

**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 ()
)	
Debtors.	)	Joint Administration Requested
)	

**DEBTORS’ MOTION FOR THE ENTRY OF INTERIM AND FINAL
ORDERS ESTABLISHING NOTIFICATION AND HEARING
PROCEDURES FOR TRANSFERS OF, OR CLAIMS OF
WORTHLESSNESS WITH RESPECT TO, EQUITY SECURITIES**

The debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) respectfully submit this *Debtors’ Motion for the Entry of Interim and Final Orders Establishing Notification and Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Equity Securities* (the “Motion”). In support of the Motion, the Debtors represent and set forth as follows:²

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

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”).

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

(Continued...)

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, 362, and 541, and rules 3002 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

(i) The Debtors’ Tax Attributes

6. The Debtors have incurred, and are currently incurring, significant net operating losses (“NOLs”), amounting to approximately \$826 million as of the end of 2014, translating to potential tax savings of approximately \$289.1 million based on a 35% federal income tax rate. Sections 39(a), 59(e), 172(b), and 904(d) of the Internal Revenue Code of 1986 (as amended, the “IRC”) permit a corporation to carry forward Tax Attributes (as defined below) to offset taxable

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.

income and tax liability, thereby significantly improving the corporation's liquidity in the future. The Debtors' NOLs consist of losses generated in any given or prior tax year and can be "carried forward" to up to twenty subsequent tax years to offset the Debtors' future taxable income, thereby reducing future aggregate tax obligations. *See* 26 U.S.C. § 172. NOLs also may be utilized to offset taxable income generated by transactions completed during the chapter 11 cases.

7. The relief sought in this Motion will protect and preserve the Debtors' valuable tax attributes, including the NOLs, tax credits ("Tax Credits") and other tax attributes (collectively, the "Tax Attributes"), ultimately benefitting all stakeholders. Conversely, loss of the Debtors' Tax Attributes will cause substantial deterioration of value, harming the estates and significantly reducing the ultimate payout to the Debtors' stakeholders. Failure to obtain the relief sought in this motion will greatly increase the risk that the Debtors will be unable to make use of their Tax Attributes.

8. In particular, unrestricted trading of Equity Securities (as defined below) could adversely affect the Debtors' Tax Attributes. If (a) too many 5% or greater blocks of the Debtors' Equity Securities are created or (b) too many shares are added to or sold from such blocks such that, together with previous trading by 5% shareholders during the preceding three-year period, an ownership change within the meaning of section 382 of the IRC would be triggered prior to emergence from bankruptcy and outside the context of a confirmed chapter 11 plan. Likewise, if a 50% or greater shareholder of the Debtors' Equity Securities were, for federal or state tax purposes, to treat such Equity Securities as having become worthless prior to the Debtors emerging from chapter 11 protection, such a claim would trigger an ownership change under IRC section 382(g)(4)(D), thus causing an adverse effect on the Tax Attributes.

9. The Debtors' NOLs are substantial and any loss of the Debtors' Tax Attributes, including during the first month of these cases, could cause significant and irreparable damage to the estates and stakeholders. Indeed, the relief requested herein is critical for maximizing estate value and will help ensure a meaningful recovery for creditors. If no restrictions on trading or worthlessness deductions are imposed by this Court, such trading or deductions could severely limit or even eliminate the Debtors' ability to use their Tax Attributes—a valuable asset of the Debtors' estates—which could lead to significant negative consequences for the Debtors, their estates, the Debtors' stakeholders and the overall reorganization process.

10. Notably, with respect to equity trading and deduction restrictions, the Debtors have limited the relief requested herein to the extent necessary to preserve estate value. Specifically: (a) as to stock trading, the proposed Interim and Final Orders will affect only holders of 4.75% or more of the Debtors' outstanding Equity Securities and parties who are interested in purchasing sufficient shares of the Debtors' Equity Securities to result in such party becoming a holder of the equivalent of at least approximately 4.75% of the outstanding Equity Securities; and (b) as to worthless stock deductions, the proposed relief will affect only holders of the equivalent of 50% or more of the Debtors' Equity Securities.

RELIEF REQUESTED

11. The Debtors submit this Motion pursuant to Bankruptcy Code sections 105, 362, and 541 and Bankruptcy Rules 3002 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), (a) establishing 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”) on this Motion within thirty days of the date hereof or as soon thereafter as practicable; *provided, however*, that, in the event no objections to entry of the Proposed Final Order are timely received, the Debtors request that the Court enter the Proposed Final Order without the need for the Final Hearing.

PROPOSED PROCEDURES AND NOTICE PROVISIONS

A. Proposed Procedures for Trading in Equity Securities

12. By establishing procedures for continuously monitoring the trading of their Equity Securities, the Debtors can preserve their ability to seek substantive relief at the appropriate time, particularly if it appears that additional trading may jeopardize the use of their Tax Attributes. Accordingly, the Debtors request that this Court enter an order establishing the following procedures (collectively, the “Equity Trading Procedures”):

- 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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. 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 in the Interim Order.

B. Proposed Procedures for Claiming a Worthless Stock Deduction

13. The Debtors also request that the Court enter an order restricting the ability of shareholders that own or have owned 50% or more, by value, of the Debtors' Equity Securities to claim a deduction for the worthlessness of those securities on their federal or state tax returns for a tax year ending before the Debtors emerge from chapter 11 protection. Under IRC section 382(g)(4)(D), any securities held by such a shareholder are treated as though they were transferred if such shareholder claims a worthlessness deduction with respect to such securities. Therefore, it is essential that shareholders that own or have owned 50% or more of the Debtors' Equity Securities defer claiming such worthlessness deduction until after the Debtors have emerged from bankruptcy.

14. By restricting 50% shareholders from claiming a worthlessness deduction prior to the Debtors' emergence from chapter 11 protection, the Debtors can preserve their ability to seek substantive relief to use the NOLs at a later date. Accordingly, the Debtors request that the Court enter an order establishing the following procedures (the "Worthless Stock Deduction Procedures"):

- 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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. 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 Motion or in any order granting the relief requested herein.

C. Notice Provisions of the Proposed Interim and Final Orders

15. As soon as is reasonably practicable following entry of the Interim Order, the Debtors shall serve by first class mail, postage prepaid a notice in substantially the form of **Exhibit 6** to the Interim Order (the "Notice of Interim Order") to: (a) the Office of the United States Trustee for the District of Delaware; (b) the entities listed on the consolidated list of creditors holding the thirty largest unsecured claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to the agents under the Debtors' prepetition credit facilities; (e) the United States

Securities and Exchange Commission; (f) the Internal Revenue Service; and (g) all registered holders of Equity Securities. Additionally, as soon as is reasonably practicable following entry of the Final Order, the Debtors shall serve a Notice of Interim Order modified to reflect that the Final Order has been entered (as modified, the “Notice of Final Order”) to the same entities that received the Notice of Interim Order.

16. All registered holders shall be required to serve the Notice of Interim Order or Notice of Final Order, as applicable, on any holder for whose account such registered holder holds shares of Equity Securities in excess of 1% of the outstanding shares and so forth down the chain of ownership for all such holders of Equity Securities in excess of such amounts.

17. 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 Interim Order or Notice of Final Order, as applicable, on such purchaser of such Equity Securities or any broker or agent acting on such purchaser’s behalf.

SUPPORTING AUTHORITY

A. The Debtors’ Tax Attributes are Significant and Valuable

18. As of the end of 2014, the Debtors had NOLs of approximately \$826 million. These NOLs could translate into potential future tax savings of approximately \$289.1 million, based on a federal income tax rate of approximately 35%. Failure to preserve the Debtors’ NOLs would cause the Debtors’ estates to suffer a significant tax liability to the detriment of stakeholder interests.

19. IRC sections 39(a), 59(e), 172(b), and 904(c) permit corporations to carry forward Tax Attributes to offset future taxable income and tax liability, thereby significantly improving such corporations’ liquidity in the future. Thus, the Debtors’ Tax Attributes are a valuable asset

of the Debtors' estates whose availability will facilitate the Debtors' successful reorganization and serve to potentially improve creditor recoveries.

20. The Debtors' ability to use their Tax Attributes, however, could be limited severely under IRC sections 382 and 383 (without the relief requested herein) as a result of the trading and accumulation of their Equity Securities, or claims of worthlessness with respect thereto, prior to the consummation of a chapter 11 plan. Given the significant benefit to the estates of preserving the Tax Attributes, the Debtors believe that cause exists to grant the relief requested immediately on an interim basis pending this Court's entry of a Final Order, and that such relief is in the best interests of the estates.

B. The Debtors' NOLs and Tax Credits are Property of their Estates and are Entitled to Court Protection

(i) The Debtors' NOLs are Valuable Estate Property

21. Courts have uniformly held that a debtor's NOLs constitute property of the estate under Bankruptcy Code section 541 and, as such, courts have the authority to implement certain protective measures to preserve the NOLs. The seminal case articulating this rule is *In re Prudential Lines, Inc.*, 107 B.R. 832 (Bankr. S.D.N.Y. 1989), *aff'd*, 119 B.R. 430 (S.D.N.Y. 1990), *aff'd*, 928 F.2d 565 (2d Cir. 1991), *cert. denied*, 502 U.S. 821 (1991). In *Prudential Lines*, the Bankruptcy Court for the Southern District of New York enjoined a parent corporation from taking a worthless stock deduction with respect to its wholly-owned debtor subsidiary on the grounds that allowing the parent to do so would destroy its debtor-subsiary's NOLs. In issuing the injunction, the court held that the "debtor's potential ability to utilize NOLs is property of [the] estate," 107 B.R. at 839, and that the taking of a worthless stock deduction is an exercise of control over a debtor's NOLs, and thus was properly subject to the automatic stay provisions of Bankruptcy Code section 362. *See* 107 B.R. at 842-43; *see also In re White Metal*

