

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

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In re: : Chapter 11

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ION GEOPHYSICAL CORPORATION, *et al.*, :

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Debtors <sup>1</sup> : (Jointly Administered)

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**MOTION OF PLAN ADMINISTRATOR FOR ENTRY OF A FINAL DECREE  
CLOSING THE CHAPTER 11 CASES AND GRANTING RELATED RELIEF**

**IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE ELECTRONICALLY AT [HTTPS://ECF.TXSB.USCOURTS.GOV/](https://ecf.txsb.uscourts.gov/) WITHIN TWENTY-ONE DAYS FROM THE DATE THIS MOTION WAS FILED. IF YOU DO NOT HAVE ELECTRONIC FILING PRIVILEGES, YOU MUST FILE A WRITTEN OBJECTION THAT IS ACTUALLY RECEIVED BY THE CLERK WITHIN TWENTY-ONE DAYS FROM THE DATE THIS MOTION WAS FILED. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.**

**REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.**

Wilmington Savings Fund Society, FSB, solely in its capacity as plan administrator (the “Plan Administrator”) for the above-captioned debtors (collectively, the “Debtors”), pursuant to

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: ION Geophysical Corporation (6646); I/O Marine Systems, Inc. (3230); ION Exploration Products (U.S.A.), Inc. (1394); and GX Technology Corporation (0115). The location of the Debtors’ service address is 4203 Yoakum Blvd., Suite 100, Houston, Texas 77006.

the order [Docket No. 692] (the “Confirmation Order”) confirming the *First Amended Joint Chapter 11 Plan of ION Geophysical Corporation and its Debtor Affiliates* [Docket No. 688] (with all supplements and exhibits thereto, the “Plan”)<sup>2</sup> by and through its undersigned counsel, hereby submits this motion (the “Motion”) pursuant to section 350(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 3022 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), seeking entry of a final decree and order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Final Decree”),<sup>3</sup> closing the chapter 11 cases of: (i) ION Geophysical Corporation; (ii) I/O Marine Systems Inc.; (iii) ION Exploration Products (U.S.A.), Inc.; and (iv) GX Technology Corporation (collectively, the “Chapter 11 Cases”), and granting related relief. In further support of the Motion, the Plan Administrator respectfully represents as follows:

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C § 1334.
2. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(B).
3. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409(a).
4. The statutory bases for the relief requested herein are sections 105(a) and 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022.

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Plan.

<sup>3</sup> Prior to filing the Motion, the Plan Administrator previewed the relief requested with the counsel to the U.S. Trustee, who indicated that the U.S. Trustee had no issues or objections.

## **BACKGROUND**

### **I. The Chapter 11 Process**

5. On April 12, 2022 (the “Petition Date”), the Debtors each filed voluntary petitions in the United States Bankruptcy Court for the Southern District of Texas seeking relief under chapter 11 of the Bankruptcy Code.

6. The same day, the Court entered an order [Docket No. 9] authorizing the joint administration of these Chapter 11 Cases under the case of ION Geophysical Corporation, Case No. 22-30987 (the “Lead Case”). The Chapter 11 Cases other than the Lead Case are: (i) I/O Marine Systems Inc., (Case No. 22-90029); (ii) ION Exploration Products (U.S.A.), Inc., (Case No. 22-90031); and (iii) GX Technology Corporation (22-90030).

7. On August 25, 2022, the Court entered the Confirmation Order, confirming the Plan. The Effective Date of the Plan occurred on September 12, 2022.

### **II. The Plan Administration Process**

8. Pursuant to the Plan and Confirmation Order, the Plan Administrator is responsible for carrying out and implementing all of the provisions of the Plan on behalf of the Debtors, including reviewing and reconciling all Claims asserted against the Debtors (including, but not limited to, Administrative Expense Claims, Other Secured Claims, Other Priority Claims, and General Unsecured Claims) and making distributions on account of Allowed Claims. As more fully set forth therein, Article IV.D.2. of the Plan provides that “[u]pon the occurrence of the Effective Date, the Plan Administrator shall be vested with all powers and authority set forth in the Plan to undertake the actions set forth in the Plan for its implementation and in furtherance thereof[.]” The rights, powers and duties of the Plan Administrator are specifically delineated to include, among other things, “resolving Disputed Claims; [and] making all distributions to Holders of Allowed Claims in accordance with the Plan[.]”

