

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

In re:	)	
	)	Chapter 11
Quicksilver Resources Inc., <u>et al.</u> , <sup>1</sup>	)	Case No. 15-10585 (LSS)
	)	
Debtors.	)	Jointly Administered
	)	
	)	Proposed: Hearing Date: August 15, 2016 at 10:00 a.m. (ET)
	)	Proposed Obj. Deadline: August 12, 2016 at 4:00 p.m. (ET)
	)	

**DEBTORS’ MOTION FOR AN ORDER APPROVING STIPULATION  
AMONG THE DEBTORS, THE SECOND LIEN PARTIES,  
THE COMMITTEE, AND SILVER POINT CAPITAL**

The debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), seek entry of an order (the “Order”), substantially in the form attached hereto as **Exhibit A**, approving the *Stipulation of Settlement Among the Debtors, the Second Lien Parties, the Committee, and Silver Point Capital* (the “Stipulation”), dated as of August 4, 2016, by and between the Debtors, the Ad Hoc Group of Lienholders<sup>2</sup> and the Second Lien Agent (together, the “Second Lien Parties”), the Official Committee of Unsecured Creditors (the “Committee”), and Silver Point Capital, L.P. (“Silver Point” and together with the Debtors, the Second Lien Parties and the Committee, the “Parties”), attached to the Order as **Exhibit 1** thereto, and granting certain related relief. In support of this motion, the Debtors respectfully state as follows:

<sup>1</sup> 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. (“QRI”) [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.

<sup>2</sup> All capitalized terms used herein but not defined have the meanings given such terms in the Plan (as defined below).

### **JURISDICTION AND VENUE**

1. This 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).

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 sections 105, 363(b), and 365(a) of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), and rule 6006 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 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. No request for the appointment of a trustee has been made in these chapter 11 cases. On March 25, 2015, the Acting United States Trustee, Region 3 (the “U.S. Trustee”) appointed the statutory committee of unsecured creditors (the “Committee”) [D.I. 119].

5. A description of the Debtors and their business is set forth in greater detail in the *Declaration of Vanessa Gomez LaGatta in Support of First Day Pleadings* [D.I. 19] (the “First Day Declaration”) filed on the Petition Date and is incorporated herein by reference.

#### **B. Plan and Disclosure Statement**

6. On May 18, 2016, the Debtors filed the *Debtors’ Motion for Entry of an Order Approving the Debtors’ Disclosure Statement, Voting Procedures, and Confirmation Procedures* [Docket No. 1418] (the “Disclosure Statement Approval Motion”), pursuant to which the

Debtors sought the Court's approval of the *Disclosure Statement for Joint Chapter 11 Plan of Liquidation for Quicksilver Resources Inc. and its Affiliated Debtors* [Docket No. 1417].

7. On June 22, 2016, Silver Point filed the *Objection of Silver Point Capital, L.P. to Debtors' Motion for Entry of an Order Approving the Debtors' Disclosure Statement, Voting Procedures, and Confirmation Procedures* [Docket No. 1471] (the "Silver Point Objection").

8. On June 28, 2016, the Court held a hearing (the "Disclosure Statement Hearing") to consider the relief requested the Disclosure Statement Approval Motion. At the Disclosure Statement Hearing, the Court overruled the Silver Point Objection, and on July 29, 2016, the Court entered an order approving the relief requested in the Disclosure Statement Approval Motion [Docket No. 1505].

9. On July 5, 2016, the Debtors filed solicitation versions of the *First Amended Joint Chapter 11 Plan of Liquidation for Quicksilver Resources Inc. and its Affiliated Debtors* [Docket No. 1525] (the "Plan") and the *Disclosure Statement for First Amended Joint Chapter 11 Plan of Liquidation for Quicksilver Resources Inc. and its Affiliated Debtors* [Docket No. 1526]. A hearing to consider confirmation of the Plan is currently scheduled for August 15, 2016 at 10:00 a.m. (ET) (the "Confirmation Hearing").

