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Small Alaska firms fighting off money collectors in Buccaneer bankruptcy case

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Alaska contractors paid by a Cook Inlet oil explorer are now locked in a battle to hold onto that money in a bankruptcy case in the courts since May 2014.

Moore and Moore Services did work for Buccaneer, including providing large emergency shipments of water to make drilling mud during a tense, late-night operation to help prevent a blowout that could have hurt someone, said owner Lloyd Moore.

But now the liquidating bankruptcy trustee is trying to pry back \$70,000 that Moore and Moore earned, said Moore.

"It really knocks you down," said Moore, whose Homer company also provided trash-collection services to Buccaneer. "You work hard to run a good business and pay people good wages and here this comes along and you get hit."

Buccaneer, from Australia, is out of business. But the bankruptcy trustee in the case, Jeffrey Compton of Houston, is trying to recover payments the company made 90 days before it filed for Chapter 11 protection in U.S. Bankruptcy Court in Southern Texas.

Compton did not return phone calls seeking comment.



The Buccaneer jack-up rig "Endeavour, Spirit of Independence" in Homer in 2012. (Jim Lavrakas photo / ADN archive 2012)

The so-called "clawing back" of payments is a legal and common step in large bankruptcy cases, attorneys say. It's designed to allow equitable payment to all creditors and prevent inappropriate payments in the tumultuous days before a filing.

But the process may not feel fair to businesses on the losing side, said David Bundy, an Anchorage bankruptcy attorney. He has helped two Alaska companies settle against Buccaneer, including HomeRun Oil in Homer.

"People are surprised if they need to give back money they thought they could keep," he said.

Shelly Erickson, co-owner of HomeRun Oil, called it a "nasty law."

HomeRun Oil provided diesel fuel to Buccaneer, including to run generators during its search for oil and gas in Cook Inlet. After the bankruptcy filing, HomeRun received a letter saying it needed to return \$125,000 Buccaneer had paid.

Erickson fought the effort, keeping most of that money after settling in October. But she still racked up tens of thousands of dollars in money lost and attorney fees, she said.

"It makes my blood pressure boil," Erickson said. "It wasn't just me. When someone takes that kind of money it leaves the whole community, and it's gone and everyone loses."

Buccaneer had received substantial help from the state, including \$58 million in tax credits, records show.

Other area businesses have also been hit with the payback demand.

Ocean Marine Services, an offshore oil support company with offices in Nikiski and Kirkland, Washington, provided vessel support for Buccaneer's jack-up drilling rig, the Endeavour.

Now the liquidating trustee is trying to recover \$287,000 Buccaneer had already paid, said Joey Willis, president of Offshore Marine Services. A court date for that fight is set up for August in Texas.

"It was a rude awakening," Willis said of the claw-back provision.

Other Alaska companies fighting to keep their money include Port Graham Corp., an Alaska Native corporation, which provided shore-based support services for the drilling rig. The trustee is seeking \$248,000, records show.

The oil-tax reform bill passed by the Legislature in early June includes a provision requiring oil companies to post a \$250,000 surety bond to make sure unsecured creditors receive payment if a company goes bankrupt.

But that amount is not enough, said Erickson.

"That is really low," she said. "They need to have a bond for \$2 (million) or \$3 million because \$250,000 is nothing in a day's work out there."

About the Author

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