

TCEQ Interoffice Memorandum

TO: Office of the Chief Clerk
Texas Commission on Environmental Quality

THRU: Chris Kozlowski, Team Leader
Water Rights Permitting Team

FROM: Heather Zuo, Project Manager
Water Rights Permitting Team

DATE: January 28, 2025

SUBJECT: White Oak Resources VI, LLC
ADJ 68
CN605244730, RN103137576
Application to Abandon a Portion of Certificate of Adjudication
No. 23-68G
Texas Water Code § 5.122, Not Requiring Notice
Rio Grande, Rio Grande River Basin
Zapata County

The application was received on January 8, 2025. The application was declared administratively complete and accepted for filing with the Office of the Chief Clerk on January 28, 2025. No notice pursuant to Title 30 Texas Administrative Code § 295.175.

No fees are applicable, and the application is sufficient for filing.

Heather Zuo

Heather Zuo, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section

OCC Mailed Notice Required ☐ YES ☒ NO

Brooke T. Paup, *Chairwoman*
Bobby Janecka, *Commissioner*
Catarina R. Gonzales, *Commissioner*
Kelly Keel, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 28, 2025

Mr. Christopher R. Murray
White Oak Resources VI, LLC
602 Sawyer St., Suite 400
Houston, TX 77007-7510

VIA E-MAIL

RE: White Oak Resources VI, LLC
ADJ 68
CN605244730, RN103137576
Application to Abandon a Portion of Certificate of Adjudication No. 23-68G
Texas Water Code § 5.122, Not Requiring Notice
Rio Grande, Rio Grande River Basin
Zapata County

Dear Mr. Murray:

This acknowledges receipt on January 8, 2025, of the referenced application.

The application was declared administratively complete and filed with the Office of the Chief Clerk on January 28, 2025. Staff will continue processing the application for consideration by the Executive Director.

Please be advised that additional information may be requested during the technical review phase of the application process.

If you have any questions concerning the application, please contact me via email at Heather.Zuo@tceq.texas.gov or by telephone at (512) 239-4636.

Sincerely,

A handwritten signature in cursive script that reads "Heather Zuo".

Heather Zuo, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section

December 18, 2024

Via Email:

Texas Commission on Environmental Quality
Office of Legal Services
barbara.watson@tceq.texas.gov

RE: The Chapter 7 Trustee's Abandonment of the White Oak Water Rights

To Whom it Concerns –

This law firm represents Christopher R. Murray, acting in his capacity as the Chapter 7 Trustee (“Trustee”) for the jointly administered Bankruptcy Estates (“Bankruptcy Estate”) of White Oak Resources VI, LLC, WO Resources VI Holdings, LLC, and White Oak Operating Company, LLC (“Debtors”),¹ currently pending before the United States Bankruptcy Court for the Southern District of Texas (“Court”).

I write this letter per the request of Barbara Watson, Senior Attorney – Bankruptcy Program Manager for the TCEQ Office of Legal Services. This letter and related documents pertain to the water rights of one of the Debtors, White Oak Resources VI, LLC (“White Oak”). Per the request, the Trustee is providing the department’s water rights staff with the executed² Abandonment of Water Right Form and this letter explaining (i) the Trustee’s role and connection to the subject water right, and (ii) the Trustee’s authority to abandon the water right. In support, I have also attached the following documents:

Appendix A. A copy of the Cover Page for the Court’s Case Docket Sheet (current as of 12/18/2024)

Appendix B. A copy of the Court’s *Order Authorizing Abandonment of Texas Assets*

Appendix C. A copy of the Court’s *Order Authorizing Abandonment of Remaining Energy Assets*

Appendix D. A copy of the Court’s *Order in Furtherance of the Abandonment of Texas Assets*

The Bankruptcy Trustee’s Role

White Oak (and the other Debtors) each initiated their respective Chapter 7 bankruptcy cases on July 13, 2023 (“Petition Date”). Under the Bankruptcy Code, all of the Debtors’ rights, interests, and claims in property, whether tangible or intangible, became property of the Bankruptcy Estate. 11 U.S.C. § 541; *In re Advanced Modular Power Sys., Inc.*, 413 B.R. 670-671 (Bankr. S.D. Tex. 2009). This includes White Oak’s water rights. See e.g., *In re Price*, 40 B.R. 578, 579 (Bankr. N.D. Tex. 1984)(explaining that the principal asset of the estate included “some undivided mineral interests and . . . water rights.”).

