

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

In re:

Quicksilver Resources Inc., et al.,¹

Debtors.

)

) Chapter 11

)

) Case No. 15-10585 (LSS)

)

) Jointly Administered

)

) **Hearing Date: May 17, 2016 at 10:00 a.m. (ET)**

)

) **Objection Deadline: April 27, 2016 at 4:00 p.m. (ET)**

**DEBTORS' MOTION FOR ENTRY OF AN ORDER FURTHER
EXTENDING TIME TO FILE NOTICES OF REMOVAL OF CIVIL ACTIONS**

The debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), further extending the time period within which the Debtors may remove civil actions (the “Removal Period”). Specifically, without prejudice to their right to request additional extension(s), the Debtors seek to extend the Removal Period by an additional 120 days through and including August 11, 2016 (the “Removal Deadline”).² In support of this motion, the Debtors respectfully state:

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. (“Quicksilver”) [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 Pursuant to the Second Extension Order (defined below), the Removal Period is presently set to expire on April 13, 2016. However, because the Debtors have filed this Motion prior to the expiration of the current Removal Period, rule 9006-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) is applicable. Local Rule 9006-2 provides that “if a motion to extend the time to take any action is filed before the expiration of the period prescribed by the [Bankruptcy] Code, the [Federal Rules of Bankruptcy Procedure], these Local Rules or Court order, the time shall automatically be extended until the Court acts on the motion, without the necessity for the entry of a bridge order.” Accordingly, Local Rule 9006-2

(Continued...)

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 section 1452 of title 28 of the United States Code (“Section 1452”), section 105(a) of title 11 of the United States Code (the “Bankruptcy Code”), rules 9006(b) and 9027 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 9006-2.

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 business and manage their properties as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. These chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015 and Local Rule 1015-1. On March 25, 2015, the Office of the Acting United States Trustee, Region 3 (the “U.S. Trustee”) appointed the Official Committee of Unsecured Creditors (the “Committee”). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases

automatically extends the Removal Period pending the Court entering an order on the relief requested by this motion.

³ Under Local Rule 9013-1(f), 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.

5. On January 27, 2016, the Court entered an order [D.I. 1095] (the “Sale Order”) approving the sale of substantially all of the Debtors’ U.S. assets to BlueStone Natural Resources II, LLC (“BlueStone”) for \$245 million in cash. The sale to BlueStone closed on April 6, 2016.

B. Specific Background

(i) First Extension Motion

6. As disclosed in their respective statements of financial affairs, the Debtors are parties to several pending civil actions (collectively, the “Civil Actions”), each of which is subject to removal pursuant to Section 1452. While the period to remove the Civil Actions was originally set to expire on June 15, 2015, the Debtors spent the first 100 days of these chapter 11 cases addressing numerous issues attendant to their chapter 11 filings, including among others, the following:

- a. Stabilizing their business operations and addressing numerous vendor issues;
- b. Obtaining final approval of the use of cash collateral;
- c. Preparing their schedules of assets and liabilities and statements of financial affairs;
- d. Responding to due diligence requests of the Committee; and
- e. Developing and negotiating critical modifications to key contracts.

7. As a result, on May 21, 2015, the Debtors filed the *Debtors’ Motion for Entry of an Order Extending time to File Notices of Removal of Civil Actions* [D.I. 358] (the “First Extension Motion”), by which the Debtors requested a 120-day extension—or through and including December 14, 2015—of the deadline to remove the Civil Actions. The Court entered an order granting the relief requested in the First Extension Motion on June 8, 2015 [D.I. 378] (the “First Extension Order”).

(ii) *Second Extension Motion*

8. Following entry of the First Extension Order, the Debtors' focus necessarily shifted to facilitating a value-maximizing exit from chapter 11. As the Court is aware, the Debtors held numerous meetings with their creditor constituencies in July, August, and September. Following those meetings, the Debtors concluded that sufficient support for a confirmable plan of reorganization did not exist at the time. As a result, and cognizant of their (i) monthly cash outlay, (ii) continued use of cash collateral, (iii) assets depleting through normal operations, and (iv) fiduciary obligations to maximize distributable value for all creditors, the Debtors launched a sale process in mid-September to sell some or substantially all of their assets (the "Sale Process"). The Court entered an order approving the associated bidding procedures and timeline on October 6, 2015 [D.I. 681]. The Sale Process, as modified, contemplated an auction (if necessary) on January 20, 2016, a hearing to approve one or more successful bidders on January 27, 2016 and a closing during the first quarter of 2016.

