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AND JOANNE M. GAFFEY LIVING TRUST, MARCH 2000, AND
THE GLICKMAN FAMILY TRUST DATED AUGUST 29, 1994
THE WILLIAM J. AND JUDITH A. MCDONALD LIVING
TRUST DATED APRIL 16, 1991

**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 MOTION TO QUASH SUBPOENA TO JASON BROOKNER
TO TESTIFY AT A DEPOSITION AND FOR PROTECTIVE ORDER**

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 R. 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 “Limited Partners”) file this objection to the Debtors’ Motion to Quash Subpoena to Jason Brookner to Testify at a Deposition and For Protective Order (“Motion”), and respectfully state as follows:

SUMMARY OF ARGUMENT

1. The deposition of Jason Brookner is critical to ascertain factual information that goes to the merits of the Limited Partners’ Motion to Dismiss the Case and Objection to Ms. Nicolaou’s retention application and which has not been previously disclosed through other sources of discovery. In particular, Mr. Brookner directly negotiated the term sheet settlement with PDC Energy Inc (“PDC”) on behalf of Karen Nicolaou and would have direct knowledge concerning the basis of its provisions. Ms. Nicolaou, in sworn testimony, acknowledged that she was not directly involved in this process, could not recall the substance of a conference call with PDC in which the terms or parameters of the term sheet were discussed, and could not explain several of the key deal points related to the term sheet. These communications involving PDC’s counsel and Mr. Brookner, on behalf of the Debtors are not subject to attorney client or work product privileges.

2. Secondly, to the extent privileged information is requested, the privilege has been waived. It is clear through Debtors’ responses to the Limited Partners’ dismissal request and Nicolaou’s testimony that she relied on the advice of the attorneys at Gray Reed in determining (i) what the Debtors’ assets were, (ii) her authority to file the petitions on the Debtors’ behalf, (iii) where to file the cases; (iv) to seek appointment as a responsible party rather than under Section 327; (v) negotiating a settlement with PDC as incorporated in the Plan; (vi) what the Denver Action claims were worth; and (vi) formulating and presenting their defenses to the Dismissal Motion.

3. Finally, the attorney client privilege asserted by Debtors does not apply to the

services rendered by Gray Reed to the extent those services involved business advice, not legal advice.

BACKGROUND

4. The Limited Partners seek dismissal of this case, in part, as a bad faith filing. In particular, the Limited Partners assert that a primary purpose for the filing of the case was to seize control of and settle the Denver Suit for little consideration and provide PDC a global release.

5. In January 2018, just weeks after the suit was filed, PDC counsel, Joseph Rovira, contacted Lydia Webb about bringing in Karen Nicolaou for the purpose settling the litigation through the bankruptcy process. Ms. Nicolaou was installed by PDC in May of 2018 as the partnership's exclusive representative. In October, She and PDC signed a term sheet settlement agreement (the "Term Sheet Agreement") which is incorporated into Debtors' joint plan of reorganization filed shortly after the case was filed on October 30, 2019. A copy of the Term Sheet Agreement is attached hereto as Exhibit "A". At the core of the Term Sheet Agreement are two provisions, one that provides PDC purchases the Debtor's oil and gas properties for a combined sum of \$762,000.00 to settle claims held by the estate, and the other being PDC's payment to consenting limited partners up to \$5,280,000.00 to settle direct litigation claims held by those partners.

6. Since the filing of these cases, Ms. Nicolaou has testified on two (2) occasions. On December 6, 2018, Nicolaou appeared at the joint first meeting of creditors as the Debtors' purported representative and in that capacity testified that Gray Reed conducted an analysis of the Denver Suit for her prior to the filing. At first, Nicolaou seemed willing to share information related to this analysis, but no meaningful information was exchanged after objections by her counsel citing attorney client privilege. Instead, the Limited Partners were advised that this information could be handled and provided outside the meeting, which it never was.

7. On May 7, 2019, Ms. Nicolaou gave her deposition in this case. In short, the deposition (i) affirmed that Ms. Nicolaou relied heavily on Gray Reed, and in particular Jason Brookner, to negotiate the Term Sheet Agreement with PDC's counsel, (ii) that she had little, if any, memory of key events, non-privileged discussions, and decisions related to the deal, and (iii) from start to finish most of the matters leading to the bankruptcy filings were driven by and through the lawyers and in particular Jason Brookner on Ms. Nicolaou's behalf and Joseph Rovira of Hutton Andrews Kurth on behalf of PDC.

8. In her deposition, Ms. Nicolaou acknowledged that discussions concerning the term sheet were handled exclusively by counsel. See Nicolaou Dep. 161:9 - 162:1, 162:1¹(conversations leading to the term sheet "occurred through counsel"); 161:13-16 (Ms. Nicolaou had no direct conversations with anyone at PDC related to reaching a settlement agreement) 162:23 - 163:1 (Ms. Nicolaou had no direct settlement discussions with PDC prior to PDC forwarding a proposal in September 2018 to Mr. Brookner); 163:14-16. (After receiving the initial offer, Ms. Nicolaou had no discussions with PDC regarding the offer) 164:25,165:1-2 (Ms. Nicolaou instructed attorneys to continue conversations with PDC in hopes of enhancing the settlement).

9. Ms. Nicolaou lacked recollection of key events and provisions related to the Term Sheet Agreement. In particular, following the initial proposal of September 7, a key conference call was scheduled and conducted on October 8, 2018, to discuss the proposed term sheet. Ms. Nicolaou, Jason Brookner, Joseph Rovira and others were on the call which lasted nearly an hour. Ms. Nicolaou billed .9 hours on her billing records and described the call as "Meetings & Conference Calls: Discussion of term sheet. *Basis for calculations etc.* [emphasis added]". Despite the apparent importance of the call, this being the only joint communication between PDC and

¹ All Nicolaou Deposition excerpts are attached hereto as Exhibit "B".

Nicolaou and their respective counsel concerning the Term Sheet, Ms. Nicolaou testified that she could not recall the substance of the call. See e.g. id at 166:11-22. In addition, as noted, the Term Sheet Agreement provides for the combined payment of \$762,000.00 to the Debtors in exchange for their respective oil and gas properties. Ms. Nicolaou could not recall the basis for those figures. See e.g. id. 164:7-13. For purposes of settling direct claims of limited partners, the Term Sheet Agreement also provides for the payment of \$2,360,000.00 to the consenting limited partners of Rockies Region 2006 Limited Partnerships and \$2,920,000.00 to the consenting limited partners of Rockies Region 2007 Limited Partnerships. These figures were apparently derived from a per acre analysis conducted by somebody, presumably Mr. Graves. In her deposition, Ms. Nicolaou could not recall how these figures were derived, what acreage they were based upon or used to reach this number. See e.g. id. 164:14-21; 171:21-173.

10. There were other meetings or conversations involving multiple parties where Ms. Nicolaou's memory was incomplete. On May 22, 2018, Ms. Nicolaou and Mr. Brookner attended an eight (8) hour meeting at PDC's Denver headquarters yet, she could not recall several key items that were discussed nor could she recall whether the Denver Suit was discussed. See e.g. id. 64:22-24. The day before on May 21, 2018, Ms. Nicolaou and Mr. Brookner met with Jay Marcus, a Denver business bankruptcy attorney for four (4) hours. Ms. Nicolaou could not recall the substance of the discussion or identify the basis for his potential employment. See e.g. id. 75-79.

11. The decision to file bankruptcy and the formulation the Term Sheet Agreement were the product of multiple communications between PDC and Debtor's respective counsel. Mr. Rovira and Mr. Brookner handled all the discussions related to the Term Sheet Agreement. Mr. Brookner and perhaps other attorneys at Gray Reed conducted their own due diligence related to the Term Sheet Agreement (see Exhibit "C" attached hereto). The \$3 million administrative reserve set up to ensure payment of Gray Reed and Nicolaou's fees was a product of direct

discussions between Mr. Brookner and Mr. Rovira. Gray Reed prepared the Nicolaou declaration with input from Ms. Nicolaou, and information obtained from PDC or its counsel. The first day pleadings, schedules and statement of affairs were prepared from information obtained by Gray Reed directly or indirectly from PDC. All documents and pleadings prepared by Gray Reed or actions taken by Gray Reed were vetted first by PDC through respective counsel.

12. Ms. Nicolaou's reliance on Gray Reed and its review and analyses in formulating her business decisions purportedly as the partnerships' Responsible Party cannot be overstated. From documents produced to the Limited Partners it is patently clear that Ms. Nicolaou personally devoted little, if any, time in analyzing the underlying issues causing the Debtors' financial condition, the merits and value of the claims asserted in the Denver Suit and such other claims the Debtors may potentially have against PDC for its actions and conduct as their managing general partner. These documents, Ms. Nicolaou's billing statements from May 1, 2018 through October 31, 2018, reflect that during this six (6) month period, except for a three (3) day trip to Denver to meet with PDC and tour some of the Debtors' wells for which she billed twenty-four (24) hours, she billed a total of 14.35 hours. That equates to an average of .6 hours per week. A copy of Ms. Nicolaou's billing statements are attached hereto as Exhibit "D".

