

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>IN RE:</b>	§	<b>Chapter 11</b>
	§	
<b>LUCA INTERNATIONAL GROUP, LLC<sup>1</sup></b>	§	<b>CASE NO. 15-34221-H2-11</b>
	§	
	§	<b>Joint Administration Pending</b>
	§	<b>Judge David R. Jones</b>
<b>Debtors</b>	§	

**APPLICATION OF DEBTORS FOR AN ORDER  
AUTHORIZING THE APPOINTMENT OF BMC GROUP, INC., AS CLAIMS,  
NOTICING AND BALLOTING AGENT**

Luca International Group, LLC (“LIG”), Luca International Group (Texas) LLC (“LIGTX”), Luca Operation, LLC (“LOL”), Luca Barnett Shale Joint Venture, LLC (“LBSJV”), Luca Energy Fund LLC (“LEF”), Luca Energy Resources, LLC (“LER”), Luca Resources Group, LLC (“LRG”), Luca I, LP (“Luca I”), Luca II, LP (“Luca II”), Luca Oil, LLC (“Luca Oil”), Luca To-Kalon Energy, LLC (“LTKE”), and Luca Oil II Joint Venture (collectively, the “Debtors”), apply to the Court for entry of an order (the “Retention Order”) pursuant to 28 U.S.C. § 156(c), section 105(a) of the Bankruptcy Code and Rules 2014 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Southern District of Texas (the “Local Rules”), authorizing the appointment of BMC Group, Inc. (“BMC”) as claims, noticing, and balloting agent in these Chapter 11 cases (the “BMC Application”). In support of this application, the Debtors rely on the Declaration of Loretta Cross in Support of First Day Pleadings (the “First Day Declaration”), the Agreement for Services, dated August 5, 2015 (the “Services Agreement”), a copy of which is attached hereto as Exhibit A and

<sup>1</sup> The Debtors in these cases, along with the last four digits of their respective taxpayer ID numbers, are Luca International Group LLC (1086), Luca Operation LLC (0343), Luca International Group (Texas) LLC (5577), Luca Barnett Shale Joint Venture, LLC (5340), Luca Energy Fund LLC (0677), Luca Energy Resources LLC (tbd), Luca Resources Group LLC (1699), Luca I, LP (4104), Luca II, LP, (9778), Luca Oil LLC (8161), Luca To-Kalon Energy LLC (3922), Luca Oil II Joint Venture (6604).

incorporated herein as applicable, and the Declaration of Tinamarie Feil, President of Client Services at BMC (the "Feil Declaration"), a copy of which is attached hereto as Exhibit B and incorporated herein, and respectfully represent as follows:

**Background**

1. The above captioned Chapter 11 bankruptcy cases were each filed on August 6, 2015 ("Petition Date") under Chapter 11 of Title 11 of the Bankruptcy Code, 11 U.S.C. §§101 et sq. (the "Bankruptcy Code"). The Debtors continue to manage their respective property as a debtors-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. A motion seeking to jointly administer these cases is currently pending before the Court.

2. No trustee or examiner has been appointed in the Debtors' bankruptcy cases and no official committee of unsecured creditors has been established.

3. A detailed factual background of the Debtors' businesses and operations, as well as the commencement of these Chapter 11 cases, is more fully set forth in the *Affidavit of Loretta Cross in Support of the Debtors' Chapter 11 Petitions and Requests for First-Day Relief* filed contemporaneously herewith and incorporated herein by reference. A brief summary of the factual background is listed below.

4. The Debtors are engaged in the exploration and production of natural gas, petroleum and related hydrocarbons. Bingqing Yang ("Yang") is the sole member for Debtors. Debtors obtained money's from investors that was placed into various entities that were utilized in the operations of other entities.

5. LOL has a draft reserve report that was prepared in March by Gustavson Associates. The reserve report indicates that LOL has proved developed non-producing and proved behind pipe net reserves of approximately 3.2 billion cubic feet of gas and 450 million barrels of oil. The reserve report did not address proved undeveloped, probable or possible

reserves.

6. On July 6, 2015, under Case No. 15-cv-03101, the Securities and Exchange Commission (“SEC”) filed a lawsuit against several LUCA entities, including the Debtors, other Debtor affiliates, Yang and certain other individuals in the United States District Court of the Northern District of California, San Francisco Division (“SEC lawsuit”). The SEC lawsuit alleged securities fraud against the defendants for a scheme targeting the Chinese American community as well as investors in Asia to invest in the various unregistered offerings. There are SEC allegations of funds being used for Bingqing Yang’s personal expense. The SEC has sought the appointment of a receiver, and this matter remains pending.

