

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
)	
Quicksilver Resources Inc., <u>et al.</u> , ¹)	Case No. 15-10585 (LSS)
)	
Debtors.)	Jointly Administered
)	
)	Hearing Date: April 15, 2015 at 2:00 p.m. (EDT)
)	Obj. Deadline: April 8, 2015 at 4:00 p.m. (EDT)
)	
)	Re: Docket Nos. 11 & 95

**NOTICE OF (I) ENTRY OF “INTERIM ORDER (I) AUTHORIZING, BUT NOT
DIRECTING, DEBTORS TO PAY PRE-PETITION CLAIMS OF CRITICAL
VENDORS AND (II) AUTHORIZING FINANCIAL INSTITUTIONS TO
HONOR AND PROCESS RELATED CHECKS AND TRANSFERS”
AND (II) SCHEDULING OF A FINAL HEARING THEREON**

PLEASE TAKE NOTICE that, on March 17, 2015, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for Entry of Interim and Final Orders (A) Authorizing, but Not Directing, Debtors to Pay or Honor Pre-Petition Obligations to Certain Critical Vendors and (B) Authorizing Financial Institutions to Honor All Related Checks and Electronic Payment Requests* [Docket No. 11] (the “Motion”) with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801 (the “Bankruptcy Court”). A copy of the Motion is attached hereto as **Exhibit A**.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

PLEASE TAKE FURTHER NOTICE that, following a first day hearing to consider approval of the Motion on an interim basis, on March 19, 2015, the Bankruptcy Court entered the *Interim Order (I) Authorizing, but Not Directing, Debtors to Pay Pre-Petition Claims of Critical Vendors and (II) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers* [Docket No. 95] (the “Interim Order”). A copy of the Interim Order is attached hereto as **Exhibit B**.

PLEASE TAKE FURTHER NOTICE that a hearing to consider approval of the Motion on a final basis will be held on **April 15, 2015 at 2:00 p.m. (Eastern Daylight Time)** before The Honorable Laurie Selber Silverstein at the Bankruptcy Court, 824 North Market Street, 6th Floor, Courtroom 2, Wilmington, Delaware 19801.

PLEASE TAKE FURTHER NOTICE that objections or responses to the relief requested in the Motion, if any, must be made in writing, filed with the Bankruptcy Court, and served so as to be received on or before **April 8, 2015 at 4:00 p.m. (Eastern Daylight Time)** on the following parties: (a) Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, TX 75201, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., proposed counsel to the Debtors; (b) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, DE 19801, Attn: Paul N. Heath, Esq., proposed Delaware counsel to the Debtors; (c) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, Attn: Steven M. Fuhrman, Esq., counsel to the First Lien Agent; (d) Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, NY 10022, Attn: Mitchell A. Seider, Esq., counsel to the Second Lien Agent; (e) Emmet, Marvin & Martin LLP, 120 Broadway, 32nd Floor, New York, NY 10271, Attn: Edward P. Zujkowski, counsel to the Second Lien Indenture Trustee; (f) Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005, Attn:

Dennis F. Dunne, Esq. and Samuel A. Khalil, Esq., counsel to the Ad Hoc Group of Second Lienholders; and (g) the Office of the United States Trustee for Region 3, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Jane Leamy, Esq

PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE FINAL RELIEF REQUESTED IN THE MOTION, ON A FINAL BASIS, WITHOUT FURTHER NOTICE OR A HEARING.

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Wilmington, Delaware
Date: March 20, 2015

/s/ Amanda R. Steele

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**PROPOSED COUNSEL FOR DEBTORS AND
DEBTORS IN POSSESSION**

Exhibit A

Motion

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: Quicksilver Resources Inc., <u>et al.</u> , ¹ Debtors.)))))))	Chapter 11 Case No. 15-10585 () Joint Administration Requested
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**DEBTORS’ MOTION FOR ENTRY OF INTERIM AND FINAL
ORDERS (A) AUTHORIZING, BUT NOT DIRECTING,
DEBTORS TO PAY OR HONOR PRE-PETITION OBLIGATIONS
TO CERTAIN CRITICAL VENDORS AND (B) AUTHORIZING
FINANCIAL INSTITUTIONS TO HONOR ALL RELATED
CHECKS AND ELECTRONIC PAYMENT REQUESTS**

The debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) respectfully submit this *Debtors’ Motion for Entry of Interim and Final Orders (A) Authorizing, but not Directing, Debtors To Pay or Honor Pre-petition Obligations to Certain Critical Vendors and (B) Authorizing Financial Institutions To Honor All Related Checks and Electronic Payment Requests* (the “Motion”). In support of the Motion, the Debtors represent and set forth as follows:²

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

² A detailed description of the Debtors and their businesses, and the facts and circumstances supporting this Motion and the Debtors’ restructuring, are set forth in greater detail in the Declaration of Vanessa Gomez LaGatta in Support of First Day Pleadings (the “First Day Declaration”), filed contemporaneously with the Debtors’ voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).³

2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The predicates for the relief requested herein are Bankruptcy Code sections 105(a), 363(b), and 503 and rules 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

BACKGROUND

A. General Background

4. On March 17, 2015 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases. No committees have been appointed or designated.

5. This Motion incorporates by reference the facts set forth in the First Day Declaration as if fully set forth herein. Additional facts specific to this Motion are set forth below.

B. Specific Background

6. The Debtors purchase goods and services from certain vendors and contractors that are suppliers of goods and service providers without which the Debtors could not operate

³ Under rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors hereby confirm their consent to the entry of a final order by this Court in connection with this Motion if it is later determined that this Court, absent consent of the parties, cannot enter final orders or judgments in connection therewith consistent with Article III of the United States Constitution.

(collectively, the “Critical Vendors”). Certain of these Critical Vendors do not have written contracts with the Debtors for this arrangement, may be entitled to administrative priority pursuant to Bankruptcy Code section 503(b)(9), or could not be replaced within a reasonable time and on terms as beneficial to the Debtors as those currently in place.

7. The Critical Vendors supply goods and provide services to the Debtors that are necessary to operate their businesses, which in certain instances may include, but are not limited to, salt water removal services critical to the Debtors’ drilling operations, oil field services, drilling supplies and materials, and information technology and other computer-related services. With respect to the Debtors’ Critical Vendors, replacement vendors, even where available, would likely result in higher costs for the Debtors and, in certain instances, would substantially interfere with the Debtors’ ability to operate going forward.

8. If the Debtors can benefit from maintaining lower costs of goods and services purchased during the post-petition period and avoid the severe disruption that might be caused by a cessation of service, prudence dictates that the Debtors should have the authority to pay selected Critical Vendors some or all of their pre-petition claims. The Debtors intend that such payments would be contingent on an agreement by the relevant Critical Vendor that it will continue to sell goods or provide services to the Debtors on a go-forward basis on terms favorable to the Debtors. Nonetheless, the Debtors seek the right, in their sole discretion, to pay a Critical Vendor without such agreement if such payment is necessary to avoid immediate and irreparable harm to, and is in the best interest of, their estates.

9. The Debtors therefore seek the authority to pay, in their sole discretion and business judgment, some or all of the pre-petition obligations of certain Critical Vendors (the “Critical Vendor Claims”) to maintain their operations. The Critical Vendors are an essential

component of the Debtors' continuing operations. The Debtors estimate that the maximum amount needed to pay the pre-petition claims of Critical Vendors is approximately \$5.80 million (the "Critical Vendor Claims Cap").⁴ The Debtors believe that certain of the payments that would be made to the Critical Vendors pursuant to the relief requested in this Motion would be on account of the goods and services provided to the Debtors within the 20-day period prior to the Petition Date and, therefore, would be entitled to administrative expense priority under Bankruptcy Code section 503(b)(9).

