

## In The News

# Reservoir Exploration Files for Chapter 11 with Plan

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*The Deal Pipeline*

Former geophysical information provider Reservoir Exploration Technology Inc. looks to liquidate in Chapter 11 with a prearranged plan sponsored by its bankrupt parent.

Debtor counsel Jay H. Ong of Munsch Hardt Kopf & Harr PC said he anticipated a disclosure statement hearing would be held in the next 30 to 45 days and said the company hopes for plan confirmation in the next 70 to 90 days.

RET provided seismic data services to the oil and gas industries, but the Houston company closed its operations in September and furloughed its 16 remaining employees. The company's parent, Reservoir Exploration Technology ASA, filed for bankruptcy in Norway on June 13 and is liquidating along with six subsidiaries.

RET filed for Chapter 11 on Tuesday, Nov. 5, in the U.S. Bankruptcy Court for the Northern District of Texas in Fort Worth. Judge D. Michael Lynn is assigned to the case.

Ong said the parent has a "binding commitment" to fund the debtor's plan up to \$630,000.

"We believe it is sufficient to pay all the costs of administration and pay all the claims in full," Ong said.

RET's only remaining asset is a partial claim on a receivable from Shell E&P Ireland Ltd., on which it hopes to get a portion of \$10.8 million. The debtor has agreed to give up its interests in that claim in exchange for RET ASA's funding the plan.

The parent, which holds an \$18.54 million claim against RET, has agreed to subordinate its claim below those of general unsecured creditors.

RET ASA, based in Lysaker, Norway, operated up to three vessels with advanced seismic equipment in the Gulf of Mexico, the North Sea, West Africa and the Caspian Sea, with RET operating primarily in the Gulf of Mexico.

The company's Chapter 11 plan would create a liquidating trust to pay all claims in full.

Administrative claims (\$100,000), priority tax claims (\$150,000) and other priority claims (\$75,000) would be paid in full within 10 days of the effective date.

Any secured tax claims would be paid in full with interest at the statutory rate within 10 business days of the effective date.

Holders of other secured claims would receive the collateral securing their claims within 10 days of the effective date.

General unsecured creditors, owed \$64,000, would receive a pro rata share of a cash distribution on the effective date. Those creditors would then receive quarterly payments until paid in full.

RET ASA's subordinated claim would be paid after unsecured creditors had been paid in full.

The parent would have its equity stake in RET wiped out.

RET in the disclosure statement said it had not generated income through direct payments with its customers but through intercompany transactions. A management services agreement from Jan. 1, 2008, gave the debtor 5% of all enterprise costs, and the debtor brought in approximately 40% of its costs through marketing services for the parent and its other subsidiaries.

The debtor cited the high costs of its specialized equipment and the recession beginning in 2008 for its financial issues. RET said its parent went through a restructuring period in 2009 that ultimately hurt the subsidiary's own operations.

The company on Oct. 11 retained Lain Faulkner & Co. PC for consulting services to wind down its assets.

The parent was formed in April 2004 with funds from two investors, including private equity firm Lime Rock Partners. Lime Rock said on its website that it exited that investment on June 21, 2007, and Wong said he did not know whether the companies are still connected.

RET listed \$13.66 million in assets and \$18.23 million in liabilities.

The company's largest unsecured creditors are HM Revenue & Customs (owed \$132,734), Jonathan David Byers (\$23,876), Jon Eric Strohbehn (\$18,096) and Kelly Lynn Redden (\$16,654).

Thomas D. Berghman of Munsch Hardt is also debtor counsel.

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