

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In Re:</b>	§	<b>Case No. 03-44908-H4-11</b>
	§	
<b>TRI-UNION DEVELOPMENT CORPORATION</b>	§	<b>Case No. 03-44913-H4-11</b>
	§	
<b>TRI-UNION OPERATING COMPANY</b>	§	<b>(Jointly administered under Case No.</b>
	§	<b>03-44908-H4-11)</b>
<b>Debtors.</b>		
<hr/>		
<b>JEFFREY A. COMPTON, TRUSTEE OF THE TRI-UNION CLASS 4-A CREDITORS' TRUST</b>	§	
	§	
	§	
	§	
<b>Plaintiff,</b>	§	
	§	<b>Adv. Proc. No. 05-03762</b>
	§	
<b>VS.</b>	§	
	§	
<b>UNITED WELLHEAD SERVICES, INC.</b>	§	
	§	
<b>Defendant.</b>	§	
	§	

**Report of B. Frank Stanley, CPA**

This report is submitted by Frank Stanley.

**Introductions and Qualifications**

I graduated from Texas A & M University in 1977 with a BA degree in Accounting. I became a CPA in 1981. I worked in various financial/accounting capacities for oil and gas related companies based in Houston, Texas during 1977 – 1982. From 1983 – 1985 I worked in the audit department for KPMG Peat Marwick (Houston, Texas office). From 1985 – 1987 I was Chief Financial Officer of an entity that owned car dealerships located in Houston and Lewisville, Texas. In 1988 I began my employment with Retail Concepts, Inc. (d.b.a. Sun & Ski Sports and Ski Chalet) as Chief Financial Officer and am currently Chief Operating Officer/Chief Financial Officer as well as one of the principals of the company.

I am experienced with solvency and preference-related issues in bankruptcy, as I was Chief Financial Officer for Retail Concepts, Inc. before, during and after their emergence as a reorganized debtor from Chapter 11 on two occasions, during 1990-91 and 2002-03.

**Subject Transfer**

Based upon the allegations in the complaint, Jeffrey A. Compton, Trustee seeks to recover the payment in the amount of \$30,829.76 by Tri-Union Development Corporation to the Defendant described in the complaint filed in the above-captioned case. The payment sought to be recovered is hereinafter referred to as the "Subject Transfer."

### **Opinions**

1. Subject Transfer was a transfer of property of the Debtor.
2. Subject Transfer was to or for the benefit of Defendant as a creditor of Debtor.
3. Subject Transfer represented payment of an antecedent debt.
4. Subject Transfer was made when Debtor was insolvent.
5. Subject Transfer was made within 90 days of filing of a petition.
6. Subject Transfer enabled the Defendant to receive a greater percentage of its claim than it would receive in a liquidation case under the distributive provisions of the Bankruptcy Code.

### **Bases for Opinions**

1. Exhibit "A" attached to this report is incorporated herein by reference. Exhibit "A" lists the payment(s) made by Debtor to Defendant, identifies the corresponding invoice numbers, dates of invoices, due dates of the invoices, and the date(s) of payment(s) by Debtor, among other things. Each of the invoice(s) listed on Exhibit "A" was due and payable on the date(s) shown in Exhibit "A" under the column heading "Invoice Due Date" for each such corresponding invoice. All of the information listed in Exhibit "A" has been extracted from Debtor's books and records and is accurately stated.

Debtor paid Defendant \$30,829.76 by way of Debtor's check no. 40395. Attached hereto as Exhibit "B" is a true and correct copy of check no. 40395. Check number 40395 paid Defendant's invoices with the invoice numbers identified in Exhibit "A" under the heading "Invoice Number." Check no. 40395 constituted a transfer, as defined in 11 U.S.C. § 101(54), of an interest of the Debtor in property.

Based on this information, Defendant was the payee. The invoice dates were for services performed during the period beginning May 28, 2003 through June 30, 2003. The Subject Transfer was made on August 15, 2003. Thus, the Subject Transfer represented payment of debt that occurred prior to the date that such transfer was made. And, the Subject Transfer was made within 90 days of filing of a petition.

2. According to the Bankruptcy Code § 547 (f), the debtor is presumed to be insolvent on the date of filing and during the 90 days immediately preceding filing. As the Subject Transfer was made on August 15, 2003 and the petition date was October 20,

2003, the Subject Transfer was made within the 90 days of petition date. As such, the Subject Transfer was made while the debtor was insolvent.