10. Following the Disclosure Statement Hearing, Silver Point informed the Debtors, the Second Lien Parties and the Committee that it intended to object to confirmation of the Plan. In addition, Silver Point voted to reject the Plan. As a result, the Parties engaged in discussions regarding a consensual resolution of Silver Point's objections to confirmation of the Plan. After arms'-length and good faith negotiations between the Parties, on August 4, 2016, the Parties entered into the Stipulation that fully resolves any objection of Silver Point to confirmation of

the Plan and, pursuant to which, Silver Point agrees that its vote to reject the Plan shall be deemed amended so as to constitute a vote in favor of the Plan.

**C. Material Terms of the Stipulation**<sup>3</sup>

11. The Parties have agreed to a resolution of Silver Point's objections to the Plan which paves the way for a consensual Confirmation Hearing. Pursuant to the Stipulation, Silver Point agrees that it will not object to, delay, impede or take any other action to interfere with, confirmation of the Plan. In addition, Silver Point agrees that its vote to reject the Plan shall be deemed amended so as to constitute a vote in favor of the Plan. Further, the Parties agree that Silver Point shall have an Allowed Administrative Expense Claim equal to the amount of its documented professional fees incurred in connection with these chapter 11 cases, provided that in no event shall such Allowed Administrative Expense Claim exceed \$200,000. Finally, the terms of the Stipulation require approval by the Court prior to the commencement of the Confirmation Hearing.

12. The Stipulation represents a comprehensive resolution of the various outstanding disputes related to confirmation of the Plan between the Parties. It will avoid burdensome and costly litigation in connection with Plan confirmation that could delay the Debtors' ability to consummate the Plan and for parties in interest to realize the benefits of the Plan. Approval of the Stipulation will allow the Debtors to conclude these chapter 11 cases efficiently and expeditiously. Thus, in exchange for settling Silver Point's objections to confirmation of the Plan and payment of the Administrative Expense Claim, the Debtors will realize a substantial benefit of a consensual path forward. Accordingly, the Debtors submit that the Stipulation is in

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<sup>3</sup> This summary of the Stipulation is subject to the full terms and conditions of the Stipulation. Any inconsistency between this summary and the Stipulation shall be governed by and construed consistent with the Stipulation.

the best interest of the Debtors' estates, their creditors, and all parties in interest and should, therefore, be approved.

### **RELIEF REQUESTED**

13. The Debtors request entry of the Order approving the Stipulation, deeming the notice requirements of Bankruptcy Rule 6004(a) to be satisfied, and waiving the stay imposed by Bankruptcy Rule 6004(h).

### **Basis for Relief**

#### **A. The Stipulation Is Fair and Reasonable and in the Best Interests of the Debtors' Estates and Creditors**

14. Section 105(a) provides, in pertinent part, that the “[c]ourt may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions” of the Bankruptcy Code. 11 U.S.C. § 105(a).

15. Bankruptcy Rule 9019 governs the procedural prerequisites to approval of a settlement that the debtor is party to and provides that “[o]n motion by the [debtor-in-possession] and after notice and a hearing, the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a). Taken together, section 105(a) and Bankruptcy Rule 9019(a) grant a bankruptcy court with the power to approve a proposed compromise and settlement when it is in the best interests of the debtor’s estate and its creditors. See In re Marvel Entm’t Grp., Inc., 222 B.R. 243, 249 (D. Del. 1998); In re Louise’s, Inc., 211 B.R. 798, 801 (D. Del. 1997). The Third Circuit has emphasized that “[t]o minimize litigation and expedite the administration of a bankruptcy estate, [c]ompromises are favored in bankruptcy.” Myers v. Martin (In re Martin), 91 F.3d 389, 393 (3d Cir. 1996) (second alteration in original) (internal quotation marks omitted) (quoting 9 COLLIER ON BANKRUPTCY ¶ 9019.03[1] (15th ed. 1993)); see also In re World Health Alts., Inc., 344 B.R. 291, 296 (Bankr. D. Del. 2006) (finding that settlements are “generally

avored in bankruptcy”). Furthermore, the decision to accept or reject a compromise or settlement is within the sound discretion of the Court. In re Capmark Fin. Grp. Inc., 438 B.R. 471, 515 (Bankr. D. Del. 2010); In re Coram Healthcare Corp., 315 B.R. 321, 329 (Bankr. D. Del. 2004).

