

NOTICE OF INVESTOR LETTER

Deborah D. Williamson, in her capacity as the Court-appointed Receiver (the “Receiver”) for the Receivership Parties (as defined in the Court’s December 3, 2021 *Order Appointing Receiver* [ECF No. 17]) and receivership estates (collectively, the “Estates”) in the above-captioned case (the “Case”), hereby files this *Notice of Investor Letter* (the “Notice”).¹ The Receiver published correspondence (the “Investor Letter”), dated December 21, 2023, to all known investors of the Receivership Parties via U.S. first-class mail beginning on December 21, 2023. A true and correct copy of the Investor Letter is attached to this Notice as **Exhibit A**. The Investor Letter is also posted to the Receiver’s website at www.heartlandreceivership.com/investor-correspondence.

Dated: December 21, 2023

Respectfully submitted,

By: /s/ Danielle Rushing Behrends

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COUNSEL TO RECEIVER

¹ Capitalized terms used herein but not otherwise defined shall have the meaning ascribed in the Receivership Order.

CERTIFICATE OF SERVICE

I hereby certify that on December 21, 2023, the foregoing document was served via CM/ECF on all parties appearing in this case.

/s/ Danielle Rushing Behrends
Danielle Rushing Behrends

EXHIBIT A



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**CLAIM PROCEDURE INFORMATION
SUMMARIZED BELOW**

Deborah D. Williamson
Board Certified Business Bankruptcy

December 21, 2023

VIA FIRST CLASS U.S. MAIL

Dear Investor:

There are currently eight Quarterly Reports on the Heartland Receivership website that are accessible at no charge by visiting <https://heartlandreceivership.com/receiver-reports>, which include certain information regarding the status of the case and past activities. I wanted, however, to summarize for the investors the results we have obtained over the last year. By the most recent quarterly report, the amount of cash had increased to \$9,086,361.25. As of the date of this letter, cash on hand is approximately \$10 million dollars. In this case, investor liabilities alone exceed \$110 million. My team has and will continue to respond to your inquiries regarding the information contained in those reports.

In the past year, my team and I have focused on selling the assets owned or controlled by the Receivership Parties, abandoning unsold oil and gas assets (excluding assets in Val Verde and Crockett Counties), and implementing a claims procedure. The claims procedure must be completed before any distribution methodology can be proposed to the Court for consideration and approval. To date, we have sold all domestic real property, including two ranches, a house, and two commercial properties, and personal property, including, but not limited to, jewelry, jade (raw and figurines), equipment, vehicles, livestock, an airplane, and a helicopter.

The oil and gas assets have been more complicated. There were over 400 wells located in Wichita, Hardeman, Stephens, Palo Pinto, Jack, Young, Sutton, Schleicher, Val Verde, and Crockett Counties. We obtained Court approval to participate in an online auction (excluding Val Verde or Crockett Counties) in 8 packaged "lots". These wells also have associated potential liability related to "plugging and abandonment" ("P&A") obligations. Unfortunately, not all lots sold and those that did resulted in a bid generating a net recovery of less than \$600,000.00, not including assumption of P&A liability. In order to mitigate potential claims against the Receivership, I sought and obtained Court approval to abandon any unsold well where a transfer was not approved by the Railroad Commission of Texas or where there was no purchaser. Effective October 9, 2023, I abandoned certain oil and gas properties throughout seven (7) counties across Texas. We will not be responsible for any remittance of production or royalty payments accruing after that date.

The only exception to the oil and gas abandonment is the development in Val Verde and Crockett Counties, sometimes referred to as the West, Carson, and/or Childress leases. Those wells are relatively new. We obtained Court approval for a new operator to attempt to develop those leases. There is no way to know whether those wells will ultimately be valued to the Receivership.



December 21, 2023
Page 2

We have also begun to focus on prosecution of claims and causes of action that have the potential to generate a net recovery for the creditors. With Court approval, I have engaged counsel to prosecute certain claims on a contingency fee basis. In other words, while the receivership estates are obligated to pay certain expenses, the payment of attorneys' fees will be from any recovery in a pre-litigation settlement or in litigation. At this time, there is nothing to report on any significant litigation.

We sought and obtained Court approval of a claims procedure. Known investors were mailed and emailed (where available) an investor notice with instructions and a proof of claim form, including a personalized transaction schedule detailing investment(s) and payment/disbursement information, on November 20, 2023. Known non-investor creditors were mailed and emailed (where available) a non-investor notice with instructions and a proof of claim form on November 20, 2023. Investors (if necessary) and other creditors must timely submit a proof of claim and all supporting documentation so that it is actually received by Stretto, the Receiver's claims agent, **on or before February 5, 2024, at 11:59 p.m. Central**. More information on the claims procedure can be found on the "Claims Process" page of the Receivership website. You can also email heartlandreceivership@dykema.com or call (210) 554-5845 with specific inquiries.

Once we complete the claims procedure, we will know the total amount and type of claims asserted against each of the Receivership Parties. We can then submit a proposed distribution process to the Court for approval. You will receive notice of and can participate in any proposed distribution process.

Please continue to check the Receivership website (www.heartlandreceivership.com) for our frequent updates to the Key Court Documents, Notices, and Reports pages and Frequently Asked Questions.

Sincerely,

DEBORAH D. WILLIAMSON, RECEIVER

A handwritten signature in black ink that reads "Deborah D. Williamson" followed by a horizontal line.

Deborah D. Williamson