IN THE DISTRICT COURT OF OKLAHOMA COUNTY STATE OF OKLAHOMA

SEP 1 9 2018

DIOTE

STATE OF OKLAHOMA, ex rel. JOHN DOAK, Insurance Commissioner,	COURT CLERK 38
Plaintiff,	
v .	Case No. CJ-2002-1800
PETROSURANCE CASUALTY COMPANY, a licensed domestic Insurer in the State of Oklahoma,	Judge Thomas E. Prince
Defendant.)	

RECEIVER'S SIXTH REPORT ON CLAIMS EVALUATION AND REQUEST FOR CONFIRMATION OF RECEIVER'S RECOMMENDATION

The State of Oklahoma, ex rel., John Doak, Insurance Commissioner, as Receiver for Petrosurance Casualty Company, in liquidation, ("Petrosurance") by and through the undersigned attorney of record, and pursuant to the Oklahoma Uniform Insurers Liquidation Act, OKLA. STAT. tit. 36, § 1901, et seq. ("OUILA"), hereby files this Sixth Report on Claims Evaluation and Request for Confirmation of Receiver's Recommendations and shows the Court as follows:

- 1. On April 2, 2002 this Court entered a Supplemental Order of Liquidation ordering the liquidation of Petrosurance, having previously found Petrosurance to be insolvent on March 14, 2002.
- 2. By virtue of the Court's Order, title to all property of Petrosurance was vested in the Receiver and the Receiver was charged with the duty of marshalling Petrosurance's assets, liquidating those assets and distributing all remaining assets in accordance with the statutory prioritization of the allowed claims.

2002, the Court entered an Order Approving the Proof of Claim Form, and established the ultimate claims filing bar date of September 30, 2002.

- 4. Pursuant to OKLA. STAT. tit. 36, § 1930, the Receiver took all reasonable efforts to determine the identify of all persons who may have claims against the Estate and to provide them with notice to allow them the opportunity to file a claim before the September 30, 2002 claims bar date.
- 5. The Receiver distributed 21,695 notices of liquidation to potential claimants. Additionally, pursuant to the April 26, 2002, Order, Receiver caused the Notice to be published in the national newspaper *USA Today*, on September 3, 9, and 12, 2002.
- 6. The majority of claims¹ filed against the Petrosurance Estate consist of Class 3 claims. Pursuant to OKLA. STAT. tit. 36, § 1927.1, Class 3 claims include:

All claims under policies including claims of the federal or any state or local government for losses incurred ("loss claims") including third party claims, claims for unearned premiums, all claims of a guaranty association for payment of covered claims or covered obligations of the insurer and all claims of a guaranty association for reasonable expenses other than those included in Class 2. All claims under life and health insurance and annuity policies, whether for death proceeds, health benefits, annuity proceeds, or investment values shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, shall not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligation of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to his employee shall be treated as gratuity.

7. One Hundred and Twenty-Seven (127) Class Three claims are ready for adjudication at this time. The Class 3 claims included in this Report are only a portion of the Class

¹ Court review and approval of the Receiver's recommendations regarding Class 1 claims occurs on a regular basis and is therefore not included in this Report. The Receiver will, at the appropriate time, submit the Receiver's recommendations regarding Class 2 claims in this estate.

3 claims to be adjudicated. As other Class 3 claims become ready for adjudication, the Receiver will file additional reports.

- 8. The Receiver has not completed marshalling all assets of Petrosurance.
- 9. This Report does not address the actual distribution of assets that may ultimately be made to creditors and beneficiaries of Petrosurance. Neither the Receiver's recommendation that a claim be allowed in a certain amount, nor the Court's Order allowing a claim, ensures that the claim will be paid in whole or in part. Payment of an allowed claim is contingent upon: (a) the assets available to the estate for payment of claims; (b) the class of the claim allowed; and (c) whether the assets of the estate are sufficient to pay in full all allowed claims and all classes of claims.

