

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
	§	
GOODRICH PETROLEUM	§	CASE NO. 16-31975
CORPORATION,	§	
et al.,	§	(Chapter 11)
	§	
<i>Debtors</i>	§	JOINTLY ADMINISTERED

**RESPONSE TO DEBTORS’ MOTION FOR AUTHORITY TO PAY PRE-PETITION
ROYALTY AND WORKING INTEREST OBLIGATIONS [DOC. 322]**

TO THE HONORABLE JUDGE OF SAID COURT:

1. NOW COME the “**Burns Family Parties**,” being: (1) CAROLYN JULIA CLARK; (2) MICHELE CLARK CADWALLADER, Trustee of the CAROLYN JULIA CLARK FAMILY 2011 TRUST; (3) CHRISTOPHER STUART CLARK, Successor of the CHRISTOPHER STUART CLARK MANAGEMENT TRUST; (4) CHRISTOPHER STUART CLARK, Trustee of the CHRISTOPHER STUART CLARK FAMILY 2011 TRUST; (5) MICHELE CLARK CADWALLADER, Individually and as Trustee of the MICHELE CLARK CADWALLADER FAMILY 2011 TRUST; (6) ALDES HARRAND CADWALLADER, V; (7) WALTER CLARK CADWALLADER; (8) 4819, Ltd; (9) KATHERINE BURNS TERRY HORLEN, Trustee of the JOHN DAVID TERRY, III 1994 TRUST; (10) KATHERINE BURNS TERRY HORLEN, Trustee of the LISA CHRISTINE TERRY 1994 TRUST; AND (11) BURNS RANCH ENTERPRISES, LLC. As mentioned in the Objection to Chapter 11 Plan filed as Doc. 238, which facts are incorporated herein, the Burns Family Parties are the owners of undivided mineral and royalty interests under approximately 29,937.01 acres of land situated in La Salle County, Texas and Frio County, Texas.

2. The Burns Family Parties generally have no objection to mineral owners or royalty owners

being paid their share of pre-petition royalties from production, and file this response only to ensure that respondents are treated fairly, and no less than equal to similarly-situated mineral owners and royalty owners. The Burns Family Parties further assert their rights under Chapter 11. *See In re Braniff Airways, Inc.*, 700 F.2d 935 (5th Cir. 1983); *In re Continental Air Lines, Inc.*, 762 F.2d 1303 (5th Cir. 1985).

3. The debtors' motion to pay pre-petition royalties makes a distinction between payment of pre-petition royalties that are *disputed* and those that are *not disputed*:

The Debtors request authority to pay outstanding and *undisputed* pre-petition amounts owed on account of Mineral and Other Interests as such have been paid by the Debtors in the ordinary course of business.

[Doc. 332, Page 5] (emphasis added). This difference, however, is not made in the debtors' Chapter 11 Plan [Doc. 16].

4. The Burns Family Parties are currently conducting an audit of oil and gas royalties received, and have discovered facts leading them to believe that over \$8,000,000 in pre-petition royalties are due under the Burns Leases. *See* Doc. 356. Presumably, this will be disputed by the debtors and thus will not be authorized to be paid by the debtors' motion.

5. Unless there are valid security agreements involved, the Burns Family Parties should, at a minimum, be on an equal footing with other mineral owners and royalty owners with respect to the payment of pre-petition royalties. It should not make a difference if the debtors dispute the royalties that are owed. In a Chapter 11 Plan, the debtors would be required to treat all unpaid, unsecured pre-petition royalty creditors equally, whether disputed or not. *See* 11 U.S.C. § 1129(b)(2)(B)(ii); *see also* *203 North LaSalle St. P'ship*, 526 U.S. at 441-42, 119 S.Ct. 1411 (1999); *Northwest Bank Worthington v. Ahlers*, 485 U.S. 197, 108 S.Ct. 963 (1988). Further, the debtors are seeking authority to pay working interest owners, and there is no reason to classify

overriding royalty owners or working interest owners above mineral and royalty owners.

6. WHEREFORE, PREMISES CONSIDERED, the Burns Family Parties respectfully request that the Court give adequate protections and appropriate protective measures its order to protect the interests and rights of the Burns Family Parties. Respondents further pray for all other relief to which they are entitled, whether at law or in equity.

Dated July 5, 2016.

Respectfully submitted,

/s/ Albert M. Gutierrez

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**ATTORNEYS FOR THE BURNS
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CERTIFICATE OF SERVICE

I hereby certify that on July 5, 2016, I served a true and accurate copy of the foregoing document via EMF/CF on counsel for Debtors as follows:

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/s/ Albert M. Gutierrez