13. On May 15, 2019, the Limited Partners took the deposition of Darwin Stump, PDC's designated representative. Based on the testimony of Mr. Stump he had little to add concerning the discussions surrounding the Term Sheet Agreement. He acknowledged that the lawyers were primarily responsible for putting it together and that the limited partner releases were based on a per acre calculation. Stump Dep. 179-183. See Exhibit "E".

ARGUMENT

14. **Mr. Brookner is now a crucial fact witness.** As noted above, Mr. Brookner was the principal person involved in negotiating the Term Sheet Agreement and the decision to file

bankruptcy on behalf of the Debtors. He directly negotiated the deal with PDC's counsel. Ms. Nicolaou has virtually no knowledge concerning the formulation of the figures contained in the Term Sheet Agreement and absolutely no memory concerning the October call. None of the documents filed in the case explain the basis for the settlement figures. The Disclosure Statement filed by Debtors is devoid of any explanation. The documents produced in discovery do not contain explanations. Presumably there is some explanation for the bankruptcy purpose of filing the case and the proposed payments contained in the Term Sheet Agreement. The only people with personal knowledge of information would be Mr. Brookner or perhaps other counsel similarly involved in these matters. This information is critical since it goes to the heart of the argument that the case was filed in bad faith. The Limited Partners attempted to obtain this information from Ms. Nicolaou, but were unsuccessful due to her lack of recollection. As a consequence, the Limited Partners are required to seek such information from Mr. Brookner, through deposition, to determine what was discussed or decided at these events and to obtain some meaningful explanation concerning the Term Sheet figures.

15. **Gray Reed served as a business consultant for Ms. Nicolaou.** The engagement agreement signed by Gray Reed and Ms. Nicolaou specifically provides that Gray Reed's services include "evaluating strategic alternatives, a potential wind-down and a potential chapter 11 filing..." A copy of the engagement agreement is attached hereto as Exhibit "F". Business opinions or advice as opposed to legal advice is not subject to the attorney client privilege and is discoverable. To avoid repetition, the Limited Partners incorporate by reference the arguments made in its Motion to Compel Production of Documents as to this issue.

16. **The Attorney Client Privilege has been waived.** Here, it is clear through Debtors' responses to the Limited Partners' dismissal request and Ms. Nicolaou's testimony that she relied on the advice given her by attorneys at Gray Reed in determining (i) what the Debtors' assets

were;² (ii) that she had the authority to file the petitions on the Debtors' behalf;³ (iii) where to file the cases;⁴ (iv) to seek appointment as a responsible party rather than under section 327;⁵ (v) negotiating a settlement with PDC as incorporated in the Plan;⁶ (vi) what the Denver Action claims were worth;⁷ and (vi) formulating and presenting their defenses to the Dismissal Motion.

17. In her Declaration which identifies all of the reasons for filing these Chapter 11 cases, Ms. Nicolaou concludes that the Denver Suit has a "low likelihood of success" which is one of the key reasons for pursuing the proposed transaction with PDC. Yet under oath, she openly admits to not having done an analysis of the Denver Suit. Nicolaou Dep. 114:6-15, 183:15-22, 184:12-17. The only possibility left for making this conclusion would be her discussions with

² At the 341 meeting, in response to the question why she believed that the Debtors' sole assets were limited to well bores rather than spacing units Nicolaou testified that it was her understanding that the Debtors were assigned "well bores only," and that she was advised that the assignment was limited to well bores by her counsel, Gray Reed. She further testified that the assessment of what the Debtors' owned is what was "put on the statement and schedules, we put the well bores." See Excerpts of Transcript of 341 Meeting, December 6, 2018 (the "341 Transcript"), a copy of which is attached to the Motion to Compel Production of Documents [dkt. # 171] as Exhibit "H".

³ At the 341 meeting, Nicolaou testified that she based her authority to file the petitions on her retention agreement, the partnership agreement and her reliance on advice from counsel. [341 Transcript, pgs. 11-12].

⁴ In responding to the question why the cases were filed not filed in Colorado or West Virginia, Ms. Nicolaou testified that she consulted with counsel and that "counsel indicated that Texas – that filing in Texas was appropriate." [341 Transcript, pgs. 16-17].

⁵ When asked the reason for seeking court approval as a responsible party Ms. Nicolaou testified "I was advised to so by counsel." [341 Transcript, pgs. 20-21].

⁶ With regards to how the Debtors' derived a \$5 Million value as a settlement for the benefit of the limited partners in exchange for a release to PDC, Lydia Webb, Debtors' counsel, stated "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." [341 Transcript, pgs. 38-39].

⁷ Ms. Nicolaou testified that she consulted with attorneys at Gray Reed to determine the value of the Denver Action claims but was not provided a written analysis of the claims. Later she was questioned by Ms. Webb "But are you aware whether your lawyers have done such an analysis at your request?" to which she responded "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." [341 Transcript, pg. 56].

her counsel, which are claimed as privileged communications.

CONCLUSION

18. For all of the foregoing reasons, the Limited Partners respectfully request that the Debtors' Motion to Quash be denied in its entirety, and that the Limited Partners be granted such other and further relief to which they are justly entitled.

Respectfully submitted,

/s/ Mark A. Weisbart

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DATED APRIL 16, 1991

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served on the parties receiving notice via the Court's ECF filing system, on the 28th day of May 2019.

/s/ Mark A. Weisbart

Mark A. Weisbart

Subject to Definitive Documentation

TERM SHEET
FOR PROPOSED SALE OF ASSETS BY ROCKIES REGION 2006 LIMITED
PARTNERSHIP AND ROCKIES REGION 2007 LIMITED PARTNERSHIP

October 30, 2018

This term sheet (the “Term Sheet”) describes certain of the principal terms of a proposed transaction (the “Transaction”) for the sale of substantially all of the assets (the “Purchased Assets”) of Rockies Region 2006 Limited Partnership (“RR06”) and Rockies Region 2007 Limited Partnership (“RR07” and collectively with RR06, the “Debtors” or “Sellers”) to, and the assumption of certain liabilities by, PDC Energy, Inc. (the “Buyer” or “Purchaser”). The transaction shall be effected through chapter 11 filings (the “Chapter 11 Cases”) by the Sellers in the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”). The terms contained in this Term Sheet are subject in all respect to the terms of final, definitive documentation (the “Transaction Documents”), and shall be subject to the solicitation and acceptance of higher and/or better offers.

Sellers	Rockies Region 2006 Limited Partnership and Rockies Region 2007 Limited Partnership
Buyer	PDC Energy, Inc.
Proposed Transaction “Milestones”	<p>On or before October 31, 2018, Sellers shall file with the Bankruptcy Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code and such other first day pleadings as may be necessary or appropriate. Within fourteen (14) days thereafter, Sellers shall file with the Bankruptcy Court (i) a Joint Chapter11 Plan (the “<u>Plan</u>”) that implements the transactions contained herein;; (ii) a Disclosure Statement to Accompany the Plan (the “<u>Disclosure Statement</u>”); and (iii) a Motion to Approve Disclosure Statement, all of which shall be reasonably acceptable to Purchaser in form and substance.</p> <p>The Bankruptcy Court shall have entered an order approving the Disclosure Statement (the “<u>Disclosure Statement Order</u>”) no later than forty-five (45) days following the date the Disclosure Statement is filed (subject to the Bankruptcy Court’s calendar).</p> <p>The Bankruptcy Court shall have entered an order confirming the Plan (the “<u>Confirmation Order</u>”) within ninety (90) days of the date the Plan is filed (subject to the Bankruptcy Court’s calendar).</p> <p>The effective date of the Plan shall occur within fifteen (15) days after entry of the Confirmation Order</p>

Purchase Price	Purchaser shall pay (i) \$304,000 for the oil and gas properties of RR06; and (ii) \$458,000 for the oil and gas properties of RR07 (the “ <u>Cash Consideration</u> ”), and Purchaser shall also assume all plugging and abandonment liability (the “ <u>P&A Liability</u> ”) and certain other liabilities associated with the Purchased Assets as set forth below (together, the assumption of the P&A Liability with the Cash Consideration the “ <u>Purchase Price</u> ”). PDC agrees to waive any recovery on account of its limited and general partnership interests in each Debtor with respect to the Cash Consideration.
Purchased Assets	<p>The Purchased Assets shall include all of the Debtors’ right, title, and interest in and to all of their respective properties, including but not limited to:</p> <p><i>Oil and Gas Interests.</i> All of the Debtors’ right, title, and interest in and to all of their respective oil and gas properties, including any leases, wells or other real or personal property associated with the operation of such leases and wells.</p> <p><i>Contracts.</i> All of the interests, rights, claims, and benefits arising or accruing to any of Debtors under any contract (including any lease) to which a Debtor is a party or has or may acquire a benefit and that relate to the Purchased Assets (the “<u>Assigned Contracts</u>”), with such Assigned Contracts to be identified in the Transaction Documents.</p>
Assumed Liabilities	Purchaser will assume all liabilities associated with the Purchased Assets, including but not limited to the P&A Liability and environmental liability (collectively, the “ <u>Assumed Liabilities</u> ”). Purchaser estimates the P&A Liability to be \$1,656,000 for RR06 and \$1,879,000 for RR07. The Cash Consideration is what Purchaser estimates the value of the assets to be without accounting for P&A Liability. Additionally, RR06 currently owes Purchaser approximately \$1,350,000 for expenses not reimbursed by RR06. Purchaser will reduce this claim by \$600,000 to \$750,000, with such claim being paid as a general unsecured claim under the Plan (the “ <u>Forgiven Debt</u> ”).
Releases	<p>In consideration for payment of the Purchase Price and assumption of the Assumed Liabilities by Buyer, Sellers shall cause the Plan to contain provision for a mutual release by Sellers in favor of Buyer and by Buyer in favor of Sellers on terms mutually acceptable to the Parties.</p> <p>Additionally, Sellers shall include a provision in the plan pursuant to which all limited partners in the Debtors will release any and all claims against Buyer for their pro rata share of (i) \$2,360,000 for limited partners in RR06;</p>

	<p>and (ii) \$2,920,000 for limited partners in RR07 Limited Partnership (collectively, the “<u>Settlement Payment</u>”).¹</p> <p>Each limited partner will have the ability to opt out of the release. Opting out of the release will result in a limited partner’s <i>pro rata</i> share of the Settlement Amount being redistributed to limited partners who have not opted out of the releases.</p> <p>Purchaser will waive its right to any recovery under the Plan on account of the Settlement Amount.</p>
Total Value of the Offer	The total value of the above offer, accounting for the Cash Consideration, the Assumed Liabilities, the Settlement Payment and the Forgiven Debt, and not including the additional value being provided through the Administrative Reserve (discussed below) is no less than \$4,920,000 for RR06 and \$5,257,000 for RR07.
Administrative Costs of Chapter 11 Cases	In addition to the other consideration, terms and conditions set forth herein, Purchaser shall fund the administrative costs of the Debtors’ chapter 11 cases, in accordance with the attached Schedule A (the “ <u>Administrative Reserve</u> ”); <i>provided, however</i> , none of such funds may be used to pay or reimburse fees, costs, expenses incurred in connection with actions that (i) oppose the transactions set forth herein, or (ii) are adverse to or otherwise challenge Purchaser’s legal or equitable rights or interests. Notwithstanding funding of the Administrative Reserve, Purchaser shall retain the right to contest any motion or application for approval of an administrative expense.
Termination Provisions	<p>The Parties will have the right to terminate any agreement ultimately reached as follows:</p> <ul style="list-style-type: none"> • <i>Mutual Consent.</i> Buyer and Sellers may terminate this Agreement as to all Parties by mutual written consent. • <i>By Buyer.</i> If the Milestones set forth herein are not met. • <i>By Sellers.</i> In the exercise of their fiduciary duties as debtors in possession if, <i>inter alia</i>, a higher and/or better offer for the Purchased Assets is received.

¹ The Settlement Payment equates to \$2,000 per acre.

Schedule A to Term Sheet

RR 06 and 07 – Projected Administrative Reserve

PDC will fund an administrative reserve of up to \$3 million (exclusive of U.S. Trustee fees) (the “Administrative Reserve”) for the payment of administrative expenses of the Debtors’ chapter 11 cases, which includes the fees of any estate retained professionals. The Responsible Party’s incentive fee will be deducted from the net proceeds of the Purchase Price and Settlement Payment, as applicable. PDC shall also agree to fund U.S. Trustee fees pursuant to 28 U.S.C. § 1930 to the extent the Administrative Reserve, after paying all other administrative expenses, is not sufficient to satisfy the same. Notwithstanding the funding of the Administrative Reserve, PDC’s rights to object to fee applications submitted by court-retained professionals, and any other request for payment of an administrative expense, are expressly reserved and preserved.

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1 Q. Okay. What was discussed at the meeting?

2 A. Status of the wells, as reflected in the notes.

3 Q. Okay. And the notes you're referring to begin
4 with Bates stamp 5924; is that correct?

5 A. Yes.

6 Q. And where do they end by Bates stamp?

7 A. I believe 5928.

8 Q. Were any decisions made at this meeting?

9 A. No.

10 Q. Was any information exchanged at the meeting?

11 A. Yes.

12 Q. Any documentation?

13 A. I believe we reviewed documentation that was
14 subsequently uploaded.

15 Q. Okay. Do you recall what documents were
16 reviewed?

17 A. No.

18 Q. How long did the meeting last?

19 A. The office portion?

20 Q. Yeah.

21 A. A day.

22 Q. All right. Was the Denver litigation
23 discussed?

24 A. I'm unable to recall.

25 Q. Okay. And when I say "Denver litigation," I'm

ORAL DEPOSITION OF KAREN NICOLAOU

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1 referring to the lawsuit filed by my clients in Federal
2 District Court in Denver. Do you understand that?

3 A. Yes.

4 Q. Okay. The notes that you identified as 5924
5 through 5928, for the most part, is that information
6 being conveyed to you or is it conclusions that you're
7 reaching?

8 A. Information being conveyed to me.

9 Q. There's a reference on the first page, "Use SCC
10 pricing mandate." Do you recall what that means?

11 A. It is referring to the un- -- to the discounted
12 cash flows, I believe.

13 Q. Is it referring to a report -- a reserve
14 report; do you know?

15 A. It would be the Ryder Scott.

16 Q. Okay. So the Ryder Scott report was discussed
17 at the meeting?

18 A. This is all I know about what was discussed.

19 Q. Okay. There's a reference to the -- down at
20 the bottom of the page or towards the bottom of the
21 page, "spider web."

22 Am I reading that word that correctly?

23 A. I'm sorry. Which page?

24 Q. The front Page 5924.

25 A. Yes.

ORAL DEPOSITION OF KAREN NICOLAOU

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1 A. I don't have a note, I don't think, to that
2 effect.

3 MR. WEISBART: Excuse me one second.

4 (Exhibit 10 marked.)

5 Q. (BY MR. WEISBART) I'm going to hand you what's
6 been marked as Exhibit 10. I'll represent to you these
7 are invoices -- your invoices that was produced to us
8 recently. Is that a fair statement?

9 A. Yes.

10 Q. And would the -- do you maintain invoices on a
11 routine basis in connection with your profession?

12 A. The company does.

13 Q. The company does.

14 Do you record your time?

15 A. I didn't hear you.

16 Q. Do you record your time?

17 A. Yes.

18 Q. Okay. Did you record your time
19 contemporaneously with providing the services, for the
20 most part?

21 A. Yes.

22 Q. Okay. By the way, is -- if you look at
23 Page 6087, which is one of your invoices, there's a
24 reference to a meeting with Mr. Brookner and J. Markus.

25 Do you see that, top of the page?

ORAL DEPOSITION OF KAREN NICOLAOU

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1 A. Yes.

2 Q. Do you know who Mr. Markus is?

3 A. I believe he is an attorney.

4 Q. At Gray Reed?

5 A. No. I don't know the firm name.

6 Q. Did you employ a Mr. Markus?

7 A. I did not.

8 Q. Do you know who he was representing at this
9 meeting?

10 A. No one.

11 Q. Do you know why he was at the meeting?

12 A. General consultation.

13 Q. What's his specialty?

14 A. I don't know.

15 Q. Did you have any conversations with him at the
16 meeting?

17 A. Yes.

18 Q. What did you discuss?

19 MR. ORMISTON: Objection, calls for
20 attorney-client privileged communication. Instruct the
21 witness not to answer.

22 She was meeting with Mr. Markus and
23 interviewing him for potential representation.

24 Q. (BY MR. WEISBART) Is that a correct statement?

25 A. It is.

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1 Q. To do what? Why were you interviewing him?

2 A. For potential engagement.

3 Q. To do what?

4 A. To provide services to me as responsible party.

5 Q. What were the nature of the services that you
6 were interviewing him for?

7 MR. ORMISTON: Objection, asked and
8 answered.

9 Give him the same answer.

10 A. To provide services to me as responsible party.

11 Q. (BY MR. WEISBART) What type of services?

12 A. Legal services.

13 Q. What type of legal services?

14 A. Legal services.

15 Q. Was he a corporate attorney; was he a tax
16 attorney; was he a bankruptcy attorney?

17 MR. ORMISTON: Let's move on.

18 Q. (BY MR. WEISBART) Please answer the question.

19 A. I don't know his specialty.

20 Q. Where is he located?

21 A. Colorado.

22 Q. Was it in connection with the Denver
23 litigation?

24 A. No.

25 Q. Was it in connection with the evaluation of oil

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1 and gas properties?

2 A. It was to provide legal services as...

3 Q. Legal services in connection with the oil --

4 A. In connection with my duties and
5 responsibilities as responsible party.

6 Q. Did you -- did Mr. Brookner bring him to the
7 meeting, or is it someone you contacted directly?

8 A. He's an acquaintance of Mr. Brookner's, I
9 believe.

10 Q. Okay. Is he a bankruptcy lawyer?

11 A. I don't know.

12 Q. He works for Markus & Williams, certified
13 American Board of Certification as a business bankruptcy
14 specialist. Is that your understanding?

