

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

-----  
In re:

Barrow Shaver Resources Company LLC,<sup>1</sup>

Debtor.  
-----

§  
§  
§  
§  
§  
§  
§

Chapter 11

Case No. 24-33353

**DEBTOR'S EMERGENCY MOTION FOR ENTRY OF AN  
ORDER (I) APPROVING THE SALE OF THE SUBSTANTIAL  
MAJORITY OF THE DEBTOR'S ASSETS TO TEXOIL INVESTMENTS, LLC,  
(II) AUTHORIZING THE DEBTOR TO ENTER INTO THE TEXOIL ASSET  
PURCHASE AGREEMENTS, (III) APPROVING THE SALE OF THE ASSETS FREE  
AND CLEAR OF CLAIMS, LIENS, INTERESTS, AND ENCUMBRANCES, (IV)  
APPROVING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY  
CONTRACTS AND UNEXPIRED LEASES AS SET FORTH IN THE TEXOIL ASSET  
PURCHASE AGREEMENTS, AND (V) GRANTING RELATED RELIEF**

**ALL PLEADINGS AND ANY SUPPLEMENTAL DOCUMENTS  
FILED, AS WELL AS ADDITIONAL INFORMATION RELATED TO  
THE ADMINISTRATION OF THE BARROW SHAVER  
RESOURCES COMPANY, LLC BANKRUPTCY CASE, ARE  
ACCESSIBLE FREE OF CHARGE ON THE CASE WEBSITE AT  
THE FOLLOWING LINK: [HTTPS://CASES.RA.KROLL.COM/BSR/](https://cases.ra.kroll.com/BSR/).**

**EMERGENCY RELIEF HAS BEEN REQUESTED. RELIEF IS  
REQUESTED NOT LATER THAN NOVEMBER 19, 2025, AT 1:00  
P.M. (PREVAILING CENTRAL TIME).**

**IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU  
BELIEVE THAT EMERGENCY CONSIDERATION IS NOT  
WARRANTED, YOU MUST FILE A WRITTEN OBJECTION WITH  
THE COURT BY 11:59 P.M. (PREVAILING CENTRAL TIME) ON  
TUESDAY, NOVEMBER 18, 2025, OR SUCH LATER DATE AS THE  
COURT MAY ORDER PURSUANT TO THE COURT'S ORDER  
ENTERED AT DOCKET NO. 912. OTHERWISE, THE COURT MAY**

-----  
<sup>1</sup> The last four digits of the Debtor's federal tax identification number are 0510. The Debtor's corporate headquarters is located at 977 Pruitt Place, Tyler, TX 75703.

**TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.**

**A HEARING WILL BE CONDUCTED ON THIS MATTER ON NOVEMBER 19, 2025, AT 1:00 P.M. (PREVAILING CENTRAL TIME) IN COURTROOM 400, 515 RUSK, HOUSTON, TEXAS 77002. YOU MAY PARTICIPATE IN THE HEARING EITHER IN PERSON OR BY AN AUDIO AND VIDEO CONNECTION.**

**AUDIO COMMUNICATION WILL BE BY USE OF THE COURT'S DIAL-IN FACILITY. YOU MAY ACCESS THE FACILITY AT 832-917-1510. ONCE CONNECTED, YOU WILL BE ASKED TO ENTER THE CONFERENCE ROOM NUMBER. JUDGE PÉREZ'S CONFERENCE ROOM NUMBER IS 282694. VIDEO COMMUNICATION WILL BE BY USE OF THE GOTOMEETING PLATFORM. CONNECT VIA THE FREE GOTOMEETING APPLICATION OR CLICK THE LINK ON JUDGE PÉREZ'S HOME PAGE. THE MEETING CODE IS "JUDGEPEREZ". CLICK THE SETTINGS ICON IN THE UPPER RIGHT CORNER AND ENTER YOUR NAME UNDER THE PERSONAL INFORMATION SETTING. HEARING APPEARANCES MUST BE MADE ELECTRONICALLY IN ADVANCE OF BOTH ELECTRONIC AND IN-PERSON HEARINGS. TO MAKE YOUR APPEARANCE, CLICK THE "ELECTRONIC APPEARANCE" LINK ON JUDGE PÉREZ'S HOME PAGE. SELECT THE CASE NAME, COMPLETE THE REQUIRED FIELDS, AND CLICK "SUBMIT" TO COMPLETE YOUR APPEARANCE.**

Barrow Shaver Resources Company LLC (the "**Debtor**" or "**BSR**"), debtor and debtor-in-possession in the above-captioned chapter 11 bankruptcy case (the "**Bankruptcy Case**"), files this emergency motion (this "**Sale Motion**") seeking entry of one or more proposed orders (collectively, the "**Proposed Orders**")<sup>2</sup> (i) approving the sale ("**Sale**") of a substantial majority of the Debtor's assets (as described in the TexOil APAs (as such term is defined below), the "**Assets**") to TexOil Investments, LLC ("**TexOil**" or the "**Winning Bidder**") as the Winning

---

<sup>2</sup> The Debtor will file the Proposed Order(s) prior to the hearing on the Sale Motion. Given the nature of the Sale, the Debtor reserves the right, in consultation with TexOil, to propose separate proposed orders based on the multiple lots of the Sale.

Bidder in accordance with the *Order Granting Debtor's Emergency Motion for Entry of an Order (I) Approving the Bidding Procedures and Auction, (II) Scheduling Bid Deadlines, an Auction, Objection Deadlines, and a Hearing, (III) Approving the Form and Manner of Notice of the Sale Transaction, the Auction, the Hearing, and Assumption and Assignment Procedures, (IV) Authorizing the Debtor to Enter into a Lead Bidder Agreement, and (V) Granting Related Relief* [Docket No. 760] (the “**Bidding Procedures Order**”) and the *Bidding Procedures* [Docket No. 760] (the “**Bidding Procedures**”);<sup>3</sup> (ii) authorizing the Debtor to enter into the Asset Purchase Agreement for Lot 1 (the “**Lot 1 APA**”),<sup>4</sup> the Asset Purchase Agreement for Lot 2 (the “**Lot 2 APA**”),<sup>5</sup> and the Asset Purchase Agreement for Lot 3 (the “**Lot 3 APA**”),<sup>6</sup> and together with the Lot 1 APA and Lot 2 APA, the “**TexOil Asset Purchase Agreements**” or simply the “**TexOil APAs**”); (iii) approving the Sale of the Assets free and clear of claims, liens, interests, and encumbrances, as applicable, pursuant to sections 105(a) and 363 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”); (iv) approving the assumption and assignment of certain executory contracts and unexpired leases as set forth in the TexOil APAs pursuant to section 365 of the Bankruptcy Code and the Bidding Procedures Order; (v) approving the form and manner of notice of the Auction, the assumption and assignment of certain executory

---

<sup>3</sup> Capitalized terms used herein but not otherwise defined have the meaning ascribed to such terms in the Bidding Procedures Order and the Bidding Procedures or, as applicable, in the *Debtor's Emergency Motion for Entry of an Order (I) Approving the Bidding Procedures and Auction, (II) Scheduling Bid Deadlines, an Auction, Objection Deadlines, and a Hearing, (III) Approving the Form and Manner of Notice of the Sale Transaction, the Auction, the Hearing, and Assumption and Assignment Procedures, (IV) Authorizing the Debtor to Enter Into a Lead Bidder Agreement, and (V) Granting Related Relief* [Docket No. 704] (the “**Bidding Procedures Motion**”).

<sup>4</sup> The Lot 1 APA will be supplemented as **Exhibit A**.

<sup>5</sup> The Lot 2 APA will be supplemented as **Exhibit B**.

<sup>6</sup> The Lot 3 APA will be supplemented as **Exhibit C**.

contracts and unexpired leases, the Sale, and the Sale Hearing; (vi) waiving the fourteen (14) day stay under Rules 6004(h) and 6006(d) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”); and (vii) granting such other related relief as is necessary and proper under the circumstances. In support of the Sale Motion, the Debtor will file the *Declaration of James A. Katchadurian in Support of the Debtor’s Emergency Motion for Entry of an Order (I) Approving the Sale of the Substantial Majority of the Debtor’s Assets to TexOil Investments, LLC, (II) Authorizing the Debtor to Enter Into the TexOil Asset Purchase Agreements, (III) Approving the Sale of the Assets Free and Clear of Claims, Liens, Interests, and Encumbrances, (IV) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases as Set Forth in the TexOil Asset Purchase Agreements, and (V) Granting Related Relief* (the “**Katchadurian Declaration**”) and the *Declaration of Michael Schmidt in Support of the Debtor’s Emergency Motion for Entry of an Order (I) Approving the Sale of the Substantial Majority of the Debtor’s Assets to TexOil Investments, LLC, (II) Authorizing the Debtor to Enter Into the TexOil Asset Purchase Agreements, (III) Approving the Sale of the Assets Free and Clear of Claims, Liens, Interests, and Encumbrances, (IV) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases as Set Forth in the TexOil Asset Purchase Agreements, and (V) Granting Related Relief* (the “**Schmidt Declaration**”) and respectfully states as follows:

#### **PRELIMINARY STATEMENT**<sup>7</sup>

1. By this Sale Motion, the Debtor seeks approval of the Sale to TexOil in exchange for a total purchase price of **\$60,000,010** plus the assumption of material plugging and

---

<sup>7</sup> Capitalized terms used in this Preliminary Statement and not otherwise defined have the meaning ascribed to such terms herein, and as applicable, in the Bidding Procedures Order and Bidding Procedures.

abandonment liabilities. The Debtor’s goal throughout the Bankruptcy Case has been to pursue a “value-maximizing” transaction. The Debtor is happy to report that the Sale to TexOil maximizes recoveries available to creditors, lays the groundwork for confirmation of a chapter 11 plan, and further establishes a framework for the resolution of a substantial majority of the disputes that have hindered the Debtor.

2. Such result is the product of a nearly yearlong campaign, on the part of the Debtor—under the direction of the Debtor’s Chief Restructuring Officer, James Katchadurian (in such capacity, the “**CRO**”)—to market the Debtor’s assets, explore the market to establish the basis for a transaction, and to foster competitive tension to support an auction process. On November 10, 2025, such efforts culminated with an auction (the “**Auction**”)<sup>8</sup> held in accordance with this Court’s Bidding Procedures Order and the Bidding Procedures. Such Auction was held at the Houston office of Jones Walker LLP (“**Jones Walker**”). Three separate Qualified Bidders—TexOil, NETX Energy, LLC (“**NETX Energy**”), and PWI Group, LLC (“**PWI**”)—participated in the Auction. After a nearly ten (10) hour Auction,<sup>9</sup> TexOil prevailed as the Winning Bidder with a Winning Bid of \$60,000,010 plus the assumption of material plugging and abandonment liabilities.<sup>10</sup>

---

<sup>8</sup> See *Notice of Revised Auction and Sale Schedule* [Docket No. 890].

<sup>9</sup> A transcript of the Auction is being prepared by the Court Reporter (the “**Auction Transcript**”). The Debtor reserves the right to supplement this Sale Motion after the Debtor has had an opportunity to review the Auction Transcript.

<sup>10</sup> See *Notice of Winning Bid* [Docket No. 911] (the “**Winning Bid Notice**”). Also of importance and discussed in more detail below, the TexOil APAs substantially conform to the Debtor’s Form APAs, thereby facilitating a quick close. The Debtor has likewise selected NETX Energy as the Backup Bidder (in such capacity, the “**Backup Bidder**”) under the Bidding Procedures. By this Sale Motion, the Debtor does not seek approval of any sale transaction with the Backup Bidder. Nonetheless, the Backup Bidder remains bound by the Bidding Procedures and Bidding Procedures Order.

3. While certain parties made clear, at the Auction, that they intend to object to the Sale, the fact remains that the Sale to TexOil—after an extensive marketing process that was initially launched in January 2025 and after an open Auction on November 10, 2025 (that TexOil, PWI, and NETX Energy each participated in)—was the highest and best value to the Debtor’s bankruptcy estate. In a sound exercise of the Debtor’s business judgment, the Debtor selected TexOil as the Winning Bid under the Bidding Procedures Order at the Auction. To be sure, the parties who noted their objections at the Auction—namely, PWI and NETX Energy—failed to submit the highest offer for the Debtor’s Assets. Their offers were likewise inferior because they contained material terms not beneficial to the Debtor. TexOil was declared the Winning Bidder because it submitted the highest and best offer, and the Debtor exercised its business judgment in designating TexOil as the Winning Bidder.

4. Even still, NETX Energy, throughout the Auction (and in the days prior to the Auction), did everything in its power to create a distraction at the Auction to force the Debtor’s hand. Even still, the Debtor resisted such efforts, ran a clean Auction (that NETX Energy participated in), and TexOil prevailed as the Winning Bidder by submitting the highest and best Overbid. By this Sale Motion, the Debtor seeks approval of the Sale to TexOil to maximize recoveries for the benefit of all of the Debtor’s stakeholders.

5. What is more, the Debtor seeks approval of this Sale Motion on an emergency basis. Pursuant to the Bidding Procedures Order, the Debtor’s intent to consummate the Sale of the Debtor’s Assets has been clear since at least June 2025.<sup>11</sup> The Court’s scheduling of the November

---

<sup>11</sup> The Bidding Procedures Order was entered on June 27, 2025. Likewise, the Bidding Procedures Motion was filed on June 9, 2025.

19, 2025 hearing to consider approval of the Sale has likewise been scheduled since November 7, 2025. Even more, the Debtor seeks approval of this Sale Motion on an emergency basis given the urgency pressed by the Debtor's various creditors and stakeholders—including PWI and NETX Energy.<sup>12</sup> Finally, both the Winning Bidder (TexOil) and the Backup Bidder (NETX Energy) have expressed a need for any sale to close in this calendar year. As such, the Debtor respectfully submits that emergency consideration of this Sale Motion is appropriate.

### **RELIEF REQUESTED**

6. The Debtor respectfully requests entry of the Proposed Order(s):<sup>13</sup>:
- i. approving the Sale of a substantial majority of the Debtor's Assets to TexOil as the Winning Bidder in accordance with the Bidding Procedures Order and the Bidding Procedures;
  - ii. authorizing the Debtor to enter into the Lot 1 APA;
  - iii. authorizing the Debtor to enter into the Lot 2 APA;
  - iv. authorizing the Debtor to enter into the Lot 3 APA;
  - v. approving the Sale of the Assets free and clear of claims, liens, interests, and encumbrances, as applicable, pursuant to sections 105(a) and 363 of the Bankruptcy Code;
  - vi. approving the assumption and assignment of certain executory contracts and unexpired leases as set forth in the TexOil APAs pursuant to section 365 of the Bankruptcy Code and the Bidding Procedures Order;

---

<sup>12</sup> See, e.g., Docket No. 852 (Letter to the Honorable Alfredo R. Pérez, urging the Court to require the Debtor to accelerate the pace of the sale process); Docket No. 656 (objection commenting on lack of pace of case); Docket No. 645 (same); Docket No. 396 (objection commenting on pace of case of concerns regarding administrative fees, filed by ETX Minerals, LLC ("**ETX**"), an affiliate of NETX Energy).

<sup>13</sup> As mentioned above, the Debtor will file the Proposed Order(s) prior to the hearing on the Sale Motion. Given the nature of the Sale, the Debtor reserves the right, in consultation with TexOil, to propose separate proposed orders based on the multiple Lots of the Sale.

- vii. approving the form and manner of notice of the Auction, the assumption and assignment of certain executory contracts and unexpired leases, the Sale, and the Sale Hearing;
- viii. waiving the fourteen (14) day stay under Bankruptcy Rules 6004(h) and 6006(d); and
- ix. granting such other related relief as is necessary and proper under the circumstances.

7. As set forth in this Sale Motion, such relief is appropriate under the circumstances, consistent with the Debtor's business judgment, and aimed at maximizing recoveries available to creditors.

### **RELEVANT BACKGROUND**

#### **I. Debtor's Relevant Historical Operations**

8. The Debtor was formed in mid-1989 with Scott O. Shaver ("**Shaver**") and Thomas D. Barrow ("**Barrow**")<sup>14</sup> as the original owners and is an independent oil and natural gas company focused on the exploration, development, production, and acquisition of crude oil and natural gas from properties in the Southeast Texas, East Texas, and West Texas. The Debtor's headquarters is located in Tyler, Texas.<sup>15</sup>

9. The Debtor's main operational focus has been on a largely contiguous block of approximately 150 leaseholds, with approximately 43,500 gross acres in East Texas. As part of its operations, since approximately 2017, the Debtor has been the lessee and operator under certain oil and gas leases pertaining to oil and gas operations in the Hidden Rock Field in and around Cass County, Texas (such operations being the "**Hidden Rock Operations**"). Additionally, the Debtor

---

<sup>14</sup> Barrow passed away on June 29, 2019. His interest is owned by his estate, which is controlled by his wife, Linda Barrow. Hereinafter, references to Barrow are to the Barrow estate controlled by Linda Barrow.

<sup>15</sup> Docket No. 63 at 4-5.

has operator and non-operator ownership interests in oil and gas leases in East and West Texas, other than the Hidden Rock Field (such ownership interests being the “**Legacy Assets**”).

10. As part of a new venture in 2017, the Debtor and several parties entered into a series of exploration agreements (collectively, the “**Exploration Agreements**”) and a joint operating agreement (the “**JOA**”). Under the Exploration Agreements, several parties (collectively, the “**Contract Counterparties**”) agreed to receive a share of the revenues from the sale of production, and the Contract Counterparties were obligated to pay a percentage of the costs and expenses incurred in the operation of the wells pursuant to the terms of the JOA.

11. At the time the Debtor entered into the JOA, it served as operator and was listed on Exhibit A to the JOA as owning 50% working interest, with the rest of the working interest being owned by other parties (each a “**Working Interest**” and each holder of the same being a “**Working Interest Holder**”). With the exception of one Working Interest Holder, none of the Working Interest Holders recorded their working interest assignment prior to the Involuntary Petition Date. In fact, some of the assignments are not even memorialized in writing or are only partially supported by written documentation.

12. By year-end 2018, the Debtor had drilled the first five vertical wells in the field. Today, the Debtor holds approximately 22,000 net acres by production and has approximately 5,700 net acres under primary term leases.

## **II. Events Leading Up to the Bankruptcy Case**

13. As the Debtor continued to expand operations in the Hidden Rock Field, the Debtor faced two significant challenges that heavily contributed to the financial distress the Debtor experienced leading up to the Bankruptcy Case.

**A. The NETX Parties' Campaign to Acquire the Debtor's Assets Through an Aggressive Litigation Campaign**

14. NETX Acquisitions, LLC ("**NETX**"), ETX, ETX Oil and Gas LLC ("**ETX OG**") and Rose City Resources, LLC ("**Rose City**", and collectively with NETX Energy, the "**NETX Parties**") are one of the other main operators in the Hidden Rock Field. In 2021, the NETX Parties initiated an orchestrated campaign against the Debtor by systematically contacting the Debtor's lease counterparties and offering such parties various forms of consideration to induce each such party to enter into a top lease with the NETX Parties.<sup>16</sup> It has been the Debtor's understanding for some time that the NETX Parties initiated such contact with the lease counterparties with full knowledge of the Debtor's leases and willfully and intentionally interfered with the Debtor's preexisting contractual relationships, causing the Debtor significant harm.

15. Indeed, one of the primary contributing factors to the filing of the Involuntary Petition (as defined below) against the Debtor was the financial strain caused by the NETX Parties' orchestrated campaign to acquire the Debtor's assets by:

- a) acquiring extensive top leases<sup>17</sup> over the Debtor's leases; and
- b) commencing seven (7)<sup>18</sup> lease termination lawsuits and a declaratory judgment action against the Debtor.<sup>19</sup>

---

<sup>16</sup> See *Headington Royalty, Inc. v. Finley Res., Inc.*, 623 S.W.3d 480, 485 n.3 (Tex. App.—Dallas 2021), *aff'd*, 672 S.W.3d 332 (Tex. 2023) ("A top lease is a lease granted by a mineral owner during the existence of another lease that will become effective if and when the existing lease expires or terminates.").

<sup>17</sup> "[A] top lease is a subsequent oil and gas lease which covers one or more mineral interest that are subject to a valid, subsisting prior lease." *BP Am. Prod. Co. v. Laddex, Ltd.*, 513 S.W.3d 476, 478 n.1 (Tex. 2017) (quoting Michael L. Brown, *Effect of Top Leases: Obstruction of Title and Related Considerations*, 30 BAYLOR L. REV. 213, 213 (1978)).

<sup>18</sup> In addition to the lease termination lawsuits, on July 24, 2024, ETX OG filed suit for a declaratory judgment against the Debtor in the 5th Judicial District Court, Cass County, Texas in Cause No. 24C220 regarding the Winne #1, Wilmeth Wren (AW) well.

<sup>19</sup> *ETX Minerals, LLC and NETX Acquisitions, LLC v. Barrow Shaver Resources Company, LLC and CARR Resources, INC.*, Cause No. 22C326 in the 5th Judicial Court of Cass County, Texas; *ETX Minerals, LLC and NETX* #110092895v12

While the Bankruptcy Case may have honed the rules and parameters for the NETX Parties, their litigation crusade has continued post-petition, such that the necessary breathing spell that is inherent to the debtor protections provided for in the Bankruptcy Code was hardly felt.<sup>20</sup> Instead, the NETX Parties utilized any mechanism, proper or not, to harass the Debtor including:

- a) filing three separate, successive lift stay motions against the Debtor;<sup>21</sup>
- b) attempting to expedite a hearing on one of the motions for relief from the automatic stay during the Gap Period, as defined below;<sup>22</sup>

---

*Acquisitions, LLC v. Barrow Shaver Resources Company, LLC, CARR Resources, INC., and Marion-Cass Development Company*, Cause No. 22C472 in the 5th Judicial Court of Cass County, Texas; *NETX Acquisitions, LLC v. Barrow Shaver Resources Company, LLC and CARR Resources, INC.*, Cause No. 23C105 in the 5th Judicial Court of Cass County, Texas; *NETX Acquisitions, LLC v. Barrow Shaver Resources Company, LLC and CARR Resources, INC.*, Cause No. 23C106 in the 5th Judicial Court of Cass County, Texas; *NETX Acquisitions, LLC v. Barrow Shaver Resources Company, LLC and CARR Resources, INC.*, Cause No. 23C149 in the 5th Judicial Court of Cass County, Texas; *NETX Acquisitions, LLC v. Barrow Shaver Resources Company LLC and CARR Resources, INC.*, Cause No. 23C421 in the 5th Judicial Court of Cass County, Texas; and *NETX Acquisitions, LLC v. Barrow Shaver Resources Company, LLC and CARR Resources, INC.*, Cause No. 23C181 in the 5th Judicial Court of Cass County, Texas; *ETX Oil & Gas, LLC v. Barrow Shaver Resources Company LLC*, Case No. 24C220 om the 5th Judicial Court of Cass County, Texas.

<sup>20</sup> See e.g. *Ledford v. Tiedge (In re Sams)*, 106 B.R. 485, 490 (Bankr. S.D. Ohio 1989) (citing *Miller v. Sav. Bank of Balt.*, 22 B.R. 479, 481 (D. Md. 1982) (stating that “to place the onus on the debtor . . . to take affirmative legal steps to recover property seized in violation of the stay would subject the debtor to the financial pressures the automatic stay was designed to temporarily abate, and render the contemplated breathing spell from his creditors illusory.”); *In re Shea, Ltd.*, 545 B.R. 529, 535 (Bankr. S.D. Tex. 2016) (“The exclusivity periods established by section 1121 of the Bankruptcy Code represent a statutory determination that, consistent with the need for a ‘breathing spell’ and the debtor’s generally superior knowledge of its business, assets, and liabilities, a debtor-in-possession should have the first opportunity to propose a chapter 11 plan.”); 3 COLLIER ON BANKR. ¶ 362.03 n.6 (16th ed. 2024) (“The automatic stay is one of the fundamental debtor protections provided by the bankruptcy laws. It gives the debtor a breathing spell from his creditors. It stops all collection efforts, all harassment, and all foreclosure actions. It permits the debtor to attempt a repayment or reorganization plan, or simply to be relieved of the financial pressures that drove him into bankruptcy.”).

<sup>21</sup> *Motion For Relief From the Automatic Stay (Re: RRC Proceedings)* [Docket No. 27]; *NETX Acquisitions, LLC’s Amended Motion for Relief from the Automatic Stay (Re: Hays Glover Appeal)* [Docket No. 30]; and *NETX Acquisitions, LLC’s and ETX Minerals, LLC’s Motion for Relief from the Automatic Stay (Re: Hidden Rock Lawsuits)* [Docket No. 391].

<sup>22</sup> *Rose City Resources, LLC Motion for Expedited Hearing Regarding its Motion for Relief From Stay* [Docket No. 28] (seeking an expedited hearing on August 9, 2024 during the Gap Period, as defined below).

- c) resisting every effort on the part of the Debtor to have the lease termination lawsuits transferred to this Court;<sup>23</sup>
- d) trying to force the Debtor to share sensitive, confidential proprietary information for the benefit of the NETX Parties' litigation strategy and to the detriment of the value of the estate;<sup>24</sup> and
- e) generally objecting to almost every routine action that the Debtor has taken on the false premise that the NETX Parties will be significantly harmed by the Debtor taking necessary steps to see the Bankruptcy Case to a conclusion.<sup>25</sup>

16. Despite their efforts, the NETX Parties have been unsuccessful in their litigation campaign. Regardless, the Debtor has had to exhaust significant resources on the NETX Parties' litigious tactics.

## **B. An Aggressive Drilling Campaign**

17. Between 2023 and 2024, the Debtor conducted an aggressive drilling program in the Hidden Rock Field. The drilling program resulted in significant capex expenditures that exceeded the Debtor's corresponding production gains. The outstanding costs were compounded

---

<sup>23</sup> See, e.g., Plaintiffs' Response to BSR's Amended Motion to Transfer Venue, *NETX Acquisitions, LLC v. Barrow Shaver Resources Company LLC, et al.*, Cause No. 2:24-CV-00934 [Docket No. 10] (E.D. Tex. Jan. 10, 2025); *NETX Acquisitions, LLC v. Barrow Shaver Resources Company LLC, et al.*, Cause No. 2:24-CV-00935 [Docket No. 10] (E.D. Tex. Jan. 10, 2025); *ETX Minerals LLC, et al. v. Barrow Shaver Resources Company LLC, et al.*, Cause No. 2:24-CV-00936 [Docket No. 10] (E.D. Tex. Jan. 10, 2025); *NETX Acquisitions, LLC v. Barrow Shaver Resources Company LLC, et al.*, Cause No. 2:24-CV-00937 [Docket No. 10] (E.D. Tex. Jan. 10, 2025); *NETX Acquisitions, LLC v. Barrow Shaver Resources Company LLC, et al.*, Cause No. 2:24-CV-00938 [Docket No. 12] (E.D. Tex. Jan. 10, 2025); *ETX Minerals, LLC, et al. v. Barrow Shaver Resources Company LLC, et al.*, Cause No. 2:24-CV-00939 [Docket No. 12] (E.D. Tex. Jan. 10, 2025).