9. In addition, as more fully set forth therein, Article XII.M of the Plan provides that “When all Disputed Claims have become Allowed or disallowed and all distributions have been made in accordance with the Plan, the Plan Administrator shall seek authority to close any remaining Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.”

10. Approximately 400 claims were filed in these Chapter 11 Cases. The Plan Administrator consensually resolved a number of claims and received orders sustaining all four of the Plan Administrator’s omnibus claim objections. As of the date of this Motion, there are no unresolved claims filed against the Debtors estates, and the Plan Administrator believes no other substantive motions, contested matters, or adversary proceedings need to be resolved in these Chapter 11 Cases.

11. The Debtors have paid all quarterly fees owed to the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”). On or before twenty-one (21) days after entry of the Proposed Final Decree, the Debtors will pay any and all quarterly fees that become due and payable pursuant to 28 U.S.C. § 1930(a)(6) and will file any outstanding post-confirmation reports.

12. As of the date hereof, the Plan has been fully administered, including through (i) liquidating the assets of the Debtors remaining after consummation of any Sale Transaction(s) occurring prior to on the Effective Date, (ii) effectuating the distributions to be made under the Plan, including to holders of Allowed Class 4 Second Lien Notes Secured Claims and Class 5 General Unsecured Claims, (iii) the wind down of the Debtors, (iv) the submission of the appropriate tax documentation, and (v) all other actions set forth in Article IV of the Plan.

### **III. Distributions Under the Plan**

13. On the Effective Date, the assets available to fund the Plan distributions consisted primarily of \$42.9 million cash on hand, remaining assets and Retained Causes of Action. Through

its efforts to liquidate any remaining assets in accordance with the Plan, the Plan Administrator collected an additional \$1.5 million in funds for distribution, including \$675,000 on account of the sale of the Debtors' joint-venture interest in Inova, Inc.<sup>4</sup> In consultation with counsel and after investigation, the Plan Administrator determined, in its business judgment, that costs of further investigating and pursuing any potential recovery from any Retained Causes of Action would likely substantially outweigh the benefits of pursuing any such Causes of Action.

14. After paying in full all Allowed Administrative Claims, Priority Tax Claims, Other Secured Claims, Other Priority Claims, the payment U.S. Trustee fees and other payments made in accordance with the Plan, the Plan Administrator distributed \$35,556,399 on account of Class 4 Second Lien Notes Secured Claims and anticipates \$981,279 to be distributed on account of Class 5 General Unsecured Claims (the "GUC Distribution"). On August 12, 2024, the GUC Distribution was funded to the Disbursing Agent for further distribution to holders of Allowed Class 5 General Unsecured Claims in accordance with the terms of the Plan, who are estimated to receive 1.3% on account of Allowed Claims.<sup>5</sup> A further distribution is possible, as set forth below.

### **BASIS FOR RELIEF**

#### **I. The Chapter 11 Cases have been Fully Administered.**

15. Section 350(a) of the Bankruptcy Code provides that "[a]fter an estate is fully administered and the court has discharged the trustee, the court shall close the case." 11 U.S.C. §

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<sup>4</sup> In addition, as is customary for administrators of liquidating estates, the Plan Administrator negotiated in good faith for the sale of any remaining property of the Debtor, consisting of known or unknown assets or claims which have not been previously sold, assigned, or transferred, excluding certain specified asset to Oak Point Partners, LLC for the purchase price of \$17,100.00 in accordance with that certain Asset Purchase Agreement dated May 6, 2024.

<sup>5</sup> The Disbursing Agent ran a tax form solicitation process with a deadline of July 11, 2024, for final submissions. The notice provided to Holders of Allowed General Unsecured Claims provided that if applicable tax forms were not received by the deadline, the Plan Administrator would withhold the applicable maximum permitted taxes to be remitted to the Internal Revenue Service.

350(a). Bankruptcy Rule 3022, which implements section 350 of the Bankruptcy Code, further provides that “[a]fter an estate is fully administered in a chapter 11 reorganization case, the court, on its own motion or on motion of a party in interest, shall enter a final decree closing the case.” Fed. R. Bankr. P. 3022.

16. The term “fully administered” is not defined in the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Local Rules. The Advisory Committee Note to Bankruptcy Rule 3022 (the “Advisory Committee Note”), however, sets forth the following non-exclusive factors to be considered in determining whether a case been fully administered:

- a. whether the order confirming the plan is final;
- b. whether deposits required by the plan have been distributed;
- c. whether the property proposed by the plan to be transferred has been transferred;
- d. whether the debtor or the successor to the debtor under the plan has assumed the business or the management of the property to be dealt with by the plan;
- e. whether payments under the plan have commenced; and
- f. whether all motions, contested matters, and adversary proceedings have been finally resolved.

Fed. R. Bankr. P. 3022, Advisory Comm. (1991)

17. Courts look “to the advisory committee’s notes on Bankruptcy Rule 3022 in seeking guidance as to the meaning of ‘fully administered.’” *In re JCP Props., Ltd.*, 540 B.R. 596, 605 (Bankr. S.D. Tex. 2015).

18. In addition to the factors set forth in the Advisory Committee Note, courts have considered whether the plan of reorganization has been substantially consummated. *See, e.g., In re JCP Props., Ltd.*, 540 B.R. at 605 (commenting that “substantial consummation is the pivotal question here to determine the propriety of closing the [case]”). Section 1101(2) of the Bankruptcy

Code defines substantial consummation as the: (A) transfer of all or substantially all of the property proposed by the plan to be transferred; (B) assumption by the debtor or by the successor to the debtor under the plan of the business or of the management of all or substantially all of the property dealt with by the plan; and (C) commencement of distribution under the plan.

19. Bankruptcy Courts have adopted the view that “[the Advisory Committee Note] factors are but a guide in determining whether a case has been fully administered, and not all factors need to be present before the case is closed. *In re SLI, Inc.*, Case No. 02-12608 (WS), 2005 Bankr. LEXIS 1322, at \* 5 (Bankr. D. Del. June 24, 2005).

20. Courts have also noted that entry of a final decree is appropriate to stop the accrual of Section 1930 Fees. *See In re Jay Bee Enters., Inc.*, 207 B.R. 536, 539 (Bankr. E.D. Ky. 1997) (concluding that “it seems appropriate to close this case to stop the financial drain on the debtor” due to accrual of Section 1930 Fees).

21. Here, the foregoing factors weigh strongly in favor of finding that these Chapter 11 Cases have been “fully administered” within the meaning of section 350 of the Bankruptcy Code, making it appropriate for the Court to enter the Final Decree. In particular:

- a. the Confirmation Order is a final non-appealable order, the Effective Date of the Plan has occurred, and the Plan is substantially consummated.<sup>6</sup>
- b. substantially all distributions provided for under the Plan for classified claims have been made or have been funded to the Disbursing Agent to be made in the coming days;
- c. all professional fees have been paid in accordance with the Plan;
- d. all material transactions contemplated by the Plan have been completed and the Plan has been substantially consummated within the meaning of section 1101(2) of the Bankruptcy Code;

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<sup>6</sup> Article X.D of the Plan provides “Substantial Consummation of the Plan, as defined in section 1101(2) of the Bankruptcy Code, shall be deemed to occur on the Effective Date.”

- e. all Proofs of Claim have been withdrawn consensually or will receive their distributions in the near term in accordance with the Plan.

22. The Bankruptcy Court's role in administering these Chapter 11 Cases is complete.

Closing these Chapter 11 Cases will have no impact on the resolution of any remaining claims or distributions, other legal entitlements under the Plan, or the substantive rights of any party in interest. "The Court should not keep [a] case open only because of the possibility that the court's jurisdiction may be invoked in the future." Fed R. Bankr. P. 3022, Advisory Comm. Notes (1991). Furthermore, any party in interest may petition the Bankruptcy Court to reopen any of these Chapter 11 Cases pursuant to section 350(b) of the Bankruptcy Code, despite the entry of the final decree closing this case. *See* Fed. R. Bankr. P. 5010. Accordingly, entry of a final decree closing the Chapter 11 Case is warranted.