15 MR. ORMISTON: Objection, form, asked and
16 answered.

17 Q. (BY MR. WEISBART) Is that your understanding,
18 that he was a business bankruptcy specialist?

19 A. I don't know.

20 Q. Okay. What was the purpose of the meeting?

21 MR. ORMISTON: Objection, asked and
22 answered.

23 A. To speak to him about engagement.

24 Q. (BY MR. WEISBART) Engagement for the filing of
25 a bankruptcy?

ORAL DEPOSITION OF KAREN NICOLAOU

Page 79

1 A. No. Engagement to provide services to me as
2 responsible party.

3 Q. Is Mr. Tiddens a restructuring officer?

4 A. I'm sorry?

5 Q. Is Mr. Robert Tiddens a chief restructuring
6 officer?

7 A. I don't know.

8 (Exhibit 11 marked.)

9 Q. (BY MR. WEISBART) Let me hand you Exhibit 11.
10 Can you identify the document?

11 A. It's an e-mail from John Graves to me.

12 Q. Okay. And attached to it is the Graves
13 engagement letter -- Graves & Company Consulting, I
14 should say?

15 A. Yes.

16 Q. Is that the engagement letter that was signed
17 with Mr. Graves?

18 A. Yes.

19 Q. Okay. And you see on Paragraph 2, it defines
20 the services that he was to perform?

21 A. Yes.

22 Q. It says his services were to review and
23 evaluate certain properties owned by the client at Weld
24 County, Colorado, for the purpose of providing a
25 verification of the value of certain wells.

ORAL DEPOSITION OF KAREN NICOLAOU

Page 114

1 Q. Did you consult any other law firms that
2 represented the partnerships over the past eight years
3 before the bankruptcy was filed related to your
4 engagement?

5 A. No.

6 Q. Okay. And, again, at the time you were
7 contacted by PDC about possible employment, you were
8 aware of the suit pending against PDC filed by my
9 clients in Denver; is that correct?

10 A. Yes.

11 Q. Did you evaluate the lawsuit as part of your
12 duties as responsible party?

13 A. No.

14 Q. Did anyone evaluate the lawsuit on your behalf?

15 A. No.

16 Q. So no one reviewed the lawsuit that was filed?

17 A. Read it.

18 Q. You read it?

19 A. Yes.

20 Q. Okay. What else did you do in connection with
21 the lawsuit besides reading the lawsuit?

22 MR. ORMISTON: I'm having a time frame
23 problem. You're talking about when?

24 MR. WEISBART: Fair enough.

25 A. I'm sorry. I'm going to go to the ladies'

ORAL DEPOSITION OF KAREN NICOLAOU

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1 settlement?

2 MR. WEISBART: Let's say settlement.

3 Q. (BY MR. WEISBART) Of a settlement.

4 A. It would have been after October 30th. There
5 were conversations back and forth between counsel, my
6 counsel and PDC's counsel.

7 Q. Do you know when those conversations started?

8 A. No.

9 Q. Did you have any direct conversations with PDC
10 in August of 2018 related to the -- to filing a
11 bankruptcy case?

12 A. No.

13 Q. Did you have any direct conversations with
14 anyone at PDC related to a -- reaching a settlement
15 agreement with them?

16 A. No.

17 Q. When -- was the framework of a deal discussed
18 prior to September of 2018?

19 A. I don't know.

20 Q. Don't know. Okay.

21 Were the conversations then largely between
22 counsel?

23 A. Yes.

24 Q. Okay. Counsel for PDC and your counsel; is
25 that correct?

ORAL DEPOSITION OF KAREN NICOLAOU

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1 A. Yes.

2 (Exhibit 22 marked.)

3 Q. (BY MR. WEISBART) Let me hand you what has
4 been marked as Exhibit 22. Have you seen that document
5 before?

6 A. It was part of the discovery that was provided
7 to you. Yes, I've seen it.

8 Q. Can you describe the document for me?

9 A. It's an e-mail from Joseph Rivera to Jason
10 Brookner copied to Lydia Webb, Robin Russell, and Darwin
11 Stump.

12 Q. And you're included on the e-mail, right?

13 A. Yes, I am.

14 Q. Okay. And this is a term sheet that was
15 proposed to Joseph Rivera, is that correct, or forwarded
16 by Joseph Rivera?

17 A. Offer from PDC forwarded by Joseph Rivera.

18 Q. And he's one of the attorneys representing PDC?

19 A. Yes.

20 Q. Okay. And it contains a term sheet proposal;
21 is that correct?

22 A. It does.

23 Q. Okay. Did you have any discussions before this
24 proposal was made concerning an overall settlement with
25 PDC, any discussions with representatives of PDC?

ORAL DEPOSITION OF KAREN NICOLAOU

Page 163

1 A. No.

2 Q. Okay. How did this term sheet come about?

3 A. I don't know.

4 Q. This just came out of the blue, as far
5 as -- did you have any anticipation of receiving this
6 term sheet?

7 A. Thought we might receive an offer.

8 But did I have any discussions? No.

9 Q. Is this the first offer that was made in
10 connection -- first offer made by PDC in connection with
11 the -- what ultimately became the settlement agreement?

12 A. I -- this is the first one that was directed to
13 me.

14 Q. After receiving this offer, did you have any
15 discussions with PDC regarding the offer?

16 A. No.

17 Q. What was your reaction to the offer?

18 A. That we needed to look at it and vet it.

19 Q. What did you think of the deal terms set forth
20 in the offer?

21 A. I didn't have -- that they needed to be vetted.

22 Q. Okay. And who vetted them for you?

23 A. In -- we vetted them in consultation with
24 Mr. Graves -- with Graves Consulting, sorry, Jason
25 Brookner and Gray Reed, myself.

ORAL DEPOSITION OF KAREN NICOLAOU

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1 Q. What input did Graves provide as it related to
2 this term sheet?

3 A. I believe he tried to help me with -- hold on.

4 Let me -- acreage. Is there acreage in
5 here? I think that's how it's calculated. We asked him
6 for information to recalculate some of these numbers.

7 Q. If you'll look on the second page of the term
8 sheet under the term "purchase price." You see the
9 proposal for 304,000 for oil and gas properties of RR06
10 and 458,000 for RR07. Do you see that?

11 A. I do.

12 Q. Do you know where those numbers came from?

13 A. As I sit here today, no.

14 Q. All right. And at the bottom of that page
15 under the category "Releases," do you see the proposal
16 for 1,180,000 for RR06 and 1,460,000 for RR07? Do you
17 see those?

18 A. I do.

19 Q. Do you know what the basis of those numbers
20 were?

21 A. As I sit here today, I don't recall.

22 Q. What did you do following receipt of this
23 offer, as far as advancing the ball, if you will, in
24 connection with the settlement discussions?

25 A. I had a conversation and consultation with my

ORAL DEPOSITION OF KAREN NICOLAOU

Page 165

1 attorneys and instructed them to continue conversations
2 with PDC in hopes of enhancing the settlement.

3 Q. Okay. Did you obtain more information related
4 to the settlement as part of that process?

5 A. Yes.

6 Q. I believe there was some time that lagged
7 between this offer and the next substantive
8 conversations related to the settlement. Is that your
9 recollection?

10 A. I -- I don't know.

11 Q. All right. Well, to refresh your memory, it
12 appeared that there had been some attempt to set up a
13 face-to-face meeting with representatives of PDC and
14 with you and your attorneys, but logistically, it didn't
15 work out between September -- or receipt of this offer
16 and early October. Does that -- does that help?

17 A. I didn't meet with them.

18 Q. All right. There was a conference call set up
19 on October 8th, is that correct, to discuss the
20 settlement proposal?

21 A. I don't recall.

22 Q. If you'll look at your --

23 A. Notes?

24 Q. -- notes, please.

25 A. Is that 2?

ORAL DEPOSITION OF KAREN NICOLAOU

Page 166

1 Q. It's on Page 5937.

2 A. Which --

3 Q. Number 9.

4 A. 5937?

5 Q. Please.

6 A. Uh-huh.

7 Q. And again, these are your personal notes,
8 correct?

9 A. Yes.

10 Q. It says, "Call with PDC."

11 Were you a participant in a conference call
12 with PDC on October 8th?

13 A. Yes, looks that way.

14 Q. Was the purpose of the call to discuss the term
15 sheet?

16 A. That's what these notes were about.

17 Q. What do you recall from the conversation after
18 reviewing your notes, in general?

19 A. I do not recall the conversation. What
20 I -- this is -- my notes are all that there was. I
21 don't -- I do not recall anything about the
22 conversation.

23 Q. All right. Do you know why on the first page
24 of your notes there's an analysis -- well, do you know
25 why it says "total return to limited partners tax and

ORAL DEPOSITION OF KAREN NICOLAOU

Page 183

1 bank accounts were the biggest positives.