10. The Debtors are mindful of their fiduciary obligations to seek to preserve and maximize the value of their estates. The preservation of key business relationships and minimization of the effects of the chapter 11 process on the end users of the Debtors' oil and gas activities are among management's primary goals as the Debtors transition into chapter 11. For these reasons, the Debtors seek to minimize the adverse business effects, as well as the cash flow impact, of their chapter 11 filing and possible irreparable harm, to the fullest extent possible by obtaining authority from this Court to pay certain necessary trade vendors that are not subject to written contracts with the Debtors or that have trade liens and that are so essential to the Debtors' business that the loss of their particular goods or services would cause immediate and irreparable harm to the Debtors' business, goodwill, and market share.

(a) *Payment of Critical Vendors Is in the Best Interests of the Debtors' Estates and Creditors.*

11. While the Debtors hope and expect to be able to ensure a continuing post-petition supply of goods and services through consensual negotiation with the Critical Vendors, the Debtors recognize that their fiduciary duties bind them to consider and plan for vendors that

⁴ The Critical Vendor Claims Cap does not include any pre-petition claims that the Debtors have authority to pay under other orders entered by this Court in these chapter 11 cases.

refuse to provide future goods or services unless their pre-petition claims are paid. The Critical Vendors are so essential to the Debtors' business that the lack of each of their particular goods and services, even for a short duration, would severely disrupt the Debtors' operations and cause irreparable harm to the Debtors' business, goodwill, and market share. This irreparable harm to the Debtors and to the recovery of all creditors would far outweigh the cost of payment of the pre-petition claims of the Critical Vendors.

12. In determining the amount of the Critical Vendor Claims Cap, the Debtors have carefully reviewed their suppliers to determine, among other things: (a) which suppliers were sole-source or limited-source suppliers, without whom the Debtors could not continue to operate without disruption; (b) which suppliers would be difficult to replace because they meet the Debtors' and their customers' strict quality, health, safety, and environmental standards and records; (c) which suppliers would be prohibitively expensive to replace; and (d) which suppliers present an unacceptable risk should they cease providing truly essential services or supplies. After compiling this information, the Debtors estimated the amount they believe they would be required to pay to ensure the continued supply of critical goods and services. The Critical Vendor Claims Cap represents this estimated amount.

13. The Critical Vendor Claims Cap represents only a percentage of the total amount of the pre-petition vendor claims in these cases. It represents the Debtors' best estimate as to how much must be paid to the Critical Vendors to continue the Debtors' operations and the supply of critical goods and services to the Debtors. The Debtors will seek to minimize the amount paid on account of such claims.

14. The Debtors have identified those parties that they believe are Critical Vendors and shall provide the United States Trustee and any statutorily appointed committee with a list of

proposed Critical Vendors, which list shall be maintained by these parties on a confidential basis. However, to minimize the amount of payments required, the Debtors request authority to identify Critical Vendors in the ordinary course of their business, subject to the Critical Vendor Claims Cap, because identifying the Critical Vendors now would likely cause all such vendors to demand payment in full. The Debtors propose the following procedures for paying Critical Vendor Claims:

- (i) The Debtors will pay, in their sole discretion, the Critical Vendor Claims of each Critical Vendor that agrees to continue to supply goods or services to the Debtors on Customary Trade Terms (as defined below) for a period of time or on other such terms and conditions as are acceptable to the Debtors. As used herein, “Customary Trade Terms” means, with respect to the Critical Vendors, (a) the normal and customary trade terms, practices, and programs (including, but not limited to, credit limits, pricing, cash discounts, timing of payments, allowances, rebates, coupon reconciliation, normal product mix and availability, and other applicable terms and programs), that were most favorable to the Debtors and in effect between such Critical Vendor and the Debtors prior to the Petition Date; or (b) such other trade terms as agreed by the Debtors and such Critical Vendor. However, in certain circumstances, a Critical Vendor may refuse to provide services to the Debtors on Customary Trade Terms even after payment of such Critical Vendor Claim. To accommodate these circumstances, the Debtors seek approval to enter into separate agreements, in the Debtors’ sole discretion, with each such Critical Vendor on a case-by-case basis.
- (ii) If a Critical Vendor subsequently refuses to continue to supply goods or services to the Debtors on Customary Trade Terms for the applicable period, or on such terms as were individually agreed to between the Debtors and such Critical Vendor, then the Debtors may, in their sole discretion, and without further order of the Court, (a) declare that the payment of such Critical Vendor Claim is a voidable post-petition transfer pursuant to Bankruptcy Code section 549(a) that the Debtors may recover from such Critical Vendor in cash or in goods and (b) demand that the creditor immediately return such payments in respect of the Critical Vendor Claim to the extent that the aggregate amount of such payments exceeds the post-petition obligations then-outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or setoffs of any type whatsoever, and the creditor’s

Critical Vendor Claim shall be reinstated in such an amount as to restore the Debtors and the Critical Vendor to their original positions, as if the agreement had never been entered into and no payment of the Critical Vendor Claim had been made. In sum, the Debtors will return the parties to their positions immediately prior to the entry of the order approving the relief sought herein.

- (iii) To ensure that Critical Vendors transact business with the Debtors on Customary Trade Terms, the Debtors propose the following procedures as a condition to paying any Critical Vendor: (a) that a letter or contract including provisions substantially in the form of the letter attached hereto as **Exhibit C** (a “Vendor Agreement”) be delivered to, and executed by, each such Critical Vendor, along with a copy of the order granting the relief sought herein; and (b) that payment of Critical Vendor Claims include a communication of the following statement:

By accepting this payment, the payee agrees to the terms of the Order of the U.S. Bankruptcy Court for the District of Delaware, dated [____], 2015, in the chapter 11 cases of Quicksilver Resources Inc., *et al.* (Case No. 15-10585 (____), entitled *Order (I) Authorizing Debtors To Pay Pre-petition Claims of Critical Vendors and (II) Authorizing Financial Institutions To Honor and Process Related Checks and Transfers* and submits to the jurisdiction of that Court for enforcement thereof.

- (iv) As a further condition of receiving payment on a Critical Vendor Claim, a Critical Vendor must agree to take whatever action is necessary to remove any existing trade liens at such Critical Vendor’s sole cost and expense and waive any right to assert a trade lien on account of the paid Critical Vendor Claim.
- (v) The Debtors will maintain a summary list of all payments made to Critical Vendors and the Debtors will provide an updated copy of such list to the Office of the United States Trustee (the “U.S. Trustee”) for the District of Delaware on a bi-monthly basis.

15. The Debtors believe that payment of the Critical Vendor Claims is necessary to preserve operations and maximize the value of their assets. The need for the flexibility to pay such claims is particularly acute in the period immediately following the Petition Date. During this period, the Debtors, their attorneys, their financial advisors, and their other professionals will be focusing on stabilizing operations and efforts to preserve and maximize the value of their

assets. At the same time, while the Debtors are distracted with stabilization of the businesses and efforts to preserve and maximize the value of their assets, Critical Vendors may attempt to assert their considerable leverage and deny provision of essential goods and services going forward, suddenly and without notice, in an effort to cripple the Debtors' operations and coerce payment.