Rolling & Stamping Corp., 222 B.R. 417, 424 (Bankr. S.D.N.Y. 1998) (“It is beyond peradventure that NOL carrybacks and carryovers are property of the estate of the loss corporation that generated them.”); *In re Southeast Banking Corp.*, Case No. 91-14561-BKC, 1994 WL 1893513, at *2 (Bankr. S.D. Fla. July 21, 1994) (debtor’s interest in their NOLs “constitutes property of the estate within the scope of 11 U.S.C. Section 541(a)(i) and is entitled to the protection of the automatic stay”); *In re Phar-Mor, Inc.*, 152 B.R. 924, 927 (Bankr. N.D. Ohio 1993) (“the sale of stock is prohibited by § 362(a)(3) as an exercise of control over the NOL, which is property of the estate”); *In re Grossman’s, Inc.*, Case No. 97-695, 1997 WL 33446314, at *1 (Bankr. D. Del. Oct. 9, 1997) (debtors’ NOL carryforwards are property of debtors’ estates protected by the automatic stay provisions of the Bankruptcy Code). Accordingly, because the Debtors’ NOLs are property of their estates, this Court has the authority under section 362 to enforce the automatic stay by restricting the transfer of Equity Securities that could jeopardize the existence of these valuable assets.

(ii) *The Debtors’ Other Tax Attributes Likewise Constitute Valuable Estate Property*

22. Similar to NOLs, the Tax Credits and other Tax Attributes are valuable assets of the Debtors’ estates. The Tax Credits, like NOLs, may be used by the Debtors to offset future income and reduce future federal income taxes. Accordingly, the Tax Credits constitute property of the Debtors’ estates under Bankruptcy Code section 541 and should be given the same protective treatment as NOLs. Likewise, the Debtors’ other Tax Attributes constitute property of the Debtors’ estates entitled to Bankruptcy Code protection. Thus, as with NOLs, this Court has the authority under section 362 to enforce the automatic stay by restricting the transfer of Equity Securities, which transfers could reduce these valuable assets.

23. Courts have granted relief similar to that sought herein with respect to non-NOL tax credits in other cases. *See, e.g., In re Delta Air Lines, Inc.*, Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sept. 16, 2005) (finding that NOLs and tax credit carryforwards are property of the debtors' estate and approving notification procedures and restrictions on certain transfers of claims against and interests in the debtors to protect, among other things, \$346 million in non-NOL tax credits). Accordingly, similar to the NOLs, the Court has authority under Bankruptcy Code section 362 to grant the relief sought herein with respect to Tax Credits and other Tax Attributes.

C. An "Ownership Change" Under IRC Sections 382 and 383 Would Negatively Impact the Debtors' Estates

24. IRC section 382 limits the amount of taxable income that can be offset by a corporation's NOLs in taxable years (or a portion thereof) following an ownership change.⁴ Generally, an "ownership change" occurs if the percentage (by value) of the stock of a corporation owned by one or more 5% shareholders has increased by more than fifty percentage points over the lowest percentage of stock owned by such shareholders at any time during the three-year testing period ending on the date of the ownership change.⁵ For example, an ownership change would occur in the following situation:

- An individual ("U") owns 50.1% of the stock of corporation XYZ.

⁴ Similarly, IRC section 383 limits the amount of tax liability that can be offset by Tax Credits following an ownership change.

⁵ In general, under section 382(g)(4)(A), all stockholders who individually hold less than 5% of the stock of a company are deemed to be a single 5% stockholder throughout the three-year testing period and transfers between such shareholders are disregarded for purposes of determining whether an ownership change has occurred. Thus, so long as 50% or more of the stock is owned by less than 5% stockholders throughout the three-year testing period, there will be no change of control under section 382. Accordingly, the Debtors do not seek to impose the requested notice and hearing procedures on trading by stockholders holding less than 9,102,850 shares of Common Stock, constituting approximately 4.75% of the outstanding shares of Common Stock.

- U sells her 50.1% interest to another individual (“B”), who owns 5% of XYZ’s stock.
- Under section 382, an ownership change has occurred because B’s interest in XYZ has increased more than fifty percentage points (from 5% to 55.1%) during the testing period.
- The same result would follow even if B owned no XYZ stock prior to the transaction with U because B both becomes a 5% shareholder and increases his ownership by more than 50% percentage points during the testing period.

25. If an ownership change occurs, section 382 limits the amount of a corporation’s future income that may be offset by its “pre-change losses” to an annual amount equal to the value of the corporation prior to the ownership change multiplied by the long-term tax exempt rate. *See* 26 U.S.C. § 382(b). “Pre-change losses” would include (a) NOLs and (b) any net unrealized built-in loss (as defined in section 382(h)(3)). At the same time, IRC section 383 limits the amount of tax liability that may be offset by “pre-change tax credits” to the liability attributable to the amount of income that could have been offset by pre-change losses but was not so offset. “Pre-change tax credits” would include Tax Credits.

26. The formulaic limitations under IRC sections 382 and 383 can severely restrict the ability to use “pre-change losses” and “pre-change tax attributes” because the value of the stock of a distressed company may be quite low. Accordingly, if, prior to the effective date of the Debtors’ chapter 11 plan, too many holders of Equity Securities transfer their interests or a 50% shareholder declares its shares to be worthless, such transfers may trigger an “ownership change” for IRC purposes severely endangering the Debtors’ ability to utilize NOLs and thus causing considerable damage to estate interests.

27. The risk of losing the ability to use even a portion of the Tax Attributes justifies granting the Debtors, from the first day of these cases, the ability to monitor, and possibly object to, changes in ownership of Equity Securities. Granting the relief requested herein will preserve

the Debtors' flexibility in operating the Debtors' businesses during the pendency of the chapter 11 cases and proposing an exit plan that makes full and efficient use of the Debtors' NOLs.

D. The Equity Trading and Deduction Restrictions are Narrowly Tailored to Protect Estate Value

28. The requested relief does not bar all trading of Equity Securities, or all deductions for worthlessness of Equity Securities. Rather, the Debtors seek only to establish procedures to monitor stock trading and restrict worthlessness deductions that would pose a serious risk under the section 382 ownership-change test and to preserve the Debtors' ability to seek substantive relief from this Court if it appears that a proposed trade will jeopardize the use of their Tax Attributes.

29. Notably, the procedures requested by the Debtors in this motion would permit most stock and all claims trading to continue, subject to applicable law. The restrictions on claiming deductions for worthless stock would apply only to 50% shareholders, and even then would not prohibit such deductions entirely, but would merely require them to be postponed to taxable years ending after the Debtors emerge from chapter 11 protection.

30. Given the narrow nature of the injunction, the Debtors submit that the Court is justified in entering the Interim and Final Orders in the interests of protecting the Debtors' important estate assets.

E. Bankruptcy Courts Routinely Approve Equity Trading and Deduction Restrictions

31. Courts routinely restrict or enjoin transfers of stock or claims, or issue other injunctive relief to protect a debtor against the possible loss of its NOL carryforwards. *See, e.g., In re RadioShack Corp.* No. 15-10197 (KJC) (Bankr. D. Del. Feb. 9, 2015) (approving notification procedures similar to the procedures requested herein); *In re Fisker Auto. Holdings, Inc.*, No. 13-13087 (KG) (Bankr. D. Del. Dec. 13, 2013) (approving notification procedures

similar to the procedures requested herein); *In re Dex One Corp.*, No. 13-10533 (KG) (Bankr. D. Del. Apr. 10, 2013) (approving notification procedures similar to the procedures requested herein); *In re Overseas Shipholding Group, Inc.*, No. 12-20000 (PJW) (Bankr. D. Del. Dec. 7, 2012) (approving notification procedures similar to the procedures requested herein); *In re AI23 Systems, Inc.*, Case No. 12-12859 (KJC) (Bankr. D. Del. Nov. 7, 2012) (approving notification procedures similar to the procedures requested herein); *In re Global Aviation Holdings Inc.*, Case No. 12-40783 (CEC) (Bankr. E.D.N.Y. Mar. 30, 2012) (approving on final basis notification and hearing procedures for transfer of, or claims of worthlessness with respect to, equity securities); *In re The PMI Group, Inc.*, Case No. 11-13730 (BLS) (Bankr. D. Del. Feb. 8, 2012) (approving notification procedures similar to the procedures requested herein); *In re Newpage Corporation*, Case No. 11-12804 (KG) (Bankr. D. Del. Oct. 4, 2011) (approving notification procedures); *In re The Great Atl. & Pac. Tea Co.*, Case No. 10-24549 (RDD) (Bankr. S.D.N.Y. Jan. 12, 2011) (approving on a final basis notification procedures and restrictions on certain transfers of, and worthless stock deductions with respect to, equity interests); *In re NR Liquidation III Co. (f/k/a Neff Corp.)*, Case No. 10-12610 (SCC) (Bankr. S.D.N.Y. June 9, 2010) (same); *In re Citadel Broad. Corp.*, Case No. 09-17442 (BRL) (Bankr. S.D.N.Y. Apr. 12, 2010) (same); *In re Motors Liquidation Co. (f/k/a Gen. Motors Corp.)*, Case No. 09-50026 (REG) (Bankr. S.D.N.Y. June 25, 2009) (approving on a final basis notification procedures and restricting certain transfers of equity interests); *In re Charter Commc'ns, Inc.*, Case No. 09-11435 (JMP) (Bankr. S.D.N.Y. Apr. 15, 2009) (same); *In re Star Tribune Holdings Corp.*, Case No. 09-10244 (RDD) (Bankr. S.D.N.Y. Feb. 6, 2009) (same); *In re Tronox Inc.*, Case No. 09-10156 (ALG) (Bankr. S.D.N.Y. Feb. 6, 2009) (approving on a final basis notification procedures and restrictions on certain transfers of, and worthless stock deductions with respect to, equity interests in the debtors); *In re*

Frontier Airlines Holdings, Inc., Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. June 3, 2008) (approving on a final basis notification procedures and restricting certain transfers of equity interests); *In re DJK Residential LLC*, Case No. 08-10375 (JMP) (Bankr. S.D.N.Y. Feb. 25, 2008) (approving on a final basis notification procedures and restrictions on certain transfers of, and worthless stock deductions with respect to, equity interests in the debtors); *In re Portola Packaging, Inc.*, Case No. 08-12001 (CSS) (Bankr. D. Del. Sept. 19, 2008) (same); *In re Dura Auto. Sys., Inc.*, Case No. 06-11202 (KJC) (Bankr. D. Del. Nov. 20, 2006) (same); *In re J.L. French Auto. Castings, Inc.*, Case No. 06-10119 (MFW) (Bankr. D. Del. Mar. 3, 2006) (same); *In re W.R. Grace & Co.*, Case No. 01-01139 (JKF) (Bankr. D. Del. Jan. 24, 2005) (same).⁶

32. Courts granting such relief generally do so by imposing notice and hearing requirements on any proposed transfer of stock to or by an entity whose holdings of such stock exceeds, or would exceed as a result of the proposed transfer, a certain threshold amount. To accomplish this, the court and the debtor are given notice of any proposed transfers of stock by entities whose aggregate stock holdings exceed a certain dollar or share threshold, giving the debtor an opportunity to object to such transfer at a hearing.