2 Q. Okay. You've said on several occasions already
3 today that you did not conduct a detailed litigation
4 analysis; is that correct?

5 MR. ORMISTON: Objection, form.

6 A. I looked at -- I've looked at the claims from a
7 litigation perspective. I have consulted with my
8 attorneys.

9 Q. (BY MR. WEISBART) Are you changing your
10 testimony?

11 MR. ORMISTON: Objection, form.

12 A. No.

13 Q. (BY MR. WEISBART) Okay. I'll just ask it one
14 more time, and we'll put it to bed.

15 Did you or did you not prepare a detailed
16 litigation analysis in connection with the Denver
17 litigation?

18 A. I did not.

19 Q. All right. Did your lawyers prepare a detailed
20 litigation analysis in connection with the Denver
21 litigation?

22 A. No.

23 Q. Thank you.

24 Let me hand you what has been marked as
25 Exhibit 26.

ORAL DEPOSITION OF KAREN NICOLAOU

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1 (Exhibit 26 marked.)

2 MR. ORMISTON: Your questions a minute ago
3 were as of the time of bankruptcy filing; is that
4 correct?

5 MR. WEISBART: I don't recall.

6 Here's Exhibit 26.

7 Q. Would you read back my last two questions.

8 (Requested portion was read.)

9 MR. ORMISTON: Object to the form of the
10 question, to the extent it implied a time frame other
11 than prior to the bankruptcy filing.

12 Q. (BY MR. WEISBART) All right. And I'll
13 clarify.

14 As of the time of the filing of the
15 bankruptcy -- of the bankruptcy cases, do your answers
16 stand?

17 A. Yes.

18 Q. Okay. All right. This is 26. Can you
19 identify this document?

20 A. E-mail from Joseph Rivera to Jason Brookner and
21 Robin Russell with a copy to Lydia Webb, reference
22 subject 2007 and 2007 term sheet.

23 Q. All right. And this is -- attached to it is
24 another term sheet; is that correct?

25 A. Yes.

From: Jason S. Brookner
Sent: Thursday, October 4, 2018 10:17 AM CDT
To: Robin Russell - Andrews Kurth Kenyon LLP (rrussell@HuntonAK.com); Rovira, Joseph
Subject: Rockies call

JR and RR, we would like to push of today's call until Monday next week, as we are trying to tie up some loose ends on some additional information that had been requested from Darwin. I'm not sure we can have a meaningful call that advances the ball until then. So, rather than waste everyone's valuable time today, we think a short continuance is the best approach.

Let me know. Thanks.

Jason S. Brookner
Partner

Gray Reed & McGraw

1601 Elm Street, Suite 4600 | Dallas, TX 75201
Tel 469.320.6132 | Fax 469.320.6894

1300 Post Oak Blvd., Suite 2000 | Houston, TX 77056
Tel 713.986.7000 | Fax 713.986.7100
jbrookner@grayreed.com | www.grayreed.com

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1775 Sherman St. Suite 3000
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Attention: Dan Amidon

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For Professional Services Through: 5/15/2018

Due Date: 5/30/2018

Billing Terms: Net 15

Project ID: 2459

Professional Services - Summary				
Resource	Job Title	Hours	Rate	Fees
Karen Nicolaou	Director	1.50	\$350.00	\$525.00
Total Professional Services		1.50		\$525.00

Invoice Amount

\$525.00



INVOICE

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Project ID: 2459

Addendum

Professional Services - Detail						
Project Task	Resource	Date	Hours	Rate	Fees	Description
Other	Karen Nicolaou	5/15/2018	1.50	\$350.00	\$525.00	Conference call to set up due diligence and follow-up discussions with attorneys.
Other Subtotal			1.50		\$525.00	
Total Professional Services			1.50		\$525.00	

Total Professional Services & Reimbursable Expenses

\$525.00



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Due Date: 6/15/2018

Billing Terms: Net 15

Project ID: 2459

Professional Services - Summary

Resource	Job Title	Hours	Rate	Fees
Karen Nicolaou	Director	19.00	\$350.00	\$6,650.00
Karen Nicolaou	Travel	6.00	\$175.00	\$1,050.00
Total Professional Services		25.00		\$7,700.00

Reimbursable Expenses - Summary

Karen Nicolaou	\$1,468.76
Total Reimbursable Expenses	\$1,468.76

Invoice Amount

\$9,168.76



INVOICE

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For Professional Services Through: 5/31/2018

Due Date: 6/15/2018

Billing Terms: Net 15

Project ID: 2459

Addendum

Professional Services - Detail						
Project Task	Resource	Date	Hours	Rate	Fees	Description
Financial Analysis	Karen Nicolaou	5/21/2018	4.00	\$350.00	\$1,400.00	Meeting w/J Brookner & J Markus. General review and preparation for meeting with RR GP.
		5/22/2018	8.00	\$350.00	\$2,800.00	Meeting with General Partner & attorneys. Due diligence request review and pship financial / litigation update.
		5/23/2018	6.00	\$350.00	\$2,100.00	On-site visit to pship wells w/PDC CAO and operations manager.
		5/31/2018	1.00	\$350.00	\$350.00	Call w/Jason Brookner and Robert Tiddens re: Weld Co opportunities; vrs email i/r/o due diligence information; call to D Stump
Financial Subtotal	Analysis		19.00		\$6,650.00	
Travel	Karen Nicolaou	5/21/2018	3.00	\$175.00	\$525.00	Travel - flight from IAH to DEN.
		5/23/2018	3.00	\$175.00	\$525.00	Travel from DEN to IAH
Travel Subtotal			6.00		\$1,050.00	
Total Professional Services			25.00		\$7,700.00	



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For Professional Services Through: 5/31/2018

Due Date: 6/15/2018

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Project ID: 2459

Addendum

Reimbursable Expenses - Detail

	Description	Date	
Karen Nicolaou	Mileage Reimbursement: From Trianon to IAH	5/21/2018	\$13.57
	Lodging: Hotel stay - meetings w/PDC & Well visits	5/23/2018	\$435.22
	Meals: Hotel meals - dinner 42.48 / breakfast 20.42	5/23/2018	\$69.00
	Mileage Reimbursement: From IAH to Trianon	5/23/2018	\$13.57
	Transportation: Airfare IAH-DEN-IAH	5/23/2018	\$784.40
	Transportation: Airfare DEN-IAH	5/23/2018	\$75.00
	z Other: Parking @ IAH	5/23/2018	\$78.00
Karen Nicolaou Subtotal			\$1,468.76
Total Reimbursable Expenses			\$1,468.76

Total Professional Services & Reimbursable Expenses
\$9,168.76



INVOICE

Invoice Date: 6/30/2018

Invoice #48140

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Phone: (312) 424-0300 Fax: (866) 433-0851

For Professional Services Through: 6/30/2018

Due Date: 7/15/2018 Billing Terms: Net 15

Project ID: 2459

Professional Services - Summary				
Resource	Job Title	Hours	Rate	Fees
Karen Nicolaou	Director	0.30	\$350.00	\$105.00
Total Professional Services		0.30		\$105.00

Invoice Amount	\$105.00
-----------------------	-----------------



INVOICE

Invoice Date: 6/30/2018

Invoice #48140

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For Professional Services Through: 6/30/2018

Due Date: 7/15/2018

Billing Terms: Net 15

Project ID: 2459

Addendum

Professional Services - Detail						
Project Task	Resource	Date	Hours	Rate	Fees	Description
Financial Analysis	Karen Nicolaou	6/28/2018	0.30	\$350.00	\$105.00	Review JGraves engagement letter. Forward to GrayReed for comment.
Financial Analysis Subtotal			0.30		\$105.00	
Total Professional Services			0.30		\$105.00	

Total Professional Services & Reimbursable Expenses
\$105.00



INVOICE

Invoice Date: 7/15/2018

Invoice #48187

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Payment by CHECK - please provide copy of invoice with payment

Phone: (312) 424-0300

Fax: (866) 433-0851

For Professional Services Through: 7/15/2018

Due Date: 7/30/2018

Billing Terms: Net 15

Project ID: 2459

Professional Services - Summary

Resource	Job Title	Hours	Rate	Fees
Karen Nicolaou	Director	1.75	\$350.00	\$612.50
Total Professional Services		1.75		\$612.50

Invoice Amount

\$612.50



INVOICE

Invoice Date: 7/15/2018

Invoice #48187

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Payment by CHECK - please provide copy of invoice with payment

Phone: (312) 424-0300

Fax: (866) 433-0851

For Professional Services Through: 7/15/2018

Due Date: 7/30/2018

Billing Terms: Net 15

Project ID: 2459

Addendum

Professional Services - Detail

Project Task	Resource	Date	Hours	Rate	Fees	Description
Financial Analysis	Karen Nicolaou	7/11/2018	0.75	\$350.00	\$262.50	Review graves engagement letter. Review distro letter. Read and respond to vrs email correspondence.
Financial Analysis Subtotal			0.75		\$262.50	
Meetings & Conference Calls	Karen Nicolaou	7/6/2018	1.00	\$350.00	\$350.00	Call w/J Brookner & R Tiddens.
Meetings & Conference Calls Subtotal			1.00		\$350.00	
Total Professional Services			1.75		\$612.50	