16. Furthermore, if the relief sought herein is not granted, Critical Vendors will have no incentive to continue to finance the Debtors on Customary Trade Terms. Indeed, over the last year, certain vendors that became concerned about the Debtors' financial condition have demanded that the Debtors pay for their goods on accelerated payment terms or on a cash-in-advance or cash-on-delivery basis. Any further expansion of these activities by other Critical Vendors would be detrimental to the Debtors, their estates, and their creditors.

17. The continued availability of trade credit, in amounts and on terms consistent with those the Debtors worked diligently to obtain and maintain pre-petition, is clearly advantageous to the Debtors. It allows the Debtors to maintain and enhance necessary liquidity and focus on efforts to maximize the value of their assets. The Debtors believe that preserving working capital through the retention and reinstatement of their normally advantageous trade credit terms will enable the Debtors to stabilize business operations at this critical time, to maintain their competitiveness, and to maximize the value of their businesses for the benefit of all interested parties. Conversely, any deterioration of trade credit, or disruption or cancellation of deliveries of goods or provision of essential services, could spell disaster for the Debtors' restructuring efforts. Finally, the relief requested herein may help to avert the institution of reclamation claims, suits, and motions. Avoiding the time and expense of evaluating and litigating such claims will provide another incremental benefit for the Debtors, their estates, and their creditors.

Any occurrence affecting operations could prolong the Debtors' chapter 11 cases, increase administrative expenses, and jeopardize their reorganization.

(b) *Request for Authority for Financial Institutions To Honor and Process Related Checks and Transfers.*

18. The Debtors also request that all applicable banks and other financial institutions be authorized to receive, process, honor, and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, the Critical Vendor Claims, regardless of whether the checks were presented or fund transfer requests were submitted before or after the Petition Date, *provided, however*, that (a) funds are available in the Debtors' accounts to cover the checks and fund transfers, and (b) all the banks and other financial institutions are authorized to rely on the Debtors' designation of any particular check as approved by the Interim Order (defined below).

RELIEF REQUESTED

19. The Debtors submit this Motion pursuant to Bankruptcy Code sections 105(a), 363(b), and 503 and Bankruptcy Rules 6003, 6004, and 9014 requesting entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (the "Interim Order" and the "Final Order," respectively) (i) authorizing, but not directing, the Debtors to pay Critical Vendor Claims in their sole and absolute discretion; (ii) authorizing banks and other financial institutions to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors pursuant to an order approving this Motion whether presented before or after the Petition Date; and (iii) granting related relief.

20. The Debtors also request that the Court schedule a hearing (the "Final Hearing") on the entry of the Final Order within thirty (30) days of the date hereof or as soon thereafter as practicable; *provided, however*, that, in the event that no objections to entry of the Final Order

are timely received, the Debtors request that the Court enter the Final Order without need for the Final Hearing.

SUPPORTING AUTHORITY

A. Payment of Critical Vendor Claims is Justified on Multiple Grounds.

21. The relief requested in this Motion is supported by several provisions of the Bankruptcy Code that authorize a debtor to honor pre-petition obligations in certain circumstances. Courts have recognized each of these statutory provisions as valid authority for such payments. For instance, courts have found a basis for allowing debtors to make payments to creditors under Bankruptcy Code sections 363 and 364. *See, e.g., In re UAL Corp.*, No. 02-48191 (Bankr. N.D. Ill. Dec. 11, 2002).⁵ Authority for such payments also may be found in Bankruptcy Code sections 1107(a) and 1108, which vest debtors in possession with authority to continue operating their businesses. Sometimes this duty and the concomitant fiduciary duty to maximize estate value may be fulfilled through only the pre-plan payment of certain unsecured claims. *See generally In re Kmart Corp.*, 359 F.3d 866, 874 (7th Cir. 2004) (suggesting that payments to unsecured pre-petition creditors were appropriate where those creditors' services were thought to be "critical" to the debtors' reorganization and where those creditors would not provide those critical services post-petition were their pre-petition claims not paid); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175-76 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept."). Finally, courts have similarly authorized payment of pre-petition obligations pursuant to Bankruptcy Code section 105(a), which allows a bankruptcy court to enter any order "necessary or appropriate" to carry out the

⁵ Because of the voluminous nature of the orders cited herein, such orders are not attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

provisions of the Bankruptcy Code. *See, e.g., In re Jeans.com, Inc.*, 502 B.R. 250, 254 (Bankr. D.P.R. 2013); *In re Just for Feet, Inc.*, 242 B.R. 821, 824–26 (D. Del. 1999).

22. The Debtors believe that a number of the Critical Vendor Claims may arise from goods and services received by the Debtors in the ordinary course of their businesses within the twenty days immediately preceding the Petition Date. To that end, those Critical Vendor Claims are entitled to administrative expense priority pursuant to Bankruptcy Code sections 503(b)(9) and 507(a)(2), and the Debtors are required to pay such claims in full as a prerequisite to confirmation of a chapter 11 plan. *See* 11 U.S.C. § 1129(a)(9)(A) (requiring payment in full of claims entitled to priority under section 507(a)(2)). Accordingly, to the extent that any Critical Vendor Claims are entitled to priority under section 503(b)(9), the relief requested herein will affect only the timing, and not the amount, of payment for such claims.

B. This Court May Authorize Payment of the Critical Vendor Claims.

23. The relief requested in this Motion is authorized pursuant to Bankruptcy Code sections 363 and 364. *In re UAL Corp.*, Case No. 02-48191 (Bankr. N.D. Ill. Dec. 11, 2002) (holding that essential trade motion relying upon section 363 is “completely consistent with the Bankruptcy Code” and payments to critical trade vendors have further support when debtor seeks “the extension of credit under section 364 on different than usual terms, terms that might include the payment of a pre-petition obligation”); *see also Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.)*, 29 B.R. 391, 397 (S.D.N.Y. 1983) (authorizing a contractor, under Bankruptcy Code section 363, to pay pre-petition claims of some suppliers that were potential lien claimants because such payments were necessary for general contractors to release funds owed to debtors, thus benefiting the estates).

24. The relief requested in this Motion contemplates payments to be made to those Critical Vendors who agree to provide goods or services on Customary Trade Terms. As a

result, the payment of such Critical Vendor Claims is consistent with and appropriate under Bankruptcy Code sections 363 and 364. As detailed above, the goods and services provided by the Critical Vendors are vital to the Debtors' continuing business operations and the success of these chapter 11 cases.

25. Courts in this jurisdiction have granted similar critical vendor relief in other cases. *See, e.g., In re Dendreon Corp. et al.*, No. 14-12515 (PJW) (Bankr. D. Del. Nov. 12, 2014); *In re Source Home Entm't, LLC*, et al., No. 14-11553 (KG) (Bankr. D. Del. July 18, 2014); *In re Natrol, Inc. et al.*, No. 14-11446 (BLS) (Bankr. D. Del. July 15, 2014); *In re GSE Envtl., Inc. et al.*, No. 14-11126 (MFW) (Bankr. D. Del. May 30, 2014); *In re Quantum Foods, LLC et al.*, No. 14-10318 (KJC) (Bankr. D. Del. Mar. 12, 2014); *In re Victor Oolitic Stone Co. d/b/a Indiana Limestone Co.*, No. 14-10311 (CSS) (Bankr. D. Del. Feb. 18, 2014); *In re Geokinetics Inc.*, No. 13-10472 (KJC) (Bankr. D. Del. Apr. 2, 2013); *In re Los Angeles Dodgers LLC*, No. 11-12010 (KG) (Bankr. D. Del. June 28, 2011); *In re NEC Holdings Corp.*, No. 10-11890 (PJW) (Bankr. D. Del. July 13, 2010); *In re Neenah Enters., Inc.*, No. 10-10360 (MFW) (Bankr. D. Del. Mar. 8, 2010); *In re Heartland Publ'ns, LLC*, No. 09-14459 (KG) (Bankr. D. Del. Dec. 22, 2009); *In re RathGibson, Inc.*, No. 09-12452 (CSS) (Bankr. D. Del. July 14, 2009); *In re Aventine Renewable Energy Holdings, Inc.*, No. 09-11214 (KG) (Bankr. D. Del. Apr. 9, 2009); *In re BT Tires Grp. Holding, LLC*, No. 09-11173 (CSS) (Bankr. D. Del. Apr. 3, 2009); *In re Midway Games, Inc.*, No. 09-10465 (KG) (Bankr. D. Del. Feb. 13, 2009); *In re Smurfit-Stone Container Corp.*, No. 09-10235 (BLS) (Bankr. D. Del. Jan. 27, 2009) (interim order); *In re Tribune Co.*, No. 08-13141 (KJC) (Bankr. D. Del. Dec. 10, 2008). The Debtors respectfully submit that similar relief is warranted in these chapter 11 cases.

C. The Court Should Authorize Payment of the Critical Vendor Claims as a Valid Exercise of the Debtors' Fiduciary Duties.

26. The Debtors, operating their business as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108, are fiduciaries “holding the bankruptcy estate and operating the business for the benefit of [their] creditors and (if the value justifies) equity owners.” *In re CoServ, L.L.C.*, 273 B.R. at 497. Implicit in the duties of a chapter 11 debtor in possession is the duty “to protect and preserve the estate, including an operating business’s going-concern value.” *Id.*

27. Courts have noted that there are instances in which a debtor in possession can fulfill its fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” *Id.* The *CoServ* court specifically noted that pre-plan satisfaction of pre-petition claims would be a valid exercise of a debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate” and also when the payment was to “sole suppliers of a given product.” *Id.* at 497–98. The court provided a three-pronged test for determining whether a pre-plan payment on account of a pre-petition claim was a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

Id. at 498.

28. Payment of the Critical Vendor Claims meets each element of the *CoServ* court’s standard. As described above, the Debtors have narrowly tailored the identification and determination of Critical Vendors to encompass only those suppliers and service providers that are the sole source of a particular good or service without which the Debtors’ business operations would be shut down for a significant period of time, or those suppliers or service providers who

are critical because the time and expense involved in transitioning to a new supplier would be prohibitive and significantly disrupt the Debtors' business. The shutdown of the Debtors' operations would cost the Debtors' estates millions of dollars in lost revenues and value. The harm and economic disadvantage that would stem from the failure of any of the Critical Vendors to provide necessary goods and services is grossly disproportionate to the amount of the pre-petition claim that would have to be paid. Moreover, any disruptions in the Debtors' ability to timely serve their customers' needs would irreparably harm the Debtors' reputation and goodwill in the marketplace. Finally, with respect to each Critical Vendor, the Debtors have examined other options short of payment of the Critical Vendor Claims and have determined that, to avoid significant disruption of the Debtors' business operations, there exists no practical or legal alternative to the payment of the Critical Vendor Claims. Therefore, the Debtors can meet their fiduciary duties as debtors in possession under Bankruptcy Code sections 1107(a) and 1108 only by payment of the Critical Vendor Claims.

D. The Court May Rely on the “Necessity of Payment” Doctrine and General Equitable Powers to Approve the Motion.

29. The traditional source of authority for pre-plan payments of pre-petition debts is the “doctrine of necessity” or “necessity of payment” rule first recognized by the Supreme Court more than 120 years ago in *Miltenberger v. Logansport, C. & S. Ry. Co.*, 106 U.S. 286 (1882). In *Miltenberger*, the Supreme Court acknowledged the basic duty of an equity receiver “to protect and preserve the trust funds in his hands.” *Id.* at 310 (quoting *Wallace v. Loomis*, 97 U.S. 146, 162–63 (1877)). More importantly, the Supreme Court held that, consistent with this duty, “[m]any circumstances may exist which may make it necessary and indispensable to the business . . . and the preservation of the property, for the receiver to pay pre-existing debts . . . out of the earnings of the [debtor] . . . under the order of the court . . .” *Id.* at 311.

30. This doctrine “recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay pre-petition claims where such payment is essential to the continued operation of the debtor.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989); *see also In re Lehigh & N.E. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (payment of creditors’ claims authorized under “necessity of payment” doctrine); *In re CAF Bindery, Inc.*, 199 B.R. 828 (Bankr. S.D.N.Y. 1996) (payment of pre-petition claims warranted when critical to debtor’s reorganization); *In re UNR Indus., Inc.*, 143 B.R. 506, 519–20 (Bankr. N.D. Ill 1992), *rev’d on other grounds*, 173 B.R. 149, 158–59 (N.D. Ill. 1994). This doctrine is consistent with the paramount goal of chapter 11: “facilitating the continued operation and rehabilitation of the debtor.” *In re Ionosphere Clubs*, 98 B.R. at 176; *see also Dudley v. Mealey*, 147 F.2d 268, 271 (2d Cir. 1945) (“[U]pon the continued operation of a hotel its good will depends; let it once shut down, and it will lose much of its value. Unless the tradesmen with whom it must deal can be protected, as its credit slowly wanes before final insolvency, it must begin to trade upon a cash basis, which may be difficult, or even impossible. Some priority to them may be as essential to the preservation of the business during that period as it is later.”).

31. The bankruptcy court’s general equitable powers are codified in Bankruptcy Code section 105(a). Section 105(a) empowers the court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). A bankruptcy court’s use of its equitable powers to “authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.” *In re Ionosphere Clubs, Inc.*, 98 B.R. at 175. Under section 105(a), a court “can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.” *In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992).

32. Maintaining access to the goods and services provided by the Critical Vendors is paramount to the Debtors' efforts to preserve and maximize the value of their assets and is in the best interests of the Debtors' estates and their creditors. Hence, giving the Debtors the authority to pay the Critical Vendor Claims is essential to ensuring that the Debtors continue to receive the goods and services necessary to the uninterrupted operation of their business. This Court should therefore exercise its equitable powers to grant the relief requested in this Motion.

THE REQUIREMENTS OF BANKRUPTCY RULE 6003 ARE SATISFIED

33. For a debtor to obtain relief to make payments within 21 days of the Petition Date, it must establish that making such payments satisfies the requirements mandated by Bankruptcy Rule 6003—namely, the relief requested is necessary to avoid immediate and irreparable harm. If a debtor's prospect of reorganizing is threatened, or swift diminution in the value of the debtor's estate is likely, absent the granting of the requested relief, immediate and irreparable harm likely exists. *See In re WorldSpace, Inc.*, No. 08–12412-PJW, 2008 WL 8153639, at *2 (Bankr. D. Del. Oct. 20, 2008) (granting emergency motions for post-petition financing, adequate protection, and modification of the stay where the court found that the relief was necessary to avoid irreparable harm to the debtors and their estates because such relief was essential for the continued operation of the debtors' businesses); *In re New World Pasta Co.*, No. 04–02817-MDF, 2004 WL 5651052, at *5 (Bankr. M.D. Pa. July 9, 2004) (same); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 36 n.2 (Bankr. S.D.N.Y. 1990) (finding that “immediate and irreparable harm” exists where loss of the business threatens ability to reorganize).