9. Because of the substantial time and effort required to properly execute the Sale Process, the Debtors were unable to evaluate the Civil Actions prior to the expiration of the First Extension Order and, on December 14, 2015, filed their *Motion for Entry of an Order Further Extending Time to File Notices of Removal of Civil Actions* [D.I. 947] (the "Second Extension Motion"). The Second Extension Motion requested an additional 120-day extension—or through and including April 13, 2016—of the deadline to remove the Civil Actions. The Court entered an order granting the relief requested in the Second Extension Motion on January 4, 2016 [D.I. 1015] (the "Second Extension Order").

(iii) *The Need for a Further Extension*

10. As noted above, both before and after entry of the Second Extension Order, the Debtors were deeply involved in maximizing value through the Sale Process. Specifically,

pursuant to the bidding procedures, beginning on January 20, 2016, the Debtors conducted a highly competitive auction that resulted in a highest or otherwise best bid of \$245 million in cash for their U.S. assets from BlueStone. The Court entered an order approving that BlueStone bid on January 27, 2016 [D.I. 1095], and the sale to BlueStone closed on April 6, 2016.

11. In addition to successfully completing the Sale Process, the Debtors and their counsel have also spent significant time and resources on a variety of other tasks since the Second Extension Order was entered, including:

- a. Beginning work on a plan of liquidation;
- b. Sharing frequent business and restructuring information and updates with the Committee, the Debtors' secured lenders, and their respective professionals;
- c. Reconciling claims filed against the estates; and
- d. Seeking approval of, and implementing, certain programs aimed at retaining employees necessary to wind down the estates.

12. While the Debtors have made great progress in pushing these cases toward a conclusion, the result of the foregoing is that the Debtors have not yet been able to make decisions regarding removal of the Civil Actions. Further extending the Removal Period at this time will enable the Debtors to make those decisions in a reasoned and prudent fashion. If the extension is not granted, however, the Debtors believe they will not have sufficient time to consider adequately whether removal of any Civil Action is necessary, which could negatively affect the Debtors' position in the Civil Actions and harm their estates and stakeholders.

RELIEF REQUESTED

13. By this motion, the Debtors request entry of an order pursuant to Section 1452, Bankruptcy Code section 105(a), Bankruptcy Rules 9006(b) and 9027, and Local Rule 9006-2, further extending the Removal Period for the Civil Actions through and including August 11,

2016. Specifically, the Debtors seek an extension of the Removal Period by an additional 120 days for each Debtor, without prejudice to the Debtors' right to seek further extensions.

SUPPORTING AUTHORITY

A. Cause Exists to Extend the Removal Deadline

14. Section 1452 provides for the removal of civil claims or actions related to bankruptcy cases. Specifically, section 1452 provides in pertinent part:

A party may remove any claim or cause of action in a civil action other than a proceeding before the United States Tax Court or a civil action by a governmental unit to enforce such governmental unit's police or regulatory power, to the district court for the district where such civil action is pending, if such district court has jurisdiction of such claim or cause of action under section 1334 of this title.

28 U.S.C. § 1452(a).

15. Bankruptcy Rule 9027 sets forth the time periods for filing of notices to remove claims or causes of action.

If the claim or cause of action in a civil action is pending when a case under the Code is commenced, a notice of removal may be filed only within the longest of (A) 90 days after the order for relief in the case under the Code, (B) 30 days after entry of an order terminating a stay, if the claim or cause of action in a civil action has been stayed under § 362 of the Code, or (C) 30 days after a trustee qualifies in a chapter 11 reorganization case but not later than 180 days after the order for relief.

Fed. R. Bankr. P. 9027(a)(2).

16. Bankruptcy Rule 9006 permits the court to extend the Removal Deadline. Specifically, Bankruptcy Rule 9006 provides, in pertinent part:

Except as provided in paragraphs (2) and (3) of this subdivision, when an act is required or allowed to be done at or within a specified period by these rules or by a notice given thereunder or by order of court, the court for cause shown may at any time in its discretion (1) with or without motion or notice order the period enlarged if the request therefor is made before the expiration of the period originally prescribed or as extended by a previous order or (2) on motion made after the expiration of the

specified period permit the act to be done where the failure to act was the result of excusable neglect.

Fed. R. Bankr. P. 9006(b)(1).