**II. The Plan Administrator Should be Authorized to Destroy Documents in Its Custody.**

23. As set forth above, the case has been fully administered. In order to fully wind-down the Debtors, the Plan Administrator will be required to destroy servers and hard copies of documents (the "Documents"). Such destruction is consistent with rights and powers of the Plan Administrator under Article IV.D.2 of the Plan and section 554(a) of the Bankruptcy Code. Such Documents are burdensome to the Debtors and there exists no reason for their maintenance. Through this Motion, the Plan Administrator requests Court approval to destroy and/or abandon the Documents, if any, still in its or its professionals' or contractors' respective possession or control in accordance with Article IV.D.2 of the Plan.

**III. The Plan Administrator Should be Authorized to (i) Donate the Remaining Funds to Charity and (ii) Redistribute the Unclaimed Distributions to Allowed Claims.**

24. In accordance with the Plan, the Plan Administrator has reserved a modest budget to account for the final costs of closing these Chapter 11 Cases, including pursuing the final decree, filing final quarterly reports and paying outstanding U.S. Trustee fees. While the Plan

Administrator believes that it has appropriately budgeted only the funds necessary to complete the remaining tasks, it may be the case that excess funds remain after all U.S. Trustee and professional fees are paid (the “Remaining Funds”). The Plan Administrator anticipates that no more than \$15,000 will constitute Remaining Funds, which is insufficient to make any meaningful distributions on account of Class 4 Second Lien Notes Secured Claims<sup>7</sup> or Class 5 General Unsecured Claims at this time. Accordingly, the Plan Administrator requests authority to donate (or cause to be donated) the Remaining Funds, after the closing of these cases, to a charity described in section 501(c)(3) of the Internal Revenue Code.

25. In addition, in accordance with Article VI.C.3 of the Plan, any distribution under the Plan that is an Unclaimed Distribution or remains undeliverable for a period of six months after distribution shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and such Unclaimed Distribution or undeliverable distribution shall revert in the applicable Debtor (the “Unclaimed Distributions”). Upon such reversion, the Claim or Interest of the Holder or its successors with respect to such property shall be cancelled and forever barred notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws, or any provisions in any document governing the distribution that is an Unclaimed Distribution, to the contrary. Given that the Debtors will have been wound down and dissolved at such time, the Plan Administrator seeks authority to redistribute Unclaimed Distributions that exceed \$100,000, subject to the costs of the Disbursing Agent, to the Holders of Allowed General Unsecured Claims whose Claims have not been cancelled in accordance with the Plan. The Plan Administrator submits that the Holders of Allowed General Unsecured Claims are the proper beneficiaries of the Unclaimed Distributions and redistribution is reasonable and appropriate under the circumstances. To the extent that the

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<sup>7</sup> The holders of Second Lien Notes Claims have consented to the donation of the Remaining Funds to charity.

Unclaimed Distributions do not exceed \$100,000,<sup>8</sup> the Plan Administrator seeks authority to cause the Disbursing Agent to donate the Unclaimed Distributions to a charity described in section 501(c)(3) of the Internal Revenue Code.

26. The Plan Administrator further requests that it be discharged effective upon entry of an order granting this Motion, subject to the donation of the Remaining Funds to charity.

#### **IV. Terminating Claims and Noticing Services.**

27. The Plan Administrator also requests entry of an order terminating the claims and noticing services (the “Claims and Noticing Services”) provided by Epiq Corporate Restructuring, LLC (the “Claims Agent”) to the Debtors pursuant to the *Order Authorizing the Employment and Retention of Epiq Corporate Restructuring, LLC as Claims, Noticing, Solicitation and Administrative Agent* [Docket No. 51] (the “Claims Agent Order”). The Claims Agent Order provides, among other things, that the Claims Agent “shall not cease providing services during these chapter 11 cases for any reason, including nonpayment, without an order of the Court.” Claims Agent Order ¶ 11. Upon termination of the Claims and Noticing Services, and except as otherwise provided herein, the Claims Agent will have no further obligations under the Claims Agent Order to the Court, the Debtors, or any other party in interest with respect to the Claims and Noticing Agent Services. In accordance with the Claims Agent Order, upon the closing of these Chapter 11 Cases, the Claims Agent shall be responsible for (i) forwarding to the Clerk an electronic version of all imaged claims; (ii) uploading the creditor mailing list into CM/ECF; and (iii) docketing a final claims register.

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<sup>8</sup> The Plan Administrator has determined in its reasonable business judgment that given the anticipated cost associated with a further distribution and the size of the claims pool (\$75 million), redistributing amounts less than \$100,000 would not result in a meaningful distribution, and donation is the most reasonable alternative.

**NOTICE**

28. Notice of this Motion has been provided by email, facsimile, or first class mail to: (i) the Office of the United States Trustee for the Southern District of Texas; (ii) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (iii) the United States Attorney's Office for the Southern District of Texas; (iv) the Internal Revenue Service; (v) the United States Securities and Exchange Commission; (vi) the state attorneys general for states in which the Debtors conduct business; and (vii) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Plan Administrator submits that, in light of the nature of the relief requested, no other or further notice need be given.

**NO PREVIOUS REQUEST**

29. No previous request for the relief sought herein has been made by the Plan Administrator to this or any other court.

**CONCLUSION**

**WHEREFORE**, the Plan Administrator respectfully requests that the Court enter the Proposed Final Decree, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and grant such other relief as the Court deems just and proper.

Dated: August 12, 2024  
New York, NY

**SEWARD & KISSEL LLP**

By: /s/ John R. Ashmead

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pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested is in accordance with the terms of the Confirmation Order; and after due deliberation and sufficient cause appearing therefor,

**IT IS THEREFORE ORDERED THAT:**

1. Pursuant to section 350(a) of the Bankruptcy Code and Rule 3022 of the Bankruptcy Rules, the Chapter 11 Cases of: (i) ION Geophysical Corporation, (Case No. 22-30987); (ii) I/O Marine Systems Inc., (Case No. 22-90029); (iii) ION Exploration Products (U.S.A.), Inc., (Case No. 22-90031); and (iv) GX Technology Corporation (22-90030) are hereby closed, effective of the date of the entry of this Order.

2. The Clerk of the Court shall enter this Order on the dockets of the Chapter 11 Cases, and thereafter, the dockets shall be marked as “Closed.”

3. The Plan Administrator is authorized, but not required, to abandon and/or destroy those Documents, if any, in the possession of the Plan Administrator and his respective professionals and contractors that the Plan Administrator determines, in his sole discretion, are burdensome to the estate or of inconsequential value and benefit to the estate.

4. The Claims Agent Services of Epiq Corporate Restructuring, LLC (“Epiq”) are terminated upon the completion of the services listed in paragraph 5, *infra*. Thereafter, Epiq will have no further obligations to the Court, the Debtors, or any other party in interest with respect to the Claims Agent Services.

5. Within fourteen (14) days of entry of a final decree closing the Chapter 11 Cases, Epiq is to (i) forward to the Clerk an electronic version of all imaged claims; (ii) upload the creditor mailing list into CM/ECF; and (iii) docket a final claims register.

6. The Plan Administrator is authorized to donate the Remaining Funds to a charity described in Section 501(c)(3) of the Internal Revenue Code.

7. The Plan Administrator is authorized to redistribute Unclaimed Distributions that exceed \$100,000, subject to the costs -of the Disbursing Agent, to the Holders of Allowed General Unsecured Claims whose Claims have not been cancelled in accordance with the Plan; *provided*, that if the Unclaimed Distributions do not exceed \$100,000, the Disbursing Agent is authorized to donate the Unclaimed Distributions to a charity described in Section 501(c)(3) of the Internal Revenue Code.

8. Within twenty-one (21) days of entry of this Order, the Plan Administrator shall provide to the Office of the United States Trustee for the Southern District of Texas all quarterly reports not already filed, including reports for any partial quarter, and pay U.S. Trustee fees for disbursements up through the date of entry of this Order, even if for a partial quarter.

9. The Plan Administrator is hereby discharged upon completion of the tasks set forth in paragraphs 6 and 7 of this Order.

10. The Plan Administrator and Epiq are authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by this Order.

11. Entry of this Order is without prejudice to the rights of the Plan Administrator or any other party in interest to reopen the Chapter 11 Cases for cause pursuant to section 350(b) of the Bankruptcy Code.

12. Notwithstanding any provision of the Bankruptcy Rules to the contrary, the terms and conditions of this Order shall be effective and enforceable immediately upon its entry.

13. This Court shall retain jurisdiction over the Chapter 11 Cases to the extent permitted under the Plan and all matters arising from or related to the implementation, interpretation, or enforcement of this Order.