34. Immediate and irreparable harm would result if the relief requested herein is not granted. If the requested relief is not granted and certain essential Critical Vendors refuse to continue to supply goods and services to the Debtors post-petition, the Debtors may be unable to

continue portions of their operations, thereby endangering the Debtors' efforts to maximize the value of their assets through these chapter 11 cases and substantially harming all creditors.

WAIVER OF BANKRUPTCY RULE 6004(a) AND 6004(h)

35. Given the nature of the relief requested herein, the Debtors respectfully request a waiver of (a) the notice requirements under Bankruptcy Rule 6004(a) and (b) the fourteen-day stay under Bankruptcy Rule 6004(h), to the extent that either rule is applicable.

DEBTORS' RESERVATION OF RIGHTS

36. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtors, a waiver of the Debtors' rights to dispute any claim, or an approval or assumption of any agreement, contract, or lease under Bankruptcy Code section 365. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

NOTICE

37. No trustee, examiner, or creditors' committee has been appointed in the Debtors' chapter 11 cases. The Debtors have provided notice of this Motion to (a) the Office of the United States Trustee for the District of Delaware, Attn: Jane Leamy, Esq.; (b) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to the agents under the Debtors' pre-petition credit facilities; (d) counsel to the Ad Hoc Group of Second Lienholders; (e) counsel to the indenture trustees under the Debtors' pre-petition indentures; (f) the United States Securities and Exchange Commission; (g) the United States Internal Revenue Service; and (h) any parties entitled to notice pursuant to Local Rule 9013-1(m). In light of the nature of the relief requested in this Motion, the Debtors respectfully submit that no further notice is necessary.

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court (a) enter the Interim Order, substantially in the form annexed as Exhibit A hereto, granting the relief requested in the Motion, (b) schedule a final hearing on the Motion within thirty days of the Petition Date or as soon as is otherwise practicable thereafter to consider entry of the Final Order substantially in the form annexed as Exhibit B hereto, and (c) grant such other and further relief as may be just and proper.

Wilmington, Delaware
Date: March 17, 2015

/s/ Paul N. Heath

RICHARDS, LAYTON & FINGER, P.A.

Paul N. Heath (DE 3704)
Amanda R. Steele (DE 5530)
Rachel L. Biblo (DE 6012)
One Rodney Square
920 North King Street
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Telephone: (302) 651-7700
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– and –

AKIN GUMP STRAUSS HAUER & FELD LLP

Charles R. Gibbs (*pro hac vice* motion pending)
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**PROPOSED COUNSEL FOR DEBTORS AND
DEBTORS IN POSSESSION**

Exhibit A

Proposed Interim Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: Quicksilver Resources Inc., <u>et al.</u> , ¹ <div style="text-align: center;">Debtors.</div>)))))))	Chapter 11 Case No. 15-10585 () Joint Administration Requested
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**INTERIM ORDER (I) AUTHORIZING, BUT NOT DIRECTING,
DEBTORS TO PAY PRE-PETITION CLAIMS OF CRITICAL
VENDORS AND (II) AUTHORIZING FINANCIAL INSTITUTIONS TO
HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

Upon the Motion² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of this Order pursuant to Bankruptcy Code sections 105(a), 363(b), and 503 and Bankruptcy Rules 6003, 6004, and 9014: (i) authorizing the Debtors to pay pre-petition obligations to certain critical vendors and service providers; and (ii) authorizing banks and other financial institutions to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors pursuant to an order approving this Motion whether presented before or after the Petition Date; and the Court having jurisdiction to consider this Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding in accordance with 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

² All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the Motion; and upon the First Day Declaration, the record of the hearing, and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED:

1. The Motion is granted to the extent provided herein on an interim basis.
2. Pursuant to Bankruptcy Code sections 105(a) and 363(b), the Debtors are authorized, but not directed, in the reasonable exercise of their business judgment, to pay some or all of the Critical Vendor Claims to those Critical Vendors who agree to continue to supply goods or services to the Debtors on Customary Trade Terms for a period following the date of the agreement and on other such terms and conditions as are acceptable to the Debtors; *provided, however*, that the Debtors may, in their sole discretion but after consultation with counsel to each of the Global Administrative Agent, the Second Lien Agent and the Ad Hoc Group of Second Lienholders, pay any Critical Vendor Claim that the Debtors deem necessary to avoid immediate and irreparable harm to the Debtors' estates without the holder of such claim agreeing to continue to provide the Debtors with Customary Trade Terms.
3. The Debtors' payment of Critical Vendor Claims shall not exceed \$5.00 million in the aggregate unless otherwise ordered by the Court until entry of a final order on the Motion.

4. Unless otherwise agreed by the Debtors, in their sole discretion but after consultation with counsel to each of the Global Administrative Agent, the Second Lien Agent and the Ad Hoc Group of Second Lienholders, any payment of Critical Vendor Claims under this Order shall be applied first to the Critical Vendor's claims for goods received by the Debtors within twenty days before the Petition Date with the remainder, if any, being applied to the Critical Vendor's claims for goods received by the Debtors prior to twenty days before the Petition Date.

5. The Debtors shall undertake all reasonable efforts to cause Critical Vendors to enter a Vendor Agreement, including provisions substantially in the form attached to the Motion as **Exhibit C**.

6. The Debtors are authorized, but not required, to enter into Vendor Agreements when the Debtors determine, in the exercise of their reasonable business judgment, that it is appropriate to do so. However, the Debtors' inability to enter into a Vendor Agreement shall not preclude them from paying a Critical Vendor Claim when, in the exercise of their reasonable business judgment but after consultation with counsel to each of the Global Administrative Agent, the Second Lien Agent and the Ad Hoc Group of Second Lienholders, such payment is necessary to the Debtors' operations.

7. If the Debtors, in their discretion, determine that a Critical Vendor has not complied with the terms and provisions of the Vendor Agreement and this Order or has failed to continue to provide Customary Trade Terms following the date of the Vendor Agreement, or on such terms as were individually agreed between the Debtors and such Critical Vendor, the Debtors may terminate a Vendor Agreement, together with the other benefits to the Critical Vendor as contained in this Order, *provided, however*, that the Vendor Agreement may be

reinstated if (i) such determination is subsequently reversed by the Court for good cause after it is shown that the determination was materially incorrect after notice and a hearing following a motion from the Critical Vendor, (ii) the underlying default under the Vendor Agreement is fully cured by the Critical Vendor not later than five business days after the date the initial default occurred, or (iii) the Debtors, in their discretion, reach a subsequent agreement with the Critical Vendor.

8. If a Vendor Agreement is terminated as set forth above, or if a Critical Vendor that has received payment of a pre-petition claim later refuses to continue to supply goods or services for the applicable period in compliance with the Vendor Agreement or this Order, then (i) the Debtors may, in their discretion, declare that the payment of such Critical Vendor Claim is a voidable post-petition transfer pursuant to Bankruptcy Code section 549(a) that the Debtors may recover in cash or in goods from such Critical Vendor, (ii) the creditor shall immediately return such payments in respect of a Critical Vendor Claim to the extent that the aggregate amount of such payments exceeds the post-petition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever, and (iii) such Critical Vendor Claim shall be reinstated in such an amount so as to restore the Debtors and the Critical Vendor to their original positions as if the Vendor Agreement had never been entered into and no payment of such Critical Vendor Claim had been made.

