

UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF TEXAS, EL PASO DIVISION

In re: Marquez Construction and Maintenance, LLC

In re Marquez Construction and Maintenance, LLC · No. 24-31042-cgb · Decided November 25, 2025

SUMMARY

The court held that OSC Energy, LLC’s application for an administrative expense claim was timely because no claims deadline had been set and OSC lacked notice of the bankruptcy until after conversion. The court granted the entire claim chapter 11 administrative expense status because it arose under a post-petition rental agreement entered into by the chapter 11 debtor, including expenses incurred after conversion to chapter 7. However, the court denied chapter 7 administrative expense status for post-conversion expenses because the equipment and services did not benefit the chapter 7 estate and were not accepted by the chapter 7 trustee.

CASE DETAILS

COURT	United States Bankruptcy Court for the Western District of Texas, El Paso Division
WRITING FOR THE COURT	Christopher G. Bradley
JURISDICTION	United States Bankruptcy Court for the Western District of Texas, El Paso Division
DECIDED	November 25, 2025
DOCKET	24-31042-cgb
DISPOSITION	other
PROCEDURAL POSTURE	OSC Energy, LLC applied for allowance and payment of a post-petition administrative expense claim in the debtor's converted chapter 7 bankruptcy case. The trustee and Pioneer Bank objected, principally arguing that the application was untimely and that the claimed expenses did not benefit the estate.
PRECEDENTIAL VALUE	Unknown

TOPICS

- chapter 11
- chapter 7
- proof of claim
- bankruptcy

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether OSC's application for an administrative expense claim was timely under Federal Rule of Bankruptcy Procedure 1019(f), including whether the deadline could be extended because OSC lacked notice of the bankruptcy.
2. Whether expenses arising under a post-petition contract entered into by a chapter 11 debtor before conversion qualify as chapter 11 administrative expenses when some expenses arose after conversion to chapter 7.
3. Whether expenses arising after conversion to chapter 7 under the post-petition rental agreement qualify for the higher priority of chapter 7 administrative expenses when the agreement did not benefit the chapter 7 estate and was not assumed by the chapter 7 trustee.

HOLDINGS

1. The application was timely because no claims bar date had been set in the chapter 7 case. Alternatively, any missed deadline should be extended for cause because OSC did not receive notice of the bankruptcy until after conversion and promptly filed its application after receiving notice.
2. The expenses incurred before conversion under the post-petition rental agreement were entitled to chapter 11 administrative-expense status.
3. All expenses arising under the post-petition rental agreement, including expenses that arose after conversion to chapter 7, were entitled to chapter 11 administrative-expense status.
4. The post-conversion expenses were not entitled to chapter 7 administrative-expense status because they did not benefit the chapter 7 estate and were not sought or accepted by the chapter 7 trustee.

KEY QUOTATIONS

“The Court holds, first, that the creditor’s claim was timely because no deadline was set for filing administrative claims, and in any case, the creditor received no notice of the bankruptcy.” (Introduction)

“Yes, all expenses under a post-petition contract are entitled to administrative claim treatment, whether arising pre- or post-conversion.” (Section B.3)

“Therefore, OSC’s claim is not entitled to chapter 7 administrative status.” (Section C)

FACTUAL BACKGROUND

The debtor filed chapter 11 while operating an oil-field-services business and, after filing, entered into a rental agreement under which OSC supplied equipment, diesel fuel, and pickup and delivery services from December 12, 2024, through May 2, 2025. The case converted to chapter 7 on April 11, 2025, the debtor stopped operating, and Aldo Lopez became the chapter 7 trustee. OSC did not learn of the bankruptcy until after conversion, was not listed on the debtor's amended schedules, and filed an application seeking a \$151,370.83 administrative expense claim shortly after learning of the case.

PROCEDURAL HISTORY

Marquez Construction and Maintenance, LLC filed a chapter 11 case on August 28, 2024 and entered into a post-petition rental agreement with OSC Energy, LLC. The case was converted to chapter 7 on April 11, 2025, after which the debtor ceased operations and the chapter 7 trustee did not assume the rental agreement. OSC filed its application on July 16, 2025, and the bankruptcy court held a hearing on September 11, 2025 before granting the application in part as to priority classification.

DISPOSITION

other

CASES CITED

- In re Forrest Marbury House Associates Ltd. Partnership, 163 B.R. 1, 2 (Bankr. D.C. 1993)
- Nabers Offshore Corp. v. Whistler Energy II, L.L.C. (In re Whistler Energy II, L.L.C.), 931 F.3d 432, 441-44 (5th Cir. 2019)
- Jack/Wade Drilling, Inc., 258 F.3d 385, 387 (5th Cir. 2001)
- Toma Steel Supply, Inc. v. TransAmerican Natural Gas Corp. (In re Matter of TransAmerican Natural Gas Corp.), 978 F.2d 1409, 1416 (5th Cir. 1992)
- Reading Co. v. Brown, 391 U.S. 471, 483 (1968)
- In re Mammoth Mart, Inc., 536 F.2d 950, 955 (1st Cir. 1976)
- Commercial Financial Services, 246 F.3d 1291, 1295 (10th Cir. 2001)
- In re Jartran, 732 F.2d 584, 588 (7th Cir. 1984)
- In re Airlift International, Inc., 761 F.2d 1503, 1510 (11th Cir. 1985)
- Kimzey v. Premium Casing Equipment, LLC, No. 16-1490, 2018 WL 1321971, at *7 (W.D. La. Mar. 14, 2018)
- In re ATP Oil & Gas Corp., No. 12-36187, 2014 WL 1047818, at *9 (Bankr. S.D. Tex. Mar. 18, 2014)
- Devan v. Simon DeBartolo Group, L.P. (In re Merry-Go-Round Enterprises, Inc.), 180 F.3d 149, 156 (4th Cir. 1999)
- Adamowicz v. Pergament (In re Lamparter Organization, Inc.), 207 B.R. 48, 51-52 (Bankr. E.D.N.Y. 1997)
- Mission Product Holdings v. Tempnology, LLC, 587 U.S. 370, 373-74 (2019)
- N.L.R.B. v. Bildisco & Bildisco, 465 U.S. 513, 531-32 (1984)
- In re Steepologie, LLC, No. 23-10671, 2024 WL 117525, at *3-4 (Bankr. W.D. Tex. Jan. 10, 2024)
- In re Texas Wyoming Drilling, Inc., 486 B.R. 746, 754 (Bankr. N.D. Tex. 2013)
- In re Bradlees Stores, Inc., No. 00-16033, 2001 WL 1112308 (Bankr. S.D.N.Y. Sept. 20, 2001)
- In re Tucci, 47 B.R. 328 (Bankr. E.D. Va. 1985)
- In re Joyner, 74 B.R. 618 (Bankr. M.D. Ga. 1987)