



Fw: Breitburn Energy Partners Shareholder Equity Committee/rights

luis madar

to:

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Please respond to luis madar <lu.madar87@yahoo.com>

Dear Hon. Judge Bernstein:

From an objective analyst's summary on 2/26/16:

Breitburn "had a good year" and there was no reason other than poor management choices which disregarded ordinary investors, to declare BK -- management spending MORE in 2016 Q1 than prior year same quarter was one documented fact, when they should have been cutting expenses, instead they were writing down common units we learned after the fact; see businesswire article below; the IR was only repeating the positives.

The company admits to almost \$1.4B in net assets yet wants to wipe out common units, which have already taken the "hit" of write-offs and sudden adverse publicity from Management/ BOD "dumping. common and preferred units -- everyone knows EIG wants to wipe out the common units to benefit. The common shareholders who did nothing but invest hard-earned money must not suffer any more.

The company can well afford a Shareholder Equity Committee, maybe take it out of Lazard's fees.

This insiderdumping has sent the price plummeting, perhaps insiders should have their shares frozen meanwhile -- if any are left -- and NOT be allowed to buy back lower. There seems price manipulation.

<http://www.fool.com/investing/general/2016/02/26/breitburn-energy-partners-lp-digs-in-for-a-tough-y.aspx?source=isesitlnk0000001&mrr=0.33>

"Operationally, Breitburn had a good year in 2015. Production not only increased, but was at the high-end of its guidance range. Meanwhile, costs came down, which when combined with its very strong oil hedges enabled the company to generate a lot of free cash flow. Further, that cash flow, as well as its ability to raise substantial capital early in the year, enabled the company to significantly reduce its bank borrowings.

Having said all that, with oil where it is right now, and no visibility that prices will improve, Breitburn remains in a tight spot because it still has a significant amount of bank debt. As of this week it had borrowed \$1.2 billion of its \$1.8 billion bank credit facility. That's a concern because its banks are scheduled to redetermine that facility in April and Breitburn expects its available credit to be significantly reduced. The question that remains to be answered is how much it will be reduced and in particular if that cut is below the \$1.2 billion the company has already borrowed. If that's the case the company would need to quickly repay the difference, which might cause it to unload assets at fire sale prices or even be forced to declare bankruptcy."

We see what choice they made!

Sincere gratitude for your consideration.

----- Forwarded Message -----

**From:** luis madar <lu.madar87@yahoo.com>

**To:** "bernstein.chambers@nysb.uscourts.gov" <bernstein.chambers@nysb.uscourts.gov>; Golden Susan (USTP) <susan.golden@usdoj.gov>

**Sent:** Thursday, June 16, 2016 10:16 AM

**Subject:** Breitburn Energy Partners Shareholder Equity Committee/rights

To the Hon. Judge Bernstein:

RE: Mr. Steven Karotkin's letter on behalf of management, I dispute his main points starting with the assertion that shareholders are already adequately represented by management and their BOD.

Let's look at company's latest filing on May 9/2016, before announcing filing for Ch. 11 protection:

Why did management salaries and professional fees rise so much Q1 2016 vs. 2015 even as their [revenues](#) and those of the industry, were down and they knew they had to cut costs to ride it out? What they were doing was piling "unrealized losses" onto common/ unit shareholders while their IR dept. was NOT releasing this info, it was telling those who called very different.

The game with UNrealized losses is interesting. Synopsis from businesswire:

<http://www.businesswire.com/news/home/20160509006711/en/Breitburn-Energy-Partners-Reports-Quarter-2016-Results>

*General and administrative expenses, excluding non-cash unit-based [compensation expenses](#), were \$17.6 million in the first quarter of 2016, compared to \$14.5 million in the fourth quarter of 2015. The increase was primarily due to higher employee related costs and professional fees. -- **WHY EXACTLY?***

*Gains on [commodity](#) derivative instruments were \$37.9 million in the first quarter of 2016 compared to gains of \$141.8 million in the fourth quarter of 2015, primarily due to unrealized losses of \$97.4 million during the first quarter of 2016 compared to unrealized losses of \$2.2 million during the fourth quarter of 2015. Derivative instrument [settlement](#) receipts were \$135.4 million in the first quarter of 2016 compared to receipts of \$144.1 million in the fourth quarter of 2015, primarily due to lower hedged volumes.*

*Net loss attributable to common unitholders was \$115.3 million, or \$0.54 per diluted common unit, in the first quarter of 2016, which included \$97.4 million in unrealized losses on commodity derivative instruments and non-cash [impairment charges](#) of approximately \$2.8 million, or \$0.01 per diluted common unit, primarily related to the impact that further deterioration in future commodity prices had on our projected net revenues for certain of our oil and [gas](#) properties, compared to net loss of \$902.3 million or \$4.25 per diluted common unit, in the fourth quarter of 2015, which included non-cash impairment charges of approximately \$878.3 million, or \$4.14 per diluted common unit.*

Re: Mr. Karotin's letter:

A) paras 3-4 state in essence that "we" have NO likelihood of recovering anything, given that we're in line behind about over 3B in recovery, and B) nonetheless maintains that "we" are already adequately represented by BOD and Management who are aware of their fiduciary duties and discharging them.  
-- To me these two sections sound in conflict since they have made up their minds "we" are entitled to nothing.

They state that "we" are basing arguments on public filings which are not the most up-to-date and accurate, so I would expect a Committee to have access to all the information we clearly do not have as the hearings proceed.

BTW they reference the case of Eastman Kodak:

I was not a shareholder but unless I'm incorrect, that ended up wiping out all shareholders, when the company went defunct: but that was a different kind of company, and I recall reading that it had been too reliant on old technologies for revenue, didn't adapt to the digital age, had poor management etc.: oil and gas aren't going the way of film any time soon.

-- IN contrast AmericanAirlines came back from Ch. 11 stronger than ever, they of course are inversely affected by oil prices, they suffered when prices were high and had to make cuts, mergers, etc.; the oil and gas industry are cyclical, Breitburn can do the same to ride it out and not wipe out common and other shareholders/units by piling on the apportionment of debt as they have AND canceling shares while enriching all those who participate in this process.  
-- So using Kodak seems the worst possible example.

***Pls. be assured that those of us who have written are the tip of the iceberg, many don't know where to write or to whom, but encourage each other via social media, private mailings, message boards.***

***Here is one letter from someone I have no knowledge of personally or v.v. but who, I believe, represents the "little people" who still invest in the stock market, with funds they can't afford to lose; at this time when Bernie Sanders has gained such traction with his calls for cutting corruption on Wall Street, I hope these pleas for a voice to be treated fairly, not wiped out by the "big people" who always seem to find their way out of any mess THEY CREATE to their own advantage.***

Good day Judge Bernstein,

I just want to inform you that I'm VERY concerned in the direction that Breitburn Management has taken this company. With 1.5 Billion in Assets and Oil price doubling since the Ch-11 was filed there should be no reason that the common share holder like myself and thousands of others be the ones to suffer in this case.

Everyone that is sitting in your court room is making thousands and even millions of dollars (Like Lazard) off of this case, while I sit at home and watch the stock chart drop to depressing levels. We are at the bottom of the crab bucket, the ones that invested the most as a group, and suffering the most through this case.

As a US Military Veteran that has sworn an oath to protect this nation I pray that you make the right decision in this case with that same honor and duty that you sworn an oath to. The kind of decision that allows you to sleep in peace at night with a clear mind. We all pray for a positive outcome in this case.

I know you are very busy and most likely do not have time to respond but I still thank you for your time in reading my email, and taking all of our concerns into consideration that hopefully allow us to get through this with just a few cuts and bruises.

Respectfully  
Invest4mynest  
US Army Veteran 1st Cavalry  
Iraq/Afghanistan