

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	*	CHAPTER 11
	*	
	*	CASE NO. 19-34698 (DRJ)
	*	
KP ENGINEERING, LP, <i>et al</i> ¹	*	
	*	(Jointly Administered)
<i>Debtor</i>	*	

LIQUIDATION TRUSTEE'S AMENDED EMERGENCY SIXTH MOTION TO
EXTEND THE DEADLINE TO FILE CLAIM OBJECTIONS

Emergency relief has been requested. Relief is requested not later than 5:00 p.m. on October 13, 2021.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

TO THE HONORABLE DAVID R. JONES, CHIEF UNITED STATES BANKRUPTCY JUDGE:

NOW INTO COURT, through undersigned counsel, comes Michael D. Warner, solely in his capacity as liquidation trustee for the KP Engineering Liquidation Trust (the "*Trust*"), (the "*Liquidation Trustee*") who, pursuant to the *Third Amended Joint Chapter 11 Plan of Reorganization of KP Engineering, LP and KP Engineering, LLC* (the "*Plan*"), confirmed by the Court's *Order Confirming Third Amended Joint Chapter 11 Plan of Reorganization of KP*

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are KP Engineering, LP (7785) and KP Engineering, LLC (0294). The location of the Debtors' corporate headquarters and the Debtors' service address is: 5555 Old Jacksonville Hwy., Tyler, TX 75703

Engineering, LP and KP Engineering, LLC (the “**Confirmation Order**”),² hereby files this *Sixth Motion to Extend the Deadline to File Claim Objections* (the “**Amended Motion**”). In support of the Amended Motion, the Liquidation Trustee respectfully states as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Motion under 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. § 1408.

BACKGROUND

2. On August 23, 2019 (the “**Petition Date**”), KP Engineering, LP and KP Engineering, LLC (together, the “**Debtors**”) filed voluntary petitions for relief under the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the “**Court**”).³ KP Engineering, LP was assigned Case Number 19-34698 and KP Engineering, LLC was assigned Case Number 19-34699.⁴ The two bankruptcy cases were subsequently consolidated for procedural purposes only and have since been jointly administered under Case Number 19-34698 (the “**Bankruptcy Case**”).⁵ Since the Petition Date, the Debtors operated their businesses and managed their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On June 12, 2020, the Court entered the Confirmation Order.⁶ Pursuant to Article IV(F) of the Plan, the Trust was created and effective on the Effective Date. Pursuant to the

² Case Number 19-34698, Doc. No. 575.

³ Case Number 19-34698, Doc. No. 1; Case Number 19-34699, Doc. No. 1.

⁴ *Id.*

⁵ Case Number 19-34698, Doc. No. 39.

⁶ Case Number 19-34698, Doc. No. 575.

Confirmation Order, the Plan⁷ and the Liquidation Trust Agreement approved by the Confirmation Order, the Liquidation Trustee was appointed to act as trustee of the Trust.

4. On June 23, 2020, the Plan became effective (the “**Effective Date**”).

5. Pursuant to Article VII(A)(2) of the Plan, the Liquidation Trustee is authorized to, *inter alia*, “with respect to all Claims in Class 3 [Allowed Other Secured Claims], 4 [Allowed Johnson Creditor Claims – exclusive standing], 5 [Allowed Channelview Creditor Claims – exclusive standing], 6 [Allowed Geismar VI Creditor Claims – exclusive standing], and 7 [Allowed General Unsecured Claims – exclusive standing]], . . . file, withdraw, or litigate to judgment, objections to Proofs of Claims.”⁸

6. Pursuant to Article VII(D) of the Plan, the deadline by which the Liquidation Trustee must file objections to claims is “on or before the later of: (i) one hundred twenty (120) days after the Effective Date [October 21, 2020], or (ii) such other period of limitation as may be specifically fixed by a Final Order of the Bankruptcy Court for objecting to such Claims” (the “**Initial Claims Objection Deadline**”).

7. On October 13, 2020, the Court entered that certain *Order Extending the Liquidation Trustee’s Deadline to File Claim Objections*⁹, thereby extending the Initial Claims Objection Deadline through December 20, 2020 (the “**Extended Claims Objection Deadline**”) with regard to all claims except Proof of Claim Numbers 1 and 6 filed by Saulsbury Industries, Inc.; Proof of Claim Number 91 filed by Targa Channelview, LLC; and Proof of Claim Number 84 filed by Targa Pipeline Mid-Continent Westtex LLC, the claim objection deadline for which

⁷ Case Number 19-34698, Doc. Nos. 530, 568-1

⁸ *Id.* see the Plan, VII(A)(2).

⁹ Case Number 19-34698, Doc. No. 661.

excepted claims was not extended beyond the dates set forth in the respective Stipulations and Orders on the Court's docket.

8. On November 17, 2020, the Court entered its *Order Extending the Liquidation Trustee's Deadline to File Claim Objections*,¹⁰ thereby extending the Extended Claims Objection Deadline from December 20, 2020, to February 28, 2021 (the "***Second Extended Claims Objection Deadline***") with regard to all claims except Proof of Claim Numbers 1 and 6 filed by Saulsbury Industries, Inc.; Proof of Claim Number 91 filed by Targa Chanelview, LLC; and Proof of Claim Number 84 filed by Targa Pipeline Mid-Continent Westtexas LLC, the claim objection deadline for which excepted claims was not extended beyond the dates set forth in the respective Stipulations and Orders on the Court's docket.

9. On February 24, 2021, the Court entered its *Order Extending the Liquidation Trustee's Deadline to File Claim Objections*,¹¹ thereby extending the Second Extended Claims Objection Deadline from February 28, 2021, to April 30, 2021 (the "***Third Extended Claims Objection Deadline***") with regard to all claims except Proof of Claim Number 84 filed by Targa Pipeline Mid-Continent Westtexas LLC, the claim objection deadline for which excepted claim was not extended beyond the dates set forth in the respective Stipulation and Order on the Court's docket.

10. On April 12, 2021, the Court entered its *Order Extending the Liquidation Trustee's Deadline to File Claim Objections*,¹² thereby extending the Third Extended Claims Objection Deadline from April 30, 2021 to July 30, 2021 (the "***Fourth Extended Claims***

¹⁰ Case Number 19-34698, Doc. No. 678.

¹¹ Case Number 19-34698, Doc. No. 710.

¹² Case Number 19-34698, Doc. No. 768.

Objection Deadline”) with regard to all claims except Proof of Claim Number 84 filed by Targa Pipeline Mid-Continent Westtex LLC, the claim objection deadline for which excepted claim was not extended beyond the dates set forth in the respective Stipulation and Order on the Court’s docket.

11. On June 22, 2021, the Court entered its *Order Extending the Liquidation Trustee’s Deadline to File Claim Objections*,¹³ thereby extending the Fourth Extended Claims Objection Deadline from July 30, 2021 to October 28, 2021 (the “**Claims Objection Deadline**”) with regard to all claims except Proof of Claim Number 84 filed by Targa Pipeline Mid-Continent Westtex LLC, the claim objection deadline for which excepted claim was not extended beyond the dates set forth in the respective Stipulation and Order on the Court’s docket.

12. Since the Effective Date, the Liquidation Trustee and his advisors have been working diligently to review the proofs of claim filed with Court-authorized claims agent and the claims scheduled by the Debtors, resolve any claim-related issues and/or objections, communicate with the Debtors regarding information and documentation necessary to complete such analysis and efforts, and, where necessary, prepare objections for filing with the Court.

13. As a result of these efforts to date, since his appointment, the Liquidation Trustee has effectively reduced the claims registry by approximately \$125 million dollars:

(a) \$50,608,395.00 in claims have been resolved in settlement of the Channelview adversary proceeding.¹⁴

(b) \$40,240,014.74 in claims have been voluntarily withdrawn upon the Trustee’s informal request after conducting his due diligence¹⁵;

¹³ Case Number 19-34698, Doc. No. 916.

¹⁴ Case Number 19-34698, Doc. Nos. 682, 691, and 692; Case Number 19-34699, Doc. No. 10.

(c) \$15,725,131.91 in claims have been disallowed or withdrawn as a result of the Liquidation Trustee's formal objection¹⁶;

(d) \$11,244,550.37 in claims have been withdrawn via stipulation to account for distributions received by the claimant in Adversary Proceeding 19-03707 and, in some instances, additional amounts within such claims the Liquidation Trustee deemed objectionable¹⁷; and

(e) \$7,292,456.61 in claims have been eliminated upon the Liquidation Trustee's motion and the Court's subsequent order consolidating certain claims.¹⁸

14. Moreover, the Liquidation Trustee has sought and obtained orders from the Court confirming that (i) approximately twenty-four (24) claims totaling \$238,594.67 are the responsibility of the Reorganized Debtors, not the Trust, to satisfy¹⁹; and (ii) certain classes of the Plan are no longer in existence, affecting approximately eighteen (18) claims.²⁰ Similarly, as of the filing of the instant motion, the Liquidation Trustee has a motion pending with the Court, *inter alia*, confirming that there no longer exist any claims classified by the Plan as Class 4 Allowed Johnson Creditor Claims.²¹

¹⁵ Case Number 19-34698, Doc. Nos. 636, 648, 656, 666, 752, 766, 774, 775, 820, 848, 850, 863, 880, 902, 903, 905, 906, 927, 936, 937, 952, 956, and 979; Case Number 19-34699, Doc. No. 9.

¹⁶ Case Number 19-34698, Doc. Nos. 732, 733, 826, 827, 828, 830, 859, 883, 886, 887, 888, 889, and 959.

¹⁷ Case Number 19-34698, Doc. Nos. 860, 858, 861, 862, 855, 783, 832, 833, 834, 835, 836, 856, 857, 884, 938, 965, and 978 (on which an order has not been entered as of the filing of the instant motion). The Liquidation Trustee and his counsel take no credit for the resolutions obtained to date in such adversary proceeding and the retainage disbursed therein, but are in the midst of efforts to most cost-efficiently update the Claims Registry to reflect the results of such resolutions and address any other potential objections within such claims.

¹⁸ Case Number 19-34698, Doc. Nos. 805, 885.

¹⁹ Case Number 19-34698, Doc. Nos. 694, 718, 696, 719, 876, and 877.

²⁰ Case Number 19-34698, Doc. Nos. 697, 721, 698 and 720.

²¹ Case Number 19-34698, Doc. No. 973.

15. Additionally, the Liquidation Trustee has two claim objections currently pending before the Court which, if successful, could reduce the Claims Registry by as much as \$16.34 million.²²

16. While the claims objection process is nearing its final stages and significant progress has been made, the Liquidation Trustee requires additional time beyond the Claims Objection Deadline to either resolve or file necessary claim objections to certain claims. Further, Adversary Proceeding Number 19-03707 (the “*Johnson Adversary Proceeding*”), the parties to which comprise a large number of the claimants on the Claims Registry, remains pending before the Court although the retainage funds have been disbursed. The Liquidation Trustee is hesitant for the Claim Objection Deadline to lapse prior to the Johnson Adversary Proceeding’s closure, or at least until such juncture in the Johnson Adversary Proceeding where it is evident that the Claims Registry will not be affected by any action and/or orders therein and without recourse for the Liquidation Trustee. Additionally, the Liquidation Trustee is in the midst of efforts to settle the Trust’s claims against various of the Debtors’ insiders. If the parties are successful with such settlement efforts as currently contemplated, the need for objections to several scheduled and/or filed claims will be obviated. However, even if the parties are able to reach an agreement, such settlement is not expected to have completed the notice process prior to the Claims Objection Deadline.

17. On October 4, 2021, the Liquidation Trustee filed a motion with the Court requesting an order extending the Claims Objection Deadline through January 26, 2022 (the “*Extension Motion*”). Given concerns raised by the Debtors, the instant motion is intended to

²² Case Number 19-34698, Doc. Nos. 700 and 971.

amend the Extension Motion for purposes of truncating the requested extension from January 26, 2022 through November 30, 2021.

18. The Liquidation Trustee is optimistic that, given the additional time requested, the insider litigation may be resolved and the Liquidation Trustee may be able to either obtain resolution of the claims which are ripe for objection without the need for litigation or file claim objections.

19. While the Liquidation Trustee continues to move as expeditiously as possible through the process, he requires additional time to complete his due diligence and to either resolve or lodge necessary claim objections.

RELIEF REQUESTED

20. The Liquidation Trustee respectfully requests a thirty-three (33) day extension of the Claims Objection Deadline, i.e., through November 30, 2021. The Liquidation Trustee does not at this time request such an extension as to Proof of Claim Number 84 filed by Targa Pipeline Mid-Continent Westtex LLC beyond the date set forth in the most recent Stipulation filed with the Court.²³

21. Pursuant to the Plan, the Liquidation Trustee is authorized to seek an extension of the Claims Objection Deadline.²⁴

22. The Liquidation Trustee is in the process of proceeding as cost-efficiently as possible considering the presently limited funds available for distribution. In this regard, an extension of the Claims Objection Deadline will enable the Liquidation Trustee to continue

²³ Case Number 19-34698, Doc. No. 972.

²⁴ The Plan, Article VII(D).

efforts to resolve any potential objections and address any necessary issues with the Court as cost-efficiently and confidently as possible.

23. Based on the foregoing, the Liquidation Trustee respectfully requests that the Court extend the Claims Objection Deadline through November 30, 2021 regarding all claims except Proof of Claim Number 84 filed by Targa Pipeline Mid-Continent Westtexas LLC. The Liquidation Trustee does not seek an extension of the claims objection deadline for the excepted claim beyond the date set forth in the most recent Stipulation filed with the Court.²⁵

24. Undersigned counsel circulated the instant motion to the Debtors' counsel prior to filing. The Debtors' counsel has since represented that the Debtors have no opposition to the relief requested herein.

WHEREFORE, the Liquidation Trustee respectfully requests that the Court grant the relief requested herein and such other and further relief as the Court deems just and proper under the circumstances.

Signatures and Certificate of Service on following page

²⁵ Case Number 19-34698, Doc. No. 972.

Dated: October 7, 2021

Respectfully submitted,

By: /s/ Brooke W. Altazan

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Attorneys for Michael D. Warner, Liquidation Trustee

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of October, 2021, a true and correct copy of the above and foregoing has been served by electronic transmission to all registered CM/ECF users appearing in these cases.

/s/ Brooke W. Altazan
Brooke W. Altazan

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	*	CHAPTER 11
	*	
	*	CASE NO. 19-34698 (DRJ)
	*	
KP ENGINEERING, LP, <i>et al</i> ²⁶	*	
<i>Debtor</i>	*	(Jointly Administered)
	*	

ORDER EXTENDING THE LIQUIDATION TRUSTEE’S DEADLINE TO FILE CLAIM
OBJECTIONS

(Related Docket Nos. 983, 984 and 985)

Upon the amended motion [Doc. No. 985] (the “*Amended Motion*”)²⁷ of Michael D. Warner, solely in his capacity as liquidation trustee for the KP Engineering Liquidation Trust (the “*Trust*”), (the “*Liquidation Trustee*”) in the above-referenced Chapter 11 cases for entry of an order extending the deadline to file objections to claims through November 30, 2021; and the Court having jurisdiction to consider the Amended Motion and the relief requested therein being a core proceeding in accordance with 28 U.S.C. § 157(b)(2) on which the Court may enter a final order consistent with Article III of the United States Constitution; and venue being properly in this district under 28 U.S.C. §§ 1408 and 1409; and good and adequate notice of the Amended Motion having been given under the circumstances and it appearing that no other or further notice need be provided; and it appearing that the legal and factual bases set forth in the

²⁶ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are KP Engineering, LP (7785) and KP Engineering, LLC (0294). The location of the Debtors’ corporate headquarters and the Debtors’ service address is: 5555 Old Jacksonville Hwy., Tyler, TX 75703

²⁷ Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Amended Motion.

Amended Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore,

IT IS HEREBY ORDERED THAT:

1. The Claims Objection Deadline shall be extended through November 30, 2021 with regard to all claims except Proof of Claim Number 84 filed by Targa Pipeline Mid-Continent Westtexas LLC, the claim objection deadline for which excepted claim is not extended at this time beyond the date set forth in the most recent Stipulation filed on the Court's docket.

2. The Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Signed:

THE HONORABLE DAVID R. JONES
CHIEF UNITED STATES BANKRUPTCY JUDGE