

**UNITED STATES DEPARTMENT OF JUSTICE
OFFICE OF THE UNITED STATES TRUSTEE
JUDY A. ROBBINS
UNITED STATES TRUSTEE
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**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

**IN RE: §
§
PRIMERA ENERGY, LLC, § CASE NO. 15-51396-CAG
§ CHAPTER 11
§
§ Hearing Date Requested
DEBTOR §**

**MOTION OF THE UNITED STATES TRUSTEE TO
CONVERT CASE TO A CASE UNDER CHAPTER 7**

TO THE HONORABLE CRAIG A. GARGOTTA
UNITED STATES BANKRUPTCY JUDGE:

COMES NOW, JUDY A. ROBBINS, THE UNITED STATES TRUSTEE for Region 7 ("UST"), through the undersigned counsel, pursuant to 11 U.S.C. § 1112(b) and respectfully moves for an order converting this case to a case under chapter 7 and represents as follows:

I. BACKGROUND

1. On June 3, 2015 the debtor filed a voluntary petition for relief pursuant to Chapter 11, Title 11 of the United States Code. This case has not previously been converted from another Chapter of Title 11. The debtor is a debtor-in-possession

pursuant to 11 U.S.C. § 1101. The debtor appears to have interests in oil wells but it is not clear to the UST the nature of the interests.

2. The debtor has not filed its Schedules and Statement of Financial Affairs (“SOFA”), and the UST does not have sufficient information concerning the debtor’s assets. The UST also does not have sufficient information concerning the debtor’s income and expenses. However, on June 8, 2015, the debtor filed its List of Creditors Holding 20 Largest Unsecured Claims (Docket No. 18) with claims totaling over \$5.4 million. Additionally, the Internal Revenue Service has filed proof of claim of \$284,000.

3. The UST alleges upon information and belief that certain of the debtor’s creditors may have lien claims and interests in the debtor’s cash collateral. The UST further alleges upon information and belief that the debtor currently does not have access to funds in bank accounts and appears unable to pay its post-petition obligations, including payroll.

4. The UST also alleges upon information and belief that the debtor filed the bankruptcy case in response to State court litigation filed by certain investors in the debtor. The investors have alleged fraud against the debtor’s manager, Brian Alfaro, and the State court ordered the appointment of a receiver on June 2, 2015. These investors filed a motion seeking the appointment of a Chapter 11 trustee (the “Motion to Appoint Trustee”). The UST alleges upon information and belief that the debtor intends to seek new investors during the bankruptcy to help fund the debtor. The UST also alleges upon information and belief that the debtor intends to make payments to investors during the bankruptcy case while it is soliciting new investors.

II. THE CASE SHOULD BE CONVERTED TO A CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE.

5. Under section 1112(b) of the Bankruptcy Code, the Bankruptcy Court shall convert a case to chapter 7 or dismiss a case, whichever is in the best interest of the creditors and the estate, if the movant establishes cause, unless the Court finds that a chapter 11 trustee or examiner is in the best interests of the creditors and the estate or the Court finds and specifically identifies unusual circumstances that establish that conversion or dismissal of the case is not in the best interest of creditors and the estate. 11 U.S.C. § 1112(b).

6. The UST alleges upon information and belief that cause exists to convert this case to chapter 7 due to the debtor's continuing losses and the absence of a reasonable likelihood of rehabilitation. 11 U.S.C. § 1112(b)(4)(A). To propose a confirmable plan, the debtor would need to show it has sufficient income to pay its post-petition and expenses and to make payments under a proposed plan. The UST alleges upon information and belief that, prior to the bankruptcy filing, the debtor incurred over \$5.4 million in unsecured debts despite apparently receiving substantial investor funds. The UST also alleges upon information and belief that the debtor does currently not have access to its funds to stay current with its post-petition obligations to its creditors and employees. Moreover, the UST alleges upon information and belief that the debtor may need to obtain approval to use cash collateral to use its funds. Further, the UST has concerns about whether the debtor, as a source of funds, should solicit more investors during the pendency of the bankruptcy, and whether the debtor should make payments to investors during the bankruptcy case. The inability of the debtor to pay its post-petition obligations will result in increasing administrative claims, the diminution of

the estate, and the absence of a reasonable likelihood of rehabilitation. Consequently, the UST asks the Court to convert this case to a Chapter 7 case pursuant to 11 U.S.C. §1112(b).