16. Before approving a settlement under Bankruptcy Rule 9019, a court must determine whether “the compromise is fair, reasonable, and in the interest of the estate.” In Marvel Entm’t Grp., Inc., 222 B.R. at 249 (quoting In re Louise’s, Inc., 211 B.R. at 801). Fundamental to the process of evaluating proposed settlements is “the need to compare the terms of the compromise with the likely rewards of litigation.” Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 425 (1968). The court need not be convinced that the settlement is the best possible compromise in order to approve it. In re Coram Healthcare Corp., 315 B.R. at 330. Rather, the court’s obligation is to “canvass the issues and see whether the settlement falls below the lowest point in the range of reasonableness.” Travelers Cas. & Sur. Co. v. Future Claimants Representative, Civ. No. 07-2785, 2008 WL 821088, at \*5 (D. N.J. Mar. 25, 2008) (citing Aetna Cas. & Sur. Co. v. Jasmine, Ltd. (In re Jasmine, Ltd.), 258 B.R. 119 (D.N.J. 2000)); see also In re Coram Healthcare Corp., 315 B.R. at 330.

17. When determining whether a settlement falls within the range of reasonableness, courts in this district generally consider the following four factors (the “Martin Factors”): “(1) the probability of success in litigation; (2) the likely difficulties in collection; (3) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (4) the paramount interest of the creditors.” In re Martin, 91 F.3d at 393 (citing In re Neshaminy Office Bldg. Assocs., 62 B.R. 798, 803 (E.D. Pa. 1986)); see also Fry’s Metals,

Inc. v. Gibbons (In re RFE Indus., Inc.), 283 F.3d 159, 165 (3d Cir. 2002); In re eToys, Inc., 331 B.R. 176, 198 (Bankr. D. Del. 2005).

18. The Debtors respectfully submit that the Stipulation more than adequately satisfies the standard for approval under Bankruptcy Rule 9019. The Stipulation is proposed in the Debtors' business judgment as a good faith means to mitigate the risk and expense of a contested confirmation hearing. Although the Debtors believe that the Plan complies with the applicable provisions of the Bankruptcy Code, the Debtors have concluded that the risks and expense inherent in litigation of the issues raised by Silver Point with respect to confirmation are significant enough that the benefits of Stipulation outweigh any harm to the Debtors' estates. By entering into the Stipulation, the Debtors will exchange payment of the Allowed Administrative Expense Claim for a consensual path forward for Plan confirmation. Importantly, the payment of Silver Point's Allowed Administrative Expense Claim will not impact the recovery to General Unsecured Claims under the Plan.

19. In light of the foregoing reasons, the Debtors firmly believe that entry into the Stipulation represents a prudent exercise of their business judgment and fairly reflects the risk of litigating the Parties' disputes on the merits. The Debtors believe that the Stipulation, which is the product of extensive arms'-length negotiations, is in the best interests of their estates, their creditors, and all parties in interest because it provides a means by which the Debtors will consensually conclude these chapter 11 cases while avoiding the risk, delay, and cost associated with a contested confirmation hearing.

**B. Entry Into the Stipulation is a Sound Exercise of the Debtors' Business Judgment Under Section 363 of the Bankruptcy Code**

20. A settlement of claims and causes of action by a debtor in possession constitutes a use of property of the estate. See 11 U.S.C. § 541(a); Northview Motors, Inc. v. Chrysler Motors

Corp., 186 F.3d 346, 350–51 (3d Cir. 1999). Under section 363(b)(1) of the Bankruptcy Code, the debtor-in-possession may use property of the estate “other than in the ordinary course of business” after notice and a hearing. 11 U.S.C. § 363(1)(1). Section 363 applies when an agreement involves the disposition of the estate’s assets in such a way that it ventures beyond an ordinary course transaction. See In re Martin, 91 F.3d at 394–95.

