UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
MAXUS ENERGY CORPORATION, *et al.*[1]	Case No. 16-11501 (CSS)
	(Jointly Administered)
Debtors.	**Hearing Date: April 18, 2017 at 10:00 a.m.**

OBJECTION OF PASSAIC VALLEY SEWERAGE COMMISSION TO THE AMENDED DISCLOSURE STATEMENT FOR THE AMENDED CHAPTER 11 PLAN OF LIQUIDATION PROPOSED BY MAXUS ENERGY CORPORATION, ET AL. AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND THE AMENDED CHAPTER 11 PLAN OF LIQUIDATION PROPOSED BY MAXUS ENERGY CORPORATION, ET AL. AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND RESERVATION OF RIGHTS

Passaic Valley Sewerage Commission ("PVSC"), by and through its undersigned counsel, hereby files this objection (the "Objection"), to the Amended Disclosure Statement for the Amended Chapter 11 Plan of Liquidation Proposed by Maxus Energy Corporation, et al. (collectively, the "Debtors"), and the Official Committee of Unsecured Creditors (the "Amended Disclosure Statement") [Docket No. 1058] and the Amended Chapter 11 Plan of Liquidation Proposed by Maxus Energy Corporation et. al. and the Official Committee of Unsecured Creditors (the "Amended Plan") [Docket No. 1056] filed by Debtors and the Official Committee of Unsecured Creditors (the "Committee") on March 28, 2017, and respectfully states as follows:

[1] The Debtors in these chapter 11 cases, together with the last four digits of each Debtor's federal tax identification number, include: Maxus Energy Corporation (1531), Tierra Solutions, Inc. (0498), Maxus International Energy Company (7260), Maxus (U.S) Exploration Company (2439) and Gateway Coal Company (7425).

BACKGROUND

1. PVSC, established in 1902 by an Act of the New Jersey State Legislature, began operation of the Newark Bay Treatment Plant in 1924 as a means to alleviate pollution in the Passaic River and its tributaries. Major expansions, upgrades and renovations throughout the twentieth century have made PVSC one of the largest wastewater treatment plants in the United States. Since 1902, PVSC has expanded its mission to enhance the viability, and environmental health and security of more than 1.5 million residents in the 48 municipalities of Bergen, Essex, Hudson, Union and Passaic Counties of the Passaic Valley Service District.

2. The Passaic River is a mature surface river, that runs approximately 80 miles long, through northern New Jersey. The Passaic River in its upper course flows in a highly circuitous route, meandering through the swamp lowlands between the ridge hills of rural and suburban northern New Jersey, called the Great Swamp, draining much of the northern portion of the state through its tributaries. In its lower portion, it flows through the most urbanized and industrialized areas of the state, including along downtown Newark and drains into the greater Newark Bay.

3. Much of the lower river suffered severe pollution during the 19th and 20th centuries because of industrial development. Although the health of the Passaic River has improved due to enactment of the 1972 Clean Water Act and other environmental legislation, and the decline of industry along the river, it still suffers from substantial degradation of water quality. The sediment at the mouth of the Passaic River near Newark Bay remains contaminated by such pollutants as dioxin. The dioxin contamination was generated principally by the Diamond Shamrock Chemical Plant located at 80-120 Lister Avenue, Newark, New Jersey (the "Lister Property"). Dioxin was a waste product resulting from the production of the agent

orange defoliation chemical used during the Vietnam War and which Diamond Shamrock Chemical illegally and surreptitiously dumped into the Passaic River.

4. In 2005, the New Jersey Department of Environmental Protection initiated proceedings (the "State Passaic River Litigation"), against hundreds of potentially responsible parties, including, but not limited to, Maxus Energy Corporation ("Maxus"), Tierra Solutions, Inc. ("Tierra"), and Occidental Chemical Corporation ("Occidental"), in connection with the contamination of the Passaic River.

