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

In re:	§	Case No. 09-33886-HDH
	§	
PROVIDENT ROYALTIES, LLC, et. al.	§	Chapter 11
	§	
Debtors.	§	(Jointly Administered)

**LIQUIDATING TRUSTEE'S MOTION FOR
OMNIBUS CLAIMS OBJECTION PROCEDURES**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN RESPONSE IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT, NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION, 1100 COMMERCE STREET, DALLAS, TEXAS 75201 AND SERVED UPON UNDERSIGNED COUNSEL THE LIQUIDATING TRUSTEE WITHIN TWENTY-FOUR (24) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH RESPONSE. IF NO RESPONSE IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF A RESPONSE IS FILED AND SERVED IN A TIMELY MANNER, A HEARING WILL BE HELD WITH NOTICE TO THE RESPONDING PARTIES AND THOSE PARTIES REQUESTING NOTICE. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR RESPONSE MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE HARLIN D. HALE,
UNITED STATES BANKRUPTCY JUDGE:

Milo H. Segner, Jr., Trustee of the PR Liquidating Trust, hereby files this Motion for Leave to File Omnibus Claim Objection Procedures and respectfully represents as follows:

JURISDICTION

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

PROCEDURAL BACKGROUND

2. On June 22, 2009, the Debtors¹ filed for relief in this Court under Chapter 11 of the United States Bankruptcy Court.

3. On June 8, 2010 the Court held a hearing to confirm the Debtor's and Fourth Amended Joint Plan of Liquidation ("Plan"). On June 10, 2010, the Court entered an order confirming the Plan.

4. Milo H. Segner, Jr. is the duly authorized representative of the PR Liquidating Trust (the "Trustee") and now has standing to assert, prosecute and settle any and all objections, counterclaims, rights of setoff, rights of recoupment, and other defenses to Claims asserted against the Estate. *See* PR Liquidating Trust Agreement §§ 3.2-3.3.

5. Pursuant to Article IX of the Plan, the Trustee is authorized to object to any claims up to 180 days after the Effective Date of the Plan unless otherwise extended by the Court.

¹ The "Provident Debtors" or the "Debtors" are: Provident Royalties, LLC, Case No. 09-33886, Provident Operating Company, LLC, Case No. 09-33893, Somerset Lease Holdings, Inc., Case No. 09-33892, Somerset Development, Inc., Case No. 09-33912, Provident Energy 1, LP, Case No. 09-33888, Provident Resources 1, LP, Case No. 09-33887, Provident Energy 2, LP, Case No. 09-33894, Provident Energy 3, LP, Case No. 09-33899, Shale Royalties II, Inc., Case No. 09-33889, Shale Royalties 3, LLC, Case No. 09-33891, Shale Royalties 4, Inc., Case No. 09-33890, Shale Royalties 5, Inc., Case No. 09-33895, Shale Royalties 6, Inc., Case No. 09-33896, Shale Royalties 7, Inc., Case No. 09-33898, Shale Royalties 8, Inc., Case No. 09-33900, Shale Royalties 9, Inc., Case No. 09-33902, Shale Royalties 10, Inc., Case No. 09-33901, Shale Royalties 12, Inc., Case No. 09-33903, Shale Royalties 14, Inc., Case No. 09-33905, Shale Royalties 15, Inc., Case No. 09-33904, Shale Royalties 16, Inc., Case No. 09-33906, Shale Royalties 17, Inc., Case No. 09-33913, Shale Royalties 18, Inc., Case No. 09-33907, Shale Royalties 19, Inc., Case No. 09-33908, Shale Royalties 20, Inc., Case No. 09-33910, Shale Royalties 21, Inc., Case No. 09-33909, and Shale Royalties 22, Inc., Case No. 09-33911.

The Trustee has requested and received extensions of the objection deadline. The Court has recently granted the Trustee's request to abate the deadline and require the Trustee to provide quarterly status reports and/or conferences given the voluminous nature of the claims at issue in this proceeding.

RELIEF REQUESTED

6. By this Motion, the Trustee seeks, pursuant to sections 105(a) and 502 of the Bankruptcy Code and Bankruptcy Rules 3007 and 9007, leave of Court to file Omnibus Objections to similarly situated Preferred Stock Interest holders.