7. The Debtors deny that they participated in securities fraud. Nevertheless, in order to restore credibility to the operation, the Debtors, pursuant to various consents executed by Yang, retained Loretta R. Cross of Stout Risius Ross, Inc. as Chief Restructuring Officer (the “CRO”) of the Debtors with full authority to operate the Debtors. Ms. Cross has served in that capacity since July 16, 2015.

#### **Basis For Relief Requested**

8. The Debtors have determined that they will have to provide certain notices in these bankruptcy cases to over a thousand entities/persons, many of whom may file claims. Over 500 persons/entities are located in Asia, primarily in Japan, China and Malaysia. In view of the number of anticipated claimants and the complexity of the Debtors' businesses, the Debtors submit that the appointment of a claims and noticing agent is otherwise in the best interests of both the Debtors' estates and their creditors.

9. The Debtors' selection of BMC to act as the claims and noticing agent occurred after the Debtors obtained and reviewed engagement proposals from two (2) other claims and noticing agents to ensure selection through a competitive process. Moreover, the Debtors submit

that BMC's rates are competitive and reasonable given BMC's quality of services and expertise.

10. BMC's maintains an operations office at the following address: 300 Continental Boulevard, Suite 570, El Segundo, CA 90245, email:tfeil@bmcgroup.com or Luca@bmcgroup.com, tel: 310-321-5555.

11. By appointing BMC as the claims, noticing and balloting agent in these Chapter 11 cases, the distribution of notices and the processing of claims will be expedited and the Office of the Clerk of the Court (the "Clerk's Office") will be relieved of the administrative burden of processing what may be a large number of claims. Further, the Debtors will be relieved of heavy administrative and other burdens that over a thousand creditors and parties in interest may impose during these Chapter 11 cases.

#### **BMC's Qualifications**

12. BMC provides comprehensive solutions to design and implement legal notice programs and manage claims issues for Chapter 11 cases. For Chapter 11 case management, BMC specializes in noticing, claims processing and other administrative tasks necessary to operate Chapter 11 cases effectively. BMC is one of the country's leading Chapter 11 administrators, with substantial experience in matters of significant size and complexity. Indeed, BMC has acted as the official claims, noticing and balloting agent in many large bankruptcy cases in districts nationwide. *See, e.g., In re Gulf Packaging, Inc.* No. 15-15249 (PSH) (Bankr. ND IL); *In re Atari, Inc.*, No. 13-10176 (JMP) (Bankr. SDNY); *Orchard Supply Hardware Stores Corp.*, No. 13-11565 (CSS) (Bankr. D DE); and *In re Bigler LP No. 09-38188* (Bankr. SDTX).

#### **Services To Be Provided**

13. The Debtors seek to engage BMC to perform work within the scope of the delegation of duties of the Clerk of the Court (the "Clerk") permitted by 28 U.S.C. § 156(c) as

well as the functions of an administrative advisor to the Debtors under section 327 of the Bankruptcy Code. Specifically, under the Services Agreement, it is anticipated that BMC will perform, at the request of the Debtors or the Clerk, as applicable, the following services (collectively, the "Claims, Noticing and Balloting Services"):

*Noticing Services*

- (a) Prepare and serve required notices and documents in the chapter 11 cases in accordance with the Bankruptcy Code and the Bankruptcy Rules in the form and manner directed by the Debtors and/or the Court, including (i) notice of the commencement of the chapter 11 cases and the initial meeting of creditors under section 341(a) of the Bankruptcy Code, (ii) notice of any claims bar date and any auction or sale hearing, (iii) notices of objections to claims, (iv) notices of any hearings on a disclosure statement and confirmation of the Debtors' chapter 11 plan or plans and (v) other miscellaneous notices to any entities as the Debtors or the Court may deem necessary or appropriate for an orderly administration of these chapter 11 cases;
- (b) For all notices, motions, orders or other pleadings or documents served, prepare and file or cause to be filed with the Clerk an affidavit of service within seven (7) business days of service that includes, to the extent not inconsistent with any case management order entered by the Court, (i) a copy of the notice involved, (ii) a list of persons to whom it was mailed and (iii) the date and manner of mailing;
- (c) Update the claim database to reflect undeliverable or changed addresses;
- (d) Coordinate publication of certain notices in periodicals and other media;
- (e) Distribute claim acknowledgement cards to any creditor that has filed a proof of claim/interest;

*Claims Management Services*

- (f) Maintain a post office box or address for the purpose of receiving claims and returned mail, and process all mail received;
- (g) Maintain copies of all proofs of claim and proofs of interest filed (in hard copy and electronic form);