Total Professional Services & Reimbursable Expenses

\$612.50



INVOICE

Invoice Date: 7/31/2018

Invoice #48345

Rockies Region 2006 L.P.
 PDC Energy
 1775 Sherman St. Suite 3000
 Denver, CO 80203
 Attention: Dan Amidon

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 Federal Tax ID: 20-4714798

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Payment by CHECK - please provide copy of invoice with payment

Phone: (312) 424-0300

Fax: (866) 433-0851

For Professional Services Through: 7/31/2018

Due Date: 8/15/2018

Billing Terms: Net 15

Project ID: 2459

Professional Services - Summary

Resource	Job Title	Hours	Rate	Fees
Karen Nicolaou	Director	0.80	\$350.00	\$280.00
Total Professional Services		0.80		\$280.00

Invoice Amount

\$280.00



INVOICE

Invoice Date: 7/31/2018

Invoice #48345

Rockies Region 2006 L.P.
 PDC Energy
 1775 Sherman St. Suite 3000
 Denver, CO 80203
 Attention: Dan Amidon

PAYMENT BY ACH- INSTRUCTIONS:

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 Federal Tax ID: 20-4714798

Payment by ACH - please reference invoice # in ACH description and/or ar@addisongroup.com

Payment by CHECK - please provide copy of invoice with payment

Phone: (312) 424-0300

Fax: (866) 433-0851

For Professional Services Through: 7/31/2018

Due Date: 8/15/2018

Billing Terms: Net 15

Project ID: 2459

Addendum

Professional Services - Detail						
Project Task	Resource	Date	Hours	Rate	Fees	Description
Asset Analysis & Disposition	Karen Nicolaou	7/16/2018	0.10	\$350.00	\$35.00	Call w/J Pearson
Asset Analysis & Disposition Subtotal			0.10		\$35.00	
Meetings & Conference Calls	Karen Nicolaou	7/24/2018	0.20	\$350.00	\$70.00	Update call with J Brookner.
		7/25/2018	0.20	\$350.00	\$70.00	Call w/ JB; follow up email.
		7/27/2018	0.30	\$350.00	\$105.00	update Graves EL; e-mail to JSB; call w/D Stump
Meetings & Conference Calls Subtotal			0.70		\$245.00	
Total Professional Services			0.80		\$280.00	

Total Professional Services & Reimbursable Expenses

\$280.00



INVOICE

Invoice Date: 8/31/2018

Invoice #48712

Rockies Region 2006 L.P.
PDC Energy
1775 Sherman St. Suite 3000
Denver, CO 80203
Attention: Dan Amidon

PAYMENT BY ACH - INSTRUCTIONS:
APFS, LLC
Account: 8026563828
ABA Routing: 031207607
PNC Bank, NA
Two Tower Center Blvd
East Brunswick, NJ 08816

PAYMENT BY CHECK - MAIL TO:
Bridgepoint Consulting
An Addison Group Company
7076 Solutions Center
Chicago, IL 60677-7000
Federal Tax ID: 20-4714798

Payment by ACH - please reference invoice # in ACH description and/or ar@addisongroup.com
Payment by CHECK - please provide copy of invoice with payment
Phone: (312) 424-0300 Fax: (866) 433-0851

For Professional Services Through: 8/31/2018

Due Date: 9/15/2018 Billing Terms: Net 15

Project ID: 2459

Professional Services - Summary				
Resource	Job Title	Hours	Rate	Fees
Karen Nicolaou	Director	0.50	\$350.00	\$175.00
Total Professional Services		0.50		\$175.00

Invoice Amount	\$175.00
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INVOICE

Invoice Date: 8/31/2018

Invoice #48712

Rockies Region 2006 L.P.
PDC Energy
1775 Sherman St. Suite 3000
Denver, CO 80203
Attention: Dan Amidon

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Payment by CHECK - please provide copy of invoice with payment

Phone: (312) 424-0300

Fax: (866) 433-0851

For Professional Services Through: 8/31/2018

Due Date: 9/15/2018

Billing Terms: Net 15

Project ID: 2459

Addendum

Professional Services - Detail						
Project Task	Resource	Date	Hours	Rate	Fees	Description
Meetings & Conference Calls	Karen Nicolaou	8/21/2018	0.50	\$350.00	\$175.00	Call w/J Graves to respond to inquiries & receive update on report status.
Meetings & Conference Calls Subtotal			0.50		\$175.00	
Total Professional Services			0.50		\$175.00	

Total Professional Services & Reimbursable Expenses

\$175.00



Austin Office — Corporate Headquarters
8310 N. Capital of Texas Highway
Building I, Suite 420
Austin, TX 78731

Statement

Date 9/13/2018
Amount Due \$12,266.26
Amount Encl.

Bill To

Rockies Region 2006 L.P.
PDC Energy
1775 Sherman St. Suite 3000
Denver CO 80203

Date	Description	Charge	Payment	Balance	
4/1/2018	Balance Forward			0.00	
5/11/2018	Invoice #47520	70,000.00		70,000.00	
5/14/2018	Receipt #RCPT5862		35,000.00	35,000.00	
5/14/2018	Receipt #RCPT5861		35,000.00	0.00	
5/15/2018	Invoice #47658	525.00		525.00	
5/31/2018	Invoice #47824	9,168.76		9,693.76	
6/15/2018	Invoice #47965	1,400.00		11,093.76	
6/30/2018	Invoice #48140	105.00		11,198.76	
7/15/2018	Invoice #48187	612.50		11,811.26	
7/31/2018	Invoice #48345	280.00		12,091.26	
8/31/2018	Invoice #48712	175.00		12,266.26	
Current	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Amount Due
175.00	280.00	717.50	10,568.76	525.00	\$12,266.26

DEBTORS006099



Harney Management Partners

PO Box 50252
Austin, Texas 78763

Rockies Region 2006 L.P.

00024-Rockies Region 2006 L.P.

Exploration

Date	Professional	Notes	Quantity	Rate	Total
09/17/2018	KN	Business Operations: Various email with Jason Brookner.	0.20	\$350.00	\$70.00
09/24/2018	KN	Meetings & Conference Calls: Call w/Darwin Stump to review: SEC filing deadlines, Q-3 quarter reporting and partnership activity, and letter to unit holders with respect to Ryder Scott report.	0.90	\$350.00	\$315.00
09/26/2018	KN	Meetings & Conference Calls: Call with J Brookner et al to discuss Graves report.	0.60	\$350.00	\$210.00
10/01/2018	KN	Meetings & Conference Calls: Call with J Brookner. Status update and next steps.	0.40	\$350.00	\$140.00
10/01/2018	KN	Meetings & Conference Calls: Call with J Graves re: report and expansion of scope.	0.20	\$350.00	\$70.00
10/02/2018	KN	Meetings & Conference Calls: Call with J Brookner re: PDC on-going litigation, complaint and motion to dismiss.	0.20	\$350.00	\$70.00
10/04/2018	KN	Meetings & Conference Calls: Call with J Brookner. F/U on email for J Graves.	0.20	\$350.00	\$70.00
10/05/2018	KN	Contracts & Leases: Review J Brookner edits to PDC term sheet.	0.20	\$350.00	\$70.00
10/07/2018	KN	Meetings & Conference Calls: Call w/J Brookner and J Ormiston to prepared for conference call with PDC & Counsel on 08Oct2018.	0.80	\$350.00	\$280.00
10/08/2018	KN	Meetings & Conference Calls: Discussion of term sheet. Basis for calculations, etc.	0.90	\$350.00	\$315.00

INVOICE

Invoice # 50000
Date: 10/16/2018
Due On: 10/31/2018

Invoice # 50000 - 10/16/2018

10/08/2018	KN	Meetings & Conference Calls: Call w/J Brookner & J Ormiston. F/U Call with PDC and Hunton AK	0.30	\$350.00	\$105.00
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Professional	Quantity	Rate	Total
Karen Nicolaou	4.9	\$350.00	\$1,715.00
		Total	\$1,715.00
		Retainer Applied (10/16/2018)	-\$1,715.00
		Balance Owing	\$0.00

Please make all amounts payable to: Harney Management Partners

Please pay within 15 days.



Harney Management Partners

PO Box 50252
Austin, Texas 78763

Rockies Region 2006 L.P.

00024-Rockies Region 2006 L.P.

Exploration

Date	Professional	Notes	Quantity	Rate	Total
10/17/2018	KN	Contracts & Leases: Review current term sheet and exhibits. Email regarding same.	0.30	\$350.00	\$105.00

Professional	Quantity	Rate	Total
Karen Nicolaou	0.3	\$350.00	\$105.00
Total			\$105.00
Retainer Applied (10/30/2018)			-\$105.00
Balance Owing			\$0.00

Please make all amounts payable to: Harney Management Partners

Please pay within 15 days.



