testified earlier with respect to that Colorado class action and the extent you've done any analysis of that complaint, I believe you testified that you personally have not; is that correct?

A. That's correct.

Q. But are you aware of whether your lawyers have done such an analysis at your request?

A. They have done an analysis. I've had a -- couple of three or four, ten conversations with the attorneys, with your oil and gas folks, etcetera, so I haven't gone out and -- I'm not a lawyer, so.

FURTHER EXAMINATION

BY MS. SCHMIDT:

Q. Ms. Nicolaou, do you have any of the debtor's books and records here in Texas?

A. No. That's a function of how oil and gas

accounting is done.

Q. Okay. And so the books and records, those are either in Denver or possibly Pittsburgh?

A. I think they're -- well, Pittsburgh -- Pittsburgh is where the auditors are, that's Schneider --

MS. WEBB: Schneider Downs.

A. -- Downs, are the auditors for these groups. And I believe the accounting department is actually in Virginia --

MS. WEBB: West Virginia.

A. West Virginia. Sorry. Mountain Momma.

Q. All right. So I think you listed here that the books and records and financial statements are with PDC Energy in Denver, so.

A. That's their mailing address. Physical address of the accounting department.

MS. SCHMIDT: Okay. Okay. All right. I think -- Mr. Arndt, do you have any questions?

MR. ARNDT: I do not.

MS. SCHMIDT: All right. I'm going to go ahead then and conclude the meeting of creditors. Thank you.

MR. WEISBART: It occurred to us that the notice that was given of the meeting didn't comply with the court's order. I don't know if -- if the -- you want

to continue the meeting to --

MS. WEBB: I can clarify that. There were over 3700 limited partnership unitholders. It took us multiple days to get it mailed out.

MR. WEISBART: I'm not putting blame, but the statutory time frame of notice wasn't given.

MS. WEBB: It was mailed over November 14, 15th. I believe the last few were sent out on the 16th, so.

MR. WEISBART: I don't know what the U.S. Trustee's view of that, but it may -- if the court ordered notice wasn't given, perhaps it should be continued, but it's up to you. I just want to point that out.

MS. SCHMIDT: No, and that's a good point.

MS. WEBB: We're talking about a difference of 20 versus 21 days. And we're obviously -- I think that we have gone through a lot of these issues extensively beyond the normal scope of what a 341 Meeting. And like I said, if you want to get into any of these issues, we are happy to conduct that discovery in the course of contested matter later on.

MS. SCHMIDT: What I'm going to do -- right. What I'm going to do is -- I'm going to pause this for a moment and talk with co-counsel.

(Recess was taken.)

MS. SCHMIDT: All right. I've -- we're back on the record. I've consulted with co-counsel Stephen McKitt, and the U.S. Trustee is going to conclude the Meeting of Creditors today. Thank you.

(Meeting was concluded.)

STATE OF TEXAS *

I, Melisa Duncan, a Certified Shorthand Reporter in and for the State of Texas, do hereby certify that the foregoing proceedings as indicated were made before me by the parties on the 6th day of December, 2018 at 1:30 p.m., located at 1100 Commerce, Room 976, Dallas, Texas and were thereafter reduced to typewriting by me and under my supervision.

I further certify the above and foregoing proceedings as set forth in typewriting is a full, true, correct and complete transcript of the proceedings had at the time of taking said proceeding.

Given under my hand and seal of office on this 12th day of December, 2018.

MELISA DUNCAN, Texas CSR 6135
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