- (h) Provide a secure on-line tool through which creditors can file proofs of claim and related documentation;
- (i) Create and maintain electronic databases for creditors and parties in interest information provided by the debtor (e.g., creditor matrices, Schedules and Statements) and by creditors and parties in interest (e.g., proofs of claim and proofs of interests);
- (j) Process all proofs of claim or interest received;
- (k) Provide access to the public for examination of copies of the proofs of claim or interest without charge during regular business hours;
- (l) Maintain the official claims register for each Debtor (the "Claims Registers") on behalf of the Clerk and include in the Claims Registers, among other things, the following information for each proof of claim or proof of interest: (i) the name and address of the claimant and any agent thereof, if the proof of claim or proof of interest was filed by an agent, (ii) the date received, (iii) the claim number assigned and (iv) the asserted amount and classification of the claim;
- (m) Create and maintain a website with general case information, key documents, claim search function and mirror of ECF case docket (the "Case Information Website");
- (n) Transmit to the Clerk's office a copy of the claims registers on a monthly basis, unless requested by the Clerk's office on a more or less frequent basis or, in the alternative, make available the claims register on-line;
- (o) Implement necessary security measures to ensure the completeness and integrity of the claims registers;
- (p) Record all transfers of claims pursuant to Bankruptcy Rule 3001 (e) and provide notice of such transfers as required by Bankruptcy Rule 3001(e);
- (q) Maintain an up-to-date mailing list for all entities that have filed a proof of claim, proof of interest or notice of appearance, which list shall be available upon request of a party in interest or the Clerk's office;

***Preparation of Schedules and Statements, if necessary***

- (r) Assist the Debtors with administrative tasks in the preparation of their bankruptcy Schedules of Assets and Liabilities (the

"Schedules") and Statements of Financial Affairs (the "Statements"), including (as needed): (i) coordinating with the Debtors and their advisors regarding the Schedules and Statements process, requirements, timelines and deliverables, (ii) creating and maintaining databases for maintenance and formatting of Schedules and Statements data, (iii) coordinating collection of data from the Debtors and their advisors and (iv) providing data entry and quality assurance assistance regarding Schedules and Statements, including, specifically, the creation of Schedule G;

***Balloting and Tabulation Services***

- (s) Provide balloting services in connection with the solicitation process for any chapter 11 plan for which a disclosure statement has been approved by the court, including (as needed): (i) coordinate distribution of solicitation documents, (ii) respond to requests for documents from parties in interest, including brokerage firm and bank back-offices and institutional holders, (iii) respond to telephone inquiries from lenders, bondholders and nominees regarding the disclosure statement and the voting procedures, (iv) establish a website for the posting of solicitation documents, (v) receive and examine all ballots and master ballots cast by voting parties, (vi) date and time-stamp the originals of all such ballots and master ballots upon receipt and (vii) tabulate all ballots and master ballots received prior to the voting deadline in accordance with established procedures and prepare a certification for filing with the court;
  
- (t) Undertake such other duties as may be requested by the Debtors;

***Virtual Data Room Services, as necessary***

- (u) Provide confidential on-line workspace to facilitate contract review, or creation of contract repository, among other reasons;

***Miscellaneous Services***

- (v) In addition, (i) provide such other claims processing, noticing and related administrative services as may be requested from time to time by the Debtors, (ii) promptly comply with such further conditions and requirements as the Court may at any time prescribe, (iii) comply with applicable federal, state, municipal, and local statutes, ordinances, rules, regulations, orders and other requirements, and (iv) provide temporary employees to the Clerk's Office to process claims, as necessary.



14. In the event BMC is unable to provide the services set out above, BMC will immediately notify the Clerk and the Debtors' attorneys and cause to have all original proofs of claim and computer information turned over to another claims and noticing agent with the advice and consent of the Clerk and the Debtors' attorneys.

**Professional Compensation**

15. The Debtors respectfully request that the undisputed fees and expenses incurred by BMC in the performance of the Claims, Noticing and Balloting Services be treated as administrative expenses of the Debtors' Chapter 11 estates pursuant to 28 U.S.C. § 156(c) and 11 U.S.C. § 503(b)(1)(A) and be paid in the ordinary course of business without further application to or order of the Court. BMC agrees to maintain records of all services showing dates, categories of services, fees charged and expenses incurred, and to serve monthly invoices on the Debtors, the Office of the United States Trustee of the Southern District of Texas (the "U.S. Trustee"), counsel to the Debtors, counsel to any official committee monitoring the expenses of the Debtors and any party-in-interest who specifically requests service of the monthly invoices. If any dispute arises relating to the Services Agreement or monthly invoices, the parties shall meet and confer in an attempt to resolve the dispute; if resolution is not achieved, the parties may seek resolution of the matter from the Court.