17. It is well-settled, pursuant to Bankruptcy Rule 9006(b), that this Court is authorized to extend, for cause, the removal period provided under Section 1452 and Bankruptcy Rule 9027. *See Pacor, Inc. v. Higgins*, 743 F.2d 984, 996 n.17 (3d Cir. 1984) (holding the bankruptcy court's power to grant an extension of the removal period pursuant to Bankruptcy Rule 9006(b) is "clear"), *overruled on other grounds by, Things Remembered, Inc. v. Petrarca*, 516 U.S. 124 (1995). *See also Caperton v. A.T. Massey Coal Co., Inc.*, 251 B.R. 322, 324–25 (S.D. W.Va. 2000) (Bankruptcy Rule 9006 provides authority to enlarge time periods for removing actions under Bankruptcy Rule 9027); *Jandous Elec. Constr. Corp. v. City of New York (In re Jandous Elec. Constr. Corp.)*, 106 B.R. 48, 50 (Bankr. S.D.N.Y. 1989) (period in which to file motion to remove may be expanded pursuant to Bankruptcy Rule 9006); *In re World Fin. Servs. Ctr., Inc.*, 81 B.R. 33, 39 (Bankr. S.D. Cal. 1987) (United States Supreme Court intended to give bankruptcy judges the power to enlarge the filing periods under Bankruptcy Rule 9027(a) pursuant to Bankruptcy Rule 9006(b)); *Raff v. Gordon*, 58 B.R. 988, 990 (E.D. Pa. 1986) (an expansion of time to file notices of removal is authorized under the Bankruptcy Rules).

18. As set forth above, the Removal Period is currently set to expire on April 13, 2016. Because of the extensive resources and efforts required to successfully conclude the Sale Process, and because of the other tasks that have required the attention of the Debtors and their advisors since entry of the Second Extension Order, the Debtors have not yet been in a position to undertake a complete analysis of the Civil Actions or develop a strategy with respect to whether any should be removed. The Debtors believe that the proposed extension of the

Removal Deadline will afford them sufficient additional time to fully review the Civil Actions and make proper evaluations within the larger context of these chapter 11 cases. If the extension is not granted, the Debtors may be forced to make premature decisions based on incomplete information, which could negatively impact their position and harm their estates and stakeholders.

19. Moreover, the Debtors submit that the requested extension will not unduly prejudice any non-Debtor party to the Civil Actions. Because Bankruptcy Code section 362(a) automatically stays actions against the Debtors, the Civil Actions will not be proceeding in their respective courts with respect to the Debtors even absent the relief requested herein. In addition, even if the Debtors ultimately seek to remove any Civil Action, the counter-party to that litigation can seek to have such action remanded pursuant to 28 U.S.C. § 1452(b), which provides that “[t]he court to which such claim or cause of action is removed may remand such claim or cause of action on any equitable ground.” 28 U.S.C. § 1452(b).⁴ Thus, the relief requested herein does not impact or prejudice any party’s rights.

20. The importance of affording a debtor sufficient time to review its pending litigation matters has been recognized by courts in this district in granting relief similar to that requested herein. *See, e.g., In re Variant Holding Co., LLC*, Case No. 14-12021 (BLS) (Bankr. D. Del. Nov. 10, 2015) (extending removal deadline additional 120 days); *In re F-Squared Inv. Mgmt.*, Case No. 15-11469 (LSS) (Bankr. D. Del. Oct. 26, 2015) (extending removal deadline additional ninety days); *In re Corinthian Colleges, Inc.*, Case No. 15-10952 (KJC) (Bankr. D. Del. August 20, 2015) (extending removal deadline additional ninety days); *In re Suntech America, Inc.*, Case No. 15-10054 (CSS) (Bankr. D. Del. May 1, 2015) (extending removal

⁴ For the avoidance of doubt, the Debtors reserve their rights to contest any remand request.

deadline additional 120 days); *In re KiOR, Inc.*, Case No. 14-12514 (CSS) (Bankr. D. Del. Feb. 26, 2015) (extending removal deadline additional ninety days); *In re Longview Power, LLC*, Case No. 13-12211 (BLS) (Bankr. D. Del. Aug. 8, 2014) (extending removal deadline additional twenty days); *In re EBHI Holdings, Inc.*, Case No. 09-12099 (MFW) (Bankr. D. Del. July 11, 2014) (extending removal deadline additional 120 days); *In re Caribbean Petroleum Corp.*, Case No. 10-12553 (KG) (Bankr. D. Del. June 2, 2014) (extending removal deadline additional 120 days).

