

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	
)	Case No. 20-12377-EEB
SKLAR EXPLORATION COMPANY, LLC)	
EIN: 72-1417930)	Chapter 11
)	
Debtor.)	
)	
_____)	
)	Case No. 20-12380-EEB
SKLARCO, LLC)	
EIN: 72-1425432)	Chapter 11
)	
Debtor.)	

**STATUS REPORT REGARDING PERSONNEL MATTERS
AT SKLAR EXPLORATION COMPANY, LLC**

The Debtors, Sklar Exploration Company, LLC (“SEC”) and Sklarco, LLC (“Sklarco” and together, “Debtors”), by and through their attorneys, Kutner Brinen Dickey Riley, P.C., state their Status Report regarding certain personnel matters related at SEC:

1. On March 11, 2021, the Debtors filed their Amended and Restated Plan of Reorganization (“Amended Plan”), which contemplated a winddown and liquidation of SEC, including an orderly transition to a new operator.

2. SEC has since commenced this wind down process, including establishing data rooms for all operated properties, and sending out ballots to working interest owners in the Southeast and Southwest Brooklyn Units to vote on a replacement operator.

3. On June 1, 2021, the *Ad Hoc* Committee of Working Interest Owners (“*As Hoc* Committee”) filed an *Ex Parte* Motion for Rule 2004 Examination of Debtors’ Chief Operating Officer Marshall Jones (Docket No. 1277), requesting the production of documents, namely emails, related to SEC’s transition to successor operators or communications with potential successor operators.

4. During the course of preparing the documents for production to the *Ad Hoc* Committee, it was discovered that on or about March 22, 2021, Mr. J. Marshall Jones received communications from Richard Fletcher, the Chief Operating Officer of Fletcher Petroleum

(“Fletcher”), inviting Mr. Jones to engage in discussions with Fletcher regarding a possible joint venture that would allow SEC to retain control of the operated properties. The prospect of this arrangement was raised again by Fletcher in later communications that occurred in or around April 2021.

5. While Mr. Jones appeared to have responded to the emails, the communications did not suggest that substantive discussions were held, nor that Mr. Jones had entered into any such agreement with Fletcher in the following months.

6. The communications, while originated by Fletcher and with limited response from Mr. Jones, do give rise to concerns about the appearance of potential impropriety during a critical time in the Debtors’ case and during SEC’s transition process. The non-disclosure of these communications by Mr. Jones until the production of emails pursuant to a 2004 examination causes additional concerns about the potential appearance of impropriety.

7. As a result of the concerns raised by the communications, and the potential issues related to the communications, the Debtors have terminated Mr. Jones’ employment as of July 1, 2021.

8. SEC will further undertake any efforts necessary to ensure that voting on a successor operator for each of its operated properties remains an open and fair process, undertaken in accordance with the applicable Operating Agreements.

Dated: July 2, 2021

Respectfully submitted,

By: /s/ Keri L. Riley

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CERTIFICATE OF SERVICE

I certify that on July 2, 2021, I served a complete copy of the foregoing **STATUS REPORT REGARDING PERSONNEL MATTERS AT SKLAR EXPLORATION COMPANY, LLC** on the following parties in compliance with the Federal Rules of Bankruptcy Procedure and the Court's Local Rules:

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