16. BMC did not receive a retainer in this case.

**Disinterestedness**

17. BMC has reviewed its electronic database to determine whether it has any relationships with the creditors and parties-in-interest provided by the Debtors, and, to the best of the Debtors' knowledge, information and belief, and except as disclosed in the Mailloux Declaration, BMC has represented that it neither holds nor represents any interest materially adverse to the Debtors' estates in connection with any matter on which it would be employed.



18. In connection with its retention as the claims, noticing and balloting agent, BMC represents in the Feil Declaration, among other things, that:

- (w) BMC is not a creditor of the Debtors;
- (x) BMC will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as the claims and noticing in these chapter 11 cases;
- (y) By accepting employment in these chapter 11 cases, BMC waives any rights to receive compensation from the United States government in its capacity as the claims and noticing agent in these chapter 11 cases;
- (z) In its capacity as the claims and noticing agent in these chapter 11 cases, BMC will not be an agent of the United States and will not act on behalf of the United States;
- (aa) BMC will not employ any past or present employees of the Debtors in connection with its work as the claims and noticing agent in these chapter 11 cases;
- (bb) In its capacity as the claims and noticing agent in these chapter 11 cases, BMC will not intentionally misrepresent any fact to any person;
- (cc) BMC shall be under the supervision and control of the Clerk's Office with respect to the receipt and recordation of claims and claim transfers; and
- (dd) None of the services provided by BMC as the claims and noticing agent in these chapter 11 cases shall be at the expense of the Clerk's Office.

19. To the extent that there is any inconsistency between this Application, the Retention Order and the Services Agreement, the Retention Order shall govern.

20. Should BMC discover any new relevant facts or relationships bearing on the matters described herein during the period of its retention, BMC will use reasonable efforts to promptly file a supplemental affidavit.

### **Indemnification Provisions**

21. Pursuant to the indemnification provisions contained in the Services Agreement (the "Indemnification Provisions"), the Debtors have agreed, among other things, to indemnify, hold harmless and defend BMC, its officers, employees and agents under certain circumstances.<sup>2</sup>

22. The terms and conditions of the Services Agreement were negotiated by the Debtors and BMC at arm's-length and in good faith. BMC has agreed, in light of the Debtors' Chapter 11 filings, to modify its rights under the Indemnification Provisions as set forth in the proposed order attached hereto. The Debtors respectfully submit that Indemnification Provisions, viewed in conjunction with the other terms of BMC's proposed retention, and as modified in the proposed order attached hereto as Exhibit C, are reasonable and in the best interests of the Debtors, their estates and creditors in light of the fact that the Debtors require BMC's services to successfully administer their Chapter 11 cases.

### **Requests for Immediate Relief & Waiver of Stay**

23. Pursuant to Rules 6003(b) and 6004(h) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtors seek: (i) immediate entry of an order granting the Debtors the authority to pay BMC under the terms of the Services Agreement and (ii) a waiver of any stay of the effectiveness of such an order. Bankruptcy Rule 6003(b) provides, in relevant part, that "[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief regarding . . . a motion to incur an obligation regarding property of the estate." Bankruptcy Rule 6004(h) provides that "[a]n order authorizing the use, sale, or lease of property other than cash

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<sup>2</sup> The Indemnification Provisions provide, in part, that the Debtors will indemnify and hold harmless BMC and certain Indemnified Persons (as defined in the Services Agreement) from any losses, claims, damages liabilities, costs and expenses arising out of, or relating to the Services Agreement or BMC's rendering of services thereunder, other than losses resulting solely from BMC's gross negligence or willful misconduct. To the extent that the description in this Application and the Indemnification Provisions are inconsistent, the Indemnification Provisions will control.

collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise."

24. As set forth above, the retention of BMC is essential to the administration of the Debtors' Chapter 11 cases given their size and complexity. Without BMC's services, immediate and irreparable harm in the form of substantial delay, large administrative burdens and additional costs would likely result. Accordingly, the Debtors submit that ample cause exists to justify (i) the immediate entry of an order granting the relief sought herein and (ii) a waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

**Notice**

25. Notice of this Application has been given to: (i) the Office of the United States Trustee for the Southern District of Texas; (ii) the Debtors' twenty (20) largest unsecured creditors on a consolidated basis, as identified in their Chapter 11 petitions; and (iii) counsel to the agents for the Debtors' proposed post-petition secured lenders. In light of the nature of the relief requested, the Debtors submit that no further notice is necessary.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit C, granting: (i) the relief requested herein; and (ii) such other and further relief to the Debtors as the Court may deem proper.