5. Occidental, Tierra and Maxus filed Third-Party Complaints asserting claims for contribution against PVSC and other governmental entities in the State Passaic River Litigation. In 2013, a final settlement agreement within the State Passaic River Litigation resolved certain New Jersey State law claims, counterclaims and potential cross-claims of PVSC and several corporate defendants agreed to pay the State of New Jersey $130 million for ecological damages related to Passaic River pollution.

6. In 2008, the United States Environmental Protection Agency (the "EPA"), reached a settlement with Occidental and Tierra to clean a portion of the polluted river. A New Jersey Superior Court judge, ruling in July and September 2011, stated that Occidental and Maxus are liable for remediation in other portions of the Passaic River.

7. In April 2014, the U.S. Environmental Protection Agency announced a $1.7 billion plan to remove 4.3 million cubic yards of toxic mud from the lower eight miles of the Passaic River. It is considered one of the most polluted stretches of water in the nation and the project one of the largest clean-ups ever undertaken.

THE BANKRUPTCY FILING

8. On June 17, 2016, the Debtors filed voluntary petitions (the "Chapter 11 Cases"), for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Delaware (the "Court").

9. On December 29, 2016, the Debtors filed their Chapter 11 Plan of Liquidation Proposed by Maxus Energy Corporation, et al. (as the same may be amended, modified, and/or supplemented from time to time, the "Plan") [Docket No. 697] and Disclosure Statement.

10. On December 30, 2016, the Debtors issued a Notice of Hearing to Consider Adequacy of Disclosure Statement [Docket No. 699], advising all parties in interest in the Chapter 11 Cases, among other things, (i) of the Debtors' filing of the Plan and Disclosure Statement, and (ii) that the Debtors intended to seek approval of the Disclosure Statement at a hearing to be held on March 7, 2017.

11. Also on December 30, 2016, the Debtors filed a Notice of Hearing Regarding Debtors' Motion for Entry of an Order (A) Approving The Settlement Agreement By and Among The Debtors, YPF S.A., YPF International S.A., YPF Holdings, Inc., CLH Holdings, Inc. and YPF Services USA Corporation, and (B) Granting Related Relief [Docket No. 700] (the "Notice").

12. On February 14, 2017, the Debtors filed a Motion for an Order (a) Approving Disclosure Statement; (b) Establishing Voting Record Date, Voting Deadline, and Other Dates; (c) Approving Procedures for Soliciting, Receiving and Tabulating Votes on Plan and for Filing Objections to Plan; (d) Approving Manner and Forms of Notice and Other Related Documents; and (e) Granting Related Relief (the "Disclosure Statement Motion") [Docket No. 890]. The

Disclosure Statement Motion provided that creditors and parties-in-interest could file an objection to the relief requested in the Disclosure Statement Motion by February 28, 2017.

13. Subsequent to discussions between the Debtors and Occidental, on March 16, 2017, the Committee filed a Notice of Filing of Term Sheets [Docket No. 1033] with an attached Term Sheet for Proposed Liquidating Trust Financing, which delineates the terms of its intended joint plan with the Debtors.

14. On March 28, 2017, the Debtors and the Committee filed the Amended Plan and the Amended Disclosure Statement.

PRELIMINARY STATEMENT

15. PVSC has statutory[2] claims against the Debtors in connection with the Passaic River clean-up at the Diamond Alkali Site located in the State of New Jersey.

16. The Debtors have not paid their fair share of EPA Oversight Costs[3], continuing EPA Oversight Costs, any changes in cost related to the RI/FS Scope of Work and other administrative project costs.

17. In summary, the Amended Disclosure Statement as proposed cannot be approved because it, and the Amended Plan to which it relates, suffer from fundamental deficiencies. Debtors, through the Amended Plan and the Amended Disclosure Statement, attempt to gain creditors' support of treatment that only favors a few creditors and unfairly freezes out other creditors from the process.