EXPLANATION OF RECEIVER'S RECOMMENDATION

10. Attached hereto as Exhibit 1 is the report detailing the Receiver's recommendation on the Class 3 claims that are ready for adjudication. The table below is a summary of the Receiver's recommendations with respect to the Class 3 claims that are ready for adjudication:

Class	Claimed	Recommended Allowance	Recommended Denial
3	\$977,198.05	\$0.00	\$977,198.05

11. The attached Exhibit 1 refers to the Receiver's recommendation as to the Class 3 claims that are ready for adjudication. The Receiver has analyzed the claims reflected on Exhibit 1 and recommends that each of the claims be classified as a Class 3 claim for purposes of OKLA.

STAT. tit. 36, § 1927.1.

- 12. The "Amount Claimed" column on Exhibit 1 reflects the amount that the Class 3 claimant has sought through the particular claim. The "Amount Allowed" column sets forth the amount the Receiver recommends that the Court allow as to the particular Class 3 claim.
- 13. The Proof of Claim form filed by each claimant contains the following language in bold type: "If you have a change of address, you must inform the receiver of the new address in order to receive any payment that might be due." To the extent any Notice of this proceeding is returned undeliverable, the Receiver asks the Court to find that the due process rights of the claimant have not been impaired and to order the denial of their claim without further attempts to give actual notice.
- 14. Pursuant to OKLA. STAT. tit. 36, § 1918, the Receiver requests the Court to set a hearing on the claims and establish a certain date certain for filing an objection to the Receiver's recommendation. Attached hereto as Exhibit 2 is the Receiver's proposed form of notice of hearing to be provided to claimants made the subject of this Report.
- 15. The denial of any timely-filed proof of claim included in the Receiver's Report does not alter the statutory obligation, if any, of the applicable state guaranty funds to provide indemnity and defense of a covered claim as defined by the Oklahoma Property & Casualty Insurance Guaranty Association Act, OKLA. STAT. tit. 36, § 2004(7), or other applicable state statutes.
- 16. The Receiver's characterization of a claim or payment does not constitute an admission of liability by Petrosurance for purposes of any litigation.

WHEREFORE, the Receiver respectfully requests that this Court:

a. order that the Receiver provide notice of opportunity to object and be heard to each of the claimants making a claim reflected on Exhibits 1 and 2 attached to this Report and find that the proposed form of notice attached hereto as Exhibit 3 is proper in all respects;

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- b. establish a date for filing an objection to the recommendations of the Receiver;
- c. establish a date for hearing the Receiver's recommendations to the Court and any objections thereto;
- d. upon hearing any objections thereto, enter an order approving the Receiver's Report and confirming the Receiver's recommendation as to each of the claims described herein; and
- e. grant the Receiver such other and further relief as the Court deems appropriate.

Respectfully submitted,

Stephen Jones, OBA #4805

April McCurdy Davis, OBA #17854

JONES, OTJEN & DAVIS

P.O. Box 472

Enid, Oklahoma 73702-0472

(580) 242-5500 (phone)

(580) 242-4556 (facsimile)

sjones@stephenjoneslaw.com

AND

Barron Brown, OBA #31346 Sara A. Worten, OBA #21532 3613 NW 56th, Suite 330 Oklahoma City, OK 73112 (405) 521-2828 (phone) (405) 522-0125 (facsimile) Barron.brown@oid.ok.gov ATTORNEYS FOR PLAINTIFF, STATE OF OKLAHOMA, ex rel. JOHN DOAK, INSURANCE COMMISSIONER for the State of Receiver for Oklahoma as Petrosurance Casualty Company, in Liquidation

CERTIFICATE OF SERVICE

This will certify that on this	day of September, 2018, a true and correct copy of
the above and foregoing pleading was mailed,	postage prepaid, to:

	•	•
Robert C. Lee, President	Phil Redwine	Steve Holifield
Petrosurance Casualty Company	Redwine and Associates	4828 Spring Meadow
P.O. Box 170847	400 S. Crawford	Midland, TX 79705
Arlington, TX 76003	Norman, OK 73069	·
Okla. Prop. & Cas. Guar. Ass'n.	Robert N. Naifeh, Jr.	Ross A. Plourde
2602 NW Expressway, Ste. 330E	Derryberry, Quigley, Solomon,	McAfee & Taft
Oklahoma City, OK 73112	& Naifeh	Two Leadership Square, 10th Fl.
	4800 N. Lincoln Blvd.	Oklahoma City, OK 73102
	Oklahoma City, OK 73105-3300	
Mark Tharp, Assistant Receiver	Oklahoma Receivership Office	Marvin Kelly, Executive
Tharp & Associates, Inc.	Attn: Debra Crowe	Director
300 W. Osborn Road, 5th Floor	3613 NW 56 th St., Ste. 330	Texas Prop. & Cas. Guar. Ass'n.
Phoenix, AZ 85013	Oklahoma City, OK 73112	9120 Burnet Road
		Austin, TX 78758
Ed R. Crockett	Michael Weeks	John C. Wells
6380A East 31st Street	WT Construction	Louisiana Ins. Guar. Association
Tulsa, OK 74135	P.O. Box 1169	2142 Quail Run Drive
	Fremont, TX 78375	Baton Rouge, LA 70808
Western Guaranty Fund Services	Joe McAnally	John Molina
1720 S. Bellaire St., Ste. 408	Tuboscope Vetco International	Great Basin Petro Serv., Inc.
Denver, CO 80222	1020 Everman Pky.	4909 South County Road 1303
	Fort Worth, TX 76140	Odessa, TX 79765
Phillip D. Nizialek	David Sivalls	Lonald C. Hobbs, VP
Carver, Darden, Koretsky,	Sivalls, Inc.	Key Energy Services, Inc.
Tessier, Finn, Blossman &	220 E. Second Street	1301 McKinney Street, Ste. 1800
Areaux, LLC	Odessa, TX 79701	Houston, TX 77010
1100 Poydras St., Ste. 3100		
New Orleans, LA 70163		

Stephen Jones

Claims Allowed By Class - Stop Loss Claims

Claim	Class:	3
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POC#	Amount Claimed	Amount Allowed	
1009	\$349.50	\$0.00	Timely Filed? Yes
1081	\$540.00	\$0.00	Timely Filed? Yes
1090	\$1,557.00	\$0.00	Timely Filed? Yes
1127	\$17,017.50	\$0.00	Timely Filed? Yes
1131	\$0.00	\$0.00	Timely Filed? <u>Yes</u>
1158	\$58.00	\$0.00	Timely Filed? Yes
1180	. \$520.00	\$0.00	Timely Filed? Yes
1199	\$355,084.50	\$0.00	Timely Filed? Yes
1211 -	\$3,905.00	- \$0.00	Timely Filed? Yes
1295	\$560.00	\$0.00	Timely Filed? Yes
1296	\$421.00	\$0.00	Timely Filed? Yes
1312	\$235.00	\$0.00	Timely Filed? Yes
1384	\$8,541.00	\$0.00	Timely Filed? Yes
505	\$0.00	\$0.00	Timely Filed? Yes
.611	\$72.80	\$0.00	Timely Filed? Yes
.612	\$139.20	\$0.00	Timely Filed? Yes
613	\$112.50	\$0.00	Timely Filed? Yes
650	\$125.70	\$0.00	Timely Filed? Yes
653	\$22,499.80	\$0.00	Timely Filed? Yes
668	\$150.00	\$0.00	Timely Filed? Yes
669	\$150.00	\$0.00	Timely Filed? Yes
.670	\$150.00	\$0.00	Timely Filed? Yes
698	\$3,877.49	\$0.00	Timely Filed? Yes
714	\$16,525.00	\$0.00	Timely Filed? Yes
728	\$169,972.36	\$0.00	Timely Filed? Yes
749	\$3,340.00	\$0.00	Timely Filed? Yes
754	\$335.00	\$0.00	Timely Filed? Yes
766	\$209.00	\$0.00	Timely Filed? Yes
772	\$138.00	\$0.00	Timely Filed? <u>Yes</u>
773	\$132.00	\$0.00	Timely Filed? Yes
774	\$46.00	\$0.00	Timely Filed? Yes
776	\$ 6,529. 24	\$0.00	Timely Filed? Yes