¹ The Debtors in the Chapter 7 cases, along with the last four digits of each Debtors’ federal tax identification number are: (i) White Oak Resources VI, LLC (0761), Case No. 23-60043; (ii) WO Resources Holdings VI, LLC (7660), Case No. 23-60044; and (iii) White Oak Operating Company, LLC (7786), Case No. 23-60045. The Debtors’ cases are being jointly administered under Case No. 60043 as lead case.

² As explained further in this letter, the Abandonment of Water Right Form has been executed in compliance with the terms of the Court’s *Order in Furtherance of Abandonment of Texas Assets* [Appendix D] and as instructed by legal counsel for TCEQ.

White Oak is no longer operating because it is liquidating under a Chapter 7 bankruptcy. The Trustee was appointed as part of this process to administer (i.e., sell, abandon, or otherwise determine the disposition of) the property of the Bankruptcy Estate, which includes the White Oak water rights. 11 U.S.C. § 704.

The Trustee's Legal Authority Over White Oak and the Abandonment of Water Rights

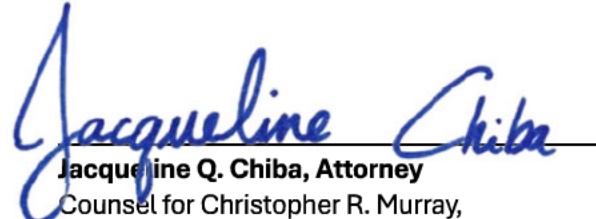
The Trustee "stands in the shoes of the Debtor[s]" and has **all** the same rights that the Debtors had as of the Petition Date. *In re Gibraltar Resources, Inc.*, 197 B.R. 246, 543 (Bankr. N. D. Tex. 1996). And, "[p]ursuant to all applicable bankruptcy and nonbankruptcy law, the Trustee, on behalf of the Debtors and the Debtors' estates, has the ability and power to transfer all right, title, and interest of the Debtors and the Debtors' estates in and to the [s]ubject [property]." *In re Lewis Equipment Co.*, No. 09-45785-rfn-11, 2011 WL 6014887, at *1 (Bankr. N.D. Tex. April 8, 2011).

The Trustee has statutory authority under 11 U.S.C. § 554 to abandon any property of the Bankruptcy Estate. Here, pursuant to the Court's *Order Authorizing Abandonment of Texas Assets*,³ the Trustee abandoned all of the Debtors' interests in and related to the assets it had with respect to its prior operations in Texas. The Trustee later obtained a 'catch-all' abandonment of any and all of the Debtors' remaining assets pursuant to the Court's *Order Authorizing Abandonment of Remaining Energy Assets*.⁴

Under federal bankruptcy law, the Trustee has already legally abandoned White Oak's and the Bankruptcy Estates' interest in and related to the water rights. However, per the request of the TCEQ for the Trustee to also execute the Abandonment of Water Right Form, the Trustee obtained the Court's *Order in Furtherance of the Abandonment of Texas Assets*.⁵ This Order authorizes the Trustee to now execute the form(s) requested by the TCEQ, **but**, with the caveat that regardless of any language or terms in such forms, the Bankruptcy Estate is not and shall not be liable to pay for any fees, taxes, costs, expenses, or related liabilities connected to the execution of such forms and the transfer/abandonment of the water right.

I appreciate your time and attention to this matter. Please accept this letter, the Abandonment of Water Right Form, and the supporting documents to record the abandonment and/or transfer of the White Oak water rights. If you have any questions or wish to discuss further please contact me by email and copy the Trustee at [REDACTED]. Thank you!

Sincerely,
JONES MURRAY LLP


Jacqueline Q. Chiba, Attorney
Counsel for Christopher R. Murray,
The Chapter 7 Trustee for the Bankruptcy
Estates of White Oak Resources VI, LLC, et al.

cc: Sean Flynn, sean.flynn@oag.texas.gov

³ See Appendix B.