Respectfully submitted,

/s/ T. Josh Judd

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PROPOSED ATTORNEYS FOR DEBTORS

**EXHIBIT A**

(Services Agreement)

## AGREEMENT FOR SERVICES

This Agreement is entered between Luca Operation LLC and related filing entities (collectively "Customer") and BMC Group, Inc. ("BMC"). The services rendered by BMC pursuant to this Agreement will commence on the date signed below and will continue until the Agreement is terminated as set forth below.

### TERMS AND CONDITIONS

#### I. SERVICES

In accordance with the terms and conditions contained in this Agreement and in the Fee Schedule annexed hereto, BMC agrees to provide services as follows: (a) assisting the Customer, Customer's counsel "Counsel" and Office of the Clerk with noticing and compilation, administration, evaluation and production of documents and information necessary to support a restructuring effort; (b) at Customer's, Counsel's or the Clerk's Office's direction, as the case may be, and in accordance with any court orders or rules in the bankruptcy case(s) (including any court order authorizing BMC's engagement), BMC will (1) prepare and serve those notices required in the bankruptcy cases; (2) receive, record and maintain copies of all proofs of claim and proofs of interest filed in the bankruptcy cases; (3) create and maintain the official claims register(s); (4) receive and record all transfers of claims pursuant to Bankruptcy Rule 3001(e); (5) maintain an up-to-date mailing list for all entities who have filed proofs of claim and/or requests for notices in the bankruptcy cases; (6) assist Customer and Counsel with the administrative management of claims and notice data; (7) if requested, print, mail and tabulate ballots for purposes of plan voting; (8) create and maintain a case-specific website, (9) assist with the production of reports, exhibits and schedules of information or use by the Customer, Counsel or to be delivered the Court, the Clerk's Office, the U.S. Trustee or third parties; and (10) provide other technical and document management services of a similar nature requested by Customer or the Clerk's office.

#### II. TECHNOLOGY SUPPORT

BMC agrees to provide computer software support and to educate and train Customer in the use of the support software, provide BMC's standard reports as well as consulting and programming support for Customer requested reports, program modifications, database modification, and/or other features.

#### III. PRICES, CHARGES AND PAYMENT

- A. BMC agrees to charge BMC's listed prices for its services and supplies at the rates or prices in accordance with the Pricing schedule annexed hereto. No fee increases will apply during the term of this Agreement.
- B. Customer agrees to reimburse BMC for any out-of-pocket expenses necessarily incurred in support of the services provided under this Agreement.

C. Wire transfer information for the transmission of payments is as follows:

Bank Name -	Bridge Bank, N.A.
ABA/Routing # -	121143260
Account Name -	BMC Group, Inc.
Account # -	0101222545

D. In connection with high volume noticing, or publication services, Customer may be required to prepay BMC estimated postage or publication amounts with respect to each notice. Alternatively, Customer may authorize BMC to cause courier's charges (such as UPS or FedEx) to be stated to Customer's own account with such courier.

E. BMC agrees to regularly invoice Customer and Customer agrees that the amount invoiced is due and payable within thirty (30) days. If any amount is unpaid as of thirty (30) days from the receipt of the invoice, Customer further agrees to pay a late charge, calculated at one and one-half percent (1-1/2%) of the amount unpaid, accruing monthly from the invoice date. In the case of a dispute in the invoice amount, notice shall be given to BMC within twenty (20) days of receipt of the invoice by Customer. Late charges shall not accrue on any amounts in dispute. The undisputed balance of the invoice amount is due and payable in the normal course.

#### IV. RIGHTS OF OWNERSHIP

A. The parties understand that the software programs and other similar proprietary materials furnished by BMC pursuant to this Agreement and/or developed during the course of this Agreement by BMC are the sole property of BMC. The term "program" shall include, without limitation, data processing programs, specifications, applications, routines, sub-routines, procedural manuals, and documentation. Customer agrees not to copy or permit others to copy for unauthorized use the source code from the support software or any other programs or similar proprietary materials furnished pursuant to this Agreement.

B. Customer further agrees that any ideas, concepts, know-how or techniques relating to data processing or BMC's performance of its services developed during the course of its Agreement by BMC shall be exclusive property of BMC.

C. Upon Customer's request at any time or times while this Agreement is in effect, BMC shall immediately deliver to Customer at Customer's sole expense, any or all of the non-proprietary data, information and records held or controlled by BMC pursuant to this Agreement, in the form requested by Customer. Any information, data and records, in whatever form existing, whether provided to BMC by Customer or developed by BMC for Customer under this Agreement, may be retained by BMC until all amounts due under this Agreement are paid in full, it being understood that neither party asserts rights of ownership in the official claims register or materials filed with BMC as an agent of the court.

D. Customer shall remain liable for all charges imposed under this Agreement as a result of data or physical media maintained by BMC. BMC shall dispose of the data and media in the manner requested by Customer. Customer agrees to pay BMC for reasonable expenses incurred as a result of the disposition of the data or media. After giving Customer thirty (30) days advance notice, BMC reserves the right to dispose of data or media maintained by BMC for Customer if Customer has not utilized the services provided herein for a period of at least ninety (90) days or if Customer has not paid all charges due to BMC.



**V. NON-SOLICITATION**

Customer agrees that it shall not, directly or indirectly, solicit for employment, employ or otherwise retain staff of BMC during the term of this Agreement, nor for a period of twelve (12) months after termination of this Agreement unless mutually agreed upon by both parties.

**VI. CONFIDENTIALITY**

BMC agrees to, and shall cause its servants, agents, employees, licensees, and subcontractors to, safeguard and keep confidential all data, records, information and communications of any sort or form, regardless of whether written, oral, visual or otherwise recorded or transmitted, with respect to Customer, but excluding such data, records, information and communications that exist in the public domain by reason other than a breach of BMC's obligations under this Section VI "Confidentiality" (the "Confidential Information"). BMC will use the Confidential Information only for the benefit of Customer in connection with the provision of services under this Agreement. Customer agrees to, and will cause its servants, agents, employees, licensees, and subcontractors to, keep all information with respect to BMC's system, procedures and software confidential; provided, however, that if either party is required to produce any such information by order of any governmental agency or other regulatory body, it may, upon not less than five business days' written notice to the other party, release the required information. The obligations set forth in this paragraph shall survive termination of this Agreement.

**VII. TERMINATION**

- A. This Agreement shall remain in force until terminated by Customer, or, by BMC upon thirty (30) days' prior written notice to the other party.
- B. In the event that this contract is terminated, regardless of the reason for such termination, BMC shall cooperate with Customer to orderly transfer to Customer or its designee (or destroy, at Customer's direction) data, records and information in its possession or control and to effect an orderly transition of record-keeping functions. BMC shall provide all necessary staff, services and assistance required for an orderly transfer and transition. Customer agrees to pay for such services in accordance with BMC's then existing prices for such services.

**VIII. SYSTEM IMPROVEMENTS**

BMC's policy is to provide continuous improvements in the quality of service to the Customer. BMC, therefore, reserves the right to make changes in operations procedures, operating systems, programming languages, general purpose library programs, application programs, time period of accessibility, types of terminal and other equipment and the BMC data center serving the Customer.

**IX. LIMITATIONS OF LIABILITY AND INDEMNIFICATION**

Except with respect to breaches under Section VI "Confidentiality" above, Customer shall indemnify and hold BMC, its officers, employees and agents harmless against any losses, claims, damages, judgments, liabilities and expense (including reasonable counsel fees and expenses) resulting from action taken or permitted by BMC in good faith with due care and without negligence in reliance upon instructions or orders received from Customer as to anything arising in connection with its performance under this Agreement. Except with respect to breaches under Section VI "Confidentiality" above, BMC shall be without liability to Customer with respect to any performance or

non-performance, in accordance with the terms of this Agreement or instructions properly received pursuant hereto, if done in good faith and without negligence or willful or wanton misconduct. Except with respect to breaches under Section VI "Confidentiality" above, in no event shall liability to Customer for any losses or damages, whether direct or indirect, arising out of this Agreement exceed the total amount billed or billable to Customer for the portion of the particular work which gave rise to the loss or damage. Except with respect to breaches under Section VI "Confidentiality", in no event shall BMC be liable for any indirect, special or consequential damages such as loss of anticipated profits or other economic loss in connection with or arising out of the services provided for in this Agreement.

**X. NOTICES**

All notices in connection with this Agreement shall be given or made upon the respective parties in writing by facsimile or overnight courier and shall be deemed as given, if by facsimile, on the business day immediately following confirmed transmission, or if by courier, on the day it is delivered by such courier to the appropriate address set forth below:

BMC Group, Inc. Attn: Tinamarie Feil 600 1st Avenue Suite 300 Seattle, WA 98104 Email: <a href="mailto:tfeil@bmcgroup.com">tfeil@bmcgroup.com</a> Telephone 206.499.2169	<b>Customer</b>
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Or to such other address as the party to receive the notice or request so designates by written notice to the other.

**XI. APPLICABLE LAW**

This agreement shall be construed in accordance with the laws of the State of Washington and may be modified only by a written instrument duly executed by an authorized representative of Customer and an officer of BMC.

