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COLO. OIL & GAS CONSV. COMM.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In Re:

Case No. 82 B 10593 (JL)

WYOCO PETROLEUM, INC.,

ORDER TO SHOW CAUSE
WITH A TEMPORARY
RESTRAINING ORDER

Debtor.

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UPON the annexed Application of the above debtor, by its attorney, ROBERT P. HERZOG, dated July 27, 1982, and sufficient cause for the entry of this Order having been shown, it is NOW, on motion of ROBERT P. HERZOG, attorney for the debtor,

ORDERED, that the OIL AND GAS CONSERVATION COMMISSION, Division of the Department of Natural Resources of the State of Colorado, show cause before the Honorable Joel Lewittes, Bankruptcy Judge, at his Courtroom No. 201, United States Court House, Foley Square, New York, New York 10007, on the ^{5th} day of August, 1982, at 11:00 o'clock, in the ^{fore}noon, or as soon thereafter as counsel can be heard,

WHY, an order should not be entered permanently enjoining the OIL AND GAS CONSERVATION COMMISSION, Division of the Department of Natural Resources of the State of Colorado, from forfeiting a bond of the debtor and employing an outside contractor to "plug" a well, designated 15-X, drilled by the debtor on the grounds that said proposed action is in violation of the

automatic stay provisions of Section 362 of the Bankruptcy Code, and on the further grounds that said proposed action would irreparably harm the above debtor, and result in a loss of capital investment of the debtor and that said proposed action could constitute a default thereby jeopardizing the debtor's leasehold in not only the well in question but the balance of the acreage covered, and

WHY, the debtor herein should not have such other, further, and different relief as to this Court may be just and proper, and it is further

ORDERED, that pending the hearing on this Order to Show Cause, the OIL AND GAS CONSERVATION COMMISSION, Division of the Department of Natural Resources of the State of Colorado be and hereby is temporarily restrained and stayed from taking any action whatsoever in connection with its proposed action to forfeit a bond of the debtor and to employ an outside contractor to plug the well, designated 15-X, drilled by this debtor.

Sufficient cause appearing therefor, Let service of a copy of this Order to Show Cause and the Petition upon which it is based upon the State of Colorado, OIL AND GAS CONSERVATION COMMISSION, Division of the Department of Natural Resources, by telephonic notification of the entry of this Order and the

provisions contained herein, and by ordinary mail and by certified mail, return receipt requested, on or before 5 P.M. on

July 28, 1982, be deemed good and sufficient service thereof.

Dated: New York, New York *and*
Issued July 28, 1982 @ 10 A.M.

/s/ Roy Sabitt
BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In Re: Case No. 82 B 10593 (JL)

WYOCO PETROLEUM, INC.,

Debtor.

P E T I T I O N

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TO: HON. JOEL LEWITTES, Bankruptcy Judge:

The petition of the above debtor respectfully shows and alleges:

1. That on March 29, 1982, the above debtor filed proceedings in this Court seeking relief under the provisions of Chapter 11 of Title 11 of the United States Bankruptcy Code, and an order for relief was thereupon granted.

2. Among the assets of the debtor is a leasehold interest and associated rights to drill for oil on a parcel of land located in the State of Colorado, County of Routt.

3. Prior to the filing of the petition herein, the debtor had prepared and drilled a well, designated 15-X, in search of and in order to produce oil and gas. In connection with this well, the debtor expended enormous amounts of money in order to prepare the site, drill the shaft, encase same, obtain engineering reports, supervision and analysis, and the like, expending therefor more than \$900,000.00.

4. At the time of the drilling of this well, the debtor's general manager, one Michael Strand, was directly responsible in supervising same. It was Mr. Strand's activities

in the management of the debtor's interests that was one of the reasons precipitating the filing of the petition herein.

5. It has come to the attention of the debtor that the Oil and Gas Conservation Commission, Division of the Department of Natural Resources of the State of Colorado, alleging an "abandonment" of the project by the debtor, has threatened and proposes to forfeit a bond of the debtor and employ an outside contractor to "plug" the oil and gas well.

6. The debtor has not abandoned this well and is desirous of complying with all state and local directives and requirements. However, its ability to do so was hampered, if not completely stopped, by circumstances beyond its immediate control, in that necessary engineering logs concerning this well had disappeared. Without such logs, it is almost impossible for a petroleum engineer to make a reliable estimate and judgment as to the capabilities of the well. Moreover, any further steps necessary to bring the well into production simply become guess work without the engineering reports.

7. It was only recently that the debtor was able to obtain duplicate logs on the project and it expects within a short period of time to be able to have its petroleum engineer review same in order to determine what steps should be taken by the debtor in order to bring the well into production.

8. If the actions threatened by the representatives of the State of Colorado are carried out at this time, before the debtor is able to review and salvage the well, the debtor will suffer enormous loss of capital investment. Moreover,

the closing of the well may constitute a default and jeopardize the leasehold interest of the debtor to not only the well in question, but also as to the balance of the acreage covered thereby, thus, giving rise to incalculable loss and irreparable harm since the leasehold interest is believed to cover valuable oil and gas acreage, the forfeiture of which will impede the debtor's successful rehabilitation.

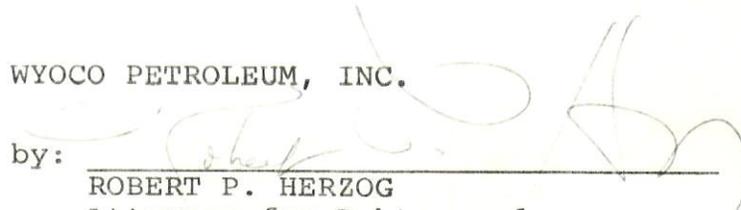
9. On July 26, 1982, the debtor's attorney spoke to James McKee, a senior petroleum engineer, associated with the Oil & Gas Conservation Commission, who said that a contract had been let and it was proposed to "plug" the well in the next two weeks, notwithstanding any of the provisions of Section 362 of the Bankruptcy Code, which Mr. McKee acknowledged had been brought to his attention.

10. That no previous application has heretofore been made herein for the relief requested.

WHEREFORE, petitioner prays for the annexed order to show cause for a permanent injunction restraining and enjoining the acts threatened against the property and interest of the debtor, and in connection therewith, and because of the possibility of immediate and irreparable harm, prays for a temporary restraining order pending hearing and determination of the instant application for permanent relief.

Dated: New York, New York
July 27, 1982

WYOCO PETROLEUM, INC.

by: 

ROBERT P. HERZOG
Attorney for Debtor and
Debtor-In-Possession

Case

~~XXXX~~ No. 82 B 10593

Year 19

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re:

WYOCO PETROLEUM, INC.,

Debtor.

ORDER TO SHOW CAUSE WITH A
TEMPORARY RESTRAINING ORDER

ROBERT P. HERZOG

ATTORNEY FOR Debtor and Debtor-in-
Possession

OFFICE AND POST OFFICE ADDRESS

274 MADISON AVENUE

BOROUGH OF MANHATTAN NEW YORK, N. Y. 10016

(212) 725-0001