21. In determining whether to authorize the use or transfer of estate property under section 363(b)(1), the Court must find that such use or transfer is supported by a “sound business purpose.” In re Decora Indus., Inc., No. 00-4459, 2002 WL 32332749, at \*2 (D. Del. May 20, 2002); Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.), 242 B.R. 147, 153 (D. Del. 1999); In re Del. & Hudson Ry. Co., 124 B.R. 169, 175-76 (D. Del. 1991). A court determining whether a sound business purpose justifies the transaction “should consider all salient factors pertaining to the proceeding and, accordingly, act to further the diverse interests of the debtor, creditors and equity holders, alike.” In re Montgomery Ward Holding Corp., 242 B.R. at 153-54 (quoting Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2d Cir. 1983)). In addition, a debtor must show that the transaction has been proposed in good faith, that adequate and reasonable notice has been provided and that it is receiving fair and reasonable value in exchange. See In re Decora Indus., Inc., 2002 WL 32332749, at \*2; In re Del. & Hudson Ry. Co., 124 B.R. at 176.

22. The business judgment rule under section 363(b)(1) shields a debtor from judicial second-guessing. See Abbotts Dairies of Pa., Inc., 788 F.2d 143, 149-50 (3d Cir. 1986) (applying good faith standard to transaction by debtor); Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) (“a presumption of reasonableness attaches to a debtor’s management



decisions”). “In evaluating whether a sound business purpose justifies the use, sale or lease of property under Section 363(b), courts consider a variety of factors, which essentially represent a ‘business judgment test.’” In re Montgomery Ward Holding Corp., 242 B.R. at 153. Where a debtor “articulates a reasonable basis for its business decisions . . . , courts will generally not entertain objections to the debtor’s conduct.” In re Johns-Manville Corp., 60 B.R. at 616.

23. The Debtors believe that entry into the Stipulation represents a proper exercise of their business judgment. In exchange for settling Silver Point’s objection to confirmation, the Debtors will receive a significant benefit of a consensual plan.

24. Accordingly, the Debtors submit that the relief requested in the motion represents a sound exercise of their business judgment and is in the best interests of the Debtors’ estates, their creditors, and other parties in interest and will, among other things, allow the Debtors’ estates to realize a significant benefit that paves the way for a swift value-maximizing conclusion to these chapter 11 cases without the risk, delay, and expense associated with litigating Silver Point’s objections to confirmation of the Plan.

**BANKRUPTCY RULES 6004(A) AND 6004(H)**

25. The Debtors also request that this Court deem satisfied the requirements Bankruptcy Rule 6004(a), which requires 21 days’ notice of a proposed use of property of the estate, and waive the requirements of Bankruptcy Rule 6004(h), which stays orders authorizing the use of property by fourteen (14) days “unless the court orders otherwise.” See Fed. R. Bank. P. 6004(a),(h). Here, the immediate implementation of the Stipulation is important to smooth the way for the Debtors to conclude these chapter 11 cases. Accordingly, the Debtors respectfully requests that this Court deem satisfied the notice requirements of Bankruptcy Rule 6004(a) and

waive the stay imposed by Bankruptcy Rule 6004(h), to the extent applicable, as the exigent nature of the relief sought herein justifies immediate relief.

**NOTICE**

26. No trustee or examiner has been appointed in the Debtors' chapter 11 cases. The Debtors have provided notice of this motion via overnight mail to (a) the U.S. Trustee, Attn.: Jane Leamy, Esq.; (b) counsel to the Official Committee of Unsecured Creditors; (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 Ad Hoc Group of Senior Noteholders; (f) counsel to the indenture trustees under the Debtors' pre-petition indentures; (g) the SEC; (h) the Internal Revenue Service; (i) Silver Point and (j) any parties entitled to notice pursuant to Local Rule 2002-1(b). In light of the nature of the relief requested in this motion, the Debtors respectfully submit that no further notice is necessary.

*[remainder of page intentionally blank]*

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court (i) enter the Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested in this motion and (ii) grant such other and further relief as this Court deems just and proper.

Wilmington, Delaware  
Date: August 5, 2016

/s/ Amanda R. Steele

**RICHARDS, LAYTON & FINGER, P.A.**

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**COUNSEL FOR DEBTORS AND DEBTORS IN  
POSSESSION**

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

	)	
In re:	)	Chapter 11
	)	
Quicksilver Resources Inc., <u>et al.</u> , <sup>1</sup>	)	Case No. 15-10585 (LSS)
	)	
Debtors.	)	Jointly Administered
	)	
	)	<b>Proposed: Hearing Date: August 15, 2016 at 10:00 a.m. (ET)</b>
	)	<b>Proposed Obj. Deadline: August 12, 2016 at 4:00 p.m. (ET)</b>

**NOTICE OF MOTIONS AND HEARING**

PLEASE TAKE NOTICE that, on August 5, 2016, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for an Order Approving Stipulation Among the Debtors, the Second Lien Parties, the Committee, and Silver Point Capital* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE that, contemporaneously with the filing of the Motion, the Debtors also filed a motion to shorten the notice and objection period with respect to the Motion (the “Motion to Shorten”).

PLEASE TAKE FURTHER NOTICE that, if the Bankruptcy Court grants the relief requested in the Motion to Shorten: (i) a hearing to consider the Motion will be held on **August 15, 2016 at 10:00 a.m. (prevailing Eastern Time)** before The Honorable Laurie Selber Silverstein, at the Bankruptcy Court, 824 North Market Street, 6<sup>th</sup> Floor, Courtroom 2,

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<sup>1</sup> 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 4000, Fort Worth, Texas 76102.

Wilmington, Delaware 19801, and (ii) responses or objections to the Motion, if any, shall be filed and served so as to be received by the undersigned counsel to the Debtors on or before **August 12, 2016 at 4:00 p.m. (prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE that if the Bankruptcy Court denies, in whole or in part, the relief requested in the Motion to Shorten, parties-in-interest will receive separate notice of the Bankruptcy Court-approved objection deadline and hearing date for the Motion.

Wilmington, Delaware  
Date: August 5, 2016

/s/ Amanda R. Steele  
**RICHARDS, LAYTON & FINGER, P.A.**  
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– and –

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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:	)	
	)	Chapter 11
Quicksilver Resources Inc., <u>et al.</u> , <sup>1</sup>	)	Case No. 15-10585 (LSS)
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Debtors.	)	Jointly Administered
	)	
	)	

**ORDER APPROVING STIPULATION  
AMONG THE DEBTORS, THE SECOND LIEN PARTIES,  
THE COMMITTEE, AND SILVER POINT CAPITAL**

Upon consideration of the motion (the “Motion”)<sup>2</sup> of the above-captioned Debtors (collectively, the “Debtors”), seeking entry of an order (this “Order”) approving the *Stipulation of Settlement Among the Debtors, the Second Lien Parties, the Committee, and Silver Point Capital* (the “Stipulation”), dated as of August 4, 2016, by and between the Debtors, the Ad Hoc Group of the Second Lienholders and the Second Lien Agent (together, the “Second Lien Parties”), the Official Committee of Unsecured Creditors (the “Committee”), and Silver Point Capital, L.P. (“Silver Point”); and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C.

<sup>1</sup> 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. (“QRI”) [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.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Stipulation (defined below), as applicable.