⁴ See Appendix C.

⁵ See Appendix D.

LEAD

APPENDIX "A"

U.S. Bankruptcy Court Southern District of Texas (Victoria) Bankruptcy Petition #: 23-60043

Assigned to: Bankruptcy Judge Christopher M. Lopez
Chapter 7
Voluntary
Asset

Date filed: 07/18/2023
341 meeting: 08/15/2023
Deadline for filing claims: 11/17/2023

Debtor**White Oak Resources VI LLC, Debtor**

16945 Northchase
Suite 1700
Houston, TX 77060
HARRIS-TX
[REDACTED]

represented by **Richard L Fuqua, II**
Fuqua & Associates, PC
8558 Katy Freeway
Suite 119
Houston, TX 77024
713-960-0277
Email: [REDACTED]

Trustee**Christopher R Murray**

Jones Murray LLP
602 Sawyer St
Ste 400
Houston, TX 77007
832-529-1999

represented by **Jacqueline Chiba**
Jones Murray LLP
602 Sawyer Street
Suite 400
77007
Houston, TX 77002
832-529-1999
Email: [REDACTED]

Miriam Goott

Walker & Patterson, PC
PO Box 61301
Houston, TX 77208
713-956-5577
Fax : 713-956-5570
Email: [REDACTED]

Erin Elizabeth Jones

Jones Murray LLP
602 Sawyer
Suite 400
Houston, TX 77007
832-529-1999
Fax : 832-529-3393
Email: [REDACTED]

Christopher R Murray

Jones Murray LLP
602 Sawyer St
Ste 400
Houston, TX 77007

APPENDIX "B"**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
VICTORIA DIVISION****ENTERED**

January 29, 2024

Nathan Ochsner, Clerk

In re:

**WHITE OAK RESOURCES VI, LLC,
*et al.*¹****Debtors.**§
§
§
§
§
§**Case No. 23-60043
(Chapter 7)
(Jointly Administered)**

**ORDER AUTHORIZING THE TRUSTEE
TO ABANDON TEXAS ASSETS
(This Order relates to Docket No. 166)**

The Court, having considered the Trustee's *Motion for Authority to Abandon Texas Assets* (the "**Motion**")², any objections made, and any arguments or evidence presented, finds that: (a) notice of the Motion was sufficient or not required under the circumstances; (b) the relief requested is warranted and appropriate; (c) the Texas Wells along with their associated regulatory, engineering, and other operationally related data, and any misc. items and equipment associated with the operation of the Texas Wells, (collectively, the "**Texas Assets**"), are a burden to the Estates and have minimal to no benefit or value to the Estates; (d) abandonment of the Texas Assets would not contravene the statutes or regulations of the State of Texas designed to protect the public health or safety, as required by *Midlantic Nat. Bank v. New Jersey Dept. of Environmental Protection*, 474 U.S. 494 (1986); (e) the State of Texas was notified of the abandonment of the Texas Assets through the appropriate department(s) and agencies; (f) the State of Texas, upon receipt of notice, did not file any response or objections, or take a position on the disposition of the Texas Assets, through either a filed pleading or by attending

¹ The Debtors in the chapter 7 cases, along with the last four digits of each Debtors' federal tax identification number are: (i) White Oak Resources VI, LLC (0761) Case No. 23-60043; (ii) WO Resources Holdings VI, LLC (7660) Case No. 23-60044; and (iii) White Oak Operating Company, LLC (7786) Case No. 23-60045.

² Capitalized terms used but not otherwise defined herein are intended to have the same meaning as defined in the Motion.

a hearing, if any, on this matter; (g) abandonment of the Texas Assets is in the best interests of the Estates, their creditors, and parties-in-interest; and (h) good causes exists to grant the Motion.

Accordingly, it is **ORDERED** that:

1. The Trustee is authorized to abandon any and all of the Debtors' interests in the Texas Assets pursuant to 11 U.S.C. § 554.

2. The State of Texas and their agents are granted full and unfettered access to all of the Texas Assets for the purposes of protecting the health, safety and welfare of the citizens and property located on or in the proximity of any of the Texas Assets and its operations.

3. The State of Texas and their agents are granted access and entry easements to the Texas Assets.

4. Upon entry of this Order, the State of Texas, pursuant to an exercise of their rights granted by this Order, shall notify the Trustee within 7-days of the entry of this Order, as to the treatment and handling of the electronic and physical data, documents, or other information associated with the operations of the Texas Assets (the "**Operational Data**"). The State of Texas may direct the Trustee to:

- a. provide access to the physical location of where any or all Operational Data in physical form (hard copies) in the Estates' current possession and control, are stored, so that the State of Texas may take the Operational Data into its possession and control. The State of Texas shall be responsible to pay any costs associated with any request for the Estates to store such Operational Data until the State of Texas takes it into their possession or control; and/or
- b. provide access to some or all of the electronically available Operational Data in the Estates' current possession and control or may request that the Estates send the State of Texas the electronically available Operational Data. The State of Texas shall be responsible to pay any costs associated with any request for the Estates to store such Operational Data until the State of Texas takes it into their possession or control, including any costs associated with providing a copy of any such Operational Data to the State of Texas; and/or
- c. the Trustee and the State of Texas are permitted, by mutual agreement of the parties, to take any other reasonable action, regarding the handling and disposition of the Operational Data without need for further Court order.

5. If the State of Texas provides no direction within the 7-day period after the entry of this Order, or is unwilling to pay for the continued storage, moving, or other costs associated with the Estate's upkeep, storage, and maintenance of the Operational Data, the Trustee is permitted and authorized to destroy or dispose of the Operational Data related to the Texas Assets in his discretion.

6. Notwithstanding anything to the contrary in this Order, the Trustee is authorized, but not obligated, to retain, copy, preserve and use any data or information related to the Texas Assets for purposes of administering the Debtors' estates and to the extent needed in connection with any litigation or other legal matters affecting the Estates.


7. Nothing in this Order shall affect any discretion provided to the State of Texas in assessing the immediacy of any potential threat and act within its judgment to prevent environmental harm.

8. This Order is effective upon entry and no recordation is required, however, this Order may be recorded in the real property records pursuant to Federal Rules of Civil Procedure 70, as made applicable by Federal Rules of Bankruptcy Procedure 7070.

9. The Trustee or the State of Texas may move to modify this Order on an emergency basis at any time.

10. The Court retains jurisdiction in all respects to this Order and the relief granted herein.

Signed: January 29, 2024



Christopher Lopez
United States Bankruptcy Judge

APPENDIX "C"**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
VICTORIA DIVISION****ENTERED**

April 04, 2024

Nathan Ochsner, Clerk

In re:**WHITE OAK RESOURCES VI, LLC,
et al.,¹****Debtors.**§
§
§
§
§
§**Case No. 23-60043
(Chapter 7)
(Jointly Administered)**

**ORDER AUTHORIZING THE TRUSTEE
TO ABANDON REMAINING ENERGY ASSETS
(This Order relates to Docket No. 260)**

Having considered the Trustee's *Expedited Motion for Authority to Abandon Remaining Energy Assets* (the "Motion")², any objections made, any arguments or evidence presented, the Court finds under the specific facts and circumstances present in this case: (a) the Court has jurisdiction pursuant to 28 U.S.C. §1334; (b) this is a core proceeding pursuant to 28 U.S.C. §157(b)(2); (c) the Court has constitutional authority to enter final orders consistent with Article III of the United States Constitution; (d) venue of this proceeding and Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409; (e) notice of the Motion was sufficient or not required under the circumstances; (f) expedited relief is warranted and the relief requested is appropriate; (g) the Debtors' interest, if any, in remaining Energy Assets (as defined in the Motion) are a significant burden to the Estates and have inconsequential or no value to the Estates; (h) all objections, if any, to the Motion have been withdrawn, resolved, settled, or overruled; (i) abandonment of the Energy Assets is in the best interests of the Estates, their creditors, and parties-

¹ The Debtors in the chapter 7 cases, along with the last four digits of each Debtors' federal tax identification number are: (i) White Oak Resources VI, LLC (0761) Case No. 23-60043; (ii) WO Resources Holdings VI, LLC (7660) Case No. 23-60044; and (iii) White Oak Operating Company, LLC (7786) Case No. 23-60045.