<sup>24</sup> *Emergency Motion to Compel Production of Leases and Other Due Diligence* [Docket No. 772].

<sup>25</sup> See e.g. *Limited Objection to Debtor's Emergency Motion for Entry of an Order (I) Extending the Time to File Schedule of Assets and Liabilities, Schedule of Current Income and Expenditures, Schedule of Executory Contracts and Unexpired Leases, Statement of Financial Affairs, and Rule 2015.3 Financial Reports, and (II) Granting Related Relief* [Docket No. 79] (objecting to the Debtor's request to extend the deadline to file its schedules and statement of financial affairs more than fourteen (14) days); *Rose City Resources, LLC's Notice of Filing of Application to Amend Hidden Rock Field Rules* [Docket No. 587] (the application to amend the field rules was later withdrawn after the Debtor fully briefed the issue).

by the Debtor absorbing additional shares of the operations and costs by parties who opted out of this aggressive drilling program.

18. This extra burden, coupled with its own share of the cost of operations under this aggressive drilling program resulted in the Debtor accumulating a significant amount of debt for the work performed. Accordingly, various parties involved with the drilling program filed liens under Chapter 56 of the Texas Property Code (“**Chapter 56**”) for alleged mineral liens (each a “**Mineral Lien**”, and collectively, the “**Mineral Liens**”).<sup>26</sup>

19. Under this mounting financial pressure, the Debtor was forced to consider selling part of its operations or bringing in a strategic partner to help fund the Debtor’s operations while simultaneously combatting the NETX Parties’ attempt to encroach on the Debtor’s leases. The Debtor, however, was unable to consummate a sale transaction before being forced into the Bankruptcy Case.

### **III. The Debtor’s Bankruptcy Case**

20. On July 23, 2024, Axis Energy Services, LLC, DOC Energy Services, Inc., Cudd Pressure Control, Inc., Thru Tubing Solutions, Inc., Genesis Fluids, LLC, and Force Pressure Control, LLC (collectively, the “**Petitioning Creditors**”) filed an involuntary petition under chapter 7 (the “**Involuntary Petition**”) of the Bankruptcy Code.

21. On August 19, 2024 (the “**Voluntary Petition Date**”), the Debtor consented to an order for relief by filing its voluntary petition under chapter 11 (the “**Voluntary Petition**”) of the

---

<sup>26</sup> For the avoidance of doubt, nothing contained in this Sale Motion should be construed as an admission or waiver in regard to the priority, validity, enforceability, extent, or perfection of the Mineral Liens. The Debtor reserves all rights to object to the priority, validity, enforceability, extent, or perfection of the Mineral Liens during the claim reconciliation process. The Debtor does not intend for any alleged Mineral Lien claimant to need to file an objection to the Sale Motion to reserve any rights with regards to the Mineral Liens.

Bankruptcy Code. During the period between the Involuntary Petition Date and the Voluntary Petition Date (the “**Gap Period**”), the Debtor operated its business in the ordinary course of business pursuant to section 303(f) of the Bankruptcy Code at the direction of the CRO.

22. The Debtor continues to manage and operate its business as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On August 30, 2024, the United States Trustee (the “**UST**”) filed the *United States Trustee’s Notice of Appointment of Committee of Unsecured Creditors* [Docket No. 124] appointing the members of the Official Committee of Unsecured Creditors (the “**UCC**”).

23. Since the Voluntary Petition Date, the Debtor—at the direction of the CRO and with the assistance of its professionals—has been working to understand and standardize certain accounting and operational practices that the Debtor has employed since its inception, as well as implement general operational and accounting procedures commonly utilized in the oil and gas industry. Additionally, the Debtor has continued to work to improve efficiencies and decrease operational costs, while maintaining the value of the Assets.

24. As early as November 2024, the Debtor—at the direction of the CRO—has been working to consummate a sale transaction. As part of this effort, the Debtor performed various preliminary reviews of several issues effecting the estate, including an exploratory assessment of the outstanding Mineral Lien claims. In fact, the Debtor’s preliminary review of the Mineral Liens included verifying that the statutorily required documents, including the Affidavit, were attached to the Mineral Lien, identified the Debtor’s property, were filed in the proper county, and were not statutorily time-barred in an effort to protect the estate from artificial inflation of the secured amounts owed. The Debtor also confirmed that the Mineral Liens had corresponding lien claimant proofs of claim. This preliminary review, among other things, allowed the Debtor to remove

duplicate Mineral Liens and Mineral Liens whose balances the Debtor's records reflected as fully paid. Ultimately, the preliminary Mineral Lien review confirmed that the universe of potentially valid Mineral Liens was no higher than \$55,662,561 (the "**Preliminary Mineral Lien Amount**"). Importantly, the Preliminary Mineral Lien Amount is the only source of secured claims asserted against the Assets. Even more, the Preliminary Mineral Lien Amount is subject to material reductions based on each Mineral Lien claimant's compliance with Chapter 56 for properly perfecting a statutory lien.<sup>27</sup>

#### IV. The Sale Process

25. On November 1, 2024, the Debtor filed the *Debtor's Application to Retain and Employ Chaffe & Associates, Inc. as Investment Banker Effective as of October 27, 2024* [Docket No. 299] (the "**Chaffe Retention Application**") seeking to retain Chaffe & Associates, Inc. ("**Chaffe**") as an investment banker to assist in providing advice related to any type of sale, transfer, or conveyance of substantially all of the Debtor's assets, and on December 2, 2024, the Court entered an order authorizing the Debtor to retain Chaffe pursuant to the Chaffe Retention Application.

26. As the Debtor's professionals worked to determine how best to structure a sale transaction of the Debtor's assets, Chaffe launched a broad strategic outreach effort beginning in January 2025, contacting parties, including exploration and production companies, private equity

---

<sup>27</sup> As mentioned above, nothing contained in this Sale Motion should be construed as an admission or waiver in regards to the priority, validity, enforceability, extent, or perfection of the Mineral Liens. The Debtor reserves all rights to object to the priority, validity, enforceability, extent, or perfection of the Mineral Liens during the claim reconciliation process. The Debtor does not intend for any alleged Mineral Lien claimant to need to file an objection to reserve any rights with regards to the Mineral Liens.

firms, financial sponsors, and select industry-focused investors, including a mix of conventional and non-conventional asset buyers across upstream oil and gas.

**C. The Bidding Procedures**

27. On June 9, 2025, the Debtor filed the Bidding Procedures Motion, seeking an order from this Court:

- a) authorizing and approving the Bidding Procedures by which the Debtor will (i) conduct a sale (the “**Sale Transaction**”) of substantially all or any portion of the interests and/or assets further described below through a naked auction process pursuant to one or more sales under section 363 of the Bankruptcy Code and (ii) consummate the Sale Transaction of the Assets through a chapter 11 plan pursuant to sections 1123 and 1129 of the Bankruptcy Code;
- b) if the Debtor so chooses to enter into an agreement with a Lead Bidder, establishing certain dates and deadlines for submission of lead bid proposals and other qualified bids, including scheduling a hearing to consider and approve a selected Lead Bidder, if one is chosen;
- c) if the Debtor so chooses to enter into an agreement with a Lead Bidder, authorizing the Debtor to enter into an asset purchase agreement, subject to Court approval at a hearing on August 6, 2025, or such other time when the Court is available, if a Lead Bidder is selected for substantially all of the Debtor’s assets, as divided into three separate Lots, subject to higher and better offers submitted in accordance with the Bidding Procedures, and approving the form and manner of notice thereof;
- d) establishing certain dates and deadlines for the sale process, including scheduling an auction (the “**Auction**”), if needed, with respect to the approval of the Sale Transaction through a chapter 11 plan at the confirmation hearing;
- e) approving the manner of notice of the Auction, if any;
- f) approving procedures for the assumption and assignment of certain executory contracts and unexpired leases in connection with the Sale Transaction and approving the form and manner of notice thereof;
- g) establishing certain dates and deadlines for submission of DIP proposals, including scheduling a hearing to consider and approve a selected DIP proposal by separate motion; and
- h) granting related relief.

[Docket No. 704]. On June 27, 2025, the Court entered the Bidding Procedures Order that approved the Bidding Procedures, as well as the Assumption and Assignment Procedures, and that “[n]otice of the Bidding Procedures Motion couple with service of the Sale Notice, constitutes good and adequate notice of the Auction and Sale Transaction and the proceedings with respect thereto in compliance with, and satisfaction of, the applicable requirements of Bankruptcy Rule 2002. No other or further notice of the Auction and Sale Transaction shall be required.” [Docket No. 760 at 5, ¶¶ 6-7].

28. The Bidding Procedures, among other things, formalized the structure for a potential sale transaction that allowed the Debtor to proceed with marketing the Assets and engaging with potential bidders, while maintaining optionality for the ultimate transaction that the Debtor could consummate. Accordingly, the Bidding Procedures provided that bids would be accepted for the Assets based on the three lots (the “**Lots**”, each a “**Lot**”) as described in the schedules attached to the Bidding Procedures:

**“Lot 1”** is all right, title, and interest of Debtor and Insiders in and to (i) all leases, leasehold interests, working interests, mineral fee interests, royalty interests, and any other oil, gas, or mineral interests in Camp, Cass, Marion, Morris and Upshur Counties, Texas, as described in the Lot 1 Schedules attached hereto and customary related and appurtenant interests (pooled and communitized interests, equipment, improvements, easements, surface rights, post-closing production and production in the tanks and other similar interests) (collectively, the “**Stipulated Oil and Gas Interests**”); (ii) the incomplete pipeline located in the Hidden Rock Field (the “**Hidden Rock Pipeline**”) as described in the Lot 1 Schedules attached hereto; and (iii) any claims against non-insider working interest owners in relation to their failure to pay their joint interest billings and proportionate share of other costs and expenses (collectively, “**JIBs**”) as described in the Lot 1 Schedules attached hereto. The claims against non-insider working interest owners for JIBs as described in (iii) herein are subject to any and all defenses, counterclaims, setoffs and claims of recoupment, if any, that any such non-insider working interest owner has with respect to any JIB related claim. A form APA for Lot 1 will be available to interested parties upon request to the Debtor Notice Parties. Lot 1 must be purchased subject to all claims and causes of action with respect to the NETX Litigation or, the Bid must incorporate a resolution, subject to the Debtor’s

approval, of the NETX Litigation. For the avoidance of doubt, Lot 1 will not include the Remaining Oil and Gas Interests.

**“Lot 2”** contains the Assets as described in the Lot 2 Schedules attached hereto, which can be summarized as (i) (a) all claims, causes of action, and right of recovery held by the Debtor with respect to the Remaining Oil and Gas Interests, including those claims attributable to the avoidance of unrecorded working interests (such claims being the **“Potential Avoidance Actions”**), and (b) all right, title, and interest of the Debtor and Insiders in and to all leases, leasehold interests, working interests, mineral fee interests, royalty interests, and any other oil, gas, or mineral interests in Camp, Cass, Marion, Morris and Upshur Counties, Texas, and customary related and appurtenant interests (pooled and communitized interests, equipment, improvements, easements, surface rights, post-closing production and production in the tanks and other similar interests) not otherwise described in the Lot 1 Schedules and Lot 3 Schedules attached hereto; (ii) all claims, causes of action, and right of recovery held by the Debtor related to Insider overriding royalty assignments; and (iii) other than the overriding royalty interests (**“ORRIs”**) held by Seif Oil and Gas Company, LLC (Joe Kast) and such ORRIs determined by the Court to be valid ORRIs not subject to avoidance, all claims, causes of action, and right of recovery related to the ORRIs that may be owned by non-Insider third parties. Each of the Assets described herein as (i), (ii), and (iii) shall each be considered a subplot of Lot 2 (each a **“Sublot”**). Lot 2 assets will be sold subject to the defenses, counterclaims, setoff, and recoupment, if any, that any potential counterparty has with respect to the claims and causes of action. Any recovery of real property interests pursuant to Lot 2 shall be subject to all claims and causes of action with respect to the NETX Litigation or, the Bid must incorporate a resolution, subject to the Debtor’s approval, of the NETX Litigation. A form APA for Lot 2 will be available to interested parties upon request to the Debtor Notice Parties.

**“Lot 3”** contains the Assets as described in the Lot 3 Schedules attached hereto, which can be summarized as all right, title and interest of the Debtor in and to the other oil and gas interests in East and West Texas other than the Hidden Rock Field, as detailed in the forthcoming form APA for Lot 3 will be available to interested parties upon request to the Debtor Notice Parties.

[Docket No. 760 at 14-15]. To encourage parties to utilize the structure that the Debtor contemplated would generate the most value for the estate, as well as propose a structure that could be approved by the Bankruptcy Court, the Debtor provided form asset purchase agreements for each Lot (each a **“Form APA”**, and collectively, the **“Form APAs”**).

29. The Bidding Procedures Order also approved the Assumption and Assignment Procedures.<sup>28</sup> Pursuant to the Assumption and Assignment Procedures, on July 2, 2025, the Debtor filed the *Notice of (I) Potential Assumption and Assignment of Contracts and Leases as to Lots 1 and 2 and (II) Cure Amounts in Connection Therewith* [Docket No. 771] (the “**Lots 1 and 2 Cure Notice**”) notifying contract counter-parties of the potential assumption and assignment of certain executory contracts or unexpired leases and setting a deadline to object to the proposed Cure Costs of July 16, 2025. On July 14, 2025, the Debtor filed the *Notice of (I) Potential Assumption and Assignment of Contracts and Leases as to Lot 3 and (II) Cure Amounts in Connection Therewith* [Docket No. 796] (the “**Lot 3 Cure Notice**”) notifying contract counter-parties of the potential assumption and assignment of certain executory contracts or unexpired leases and setting a deadline to object to the proposed Cure Costs of July 28, 2025.

30. Importantly, the Bidding Procedures Order further established a procedure for addressing any unresolved Assigned Contract Objection:

16. Any Assigned Contract Objection that remains unresolved as of the Confirmation Hearing shall be resolved at the Confirmation Hearing, or such later hearing as may be agreed between the Successful Bidder and the Contract Counterparty, but such Assigned Contract shall not be assumed and assigned only upon satisfactory resolution of the Assigned Contract Objection, to be determined in the Successful Bidder’s discretion. If an Assigned Contract Objection is not satisfactorily resolved, the Successful Bidder may determine that such Assigned Contract should be rejected and not assigned, in which case the Successful Bidder will not be responsible for any Cure Costs or Adequate Protection with respect to such contract.<sup>29</sup>

---

<sup>28</sup> See Docket No. 760 at 5-7, 28-33.

<sup>29</sup> Bidding Procedures Order at 6, ¶ 16. The terms of the Bidding Procedures Order were highly negotiated between the Debtor, the NETX Parties, and PWI.

31. Following the formalization of the process pursuant to the Bidding Procedures, as of July 11, 2025 (the “**Bid Deadline**”), Chaffe had contacted 154 parties regarding the Debtor’s assets. Forty-four (44) parties executed confidentiality agreements and received the confidential information memorandum and access to the virtual data room, while fifty-three (53) parties passed entirely on considering the Debtor’s assets. By the Bid Deadline for Lots 1 and 2, Chaffe had received five (5) Bids for Lots 1 and/or 2.

**D. The Submission of Bidder Qualification Summary, Eligible Bidders, Bid Requirements, and the Bid Deadline**

32. The Debtor received multiple Bids by the Bid Deadline. The Bidding Procedures provided that the Debtor should take into account any factors that the Debtor reasonably deemed to be relevant to the value of the Bid to the Debtor’s estate in assessing the Bids.<sup>30</sup> The Bidding Procedures then provided a non-exhaustive list of factors for the Debtor to consider, including, among other things: (a) the type and amount of Assets sought to be purchased; (b) the amount and nature of the Purchase Price; (c) the Qualified Bidder’s ability to consummate the Sale and the timing thereof; and (d) the effect on the Debtor’s ability to wind down its estate in accordance with applicable law.<sup>31</sup> Consequently, the Bids were deficient in various respects or not competitive with the value of the Assets, and the Debtor was not prepared at that time to designate any of the Bids as a Qualified Bid. Despite providing the Form APAs, multiple parties did not utilize the Form APAs for their Bid, nor did they attempt to incorporate the material terms in the Form APAs into the Bids. TexOil, however, did utilize the Form APAs in submitting its Bid.

---

<sup>30</sup> Bidding Procedures at 11, Art. III.D.ii.

<sup>31</sup> *Id.*

33. Because the bidders consciously chose to ignore the Debtor's strong preference that the parties use the Form APAs, the Debtor undertook the significant task of reviewing, negotiating, and revising the non-conforming asset purchase agreements, as well as discussing them with the Sale Consultation Parties, to determine, which Bid, if any, the Debtor may want to submit as a Lead Bid.

34. With respect to NETX Energy, the Debtor and NETX Energy have turned no less than fourteen (14) versions of the NETX Energy asset purchase agreement, five (5) versions of the term sheet to accompany the proposed NETX energy asset purchase agreement, and four (4) versions of the settlement agreement memorializing the terms negotiated in the term sheet. Despite herculean efforts to make a deal with NETX Energy beneficial to the Debtor, such negotiations never resulted in the Debtor selecting NETX Energy as a Lead Bidder because the parties simply could not resolve several business issues.

35. With respect to PWI, the Debtor and PWI turned no less than eight (8) versions of a potential purchase and sale agreement leading to a stalemate and an inability to reach an agreement whereby the Debtor would name PWI as the Lead Bidder under the Bidding Procedures. The Debtor's professionals (and the CRO) spent countless hours going back and forth with each of NETX Energy and PWI in an endless stalemate with each party.

36. On July 18, 2025, the Debtor was not prepared to select a Lead Bid. That same day, the Debtor filed the *Notice of Extension of Debtor's Lead Bidder Selection Deadline* [Docket No. 802] notifying parties that the Debtor was extending the deadline for an undisclosed amount of time to select a Lead Bidder.

37. On August 4, 2025, the Debtor filed its *Notice of Adjournment of Auction and Status Conference* [Docket No. 820] adjourning the proposed Auction date set out in the Sale Schedule

of the Bidding Procedures Order until further notice. The Debtor disclosed that it was in the process of negotiating with different parties and reported that it would update the Court on the sale process at a status conference on August 6, 2025.

38. At the status conference on August 6, 2025, and again on August 20, 2025, the Debtor provided an update to the Court that it was continuing to negotiate the terms of a potential transaction with multiple parties in an effort to maximize the value to the estate.

#### **E. The Selection of a Lead Bidder**

39. The Debtor continued to negotiate the terms of potential asset purchase agreements with interested parties as the Debtor became closer to designating one of the interested parties as a “Lead Bidder”. However, as the Debtor continued to work to finalize terms with the interested party, the Debtor’s CRO and its professionals met with TexOil and were able to resolve a number of business issues—thereby allowing the Debtor, in its business judgment, to designate TexOil as the Lead Bidder.

40. In evaluating the TexOil Bid, two significant aspects immediately stood out: (1) TexOil used the Form APAs with minor modification; and (2) the TexOil Bid included Lot 3. Moreover, TexOil agreed to serve as the Lead Bidder without being entitled to any form of break-up fee or expense reimbursement.

41. On October 29, 2025, the Debtor filed the *Notice of Selection of Lead Bid* [Docket No. 889] (the “**Notice of Lead Bid**”) that attached the letter dated November 4, 2025, summarizing the terms of the TexOil proposal (the “**Bid Letter**”)<sup>32</sup> notifying parties that the Debtor selected the TexOil bid as the Lead Bid and provided material terms contained in the Bid Letter.

---

<sup>32</sup> Docket No. 889-1.

42. The Debtor also filed the *Notice of Revised Auction and Sale Schedule* [Docket No. 890] (the “**Notice of Auction**”) notifying parties that the Debtor would hold the Auction on Monday, November 10, 2025, at 9:30 a.m. (prevailing Central Time).

43. Finally, the Debtor filed its Lead Bidder Purchase Agreements for Lot 1, Lot 2, and Lot 3 at Docket Nos. 898, 899, and 906, respectively.

**F. The TexOil Lead Bid**

44. The TexOil Lead Bid was an offer to purchase Lots 1, 2, and 3 for a total purchase price of \$45,659,280, and the TexOil APAs used the Form APAs as the starting point for their negotiations. The other material terms of the TexOil Lead Bid were summarized in the Bid Letter. Importantly, the breakdown of the purchase price allocation was as follows:

- Lot 1: \$20,000,000
- Lot 2: \$25,659,270, allocated as follows:
  - WI: \$24,348,700;
  - Non-Insider ORRI: \$477,620;
  - Insider ORRI: \$832,950; and
- Lot 3 \$10.00.

[Docket Nos. 889, 898, 899, and 906].

**G. The Auction**

45. Consistent with the Notice of Auction, the Bidding Procedures Order, and the Bidding Procedures, the Debtor commenced the Auction on Monday, November 10, 2025, at approximately 9:30 a.m. (prevailing Central Time) in the Houston offices of Jones Walker. The Auction was widely attended and, given the interest, the Debtor allowed creditors (upon request)

to observe the Auction by video conference. A transcript was taken of the Auction proceedings (as previously defined, the “**Auction Transcript**”).<sup>33</sup>

46. Three separate Qualified Bidders—TexOil, NETX Energy, and PWI—participated in the Auction. Consistent with the Bidding Procedures Order and the Bidding Procedures, the Lead Bid served as the Baseline Bid and the bidding increments in the Bidding Procedures were utilized.

47. During the weekend prior to the Auction, NETX Energy sent the Debtor no less than four (4) competing offers to the TexOil Lead Bid and various emails suggesting that the Debtor should supplant one or more of the NETX Energy proposals as the Baseline Bid at the Auction. Recognizing that such action, (a) would disadvantage TexOil, (b) was arguably in violation of the Bidding Procedures, and (c) was not conducive to an open auction process, the Debtor refused to engage with NETX Energy prior to the Auction. Rather, the Debtor insisted that such discussions must occur at the Auction where all Qualified Bidders could react. Even more, the competing offers from NETX Energy included several of the provisions that the Debtor had previously rejected outright and, in the Debtor’s business judgment, such offers were less valuable than the TexOil Lead Bid.

48. As mentioned above, the Auction lasted nearly ten (10) hours largely because of several delays and adjournments that occurred during the Auction. Some of these delays were expected given that only TexOil chose to use the Debtor’s Form APAs. The Auction, thus, required the Debtor to compare vastly different sets of asset purchase agreements against the background

---

<sup>33</sup> The Debtor reserves the right to supplement this Sale Motion after the Debtor is able to review the Auction Transcript.

of three (3) separate Lots. Adding to the confusion, NETX Energy routinely offered multiple proposals—taking a “choose your own adventure” approach—during a single round of Overbids that caused confusion and further difficulty in reviewing the proposed Overbids.

49. However, NETX Energy caused further delays by calling into questions several aspects of the Auction, including the Debtor’s decision not to accept NETX Energy’s invitation to supplant TexOil as the Lead Bidder and the Baseline Bid prior to the Auction. Overall, NETX Energy chose to use the Auction as a venue to voice its objections to the Debtor’s business judgment and question the Debtor’s decisions during the Auction, despite the clear directive in the Bidding Procedures and the Bankruptcy Code of the relevant criteria for evaluating Overbids. Upon information and belief, this was a deliberate strategy taken by NETX Energy to “wait out” TexOil.

50. Specifically, NETX Energy chose to use the Auction as a venue to “re-litigate” issues that it has raised before concerning the Debtor’s inability to grant the NETX Parties with full access to the Debtor’s lease files in lieu of the ongoing litigation campaign against the Debtor by the NETX Parties (that specifically center on disputes concerning the Debtor’s leases). However, such issues have been previously raised before this Court. *Compare NETX’s Emergency Motion to Compel Production of Leases and Other Due Diligence Information* [Docket No. 772] to Debtor’s Preliminary Response to NETX’s Emergency Motion to Compel Production of Leases and Other Due Diligence Information [Docket No. 774] (which is incorporated by reference hereunder as if set forth fully hereunder); see also *Joinder of the Official Committee of Unsecured Creditors to the Debtor’s Preliminary Response to the NETX’s Emergency Motion to Compel Production of Leases and Other Due Diligence Information* [Docket No. 776]. NETX Energy employed this strategy while still advancing its Overbids by Minimum Overbid Increments under

the Bidding Procedures, and in some instances, completely abandoning the Minimum Overbid Increments.<sup>34</sup>

51. What is more, NETX Energy continued to press and rely on the twenty-one (21)-day “diligence out” that is contained in the Bidding Procedures.<sup>35</sup> Such “diligence out” specifically contemplated that NETX Energy had the right to lower its bid if it was selected as the Winning Bidder.<sup>36</sup> However, this “diligence out” was never triggered—and thus is irrelevant—because TexOil submitted a higher and better Overbid, and thus, the Debtor selected TexOil as the Winning Bidder.<sup>37</sup>

52. To be sure, PWI also raised objections on the record at the Auction. Indeed, PWI’s general view was that the Debtor should provide “guidance” to PWI on how the Debtor was discounting the TexOil Lot 2 Bid since, by its nature, the Lot 2 Bid is contingent. The problem, however, in providing such guidance to PWI is that the Assets comprising Lot 2 are causes of action primarily against PWI’s stakeholders and similarly situated parties (i.e., the working interest owners). By providing such guidance to PWI, the Debtor would be required to disclose its views on the likely success of such litigation. Such request, thus, was an “end around” privileged communications between the Debtor’s legal counsel and the CRO regarding the likelihood of success of the Lot 2 causes of action.

---

<sup>34</sup> See Bidding Procedures at 12, Art. IV. E.iii.

<sup>35</sup> See, e.g., Bidding Procedures at 10, Art. IV.B.xvi.

<sup>36</sup> See Bidding Procedures at 14, Art. IV.E.x.4.

