

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

In re:

BARROW SHAVER RESOURCES
COMPANY LLC,

Debtor.¹

Chapter 11

Case No. 24-33353 (ARP)

Related Doc. Nos.: 1257, 1263

**JOINDER OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
TO THE DEBTOR'S OBJECTION TO EMERGENCY MOTION
TO CONTINUE HEARING ON ADMINISTRATIVE CLAIM**

The Official Committee of Unsecured Creditors (the "Committee") appointed in the chapter 11 case (the "Chapter 11 Case") of the above-captioned debtor and debtor-in-possession (the "Debtor") hereby files this joinder (the "Joinder") to the Debtor's *Objection* [Docket No. 1263] (the "Continuance Objection")² to *Middleton Oil Company's Emergency Motion to Continue Hearing on Administrative Claim* [Docket No. 1257] (the "Continuance Motion") filed by Middleton Oil Company ("Middleton Oil") and respectfully states as follows:

JOINDER

1. In order to avoid burdening the Court with unnecessarily duplicative submissions, and in an effort to minimize the incurrence of legal expenses, the Committee hereby submits this Joinder in support of the Debtor's Continuance Objection and respectfully requests that the Court deny the Continuance Motion and proceed with the Hearing on Middleton Oil's *Application for Allowance and Payment of Administrative Expense Claims* [Docket No. 1148]

¹ 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.

² Capitalized terms used but not defined herein have the meanings ascribed to them in the Continuance Objection or the Continuance Motion.

(the “Administrative Claim Application”) as scheduled for June 5, 2026.

2. As a preliminary matter, Middleton Oil has failed to demonstrate how a continuance to further review “the information and documents that Middleton Oil has requested based on Mr. Katchadurian’s deposition testimony” will advance its burden of proving that the Debtor committed a post-petition tort giving rise to an administrative expense claim. Continuance Motion ¶ 21. Middleton Oil merely offers a conclusory statement that “the Debtor’s postpetition treatment of Middleton Oil’s AFE prepayments is implicated by the additional documents and is directly relevant to the issues at stake in the Administrative Claim.” Continuance Motion ¶ 22. Neither the Administrative Claim Application nor the Continuance Motion articulates the elements of conversion, the “tort” upon which Middleton Oil bases the Administrative Claim Application that might be proven by a review of these additional documents. *See* Administrative Claim Application ¶¶ 48–49; *see generally* Continuance Motion. Furthermore, the Committee reasserts the argument raised in its objection to the Administrative Claim Application [Docket No. 1172] (the “Committee Objection”) that an unadjudicated, unliquidated claim for conversion damages must first be brought as an adversary proceeding. *See* Committee Objection ¶ 10.

3. The Committee further joins in the Debtor’s argument that Middleton Oil cannot rely on the December 2025 cure discovery requests (the “December 2025 Requests”) to demand additional time in connection with the instant Administrative Claim Application. *See* Continuance Objection ¶¶ 24–28. As the Debtor correctly observes, the December 2025 Requests were propounded pursuant to the Sale Order, which authorized discovery “with regards to the Assigned Contract Objection.” *See* Sale Order [Docket No. 972 at 29, ¶ 27]. That contested matter was mooted and closed upon entry of the Rejection Order. *See* Continuance Objection ¶ 25. Middleton Oil’s assertion that the bank statements it received on May 27, 2026, may have been responsive to

an earlier discovery request served on the Debtor in a completely different, mooted matter is completely irrelevant to the Court's current consideration of the Administrative Claim Application.

4. In addition, the only discovery Middleton Oil propounded in connection with the Administrative Claim Application were the Deposition Notices, and the depositions of Mr. Katchadurian were completed on May 29, 2026. *See* Continuance Objection ¶¶ 20–21. Middleton Oil chose not to issue any additional written discovery in the context of the Administrative Claim Application, despite having ample opportunity to do so after the Court's May 11, 2026 ruling acknowledging Middleton Oil's entitlement to discovery on the Administrative Claim Application. *See* Continuance Objection ¶¶ 19, 26. To the extent that Middleton Oil now takes the position that its prior December 2025 Requests apply broadly across the Chapter 11 Case and impose a continuing obligation on the Debtor, the Committee agrees with the Debtor that such position circumvents the requirements for seeking a Rule 2004 examination. *See* Continuance Objection ¶¶ 28–29.

5. The Committee also joins in the Debtor's argument that Middleton Oil's claim is, at its core, a rejection damages claim grounded in breach of contract. *See* Continuance Objection ¶¶ 23, 30–31. As outlined in both the Debtor's original objection to the Administrative Claim Application [Docket No.1169] and the Committee Objection, Middleton Oil cannot meet its burden of showing entitlement to administrative expense treatment under sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code. Middleton Oil's reliance on the *Reading* doctrine to assert an administrative claim sounding in tort is unavailing, as the economic loss rule bars tort claims where the alleged injuries flow solely from breaches of the now-rejected executory contracts. *See* Continuance Objection ¶¶ 1, 30; *see also In re Kitty Hawk, Inc.*, Case No. 400-42141-BJH, 2003

Bankr. LEXIS 859, at *8 (Bankr. N.D. Tex. July 29, 2003) (ruling that under Texas law, “[t]he independent injury doctrine precludes a tort claim if the claim is for breach of a duty created solely by a contract and the nature of the injury is only the economic loss related to the subject matter of the contract itself.”). Notwithstanding its continued attempts to recycle its contract-based theories and present them under new labels, Middleton Oil has yet to offer any compelling legal basis for converting a claim for rejection damages into an administrative expense.

6. Finally, the Committee joins in the Debtor’s argument that Middleton Oil will “have its day in court” in the context of its rejection damages claim, and that the requested continuance would serve only to further delay the Plan confirmation process. *See* Continuance Objection ¶¶ 32–35. Middleton Oil has already filed a proof of claim asserting rejection damages of not less than \$3,914,481.62. *See* Proof of Claim No. 886; Continuance Objection ¶ 33. The Debtor has made clear it does not dispute that Middleton Oil has a claim; rather, the dispute concerns the *characterization* of that claim. *See* Continuance Objection ¶ 23. As the Debtor has further articulated, Middleton Oil will have a full and fair opportunity to litigate the amount and treatment of its rejection damages claim when the Debtor objects to this proof of claim, and Middleton Oil may further object to the treatment of its claim when voting on the Plan. *See* Objection ¶ 34.

7. As the representative of the unsecured beneficiaries of the Debtor’s estate, the Committee is particularly concerned that permitting the requested continuance would enable Middleton Oil to continue to bleed the Debtor of time and resources that are better spent pursuing a global resolution for all parties through the forthcoming finalized Plan. Accordingly, the Committee joins the Debtor in requesting the Court deny the relief in the Continuance Motion and

proceed with holding the scheduled hearing on the Administrative Claim Application on June 5, 2026.

RESERVATION OF RIGHTS

The Committee hereby reserves all of its rights, claims, defenses, and remedies, including the right to supplement this Joinder, to seek discovery, to raise objections and additional arguments related thereto, and to introduce evidence relating to the Continuance Motion and the Continuance Objection at or prior to any hearing on the Continuance Motion and without in any way limiting any other rights of the Committee to further object on any grounds to the Continuance Motion, or any other matter in connection therewith, as may be appropriate.

Dated: June 3, 2026

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CERTIFICATE OF SERVICE

The undersigned certifies that on June 3, 2026, a true and correct copy of the foregoing document was electronically filed and served via CM/ECF on all parties that have entered an appearance and requested service in the above-referenced case.

/s/ Kristen L. Perry

Kristen L. Perry