

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	
)	
BLAIR OIL INVESTMENTS, LLC,)	Case No. 15-15009-TBM
)	
Debtor.)	Chapter 11

**MOTION FOR AUTHORITY TO SELL OIL AND GAS INTERESTS AS PROPERTY
OF THE BANKRUPTCY ESTATE FREE AND CLEAR OF LIENS, AND TO PAY
CUSTOMARY CLOSING COSTS**

BLAIR OIL INVESTMENTS, LLC, by Jeffrey A. Weinman, Chapter 7 Trustee of the Bankruptcy Estate of Peter H. Blair, as manager and sole member of the Debtor, through his undersigned counsel, respectfully moves this Court for an Order Authorizing the Debtor to Sell certain Oil and Gas Interests as Property of the Estate and to Pay Customary Closing Costs, and states as follows:

1. Blair Oil Investments, LLC (“BOI”) filed for relief under Chapter 11 of the Bankruptcy Code on May 7, 2015. BOI is operating as the Debtor-in-Possession.
2. Peter H. Blair (“Mr. Blair”) filed his voluntary petition for relief under Chapter 11 of the Bankruptcy Code also on May 7, 2015, Case Number 15-15008 TBM. On August 20, 2015, Mr. Blair’s bankruptcy case was converted to a case under Chapter 7.
3. Jeffrey A. Weinman is the Chapter 7 Trustee (the “Trustee”) for Mr. Blair’s bankruptcy estate.
4. Mr. Blair’s bankruptcy estate is the holder of 100% of the membership of BOI. The Trustee has therefore elected himself as the Manager of BOI for purposes of this Bankruptcy Case and removed all prior Managers.
5. The Debtor is informed and believes that it is the owner of a 13.32859% working interest in certain oil and gas leases with wells and production equipment, oil and gas fixtures and personal property located thereon (the “KEJR-V Interests.”) Such KEJR-V Interests are located in Washington County, Colorado and are legally described as follows:
 - a. Lessor: Joseph Kejr Estate, Lease date February 2, 1960, Recording Date, Book 490, Page 394, Description of Lands: Township 2 South, Range 56

West, Section 1: NW/4, Well Name: Kejr V-4, location: NENW Sec. 1-T2S, R56W.

6. The Debtor has investigated the nature and extent of these KEJR-V Interests. The Debtor owns approximately 117 other interests in other oil and gas interests which the Debtor is not currently working. Rather, other owners of interests are working these wells. The Debtor receive regular dividends and incurs expenses for the other interests.
7. Heartland Oil and Gas Company (“Heartland”) is an operator of these and similar oil and gas interests. As working oil and gas interests, the Debtor believes that these KEJR-V Interests carry the potential for a significant risk to the bankruptcy estate, including potential liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”).
8. The Debtor desires to minimize the risks to the bankruptcy estate and the potential for future liability. As a result, the Debtor as determined that it is in the Estate’s and the creditors’ best interest to sell the KEJR-V Interests.
9. To that end, the Debtor and Heartland have entered into a Contract of Sale for the KEJR-V Interests. A copy of the Contract of Sale is attached hereto as Exhibit 1 and incorporated herein by reference. Under the terms of the Contract of Sale, Heartland will purchase all of the Estates’ right, title and interest in the KEJR-V Interests (including all related equipment, fixtures, and personal property), for the price of \$1,000 at closing. The sale is without any representations of warranty of title and is “AS IS” “WHERE IS”. Heartland is also assuming all liabilities and operating costs associated with the KEJR-V Interests from and after August 1, 2016. The sale to Heartland is conditioned on an order from this Court approving the sale.
10. To the best of the Debtor’s knowledge, there are no persons or parties who hold a prior properly perfected liens or encumbrances in the KEJR-V Interests.
11. The Debtor seeks authority, pursuant to 11 U.S.C. §§363(b) and (f) to sell the KEJR-V Interests outside the ordinary course of business and free and clear of any liens and other interests in such property of entities other than the estate if any, to Heartland pursuant to the Contract of Sale for the sum of \$1,000.
12. The Debtor has investigated the value of the KEJR-V Interests, including the long term value, as well as the production value of the interests should the price of oil and/or natural gas rise over time. Based upon the Debtor’s investigation, the Debtor believes that \$1,000 is the highest and best price for the Interests given the estate’s minority interest in these oil and gas rights.

13. Based upon the Debtor's investigation, the Estate will incur certain customary closing costs as part of the sale of the KEJR-V Interests to Heartland. Specifically, there may be property taxes owing for 2015 and/or 2016 which will be pro-rated as of August 1, 2016. The Debtor also believes that there will be sales taxes of 5.75% on the personal property and equipment conveyed with this sale, which will be approximately \$57.50. As the Debtor negotiated directly with Heartland for the purchase of the KEJR-V Interests, the Debtor has not incurred any commissions or other broker fees.
14. The Debtor seeks authority to pay all related closing costs, including taxes, from the purchase price as part of the sale of the KEJR-V Interests to Heartland. Such costs would be an administrative expense of the Estate subject to priority pursuant to 11 U.S.C. §503(b).
15. The Debtor also requests that the Court lift the stay provided by Fed.R.Bankr.P. 6004(h), which automatically stays for 14 days an order authorizing the use, sale or lease of property other than cash collateral.
16. For the reasons set forth above, the Debtor asserts that the approval of the sale of the KEJR-V Interests to Heartland is in the best interest of this bankruptcy estate and the creditors and represents the best chance for a meaningful distribution to the creditors.

WHEREFORE, the Debtor requests that this Court enter an Order:

- A. Approving the Debtor's sale of the KEJR-V Interests;
- B. Authorizing the sale of the KEJR-V Interests to Heartland under the terms of the Contract of Sale;
- C. Authorizing the Debtor to execute and deliver documents and instruments necessary, and to take all other actions as may be necessary and appropriate, to effectuate the sale of the KEJR-V Interests and all related personal property, equipment and fixtures, as described herein;
- D. Authorizing the Debtor to pay at closing all customary, reasonable and necessary costs of sale, such as recording fees, prorated taxes, sales taxes, and other closing costs;
- E. Lifting the stay provided by Fed. Bankr. Rule 6004(h), on any Order authorizing the sale of the KEJR-V Interests; and,
- F. Granting such other and further relief as this Court deems appropriate.

Dated September 20, 2016.

Respectfully submitted,
BUECHLER & GARBER, LLC

/s/ Kenneth J. Buechler

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CONTRACT OF SALE

THIS AGREEMENT made this 12th day of August, 2016, between **JEFFREY A. WEINMAN, TRUSTEE OF THE BANKRUPT ESTATE OF BLAIR OIL INVESTMENTS, LLC**, and **HEARTLAND OIL AND GAS COMPANY**, a Colorado Corporation, hereinafter referred to as "Buyer".

RECITALS

WHEREAS, Blair Oil Investments, LLC ("BOI") filed for relief under Chapter 11 of the Bankruptcy Code on May 7, 2015, Case No. 15-15009 TBM with the United States Bankruptcy Court for the District of Colorado. BOI is operating as the Debtor-in-Possession.

WHEREAS, Peter H. Blair ("Mr. Blair") filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code also on May 7, 2015, Case Number 15-15008 TBM, with the same Court. On August 20, 2015, Mr. Blair's bankruptcy case was converted to a case under Chapter 7.

WHEREAS, Jeffrey A. Weinman is the Chapter 7 Trustee (the "Trustee") for Mr. Blair's bankruptcy estate.

WHEREAS, Mr. Blair's bankruptcy estate is the holder of 100% of the membership of BOI. The Trustee has therefore elected himself as the Manager of BOI for purposes of this Bankruptcy Case and removed all prior Managers.

WHEREAS, the Trustee is informed and believes that BOI (hereinafter "Seller") is the owner of a 13.32859% working interest in a certain oil and gas lease with wells and production equipment, oil and gas fixtures and personal property located thereon, and

EXHIBIT 1

desires to sell and convey to the Buyer all of the BOI Estate's interest in this oil and gas lease, including the equipment, fixtures, and personal property located on such lease, and

WHEREAS, the Buyer desires to purchase and acquire from the Seller all of BOI Estate's right, title and interest in the oil and gas lease described on Exhibit "A" together with the fixtures and personal property located thereon, subject to the terms and conditions of this agreement.

The parties hereby mutually agree as follows:

1. The Seller agrees to sell and the Buyer agrees to purchase all of the Seller's working interest in the oil and gas lease which is located in Washington County, State of Colorado, and being legally described on Exhibit "A" which is attached hereto and made a part hereof. In addition, the Seller will transfer to the Buyer all of its right, title and interest in all of the equipment, fixtures and personal property, and all other rights in this oil and gas lease including the right to the personal property and equipment located thereon. The Seller makes no representations or warranties to Buyer as to whether the oil and gas lease, equipment, fixtures and personal property located thereon which are legally described on Exhibit "A" are free of all liens and encumbrances. Said sale is without representations or warranties of any kind, express or implied, including without limitation, representation of merchantability and/or fitness for any purpose, and/or any representation or warranty of title.

2. The purchase price to be paid by the Buyer to the Seller for all of its working interest in the oil and gas lease identified on Exhibit "A", with the personal property, equipment and fixtures located thereon, shall be the sum of \$1,000.00 to be paid

as follows:

(1) The balance of \$1,000.00 to be paid to Seller at the time of closing.

(2) Seller will have paid or will pay at closing all Joint Interest

Billings (those billings for expenses on the oil and gas leases being conveyed) incurred prior to August 1, 2016.

3. The Buyer shall have a reasonable time in which to have the title examined and may, at its option, have a title opinion prepared on the subject oil and gas lease. The Buyer believes that Seller is vested with 13.32859% of the working interest in the oil and gas lease as shown on Exhibit "A". In the event that the Buyer determines that the oil and gas leases as shown on Exhibit "A" are not fit for purchase within 30 days of Mutual Execution of this Contract, Buyer's obligation to purchase the oil and gas leases shall terminate and the parties shall be released from their obligations one to the other.

4. The Assignment of the working interest in the oil and gas lease legally described on Exhibit "A" from the Seller to the Buyer shall be made without warranty of title either express or implied.

5. The Buyer shall be responsible for any and all liabilities with regard to operations on the subject oil and gas leasehold estate, including, any and all environmental issues which may or might arise subsequent to closing, including but not limited to, any liability arising under or in any way related to the **Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA)**.

6. The interest in the subject oil and gas lease being conveyed from the Seller to the Buyer are transferred without warranty of any kind by the Seller to the Buyer

concerning the productive capability of the oil and gas lease. Therefore, the Buyer accepts said interest in the oil and gas lease without any warranty either express or implied as to the productive capabilities of these oil and gas lease. Further, the Buyer expressly acknowledges that the Seller has in no manner induced the Buyer to purchase said interest in the oil and gas lease. In addition, the Buyer warrants and represents to the Seller that Buyer is purchasing the interests in the oil and gas lease voluntarily and of its own accord and that the Buyer has made its own investigation concerning the oil and gas lease prior to the time of sale.

7. All of the personal property and equipment on the oil and gas lease is being transferred from the Seller to the Buyer AS IS and WHERE IS and that the Seller in no manner warrants to the Buyer, the merchantability of the equipment, the condition of the equipment or whether the equipment is suited for its particular use and/or purpose.

8. The Seller shall be responsible to pay any sales tax that may be imposed by this sales transaction and will hold the Buyer harmless therefrom.

9. Seller shall sign, execute and properly acknowledge all transfer orders as soon as the transfer orders are prepared by the respective oil or gas purchasers in order to allow the Buyer to receive the proceeds from the sale of oil and gas attributable to the Seller's interest in the subject oil and gas lease.

10. The transfer of the oil and gas lease shall be effective as of August 1, 2016, and the Buyer shall be entitled to the proceeds from the sale of oil and gas attributable to the Seller's interest in the oil and gas leases effective as of August 1, 2016. Further, the Seller shall be entitled to the proceeds of sale of all of the oil in the tanks preceding August 1, 2016, if any. In addition, the Buyer shall also be responsible for all

operating expenses occurring on the oil and gas lease after August 1, 2016. Seller shall undertake and be responsible for all legal proceedings necessary for the Bankruptcy Court approval of the sale of the interest of Seller.

11. At the closing, the Seller shall furnish to the Buyer all of its records concerning the oil and gas leases, if any, which are the subject of this sale. These records shall include, but not be limited to, the well files, well logs, and all other data concerning the subject leases.

12. Closing of this transaction shall occur at a location to be agreed upon by the parties hereto and shall occur as soon as practicable upon the sale being approved by the United States Bankruptcy Court for the District of Colorado or as otherwise agreed upon by the parties.

13. This Agreement constitutes the entire agreement and understanding of the parties with respect to this sale from the Seller to the Buyer of the oil and gas lease, equipment and personal property thereon. This Agreement supersedes all prior written or any oral agreements previously made between the Buyer and the Seller concerning the subject oil and gas lease and personal property thereon. This Agreement may not be modified or changed, except in writing by the party sought to be charged with such change. All warranties and representations contained herein shall survive the closing.

14. This Agreement shall be binding upon the parties, their personal representatives, successors and assigns.

15. This Agreement shall be governed by and construed in accordance with the law and rules applicable in the United States Bankruptcy Court for the District of Colorado, except for or regarding any applicable choice of law rules that may apply to oil

and gas lease where located.

16. The parties acknowledge that there is no sales commission to be paid as a result of this sales transaction. The parties shall hold each other harmless one to the other from any liability for any sales commission or other form of compensation for the consummation of this sale of the oil and gas leases from the Seller to the Buyer.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first written above.

“Seller”

**JEFFREY A. WEINMAN, TRUSTEE OF THE
BANKRUPT ESTATE OF BLAIR OIL
INVESTMENTS, LLC**

By _____

Jeffrey A. Weinman, Trustee

“Buyer”

HEARTLAND OIL AND GAS COMPANY

By _____

Dave Peterson, President

EXHIBIT "A"

KEJR "V"

1) Subject Oil and Gas Lease:

Lessor:	Joseph Kejr Estate
Lease Date:	February 2, 1960
Recording Data:	Book 490, Page 394
Description of Lands:	<u>Township 2 South, Range 56 West</u> Section 1: NW/4 Washington County, Colorado

2) Lands subject to this agreement:

Township 2 South, Range 56 West
Section 1: NW/4
Washington County, Colorado

3) Wells and Equipment subject to this agreement:

<u>Well Name</u>	<u>Legal Location</u>
Kejr V-4	NE NW Sec. 1- T2S - R56W