<sup>37</sup> While NETX was selected as the Backup Bidder, the Debtor reserves its rights under Bidding Procedures at 15, Art. IV.E.xiii.

53. Notwithstanding this disagreement between PWI and the Debtor on PWI's requested "guidance", it became abundantly clear that NETX Energy was attempting to drag out the Auction in order to "wait out" TexOil.

54. Focused on the need to maintain a competitive tension within the Auction, the Debtor, in consultation with the Sale Consultation Parties (and with the consent of the Special Committee),<sup>38</sup> amended the Bidding Procedures—pursuant to Article IV, Section E, Subsection xii of the Bidding Procedures<sup>39</sup>—to require each Qualified Bidder to submit its "final and best bid" for Lots 1, 2, and 3 or any combination of the Lots. Such bids were submitted directly to the Debtor and were not shared with the Qualified Bidders, except for the announcements of the Winning Bidder and the Backup Bidder pursuant to the Bidding Procedures (as described in the next two paragraphs).

55. After a short delay, the Debtor collected "best and final" blind bids from TexOil, NETX Energy, and PWI. At the conclusion of the Auction, the Debtor declared TexOil the Winning Bidder for Lots 1, 2, and 3.<sup>40</sup> The TexOil Winning Bid is an offer to purchase Lots 1, 2, and 3 for a total purchase price of \$60,000,010 (the "**Purchase Price**") based substantially on the

---

<sup>38</sup> By its *Limited Objection to Debtor's Emergency Motion for Entry of an Order Authorizing the Debtor to Close a Sale Transaction in the Context of Section 36[3] Sale or a Chapter 11 Plan* [Docket No. 887] (the "**TLB Limited Objection**"), TLB Corporation ("**TLB**") took the position that any amendment to the Bidding Procedures must be consented to by the Special Committee. While not conceding the positions taken by TLB in the TLB Limited Objection, counsel for TLB attended the Auction merely as an observer (and not as a Sale Consultation Party) for purposes of avoiding any issues pertaining to the governance issues raised in the TLB Limited Objection. Neither Scott Shaver nor counsel for SOS-LMC, LLC and the Scott Shaver Trust No. 2 (collectively, "**SOS**") attended the Auction as Mr. Shaver was attending the hearing in the adversary proceeding captioned as *Kasino v. Barrow Shaver Resources Company, LLC*, Adv. Case No. 25-3440. However, out of an abundance of caution (and without waiving any rights regarding the issues raised in the TLB Limited Objection), the Special Committee conferred regarding the proposed amendment to the bidding procedures and the Special Committee agreed to such amendment.

<sup>39</sup> Bidding Procedures at 15.

<sup>40</sup> See Bidding Procedures at 13, Art. IV.E.ix.

Bid Letter and the TexOil APAs that were filed with the Court.<sup>41</sup> The breakdown of the Purchase Price allocation is as follows:

- Lot 1: \$27,520,000
- Lot 2: \$32,480,000
- Lot 3 \$10.00

(as outlined above, the “**Winning Bid**”). With the exception of the Purchase Price, the Winning Bid was substantially the same as the Lead Bid.

56. The Debtor further identified NETX as the Backup Bidder.<sup>42</sup>

57. On November 11, 2025, the Debtor filed the Winning Bid Notice and directed its noticing agent to serve the Winning Bid Notice on the entire mailing matrix. The Winning Bid Notice identified the property to be sold, the material terms of the Sale, and that the Court would hold an evidentiary hearing on the Sale on Wednesday, November 19, 2025 at 1:00 p.m. (prevailing Central Time).

58. On November 12, 2025, the Court entered an *Order Granting the Debtor’s Emergency Motion for Entry of an Order Authorizing the Debtor to Close a Sale Transaction in the Context of a Section 363 Sale or a Chapter 11 Plan* [Docket No. 912] (the “**Sale Hearing Procedures Order**”)<sup>43</sup> that, among other things, ordered that:

- i. the Debtor is authorized to close any Sale Transaction, pursuant to the Bidding Procedures, in the context of either a section 363 sale or a chapter 11 plan;
- ii. any evidentiary hearing to consider the approval of any aspect of a potential Sale Transaction as contemplated by the Bidding Procedures may be

---

<sup>41</sup> See Docket Nos. 889, 898, 899, 906.

<sup>42</sup> See Bidding Procedures at 14, Art. IV.E.x.

<sup>43</sup> The Sale Hearing Procedures Order was granted based on the Debtor’s *Emergency Motion for Entry of an Order Authorizing the Debtor to Close a Sale Transaction in the Context of a Section 363 Sale or a Chapter 11 Plan* [Docket #110092895v12

considered separate from a confirmation hearing on the Debtor's forthcoming chapter 11 plan;

- iii. scheduling a Sale Hearing of November 19, 2025 at 1:00 p.m. (prevailing Central Time), or such later time as the Court's schedule permits (the "**Sale Hearing**");
- iv. that the Debtor shall file this Sale Motion at least seven (7) days prior to the Sale Hearing;
- v. that any party objecting to the approval of the Winning Bidder must file a written objection with the Court by 11:59 p.m. (prevailing Central Time) on Tuesday, November 18, 2025 or such later date as the Court may order (the "**Objection Deadline**").<sup>44</sup>

## **LEGAL ARGUMENTS**

### **I. The Assets are Property of the Estate**

59. As a preliminary matter, the Debtor has structured the transaction into three Lots of Assets that are property of the estate. The filing of a bankruptcy petition establishes a bankruptcy estate that includes, among other things, "all legal or equitable interests of the debtor in property as of the commencement of the case."<sup>45</sup> Courts broadly construe "property of the estate" as including every conceivable interest of the debtor, future, nonpossessory, contingent, speculative, conditional, equitable, and derivative.<sup>46</sup>

---

No. 875] (the "**Sale Hearing Procedures Motion**") that the Debtor filed on October 29, 2025. The Court considered the Debtor's Sale Hearing Procedures Motion at a hearing on November 5, 2025.

<sup>44</sup> This Sale Motion is being filed on seven (7) days prior to the Sale Hearing. Moreover, the Sale Hearing Procedures Motion was filed on October 29, 2025 and heard on November 5, 2025. As such, the Debtor submits that the Objection Deadline should be imposed and that no party should be granted leave to file a late objection.

<sup>45</sup> 11 U.S.C. § 541(a).

<sup>46</sup> See *Briar Cap. Working Fund Cap. L.L.C. v. Remmert (In re S. Coast Supply Co.)*, 91 F. 4th 376, 381-82 (5th Cir. 2024); see also *Crim v. First Tenn. Bank Nat'l Ass'n (In re Crim)*, No. 09-0343, 2009 U.S. Dist. LEXIS 101901, \*5 (M.D. Tenn. Oct. 28, 2009) (quoting *In re Lott*, 332 B.R. 292, 293 (Bankr. E.D. Mich. 2005) (internal citations omitted)); see also 5 COLLIER ON BANKR. ¶ 541.03 (16th ed. 2021) ("[T]he underlying theory of section 541(a)(1) is to bring into the estate *all* interests of the debtor in property as of the date the case is commenced.") (emphasis in original).

**A. The Lot 1 Assets are Property of the Estate and May be Sold**

60. The Lot 1 Assets generally include the Debtor's right, title, and interest in all Leases and Mineral Interests, as defined in the Lot 1 APA, including those interests subject to the *Stipulation and Agreed Order by and Among the Debtor and Certain Insiders*<sup>47</sup> in Camp, Cass, Marion, Morris, and Upshur Counties, Texas in the Hidden Rock Field and the *Order Granting Motion to Approve Compromise and Settlement by and Among Debtor and BSR Gas Marketing, LTD. Pursuant to Fed. R. Bankr. P. 9019(A)*,<sup>48</sup> as well as related Assets more fully described in the Lot 1 APA.<sup>49</sup> The Lot 1 Assets are property of the Debtor's estate.

**B. The Lot 2 Assets are Property of the Estate and May be Sold**

61. The Lot 2 Asset are comprised of all potential claims, abatements, variances, allocations, causes of action, claims for relief, choses in action, rights of recovery, audit rights, rights of set-off, rights of indemnity, contribution or recoupment, counter-claims, cross-claims, and defenses held by the Debtor against certain parties including alleged overriding royalty interests and alleged working interest owners, as set forth more fully in the Lot 2 APA. The Lot 2 APA allows the Debtor a mechanism to sell the Lot 2 Assets while also creating a funding mechanism for prosecuting the Lot 2 Assets that facilitates the transfer of those interests as they become unencumbered in exchange for the release of additional funds held in escrow pursuant to the Lot 2 APA.

---

<sup>47</sup> See **Exhibit A** at Exhibit A.

<sup>48</sup> Docket No. 748.

<sup>49</sup> See **Exhibit A**, Article 2.

62. It is well established that causes of action belonging to the debtor are property that vests in the bankruptcy estate once the bankruptcy petition is filed.<sup>50</sup> Section 541 defines “property of the estate” to include, among other things, “all legal or equitable interests of the debtor in property as of the commencement of the case.” 11 U.S.C. § 541(a)(1). Significantly, causes of action and defenses “rooted in pre-bankruptcy circumstances and events” become property of the estate “immediately upon the filing of the bankruptcy case”.<sup>51</sup>

63. The Bankruptcy Code permits the sale of causes of action after notice and a hearing, provided that the sale is in the best interest of the estate and creditors.<sup>52</sup> Indeed, the Fifth Circuit has adopted the reasoning that the sale of avoidance actions may be required in instances where the estate cannot afford to pursue the claims itself, so sale is the only way to maximize value of the estate.<sup>53</sup> The Fifth Circuit’s reasoning is consistent with the debtor’s duty to maximize the estate.<sup>54</sup>

### **C. The Lot 3 Assets are Property of the Estate and May be Sold**

64. The Lot 3 Assets generally include the Debtor’s right, title, and interest in all Leases and Mineral Interests, as defined in the Lot 3 APA in Camp, Cass, Marion, Morris, and Upshur Counties, Texas in the Legacy Assets, as well as related Assets more fully described in the Lot 3

---

<sup>50</sup> *Kane v. National Union Fire Insurance Co.*, 535 F.3d 380, 385 (5th Cir. 2008) (*per curiam*).

<sup>51</sup> *See Crim v. First Tenn. Bank Nat’l Ass’n (In re Crim)*, No. 3:09-cv-0343, 2009 U.S. Dist. LEXIS 101901, at \*6 (M.D. Tenn. Oct. 28, 2009).

<sup>52</sup> *See In re S. Coast Supply Co.*, 91 F.4th at 382-83.

<sup>53</sup> *See id.* (adopting *In re Simply Essentials, LLC*, 78 F.4th 1006, 1010 (8th Cir. 2023) (which held that an avoidance actions are property of the estate)).

<sup>54</sup> *Id.* at 383. (“Interpreting the Bankruptcy Code to allow the sale of preference actions does not undermine the purpose of avoidance actions. Rather, it is consistent with the trustee’s duty to maximize the estate.”).

APA.<sup>55</sup> Significantly, the Lot 3 APA also assumes significant plugging and abandoning liabilities. The Lot 3 Assets are property of the Debtor's estate.

## **II. The Winning Bid is in the Debtor's Reasonable Business Judgment the Highest and Best Offer for the Assets, and the Court Should Approve the Sale**

65. Section 363(b)(1) of the Bankruptcy Code provides: “[t]he Trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” Section 105(a) of the Bankruptcy Code provides in relevant part: “The Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.”

66. Courts have held that approval of a proposed sale of substantially all of the assets of a debtor under section 363 of the Bankruptcy Code outside the ordinary course of business and prior to the confirmation of a plan of reorganization is appropriate if a court finds that the transaction represents a reasonable business judgment on the part of the trustee or debtor-in-possession.<sup>56</sup> “‘A trustee has a duty to maximize the value of the estate,’ and he ‘must demonstrate that the proposed sale price is the highest and best offer, though a bankruptcy court may accept a

---

<sup>55</sup> See **Exhibit C**, Article 2.

<sup>56</sup> See *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991) (holding that the following non-exclusive list of factors may be considered by a court in determining whether there is a sound business purpose for an asset sale: “the proportionate value of the asset to the estate as a whole; the amount of elapsed time since the filing; the effect of the proposed disposition of the future plan of reorganization; the amount of proceeds to be obtained from the sale versus appraised values of the property; and whether the asset is decreasing or increasing in value.”); *In re Phoenix Steel Corp.*, 82 B.R. 334, 335-36 (Bankr. D. Del. 1987) (stating that the elements necessary for approval of a section 363 sale in a chapter 11 case are “that the proposed sale is fair and equitable, that there is a good business reason for completing the sale and the transaction is in good faith”); see also *In re Stroud Ford, Inc.*, 163 B.R. 730, 732 (Bankr. M.D. Pa. 1993); *Titusville Country Club v. Pennbank (In re Titusville Country Club)*, 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991); *In re Industrial Valley Refrigeration & Air Conditioning Supplies Inc.*, 77 B.R. 15, 21 (Bankr. E.D. Pa. 1987); *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983); *Stephens Indus., Inc. v. McClung*, 789 F.2d 386, 391 (6th Cir. 1986); *In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989).

lower bid in the presence of sound business reasons, such as substantial doubt that the higher bidder can raise the cash necessary to complete the deal.”<sup>57</sup>

67. Courts typically consider the following factors in determining if a proposed transaction meets the business judgment standard: (1) that a sound business purpose justifies the sale of assets outside the ordinary course of business; (2) that fair and reasonable consideration is provided; (3) adequate and reasonable notice is provided; and (4) good faith.<sup>58</sup>

68. In ruling on a motion to sell assets outside of the ordinary course of business, courts recognize that a debtor’s application of its sound business judgment in the use, sale, or lease of property is subject to great judicial deference.<sup>59</sup> Moreover, under the “business judgment rule,” there is a presumption that, where a debtor’s appropriate governing authority implements and follows fair procedures in making a decision, it acts in good faith and for a rational business purpose.<sup>60</sup> A debtor’s showing of sound business judgment need not be unduly exhaustive, rather a debtor is “simply required to justify the proposed disposition with sound business reasons.”<sup>61</sup>

---

<sup>57</sup> *Gluckstadt Holdings, L.L.C. v. VCR I, L.L.C. (In re VSR I, L.L.C.)*, 922 F.3d 323, 327 (5th Cir. 2019) (quoting *the Cadle Co. v. Mims (In re Moore)*, 608 F.3d 253, 263 (5th Cir. 2010)).

<sup>58</sup> *In re N. Am. Techs. Group, Inc.*, Case No. 10-20071, 2010 Bankr. LEXIS 5834, at \*7 (Bankr. E.D. Tex. Aug. 16, 2010); *In re Sovereign Estates, Ltd.*, 104 B.R. 702, 704 (Bankr. E.D. Pa. 1989); *Phoenix Steel Corp.*, 82 B.R. at 335-36; see also *Stephens Indus.*, 789 F.2d at 390; *In re Lionel Corp.*, 722 F.2d at 1071

<sup>59</sup> Courts have also considered the approval by the major creditor committee as further reason to give the debtor’s business judgment significant deference. *In re ASARCO LLC*, 441 B.R. 813, 832 (S.D. Tex. 2010).

<sup>60</sup> See, e.g., *In re S.N.A. Nut Co.*, 186 B.R. 98, 102 (Bankr. N.D. Ill. 1995) (“The board of directors is in the business of running the corporation. If the procedures utilized by the directors are applied fairly, and if the directors do not violate any of their fiduciary duties, then, under the business judgment rule their decision will not be second-guessed.”) (citations omitted).

<sup>61</sup> *In re Baldwin United Corp.*, 43 B.R. 888, 906 (Bankr. S.D. Ohio 1984).

**A. The Debtor's Sound Business Purpose Justifies the Sale of the Assets to the Winning Bidder**

69. The Debtor has a sound business justification for selling the Assets pursuant to the TexOil APAs. As is set forth in the Katchadurian Declaration and as will be proven at the Sale Hearing, the Debtor determined that a sound business purpose justifies the sale of the Assets to the Winning Bidder and that the material terms of the TexOil APAs are in the best interest of the estate.<sup>62</sup> Once the debtor has articulated a valid business justification, the court should review the request under the business judgment rule.<sup>63</sup> The business judgment rule protects certain debtor decisions from reevaluation by a court with the benefit of hindsight.<sup>64</sup>

70. First, after an extensive marketing process that spanned almost a year, the Debtor believes that it had been engaging with the legitimately interested parties for some time.<sup>65</sup> Despite the active interest, the Debtor had not been able to finalize the terms of a stalking horse agreement that would allow the Debtor to consummate a sale. The ongoing solicitation and marketing interest

---

<sup>62</sup> The business judgment rule shields a debtor's management's decisions from judicial second-guessing. *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 615–16 (Bankr. S.D.N.Y. 1986) (a “presumption of reasonableness attaches to a debtor's management decisions” and “courts generally will not entertain objections to the debtor's conduct” after a reasonable basis is set forth).

<sup>63</sup> See *In re Gulf Coast Oil Corp.*, 404 B.R. 407, 415 (Bankr. S.D. Tex. 2009) (noting that a debtor in possession has the discretionary authority to exercise business judgment given to an officer or director of a corporation).

<sup>64</sup> See *Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F. 2d 1303, 1311 (5th Cir. 1985) (“More exacting scrutiny would slow the administration of the debtor's estate and increase its cost, interfere with the Bankruptcy Code's provision for private control of administration of the estate, and threaten the court's ability to control a case impartially.”).

<sup>65</sup> As of the filing of the Sale Motion, Chaffe has contacted 158 potential parties regarding the Assets. Forty-six (46) parties executed confidentiality agreements and received the confidential information memorandum and access to the virtual data room. Of the interested parties, Chaffe held management meetings with eight (8) interested parties, and four (4) interested parties conducted site visits. This interest generated eight (8) bid proposals, and six (6) parties expressing an interest in serving as a stalking horse.

revealed that the current market for the Assets is limited due to a number of intricacies that a general buyer may not appreciate.

71. Consequently, to eliminate closing risks and reduce contingencies, the Debtor had already indicated to parties that, while you could submit a non-conforming bid, the Debtor's preference and value-maximizing transaction would significantly compare to the provisions contained in the Form APAs.

72. Of the legitimately interested parties, TexOil's Winning Bid was significantly value-enhancing because it based the TexOil APAs on the Form APAs. Consequently, TexOil's negotiations were streamlined and productive. TexOil's use of substantially the Form APAs to generate their initial Bid, as well as the Debtor's experience negotiating with TexOil significantly contributed to the Debtor's decision to designate it the Winning Bid because it substantially lowered the closing risk. Alternatively, the Debtor had to invest significant time and resources trying to review, revise, and negotiate non-conforming bids with multiple parties. To get to agreeable terms with NETX Energy and PWI, the Debtor turned fourteen (14) versions of the NETX Energy asset purchase agreement, five (5) versions of the term sheet to accompany the proposed NETX Energy asset purchase agreement, and four (4) versions of the settlement agreement memorializing the terms negotiated in the term sheet and eight (8) versions of a potential purchase and sale agreement with PWI. Even after taking on this herculean endeavor, NETX Energy and PWI were unable to break the stalemate. Moreover, the Debtor felt that the lack of flexibility on significant terms, and the various attempts to re-trade provisions created a significant closing risk. Consequently, when the terms of the Lead Bid were acceptable to the Debtor and the Sale Consultation Parties, the Debtor was able to confidently (i) select TexOil as

the Lead Bidder and (ii) after a ten (10) hour competitive auction (involving both NETX Energy and PWI), select TexOil as the Winning Bidder.

73. Second, the Debtor believes that the Auction with TexOil as the Lead Bidder and Baseline Bid was in the best interest of the Debtor and the estate, as it was an opportunity for all parties to appreciate the value of the Form APAs in being able to consummate a sale transaction. To the extent there was any ambiguity, the Debtor determined in its business judgment that having TexOil, NETX Energy, and PWI as Qualified Bidders would ensure a robust bidding process. After the establishment of the Lead Bid as the Baseline Bid, the Qualified Bidders submitted multiple rounds of Overbids.

74. When it became apparent that the Overbids were not changing in material terms and the purchase price was increasing by the Minimum Overbid Increments, the Debtor determined that in its business judgment, the best way to generate value for the estate, as well as to comply with the intent, purpose, and plain language of the Bidding Procedures Order and Bidding Procedures, the Debtor would accept the final and highest offer from each Qualified Bid based on the previously prevailing Overbid for each Lot (the “**Final Bids**”). The Debtor would select the highest and best offer based on the material terms of the Final Bid that would be announced on the record at the Auction and then the identity of the Final Bid that would be designated the Backup Bidder would be identified on the record.

75. TexOil submitted Overbids at the Auction in good faith and without any collusion or other impropriety, and at arms-length. The Purchase Price provided by the Final Bid for TexOil was \$60,000,010, which monetarily was significantly superior compared to the Final Bids received from NETX Energy and PWI. In making its determination that TexOil was the Winning Bidder,

the Purchase Price, even discounted in a necessary manner to evaluate the Overbid, is superior to the other Final Bids.

76. Consequently, the Winning Bid, after being subject to a further “market check” in the form of the Auction, constitutes, in the Debtor’s reasonable business judgment, the highest or otherwise best offer for the Assets and will provide a greater recovery for the estate than any known or practicably available alternative.<sup>66</sup> The designation of TexOil as the Winning Bidder is in the Debtor’s best business judgment, and the Court should authorize the Debtor to enter into the TexOil APAs.

**B. The Purchase Price is a Fair and Reasonable Price**

77. In the Debtor’s business judgment, the Purchase Price is fair and reasonable. Even applying various reductions to the Purchase Price to consider potential closing risks and other adverse material terms, of which there are few, the Debtor believes that the Winning Bid is financially superior to the Backup Bid or any other Bid or Overbid that the Debtor received. The Debtor, therefore, believes that the Purchase Price is fair and reasonable.

**C. The Winning Bidder and the Debtor Have Acted in Good Faith and the Sale is Proposed in Good Faith**

78. The Sale has been proposed in good faith. The Bidding Procedures promoted fair and open opportunity for competitive bidding. The Debtor believes that this process has facilitated the determination that the Winning Bidder is the best and highest possible return to the estate.

---

<sup>66</sup> See, e.g., *Pursuit Capital Mgmt. Fund I, L.P. v. Burtch (In re Pursuit Capital Mgmt., LLC)*, 874 F.3d 124, 137 (3d Cir. 2017) (“As discussed, competitive auction strongly indicates that a purchaser has paid appropriate value for estate assets.”).

**D. Adequate and Reasonable Notice has been Provided to Interested Persons**

79. The Debtor filed the Bidding Procedures Motion on June 9, 2025, and the Court entered the Bidding Procedures Order on June 27, 2025. The Bidding Procedures Order, among other things, found that:

- The Assumption and Assignment Procedures constitute adequate and sufficient notice;
- No additional notice of the Assumption and Assignment Procedures need be provided.

80. The Bidding Procedures Order also provided that Notice of the Bidding Procedures Motion, coupled with service of the Sale Notice, constitutes good and adequate notice of the Auction and Sale Transaction and the proceedings with respect thereto in compliance with, and satisfaction of, the applicable requirements of Bankruptcy Rule 2002.

81. In addition to this Sale Motion, which will be served on the entire Mailing Matrix, the Debtor also served the Winning Bid Notice and the Sale Hearing Procedures Order, which included the Objection Deadline, on the entire Mailing Matrix in compliance with, and satisfaction of, the applicable requirements of Bankruptcy Rules 2002, 6004, and 9014. Moreover, parties with an oil and gas interest or an interest in a surface right, including, without limitation, a royalty interest or working interest providing for consent rights or preferential purchase rights, and who received notice in accordance with the applicable procedures and failed to timely object, are deemed to have consented to the sale and/or waived their ability (if any) to exercise any preferential purchase right or consent rights with respect to the sale.<sup>67</sup> Accordingly, no further notice is

---

<sup>67</sup> See *In re GSC, Inc.*, 453 B.R. 132, 183 (Bankr. S.D.N.Y. 2011) (“The Debtors provided, with respect to the Initial APA, and the Trustee provided, with respect to APA 1 and the remainder of the Proposed Transactions, interested parties with notice and an opportunity to object. Any party in interest in this case who has failed to object to the Sale is deemed to have consented to the Sale under section 363(f)(2).”); *In re Enron Corp.*, 2004 U.S. Dist. LEXIS 21810, at \* 2 (S.D.N.Y. 2004) (“Those parties who did not object, or who withdrew their objections, to the [Sale] Motion

#110092895v12

necessary, and the Debtor requests that this Court find that adequate and reasonable notice was provided.

### **III. The Winning Bid Should be Free and Clear of Claims and Interests, as Applicable**

82. The Assets should be sold free and clear of any and all liens, claims, interests, and encumbrances in accordance with section 363(f) of the Bankruptcy Code, with any such liens, claims, interests, and encumbrances attaching to the proceeds of the Sale. Section 363(f) of the Bankruptcy Code authorizes a debtor to sell assets free and clear of liens, claims, interests, and encumbrances if any one of the following conditions is satisfied:

1. applicable non-bankruptcy law permits sale of such property free and clear of such interest;
2. such entity consents;
3. such interest is a lien at the price at which such property is to be sold is greater than the value of all liens on such property;
4. such interest is in bona fide dispute; or
5. such entity could be compelled, in legal or equitable proceeding, to accept a money satisfaction of such interest.<sup>68</sup>

Section 363(f) of the Bankruptcy Code is drafted in the disjunctive. Thus, satisfaction of any of the requirements enumerated therein will suffice to warrant the sale of the Assets free and clear of all liens, security interests, pledges, charges, defects, or similar encumbrances, except with respect

---

concerning the sale of the ECTRIC Claim are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code.”).

<sup>68</sup> 11 U.S.C. § 363(f); *In re Nature Leisure Times, LLC*, No. 06-41357, 2007 Bankr. LEXIS 4333, at \*7 (Bankr. E.D. Tex. Dec. 19, 2007) (“The language of § 363(f) is in the disjunctive such that a sale free and clear of an interest can be approved if any one of the aforementioned conditions contained in § 363(f) are satisfied.”).

to any encumbrances that may be assumed encumbrances of the purchaser.<sup>69</sup> Moreover, the Debtor reserves all rights to argue any provision of section 363(f) of the Bankruptcy Code at the Sale Hearing.

83. Section 363(f) is supplemented by section 105(a) of the Bankruptcy Code, which provides that “[t]he Court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code.”<sup>70</sup>

84. The Debtor submits that the Winning Bid satisfies the requirements of section 363(f) of the Bankruptcy Code. To the extent a party objects to the approval of the Winning Bid on the basis that it holds a lien or encumbrance on the Assets, the Debtor believes that (i) any such party that may hold a lien on all, or a portion of, the Assets, will be provided with notice of, and an opportunity to object to, the Sale or will be deemed to have consented to the sale of the Assets; (ii) the Purchase Price of the Assets meets or exceeds the value of the liens asserted against it under (iii) such lien is in bona fide dispute, or (iv) such objecting entity could be compelled to accept monetary satisfaction for such interest.

85. Accordingly, the Debtor believes that the Sale (i) satisfies the statutory prerequisites of section 363(f) of the Bankruptcy Code and (ii) the Debtor should be permitted to proceed with the Sale of the Assets free and clear of all liens, claims, interests, and encumbrances.

---

<sup>69</sup> See *In re Kellstrom Indus., Inc.*, 282 B.R. 787, 793 (Bankr. D. Del. 2002) (“[I]f any of the five conditions are met, the debtor has the authority to conduct the sale free and clear of all liens.”).

<sup>70</sup> 11 U.S.C. § 105(a); *In re White Motor Credit Corp.*, 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987) (citing 11 U.S.C. § 105(a) to explain that “[a]uthority to conduct such sales [free and clear of claims] is within the court’s equitable powers when necessary to carry out the provisions of Title 11.”).

**A. The Price of the Assets is Greater than the Aggregate Value of All Liens**

86. Section 363(f)(3) allows such a sale free and clear of all liens, security interests, pledges, charges, defects, or similar encumbrances, if “such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property.”<sup>71</sup> There is a split among the courts as to the interpretation of this section. On the one hand, some courts have held that section 363(f)(3) requires that the purchase price be in excess of the face amount of all liens on the property.<sup>72</sup> Such approach is known as the “Face Amount Approach.”<sup>73</sup> On the other hand, other courts hold that a sale free and clear is authorized under section 363(f)(3) if the purchase price of the property meets or exceeds the value of the liens asserted against it, with such value being determined in accordance with 11 U.S.C. § 506(a).<sup>74</sup> This Court should apply the latter view.<sup>75</sup>

---

<sup>71</sup> 11 U.S.C. § 363(f)(3).

<sup>72</sup> See e.g., *Clear Channel Outdoor, Inc. v. Knupfer (In re PW, LLC)*, 391 B.R. 25 (BAP 9th Cir. 2008).

<sup>73</sup> See, e.g., *id.*; *Criimi Mae Servs. Ltd. P’ship v. WDH Howell LLC (In re WDH Howell LLC)*, 298 B.R. 527 (D.N.J. 2003).

<sup>74</sup> *In re Beker Industries Corp.*, 63 B.R. 474 (Bankr. S.D. N.Y. 1986); see also *In re Flyboy Aviation Properties LLC*, 501 B.R. 828, 834 (Bankr. N.D. Ga. 2013) (“because the value of the liens, as determined by section 506 of the Bankruptcy Code, is being paid, section 363(f)(3) provides authority for the Debtor to sell the Property.”); *In re Atlanta Retail Inc.*, 456 F.3d 1277, 1282 (11th Cir. 2006); see, e.g., *In re WPRV-TV Inc.*, 143 B.R. 315 (D.P.R. 1991); *In re Boston Generating LLC*, 440 B.R. 302 (Bankr. S.D.N.Y. 2010).

<sup>75</sup> *In re Bay Circle Props.*, Case No. 15-58440-WLH, 2017 Bankr. LEXIS 438, at \*9 (Bankr. N.D. Ga. Feb. 14, 2017). The *Bay Circle* court makes a strong point that the Face Amount Approach renders section 363(f)(3) a virtual nullity. In justifying this reasoning, the court explains that if a debtor may pay off liens at face value without the help of the Bankruptcy Code, which seems to assign value to valueless liens, a debtor may not sell free and clear of underwater liens under section 363(f)(3) if the sale price does not pay them in full. This interpretation conflicts with the purpose of the Bankruptcy Code and section 363.

87. Section 363(f)(3) considers the “value” of the liens, not the amount of the liens. Under this economic value approach, courts utilize a holistic view of the Bankruptcy Code.<sup>76</sup> Courts reason that the term “value” should be given the same meaning in section 363(f) which it has in sections 506(a) and 361 of the Bankruptcy Code. Specifically, section 506(a) of the Bankruptcy Code provides that the claim of a creditor secured by a lien on the debtor’s property “is a secured claim to the extent of the value of such creditor’s interest in the estate’s interest in such property” and an unsecured claim to the extent that the claim exceeds the value of the collateral.<sup>77</sup> Similarly, section 361 of the Bankruptcy Code requires “adequate protection” payments to a secured creditor to protect against any “decrease in the value of such entity’s interest” in property under certain circumstances.<sup>78</sup> Thus, both provisions refer to the economic value of the underlying collateral, rather than the face amount of the claim secured by a lien on such collateral.

88. In maintaining a holistic approach, courts adopting the economic value approach reason that their interpretation of section 363(f)(3) supports the maximization of value for creditors—one of the central purposes of the Bankruptcy Code—by precluding out-of-the-money lienholders from blocking sales which otherwise would be beneficial to the estate and its stakeholders.<sup>79</sup> Even simpler, if section 363(f)(3) were held to require payment in full of the face

---

<sup>76</sup> See *In re Terrace Gardens Park Partnership*, 96 B.R. 707, 713 (Bankr. W.D. Tex. 1989) (finding that as long as a creditor’s interest is adequately protected, the debtor is permitted to sell property of the estate and such interest will attach to the proceeds).

<sup>77</sup> 11 U.S.C. § 506(a).

<sup>78</sup> 11 U.S.C. § 361(1).

<sup>79</sup> See *In re Terrace Gardens Park Partnership*, 96 B.R. at 713.

amount of all liens, there would seem to be little reason for the provision. A sale which results in the payment in full of the liens, of course, is free and clear of them.<sup>80</sup>

89. Here, the Preliminary Mineral Lien Amount is \$55,662,561, several million dollars less than the Purchase Price. Crucially, aside from the Mineral Lien Amount, no other liens, security interests, pledges, charges, defects, or similar encumbrances, have been asserted against the Debtor that would encumber the proceeds received from the Sale. While the Mineral Lien analysis process is ongoing, a preliminary review of the asserted Mineral Liens demonstrates that there is a significant portion of the Mineral Liens that are undeniably invalid for the reasons articulated herein. The Preliminary Mineral Lien Amount is the absolute cap of what the aggregate lien value could be that is asserted against the Debtor, before any substantial legal analysis has been performed. Under this approach, the aggregate value of the Mineral Liens, the only source of security interests, pledges, charges, defects, or similar encumbrances asserted against the Debtor is significantly less than the Purchase Price, and as such, the sale should be free and clear of the Mineral Liens as authorized under section 363(f)(3) of the Bankruptcy Code.

#### **B. Alternatively, the Interests are the Subject of a Bona Fide Dispute**

90. Alternatively, the Debtor believes that the requirements of section 363(f)(4) are met because the Assets are subject to a bona fide dispute. “A ‘bona fide dispute’ exists under § 363(f)(4) when there is an objective basis for either factual or legal dispute as to the validity of an interest in property.”<sup>81</sup>

---

<sup>80</sup> *Id.*

<sup>81</sup> *In re Downour*, Case No. 06-30854, 2007 Bankr. LEXIS 1102, at \*1 (Bankr. N.D. Ohio Mar. 28, 2007); *see Union Planters Bank, N.A. v. Burns (In re Gaylord Grain L.L.C.)*, 306 B.R. 624, 627-28 (B.A.P. 8th Cir. 2004).

91. “The case law construing § 363(f)(4) is uniform in holding that the § 363(f) standard does not require the court to resolve the dispute, just to determine its existence.”<sup>82</sup> In addressing whether section 363(f)(4) encompasses a bona fide dispute as to the value of a creditor’s interest, the purpose of section 363(f)(4) is to allow for the sale of property free and clear of liens “so that liquidation of the estate’s assets need not be delayed while such disputes are being litigated.”<sup>83</sup>

92. Here, there are both legal and factual disputes regarding the Assets that meet the section 363(f)(4) bona fide dispute requirement. First, there are both legal and factual disputes regarding the validity and extent of the liens asserted against the Assets, as discussed above. Second, the Lot 2 Assets are comprised of causes of action. By their nature, the Lot 2 Assets are subject to a bona fide dispute. Finally, as has been in front of the Court for some time, the Lot 1 Assets are subject to the bona fide dispute with regards to the NETX Parties. The Court need not resolve these disputes but just determine the existence of the bona fide disputes. Consequently, the Court should determine that the Assets are subject to a bona fide dispute and can be sold free and clear pursuant to section 363(f)(4) of the Bankruptcy Code.

**C. Alternatively, any Entity Could be Compelled to Accept a Money Satisfaction of Such Interest**

93. Among other reasons, the Debtor may sell the Assets free and clear of all liens, claims, encumbrances, and interests because there is no reason that any holder of such an interest could not be compelled, in a legal or equitable proceeding, to accept a money satisfaction of its

---

<sup>82</sup> *In re Downour*, 2007 Bankr. LEXIS 1102, at \*3; *see also In re Gaylord Grain L.L.C.*, 306 B.R. at 627 (application of 363(f)(4) “does not require the court to resolve the underlying dispute, just to determine its existence.”).

<sup>83</sup> *In re Lee*, Case No. 19-71337-JTL, 2024 Bankr. LEXIS 296, at \*6 (Bankr. M.D. Ga. Feb. 7, 2024) (quoting *In re Gulf States Steel, Inc. of Alabama*, 285 B.R. 497, 507 (Bankr. N.D. Ala. 2002)).

lien or other interest. Accordingly, the requirement under section 363(f)(5) of the Bankruptcy Code is satisfied, and the Debtor may sell the Assets free and clear of all liens, claims, encumbrances, and interests. There is no indication that a party could not be compelled to accept a money satisfaction for such interest. Consequently, the Court should determine that the Assets can be sold free and clear pursuant to section 363(f)(5).

#### **IV. The Winning Bidder Should Be Entitled to the Protections of Section 363(m) of the Bankruptcy Code**

94. Bankruptcy Code section 363(m) provides that:

[t]he reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

95. Section 363(m) protects a good faith purchaser's interest in property purchase from a debtor, notwithstanding that the sale under section 363(b) of the Bankruptcy Code may subsequently be reversed or modified on appeal. Courts in this jurisdiction have recognized that "[t]he purpose of § 363(m)'s stay requirement is in furtherance of the policy of not only affording finality to the judgment of the bankruptcy court, but particularly to give finality to those orders and judgments upon which third parties rely."<sup>84</sup>

96. Although the Bankruptcy Code does not define "good faith," the Fifth Circuit has defined the term in two ways in the context of section 363(m) of the Bankruptcy Code. First, it has

---

<sup>84</sup> *In re TMT Procurement Corp.*, 764 F.3d 512, 521 (5th Cir. 2014) (citation and internal quotation marks omitted); *see also Matter of Gilchrist*, 891 F.2d 559, 560 (5th Cir. 1990) (adopting the position that "[s]ection 363(m) patently protects, from later modification on appeal, an authorized sale where the purchaser acted in good faith and the sale was not stayed pending appeal.")

“defined a ‘good faith purchaser’ as ‘one who purchases the assets for value, in good faith, and without notice of adverse claims.’”<sup>85</sup> Second, the Fifth Circuit has “noted that ‘the misconduct that would destroy a purchaser’s good faith status . . . involves fraud, collusion between the purchaser and other bidders of the trustee, or an attempt to take grossly unfair advantage of other bidders.’”<sup>86</sup>

97. The Debtor submits that the Winning Bidder is a “good faith purchaser” within the meaning of section 363(m) of the Bankruptcy Code. The Bidding Procedures require each Qualified Bidder participating in the Auction to confirm that it has not engaged in any collusion with respect to any Bid or the Sale. Any asset purchase agreement with the Winning Bidder will be negotiated at arm’s-length and in good faith. The Debtor believes that providing any Winning Bidder with such protection will ensure that the maximum price will be received by the Debtor for the Assets and closing of the same will occur promptly.

#### **V. The Winning Bid is Not the Result of Collusive Bidding Under Section 363(n) of the Bankruptcy Code**

98. The Debtor negotiated and selected the Winning Bid at arm’s length and in good faith. The TexOil APAs were proposed and negotiated by the Debtor and the Winning Bidder without collusion, in good faith, and from an arm’s-length bargaining position. Neither the Debtor, nor the Winning Bidder, engaged in any conduct that would cause or permit the TexOil APAs to be avoided under section 363(n) of the Bankruptcy Code.

---

<sup>85</sup> *TMT Procurement Corp.*, 764 F.3d at 521 (citations omitted).

<sup>86</sup> *Id.*; see also *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 147 (3d Cir. 1986) (citations omitted); see generally *Marin v. Coated Sales, Inc. (In re Coated Sales, Inc.)*, No. 89-3704 (KMW), 1990 WL 212899 (S.D.N.Y. Dec. 13, 1990) (holding that a party, to show lack of good faith, must demonstrate “fraud, collusion, or an attempt to take grossly unfair advantage of other bidders”); *In re Pisces Leasing Corp.*, 66 B.R. 671, 673 (E.D.N.Y. 1986) (examining facts of each case, concentrating on “integrity of [an actor’s] conduct during the sale proceedings” (quoting *In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1198 (7th Cir. 1978))).

**VI. The Court Should Approve the Assumption and Assignment of the Executory Contracts Pursuant to Section 365 of the Bankruptcy Code and the Bidding Procedures Order**

99. Although section 365(a) of the Bankruptcy Code does not provide a standard for determining when a court may authorize a debtor's assumption or rejection of an executory contract or an unexpired lease, the Fifth Circuit has adopted, and subsequently affirmed, the Supreme Court's rule that a court should defer to the Debtor's business judgment when considering a motion to reject an executory contract or unexpired lease.<sup>87</sup> Section 365 of the Bankruptcy Code provides that a "trustee [or debtor], subject to the court's approval, may assume or reject any executory contract . . . ."<sup>88</sup> Executory contracts include those agreements under which "each side has at least one material unperformed obligation as of the bankruptcy petition date."<sup>89</sup>

100. The Debtor submits that the statutory requirements of section 365(b)(1)(A) of the Bankruptcy Code are satisfied to the extent applicable. Specifically, the TexOil APAs, as well as the Assumption and Assignment Procedures in the Bidding Procedures, provide that all defaults associated with the Assigned Contracts are properly cured. As mentioned above, the Bidding Procedures Order provides a clear process to resolve disputes over cure amounts or other defaults:

16. Any Assigned Contract Objection that remains unresolved as of the Confirmation Hearing shall be resolved at the Confirmation Hearing, or such later hearing as may be agreed between the Successful Bidder and the Contract Counterparty, but such Assigned Contract shall not be assumed and assigned ***only upon satisfactory***

---

<sup>87</sup> *Richmond Leasing*, 762 F.2d at 1309.

<sup>88</sup> 11 U.S.C. § 365(a); *Occidental Petro. Corp. v. Sanchez Energy Corp. (In re Sanchez Energy Corp.)*, 631 B.R. 847, 860 (Bankr. S.D. Tex. 2021) (Isgur, J.) (noting that "Congress granted debtors the expansive right to reject *any* executory contract." (emphasis in the original)); *In re Chesapeake Energy Corp.*, 622 B.R. 274, 280 (Bankr. S.D. Tex. 2020) (Jones, J.) (same).

<sup>89</sup> See *Matter of Falcon V, L.L.C.*, 44 F.4th 348, 352-53 (5th Cir. 2022) (citing *In re Weinstein Co. Holdings L.L.C.*, 997 F.3d 497, 504 (3d Cir. 2021)).

***resolution of the Assigned Contract Objection, to be determined in the Successful Bidder's discretion.*** If an Assigned Contract Objection is not satisfactorily resolved, ***the Successful Bidder may determine that such Assigned Contract should be rejected and not assigned, in which case the Successful Bidder will not be responsible for any Cure Costs or Adequate Protection with respect to such contract.***<sup>90</sup>

101. As this Court is aware, the terms of the Bidding Procedures Order were highly negotiated between the Debtor, the NETX Parties, and PWI. The above-mentioned provision provides a mechanism for any outstanding Assigned Contract Objections to be resolved in a manner to the satisfaction of TexOil, as the Successful Bidder. To the extent that such resolution cannot be achieved, the Bidding Procedures Order provides that such issues shall be resolved at the Confirmation Hearing. Given the underlying disputes concerning the JOAs and the Exploration Agreements (and in a deliberate attempt to avoid parties seeking “hold up” value), the Bidding Procedures Order contemplates reserving the Court’s resolution of these issues until the Confirmation Hearing. In the interim, the Debtor and TexOil will enter into a transition services agreement in connection with the Sale.

102. The Court should be aware that both NETX Energy and PWI, in a knee jerk response to having been outbid by TexOil, attempted to pin TexOil in on this issue at the Auction when the Winning Bid was announced. It is further anticipated that such parties may seek to take advantage of this “gotcha moment” from the Auction. However, any reliance on such statements is merely a red herring. First, while NETX Energy may have confused the Auction with a deposition, at no point was TexOil under oath at the Auction. The purpose of the Auction

---

<sup>90</sup> Bidding Procedures Order at 6, ¶ 16. The terms of the Bidding Procedures Order were highly negotiated between the Debtor, the NETX Parties, and PWI.

Transcript was merely to record the transaction history between the Qualified Bidders and to further promote transparency.

103. Further, TexOil did not have the authority to change, amend, or obviate this Court's Bidding Procedures Order that specifically provides a mechanism for the resolution of Assigned Contract Objections, for which there are several pertaining to the potential assumption and assignment of the JOAs and Exploration Agreements.<sup>91</sup> The Outstanding Assigned Contract Objections will be handled in due course according to the above-mentioned provision set forth in the Bidding Procedures Order.

104. Finally, any reliance on TexOil's statements at the Auction misinterprets the plain language and the mechanics of section 365 of the Bankruptcy Code. Section 365 explicitly provides that it is the **Debtor** (or trustee) that may assume and assign any executory contract.<sup>92</sup> Indeed, courts have been clear that a debtor or a trustee are the only people with standing to seek such relief.<sup>93</sup> As such, any question regarding the assumption, assignment, rejection of an

---

<sup>91</sup> The following Assigned Contract Objections have been filed: (1) *The Ad Hoc Group of Non-Operating Working Interest Owners and W.R. Hughey II's Limited Objection to Notice of (I) Potential Assumption and Assignment of Contracts and Leases as to Lots 1 and 2 and (II) Cure Amounts in Connection Therewith* [Docket No. 799]; (2) *BMW Investments, L.P.'s Limited Objection to Debtor's Notice of (I) Potential Assumption and Assignment of Contracts and Leases as to Lots 1 and 2 and (II) Cure Amounts in Connection Therewith* [Docket No. 801]; (3) *Raymond Kasino's Objection and Reservation of Rights to Notice of (I) Potential Assumption and Assignment of Contracts and Leases as to Lots 1 and 2 and (II) Cure Amounts in Connection Therewith* [Docket No. 793]; (4) *Middleton Oil Company's Limited Objection to Notice of (I) Potential Assumption and Assignment of Contracts and Leases as to Lots 1 and 2 and (II) Cure Amounts in Connection Therewith* [Docket No. 798]; *Lawanda Turner's Objection and Reservation of Rights to Notice of (I) Potential Assumption and Assignment of Contracts and Leases as to Lot 3 and (II) Cure Amounts in Connection Therewith* [Docket No. 813] (collectively, the "**Outstanding Assigned Contract Objections**"). To be sure, the Debtor reserves any and all rights regarding the allegations contained with the Outstanding Assigned Contract Objections.

<sup>92</sup> See 11 U.S.C. § 365(a) and (f).

<sup>93</sup> See e.g. *In re Ham Consulting Company*, William Lagnion/JV, 143 B.R. 71, (W.D. La. 1992) (finding that in a case converted to chapter 7, only the trustee had standing to assume or reject an executory contract was solely the trustee's decision); *In re Del Grosso*, 115 B.R. 136, (Bankr. N.D. Ill. 1990) ("The decision to assume in a Chapter 7 setting is

#110092895v12 49

executory contract should be directed to the Debtor—to wit, the Debtor intends to rely on paragraph 16 from the Bidding Procedures Order to resolve any Outstanding Assigned Contract Objection.

105. The Debtor, further, submits that the requirement of section 365(b)(1)(C) of the Bankruptcy Code—adequate assurance of future performance—is satisfied given the facts and circumstances presented herein. “The phrase ‘adequate assurance of future performance’ adopted from section 2-609(1) of the Uniform Commercial Code, is to be given a practical, pragmatic construction based upon the facts and circumstances of each case.”<sup>94</sup> Although no single solution will satisfy every case, the required assurance will fall short of an absolute guarantee of performance. Among other things, adequate assurance may be given by demonstrating the assignee’s financial health and experience in managing the type of enterprise or property assigned.<sup>95</sup>

106. The Debtor believes that they can and will demonstrate that the requirements for assumption and assignment of certain Assigned Contracts to TexOil will be satisfied pursuant to the Assumption and Assignment Procedures. As required by the Bidding Procedures, the Debtor has evaluated the financial wherewithal of TexOil before designating TexOil as the Lead Bidder (e.g., financial credibility, willingness and ability of the interested party to perform under the Assigned Contracts). Parties have already been provided notice of the potential assumption or

---

solely the trustee’s.”); *In re Fieldstone Mortg. Co.*, 427 B.R. 364, 375 (Bankr. Md. 2010) (finding that the debtor has standing to reject executory contracts).

<sup>94</sup> See *Matter of U.L. Radio Corp.*, 19 B.R. 537, 542 (Bankr. S.D.N.Y. 1982).

<sup>95</sup> See *In re Luce Indus., Inc.*, 8 B.R. 100, 107 (Bankr. S.D.N.Y. 1980); see also *Androse Assocs. of Allaire, LLC v. Great Atl. & Pac. Tea Co., Inc. (In re Great Atl. & Pac. Tea Co., Inc.)*, 472 B.R. 666, 674 (S.D.N.Y. 2012) (“A debtor need not provide ‘an absolute guarantee of performance.’”).

assumption and assignment of the executory contracts and unexpired leases. Moreover, parties have been given notice pursuant to the Lots 1 and 2 Cure Notice and the Lot 3 Cure Notice of the opportunity to object, and the Bidding Procedures provide for the resolution of the Outstanding Assigned Contract Objections to remain outstanding until a later date or for the conditional assumption and assignment subject to the consent of the Winning Bidder. What is more, the Assumption and Assignment Procedures are conditioned upon the ultimate closing of the Sale.

### **BASIS FOR EMERGENCY RELIEF**

107. Pursuant to Bankruptcy Local Rule 9013-1(i), the Debtor respectfully requests emergency consideration of the Sale Motion. Pursuant to the Bidding Procedures Order, the Debtor's intent to consummate the Sale of the Debtor's Assets has been clear since at least June 2025.<sup>96</sup> The Court's scheduling of the November 19, 2025 hearing to consider approval of the Sale has likewise been scheduled since November 7, 2025. Parties, indeed, have been on notice of the Debtor's intent to sell the Assets substantially in the form and manner proposed in the Bidding Procedures Order since that time.<sup>97</sup> Further delay of the disposition of the Assets is unnecessary.

108. Even more, the Debtor seeks approval of this Sale Motion on an emergency basis given the urgency pressed by the Debtor's various creditors and stakeholders. *See, e.g.*, Docket No. 852 (Letter to the Honorable Alfredo R. Pérez, urging the Court to require the Debtor to accelerate the pace of the sale process); Docket No. 656 (objection commenting on lack of pace of

---

<sup>96</sup> The Bidding Procedures Order was entered on June 27, 2025. Likewise, the Bidding Procedures Motion was filed on June 9, 2025.

<sup>97</sup> *See* Docket Nos. 771, 786, 794, 795, 796, 808, 812.

case); Docket No. 645 (same); Docket No. 396 (objection commenting on pace of case, filed by ETX, an affiliate of NETX Energy).

109. Finally, both the Winning Bidder and the Backup Bidder have expressed a need for any sale to close in this calendar year. Indeed, the potential for one or both of the bids to fall out due to a lack of momentum could be detrimental to the value enhancement offered by the Sale. Further delay, therefore, increases any potential closing uncertainties. The increased risk to the estate if the relief requested is not granted on an emergency basis is significant. For these considerations, the Debtor respectfully requests emergency consideration of the Sale Motion.

**WAIVER OF BANKRUPTCY RULE 6004(a) AND 6004(h)**

110. To implement the foregoing successfully, the Debtor seeks a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

**NOTICE**

111. The Debtor has provided notice of this Sale Motion to all parties listed on the Debtor's mailing matrix. The Debtor submits that, in light of the nature of the relief requested, no other or further notice need be given.

**NO PRIOR REQUEST**

112. No prior request for the relief sought in this Sale Motion has been made to this or any other Court.

**WHEREFORE**, Barrow Shaver Resources Company LLC respectfully requests that the Court grant the Sale Motion in the form of the Proposed Order(s) and for any such relief as the Court may deem just and proper.

Dated: November 12, 2025

Respectfully Submitted,

/s/ Joseph E. Bain

Joseph E. Bain (TX Bar No. 24085187)  
Sean T. Wilson (TX Bar No. 24077962)  
Olivia K. Greenberg (TX Bar No. 24127683)  
Elizabeth De Leon (TX Bar No. 24127215)  
**JONES WALKER LLP**  
811 Main Street, Suite 2900  
Houston, Texas 77002  
Telephone: (713) 437-1800  
Facsimile: (713) 437-1810  
Email: jrbain@joneswalker.com  
swilson@joneswalker.com  
ogreenberg@joneswalker.com  
edeleon@joneswalker.com

*Counsel to the Debtor and Debtor-in-Possession*

**CERTIFICATE OF ACCURACY**

I hereby certify that the factual statement made in the foregoing document are accurate to the best of my knowledge.

/s/ Joseph E. Bain

Joseph E. Bain

**CERTIFICATE OF SERVICE**

I certify that on November 12, 2025, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on those parties required to receive service pursuant to the Bankruptcy Rules and that I caused a copy of the foregoing document to be served on the Debtor's Mailing Matrix by the Debtor's noticing agent, who will file an affidavit of service reflecting the same.

/s/ Joseph E. Bain

Joseph E. Bain