Claim Class:	3		į i	
POC#	Amount Claimed	Amount Allowed		
1778	\$248.00	\$0.00	Timely Filed? Yes	
1794	\$7,387.50	\$0.00	Timely Filed? Yes	
1795	\$808.00	\$0.00	Timely Filed? Yes	
1796	\$10,163.43	\$0.00	Timely Filed? Yes	
1797	\$11,969.75	\$0.00	Timely Filed? Yes	
1810	\$38,930.71	\$0.00	Timely Filed? Yes	
1811 .	\$22,217.68	\$0.00	Timely Filed? Yes	
1812	\$5,050.40	\$0.00	Timely Filed? Yes	
1813	\$13,383.09	\$0.00	Timely Filed? Yes	
1814	\$22,816.64	\$0.00	Timely Filed? <u>Yes</u>	
1815	\$6,793.00	\$0.00	Timely Filed? Yes	
1816	\$78.00	\$0.00	Timely Filed? Yes	
1817	\$281.00	\$0.00	Timely Filed? Yes	
1818	\$78.00	\$0.00	Timely Filed? Yes	
1819	\$12,924.00	\$0.00	Timely Filed? Yes	
. 1820	\$1,862.00	\$0.00	Timely Filed? Yes	
1821	\$104.00	\$0.00	Timely Filed? Yes	
1822 .	\$145.00	\$0.00	Timely Filed? Yes	
1827	\$660.33	\$0.00	Timely Filed? Yes	
1830	\$855.00	\$0.00 ·	Timely Filed? Yes	
1851	\$7,580.00	\$0.00	Timely Filed? Yes	
1852	\$1,022.40	\$0.00	Timely Filed? Yes	
1855	\$219.00	. \$0.00	Timely Filed? Yes	
1870	\$10,034.25	\$0.00	Timely Filed? Yes	
1871	\$23,230.56 ·	\$0.00	Timely Filed? Yes	
1872	\$9,602.56	\$0.00	Timely Filed? Yes	
1887	\$840.00	\$0.00	Timely Filed? Yes	
1917	\$355.00	\$0.00	Timely Filed? Yes	•
1918	\$395.00	\$0.00	Timely Filed? Yes	
1919	\$475.00	\$0.00	Timely Filed? Yes	
1920	\$75.00	\$0.00	Timely Filed? Yes	
1932	\$596.75	\$0,00	Timely Filed? Yes	
1933	\$397.45	\$0.00	Timely Filed? Yes	•
1934	\$674.75	\$0.00	Timely Filed? Yes	
1935	\$12,576.79	\$0.00	Timely Filed? Yes	
1936	\$243.65	\$0.00	Timely Filed? Yes	