Harney Management Partners

PO Box 50252
Austin, Texas 78763

Rockies Region 2006 L.P.

00024-Rockies Region 2006 L.P.

Exploration

Date	Professional	Notes	Quantity	Rate	Total
10/22/2018	KN	Case Management: Read and review first day motions including: joint administration; extension of time to file statements and schedules; petitions, etc. Emails to D Stump, J Brookner & L Webb regarding same.	0.30	\$350.00	\$105.00
10/23/2018	KN	Meetings & Conference Calls: Call with L Webb.	0.20	\$350.00	\$70.00
10/24/2018	KN	Meetings & Conference Calls: Call with J Brookner.	0.10	\$350.00	\$35.00
10/26/2018	KN	Call w/D Stump to review September / October results of operations.	0.20	\$350.00	\$70.00
10/26/2018	KN	Meetings & Conference Calls: Call with J Brookner and L Webb.	0.70	\$350.00	\$245.00
10/26/2018	KN	Call with D Stump to discuss payments to Graves & Co and PDC for 2007 October operating deficit.	0.20	\$350.00	\$70.00
10/29/2018	KN	Case Management: Read and respond to various email. Review application for retention, affidavit in support, etc. Approve cash transfers for payment to professionals and other items as requested by D Stump.	1.20	\$350.00	\$420.00
10/29/2018	KN	Meetings & Conference Calls: Call with Amanda Novack of Oil & Gas Asset Clearinghouse to set up contract to market 2006/2007 well bore interests.	0.20	\$350.00	\$70.00
10/29/2018	KN	Meetings & Conference Calls: Call with L Webb to follow up on status of documentation requests.	0.20	\$350.00	\$70.00

Professional	Quantity	Rate	Total
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INVOICE

Invoice # 50035
Date: 10/30/2018
Due On: 11/14/2018

Invoice # 50035 - 10/30/2018

Karen Nicolaou	3.3	\$350.00	\$1,155.00
		Total	\$1,155.00
		Retainer Applied (10/30/2018)	-\$1,155.00
		Balance Owing	\$0.00

Please make all amounts payable to: Harney Management Partners

Please pay within 15 days.

Darwin Stump 05/15/2019
ROCKIES REGION 2006 LIMITED (DEBTORS)

30(b)(6)Pages 177..180

<p style="text-align: right;">Page 177</p> <p>1 THE DEPONENT: Do I answer it? I'm --</p> <p>2 MR. MORFEY: You can -- you can answer</p> <p>3 it.</p> <p>4 A. I don't --</p> <p>5 MR. MORFEY: I think the document speaks</p> <p>6 for itself.</p> <p>7 MR. FOLEY: Well, I'm asking -- he's the</p> <p>8 corporate officer. He's here as the person most</p> <p>9 knowledgeable. I'm simply asking him in that capacity</p> <p>10 why, if PDC did nothing wrong to the individual</p> <p>11 limited partners, is it offering to pay them this</p> <p>12 money?</p> <p>13 MR. MORFEY: Objection, argumentative.</p> <p>14 The document speaks for itself.</p> <p>15 A. I don't believe I'm qualified to answer</p> <p>16 that question.</p> <p>17 Q. (BY MR. FOLEY) All right. Now, under</p> <p>18 the drilling and partnership agreement and under</p> <p>19 Section 9 of the partnership agreements, limited</p> <p>20 partners have a right, upon dissolution, to take their</p> <p>21 distribution of assets in kind, correct?</p> <p>22 A. That's what -- the document reviewed</p> <p>23 today mentioned that, yes.</p> <p>24 Q. All right. And so is that one of the</p> <p>25 reasons PDC is offering to -- this money, 2,360,000 to</p>	<p style="text-align: right;">Page 179</p> <p>1 A. Yes.</p> <p>2 Q. Now, you were involved in several</p> <p>3 discussions with Ms. Nicolaou about the term sheet,</p> <p>4 were you not?</p> <p>5 A. Yes. And at such times, counsel was --</p> <p>6 counsel was there in the meetings with me.</p> <p>7 Q. All right. But Ms. Nicolaou was</p> <p>8 negotiating for the partnerships, correct?</p> <p>9 A. That is correct.</p> <p>10 Q. Okay. And she had her own attorneys</p> <p>11 there, right?</p> <p>12 A. That is correct.</p> <p>13 Q. So both sides were going back and forth</p> <p>14 in the settlement discussion; they discussed the terms</p> <p>15 of the settlement?</p> <p>16 A. A lot of that discussion was between</p> <p>17 attorneys on that.</p> <p>18 Q. I understand that. But were you involved</p> <p>19 at all in either preparing your attorneys for those</p> <p>20 discussions or participating in any of those</p> <p>21 discussions?</p> <p>22 A. Yes, I had been in some of those.</p> <p>23 Q. All right.</p> <p>24 MR. FOLEY: Well, Counsel, I don't</p> <p>25 believe that's attorney-client privileged if two</p>
<p style="text-align: right;">Page 178</p> <p>1 the limited partners of the Rocky Regions 2006 and</p> <p>2 2,920,000 to the limit partners of Rocky Regions 2007</p> <p>3 because they get that money in lieu of getting the</p> <p>4 right to take their distribution of the partnership</p> <p>5 assets in kind?</p> <p>6 MR. MORFEY: Objection, document speaks</p> <p>7 for itself. I'm going to caution you, Darwin, not to</p> <p>8 go into privileged communications. If you can answer</p> <p>9 it without doing that, then you can answer.</p> <p>10 A. I believe those are privileged</p> <p>11 communications.</p> <p>12 Q. (BY MR. FOLEY) Who did you have those</p> <p>13 communications with?</p> <p>14 A. Mr. Amidon and Andrews, Hunton Andrews</p> <p>15 Kurth.</p> <p>16 Q. Did you have any communications with</p> <p>17 anybody from Karen Nicolaou's side on that?</p> <p>18 MR. MORFEY: Objection, vague. What's</p> <p>19 "that"?</p> <p>20 Q. (BY MR. FOLEY) Well, let's go back to</p> <p>21 Karen Nicolaou's notes. I believe we're at Exhibit 3</p> <p>22 and 4. And could you look at the page of Karen</p> <p>23 Nicolaou's notes marked Bates numbered 5918. Do you</p> <p>24 see a reference there at the bottom where it says,</p> <p>25 "Discuss settlement"? Do you see that, sir?</p>	<p style="text-align: right;">Page 180</p> <p>1 parties that are supposed to be independently -- one</p> <p>2 is looking out for their best interests, PDC, and one,</p> <p>3 Ms. Nicolaou, is allegedly looking out for the</p> <p>4 partnerships, those are not privileged.</p> <p>5 MR. MORFEY: And we're not asserting the</p> <p>6 privilege over those. He did not answer your question</p> <p>7 a while ago based on information coming from</p> <p>8 conversations with Mr. Amidon and my law firm. If you</p> <p>9 want to ask him what went back and forth between him</p> <p>10 and Ms. Nicolaou, you're welcome to.</p> <p>11 MR. FOLEY: I'll adopt your counsel's</p> <p>12 question. That way, maybe he won't object.</p> <p>13 A. Could you ask --</p> <p>14 THE DEPONENT: Or read it back, please.</p> <p>15 It's been a long question.</p> <p>16 THE COURT REPORTER: There is no question</p> <p>17 other than Mr. Morfey's statement, so . . .</p> <p>18 MR. FOLEY: Go ahead and read that.</p> <p>19 (The referred-to colloquy was read back</p> <p>20 as follows: "And we're not asserting the privilege</p> <p>21 over those. He did not answer your question a while</p> <p>22 ago based on information coming from conversations</p> <p>23 with Mr. Amidon and my law firm. If you want to ask</p> <p>24 him what went back and forth between him and</p> <p>25 Ms. Nicolaou you're welcome to.")</p>



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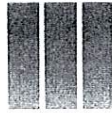
Darwin Stump 05/15/2019
ROCKIES REGION 2006 LIMITED (DEBTORS)

30(b)(6)Pages 181..184

<p style="text-align: right;">Page 181</p> <p>1 A. In a lot of those meetings, there might</p> <p>2 not have been anything Karen and I directly talked</p> <p>3 about. Generally the attorneys took the lead in that,</p> <p>4 looking at this settlement agreement. And at the</p> <p>5 bottom here, there's a note that says that the</p> <p>6 settlement agreement equates to \$2,000 per acre.</p> <p>7 Q. (BY MR. FOLEY) And what part of the</p> <p>8 settlement is that relating to?</p> <p>9 A. At the top of page 3.</p> <p>10 Q. Okay. So in the section that's dealing</p> <p>11 with the releases between PDC and the partnerships for</p> <p>12 the partnerships oil-and-gas interests, where it says</p> <p>13 that PDC is going to pay 2,360,000 to the limited</p> <p>14 partners of '06 and 2,920,000 to the partners of '07,</p> <p>15 that's where the footnote is that says that settlement</p> <p>16 payment equates to \$2,000 an acre, correct?</p> <p>17 A. That's what the document says.</p> <p>18 Q. Okay. So now going down to -- how did</p> <p>19 PDC and Ms. Nicolaou negotiating for the releases for</p> <p>20 the limited partners to give to PDC, and also to</p> <p>21 Ms. Nicolaou, I note -- how did -- how did they come</p> <p>22 up with these numbers?</p> <p>23 MR. MORFEY: Can you read that back? I'm</p> <p>24 sorry.</p> <p>25 (The last question was read back as</p>	<p style="text-align: right;">Page 183</p> <p>1 come up with this term sheet.</p> <p>2 A. I don't recall that we did.</p> <p>3 Q. Okay. Do you know what, if any, analysis</p> <p>4 Ms. Nicolaou did to determine what, at that time in</p> <p>5 2018, mineral rights were going for in the Wattenberg</p> <p>6 Field on a per-acre basis?</p> <p>7 A. I don't know if Ms. Nicolaou did that or</p> <p>8 not.</p> <p>9 Q. Well, then, how was PDC being fair to its</p> <p>10 limited partners if it didn't do any analysis and it</p> <p>11 was negotiating with somebody that they don't know</p> <p>12 whether she did any analysis? How was that carrying</p> <p>13 out your fiduciary duty?</p> <p>14 MR. MORFEY: Objection, mischaracterizes</p> <p>15 the testimony and argumentative. You can answer.</p> <p>16 A. I don't know.</p> <p>17 Q. (BY MR. FOLEY) Now, I notice there's</p> <p>18 something here that says, "Administrative costs of</p> <p>19 Chapter 11 cases." That's on page 3. And it says,</p> <p>20 "In addition to the other consideration, terms and</p> <p>21 conditions set forth therein, Purchaser shall fund the</p> <p>22 administrative costs of the Debtors' chapter 11 cases,</p> <p>23 in accordance with the attached Schedule A (the</p> <p>24 'Administrative Reserve'); provided, however, none of</p> <p>25 such funds may be used to pay or reimburse fees,</p>
<p style="text-align: right;">Page 182</p> <p>1 follows: "So now going down to -- how did the PDC and</p> <p>2 Ms. Nicolaou negotiating for the releases for the</p> <p>3 limited partners to give to PDC and also to</p> <p>4 Ms. Nicolaou, I note -- how did -- how did they come</p> <p>5 up with these numbers?")</p> <p>6 MR. MORFEY: Objection, vague. Go ahead.</p> <p>7 If you understand it.</p> <p>8 A. We made a settlement offer to</p> <p>9 Ms. Nicolaou and at a lower amount per acre. It was</p> <p>10 countered by Ms. Nicolaou or Mr. Brookner. And it was</p> <p>11 higher than 2,000, and we countered with 2,000.</p> <p>12 Q. (BY MR. FOLEY) Okay. I understand that,</p> <p>13 but maybe I wasn't clear in my question. So the</p> <p>14 \$2,000 an acre is how PDC and Ms. Nicolaou came up</p> <p>15 with what it's paying for the -- I see what you're</p> <p>16 saying. You're saying, then, that you did it on a</p> <p>17 per-acre basis what the limited partners would get?</p> <p>18 A. Correct.</p> <p>19 Q. And do you know whether -- did PDC do any</p> <p>20 analysis to determine with appraisers what those</p> <p>21 values were, the Wattenberg Field, at that time, or</p> <p>22 oil-and-gas rights?</p> <p>23 A. Could you say what the time period was?</p> <p>24 Q. When you were negotiating with</p> <p>25 Ms. Nicolaou in -- sometime in mid- to late 2018 to</p>	<p style="text-align: right;">Page 184</p> <p>1 costs, expenses incurred in connection with actions</p> <p>2 that (i) oppose the transactions set forth herein, or</p> <p>3 (ii) are adverse to or otherwise challenge Purchaser's</p> <p>4 legal or equitable rights or interests.</p> <p>5 Notwithstanding funding of the Administrative Reserve,</p> <p>6 Purchaser shall contain the right to contest any</p> <p>7 motion or application for approval of an</p> <p>8 administrative expense."</p> <p>9 Notice, the purchaser referred to there,</p> <p>10 that's PDC, right?</p> <p>11 A. Correct.</p> <p>12 Q. Okay. So I'm asking you for your</p> <p>13 understanding as one of the people that were involved</p> <p>14 in negotiating the term sheet. So if Karen Nicolaou,</p> <p>15 in her capacity as the independent fiduciary for the</p> <p>16 partnerships, takes a position that is adverse to or</p> <p>17 otherwise challenges PDC's legal or administrative</p> <p>18 rights or interests, PDC has the right to object to</p> <p>19 her being -- or her counsel being paid any of the</p> <p>20 \$3 million that's in its administrative reserve,</p> <p>21 correct?</p> <p>22 MR. MORFEY: Objection, legal conclusion.</p> <p>23 MR. FOLEY: I'll note for the record the</p> <p>24 witness is reading, so I'll read into the record --</p> <p>25 Schedule A attached to the term sheet says, "PDC will</p>



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GRAY REED

ATTORNEYS & COUNSELORS

LYDIA R. WEBB
DIRECT DIAL: 469.320.6111
LYDIA@GRAYREED.COM

May 8, 2018

Email to: knicolaou@bridgepointconsulting.com

Karen Nicolaou, Director
Bridgepoint Consulting
2 Riverway Dr., Suite 1750
Houston, TX 77056

Re: Resolution and Wind-Down of Rockies Region 2006 LP and Rockies Region
2007 LP (collectively, the "Partnerships").

Dear Ms. Nicolaou:

Gray Reed & McGraw LLP ("**we**" or "**Gray Reed**") is honored to have the opportunity to represent the above-referenced Partnerships (collectively, the "**Clients**" or the "**Partnerships**," with each being a "**Partnership**"). Gray Reed's goal for this and every client relationship is to provide high quality legal services in an efficient, effective and streamlined manner. We want our clients to be pleased they made the decision to engage Gray Reed to assist them with their legal needs. Our commitment to all our clients includes the promise to communicate as clearly and concisely as possible, starting with this engagement agreement.

You have asked Gray Reed to represent the Partnerships in connection with evaluating strategic alternatives, a potential wind-down and a potential chapter 11 filing, including performing all necessary work in preparation for, and leading up to, a potential chapter 11 filing (the "**Matter**"). This letter and the enclosed "Standard Terms and Conditions" (collectively referred to as the "**Agreement**") set forth the terms of Gray Reed's engagement to represent the Partnerships in the Matter. Please note the Standard Terms and Conditions are an integral part of the Agreement.

The primary purpose of the Agreement is to set forth a clear, mutual understanding of the services we will provide and the terms under which those services are to be performed. If you ever have any questions regarding any aspect of the Agreement or the services being provided, please contact me at your earliest convenience so that such questions can be promptly resolved to our mutual satisfaction. Teamwork and a candid, open and honest line of communication

4705702.1

Karen Nicolaou
May 8, 2018
Page 2

between the Partnerships and Gray Reed is a critical component of the representation and/or relationship.

Based on our experience, deposits and advances are a necessary component of ensuring that we are able to control costs and hourly rates to the maximum extent possible and thereby minimize the total cost of our representation for clients. The enclosed Standard Terms and Conditions include the terms under which deposits and advances are held. We request an initial advance in the amount of \$140,000.00 (or \$70,000.00 from each Partnership).

The Standard Terms and Conditions also set forth details about how Gray Reed charges fees and general information about hourly rates. The fee to compensate Gray Reed for services rendered in this Matter will be determined by the estimated time expended by each attorney, paralegal or law clerk, multiplied by his or her hourly rate. I will be primarily responsible for the Matter, assisted by other attorneys and non-lawyer staff members as necessary or appropriate. The current hourly rates for the individuals expected to be involved in the Matter are as follows:

<u>Attorney</u>	<u>Hourly Rate</u>
Jason S. Brookner	\$685
Micheal W. Bishop	\$575
Lydia R. Webb	\$455
Amber M. Carson	\$375

The Firm's billing rates are reviewed annually and are subject to adjustment on a periodic basis. Unless otherwise agreed in writing, monthly invoices will be sent to the Partnerships as attachments to an e-mail in PDF format to the following e-mail address: knicolaou@bridgepointconsulting.com.

We wish to again express our thanks and enthusiasm about the opportunity to serve the Partnerships. If this letter and the enclosed Standard Terms and Conditions accurately reflect your understanding of the scope, terms and conditions of the Firm's representation of the Partnerships with respect to the Matter, please acknowledge your receipt of the Standard Terms and Conditions, and indicate acceptance, by executing the enclosed duplicate of this letter and returning the signed copy to me. Many thanks, and we look forward to working with you.

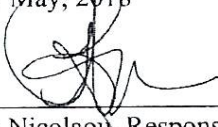
Sincerely,

/s/ Lydia R. Webb
Lydia R. Webb

4705702.1

Karen Nicolaou
May 8, 2018
Page 3

AGREED TO AND ACCEPTED this 8th
day of May, 2018



Karen Nicolaou, Responsible Person for the
Partnerships

4705702.1