

Shut-Down Gas Driller Is in Bankruptcy to...Reopen?

Bankruptcy lawyers are often hired for the task of shutting down an unsalvageable business. Earlier this week, Louisiana lawyer Martin A. Schott was hired to resurrect a dead one.

With a bankruptcy judge's order, Mr. Schott is now in charge of shuttered oil and gas driller EC Offshore Properties Inc., which halted operations off the Louisiana coast in August.

That closure began a countdown on a very important timer: under federal rules, a company that stops drilling on leased land will lose that lease after 180 days of inactivity.

For EC Offshore, that countdown ends on Feb. 16, according to unpaid contractors who filed an involuntary Chapter 11 bankruptcy case against EC Offshore and quickly made their plea in court papers for the appointment of someone like Mr. Schott who can "step into the [company's] shoes."

If the company's lease expires, it's less likely that the unpaid contractors—owed nearly \$150,000—will be paid, their lawyers said in documents filed in U.S. Bankruptcy Court in Lafayette, La.

EC Offshore officials didn't respond the contractor's request in court papers. EC Offshore's Chief Executive John Boylan did not return a request for comment left at his office.

Mr. Schott also couldn't be reached to talk about whether his assignment is even possible.

Using bankruptcy to bring a dead company back to life? It's rare, but it does happen.

"If you have a company that's on death's door, the most likely direction it's going to take [in the bankruptcy process] is to be buried," said New Jersey lawyer

Charles Forman, who has restarted operations of a least dozen dead companies that filed for bankruptcy in the last five years.

Most lawyers usually use the power of bankruptcy to either prevent a company from shutting down or efficiently wind down one that can't be saved. But in 2013, Mr. Forman hired back nearly half of a shuttered Michigan coupon book publisher's roughly 400 workers to the company, whose books were sold by school children and charities as fundraisers.

Two investors couldn't agree to pay for the company's operations, Mr. Forman said. The struggling company's subsequent Chapter 7 filing meant, effectively, that they'd be walking away from their investment.

Mr. Forman got a Delaware judge's permission to spend company money to temporarily restart operations and look for buyers. After an auction, he sold the business to buyers who paid roughly \$17.6 million and promised to keep the company open.

"You need someone who's a bit of an entrepreneur and a little bit of a risktaker who's willing to invest time and energy in something that might not pan out," Mr. Forman said.