POC#	Amount Claimed	Amount Allowed	
1937	\$366.29	\$0.00	Timely Filed? Yes
1938	\$1,449.10	\$0.00	Timely Filed? <u>Yes</u>
1939	\$389.65	\$0.00	Timely Filed? Yes
1940	\$2,886.46	\$0.00	Timely Filed?Yes
1941	\$349.46	\$0.00	Timely Filed? Yes
1942	\$1,630.33	\$0.00	Timely Filed? Yes
1943	. \$1,490.41	\$0.00	Timely Filed? Yes
1944	\$6,448.50	\$0.00	Timely Filed? <u>Yes</u>
1945	\$398.25	\$0.00	Timely Filed? Yes
. 1946	\$6,715.47	\$0,00	Timely Filed? Yes
1947	\$887.47	\$0.00	Timely Filed? Yes
1948	\$4,119.58	\$0.00	Timely Filed? Yes
1949	\$380.64	\$0.00	Timely Filed? Yes
1950	\$1,207.50	\$0.00	Timely Filed? Yes
1951	\$624.00	\$0.00	Timely Filed? Yes
1952	\$2,585.66	\$0.00	Timely Filed? Yes
1953	\$371.44	\$0.00	Timely Filed? Yes
1954	\$2,536.72	\$0.00	Timely Filed? Yes
1955	\$844.65	\$0.00	Timely Filed? Yes
1957	\$2,007.75	\$0.00	Timely Filed? Yes
1958	\$198.04	\$0.00	Timely Filed? Yes
1959	\$1,658.97	\$0.00	Timely Filed?Yes_
1960	\$369.98	\$0.00	Timely Filed? Yes
1961	\$79.25	\$0.00	Timely Filed?Yes_
1962	\$104.00	\$0.00	Timely Filed? Yes
1963	\$4,868.75	\$0.00	Timely Filed? <u>Yes</u>
1964	\$1,322.25	\$0.00	Timely Filed? Yes
1965	\$4,085.40	\$0.00	Timely Filed? <u>Yes</u>
1966	\$7,192.28	\$0.00	Timely Filed? <u>Yes</u>
1967	\$323,73	\$0.00	Timely Filed? <u>Yes</u>
1968	\$9,827.75	\$0.00	Timely Filed? Yes
1969	\$532.00	. \$0.00	Timely Filed? Yes
1970	\$142.04	\$0.00	Timely Filed? Yes
1971	\$364.93	\$0.00	Timely Filed? Yes
1972	\$707.65	\$0.00	Timely Filed? Yes
1973	\$112.50	\$0.00	Timely Filed? Yes

Claim Class: 3

POC#	Amount Claimed	Amount Allowed	
1974	\$323.73	\$0.00	Timely Filed? Yes
1975	\$258.00	\$0.00	Timely Filed? Yes
1976	\$320.56	\$0.00	Timely Filed? Yes
1977	\$1,395.83	\$0.00	Timely Filed? Yes
1978	\$3,356.00	\$0.00	Timely Filed? Yes
1979	\$867.25	\$0.00	Timely Filed? Yes
1980	\$382.75	\$0.00	Timely Filed? Yes
1981	\$114.50	\$0.00	Timely Filed? Yes
1982	\$2,716.75	\$0.00	Timely Filed? <u>Yes</u>
1983	\$411,00	\$0.00	Timely Filed? <u>Yes</u>
1984 .	- \$100.00	\$0.00	Timely Filed? Yes
1985	\$151.50	\$0.00	Timely Filed? Yes
1986	\$407.40	\$0.00	Timely Filed? Yes
1987	\$12,125.13	\$0.00	Timely Filed? <u>Yes</u>
1988	\$15,116.87	\$0.00	Timely Filed? Yes
1989	\$1,207.50	\$0.00	Timely Filed? <u>Yes</u>
1990	\$462.40	\$0.00	Timely Filed? Yes
1991	\$267.75	\$0.00	Timely Filed? <u>Yes</u>
1992	\$292.75	\$0.00	Timely Filed? <u>Yes</u>
1993	\$176.50	\$0.00	Timely Filed? <u>Yes</u>
1994	\$821.50	\$0.00	Timely Filed? Yes
1995	\$50.00	\$0.00	Timely Filed? <u>Yes</u>
1996	\$27,927.25	\$0.00	Timely Filed? <u>Yes</u>
Class 3 Totals:	\$977,198.05	\$0.00	

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Total Claims:

\$977,198.05

\$0.00

IN THE DISTRICT COURT OF OKLAHOMA COUNTY STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.)
JOHN DOAK, Insurance Commissioner,	
Plaintiff,)
v.) Case No. CJ-2002-1800
PETROSURANCE CASUALTY COMPANY, a licensed domestic Insurer in the State of Oklahoma,)) Judge Thomas E. Prince)
Defendant.) }

NOTICE OF HEARING ON THE RECEIVER'S SIXTH REPORT ON CLAIMS EVALUATION AND REQUEST FOR CONFIRMATION OF RECEIVER'S RECOMMENDATION

You are hereby notified that on November _______, 2018 at ______a.m. a hearing will be held before the Honorable Thomas E. Prince, District Court Judge of Oklahoma County, Oklahoma, at which time the Receiver's Fourth Report on Claim Evaluation and Request for Confirmation of Receiver's Recommendation shall be heard. The hearing will be conducted at the Oklahoma County Courthouse, 321 Park Avenue, Room #304, Oklahoma City, Oklahoma.

You are receiving this Notice because the Receiver has evaluated your claim and such claim is ready for adjudication. The Exhibit attached to this Notice sets forth the Receiver's recommendations to the Court in relation to your claim. Your claim has been assigned the Proof of Claim number (POC#) indicated on the attached Exhibit. The attached Exhibit also provides information specific to your claim including the amount of your claim, the Receiver's

¹ The Receiver's recommendation to the Court regarding your claim and other claims set for hearing on the referenced hearing date are set forth in the Receiver's Report, which was filed in the above-referenced matter on September 19, 2018. A copy of the Receiver's Report is available on the website for the Oklahoma Receivership Office at www.okaro.org.

recommendation as to the amount of your claim to be allowed, if any, and the Receiver's recommendation regarding the classification of your claim, which classification reflects the nature of your claim and the priority the Receiver recommends be given to your claim under Oklahoma law, Okla. Stat. tit. 36, § 1927.1.

IF YOU DO NOT WISH TO OBJECT TO THE RECEIVER'S RECOMMENDATION, YOU ARE NOT REQUIRED TO TAKE ANY ACTION AT THIS TIME. IF YOU WISH TO OBJECT TO THE RECEIVER'S RECOMMENDATION, YOU MUST FILE A PROPER, WRITTEN OBJECTION WITH THE COURT NO LATER THAN October 19, 2018. To be a proper, written objection:

- (1) the objection must contain the case information located at the top of this Notice (State of Oklahoma, ex. rel. John Doak, Insurance Commissioner v. Petrosurance Casualty Company Case No. CJ-2002-1800, Judge Thomas E. Prince);
- (2) the objection must be filed with the Clerk of the Oklahoma County District Court, 320 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, and a copy mailed to the Receiver's counsel at the address show below;
- (3) the objection must be signed by the claimant or the claimant's representative;
- (4) the objection must be typewritten on a good grade of which paper size 8 ½ by 11 inches, given the name, current address and telephone number of the claimant making the objection, including the name and position of the person signing the objection, if the claimant is a business; and
- (5) the objection must state the exact grounds on which the objection is based and be accompanied by a concise brief that contains (a) a written statement of material facts as to which the objecting party contends no genuine issue exists verified by a person with knowledge of the facts; (b) references to supporting documentation submitted with the proof of claim; and (c) citation to applicable authority supporting the objection;
- (6) if you wish to present the Court with oral argument on your objection at the hearing, the objection must indicate your attention to appear at the hearing and make such oral argument. Failure to expressly state an intention to make oral argument in your objection may be deemed by the Court to be a waiver of the right to oral argument.

Failure to file a timely and proper written objection as described above may result in your objection being denied. If the Court approves your claim in whole or in part, it does not mean that you will actually receive the allowed amount as ordered by the Court. The amount of payment on your claim, if any, is dependent upon the class or priority the Court assigns your claim based on Oklahoma law, and the assets in the estate available for payment. Certain legal matters still pending before the Court may prevent the payment of claims for some time. Any questions regarding this Notice, the Receiver's Recommendations as to your claim or any of the other claims to be heard during the hearing on the date referenced above should be directed to the Assistant Receiver's Office. Contact information for the Assistant Receiver is set forth below.

Assistant Receiver

Donna Wilson, Assistant Receiver Petrosurance Casualty Company in Receivership 3613 NW 56th Suite 330 Oklahoma City, OK 73112 (405) 947-0022 (phone) (405) 947-0046 (fax)

Receiver's Counsel

Stephen Jones April Davis JONES, OTJEN & DAVIS P.O. Box 472 Enid, Oklahoma 73702-0472 (580) 242-5500 (phone) (580) 242-4556 (fax)