7. For all the foregoing reasons, the case should be converted to a case under chapter 7 of the Bankruptcy Code so that a Chapter 7 trustee can take control of the debtor's assets, pursue avoidance actions, and pay creditors. The conversion of the case to Chapter 7 will not prejudice the rights of the parties to reconvert the case to Chapter 11 if merited. The UST does not waive the 30 day hearing requirement pursuant to 11 U.S.C. § 1112(b)(3) and asks that the Motion be set with the Motion to Appoint Trustee on July 9, 2015 at 10:00 a.m.

WHEREFORE, the UST prays that the Court enter an order converting this case to a case under chapter 7 of the Bankruptcy Code and for any and all further relief as is equitable and just.

Respectfully submitted,

JUDY A. ROBBINS
UNITED STATES TRUSTEE
REGION 7

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing MOTION OF THE UNITED STATES TRUSTEE TO CONVERT CASE TO CHAPTER 7, was served by electronic means for all Pacer system participants and/or by first class mail, postage prepaid, to all parties listed the Service List on this the 15th day of June, 2015.

/s/ James W. Rose, Jr.
James W. Rose, Jr.
Trial Attorney

Label Matrix for local noticing
0542-5
Case 15-51396-cag
Western District of Texas
San Antonio
Fri Jun 12 16:57:25 CDT 2015

Primer Energy, LLC
21022 Gathering Oak #2101
San Antonio, TX 78260-3109

U.S. BANKRUPTCY COURT
615 E. HOUSTON STREET, ROOM 597
SAN ANTONIO, TX 78205-2055

ARK-LA-TEX Wireline Services
1200 East Campbell #108
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Richardson, TX 75081-1963

Allied Oil & Gas
P. O. Box 93999
Southlake, TX 76092-0119

Andrews Pump & Supply
PO Box 1378
Andrews, TX 79714-1378

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Beck Bros, Inc
PO Box 712
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Beta International, Inc.
P. O. Box 4436 msc 700
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Black Gold Rental Tools
P. O. Box 9531
Corpus Christi, TX 78469-9531

Brandon Barchus
Faulk Barchus
800 Bering Drive #400
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CC American Oilfield LLC
P. O. Box 260012
Corpus Christi, TX 78426-0012

CC Forbes LLC
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CWFord Rentals
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Certified Oil Field Rentals, I
PO Box 967
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Champions Contracting, LLC
20600 H and R Road
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Chem Rock Technologies
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Reserve, LA 70084-6919

Dynasty Enterprises, Inc
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EVO Inc.
15720 Park Row #500
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Broussard, LA 70518-0895

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Express Energy Services
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Hanz Hydraulics, Inc.
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Needville, TX 77461-8843

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3911 Wood Park
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K-3 Services
P. O. Box 2236
Alvin, TX 77512-2236

KDR Supply, Inc.
P. O. Box 10130
Liberty, TX 77575-7630

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Karnes City, TX 78118-0098

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Midstar Energy LP
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Katy, TX 77449-7755

National Oilwell Varco LP
P. O. Box 203793
Dallas, TX 75320-3793

Nationwide Capital Funding
P. O. Box 260775
Corpus Christi, TX 78426-0775

Newpark Drilling Tools
21920 Merchant's Way
Katy, TX 77449-6834

Oil Patch Rental Services
PO Box 204667
Dallas, TX 75320-4667

P & A Supply
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Victoria, TX 77903-4814

Platinum Pressure Pumping
2100 W Loop S #1400
Houston, TX 77027-3525

Platinum Pressure Pumping, Inc.
c/o Joshua A. Verde
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Houston, TX 77027-3599

Production Equipment Company
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Corpus Christi, Texas 78403-2621

1825 Upland Drive
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Rathole Drilling, Inc.
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Alice, TX 78333-0389

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The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Internal Revenue Service
P. O. Box 21126
Philadelphia, PA 19114

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u)Newpark Drilling Fluids, LLC

(d)Primera Energy, LLC
21022 Gathering Oak #2101
San Antonio, TX 78260-3109

End of Label Matrix
Mailable recipients 72
Bypassed recipients 2
Total 74