21. Accordingly, for all the foregoing reasons, the Debtors submit that cause exists to extend the Removal Period through and including August 11, 2016, without prejudice to the Debtors' right to seek further extensions.

RESERVATION OF RIGHTS

22. The Debtors reserve the right to assert in the chapter 11 cases or in any other appropriate forum that any or all of the Civil Actions are stayed by the provisions of Bankruptcy Code section 362.

NOTICE

23. No trustee or examiner has been appointed in the Debtors' chapter 11 cases. The Debtors have provided notice of this motion to (i) the U.S. Trustee, Attn: Jane Leamy, Esq.; (ii) counsel to the Committee; (iii) counsel to the agents under the Debtors' pre-petition credit facilities; (iv) counsel to the Ad Hoc Group of Second Lienholders; (v) counsel to the Ad Hoc Group of Senior Noteholders; (vi) counsel to the indenture trustees under the Debtors' pre-petition indentures; (vii) the Securities Exchange Commission; (viii) the Internal Revenue Service; and (ix) any parties entitled to notice pursuant to Local Rule 2002-1(b). In view of the

nature of the relief requested in this motion, the Debtors respectfully submit that no further notice is necessary.

WHEREFORE, the Debtors respectfully request that the Court (i) enter the Proposed Order, substantially in the form annexed hereto as **Exhibit A**, granting the relief requested in the motion and (ii) grant such other and further relief as may be just and proper.

Wilmington, Delaware

Date: April 13, 2016

/s/ Rachel L. Biblo

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POSSESSION**

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

In re:

Quicksilver Resources Inc., et al.,¹

Debtors.

)
) Chapter 11
)
) Case No. 15-10585 (LSS)
)
) Jointly Administered
)
) **Hearing Date: May 17, 2016 at 10:00 a.m. (ET)**
) **Objection Deadline: April 27, 2016 at 4:00 p.m. (ET)**

NOTICE OF MOTION AND HEARING

PLEASE TAKE NOTICE that, on April 13, 2016, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for Entry of an Order Further Extending Time to File Notices of Removal of Civil Actions* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE that, any responses or objections to the Motion must be filed in writing with the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801, and served upon and received by the undersigned counsel for the Debtors on or before **April 27, 2016 at 4:00 p.m. (prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE that, if an objection is timely filed, served and received and such objection is not otherwise timely resolved, a hearing to consider such objection and the Motion will be held before The Honorable Laurie Selber Silverstein at the

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.

Bankruptcy Court, 824 N. Market Street, 6th Floor, Courtroom 2, Wilmington, Delaware 19801
on **May 17, 2016 at 10:00 a.m. (prevailing Eastern Time).**

**IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED AND
RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT
MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER
NOTICE OR HEARING.**

Wilmington, Delaware
Date: April 13, 2016

/s/ Rachel L. Biblo

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**COUNSEL FOR DEBTORS AND DEBTORS IN
POSSESSION**

Exhibit A

Proposed Order

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

In re:

Quicksilver Resources Inc., et al.,¹

Debtors.

)
) Chapter 11
)
) Case No. 15-10585 (LSS)
)
) Jointly Administered
)
) **Re: D.I. _____**

**ORDER FURTHER EXTENDING TIME
TO FILE NOTICES OF REMOVAL OF CIVIL ACTIONS**

Upon the motion of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of this Order pursuant to Bankruptcy Code² section 105(a), Bankruptcy Rules 9006(b) and 9027, and Local Rule 9006-2, extending the time within which the Debtors are permitted to file notices of removal of civil actions and proceedings to which the Debtors are or may become parties (collectively, the “Civil Actions”) by an additional 120 days through and including August 11, 2016, all as further described in the motion; 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 adequate

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² All capitalized terms not defined herein have the meanings ascribed in the motion.

and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the motion; and upon 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** that:

1. The motion is granted to the extent provided herein.
2. The time provided by Bankruptcy Rule 9027 within which the Debtors must file notices of removal of the Civil Actions is extended 120 days through and including August 11, 2016.
3. This Order is without prejudice to the Debtors' right to request a further extension of time to file notices of removal of any or all of the Civil Actions.
4. This Order is without prejudice to any position the Debtors may take regarding whether Bankruptcy Code section 362 applies to any Civil Action.
5. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the motion.
6. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Dated: _____, 2016
Wilmington, Delaware

THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE