

**RULES FOR COMPLEX CHAPTER 11 CASES INVOLVING DEBTORS
ENGAGED IN DRILLING, EXPLORATION, DEVELOPMENT
AND/OR OPERATION OF OIL, GAS AND MINERAL PROPERTIES**

A debtor is an Operator if the debtor operates an oil, gas and mineral lease pursuant to an operating agreement or pursuant to rules or regulations established by a governmental authority such as the Texas Railroad Commission or the Minerals Management Service of the Department of the Interior. These rules apply to debtors who are Operators and to the oil and gas properties they operate.

1. Postpetition treatment of royalty, suspense accounts, and other accounts containing funds attributable to third parties.

All postpetition funds attributable to royalty, overriding royalty, working interest owner and third party funds shall be maintained by the debtor in a segregated account so designated.

2. Monthly operating reports.

Monthly operating reports shall indicate gross proceeds from the sale of production attributable to the debtor's interest in oil, gas and mineral properties, shall then deduct amounts received postpetition attributable to royalty, overriding royalty, working interest owner and third party funds (which amounts shall be deposited into segregated accounts as indicated above) and the monthly operating report shall then indicate the net proceeds attributable to the debtor's interest. Only the proceeds ex-royalty, overriding royalty, working interest and third party interests shall be indicated on the monthly operating report as debtor's funds.

3. Oil, gas and mineral leases.

The schedules shall clearly indicate the debtor's undivided interest in oil, gas and mineral leases as real property.

4. Lease termination issues.

If oil, gas and mineral leases are scheduled to expire postpetition, the debtor shall file a notice with the court and to all parties requesting notice, including without limitation any creditor with a security interest in such leases, indicating the lease, the date of expiration, if known, and a brief description of the reason for expiration (such as "end of primary term").

5. Unrecorded assignments due to third parties.

The debtor shall not deliver postpetition assignments of undivided interests in oil, gas and mineral leases to assignees who acquired such interests prepetition

without an order of the court after notice and an opportunity for hearing. Postpetition assignments of interests acquired by third parties postpetition and in the normal course of business are not affected by this requirement.

6. Producers' and owners' lien issues (Sec. 9.343, Texas UCC).

The debtor shall file with the court, within 30 days following the date of filing, a schedule of parties who may have producers' liens or other liens securing obligations measured by production and/or sale of hydrocarbons. Such filing shall include the name, address, lease (including the state in which the lease is located), quantity of production, and amount of sale, if available.

7. Oil, gas and mineral contractors' liens.

Oil, gas and mineral contractors asserting a statutory lien on property of the debtor's estate shall file with the court a copy of any oil, gas and mineral contractor's lien or affidavit of lien filed in the real property records postpetition, along with a notice of perfection pursuant to 11 U.S.C. Sec. 546(b). If an oil, gas and mineral contractor's lien or affidavit of lien is filed in the real property records postpetition, a copy of such lien, affidavit of lien, and Sec. 546(b) notice shall be filed by the contractor claiming such a lien with the clerk of the bankruptcy court no later than 30 days after filing the oil, gas and mineral contractor's lien or affidavit of lien in the applicable real property records. If the oil, gas and mineral contractor's lien or affidavit of lien is filed in the real property records prepetition, a copy of such filing shall be filed with the clerk of the bankruptcy court within 30 days of the date of filing, along with a Sec. 546(b) notice of perfection.

8. Reclamation.

Within 45 days following the date of filing, the debtor shall file a schedule with the court indicating all reclamation notices received by the debtor relating to oil, gas and mineral production. The schedule shall indicate, at a minimum, the claimants, the leases (including the state where each lease is located), and the production, including quantity and sale price (if sold to a third party).