[2] Arising under the comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. § 9601 *et seq.* ("CERCLA"), and the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23, 11, et seq. (the "Spill Act").

[3] All capitalized terms used herein not otherwise defined shall have the meanings ascribed to them in the Amended Plan and Amended Disclosure Statement.

18. Accordingly, and based upon the defects set forth below, the Court should not approve the Amended Disclosure Statement since the proposed Amended Plan is unconfirmable as a matter of law.

OBJECTIONS

I. PRPs HAVE BEEN DISCRIMINATED AGAINST

A. The Best Interest of Creditors Test Has Not Been Satisfied

19. The Amended Plan and Amended Disclosure Statement violate the best interest of creditors test articulated in section 1129(a)(7), which requires that a plan of reorganization provide non-consenting impaired creditors with at least as much as they would receive if the debtor was liquidating in chapter 7. 11 U.S.C. § 1129(a)(7). In re Washington Mut., Inc., 442 B.R. 314, 356 (Bankr. D. Del. 2011).

20. PRPs such as Occidental and Lower Passaic River Study Area Cooperating Parties Group ("CPG"), have liquidated claims set forth in the Amended Plan and Amended Disclosure Statement, while other parties do not. In addition, the EPA, Occidental and CPG have been given Class 4 claims, while other PRPs have been given Class 5 claims, which will only be paid after other expenses are paid through the Liquidating Trust Waterfall. Moreover, the disparate treatment between Class 4 and Class 5 claims affords an improper classification scheme that seeks to unfairly discriminate against other similarly situated and like claims and has the effect of allowing an inappropriate gerrymandering of classes.

21. In fact, under the proposed Amended Plan, PVSC anticipates that it will receive no claim recovery after the payment of Debtors' DIP financing obligations (including interest) to Occidental, administrative claims, and professional fees are paid. Additionally, the EPA must first receive its $60 million Class 5 claim before the PRPs will receive their claims.

22. Due to a lack of transparency, PVSC also has concerns as to how the EPA, Occidental and CPG claims were quantified, as, clearly, Occidental and CPG would not receive such preferential treatment in a Chapter 7 proceeding.

23. Under the Amended Plan and Amended Disclosure Statement, (1) Occidental's claim is an allowed claim of not less than $511,360,315, with a recovery of 60.1-100%. Occidental also receives 85% under the Environmental Response Trust ("ERT"); (2) The EPA will receive $146,000,000 under a Class 4 Claim, and will also be entitled to the first $60 million under the ERT; and (3) CPG will be provided with a claim of $14,365,320.14 under Class 4. However, PVSC and other similarly situated PRPs, who have smaller claims and less leverage with the Debtors and the Committee, are only entitled to a Class 5 claim – a claim which is merely speculative, as it is unclear whether any funds will be available after all of the other preferred parties are paid.

24. Furthermore, under the ERT, Class 5 PRPs such as PVSC will have to wait indefinitely for the Debtors to recover *alter ego* claims against YPF Holdings, Inc. ("YPF"), in order to receive a claim payment, yet, due to the Class 4 classification of CPG and Occidental, these creditors will recover regardless of whether Debtors are successful in their *alter ego* claims against YPF.

B. <u>The Classifications in Class 4 and Class 5 are Improper</u>

25. The separate classification of claims in Class 4 and Class 5 is improper and irrational. Furthermore, it favors Occidental, CPG, and the EPA.

26. PVSC asserts that the Committee and Debtor have filed the Amended Plan and Amended Disclosure Statement in an attempt to gerrymander votes. However, case law indicates that it is improper to classify similar claims differently in order to gerrymander an affirmative

vote on a reorganization plan. In re W.R. Grace & Co., 2012 WL 2130981 at *37 (D.Del. June 11, 2012).

27. Courts do not permit separate classification of unsecured claims solely to create impaired assenting classes for purposes of a cramdown; rather debtors must provide credible proof of legitimate reasons for separate classification of similar claims. Matter of Boston Post Rd. Ltd. P'ship, 145 B.R. 745, 748 (Bankr. D. Conn. 1992), aff'd sub nom. In re Boston Post Rd. Ltd. P'ship, 154 B.R. 617 (D. Conn. 1993), aff'd, 21 F.3d 477 (2d Cir. 1994); In re Rexford Properties LLC, 558 B.R. 352, 361 (Bankr. C.D. Cal 2016).

28. Still other courts have determined that if classifications are designed to manipulate class voting, or if classification schemes violate basic priority rights, a plan cannot be confirmed. In re Holywell Corp., 913 F.2d 873, 880 (11th Cir. 1990).

29. While debtors can retain some flexibility in the classification of substantially similar claims, they may not separately classify claims only to conjure up an impaired, assenting class. In re 500 Fifth Ave. Assocs., 148 B.R. 1010, 1019 (Bankr. S.D.N.Y. 1993), aff'd, No. 93 CIV. 844 (LJF), 1993 WL 316183 (S.D.N.Y. May 21, 1993).

30. PVSC recognizes that similar claims are not required to be placed in the same class, however similar claims should be treated equally. Matter of Jersey City Med. Ctr., 817 F.2d 1055, 1061 (3d Cir. 1987). Section 1122(a) specifies that only claims which are "substantially similar" may be placed in the same class. It does not require that similar claims *must* be grouped together, but merely that any group created must be homogeneous. In re AOV Indus., Inc., 792 F.2d 1140, 1150 (D.C. Cir. 1986).

31. The Amended Plan and Disclosure Statement do not classify claims properly. There is no evidence that the claims in Class 4 and Class 5 are treated similarly. Pursuant to the

Boston Post Court's ruling, Debtors have not evidenced why they have divided PRPs among Class 4 and Class 5. Furthermore, the Amended Plan and Amended Disclosure Statement lack any explanation as to the determinations of the claim amounts for CPG and Occidental's claims.

32. Even though neither the Code nor the legislative history precisely defines the standards of equal treatment, the most conspicuous inequality that § 1123(a)(4) prohibits is payment of different percentage settlements to co-class members. In re AOV Indus., Inc., 792 F.2d 1140, 1152 (D.C. Cir. 1986).

33. This is precisely the treatment afforded to the members of Class 4.

34. In addition, Class 5 PRPs will not receive the same pro rata share as Class 4 PRPs as their ability to receive any recovery on their respective claims is speculative at best due to the waterfall effect under Class 5. The Amended Plan and Amended Disclosure Statement do not provide for the "equal treatment" as set forth by the AOV Indus. court.

35. The Amended Plan and Amended Disclosure Statement classify vendors, litigation claimants and former employees in Class 4 as well. As these claimants are dissimilar to PRPs, it is unclear why the Debtors and Committee chose the Class 4 classification scheme- if not to gerrymander votes.

36. Finally, the Amended Plan and Disclosure Statement contradict the priority system of distribution in bankruptcy proceedings, which is fundamental to the Bankruptcy Code's operation. The Bankruptcy Code is "designed to enforce a distribution of the debtor's assets in an orderly manner… in accordance with established principles rather than on the basis of inside influence or economic leverage of a particular creditor." Czyzewski v. Jevic Holding Corp., 137 S. Ct. 973, 984 (2017), citing H.R. Rep. No. 103-835, p. 33 (1994).

C. PRPs are Treated Inequitably Through Lack of a Presence on the Liquidating Trust Oversight Committee

37. Yet another area of discrepancy in treatment of the creditors is the composition of the Liquidating Trust Oversight Committee, which consists of three (3) members appointed by Occidental and two (2) members appointed by CPG. Other PRPs should be represented on this committee as well.

38. Every decision made by the Liquidating Trust Oversight Committee will be by vote and, accordingly, CPG and Occidental will monopolize the outcome of critical issues. This is patently unfair and Debtors should be required to reconstitute the Liquidating Trust Oversight Committee to include additional PRPs. This is especially the case given the complex corporate history that spawned the formation of Debtors and the shared history between Occidental and Debtors as it relates to the Lister Property and their efforts to minimize their environmental liabilities arising from same.

D. The Amended Plan and Disclosure Statement Leaves PRPs at Risk of Having Claims Disallowed

39. Debtors have reserved their rights to object to contingent and liquidated claims under 11 U.S. C. § 502; accordingly, PVSC may vote on the Amended Plan only to find out that the Debtors have subsequently filed objections to their claim. Therefore, PVSC seeks a carve out for contingent and unliquidated claims and a waiver of 11 U.S.C. § 502 objections should the Amended Plan be confirmed.

E. The Contaminated Properties

40. The Amended Plan and Amended Disclosure Statement fail to provide a clear explanation as to transition strategies of contaminated properties owned by the Debtors, including the highly contaminated Lister Property.

41. PVSC has concerns regarding the future ownership of the Lister Property, as it is unlikely that developers or builders would be interested in purchasing a contaminated site from Glen Springs (the Occidental affiliate). In addition, the Amended Plan and Amended Disclosure Statement should cross-reference more information relating to the transition which was included in the draft Transition Agreement filed by the Debtors on March 28, 2017.

42. The future of the Lister Property is important to the health and safety of PVSC's constituents, as well as to that of New Jersey residents in general. The Amended Plan and Amended Disclosure Statement are deficient in that they do not provide for the disclosure of clear and unequivocal steps to be taken to remediate the Lister Property.

II. SINCE THE AMENDED PLAN IS PATENTLY UNCONFIRMABLE AS A MATTER OF LAW, THE COURT SHOULD DENY APPROVAL OF THE AMENDED PLAN AND THE AMENDED DISCLOSURE STATEMENT

43. Section 1129(a)(1) of the Bankruptcy Code provides, in relevant part, that a "court shall confirm a plan only if [t]he plan complies with the applicable provisions of this title." 11 U.S.C. § 1129(a)(1). Considerations of whether a plan satisfies the conditions of § 1129 of the Bankruptcy Code are generally addressed at a confirmation hearing. However, the Third Circuit Court of Appeals has recognized the well-established maxim that a disclosure statement cannot be approved where the plan to which it relates is not confirmable on its face:

> We find the reasoning of these many courts to be persuasive, and hold that a bankruptcy court may address the issue of plan confirmation where it is obvious at the disclosure statement stage that a later confirmation hearing would be futile because the plan described by the disclosure statement is patently unconfirmable.

In re Am. Capital Equip., LLC, 688 F.3d 145, 154 (3d Cir. 2012) (citations and internal quotations omitted). See also In re Main St. AC, Inc., 234 B.R. 771, 775 (Bankr. N.D. Cal. 1999) ("It is now well accepted that a court may disapprove of a disclosure statement . . . if the plan could not possibly be confirmed."); In re Quigley Company, Inc., 377 B.R. 110 (Bankr.

S.D.N.Y. 2007); In re El Comandante Mgmt. Co., 359 B.R. 410, 415 (Bankr. D. P.R. 2006); In re Monroe Well Serv., Inc., 80 B.R. 324, 333 (Bankr. E.D. Pa. 1987).

44. "The rationale given for this short-circuited process is that the estate and parties should not bear the expense and effort required by the full confirmation process if there is a fatal flaw that makes the plan unconfirmable as a matter of law." In re Am. Capital, 688 F.3d at 145. A plan is said to be patently unconfirmable "where (1) confirmation 'defects [cannot] be overcome by creditor voting results' and (2) those defects concern matters upon which all material facts are not in dispute or have been fully developed at the disclosure statement hearing.'" *Id.* at 154-55 (*citing* In re Monroe Well Serv., 80 B.R. 324, 333 (Bankr. E.D. Pa. 1987)). The Court may not approve a disclosure statement unless it includes "adequate information." 11 U.S.C. § 1125(b). "Adequate information" is defined as "information of a kind, and in sufficient detail ... that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan." 11 U.S.C. § 1125(a)(l). Proper disclosure is "[a]t the 'heart' of the chapter 11 process." In re Crowthers McCall Pattern, Inc., 120 B.R. 279, 300 (Bankr. S.D.N.Y. 1990).

45. The primary purpose of a disclosure statement is to give creditors the information necessary to decide whether to accept or reject a proposed plan. See, e.g., Kunica v. St. Jean Financial, Inc., 233 B.R. 46, 54 (S.D.N.Y. 1999) ("The importance of full disclosure is underlaid by the reliance placed upon the disclosure statement by the creditors and this court.") (quoting Oneida Motor Freight Inc. v. United Jersey Bank, 848 F.2d 414, 417 (3d Cir. 1988)).

46. A disclosure statement must contain "simple and clear language delineating the consequences of the proposed plan on [creditors'] claims ..." In re Copy Crafters Quickprint, Inc., 92 B.R. 973, 981 (Bankr. N.D.N.Y. 1988) (disapproving disclosure statement because it

"paints a positive and misleading picture" with regard to creditors' recoveries under the proposed plan). Precisely what constitutes adequate information in any particular instance will be determined on a case-by-case basis. See C.J. Kirk v. Texaco, Inc., 82 B.R. 678, 682 (S.D.N.Y. 1988); In re Copy Crafters Quickprint, Inc., 92 B.R. at 979.

47. Based upon a review of the Amended Plan and Amended Disclosure Statement, PVSC does not believe the Amended Plan and Disclosure Statement are confirmable. The Amended Plan and Disclosure Statement do not contain "simple and clear language delineating the consequences of the proposed plan" on PVSC's and other PRP's claims.

48. Furthermore, the many other deficiencies in the Amended Plan and Amended Disclosure Statement, such as the failure to provide an explanation regarding how the Class 4 liquidated claims have been determined and why they are being preferred over similarly situated Class 5 claims, indicate that "Adequate Information" has not been provided.

A. The Amended Plan and Amended Disclosure Statement Were Not Filed in Good Faith

49. The Amended Plan and the Amended Disclosure Statement were not proposed in good faith. Under § 1129(a)(3) of the Bankruptcy Code, a court may only confirm a reorganization plan if it finds that the plan was "proposed in good faith and not by any means forbidden by law." 11 U.S.C. § 1129(a)(3). In re W.R. Grace & Co., 475 B.R. 34, 87 (D. Del. 2012), aff'd sub nom. In re WR Grace & Co., 729 F.3d 332 (3d Cir. 2013), and aff'd, 532 F. App'x 264 (3d Cir. 2013), and aff'd, 729 F.3d 311 (3d Cir. 2013), and aff'd sub nom. In re WR Grace & Co., 729 F.3d 332 (3d Cir. 2013).

50. While the Bankruptcy Code does not define "good faith," it has been established that a determination of good faith associated with a Chapter 11 reorganization plan requires a factual inquiry into a totality of the circumstances surrounding the plan's proposal. Id. citing

Brite v. Sun Country Dev., Inc., 764 F.2d 406, 408 (5th Cir.1985). However, such inquiries must be done on a case-by-case basis because good faith determinations are factually specific. In re Mount Carbon Metro. Dist., 242 B.R. 18, 39 (Bankr.D.Colo.1999).

51. Moreover, the bankruptcy courts are in the best position to ascertain the good faith of the parties' proposals. Id. citing Matter of Sound Radio, Inc., 93 B.R. 849, 853 (Bankr.D.N.J.1988), *aff'd in part, rev'd in part,* 103 B.R. 521 (D.N.J.1989), *aff'd,* 908 F.2d 964 (3d Cir.1990).

52. The Third Circuit provides the Court with guidance on this point, stating that, "[a]t its most fundamental level, the good faith requirement ensures that the Bankruptcy Code's careful balancing of interests is not undermined by petitioners whose aims are antithetical to the basic purposes of bankruptcy[.]" Integrated Telecom Express, 384 F.3d, 108, 119 (3d Cir. 2004). In analyzing whether a plan has been proposed for honest and good reasons, courts routinely consider whether the debtor intended to abuse the judicial process, whether the plan was proposed for ulterior motives, or if no realistic probability for effective reorganization exists. See Sound Radio, 93 B.R. at 853 ("To find a lack of 'good faith' courts have examined whether the debtor intended to abuse the judicial process and the purposes of reorganization provisions.").

53. PVSC questions the good faith behind the filing of the Amended Plan and the Amended Disclosure Statement, as these documents were crafted and agreed upon by the Committee, Debtors, and Occidental, without any regard to the treatment of smaller PRPs such as PVSC. Furthermore, the intentions of Debtors and Occidental are to escape their environmental liabilities, while shifting their burdens to smaller entities who are apportioned

smaller liabilities by the EPA, initially. The imbalance of power is detrimental to all smaller PRPs.

54. As Occidental is the largest creditor, it has the most leverage and has positioned itself to receive the most favorable treatment, as Occidental's vote alone could mean that the Amended Plan is confirmed.

III. PUBLIC POLICY CONERNS MANDATE ATTENTION

55. PVSC has significant concerns regarding the public policy implications of the confirmation of the Amended Plan. While PRPs, such as the Debtor and Occidental, are large corporate entities who played a major part in the Passaic River contamination, PVSC is a body politic and corporate of the State of New Jersey positioned to serve many impoverished areas of the State of New Jersey. Some PVSC constituents to whom PVSC provides sewerage services live in the poorest parts of the state and rely on the Passaic River for recreation and their daily needs.

56. Should the Amended Plan be confirmed, PVSC will suffer, as the EPA could seek to increase PVSC's apportionment of cleanup responsibilities and those of other smaller PRPs. This increase is likely to have a detrimental effect upon PVSC's customers, whereas the Debtors and Occidental would be able to negotiate lower claim amounts with the EPA, due to their leverage and magnitude.

57. The Amended Plan and Amended Disclosure Statement as proposed would benefit the Debtors and the largest creditors to the detriment of smaller PRPs (who had less of an impact on the contamination of the Passaic River). Confirmation of the Amended Plan and Amended Disclosure Statement would have far reaching negative effects for the EPA, the environment and the residents of the State of New Jersey.

58. In addition, confirmation of the Amended Plan and Amended Disclosure Statement could be a catalyst for other PRPs to file for bankruptcy as a means to avoid environmental responsibility.

CONCLUSIONS AND RESERVATIONS OF RIGHTS

59. For the reasons stated herein, PVSC respectfully requests that this Court deny the approval of the Amended Disclosure Statement.

60. PVSC hereby expressly reserves all of its rights under the Bankruptcy Code and/or otherwise with respect to the Amended Disclosure Statement and Amended Plan (as such may be amended, modified or supplemented), and any other or new disclosure statement or plan that Debtors may file, including, but not limited to, the right to assert any and all objections it may have to confirmation of the Amended Disclosure Statement and Amended Plan.

WHEREFORE, PVSC respectfully requests that this Court (i) sustain the Objection of PVSC and (ii) and grant such other and further relief as the Court deems just and proper.

Dated: April 12, 2017

/s/ David H. Stein
David H. Stein
WILENTZ, GOLDMAN & SPITZER, P.A.
90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
(732) 636-8000
dstein@wilentz.com

/s/ Jason A. Gibson
Jason A. Gibson (DE 6091)
THE ROSNER LAW GROUP LLC
824 N. Market Street, Suite 810
Wilmington, DE 19801
(302) 777-1111
gibson@teamrosner.com

Counsel to Passaic Valley Sewerage Commission