

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

SECURITIES AND EXCHANGE COMMISSION,	§	
<i>Plaintiff,</i>	§	
	§	
v.	§	Civil Action No. 1:13-cv-01036-LY
	§	
ROBERT A. HELMS, ET AL.,	§	
<i>Defendants,</i>	§	
	§	
and	§	
	§	
WILLIAM L. BARLOW AND GLOBAL CAPITAL	§	
VENTURES, LLC,	§	
<i>Relief Defendants, solely for the</i>	§	
<i>purposes of equitable relief.</i>	§	

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**RECEIVER’S STATUS REPORT REGARDING  
THE SALE OF RECEIVERSHIP ASSET, THE “OZONA INTERESTS”**

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Thomas L. Taylor III (the “Receiver”), Court-appointed receiver for the Defendants in the above-styled enforcement action and all entities they own or control, files this Status Report with respect to the pending sale of the “Ozona Interests,” which the Receiver has asked this Court to confirm through his previously filed Motion to Confirm Sale of Certain Oil and Gas Interests of Receivership Estate (Doc. 110) (“Motion to Confirm”)<sup>1</sup>. Intervenor Clovis Capital Ventures, LLC (“Clovis”) has objected to the sale of the Ozona Interests (Doc. 127-2), asserting that it possesses a valid security interest therein.<sup>2</sup> The Receiver disputes the validity of the purported security interest at issue. *See* Receiver’s Motion for Entry of an Order (1) Rejecting

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<sup>1</sup> The term “Ozona Interests” has the same meaning ascribed to it in the Motion to Confirm.

<sup>2</sup> Clovis also opposed the approval of a settlement agreement between the Receiver and Amegy Bank, N.A. (*see* Doc. 88) in its Response to the Receiver’s Motion to Confirm (Doc. 127-2). At hearing on October 22, 2014, Clovis withdrew its opposition to the Amegy settlement, which was approved by the Court on October 23, 2014 (Doc. 147).

Secured Claim of Clovis Capital Ventures, LLC; and (2) Authorizing the Sale of Certain Royalty Interests Free and Clear of all Liens, Claims and Encumbrances (Doc. 95) (the “Motion to Reject”); Clovis’ Response in Opposition to Motion to Reject (Doc. 113); Receiver’s Reply in Support of Motion to Reject (Doc. 119); and Receiver’s Reply in Support of Motion to Confirm (Doc. 131).

### **A. Background**

On May 27, 2014 this Court entered an Order (1) Granting Receiver Authority to Sell Oil and Gas Interests; (2) Approving Engagement of Sales and Marketing Firm; and (3) Approving Sales Procedures (Doc. 77) (the “Sales Order”), pursuant to which the portfolio of oil and gas interests owned by Vendetta Partners and other Receivership entities (the “Vendetta Partners Portfolio”) would be liquidated by online auction through EnergyNet.com, Inc. (“EnergyNet”). Pursuant to the Sales Order, the Receiver proceeded to sell the Ozona Interests through EnergyNet by online auction, which occurred from September 4 to September 11, 2014.<sup>3</sup>

At the close of the auction, JAL Interests, LLC (the “Buyer”) had placed the highest bid for the Ozona Interests, in the amount of \$1,210,000, and was declared the winning bidder by EnergyNet. The Buyer’s winning bid was 21% higher than the minimum bid reserve price of \$1,000,000 set by the Receiver upon the advice of EnergyNet personnel and Scott Marshall, the third-party oil and gas engineering analyst retained by the Receiver to perform economic valuation of the Receivership’s oil and gas portfolio.<sup>4</sup>

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<sup>3</sup> During the auction, 60 bids were placed on the Ozona Interests by 21 bidders, including the winning bid, and a total of 477 unique companies visited the due diligence online “data room” established for the sale of the Ozona Interests.

