

**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.)	Jointly Administered
)	Re: Docket Nos. 6 & 98

**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. 6] (the “Motion”).

PLEASE TAKE FURTHER NOTICE that on March 19, 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. 98] (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 75201, 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 75201, 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 75201, 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 75201, 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 75201, 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.gardencitygroup.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: March 23, 2015

/s/ Amanda R. Steele

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 (admitted *pro hac vice*)
Sarah Link Schultz (admitted *pro hac vice*)
1700 Pacific Avenue, Suite 4100
Dallas, Texas 75201
Telephone: (214) 969-2800
Facsimile: (214) 969-4343

Ashleigh L. Blaylock (admitted *pro hac vice*)
Kevin M. Eide (admitted *pro hac vice*)
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**