### **Information Considered**

In preparing these opinions I relied upon the following documents:

- Fourth Amended Plan of Reorganization of Tri-Union Development Corporation and Tri-Union Operating Company (As Modified and Corrected September 30, 2004)
- Order Confirming Fourth Amended Plan of Reorganization (As Modified and Corrected on September 30, 2004) of Tri-Union Development Corporation and Tri-Union Operating Company
- Disclosure Statement Under 11 U.S.C. § 1125 in Support of the Plan of Reorganization of Tri-Union Development Corporation and Tri-Union Operating Company
- Debtor's Motion for Order (A) Approving Sale Procedures and Bid Protections under a Plan in Connection with Possible Sale of Assets Owned by the Debtors at Confirmation; (B) Scheduling an Auction and Hearing as Part of Confirmation; (C) Approving Notice of Respective Dates, Times and Places for Auction and for Hearing on Approval of (i) Sale and (ii) Assumption and Assignment of Executory Contracts and Unexpired Leases and (D) Granting Related Relief
- Complaint to Avoid and Recover Preference Transfers (filed by Jeffrey A. Compton, the Trustee of the Tri-Union Class 4A Creditors' Trust against United Wellhead Services, Inc.)
- Original Answer (filed by United Wellhead Services, Inc. - Adversary Proceeding No. 05-03762)
- Copy of Balance Sheets as of 7/22/03 and 10/22/03
- Copy of Southwest Bank of Trust Bank Statement of Tri-Union Development Corporation dated 8/29/03 for account no. 888801379
- Copies of Debtor's Accounts Payable Invoice Posting Reports and copies of invoices for invoice numbers IU131378, IU131436, IU131607 and IU131784
- Debtor's Summary of Schedules filed in Case No. 03-44908

In preparing this opinion I reviewed the documents described above.

I reserve the right to amend and supplement this opinion as additional information becomes available.

Signed,

B. Frank Stanley  
B. Frank Stanley, CPA

## **Qualifications of B. Frank Stanley**

### **Education**

Texas A & M University, B. A. Degree 1977 with major in Accounting.

### **Professional Status**

Passed C.P.A. examination November, 1980  
Certified Public Accountant licensed in Texas

### **Professional Affiliations**

American Institute of Certified Public Accountants

### **Employment**

#### *1988 – Current*

Employed by Retail Concepts, Inc. (d.b.a. Sun & Ski Sports and Ski Chalet), a specialty retailer with 18 stores, from 1988 – 1995 as Chief Financial Officer, from 1995 – 2001 as Chief Operating Officer and from 2002 – current as Chief Operating Officer/Chief Financial Officer.

#### *1987 – 1988*

Employed by Southpoint Porsche Audi WGW LTD, a car dealership, as Chief Financial Officer.

#### *1985 – 1987*

Employed by KPMG Peat Marwick, a provider of audit, tax and consulting services, as Staff Accountant, Supervising Senior Accountant and Manager in the audit department.

#### *1983 – 1984*

Employed by Design Research, Inc., a manufacturer of housing for offshore drilling platforms, as Chief Financial Officer.

#### *1980 – 1982*

Employed by Tiger Oilfield Rental Co., Inc., a company specializing in the rental of oilfield equipment, as Chief Financial Officer.

#### *1977 – 1979*

Employed by Trunkline Gas Co., an operator of a pipeline system, as Accountant.

<u>VendorName</u>	<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Invoice Due Date</u>	<u>Check Date</u>	<u>Check Paid Date</u> (Cleared)	<u>Check Number</u>	<u>Amt Paid</u>
UNITED WELLHEAD SERVICES,INC.	IU131378	5/28/2003	6/28/2003	8/15/2003	8/20/2003	40395	\$5,931.13
UNITED WELLHEAD SERVICES,INC.	IU131436	5/30/2003	6/30/2003	8/15/2003	8/20/2003	40395	\$10,524.09
UNITED WELLHEAD SERVICES,INC.	IU131607	6/18/2003	7/18/2003	8/15/2003	8/20/2003	40395	\$355.06
UNITED WELLHEAD SERVICES,INC.	IU131784	6/30/2003	7/30/2003	8/15/2003	8/20/2003	40395	\$14,019.48
				Total			\$30,829.76

EXHIBIT A