<sup>4</sup> That valuation was calculated based upon 120 months (ten years) of the Ozona Interests’

Pursuant to the Sales Order, the Receiver filed the Motion to Confirm on September 18, 2014, seeking confirmation of the sale of the Ozona Interests to the Buyer. On October \_\_, 2014 Clovis filed its Opposition to the Motion to Confirm (Doc. 127), to which the Receiver replied (Doc. 131). The Court held a hearing on October 22, 2014 on the Motion to Confirm and related filings, including Clovis' Motions to Intervene (Docs. 99, 127). The Court determined to postpone its ruling on the Motion to Confirm pending its determination of the validity of the security interest Clovis asserts in the Ozona Interests. The Court granted the limited intervention of Clovis (Doc. 146) and further entered an Ancillary Scheduling Order (Doc. 149) with respect to the determination of the security interest issue.

### **B. Proposed Stipulation**

Recognizing the unpredictable nature of the oil and gas markets and the benefits of a "bird in hand," at the hearing on October 22, 2014, the Court suggested that the parties and stake holders agree to the confirmation of the sale of the Ozona Interests as presented in the Motion to Confirm, with the net sale proceeds to be deposited into the registry of the Court pending the ultimate determination of the validity of the security interest at issue.

On December 16, 2014, the Receiver transmitted to counsel for Clovis a draft stipulation and proposed order (the "stipulation") under which the Receiver and Clovis would stipulate to the sale of the Ozona Interests to the Buyer for \$1,210,000 upon the condition that the net sale proceeds be deposited into the registry of this Court pending the final determination of the validity of Clovis' purported security interest in the Ozona Interests. Counsel for Clovis

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average cash flow for the preceding 12-month time period. During that time period, crude oil regularly traded above \$100 per barrel. In the subsequent months, crude oil prices have dropped precipitously to under \$60 per barrel.

informed the Receiver on December 17, 2014 that Clovis and its principals would refuse to enter into the proposed stipulation.

### **C. Communication from Buyer Regarding Re-negotiation of Sale Price**

On December 18, 2014 the winning bidder for the purchase of the Ozona Interests communicated to the Receiver that it now takes the position that the sale price of the Ozona Interests must be renegotiated due to the precipitous drop in crude oil prices during the time which has elapsed since September 11, 2014, when it was declared the winning bidder at a sale price of \$1,210,000. *See supra*, n. 4. The Buyer now proposes to reset the purchase price at \$860,000.

### **D. Indemnification Claims of the Receivership Estate Against Clovis**

As the Receiver stated at the hearing on October 22, 2014 -- and has restated by letter to Clovis' counsel dated December 19, 2014 -- he will urge this Court to hold Clovis and its principals accountable for all costs to the Receivership Estate related to Clovis' improvident and ill-founded intervention in this matter, including its untimely opposition to the Sales Order as presented in its Response in Opposition to the Motion to Confirm. *See* Doc. 127-2, §II pp. 7-8<sup>5</sup>; *see also* Receiver's Reply in Support, Doc. 131, §I.A, pp. 2-3. Without limitation, these costs may include (1) any potential reduction in the eventual final sale price obtained by the Receivership Estate for the Ozona Interests; (2) all costs to the Receivership Estate (including attorney's fees) related to defending the terms of the sale of the Ozona Interests against any potential action taken by the Buyer, whether to reduce the sale price, to withdraw its winning

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<sup>5</sup> Citations herein refer to page numbers in the CM/ECF headers.

bid, or otherwise; and (3) all costs associated with renewed marketing and auction efforts for the Ozona Interests, if any. The Receiver reserves all rights with respect to seeking such relief, which may be sought directly through application to this Court, or otherwise, including through the reduction of any distribution amount Clovis may otherwise have sought through a claim against the Estate in the Receiver's eventual Plan of Distribution proposed to the Court.

Dated: December 19, 2014

Respectfully submitted,

Thomas L. Taylor III, Receiver

THE TAYLOR LAW OFFICES, P.C.

By: /s/ Andrew M. Goforth  
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COUNSEL FOR RECEIVER

### **CERTIFICATE OF SERVICE**

On December 19, 2014, I electronically submitted the foregoing document with the clerk of court for the U.S. District Court, Western District of Texas, using the CM/ECF electronic filing system. All counsel of record and *pro se* parties have been served electronically via CM/ECF notice, or by other means as listed below.

***Via U.S. Mail:***

Roland Barrera  
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/s/ Andrew M. Goforth  
Andrew M. Goforth