33. The order in *First Merchants Acceptance* was typical in this regard. *See* 1998 Bankr. LEXIS 1816 (Bankr. D. Del. 1998). In that case, the court entered an order imposing on any entity intending to (a) acquire, accumulate, or sell more than a prescribed number of shares of the debtor, or to add additional shares to such a block, or (b) acquire or sell any subordinated reset notes or unsecured claims against the debtors, a duty to provide notice to the court and to the debtor's counsel, after which the debtor was afforded thirty days to object to such transaction

⁶ Because of the voluminous nature of the orders cited herein, they are not attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

with a hearing to be held so that the court could decide whether to allow any such transfer to be consummated. *See, e.g., In re Dura Auto. Sys., Inc.*, Case No. 06-11202 (KJC) (Bankr. D. Del. Nov. 20, 2006) (stock trading restrictions applied to persons who were, or would become as a result of the proposed transfer, a 4.5% stockholder); *In re Calpine Corp.*, Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Dec. 21, 2005) (same); *In re Boyds Collection, Ltd.*, Case No. 05-43793 (DK) (Bankr. Md. Nov. 1, 2005) (claims trading restrictions applied to claimholders expected to fall outside a *de minimis* amount).⁷ Although the relief that the Debtors request in this motion is similar to that granted in *First Merchants Acceptance*, it excludes transfers by claimholders from the scope of the notice and hearing procedures, thus making the requested relief significantly less burdensome than the relief granted in *First Merchants Acceptance*.

34. The Debtors' Tax Attributes are valuable assets of their estates that will inure to the benefit of their stakeholders and facilitate the Debtors' reorganization. Unrestricted trading in QRI's Equity Securities with no advance warning of such trades or unrestricted deductions for worthless stock jeopardizes these assets and impairs their value for the Debtors' stakeholders at large. The requested relief imposes a minimal burden to achieve a substantial benefit for the Debtors and their creditors and other interested parties. Accordingly, this Court should grant the requested relief and establish a notice and hearing procedure governing the trading of QRI's Equity Securities and parties claiming that such Equity Securities are worthless.

F. The Proposed Notice Provisions Satisfy Due Process

35. The Debtors' proposed notice provisions, as set forth herein and in the Interim and Final Orders, will serve to put interested parties on notice of the restrictions on the transfer

⁷ Because of the voluminous nature of the orders cited herein, they are not attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

of QRI's Equity Securities and on worthless stock deduction restrictions. The Debtors propose to provide notice through entry of both the Interim and Final Orders to holders of 4.75% or more of the Debtors' Equity Securities.

36. The foregoing notice procedures satisfy due process and the strictures of Bankruptcy Rule 9014 by providing the relevant counterparties with a notice and an opportunity to object and attend a hearing. *See, e.g., In re Colorado Mountain Cellars, Inc.*, 226 B.R. 244, 246 (D. Colo. 1998) (noting that a hearing is not required to satisfy Bankruptcy Rule 9014). Further, the proposed notice procedures protect the due process rights of the parties-in-interest without unnecessarily exposing the Debtors' estates to unwanted administrative expenses.

THE REQUIREMENTS OF BANKRUPTCY RULE 6003 ARE SATISFIED

37. For a debtor to obtain relief to make payments within twenty-one 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).

38. Immediate and irreparable harm would result if the relief requested herein is not granted. If the Court does not grant the relief sought in this motion on an interim basis and instead waits until the Final Hearing on this Motion, holders of the Debtors' Equity Securities could be emboldened to transfer such securities or claim a worthless stock deduction before the restrictions contemplated herein are imposed by the Court. Such trading or deductions would put the Tax Attributes, and the potential for millions in tax savings, in serious jeopardy and could materially harm the Debtors and their various stakeholders.

WAIVER OF BANKRUPTCY RULE 6004 (A) AND 6004 (H)

39. 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

40. 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

41. 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
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

– and –

AKIN GUMP STRAUSS HAUER & FELD LLP

Charles R. Gibbs (*pro hac vice* motion pending)
Sarah Link Schultz (*pro hac vice* motion pending)
1700 Pacific Avenue, Suite 4100
Dallas, Texas 75201
Telephone: (214) 969-2800
Facsimile: (214) 969-4343

Ashleigh L. Blaylock (*pro hac vice* motion pending)
Kevin M. Eide (*pro hac vice* motion pending)
Robert S. Strauss Building
1333 New Hampshire Avenue, N.W.
Washington, DC 20036-1564
Telephone: (202) 887-4000
Facsimile: (202) 887-4288

**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:)	
	)	Chapter 11
Quicksilver Resources Inc., <u>et al.</u> , ¹	)	Case No. 15-10585 ()
)	
Debtors.	)	Joint Administration Requested
)	

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

Upon the Motion² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of this Interim Order pursuant to Bankruptcy Code sections 105, 362 and 541, and Bankruptcy Rules 3002 and 9014 (i) 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, (ii) 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 (iii) scheduling a final hearing (the “Final

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.

Hearing”) to consider entry of the Final Order, 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 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. Any purchase, sale, or other transfer of, or declaration of worthlessness with respect to, the 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., a declaration of such status, substantially in the form of **Exhibit 1** to this 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., an advance written declaration of the intended transfer of Equity Securities in the form of **Exhibit 2** to this 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., an advance written declaration of the intended transfer of Equity Securities in the form of **Exhibit 3** to this 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. 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 in this Interim Order.

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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., a notice of such status, in the form of **Exhibit 4** to this 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., an advance written notice, in the form of **Exhibit 5** to this 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. 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 Interim Order.

5. As soon as is reasonably practicable following entry of this Interim Order, the Debtors shall serve by first class mail, postage prepaid a notice in substantially the form of **Exhibit 6** hereto (the “Notice of Interim Order”) to (a) the Office of the United States Trustee for the District of Delaware; (b) the entities listed on the consolidated list of creditors holding the thirty largest unsecured claims filed pursuant to Bankruptcy Rule 1007(d); (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.

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

7. Subject to entry of the Final Order, any Entity or broker or agent acting on such Entity’s behalf who sells in excess of 1% of the outstanding shares of QRI’s Equity Securities to

another Entity shall be required to serve a copy of the Notice of Interim 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 Interim Order.

9. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in this Interim 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. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or are otherwise deemed waived.

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

12. 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.

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

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

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

Wilmington, Delaware

Date: _____, 2015

United States Bankruptcy Judge

EXHIBIT 1

Declaration of Status as a Substantial Shareholder

**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 ()
)	
Debtors.	)	Joint Administration Requested
)	

DECLARATION OF STATUS AS A SUBSTANTIAL SHAREHOLDER²

PLEASE TAKE NOTICE that _____ is/has become a Substantial Shareholder with respect to the equity securities in Quicksilver Resources Inc. (“QRI”), including Options (as defined below), or any beneficial interest therein (the “Equity Securities”). QRI is a debtor and debtor in possession in Case No. 15-[_____] pending in the United States Bankruptcy Court for the District of Delaware.

PLEASE TAKE FURTHER NOTICE that _____, as of _____, 2015, has Beneficial Ownership of _____ shares of Equity Securities. The following table sets forth the date(s) on which _____ acquired Beneficial Ownership or otherwise has Beneficial Ownership of such Equity Securities:

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 For purposes of this Declaration: (i) a “Substantial Shareholder” is any entity that has Beneficial Ownership of at least 4.75% of QRI’s Common Stock, (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of IRC section 382 and the regulations thereunder; 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.

Number of Shares	Equity Security	Date Acquired

(Attach additional page or pages if necessary)

PLEASE TAKE FURTHER NOTICE that the last four digits of the federal tax identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain *Interim Order Establishing Notification and Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Equity Securities* [Docket No. ____], this declaration is being filed with the Court and served upon counsel to the Debtors.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this declaration and any attachments which purport to be part of this declaration, are true, correct, and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

EXHIBIT 2

**Declaration of Intent to Purchase, Acquire or
Otherwise Accumulate Equity Securities**

**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 ()
)	
Debtors.	)	Joint Administration Requested
)	

**DECLARATION OF INTENT TO PURCHASE,
ACQUIRE OR OTHERWISE ACCUMULATE EQUITY SECURITIES²**

PLEASE TAKE NOTICE that _____ hereby provides notice of its intention to purchase, acquire or otherwise accumulate (the “Proposed Transfer”) one or more shares of equity securities in Quicksilver Resources Inc. (“QRI”), including Options (as defined below), or any beneficial interest therein (the “Equity Securities”).

PLEASE TAKE FURTHER NOTICE that, if applicable, on, _____, _____, _____ filed a *Declaration of Status as a Substantial Shareholder* with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) and served copies thereof as set forth therein.

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 For purposes of this Declaration: (i) a “Substantial Shareholder” is any entity that has Beneficial Ownership of at least 4.75% of QRI’s Common Stock, (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of IRC section 382 and the regulations thereunder; 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.

PLEASE TAKE FURTHER NOTICE that _____ currently has Beneficial Ownership of _____ shares of Equity Securities.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Proposed Transfer, _____ proposes to purchase, acquire or otherwise accumulate Beneficial Ownership of _____ shares of Equity Securities or an Option with respect to _____ shares of Equity Securities. If the Proposed Transfer is permitted to occur, _____ will have Beneficial Ownership of _____ shares of Equity Securities after such transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the federal tax identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain *Interim Order Establishing Notification and Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Equity Securities* [Docket No. _____], this declaration is being filed with the Court and served upon counsel to the Debtors.

PLEASE TAKE FURTHER NOTICE that the Debtors have twenty calendar days after receipt of this declaration to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will not be effective unless approved by a final order of the Bankruptcy Court that becomes nonappealable. If the Debtors do not object within such twenty-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by _____ that may result in _____ purchasing, acquiring or otherwise accumulating Beneficial Ownership of additional shares of Equity Securities or an Option with

respect thereto will each require an additional notice filed with the Court to be served in the same manner as this declaration.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this declaration and any attachments, which purport to be part of this declaration, are true, correct, and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

EXHIBIT 3

**Declaration of Intent to Sell, Trade or
Otherwise Transfer Equity Securities**

**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()
)	
Debtors.	)	Joint Administration Requested
)	

**DECLARATION OF INTENT TO SELL,
TRADE OR OTHERWISE TRANSFER EQUITY SECURITIES²**

PLEASE TAKE NOTICE that _____ hereby provides notice of its intention to sell, trade or otherwise transfer (the “Proposed Transfer”) shares of equity securities in Quicksilver Resources Inc. (“QRI”), including Options (as defined below), or any beneficial interest therein (the “Equity Securities”).

PLEASE TAKE FURTHER NOTICE that, if applicable, on _____, ____, _____ filed a *Declaration of Status as a Substantial Shareholder* with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) and served copies thereof as set forth therein.

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 For purposes of this Declaration: (i) a “Substantial Shareholder” is any entity that has Beneficial Ownership of at least 4.75% of QRI’s Common Stock, (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of IRC section 382 and the regulations thereunder; 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.

PLEASE TAKE FURTHER NOTICE that _____ currently has Beneficial Ownership of _____ shares of Equity Securities.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Proposed Transfer, _____ proposes to sell, trade, or otherwise transfer Beneficial Ownership of _____ shares of Equity Securities or an Option with respect to _____ shares of Equity Securities. If the Proposed Transfer is permitted to occur, _____ will have Beneficial Ownership of _____ shares of Equity Securities after the transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the federal tax identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain *Interim Order Establishing Notification and Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Equity Securities* [Docket No. ____], this declaration is being filed with the Court and served upon counsel to the Debtors.

PLEASE TAKE FURTHER NOTICE that the Debtors have twenty calendar days after receipt of this declaration to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will not be effective unless such objection is withdrawn by the Debtors or such action is approved by a final order of the Bankruptcy Court that becomes nonappealable. If the Debtors do not object within such twenty-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by _____ that may result in _____ selling, trading or otherwise transferring Beneficial Ownership of shares of Equity Securities or an Option with respect thereto will each

require an additional notice filed with the Bankruptcy Court to be served in the same manner as this declaration.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this declaration and any attachments, which purport to be part of this declaration, are true, correct, and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

EXHIBIT 4

Declaration of Status as a 50% Shareholder

**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()
)	
Debtors.	)	Joint Administration Requested
)	

DECLARATION OF STATUS AS A 50% SHAREHOLDER²

PLEASE TAKE NOTICE that _____ is/has become a 50% Shareholder with respect to certain equity securities in Quicksilver Resources Inc. (“QRI”), including Options (as defined below), or any beneficial interest therein (the “Equity Securities”). QRI is a debtor and debtor in possession in Case No. 15-_____ pending in the United States Bankruptcy Court for the District of Delaware.

PLEASE TAKE FURTHER NOTICE that _____, as of _____, 2015, has beneficial ownership of _____ shares of Equity Securities. The following table sets forth the date(s) on which _____ acquired beneficial ownership or otherwise has beneficial ownership of such Equity Securities:

		Date Acquired

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 For purposes of this Declaration 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).

Number of Shares	Equity Security	

(Attach additional page or pages if necessary)

PLEASE TAKE FURTHER NOTICE that the last four digits of the federal tax identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain *Interim Order Establishing Notification and Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Equity Securities* [Docket No. ____], this declaration is being filed with the Court and served upon counsel to the Debtors.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this declaration and any attachments which purport to be part of this declaration, are true, correct, and complete. Respectfully submitted,

(Name of 50% Shareholder)

By: _____
 Name: _____
 Address: _____

 Telephone: _____
 Facsimile: _____

Dated: _____

EXHIBIT 5

Declaration of Intent to Claim a Worthless Stock Deduction

**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 ()
)	
Debtors.	)	Joint Administration Requested
)	

DECLARATION OF INTENT TO CLAIM A WORTHLESS STOCK DEDUCTION

PLEASE TAKE NOTICE that _____ hereby provides notice of its intention to claim a worthless stock deduction (the “Proposed Worthlessness Claim”) with respect to shares of equity securities in Quicksilver Resources Inc. (“QRI”), including Options (as defined below), or any beneficial interest therein (the “Equity Securities”).

PLEASE TAKE FURTHER NOTICE that, if applicable, on _____, _____, _____ filed a *Declaration of Status as a 50% Shareholder* with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) and served copies thereof as set forth therein.

PLEASE TAKE FURTHER NOTICE that _____ currently has Beneficial Ownership of _____ shares of Equity Securities.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Proposed Worthlessness Claim, _____ proposes to declare for [federal/state] tax purposes that _____

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.

shares of Equity Securities or an Option with respect to _____ shares of Equity Securities became worthless during the tax year ending _____.

PLEASE TAKE FURTHER NOTICE that the last four digits of the federal tax identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain *Interim Order Establishing Notification and Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Equity Securities* [Docket No. ____], this declaration is being filed with the Court and served upon counsel to the Debtors.

PLEASE TAKE FURTHER NOTICE that the Debtors have twenty calendar days after receipt of this declaration to object to the Proposed Worthlessness Claim described herein. If the Debtors file an objection, such Proposed Worthlessness Claim will not be effective unless such objection is withdrawn by the Debtors or such action is approved by a final order of the Bankruptcy Court that becomes nonappealable. If the Debtors do not object within such twenty-day period, then after expiration of such period the Proposed Worthlessness Claim may proceed solely as set forth in this Notice.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by _____ that may result in _____ selling, trading or otherwise transferring Beneficial Ownership of shares of Equity Securities or an Option or claiming a worthless stock deduction with respect thereto, will each require an additional notice filed with the Bankruptcy Court to be served in the same manner as this Notice.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this

declaration and any attachments, which purport to be part of this declaration, are true, correct, and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

EXHIBIT 6

Notice of Notification Procedures

**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 ()
Debtors.)	
	)	Joint Administration Requested

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

TO: ALL ENTITIES (AS DEFINED BY BANKRUPTCY CODE SECTION 101(15)) THAT HOLD EQUITY INTERESTS IN OR CLAIMS AGAINST QUICKSILVER RESOURCES INC.:

PLEASE TAKE NOTICE that, on March 17, 2015 (the "Petition Date"), Quicksilver Resources Inc. ("QRI") and certain affiliated entities (collectively with QRI, the "Debtors"), filed petitions with the Court under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"). Subject to certain exceptions, Bankruptcy Code section 362 operates as a stay of any act to obtain possession of property of the Debtors' estates or property from the Debtors' estates or to exercise control over property of the Debtors' estates.

PLEASE TAKE FURTHER NOTICE that, on the Petition Date, the Debtors filed the *Debtors' Motion for the Entry of Interim and Final Orders Establishing Notification and*

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.

Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Equity Securities [Docket No. ____] (the “Motion”).

PLEASE TAKE FURTHER NOTICE that on _____, 2015, the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) entered the *Interim Order Establishing Notification and Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Equity Securities* [Docket No. ____] (the “Interim Order”) approving the procedures set forth below in order to preserve the Debtors’ NOLs and Tax Attributes (each as defined below) (the “Interim Order”).

PLEASE TAKE FURTHER NOTICE that, pursuant to the Interim Order, the following procedures shall apply to holding and trading in the Equity Securities of QRI:

- 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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. 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 in the Interim Order.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Interim Order, the following procedures shall apply to claims for tax purposes that shares of the Equity Securities of QRI 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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. 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 Motion or in any order granting the relief requested herein.

PLEASE TAKE FURTHER NOTICE that, upon the request of any Entity, the notice, claims, and balloting agent for the Debtors, Garden City Group, LLC (the “Notice, Claims, and Balloting Agent”), will provide a form of each of the required declarations described above and a copy of the Order in a reasonable period of time. Such declarations are also available at www.gcginc.com/cases/kwk.

PLEASE TAKE FURTHER NOTICE THAT FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE SHALL CONSTITUTE A VIOLATION OF, AMONG OTHER THINGS, THE AUTOMATIC STAY PROVISIONS OF BANKRUPTCY CODE SECTION 362.

PLEASE TAKE FURTHER NOTICE THAT ANY PROHIBITED PURCHASE, SALE, TRADE, OR OTHER TRANSFER OF, OR ANY DECLARATION OF WORTHLESSNESS WITH RESPECT TO, EQUITY SECURITIES IN THE DEBTORS OR OPTION WITH RESPECT THERETO IN VIOLATION OF THE INTERIM ORDER SHALL BE NULL AND VOID *AB INITIO* AND MAY BE PUNISHED BY CONTEMPT OR OTHER SANCTIONS IMPOSED BY THE BANKRUPTCY COURT.

PLEASE TAKE FURTHER NOTICE that the requirements set forth in this notice are in addition to the requirements of applicable law and do not excuse compliance therewith.

Wilmington, Delaware
Date: _____, 2015

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
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

– and –

AKIN GUMP STRAUSS HAUER & FELD LLP

Charles R. Gibbs (*pro hac vice* motion pending)
Sarah Link Schultz (*pro hac vice* motion pending)
1700 Pacific Avenue, Suite 4100
Dallas, Texas 75201
Telephone: (214) 969-2800
Facsimile: (214) 969-4343

Ashleigh L. Blaylock (*pro hac vice* motion pending)
Kevin M. Eide (*pro hac vice* motion pending)
Robert S. Strauss Building
1333 New Hampshire Avenue, N.W.
Washington, DC 20036-1564
Telephone: (202) 887-4000
Facsimile: (202) 887-4288

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

EXHIBIT B

Proposed Final Order

**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 ()
)	
Debtors.	)	Joint Administration Requested
)	

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

Upon the Motion² 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

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.

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. _____]; 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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. 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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 7520, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, 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. 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 Motion or in any order granting the relief requested herein.

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) the entities listed on the consolidated list of creditors holding the thirty largest unsecured claims filed pursuant to Bankruptcy Rule 1007(d); (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.

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: _____, 2015

United States Bankruptcy Judge