**XII. ENTIRE AGREEMENT/ MODIFICATIONS**

Each party acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings and other agreements, oral and written between the parties relating to the subject matter of this Agreement. The Agreement may not be modified or altered by written instrument duly executed by both parties. Customer represents that it has the authority to enter into this Agreement, may be subject to bankruptcy court approval, and the Agreement is non-dischargeable under any applicable statute or law. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby. In the event of any conflict between a term of this Agreement and any order of the court exercising jurisdiction over the Customer bankruptcy case, the term(s) of the order shall govern.



## Pricing

The total charge for BMC to support this project will be based on time spent plus payment of print/mail costs and any other out-of-pocket reimbursable items.

### Noticing Management

Data Entry/Call Center/ Case Support	\$25/45/65 per hour
Analysts	\$85 per hour
Noticing Manager	\$100 per hour

### Project Management

Analyst	\$85 per hour
Consultant	\$100 per hour
Director / Case Manager	\$125 per hour
Director / Solicitation	\$200 per hour
Principal	\$225 per hour - Waived for this engagement

No surcharge for overtime, weekends or holiday hours required to support your case

### Claims Management

Electronic claims and ballot submission	No per item charge
Manual claim entry	\$2.50 per claim; reduced to \$1.50 at >1,000 (no hourly rates)
b-Linx Database & Systems Access	\$0.085 per record per month
Detailed Claim Analysis and Reconciliation	upon request at applicable Project Management rates

### Print Mail and Noticing Services

Copy/Print	\$.10 per image – volume discounts apply
Finishing (Fold/Collate, Insert, Envelope, Post)	\$.05 per package
CD or Flash Drive for document distribution	\$3 each
Postage, Courier	At cost (includes optimization recommendations)
<i>Certified</i> Electronic Noticing Service	\$40 per 1000 (no per page charge; includes receipt tracking)
<i>Certified</i> Fax Noticing Service	\$0.15 per image (includes delivery acknowledgment)
Processing of Undeliverables	\$0.50 each + cost of re-mails as applicable
Legal Notice Experts / Publication	Quote (leverage BMC negotiated discounts with publishers)

### Document and Information Management

Document Imaging	\$0.10 per image
Live Operator Call Center	\$45 per hour
Automated (IVR) Call Center	Hourly rate for set-up (waived); \$0.30/min IVR usage
Public Case Website Hosting Fee	Waived for this engagement
SmartRoom Secure Virtual Data Room	Hourly rate for set-up (waived) + \$0.15/page per month
Physical Document Storage	\$1.45 per box/month (waived)
Document Analysis & Call Center Management	at applicable Project Management rates

**EXHIBIT B**

(Feil Declaration)

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In re: § Chapter 11  
Luca International Group, LLC, *et al.*,<sup>1</sup> §  
§ Joint Administration Pending  
§  
Debtors. § Case No.: 15-34221

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**DECLARATION OF TINAMARIE FEIL IN SUPPORT OF APPLICATION OF DEBTORS FOR AN ORDER AUTHORIZING THE APPOINTMENT OF BMC GROUP, INC., AS CLAIMS, NOTICING AND BALLOTING AGENT**

I, Tinamarie Feil, under penalty of perjury, declare as follows:

1. I am a President of Client Services for BMC Group, Inc. ("BMC"). The matters set forth herein are made of my own personal knowledge and, if called and sworn as a witness, I could and would testify competently thereto.<sup>2</sup>

2. This declaration (the "Declaration") is made in support of the Debtors' Application for an Order Authorizing the Appointment of BMC Group, Inc. as Claims, Noticing and Balloting Agent (the "BMC Application").<sup>3</sup>

3. As agent and custodian of the Court records pursuant to 28 U.S.C. § 156(c), BMC will perform, at the request of the Office of the Clerk of the Court (the "Clerk's Office"), the notice and claims related services specified in the BMC Application and the Services Agreement. In addition, at the Debtors' request, BMC will perform such other

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<sup>1</sup> The Debtors in these cases, along with the last four digits of their respective taxpayer ID numbers, are Luca International Group LLC (1086), Luca Operation LLC (0343), Luca International Group (Texas) LLC (5577), Luka Barnett Shale Joint Venture, LLC (5340), Luca Energy Fund LLC (0677), Luca Energy Resources LLC (tbd), Luca Resources Group LLC (1699), Luca I, LP (4104), Luca II, LP, (9778), Luca Oil LLC (8161), Luca To-Kalon Energy LLC (3922), Luca Oil II Joint Venture (6604).

<sup>2</sup> Certain of the disclosures herein relate to matters within the knowledge of other professionals at BMC and are based on information provided by them.

<sup>3</sup> Capitalized terms not otherwise defined herein shall have the meanings given to them in the Application.

noticing, claims, administrative, technical and support services specified in the BMC Application and the Services Agreement.

4. BMC is one of the country's leading chapter 11 administrators, with substantial experience in matters of significant size and complexity. Indeed, BMC has acted as the official claims, noticing and balloting agent in many large bankruptcy cases in districts nationwide. See, e.g., *In re Gulf Packaging, Inc.* No. 15-15249 (PSH) (Bankr. ND IL); *In re Atari, Inc.*, No. 13-10176 (JMP) (Bankr. SDNY); *Orchard Supply Hardware Stores Corp.*, No. 13-11565 (CSS) (Bankr. D DE); and *In re Bigler LP No. 09-38188* (Bankr. SDTX ).

5. As agent and custodian of the Court records pursuant to 28 U.S.C. § 156(c), BMC will perform at the request of the Clerk's office the noticing and claims-related services specified in this BMC Application. In addition, at the Debtors' request, BMC will perform such other noticing, claims, technical, administrative and support services specified in the BMC Application.

6. BMC represents, among other things, the following:

- (a) BMC is not a creditor of the Debtors;
- (b) BMC will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as the claims and noticing agent in these chapter 11 cases;
- (c) By accepting employment in these chapter 11 cases, BMC waives any rights to receive compensation from the United States government in its capacity as the claims and noticing agent in these chapter 11 cases;
- (d) In its capacity as the claims and noticing agent in these chapter 11 cases, BMC will not be an agent of the United States and will not act on behalf of the United States;
- (e) BMC will not employ any past or present employees of the Debtors in connection with its work as the claims and noticing agent in these chapter 11 cases;

- (f) In its capacity as the claims and noticing agent in these chapter 11 cases, BMC will not intentionally misrepresent any fact to any person;
- (g) BMC shall be under the supervision and control of the Clerk's Office with respect to the receipt and recordation of claims and claim transfers; and
- (h) None of the services provided by BMC as the claims and noticing agent in these chapter 11 cases shall be at the expense of the Clerk's Office.

7. To the best of my knowledge, and based solely upon information provided to me by the Debtors, and except as provided herein, neither BMC, nor any employee thereof, has any materially adverse connection to the Debtors, their creditors or other relevant parties. BMC may have relationships with certain of the Debtors' creditors as vendors or in connection with cases in which BMC serves or has served in a neutral capacity as the claims and noticing agent for another chapter 11 debtor.

8. In addition, BMC personnel may have relationships with some of the Debtors' creditors or other parties in interest. However, to the best of my knowledge, such relationships, to the extent they exist, are of a personal nature and completely unrelated to these chapter 11 cases. BMC has and will continue to represent clients in matters unrelated to these chapter 11 cases. In addition, BMC has had and will continue to have relationships in the ordinary course of its business with certain vendors, professionals and other parties in interest that may be involved in the Debtors' cases in matters unrelated to these cases. BMC may also provide professional services to entities or persons that may be creditors or parties in interest in these chapter 11 cases, which services do not directly relate to, or have any direct connection with, these chapter 11 cases or the Debtors. To the best of my knowledge, neither BMC, nor any employees thereof, represents any interest materially adverse to the Debtors' estates with respect



to any matter upon which BMC is to be engaged. Based on the foregoing, I believe that BMC is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code.

9. Pursuant to the BMC Application, the Debtors propose to retain BMC to perform certain administrative advisory duties under section 327 of the Bankruptcy Code. In accordance therewith, BMC has reviewed its electronic database to determine whether it has any relationship with the entities provided by the Debtors. BMC currently serves, or in the past has served, in a neutral capacity as the claims and noticing agent for certain of these parties. However, given BMC's neutral position as the claims and noticing agent in those cases, the Debtors' cases or any other cases, BMC does not view such relationships as real or potential conflicts. Further, to the best of my knowledge, any such relationships are completely unrelated to these chapter 11 cases. At this time, we are not aware of any relationship that would present a disqualifying conflict of interest. Should BMC discover any new relevant facts or relationships bearing on the matters described herein during the period of its retention, BMC will use reasonable efforts to file promptly a supplemental affidavit.

10. In performing the services of claims and noticing agent, BMC will charge the Debtors the rates set forth in the Services Agreement, which is attached as Exhibit A to the Application.

11. BMC will comply with all requests of the Clerk's Office and the guidelines promulgated by the Judicial Conference of the United States for the implementation of 28 U.S.C. § 156(c).

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my information, knowledge and belief.

Dated: August 6, 2015

By: *Tinamarie Feil*  
Tinamarie Feil  
President, Client Services  
BMC Group, Inc.