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Proposed Bankruptcy Counsel for  
Debtor and Debtor in Possession

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

**IN RE:**

**PROVIDENT ROYALTIES, LLC;  
PROVIDENT ENERGY 1, LP;  
PROVIDENT RESOURCES 1, LP;  
SHALE ROYALTIES II, INC.;  
SHALE ROYALTIES 3, LLC;  
SHALE ROYALTIES 4, INC.;  
SOMERSET LEASE HOLDINGS, INC.;  
PROVIDENT OPERATING COMPANY LLC;  
PROVIDENT ENERGY 2, LP;  
PROVIDENT ENERGY 3, LP;  
SHALE ROYALTIES 5, INC.;  
SHALE ROYALTIES 6, INC.;  
SHALE ROYALTIES 7, INC.;  
SHALE ROYALTIES 8, INC.;  
SHALE ROYALTIES 9, INC.;  
SHALE ROYALTIES 10, INC.;  
SHALE ROYALTIES 12, INC.;  
SHALE ROYALTIES 14, INC.;  
SHALE ROYALTIES 15, INC.;  
SHALE ROYALTIES 16, INC.;  
SHALE ROYALTIES 17, INC.;  
SHALE ROYALTIES 18, INC.;  
SHALE ROYALTIES 19, INC.;  
SHALE ROYALTIES 20, INC.;  
SHALE ROYALTIES 21, INC.;  
SHALE ROYALTIES 22, INC.;  
SOMERSET DEVELOPMENT, INC.**

§  
§  
§ Case No. 09-33886  
§ Case No. 09-33888  
§ Case No. 09-33887  
§ Case No. 09-33889  
§ Case No. 09-33891  
§ Case No. 09-33890  
§ Case No. 09-33892  
§ Case No. 09-33893  
§ Case No. 09-33894  
§ Case No. 09-33899  
§ Case No. 09-33895  
§ Case No. 09-33896  
§ Case No. 09-33898  
§ Case No. 09-33900  
§ Case No. 09-33902  
§ Case No. 09-33901  
§ Case No. 09-33903  
§ Case No. 09-33905  
§ Case No. 09-33904  
§ Case No. 09-33906  
§ Case No. 09-33913  
§ Case No. 09-33907  
§ Case No. 09-33908  
§ Case No. 09-33910  
§ Case No. 09-33909  
§ Case No. 09-33911  
§ Case No. 09-33912  
§

**DEBTORS.**

§ **Chapter 11**  
§  
§ **(Joint Administration**  
§ **Requested)**

**EMERGENCY MOTION FOR JOINT ADMINISTRATION OF CASES**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

The above-referenced debtors and debtors in possession (collectively, the “Debtors”) file this Emergency Motion for Joint Administration of Cases (the “Motion”), and would respectfully show the Court as follows:

**I. JURISDICTION AND VENUE**

1. This Court has jurisdiction over the subject matter of this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Motion is a core proceeding under 28 U.S.C. § 157(b)(2). Venue of this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

**II. FACTUAL BACKGROUND<sup>1</sup>**

2. On June 22, 2009 (the “Petition Date”), the Debtors commenced their cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. The Debtors are in the business of acquiring and investing in both producing and non-producing leasehold and mineral interests across the United States, with a primary focus in Oklahoma. The Debtors acquire interests in targeted areas where the geology is well defined and productive, and in areas established operators have targeted, or are reasonably anticipated to

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<sup>1</sup> The *Declaration of David N. Phelps in Support of First Day Motions* contains a more extensive statement of background facts (including a detailed account of the various financial difficulties that led to the filing of these chapter 11 cases) and provides support for the factual matters discussed herein.

soon target for development, based upon known drilling trends. After acquisition of these interests, the Debtors participate as working interest owners in the drilling of wells on its leases and/or repackage the leases for sale to operators or investors.

4. In response to significant declines in the prices of both crude oil and natural gas, and a slowdown of drilling activity by various oil companies, the Debtors have suffered substantial decreases in production-related revenue. Further, the decrease in commodity prices, combined with the collapse in the credit markets, devastated the Debtors' ability to raise capital to further develop these properties.

5. While certain restructuring initiatives have been successful in reducing costs, and certain negotiations with secured creditors have been successful, ultimately a restructuring addressing all of the Debtors' issues required that the Debtors seek the protection of chapter 11. Accordingly, on the Petition Date, the Debtors filed these cases.

### **III. RELIEF REQUESTED**

6. Pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Local Bankruptcy Rule 1015, the Debtors request that this Court enter an order directing: (a) the joint administration of the Debtors' Cases for procedural purposes only under the case styled *In re Provident Royalties, LLC, et al.*, Case No. 09-33886, currently pending before this Court; and (b) parties in interest to use a consolidated caption for any pleading relating to any of the jointly-administered Cases. No prior request has been made to this Court or any other court for the relief sought herein.

7. Bankruptcy Rule 1015(b) provides that "if two or more petitions are pending in the same court by or against...a debtor and an affiliate, the court may order a joint administration of the estates" of such debtor and its affiliates. FED. R. BANKR. P. 1015(b).

8. In this case, joint administration of the Debtors' cases is proper in that many of the Debtors' debts are guaranteed or joint obligations. Additionally, joint administration is proper due to the ownership structure of the Debtors in these cases. Accordingly, joint administration of the cases filed by the Debtors is proper under Rule 1015(b) of the Bankruptcy Rules.

9. Further, joint administration of the cases will be less costly and burdensome than the separate administration of the estates. The Debtors intend to file with the Court motions and applications, including the various motions and applications which have been filed on the first day of these cases. Joint administration of these cases for procedural purposes will avoid considerable unnecessary delay and expense by obviating the need for the Debtors to file duplicative motions and applications and for the Court to enter duplicative orders in each of these chapter 11 cases. Joint administration will also avoid the burdensome necessity of duplicating notices to numerous creditors. Finally, supervision of the administrative aspects of these chapter 11 cases by the Office of the United States Trustee for the Northern District of Texas, Dallas Division, will be simplified by joint administration of the cases.

10. The rights of the respective creditors of the Debtors will not be adversely affected by joint administration of these cases since the relief sought in this Motion is purely procedural and is in no way intended to affect substantive rights. Each creditor will be entitled to file a proof of claim against the particular estate in which it allegedly has a claim or right and will retain whatever claims or rights it has against the particular estate. Further, all schedules of assets and liabilities and statements of financial affairs will be captioned and filed in each of the Debtors' respective cases, as appropriate.

11. Therefore, the Debtors also respectfully request, for the convenience of all parties and the Court, that these chapter 11 cases be jointly administered under the case styled *In re Provident Royalties, LLC, et al.*, Case No. 09-33886, without regard to the ultimate judicial appointment of that case, and that all court papers pertaining thereto be filed under the following caption:

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

<b>IN RE:</b>	§	<b>CASE NO. 09-33886</b>
	§	
<b>PROVIDENT ROYALTIES, LLC, et al.,</b>	§	<b>CHAPTER 11</b>
	§	
<b>DEBTORS.</b>	§	<b>JOINTLY ADMINISTERED</b>

12. The Debtors also request the Clerk of this Court make separate docket entries in each of the above-captioned cases substantially as follows:

The Bankruptcy Court has entered an order in accordance with Federal Rule of Bankruptcy Procedure 1015(b) that provides for the joint administration of the chapter 11 cases of Provident Royalties, LLC, a Delaware limited liability company and its affiliated debtor in possession subsidiaries. The docket in Case No. 09-33886 should be consulted for all matters affecting the above-listed cases.

13. No administrative or scheduling orders previously entered in the cases will require modification if this Motion is granted. Mailing lists in each of the cases will be consolidated for future noticing requirements.

**WHEREFORE, PREMISES CONSIDERED**, the Debtors respectfully request that this Court enter an order directing: (a) the joint administration of the cases for procedural purposes only under the case styled *In re Provident Royalties, LLC, et al.*, Case No. 09-33886, currently

pending before this Court; and (b) parties in interest to use a consolidated caption to indicate that any filed pleading relates to the jointly-administered cases. The Debtors request that the Court grant them such other and further relief to which they may be justly entitled.

Dated: June 22, 2009

Respectfully submitted,

/s/ Robert W. Jones

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Proposed Counsel for the  
Debtor and Debtor in Possession

**CERTIFICATE OF SERVICE**

I certify that on June 22, 2009, a copy of the foregoing document was served by (i) the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas, and (ii) via facsimile or overnight delivery to those parties listed, and as indicated, on the attached proposed Master Service List.

/s/ Kristen N. Beall  
Kristen N. Beall