§§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest and, among other things, will allow the Debtors' estates to realize a significant benefit in the form of a consensual confirmation hearing without the corresponding risk, cost, expense, and delay of litigation; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion, and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Stipulation, a copy of which is attached hereto as **Exhibit 1**, is approved in all respects, and the terms of Stipulation shall be deemed incorporated into this Order.
3. The stay imposed by Bankruptcy Rule 6004(h) is waived and the terms and conditions of this Order are immediately effective and enforceable upon its entry.
4. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.
5. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: \_\_\_\_\_, 2016  
Wilmington, Delaware

\_\_\_\_\_  
THE HONORABLE LAURIE SELBER SILVERSTEIN  
UNITED STATES BANKRUPTCY JUDGE



**Exhibit 1**

**Stipulation**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	Chapter 11
Quicksilver Resources Inc., <i>et al.</i> , <sup>1</sup>	)	
	)	Case No. 15-10585 (LSS)
Debtors.	)	
	)	Jointly Administered
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**STIPULATION OF SETTLEMENT AMONG THE DEBTORS, THE SECOND LIEN PARTIES, THE COMMITTEE, AND SILVER POINT CAPITAL**

This *Stipulation of Settlement Among the Debtors, the Second Lien Parties, the Committee, and Silver Point Capital* (the “Stipulation”) is made as of August 4, 2016, by and among the Debtors, the Ad Hoc Group of the Second Lienholders<sup>2</sup> and the Second Lien Agent (together, the “Second Lien Parties”), the Official Committee of Unsecured Creditors (the “Committee”), and Silver Point Capital, L.P. (“Silver Point”).

**WHEREAS**, on May 18, 2016, the Debtors filed their *Motion for Entry of an Order Approving the Debtors’ Disclosure Statement, Voting Procedures, and Confirmation Procedures* [Docket No. 1418] (the “Motion”), pursuant to which the Debtors sought the Court’s approval of the *Disclosure Statement for Joint Chapter 11 Plan of Liquidation for Quicksilver Resources Inc. and its Affiliated Debtors* [Docket No. 1417]; and

<sup>1</sup> 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 4000, Fort Worth, Texas 76102.

<sup>2</sup> All capitalized terms used herein but not defined have the meanings given such terms in the *Joint Chapter 11 Plan of Liquidation for Quicksilver Resources Inc. and Its Affiliated Debtors* [Docket No. 1525] (the “Plan”).

**EXECUTION DRAFT**

**WHEREAS**, on June 22, 2016, Silver Point filed its objection to the Motion; and

**WHEREAS**, on June 29, 2016, the Court entered an order approving the Motion [Docket No. 1505]; and

**WHEREAS**, Silver Point indicated in Court its intention to object to confirmation of the Plan and has voted to reject the Plan.

**NOW, THEREFORE**, pursuant to sections 105, 363 and 503 of the Bankruptcy Code and Bankruptcy Rule 9019, it is stipulated and agreed by and among the parties as follows:

1. Silver Point hereby agrees that neither it nor any affiliate or fund or account managed or advised by it or an affiliate will object to, delay, impede, or take any other action to interfere with, confirmation of the Plan, whether directly or indirectly.

2. Silver Point hereby agrees that its vote to reject the Plan shall be deemed amended so as to constitute a vote in favor the Plan.

3. Silver Point hereby agrees to rescind any instruction it (or any affiliate or fund or account managed or advised by it or an affiliate) has given to an Indenture Trustee directing such party to oppose or object to the Plan.

4. The Debtors, their successors, the Second Lien Parties, and the Committee hereby agree that Silver Point shall have an Allowed Administrative Expense Claim equal to the amount of its documented professional fees incurred in connection with this chapter 11 case, provided that in no event shall such Allowed Administrative Expense Claim exceed \$200,000 (the "Administrative Claim"). The Liquidating Trustee, as successor-in-interest to the Debtors, shall be authorized and directed to pay the Administrative Claim within five (5) business days after the later of consummation (*i.e.*, the Effective Date) of the Plan or approval of this

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Stipulation, subject to the receipt of the relevant invoice or invoices evidencing the professional fees incurred (up to the maximum authorized amount).

5. In the event that this Stipulation is not approved by the Court prior to the commencement of the Confirmation Hearing, then Silver Point's right to object to confirmation of the Plan on any basis (whether or not previously raised in Silver Point's objection to the Motion) shall be fully preserved notwithstanding the expiration of any otherwise applicable deadline.

6. This Stipulation may not be modified other than by a signed writing executed by the parties hereto.

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