

RECEIVER'S CLARIFICATION REGARDING FINDINGS, CONCLUSIONS, AND RECOMMENDATION OF THE UNITED STATES MAGISTRATE JUDGE [ECF NO. 379]

TO THE HONORABLE U.S. MAGISTRATE JUDGE HAL R. RAY, JR.:

Deborah D. Williamson, in her capacity as the Court-appointed Receiver (the "Receiver") for the Receivership Parties (as defined in the Receivership Order [ECF No. 17])¹ and the receivership estates (collectively, the "Receivership Estates") in the above-captioned case (the "Case" or the "Receivership"), hereby files this *Receiver's Clarification Regarding Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 379] (the "Clarification"). In support of the Clarification, the Receiver respectfully submits as follows:

BACKGROUND

Pipeline Motion

1. The Receiver filed *Receiver's Motion to Confirm that the Receiver Has No Right, Obligation, or Interest to Operate the Palo Pinto Pipeline, or, In the Alternative, to Abandon Any Interest in the Palo Pinto Pipeline* [ECF No. 288] (the "Pipeline Motion") on December 1, 2022.

2. On December 19, 2022, the Railroad Commission of Texas (the "RRC") filed *Railroad Commission of Texas' Unopposed Motion for Leave to File a Brief Amicus Curiae in Opposition to Receiver's Motion to Confirm Reciver [sic] Has No Right, Obligation, or Interest to Operate the Palo Pinto Pipeline or, In the Alternative, to Abandon Any Interest in the Palo Pinto Pipeline* [ECF No. 298], which the Court granted in its December 20, 2022 *Order* [ECF No. 299]. On December 20, 2022, the Clerk's Office of the United States District Court for the Northern District of Texas filed the *Railroad Commission of Texas' Brief Amicus Curiae in Opposition to Receiver's Motion to Confirm Reciver [sic] Has No Right, Obligation, or Interest*

¹ Capitalized terms used herein but not otherwise defined shall have the meaning ascribed in the Receivership Order or the R&R, as applicable.

to Operate the Palo Pinto Pipeline or, In the Alternative, to Abandon Any Interest in the Palo Pinto Pipeline [ECF No. 300] (the “Pipeline Brief”) on the docket.

3. On February 9, 2023, the Court considered the Pipeline Motion, arguments of the Receiver’s counsel and the RRC, admitted evidence of the Receiver, and took the Pipeline Motion under advisement.

Oil and Gas Abandonment Motion

4. On December 16, 2022, the Receiver filed *Receiver’s Motion for Authority to Abandon Interests in Oil and Gas Properties* [ECF No. 296] (the “Oil and Gas Abandonment Motion”).

5. On April 20, 2023, the RRC filed *Railroad Commission of Texas’ Unopposed Motion for Leave to File a Brief Supplemental Amicus Curiae in Opposition to Receiver’s Motion to Abandon Interests in Oil and Gas Properties* [ECF No. 351], which the Court granted in its May 2, 2023 *Order* [ECF No. 358]. On May 2, 2023, the Clerk’s Office of the United States District Court for the Northern District of Texas filed the *Railroad Commission of Texas’s Brief Supplemental Amicus Curiae in Opposition to Receiver’s Motion to Abandon Interests in Oil and Gas Properties* [ECF No. 359] on the docket.

6. On May 4, 2023, the Court considered the Oil and Gas Abandonment Motion, arguments of the Receiver’s counsel and the RRC, admitted evidence of the Receiver, and took the Oil and Gas Abandonment Motion under advisement.

CLARIFICATION²

7. On July 24, 2023, the Court issued its *Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 379] (the “R&R”) with respect to the Receiver’s Pipeline Motion and Oil and Gas Abandonment Motion.

8. The Background section of the R&R provides, in relevant part:

At the hearing on May 4, 2023, the Receiver informed the Court that approximately 336 of the wells in the Oil and Gas Properties are no longer producing. ECF No. 360. Additionally, Dodson Prairie Oil and Gas operates a natural gas gathering system generally identified as the C.B. “A” Long, 1, 4,” System Id. No. 967677 (the “Palo Pinto Pipeline”), which consists of approximately 112 miles of gathering and transportation lines. ECF No. 288 at 3. The Palo Pinto Pipeline is also part of the Receivership Estate. *Id.*

R&R, at pp. 2–3.

9. The Receiver seeks to clarify the R&R’s Background statement that Dodson Prairie Oil & Gas, LLC (“Dodson Prairie”) is the operator of record of the Palo Pinto Pipeline. The Receiver’s Pipeline Motion and the evidence admitted by the Court at the February 9, 2023 hearing show that Dodson Prairie did not and does not possess a T-4 permit³ with the RRC for the Palo Pinto Pipeline (or any pipeline). Pipeline Motion, at p. 4. The RRC’s Pipeline Brief provides “[t]he Receiver is correct that the Palo Pinto Bond Company (PPBC) registered with the [RRC] as the operator of the Palo Pinto Pipeline under a [RRC] T-4 permit.” Pipeline Brief, at p. 3. It further states “no receivership party registered with the [RRC] for a T-4 permit.” *Id.*

10. Additionally, the Receiver seeks to clarify the R&R’s Background statement that “[t]he Palo Pinto Pipeline is also part of the Receivership Estate.” R&R, at p. 3. The Palo Pinto

² This Clarification is not an objection to the R&R. The Receiver merely files this Clarification to clarify two sentences in the recitation of the “Background” portion of the R&R to the extent it could be construed as findings of fact.

³ 16 Tex. Admin. Code § 3.70 mandates that pipeline operators have a valid permit (generally known as a T-4) to legally operate a pipeline which crosses lease lines.

Pipeline spans approximately 112 miles in Palo Pinto County, Texas, and is comprised of leases which are not operated by any Receivership Party and are wholly unrelated to this Case. Pipeline Motion, at p. 3. The Receiver's Pipeline Motion and the evidence admitted by the Court at the February 9, 2023 hearing do not reflect that the Palo Pinto Pipeline constitutes Receivership Assets or Receivership Property as defined in the Receivership Order.

11. The Receiver respectfully requests that the Honorable United States District Judge Reed O'Connor adopt the R&R with the Receiver's points of clarification.

Dated: August 7, 2023

Respectfully submitted,

By: /s/ Danielle Rushing Behrends

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COUNSEL TO RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that on August 7, 2023, the foregoing document was served via CM/ECF on all parties appearing in this Case, including counsel for Plaintiff, Securities and Exchange Commission, and on the following via first-class U.S. mail:

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