PROPOSED PROCEDURES

7. The Trustee proposes to file a series of omnibus objections covering approximately 500 claimants at a time. Specifically, the Trustee is requesting leave to file omnibus objection to those claims filed by similarly situated Preferred Stock Interest holders. In doing so, the Trustee proposes the following procedures be permitted to facilitate the claims administration process and to ensure efficient, cost-effective notification thereof (the "Objection Procedures"). The Local Bankruptcy Rules for the Northern District of Texas do not set forth any guidelines pursuant to which a chapter 11 debtor can file omnibus objections to proofs of claim. Consequently, the Trustee has developed the proposed procedures based on Bankruptcy Rule 3007 and the procedures approved by courts in this and other districts.

A. General Requirements for Omnibus Objections.

8. The Trustee proposes to file objections ("Objections") to certain Claims on an omnibus basis (the "Omnibus Objection"). The Trustee proposes that he be allowed to file Omnibus Objections to Preferred Stock Interest holder claims if the grounds for objecting are based on one or more of the following:

- a. A Claim is a duplicate of another Claim in that it asserts a single claim against the Debtor (the "Duplicate Claim");
- b. A Claim has been amended or superseded (the "Amended or Superseded Claim");

- c. A Claim has been filed late (the “Untimely Claim”);
- d. A Claim contradicts the Debtors’ books and records (the “Books and Records Objection”);
- e. A Claim does not include sufficient information or documentation providing a basis for the Claim asserted (the “Unsupported Claim”);
- f. A Claim does not include proper allowance for reasonable mitigation of damages, including third party litigation recoveries (the “Single Satisfaction Objection”);
- g. A Claim is subject to pre-payment from the Claimant pursuant to 11 U.S.C. § 502(d) (the “502(d) Objection”);
- h. A Claim includes a claim for legal fees (the “Legal Fee Objection”);
- i. A Claim includes a claim for interest (the “Interest Objection”); and
- j. A Claim made by a selling registered representative of Provident Royalties securities (the “Registered Representative Objection”).

After the Trustee lodges these objections as applicable, he will state specifically the proposed allowed claim amount for each Claimant (the “Modified Claim Amount”).

- 9. Each Omnibus Objection will conform to the following requirements:
 - a. Each Omnibus Objection shall include a title defining the type of objection to the extent possible (*i.e.*, Objections to Claims for Duplicate Preferred Stock Interest Claims);
 - b. Each Omnibus Objection shall contain exhibits listing the Claims to which the Trustee objects.
- 10. Specifically, exhibits to Omnibus Objections will comply with the following:
 - a. Exhibit(s) of Claims to which the Omnibus Objection relates shall be attached to the Omnibus Objection, and shall include, at a minimum, the name of the Claimant, the Proof of Claim Number/Schedule Name, the Claim Amount, the Reason for Disallowance/Reduction, and the Modified Claim Amount (if applicable).
 - b. Each exhibit shall have the Claims listed alphabetically by the last name of the Claimant (in the case of an individual) or the name of the entity (in the case of a corporation, partnership, etc.).

B. Notice of Objections to Claimants.

- 11. Each Claimant whose rights are affected by any Omnibus Objection shall receive

notice of the Omnibus Objection substantially in the form set forth in **Exhibit “A”** (the “Notice of Objection”) and a copy of the Objection.

12. The Trustee proposes that the Notice of Objection also be served on the Office of the United States Trustee for the Northern District of Texas.

C. Responses to Objections.

13. The Trustee recognizes that Claimants may contend that a non-substantive Omnibus Objection is analogous to an answer to a complaint, and therefore that a Claimant is not required to respond. To avoid this issue, the Trustee seeks entry of an order requiring Claimants to file a response (“Response”) to any Objection before the hearing date on such objection.

14. The Trustee requests that the Court require each Response contain, at a minimum, the following:

- a. A caption setting forth the name of the Court, the name of the Debtor, the case number and the title of the Omnibus Objection to which the Response relates;
- b. The name of the Claimant and description of the basis for the amount of the Claim;
- c. A concise statement setting forth the reasons why the Claim should not be disallowed or allowed in a reduced amount for the reasons set forth in the Objection, including, but not limited to, the specific factual and legal bases upon which the claimant will rely in opposing the Objection;
- d. A copy of the Proof of Claim and any other documentation or other evidence of the Claim, to the extent not included with the Proof of Claim, upon which the Claimant will rely in opposing the Objection at the hearing; and
- e. The name, address(es), telephone number, facsimile number and e-mail address of the person(s) (who may be the Claimant and/or the Claimant’s legal representative) to whom counsel for the Trustee should serve any reply to the Response, and who possess the authority to reconcile, settle, or otherwise resolve the Objection.

15. The Trustee proposes that the Response be filed with the Court and served upon Trustee’s counsel in a manner that ensures receipt by the Trustee’s counsel no later than twenty-five (25) calendar days after the date of service of the Objection (the “Response Deadline”).

16. To the extent that a Response is filed with respect to any Claim, each such Response will constitute a separate contested matter as contemplated by Bankruptcy Rule 9014. In addition, any order entered by the Court with respect to the Objections asserted in the Omnibus Objections shall be deemed a separate order with respect to each Objection.

17. The Trustee proposes that if a Claimant whose Claim is subject to an Objection, and who is properly served with the Objection, fails to file and serve a timely Response in compliance with the foregoing procedures, the Trustee shall present to the Court an appropriate order with respect to such Claim without further notice to the Claimant.

18. The Trustee proposes, subject to the Court's availability, to set hearings on the Omnibus Objections at least thirty (30) days after service of the Notice of Objection and Objection on the Claimants. The Trustee proposes that Notice is more than adequate, that these procedures are consistent with the spirit of Rule 3007 and what other Courts have done in similar circumstances.

BASIS FOR RELIEF REQUESTED

19. Bankruptcy Rule 3007(c) provides that “*unless otherwise ordered by the Court or permitted by [Bankruptcy Rule 3007(d)], objections to more than one claim shall not be joined in a single objection.*” Fed. R. Bankr. P. 3007(c) (emphasis added). Bankruptcy Rule 3007(d), however, does permit debtors to file omnibus objections if all the claims were filed by the same entity, or the objections are based on relatively non-substantive grounds such as (1) duplication; (2) the claim was filed in the wrong case; (3) the claim has been superseded; (4) the claim was untimely; (5) the claim was released; (6) the claim is presented in a form that makes it incapable of determination; (7) the claim is really an interest; or (8) the priority asserted is for an amount in excess of section 507 of the Bankruptcy Code.

20. As permitted in Bankruptcy Rule 3007(c), by this Motion, the Trustee seeks authority and leave of court to broaden the types of objections that may be made in an omnibus fashion and to establish certain procedures not addressed in the Bankruptcy Rules. The Trustee

TRUSTEE'S MOTION FOR LEAVE TO FILE OMNIBUS OBJECTIONS – PAGE 6

submits that the requested relief is consistent with Rule 3007 and certainly is in the spirit of swift administration of justice.

21. Approval of the Objection Procedures is necessary because of the extremely large volume of Preferred Stock Interest claims that the Trustee must deal with and resolve. There are likely in excess of 7,000 allowable claims (at some to-be-determined amount) and the Trustee believes that he must sift through at least 10,000 filed or scheduled claims. The Trustee contends that neither he nor the Court has the time or resources for 10,000 individually filed claim objections and that a well thought out pre-approved claims process is in the best interests of all parties, including the claimants.

22. The Plan in this case calls for a 180 day period for claim objections unless otherwise extended by the Court. *See* Plan at Article IX (requiring objections to claims to be filed within 180 days of Effective Date). The Trustee has requested extensions of this deadline already to help gauge the amount of recoveries that may be available for distribution before he embarks on the claim objection process. That litigation is still ongoing, and the Trustee has requested and received an abatement of the deadline altogether at this point. However, the Trustee believes that the claims process should no longer be held in abeyance and proposes omnibus procedures to shorten, hopefully, the actual administration of the thousands of claims that must be processed.

23. Since the Effective Date, the Trustee has been working diligently to determine a proper, uniform methodology to apply to the Preferred Stock Interest claimants in this case and believes he has reached a methodology that will provide a reasonable, fair and equitable resolution for the vast majority of the claims in this case. The Trustee respectfully submits that having to file piecemeal objections on the same general basis for each individual claimant would be both a waste of this Court's time and would unnecessarily delay a distribution to those claimants that need relief the most. In addition, the expense of piecemeal claim objections with virtually identical bases would be an enormous expense to the Trust.

24. The Trustee believes that the proposed Objection Procedure set forth above will

ensure due and proper notice to each Claimant in a manner that is easy to understand. In light of the foregoing, the Trustee submits the proposed request for leave is the most cost-effective and efficient manner to handle the claims administration process for the claimants in this bankruptcy and that good and sufficient cause exists for the Court to grant the relief.

25. Moreover, section 105(a) of the Bankruptcy Code allows the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of the [Bankruptcy Code].” 11 U.S.C. § 105(a). Under Section 105(a) of the Bankruptcy Code, the Court has expansive equitable power to fashion any order or decree that is in the interest of preserving or protecting the value of the debtor’s assets. *See In re Sadkin*, 36 F.3d 473, 478 (5th Cir. 1994). Authorizing the procedures is an appropriate use of the Court’s powers under Section 105 because it enhances the efficient administration of the case and thereby serves to protect and preserve the value of the Estate’s assets, which inure to the benefit of all creditors.

NOTICE

26. Notice of this Motion has been provided to the U.S. Trustee and all parties on the Master Service List filed with this Court. Notice of this Motion has also been provided to the Class VI Claimants that will be the subject of these omnibus claims procedures. The Trustee submits that no other or further notice need be provided.

PRAYER FOR RELIEF

The Trustee respectfully requests that the Court grant the relief requested herein and permit the Trustee to file the Omnibus Objection as described herein.

Respectfully submitted,

By: /s/Sean J. McCaffity

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COUNSEL FOR LIQUIDATING TRUSTEE

EXHIBIT A

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

IN RE:

PROVIDENT ROYALTIES, LLC, *et al.*,

DEBTORS.

§
§
§
§
§

CASE NO. 09-33886-HDH-11

Hearing Date: _____ at 1:30 P.M.

Response Deadline: _____ at 5:00 P.M.
CST

NOTICE OF TRUSTEE'S OBJECTION TO YOUR CLAIM

PLEASE TAKE NOTICE that Milo H. Segner, Jr., Liquidating Trustee of the PR Liquidating Trust, (the "Trustee") filed an objection to the proof(s) of claim you filed against _____ (the "Debtor") or an amount that the Debtor originally scheduled for your claim on their schedules of assets and liabilities filed with the Bankruptcy Court (the "Objection"). The Objection is appended to this Notice and is entitled Trustee's Omnibus Objection to Grower Claims. The Objection seeks to either disallow or reduce your claim (the "Claim") as set forth in the exhibit to the Objection. **THEREFORE, YOU SHOULD READ THIS NOTICE AND THE ATTACHED OBJECTION CAREFULLY.**

**IF YOU AGREE WITH THE OBJECTION TO YOUR CLAIM, YOU DO NOT
NEED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE OR THE
OBJECTION.**

PLEASE TAKE NOTICE that, if you disagree with the Objection and are unable or unwilling to resolve the Objection with the Trustee, you or your attorney **must** (1) attend the Hearing in person or, consistent with court procedures, by telephone and (2) file a written response (the "Response") to the Objection with the Clerk of the United States Bankruptcy Court, Earle Cabell Building, U.S. Courthouse, 1100 Commerce Street, Room 1254, Dallas, Texas 75242-1496 **no later than _____ at 5:00 p.m. CST.** You must file and serve copies of your response on the Trustee's attorneys: ATTN: Sean J. McCaffity, Rochelle McCullough, LLP, 325 North St. Paul Street, Suite 4500, Dallas, Texas 75201; (fax) 214-953-0185; so as to be **received** no later than _____ **at 5:00 p.m. CST** (the "Response Deadline").

PLEASE TAKE FURTHER NOTICE that your Response must contain, at a minimum, the following:

- a. A caption setting forth the name of the Court, the name of the Debtor, the case number and the title of the Omnibus Objection to which the Response relates;
- b. The name of the Claimant and description of the basis for the amount of the Claim;
- c. A concise statement setting forth the reasons why the Claim should not be disallowed or allowed in a reduced amount for the reasons set forth in the Objection, including, but not limited to, the specific factual and legal bases upon which the claimant will rely in opposing the Objection;
- d. A copy of the Proof of Claim and any other documentation or other evidence of the Claim, to the extent not included with the Proof of Claim, upon which the Claimant will rely in opposing the Objection at the hearing; and
- e. The name, address(es), telephone number, facsimile number and e-mail address of the person(s) (who may be the Claimant and/or the Claimant's legal representative) to whom counsel for the Trustee should serve any reply to the Response, and who possess the authority to reconcile, settle, or otherwise resolve the Objection.

PLEASE TAKE FURTHER NOTICE that, if you or your designated attorney or representative does not timely file and serve the Response in accordance with the above referenced procedures and attend the Hearing (in the absence of a written agreement between you and the Trustee providing otherwise), the Court may enter an order granting the relief requested in the Objection. **If you fail to respond in accordance with this Notice, the Court may grant the relief requested in the Objection without further notice or hearing.**

PLEASE TAKE FURTHER NOTICE that nothing in this Notice or the accompanying Objection constitutes a waiver of the Trustee's right to assert any claims, counterclaims, rights of offset or recoupment, preference actions, fraudulent-transfer actions, or any other bankruptcy or nonbankruptcy claims against you. The Trustee also reserves the right to assert additional objections to your Claim.

Dated: _____
Dallas, Texas