

**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
	)	Re: Docket Nos. 6, 98, 104 & <u>171</u>

**FINAL ORDER ESTABLISHING  
NOTIFICATION AND HEARING PROCEDURES  
FOR TRANSFERS OF, OR CLAIMS OF WORTHLESSNESS  
WITH RESPECT TO, EQUITY SECURITIES**

Upon the Motion<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of this Final Order pursuant to Bankruptcy Code sections 105, 362 and 541, and Bankruptcy Rules 3002 and 9014 (a) authorizing the Debtors to establish notification and hearing procedures regarding the trading of, or declarations of worthlessness for federal or state tax purposes with respect to, equity securities in Quicksilver Resources Inc. (“QRI”), including Options (as defined below), or any beneficial interest therein (the “Equity Securities”) that must be complied with before trades or transfers of such securities or declarations of worthlessness become effective, (b) ordering that any purchase, sale, or other transfer of, or declaration of worthlessness with respect to, Equity Securities in violation of the procedures set forth below shall be void *ab initio*, and (c) scheduling a final hearing (the “Final Hearing”) to

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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 3700, Unit 19, Fort Worth, Texas 76102.

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

consider entry of this Final Order, all as more fully set forth in the Motion; and the Court having entered the Interim Order captioned *Interim Order Establishing Notification and Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Certain Equity Securities* [Docket No. 98]; 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 and appropriate under the particular circumstances; and the Court having held the Final Hearing to consider the relief requested in the Motion; and upon the First Day Declaration, the record of the Final 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 on a final basis to the extent provided herein.
2. Any purchase, sale, or other transfer of, or declaration of worthlessness with respect to, Equity Securities in QRI or of any beneficial interest therein in violation of the procedures set forth herein shall be null and void *ab initio*.
3. The following procedure shall apply to trading in QRI's Equity Securities:
  - a. Any Entity (as such term is defined in Treasury regulation section 1.382-3(a)(1), an "Entity") who currently is or becomes a Substantial Shareholder (as such term is defined in paragraph (f) below) must file with the Court, and serve upon counsel to the Debtors, Akin Gump Strauss

Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., and counsel to the Official Committee of Unsecured Creditors, Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019, Attn: Andrew Rosenberg, Esq. and Elizabeth McColm, Esq., a declaration of such status, substantially in the form of **Exhibit 1** to the Interim Order, on or before the later of (i) thirty days after the date of the Notice of Interim Order (as defined herein) and (ii) ten days after becoming a Substantial Shareholder.

- b. Prior to effectuating any transfer of, or exchange or conversion into, shares of Equity Securities (including Options, as defined below, to acquire any such securities) that would result in an increase in the amount of shares of Equity Securities of which a Substantial Shareholder has Beneficial Ownership (as such term is defined in paragraph (f) below) or that would result in an Entity becoming a Substantial Shareholder, such Entity or Substantial Shareholder shall file with the Court, and serve upon counsel to the Debtors, Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., and counsel to the Official Committee of Unsecured Creditors, Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019, Attn: Andrew Rosenberg, Esq. and Elizabeth McColm, Esq., an advance written declaration of the intended transfer of Equity Securities in the form of **Exhibit 2** to the Interim Order (each, a “Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Equity Securities”), specifically and in detail describing the proposed transaction in which shares of Equity Securities would be acquired. At the holder’s election, the Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Equity Securities to be filed with the Court may be redacted to exclude such holder’s federal tax identification number and the number of shares of Equity Securities that such holder beneficially owns and proposes to purchase or otherwise acquire.
- c. Prior to effectuating any transfer of shares of Equity Securities that would result in a decrease in the amount of shares of Equity Securities of which a Substantial Shareholder has Beneficial Ownership or would result in an Entity ceasing to be a Substantial Shareholder, such Substantial Shareholder must file with the Court, and serve upon counsel to the Debtors, Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., and counsel to the Official Committee of Unsecured Creditors, Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019, Attn: Andrew Rosenberg, Esq. and Elizabeth McColm, Esq., an advance written declaration of the intended transfer of Equity Securities in the form of **Exhibit 3** to the Interim Order (each, a “Declaration of Intent to Sell, Trade, or Otherwise

Transfer Equity Securities” and with a Declaration of Intent to Purchase, Acquire or Accumulate Equity Securities, each, a “Declaration of Proposed Transfer”). At the holder’s election, the Declaration of Intent to Sell, Trade, or Otherwise Transfer Equity Securities to be filed with the Court may be redacted to exclude such holder’s federal tax identification number and the number of shares of Equity Securities that such holder beneficially owns and proposes to sell or otherwise transfer.

- d. The Debtors shall have twenty calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve on such Substantial Shareholder an objection to any proposed transfer of shares of Equity Securities described in the Declaration of Proposed Transfer on the grounds that such transfer might adversely affect the Debtors’ ability to utilize their Tax Attributes. If the Debtors file an objection, such transaction would not be effective unless such objection is withdrawn by the Debtors or such transaction is approved by a final order of the Court that becomes nonappealable. If the Debtors do not object within such twenty-day period, such transaction could proceed solely as set forth in the Declaration of Proposed Transfer. To the extent that the Debtors receive an appropriate Declaration of Proposed Transfer and determine in their business judgment not to object, they shall provide notice of that decision as soon as is reasonably practicable to counsel to each of the Global Administrative Agent, the Second Lien Agent, the Ad Hoc Group of Second Lienholders and the Official Committee of Unsecured Creditors. Further transactions within the scope of this paragraph must be the subject of additional notices in accordance with the procedures set forth herein, with an additional twenty-day waiting period for each Declaration of Proposed Transfer.
- e. Effective as of the Petition Date and until further order of the Court to the contrary, any acquisition, disposition or other transfer of Beneficial Ownership of shares of Equity Securities, including Options to acquire shares of Equity Securities, in violation of the procedures set forth herein shall be null and void *ab initio* as an act in violation of the automatic stay under Bankruptcy Code sections 362 and 105(a).
- f. Definitions:
  - (i) a “Substantial Shareholder” is any Entity that has Beneficial Ownership of at least 9,102,850 shares of common stock of QRI (“Common Stock”), constituting approximately 4.75% of the outstanding shares of Common Stock;
  - (ii) “Beneficial Ownership” (or any variation thereof of Equity Securities and Options to acquire Equity Securities) shall be determined in accordance with applicable rules under

IRC section 382, the U.S. Department of Treasury regulations (the “Treasury Regulations”) promulgated thereunder and rulings issued by the Internal Revenue Service (the “IRS”), and, thus, to the extent provided in those rules, from time to time shall include, without limitation, (A) direct and indirect ownership (*e.g.*, a holding company would be considered to beneficially own all stock owned or acquired by its wholly-owned subsidiaries), (B) ownership by a holder’s family members and any group of persons acting pursuant to a formal or informal understanding to make a coordinated acquisition of stock and (C) in certain cases, the ownership of an Option to acquire shares of Equity Securities; and

(iii) an “Option” to acquire stock includes any contingent purchase, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

g. Except to the extent information contained in a Declaration of Proposed Transfer or a Declaration of Intent to Claim a Worthless Securities Deduction (as defined below) is public or in connection with an audit or other investigation by the IRS or other taxing authority, the Debtors shall keep such notices and any additional information provided pursuant to the Interim Order strictly confidential; *provided, however*, that the Debtors may disclose the information in a Declaration of Proposed Transfer or a Declaration of Intent to Claim a Worthless Securities Deduction to their counsel and professional advisors and those of any other Entity or Entities that are subject to a nondisclosure agreement with the Debtors (as applicable), each of whom shall keep all such notices strictly confidential; *provided, further, however*, the Debtors will redact the name and address of the submitting party prior to sharing any Declaration of Proposed Transfer or a Declaration of Intent to Claim a Worthless Securities Deduction with any other Entity or Entities that are subject to a nondisclosure agreement with the Debtors (as applicable).

h. The Debtors may waive, in writing, any and all restrictions, stays and notification procedures contained herein.

4. The following procedure shall apply to claims for tax purposes that shares of

QRI’s Equity Securities are worthless:

a. Any Entity that currently is or becomes a 50% Shareholder (as such term is defined in paragraph (d) below) the Debtors’ Equity Securities must file with the Court, and serve upon counsel to the Debtors, Akin Gump Strauss

Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., and counsel to the Official Committee of Unsecured Creditors, Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019, Attn: Andrew Rosenberg, Esq. and Elizabeth McColm, Esq., a notice of such status, in the form of **Exhibit 4** to the Interim Order, on or before the later of (a) thirty days after the date of entry of the Interim Order and (b) ten days after becoming a 50% Shareholder.

- b. Prior to filing any federal or state tax return, or any amendment to such a return, claiming any deduction for worthlessness of the Equity Securities of QRI, for a tax year ending before the Debtors' emergence from chapter 11 protection, such 50% Shareholder must file with the Court, and serve upon counsel to the Debtors, Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., and counsel to the Official Committee of Unsecured Creditors, Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019, Attn: Andrew Rosenberg, Esq. and Elizabeth McColm, Esq., an advance written notice, in the form of **Exhibit 5** to the Interim Order (a "Declaration of Intent to Claim a Worthless Stock Deduction"), of the intended claim of worthlessness.
- c. The Debtors will have twenty calendar days after receipt of a Declaration of Intent to Claim a Worthless Stock Deduction to file with the Court and serve on such 50% Shareholder an objection to any proposed claim of worthlessness described in the Declaration of Intent to Claim a Worthless Stock Deduction on the grounds that such claim might adversely affect the Debtors' ability to utilize their Tax Attributes. If the Debtors file an objection, the filing of the return with such claim would not be permitted unless approved by a final and nonappealable order of the Court. If the Debtors do not object within such twenty-day period, the filing of the return with such claim would be permitted only as set forth in the Declaration of Intent to Claim a Worthless Stock Deduction. To the extent that the Debtors receive an appropriate Declaration of Intent to Claim a Worthless Stock Deduction and determine in their business judgment not to object, they shall provide notice of that decision as soon as is reasonably practicable to counsel to each of the Global Administrative Agent, the Second Lien Agent, the Ad Hoc Group of Second Lienholders and the Official Committee of Unsecured Creditors. Additional returns within the scope of this paragraph must be the subject of additional notices as set forth herein, with an additional twenty-day waiting period.
- d. For purposes of these procedures a "50% Shareholder" is any Entity that at any time since December 1, 2011, has owned 50% or more of the Common Stock of QRI (determined in accordance with IRC section 382(g)(4)(D) and the applicable regulations thereunder).

e. The Debtors may waive, in writing and in their sole and absolute discretion, any restrictions, sanctions, remedies, stays or notification procedures contained in this Final Order.

5. As soon as is reasonably practicable following entry of this Final Order, the Debtors shall serve by first class mail, postage prepaid a Notice of Final Order (the "Notice of Final Order") to (a) the Office of the United States Trustee for the District of Delaware; (b) counsel to the Official Committee of Unsecured Creditors; (c) counsel to the agents under the Debtors' prepetition credit facilities; (d) the United States Securities and Exchange Commission; (e) the Internal Revenue Service; and (f) all registered holders of Equity Securities, including any 50% Shareholder from January 1, 2011 through and including the date of entry of this Final Order.

6. All registered holders described in paragraph five of this Final Order shall be required to serve the Notice of Final Order on any holder for whose account such registered holder holds in excess of 1% of QRI's outstanding Equity Securities and so forth down the chain of ownership for all such holders of Equity Securities in excess of such amounts.

7. Any Entity or broker or agent acting on such Entity's behalf who sells in excess of 1% of the outstanding shares of Equity Securities to another Entity shall be required to serve a copy of the Notice of Final Order on such purchaser of such Equity Securities or any broker or agent acting on such purchaser's behalf.

8. The Debtors may waive in writing, in their sole discretion, any and all restrictions, stays and notification procedures contained in this Final Order.

9. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in this Final 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 prepetition obligations sought to be paid, or the assumption or adoption of any contract or agreement under Bankruptcy Code section 365.

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

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Final Order in accordance with the Motion.

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

Wilmington, Delaware  
Date: April 4, 2015



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THE HONORABLE LAURIE SELBER SILVERSTEIN  
UNITED STATES BANKRUPTCY JUDGE