² Capitalized terms used but not otherwise defined herein are intended to have the same meaning as defined in the Motion.

in-interest; (j) the Trustee exercised reasonable business judgment in seeking to abandon the Energy Assets; (k) based on the specific facts and circumstances in this case, abandonment of the Energy Assets is not prohibited by applicable law; (l) the Trustee has demonstrated good causes to grant relief the requested under 11 U.S.C. §554.

Accordingly, it is **ORDERED** that:

1. The Trustee is authorized to abandon the Debtors' interests in the Energy Assets, if any, pursuant to 11 U.S.C. § 554.

2. The Debtors' interests, if any, in the Energy Assets are hereby abandoned pursuant to 11 U.S.C. §554.

3. For the avoidance of doubt, the abandonment of the Energy Assets approved by this Order applies only to any such assets or property of the Debtors as of the date hereof.

4. Nothing herein shall be construed to limit the authority of the United States under applicable law, including but not limited to laws reasonably designed to protect the public health, safety, or the environment from any identified hazards ("Safety Laws"). The Safety Laws include, without limitation, federal decommissioning regulations set forth in 30 C.F.R. §§ 250.1700 to 250.1754. Subject to the retention of these rights, the United States does not oppose the Debtor's abandonment of the Energy Assets as set forth in this Order.

5. The Estates' claims, if any, against third parties relating to the Energy Assets are expressly reserved and are not abandoned.

6. The Trustee is authorized, but not required, to destroy or dispose of any records or electronic data, if any, relating to the Energy Assets.

7. The Trustee is authorized to take any and all actions necessary, including but not limited to executing and delivering all documents, instruments, or agreements necessary to effectuate the relief granted by this Order.

8. This Order is effective upon entry and no recordation is required, however, this Order may be recorded in the real property records pursuant to Federal Rules of Civil Procedure 70, as made applicable by Federal Rules of Bankruptcy Procedure 7070.



9. This Court retains jurisdiction in all respects to all matters arising from or related to the implantation, interpretation, and enforcement of this Order.

Signed: April 04, 2024



Christopher Lopez
United States Bankruptcy Judge

AGREED:

UNITED STATES DEPARTMENT OF JUSTICE <u>/s/ Lance Duke (with permission)</u> Assistant United States Attorney Southern District of Texas No. 21949 Texas State Bar No. 00798157 800 N. Shoreline Blvd., Suite 500 One Shoreline Plaza Corpus Christi, TX 78401 Direct: 361/903-7911 Facsimile: 361/888-3200  COUNSEL FOR THE DEPARTMENT OF THE INTERIOR	JONES MURRAY LLP <u>/s/ Erin E. Jones</u> Erin E. Jones Texas Bar No. 24032478  602 Sawyer Street, Suite 400 Houston, TX 77007 Tel. (832) 529-1999 Fax. (832) 529-3393 COUNSEL FOR THE TRUSTEE
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APPENDIX "D"**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
VICTORIA DIVISION****ENTERED**

November 04, 2024

Nathan Ochsner, Clerk

In re:

WHITE OAK RESOURCES VI, LLC, *et*
al.,¹

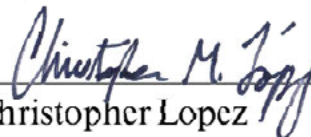
Debtors.

§
§
§
§
§
§Case No. 23-60043
(Chapter 7)
(Jointly Administered)**ORDER IN FURTHERANCE
OF THE ABANDONMENT OF TEXAS ASSETS**
[This relates to Docket No. 332]

The Court considered the Trustee's *Motion in Furtherance of the Abandonment of Texas Assets* ("**Motion**"),² responses or evidence presented, if any, and the record of this case, and finds that: (i) notice of the Motion was appropriate under the circumstances; and (ii) good cause exists to grant the relief requested by the Motion. Accordingly, it is therefore **ORDERED** that:

1. In furtherance of the *Order Authorizing the Trustee to Abandon Texas Assets* [DE 233], Trustee is authorized take any reasonable action required to effectuate the Estates' abandonment of any and all of its interest in the Texas Assets, including by not limited to the execution of any documents or other instruments that may be required by a governmental or regulatory authority, including the Texas Commission on Environmental Quality, or as otherwise required under applicable law.
2. Notwithstanding any contrary terms or language in any documents or other instrument executed by the Trustee in furtherance of the abandonment of the Texas Assets, any actions taken by the Trustee in furtherance of the abandonment of the Texas Assets shall not create liability to the Estates, including but not limited to any transfer taxes or related fees, costs, expenses, or other monetary obligations, that may be associated with the execution of transfer documents and other similar instruments.
3. This Court retains exclusive jurisdiction over the application, implementation, interpretation, and enforcement of this Order and the Motion.

Signed: November 04, 2024


 Christopher Lopez
 United States Bankruptcy Judge

¹ The Debtors in the chapter 7 cases, along with the last four digits of each Debtors' federal tax identification number are: (i) White Oak Resources VI, LLC (0761) Case No. 23-60043; (ii) WO Resources Holdings VI, LLC (7660) Case No. 23-60044; and (iii) White Oak Operating Company, LLC (7786) Case No. 23-60045.

² Any capitalized terms used, but that are not expressly defined herein, have same meaning ascribed to them in the Motion.

RECEIVED

By TCEQ at 11:33 am, Jan 8, 2025



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

P.O. Box 13087, Austin, Texas 78711-3087
Telephone No. (512) 239-4600 FAX (512) 239-4770

ABANDONMENT OF WATER RIGHT

Notice: This form will not be processed until all delinquent fees and/or penalties owed to the TCEQ or the Office of the Attorney General on behalf of the TCEQ are paid in accordance with the Delinquent Fee and Penalty Protocol.

Please note that this action to voluntarily abandon, and the subsequent cancellation of, your water right may not be reversed and obtaining a water right in the future will require a new application for water. New applications require application/notice fees and may or may not be granted, subject to water availability. Additionally, water rights in the State of Texas may add value to the property they are associated with and/or may have a monetary value of their own. Please consider all of this in determining whether you wish to proceed with abandoning your water right.

BEFORE ME, the undersigned authority, on this day personally appeared CHRISTOPHER R. MURRAY, known to me to be the person whose signature appears below, who being sworn by me did state that the following facts are true and correct in his/her personal knowledge:

1. My name is Christopher R. Murray, acting in the capacity as the Chapter 7 Trustee for the Bankruptcy Estate of White Oak Resource VI, LLC, Case No. 23-60043, pending before the U.S. Bankruptcy Court for the Southern District of Texas.
2. My address is 602 Sawyer St, Suite 400, Houston, Texas 77007

3. I owe fees or penalties to the TCEQ: ☐ Yes ☒ No*

*I am executing this document pursuant to the Bankruptcy Court's Order [Dkt. 332]. Per the Order, the Bankruptcy Estate is not liable for any fees, costs, taxes, expenses, or other liabilities connected with the execution of this document or in relation to the transfer/abandonment of water rights. These terms were discussed with and agreed upon with counsel for TCEQ. Additional information may be found in the Letter dated 12/18/2024 provided with the submission of this form.

4. I own the following described water right:

Permit No. _____ Certificate of Adjudication No. 23-68

County: Zapata

River Basin: Rio Grande Basin

Authorized Use: Mining

Portion to be Abandoned: The portion held and owned by White Oak Resources VI, LLC

5. It is my intent, by signing and filing this instrument, to voluntarily and intentionally waive and relinquish the above described portion of Permit/Certificate No. 23-68 and to tender it to the Texas Commission on Environmental Quality for cancellation. It is also my intent to waive notice of public hearing, as well as the public hearing itself, to consider this matter at any future date.

6. I understand that the Texas Commission on Environmental Quality will cancel the above described portion of Permit/Certificate No. 23-68. I also understand that any outstanding indebtedness to the commission is not waived by this form. **Except as disclaimed herein and in the above referenced Bankruptcy Court Order [Dkt. 332].*

Name (Sign) _____

Name (Sign) _____

Name (Printed) _____

Name (Printed) _____

Subscribed and sworn to as being true and correct before me this 19th day of December, 2024.