9. The Debtors shall maintain a summary list of all payments made to Critical Vendors and the Debtors shall provide an updated copy of such list on a confidential basis to the U.S. Trustee and any statutory committee appointed in these chapter 11 cases on a bi-monthly basis.

10. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the pre-petition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, provided that sufficient funds are on deposit in the applicable accounts to cover such payments, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as being approved by this Order.

11. The Debtors are authorized, but not directed, to issue post-petition checks or to affect post-petition fund transfer requests in replacement of any checks or fund transfer requests that are dishonored as a consequence of the chapter 11 cases with respect to pre-petition amounts authorized to be paid herein.

12. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in this Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim against the Debtors, the creation of an administrative priority claim on account of the pre-petition obligations sought to be paid, or the assumption or adoption of any contract or agreement under Bankruptcy Code section 365. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained hereunder shall be subject to the same limitations and restrictions as are provided for under any cash collateral or financing order entered by this Court. To the extent there is any conflict between this Order and any such cash collateral or financing order, the terms of such cash collateral or financing order shall control.

13. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or are otherwise deemed waived.

14. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014, or otherwise, this Order shall be immediately effective and enforceable upon its entry.

15. The Final Hearing on the Motion shall be held on _____, 2015 at ____:____ __.m. (prevailing Eastern Time). Any objections or responses to entry of the proposed Final Order shall be filed on or before seven calendar days before the Final Hearing and served on the following parties: (a) Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, TX 75201, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., proposed counsel to the Debtors; (b) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, DE 19801, Attn: Paul N. Heath, Esq., proposed Delaware counsel to the Debtors; (c) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, Attn: Steven M. Fuhrman, Esq., counsel to the First Lien Agent; (d) Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, NY 10022, Attn: Mitchell A. Seider, Esq., counsel to the Second Lien Agent; (e) Emmet, Marvin & Martin LLP, 120 Broadway, 32nd Floor, New York, NY 10271, Attn: Edward P. Zujkowski, counsel to the Second Lien Indenture Trustee; (f) Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005, Attn: Dennis F. Dunne, Esq. and Samuel A. Khalil, Esq., counsel to the Ad Hoc Group of Second Lienholders; and (g) the Office of the United States Trustee for Region 3, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Jane Leamy, Esq., no later than ____:____ __.m. (prevailing Eastern Time) on _____, 2015.

16. In the event that no objections are timely received, the Court may enter the Final Order without need for the Final Hearing.

17. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Wilmington, Delaware

Date: _____, 2015

United States Bankruptcy Judge

Exhibit B

Proposed Final Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: Quicksilver Resources Inc., <u>et al.</u> , ¹ Debtors.)))))))	Chapter 11 Case No. 15-10585 () Joint Administration Requested
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**FINAL ORDER (I) AUTHORIZING, BUT NOT DIRECTING, DEBTORS
TO PAY PRE-PETITION CLAIMS OF CRITICAL VENDORS AND
(II) AUTHORIZING FINANCIAL INSTITUTIONS TO
HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

Upon the Motion² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of this Order pursuant to Bankruptcy Code sections 105(a), 363(b), and 503: (i) authorizing the Debtors to pay Critical Vendor Claims and service providers; and (ii) authorizing banks and other financial institutions to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors pursuant to an order approving this Motion whether presented before or after the Petition Date; and the Court having jurisdiction to consider this Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding in accordance with 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion being

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

² All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the Motion; and upon the First Day Declaration, the record of the hearing, and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED:

1. The Motion is granted to the extent provided herein on a final basis.
2. Pursuant to Bankruptcy Code sections 105(a) and 363(b), the Debtors are authorized, but not directed, in the reasonable exercise of their business judgment, to pay some or all of the Critical Vendor Claims to those Critical Vendors who agree to continue to supply goods or services to the Debtors on Customary Trade Terms for a period following the date of the agreement and on other such terms and conditions as are acceptable to the Debtors; *provided, however*, that the Debtors may, in their sole discretion but after consultation with counsel to each of the Global Administrative Agent, the Second Lien Agent and the Ad Hoc Group of Second Lienholders, pay any Critical Vendor Claim that the Debtors deem necessary to avoid immediate and irreparable harm to the Debtors' estates without the holder of such claim agreeing to continue to provide the Debtors with Customary Trade Terms.
3. The Debtors' payment of Critical Vendor Claims shall not exceed \$5.80 million in the aggregate unless otherwise ordered by the Court.
4. Unless otherwise agreed by the Debtors, in their sole discretion but after consultation with counsel to each of the Global Administrative Agent, the Second Lien Agent

and the Ad Hoc Group of Second Lienholders, any payment of Critical Vendor Claims under this Order shall be applied first to the Critical Vendor's claims for goods received by the Debtors within twenty days before the Petition Date with the remainder, if any, being applied to the Critical Vendor's claims for goods received by the Debtors prior to twenty days before the Petition Date.

5. The Debtors shall undertake all reasonable efforts to cause Critical Vendors to enter a Vendor Agreement, including provisions substantially in the form attached to the Motion as **Exhibit C**.

6. The Debtors are authorized, but not required, to enter into Vendor Agreements when the Debtors determine, in the exercise of their reasonable business judgment, that it is appropriate to do so. However, the Debtors' inability to enter into a Vendor Agreement shall not preclude them from paying a Critical Vendor Claim when, in the exercise of their reasonable business judgment but after consultation with counsel to each of the Global Administrative Agent, the Second Lien Agent and the Ad Hoc Group of Second Lienholders, such payment is necessary to the Debtors' operations.

7. If the Debtors, in their discretion, determine that a Critical Vendor has not complied with the terms and provisions of the Vendor Agreement and this Order or has failed to continue to provide Customary Trade Terms following the date of the Vendor Agreement, or on such terms as were individually agreed between the Debtors and such Critical Vendor, the Debtors may terminate a Vendor Agreement, together with the other benefits to the Critical Vendor as contained in this Order, *provided, however*, that the Vendor Agreement may be reinstated if (i) such determination is subsequently reversed by the Court for good cause after it is shown that the determination was materially incorrect after notice and a hearing following a

motion from the Critical Vendor, (ii) the underlying default under the Vendor Agreement is fully cured by the Critical Vendor not later than five business days after the date the initial default occurred, or (iii) the Debtors, in their discretion, reach a subsequent agreement with the Critical Vendor.

8. If a Vendor Agreement is terminated as set forth above, or if a Critical Vendor that has received payment of a pre-petition claim later refuses to continue to supply goods or services for the applicable period in compliance with the Vendor Agreement or this Order, then so long as the Critical Vendor receives notice an opportunity for a hearing (i) the Debtors may, in their discretion, declare that the payment of such Critical Vendor Claim is a voidable post-petition transfer pursuant to Bankruptcy Code section 549(a) that the Debtors may recover in cash or in goods from such Critical Vendor, (ii) the creditor shall immediately return such payments in respect of a Critical Vendor Claim to the extent that the aggregate amount of such payments exceeds the post-petition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever, and (iii) such Critical Vendor Claim shall be reinstated in such an amount so as to restore the Debtors and the Critical Vendor to their original positions as if the Vendor Agreement had never been entered into and no payment of such Critical Vendor Claim had been made.

9. The Debtors shall maintain a summary list of all payments made to Critical Vendors and the Debtors shall provide an updated copy of such list on a confidential basis to the U.S. Trustee and any statutory committee appointed in these chapter 11 cases on a bi-monthly basis.

10. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the pre-petition obligations approved herein are authorized

to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, provided that sufficient funds are on deposit in the applicable accounts to cover such payments, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as being approved by this Order.

11. Any payment made pursuant to this Order is not intended and should not be construed as an admission as to the validity or priority of any claim or a waiver of the Debtors' rights to subsequently dispute such claim, and any such payment is not intended and should not be construed as an assumption of any executory contract or obligation of the Debtors.

12. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in this Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim against the Debtors, the creation of an administrative priority claim on account of the pre-petition obligations sought to be paid, or the assumption or adoption of any contract or agreement under Bankruptcy Code section 365.

13. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained hereunder shall be subject to the same limitations and restrictions as are provided for under any cash collateral or financing order entered by this Court. To the extent there is any conflict between this Order and any such cash collateral or financing order, the terms of such cash collateral or financing order shall control.

14. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or are otherwise deemed waived.

15. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014, or otherwise, this Order shall be immediately effective and enforceable upon its entry.

16. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Wilmington, Delaware

Date: _____, 2015

United States Bankruptcy Judge

Exhibit C

Vendor Agreement

Quicksilver Resources Inc.

[]

TO: [Critical Vendors]
[Name]
[Address]

Dear Valued Supplier:

As you are aware, Quicksilver Resources Inc. and certain affiliated entities (collectively, the “Company”) filed voluntary petitions for relief (the “Bankruptcy Cases”) under chapter 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) on March 17, 2015 (the “Petition Date”). On the Petition Date, the Company requested the Bankruptcy Court’s authority to pay claims of certain suppliers in recognition of the importance of the Company’s relationship with such suppliers and its desire that the Bankruptcy Cases have as little effect on the Company’s ongoing business operations as possible. On _____, 2015, the Bankruptcy Court entered an order (the “Order”) authorizing the Company, under certain conditions, to pay the pre-petition claims of certain trade creditors that agree to the terms set forth below and to be bound by the terms of the Order. A copy of the Order is enclosed.

In order to receive payment on account of pre-petition claims, you must agree to continue to supply goods and services to the Company based on “Customary Trade Terms.” In the Order, Customary Trade Terms are defined as the normal and customary trade terms, practices, and programs (including, but not limited to, credit limits, pricing, cash discounts, timing of payments, allowances, rebates, coupon reconciliation, normal product mix and availability, and other applicable terms and programs) that were most favorable to the Company and in effect between you and the Company prior to the Petition Date, or such other trade terms as you and the Company agree.

For purposes of administration of this trade program as authorized by the Bankruptcy Court, you and the Company both agree that:

1. The estimated balance of the pre-petition claim (net of any setoffs, credits or discounts) (the “Vendor Claim”) that you will receive from the Company is \$_____.
2. You agree to waive any pre-petition general unsecured claim against the Company.
3. You will provide an open trade balance or credit line to the Company for shipment of post-petition goods or provision of services in the amount of \$_____ (which shall not be less than the greater of the open trade balance outstanding, either (a) on _____, or (b) on normal and customary terms on a historical basis before and up to the Petition Date).

4. The terms of such open trade balance or credit line are as follows (if more space is required, attach continuation pages):

5. During the pendency of the Bankruptcy Cases you will continue to extend to the Company all Customary Trade Terms.

6. You will not demand a lump sum payment upon consummation of a plan of reorganization in these chapter 11 cases on account of any administrative expense priority claim that you assert, but instead agree that such claims will be paid in the ordinary course of business after consummation of a plan under applicable Customary Trade Terms, if the plan provides for the ongoing operations of the Company.

7. The undersigned, a duly authorized representative of _____ has reviewed the terms and provisions of the Order and agrees that _____ is bound by such terms.

8. You will not separately seek payment for reclamation and similar claims outside of the terms of the Order unless your participation in the Critical Vendor payment program authorized by the Order (the "Critical Vendor Payment Program") is terminated.

9. You agree not to file or otherwise assert against the Company, the estates, or any other person or entity or any of their respective assets or property (real or personal) any lien (regardless of the statute or other legal authority upon which such lien is asserted) related in any way to any remaining pre-petition amounts allegedly owed to you by the Company arising from agreements entered into prior to the Petition Date. Furthermore, you agree to take (at your own expense) all necessary steps to remove any such lien as soon as possible.

10. If either the Critical Vendor Payment Program or your participation therein terminates as provided in the Order, or if you later refuse to continue to supply goods to the Company on Customary Trade Terms during the pendency of the Bankruptcy Cases, any payments you receive on account of your Vendor Claim (including claims arising under Bankruptcy Code section 503(b)(9)) will be deemed voidable post-petition transfers pursuant to Bankruptcy Code section 549(a). You will immediately repay to the Company any payments made to you on account of your Vendor Claim to the extent that the aggregate amount of such payments exceeds the post-petition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever. Your Vendor Claim shall be reinstated in such an amount so as to restore the Company and you to the same positions as would have existed if payment of the Vendor Claim had not been made.

11. Any dispute with respect to this letter agreement, the Order, and your participation in the Critical Vendor Payment Program shall be determined by the Bankruptcy Court.

If you have any questions about this agreement or our financial restructuring, please do not hesitate to call.

Sincerely,

Quicksilver Resources Inc.

By: _____
[NAME]

Agreed and accepted by:

By: _____

Its: _____

Dated: _____, 2015

File a First Day Motion:15-10585 Quicksilver Resources Inc.

Type: bk	Chapter: 11 v	Office: 1 (Delaware)
Assets: y	Case Flag: PlnDue, VerifDue, DsclsDue	

U.S. Bankruptcy Court**District of Delaware**

Notice of Electronic Filing

The following transaction was received from Rachel Layne Biblo entered on 3/17/2015 at 6:25 PM EDT and filed on 3/17/2015

Case Name: Quicksilver Resources Inc.

Case Number: [15-10585](#)

Document Number: [11](#)

Docket Text:

Motion to Pay Critical Trade Vendor Claims (*Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing, but not Directing, Debtors to Pay or Honor Pre-Petition Obligations to Certain Critical Vendors and (B) Authorizing Financial Institutions to Honor All Related Checks and Electronic Payment Requests*) Filed By Quicksilver Resources Inc. (Biblo, Rachel)

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:\\netapp2\home\lae\WindowsProfile\Desktop\KWK - Critical Vendors Motion.pdf

Electronic document Stamp:

[STAMP bkecfStamp_ID=983460418 [Date=3/17/2015] [FileNumber=13021083-0
] [573d1043ecc79e1c1cdf6d8d61127569beb31936236f3f0f07f30a2d8de9bfbd2b
6d67c54d11ac336ec1d570bfe1e9dda68f208290393b7b8efdf2e825b7619]]

15-10585 Notice will be electronically mailed to:

Rachel Layne Biblo on behalf of Debtor Quicksilver Resources Inc.
Biblo@rlf.com, rbgroup@rlf.com

Paul N. Heath on behalf of Debtor Quicksilver Resources Inc.
RBGroup@rlf.com

Paul Noble Heath on behalf of Debtor Quicksilver Resources Inc.
heath@rlf.com, RBGroup@rlf.com

Amanda R. Steele on behalf of Debtor Quicksilver Resources Inc.
steele@rlf.com, rbgroup@rlf.com

United States Trustee
USTPREGION03.WL.ECF@USDOJ.GOV

15-10585 Notice will not be electronically mailed to:

Exhibit B

Interim Order

ORIGINAL

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Chapter 11

Quicksilver Resources Inc., et al.,¹

Case No. 15-10585 (LSS)

Debtors.

Joint Administration Requested

Re: Docket No. 11

**INTERIM ORDER (I) AUTHORIZING, BUT NOT DIRECTING,
DEBTORS TO PAY PRE-PETITION CLAIMS OF CRITICAL
VENDORS AND (II) AUTHORIZING FINANCIAL INSTITUTIONS TO
HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

Upon the Motion² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of this Order pursuant to Bankruptcy Code sections 105(a), 363(b), and 503 and Bankruptcy Rules 6003, 6004, and 9014: (i) authorizing the Debtors to pay pre-petition obligations to certain critical vendors and service providers; and (ii) authorizing banks and other financial institutions to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors pursuant to an order approving this Motion whether presented before or after the Petition Date; and the Court having jurisdiction to consider this Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding in accordance with 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

² All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the Motion; and upon the First Day Declaration, the record of the hearing, and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED:

1. The Motion is granted to the extent provided herein on an interim basis.
2. Pursuant to Bankruptcy Code sections 105(a) and 363(b), the Debtors are authorized, but not directed, in the reasonable exercise of their business judgment, to pay some or all of the Critical Vendor Claims to those Critical Vendors who agree to continue to supply goods or services to the Debtors on Customary Trade Terms for a period following the date of the agreement and on other such terms and conditions as are acceptable to the Debtors; *provided, however*, that the Debtors may, in their sole discretion but after consultation with counsel to each of the Global Administrative Agent, the Second Lien Agent, the Ad Hoc Group of Second Lienholders and any statutory committee appointed in these chapter 11 cases, pay any Critical Vendor Claim that the Debtors deem necessary to avoid immediate and irreparable harm to the Debtors' estates without the holder of such claim agreeing to continue to provide the Debtors with Customary Trade Terms.
3. The Debtors' payment of Critical Vendor Claims shall not exceed \$5.00 million in the aggregate unless otherwise ordered by the Court until entry of a final order on the Motion.

4. Unless otherwise agreed by the Debtors, in their sole discretion but after consultation with counsel to each of the Global Administrative Agent, the Second Lien Agent, the Ad Hoc Group of Second Lienholders and any statutory committee appointed in these chapter 11 cases, any payment of Critical Vendor Claims under this Order shall be applied first to the Critical Vendor's claims for goods received by the Debtors within twenty days before the Petition Date with the remainder, if any, being applied to the Critical Vendor's claims for goods received by the Debtors prior to twenty days before the Petition Date.

5. The Debtors shall undertake all reasonable efforts to cause Critical Vendors to enter a Vendor Agreement, including provisions substantially in the form attached to the Motion as Exhibit C.

6. The Debtors are authorized, but not required, to enter into Vendor Agreements when the Debtors determine, in the exercise of their reasonable business judgment, that it is appropriate to do so. However, the Debtors' inability to enter into a Vendor Agreement shall not preclude them from paying a Critical Vendor Claim when, in the exercise of their reasonable business judgment but after consultation with counsel to each of the Global Administrative Agent, the Second Lien Agent, the Ad Hoc Group of Second Lienholders and any statutory committee appointed in these chapter 11 cases, such payment is necessary to the Debtors' operations.

7. If the Debtors, in their discretion, determine that a Critical Vendor has not complied with the terms and provisions of the Vendor Agreement and this Order or has failed to continue to provide Customary Trade Terms following the date of the Vendor Agreement, or on such terms as were individually agreed between the Debtors and such Critical Vendor, the Debtors may terminate a Vendor Agreement, together with the other benefits to the Critical

Vendor as contained in this Order, *provided, however*, that the Vendor Agreement may be reinstated if (i) such determination is subsequently reversed by the Court for good cause after it is shown that the determination was materially incorrect after notice and a hearing following a motion from the Critical Vendor, (ii) the underlying default under the Vendor Agreement is fully cured by the Critical Vendor not later than five business days after the date the initial default occurred, or (iii) the Debtors, in their discretion, reach a subsequent agreement with the Critical Vendor.

8. If a Vendor Agreement is terminated as set forth above, or if a Critical Vendor that has received payment of a pre-petition claim later refuses to continue to supply goods or services for the applicable period in compliance with the Vendor Agreement or this Order, then (i) the Debtors may, in their discretion, declare that the payment of such Critical Vendor Claim is a voidable post-petition transfer pursuant to Bankruptcy Code section 549(a) that the Debtors may recover in cash or in goods from such Critical Vendor, (ii) the creditor shall immediately return such payments in respect of a Critical Vendor Claim to the extent that the aggregate amount of such payments exceeds the post-petition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever, and (iii) such Critical Vendor Claim shall be reinstated in such an amount so as to restore the Debtors and the Critical Vendor to their original positions as if the Vendor Agreement had never been entered into and no payment of such Critical Vendor Claim had been made.

9. The Debtors shall maintain a summary list of all payments made to Critical Vendors and the Debtors shall provide an updated copy of such list on a confidential basis to the U.S. Trustee and any statutory committee appointed in these chapter 11 cases on a bi-monthly basis.

10. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the pre-petition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, provided that sufficient funds are on deposit in the applicable accounts to cover such payments, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as being approved by this Order.

11. The Debtors are authorized, but not directed, to issue post-petition checks or to affect post-petition fund transfer requests in replacement of any checks or fund transfer requests that are dishonored as a consequence of the chapter 11 cases with respect to pre-petition amounts authorized to be paid herein.

12. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in this Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim against the Debtors, the creation of an administrative priority claim on account of the pre-petition obligations sought to be paid, or the assumption or adoption of any contract or agreement under Bankruptcy Code section 365. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained hereunder shall be subject to the same limitations and restrictions as are provided for under any cash collateral or financing order entered by this Court. To the extent there is any conflict between this Order and any such cash collateral or financing order, the terms of such cash collateral or financing order shall control.

13. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or are otherwise deemed waived.

14. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014, or otherwise, this Order shall be immediately effective and enforceable upon its entry.

15. The Final Hearing on the Motion shall be held on April 15, 2015 at 2:00 p.m. (prevailing Eastern Time). Any objections or responses to entry of the proposed Final Order shall be filed on or before seven calendar days before the Final Hearing and served on the following parties: (a) Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, TX 75201, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., proposed counsel to the Debtors; (b) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, DE 19801, Attn: Paul N. Heath, Esq., proposed Delaware counsel to the Debtors; (c) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, Attn: Steven M. Fuhrman, Esq., counsel to the First Lien Agent; (d) Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, NY 10022, Attn: Mitchell A. Seider, Esq., counsel to the Second Lien Agent; (e) Emmet, Marvin & Martin LLP, 120 Broadway, 32nd Floor, New York, NY 10271, Attn: Edward P. Zujkowski, counsel to the Second Lien Indenture Trustee; (f) Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005, Attn: Dennis F. Dunne, Esq. and Samuel A. Khalil, Esq., counsel to the Ad Hoc Group of Second Lienholders; and (g) the Office of the United States Trustee for Region 3, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Jane Leamy, Esq., no later than 4:00 p.m. (prevailing Eastern Time) on April 8, 2015.

16. In the event that no objections are timely received, the Court may enter the Final Order without need for the Final Hearing.

17. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Wilmington, Delaware

Date: March 19, 2015



THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE