

ORIGINAL

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

In re:)	Chapter 11
)	
Quicksilver Resources Inc., <u>et al.</u> , ¹)	Case No. 15-10585 (LSS)
)	
Debtors.)	Joint Administration Requested
)	Re: Docket No. 8

**INTERIM ORDER GRANTING DEBTORS' MOTION FOR
(A) AUTHORITY TO (I) CONTINUE USING EXISTING CASH
MANAGEMENT SYSTEM, (II) HONOR CERTAIN PRE-PETITION
OBLIGATIONS RELATED TO THE USE OF THE CASH
MANAGEMENT SYSTEM, AND (III) MAINTAIN EXISTING BANK
ACCOUNTS AND BUSINESS FORMS; AND (B) AN
EXTENSION OF TIME TO COMPLY WITH BANKRUPTCY CODE
SECTION 345(b) AND LOCAL RULE 4001-3**

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(a), 345, and 363, rules 4001, 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and rules 2015-2(a) and 4001-3 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), all as further described in the Motion; the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein being a core proceeding in

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.

accordance with 28 U.S.C. §§ 157(b)(2); 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; a hearing having been held to consider the relief requested in the Motion; upon the First Day Declaration, the record of the hearing, and all proceedings had before the Court; 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; 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 an interim basis to the extent provided herein.
2. The Debtors are authorized, pursuant to Bankruptcy Code sections 105(a) and 363(c), to continue using the Cash Management System maintained by the Debtors prior to the Petition Date (and to effect such changes in the ordinary course of business as are from time to time necessary to address the basic purposes of the Cash Management System) and to collect, concentrate, and disburse cash in accordance with the Cash Management System, including intercompany transfers of funds.
3. The Debtors shall maintain accurate and detailed records of all transfers, including intercompany transfers, within the Cash Management System so that all post-petition transfers and transactions shall be accurately and promptly documented and distinguished between pre-petition and post-petition transactions on their respective books and records on an entity-by-entity basis and shall make such records available to the Office of the U.S. Trustee for the District of Delaware upon request.

4. The Debtors are authorized to: (i) designate, maintain, and continue to use any or all of their existing Bank Accounts, including those listed on **Exhibit B** to the Motion, in the names and with the account numbers existing immediately prior to the Petition Date; (ii) deposit funds in and withdraw funds from the Bank Accounts by all usual means including, without limitation, checks, drafts, wire transfers, electronic funds transfers (“EFTs”), automated clearinghouse transfers (“ACH Transfers”) and other debits; (iii) pay any service fees or charges associated with the Bank Accounts; and (iv) treat their pre-petition Bank Accounts for all purposes as debtor-in-possession accounts.

5. Except as otherwise provided in this Interim Order, all Banks are authorized to continue to maintain, service, and administer such Bank Accounts as accounts of the Debtors as debtors-in-possession without interruption and in the usual and ordinary course, and to receive, process, honor, and pay any and all checks, drafts, wire transfers, EFTs, ACH Transfers, or other debits drawn on any of the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be, provided that sufficient funds are on deposit in the applicable accounts to cover such payments.

6. Unless otherwise specifically agreed to by the relevant Bank, the Debtors are authorized to direct each such Bank to stop payment on, and each such Bank is authorized not to honor, any and all checks, drafts, wires, EFTs, or ACH Transfers drawn or issued pre-petition, but presented on or after the Petition Date, except that the Banks may rely on the representations of the Debtors with respect to whether any check, draft, wire, EFT, or other transfer drawn or issued by the Debtors pre-petition should be honored pursuant to an order of this Court, and such Bank shall not have any liability to any party for relying on such representation by the Debtors as provided for herein.

7. The Debtors shall have thirty days (or such additional time as the U.S. Trustee may agree to) from the entry of this Interim Order (the “Extension Period”) to (i) come into compliance with section 345(b) and Local Rule 4001-3, (ii) make such other arrangements as agreed with the U.S. Trustee, or (iii) file a motion seeking waiver or modification of the requirements of Bankruptcy Code section 345(b).

8. Nothing contained herein shall prevent the Debtors from opening any additional bank accounts or closing any existing Bank Account(s) as they may deem necessary and appropriate; *provided, however*, that the Debtors open any such new bank account at financial institutions that have executed a Uniform Depository agreement with the U.S. Trustee, or a such financial institutions that are willing to immediately execute such an agreement. Financial institutions are authorized to honor the Debtors’ requests to open or close, as the case may be, Bank Accounts. In addition to the foregoing requirements, any new account (i) shall be maintained with financial institutions whose deposits are insured by the FDIC or the Federal Savings and Loan Insurance Corporation and organized under the laws of the United States or any state therein, (ii) is consistent with, and subject to the liens and superpriority claims granted under, the *Interim Order Under 11 U.S.C. §§ 105, 361, 362, 363 and 507, and Bankruptcy Rules 2002, 4001 and 9014 (i) Authorizing Debtors to Use Cash Collateral, (ii) Granting Adequate Protection to Prepetition Secured Parties and (iii) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(B)* (the “Interim Cash Collateral Order”), (iii) shall, for purposes of this Interim Order, be deemed a Bank Account as if it had been opened prior to the Petition Date and listed on **Exhibit B** annexed to the Motion, and (iv) the Debtors shall provide notice of the opening and closing of Bank Accounts to the Office of the U.S. Trustee, Jane Leamy, Esq., and

any statutory committee appointed in these chapter 11 cases within seven days after such opening or closing.

9. For Banks at which the Debtors hold accounts that are party to a Uniform Depository agreement with the U.S. Trustee, within 14 days of the date of entry of this Interim Order, the Debtors shall (a) contact each Bank, (b) provide each of the Debtors' employer identification numbers, and (c) identify each of their accounts held at such Banks as being held by a debtor in possession in a bankruptcy case. For Banks at which the Debtors hold accounts that are not party to a Uniform Depository agreement with the U.S. Trustee, the Debtors shall use their good-faith efforts to cause the Bank to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee within 30 days of the date of this Interim Order. The Debtors will promptly direct such Banks that are not party to a Uniform Depository agreement with the U.S. Trustee to internally designate the Debtors' accounts as debtor in possession accounts. The U.S. Trustee's rights to seek further relief from this Court in the event that the aforementioned Banks are unwilling to execute a Uniform Depository agreement in a form prescribed by the U.S. Trustee are fully reserved.

10. With respect to wire instructions and checks that the Debtors or their agents print themselves, the Debtors shall mark the lead case name, Quicksilver Resources Inc., the term "Debtor in Possession," and the case number under which these chapter 11 cases are being jointly administered beginning seven days after the date of entry of this Interim Order and shall not be required to place such marking on pre-printed check stock until they exhaust their current stock; *provided, however*, that once the Debtors' current stock has been used, the Debtors will, when reordering checks, require the designation "Debtor in Possession" and the corresponding case number.

11. The Debtors are authorized, but not directed, to pay pre-petition amounts outstanding as of the Petition Date, if any, owed to the Banks as service charges for the maintenance of the Cash Management System.

12. Each Bank is authorized to assess and deduct from the Bank Accounts maintained by such Bank the normal services charges incurred as a result of returned or dishonored checks, drafts, wires, EFTs, and ACH Transfers. The Debtors are authorized to pay any fees due to each Bank under the applicable bank or account agreements for maintenance of the Bank Accounts, regardless of whether such fees are due for account maintenance services rendered by the Bank pre-petition, and for this limited purpose, any restrictions under the automatic stay provisions of section 362 are lifted in all respects.

13. The Banks are authorized to permit the Debtors to continue to use the Cash Management System, as more fully described in the Motion and subject to the modifications described in the Motion to manage the Debtors' cash in a manner consistent with the Debtors' pre-petition practices (subject to such changes from time to time pursuant to this Interim Order as necessary to fulfill the basic purposes of the Cash Management System).

14. Despite the use of a consolidated cash management system, the Debtors will calculate quarterly fees under 20 U.S.C. § 1930(a)(6) based on disbursements made for the benefit of each Debtor, regardless of whether such Debtor actually makes such disbursements.

15. To the extent applicable, the Debtors shall cause a copy of this Interim Order to be served on all of the financial institutions at which any account is maintained within two days of the date hereof.

16. Notwithstanding anything to the contrary contained herein, any payment to be made and any authorization contained hereunder shall be subject to the requirements imposed on

the Debtors by the Interim Cash Collateral Order, and nothing herein shall alter the rights set forth in the Interim Cash Collateral Order or the rights of any party under the Interim Cash Collateral Order, including the Prepetition Secured Parties (as defined in the Interim Cash Collateral Order). To the extent of any conflict between the terms of this Interim Order and the terms of the Interim Cash Collateral Order, the terms of the Interim Cash Collateral Order shall govern.

17. Bankruptcy Rule 6003 has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors.

18. The Final Hearing on the Motion shall be held on April 15, 2015 at 2:00 p.m. (prevailing Eastern Time). Any objections or responses to entry of the proposed Final Order shall be filed on or before seven calendar days before the Final Hearing and served on the following parties: (a) Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, TX 75201, Attn: Charles R. Gibbs, Esq. and Sarah Link Schultz, Esq., proposed counsel to the Debtors; (b) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, DE 19801, Attn: Paul N. Heath, Esq., proposed Delaware counsel to the Debtors; (c) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, Attn: Steven M. Fuhrman, Esq., counsel to the First Lien Agent; (d) Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, NY 10022, Attn: Mitchell A. Seider, Esq., counsel to the Second Lien Agent; (e) Emmet, Marvin & Martin LLP, 120 Broadway, 32nd Floor, New York, NY 10271, Attn: Edward P. Zujkowski, counsel to the Second Lien Indenture Trustee; (f) Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005, Attn: Dennis F. Dunne, Esq. and Samuel A. Khalil, Esq., counsel to the Ad Hoc Group of Second Lienholders; and (g) the Office of the United States Trustee for Region 3, 844 King

Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Jane Leamy, Esq., no later than 4:00 p.m. (prevailing Eastern Time) on April 8, 2015.

19. 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.

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

21. 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: March 19, 2015



THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE