

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

	)	
In re:	)	Chapter 11
	)	
ENDURO RESOURCE PARTNERS LLC, <i>et al.</i> ,	)	Case No. 18-11174 (___)
	)	
Debtors. <sup>1</sup>	)	(Joint Administration Requested)
	)	
	)	

MOTION OF DEBTORS FOR INTERIM AND FINAL ORDERS  
AUTHORIZING PAYMENT OF PREPETITION TAXES AND FEES

The debtors in possession in the above-captioned cases (collectively, the “*Debtors*”) hereby move (this “*Motion*”) and respectfully state as follows:

**RELIEF REQUESTED**

1. By this Motion, the Debtors seek entry of interim and final orders, substantially in the form attached hereto as **Exhibit A** (the “*Proposed Interim Order*”) and **Exhibit B** (the “*Proposed Final Order*,” and together with the Proposed Interim Order, the “*Proposed Orders*”), respectively, authorizing, but not directing, them to remit and pay, in their sole discretion, any prepetition tax and fee obligations that will become payable during the pendency of these chapter 11 cases.

**JURISDICTION**

2. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding under 28 U.S.C.

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor’s United States federal tax identification number, if applicable, or other applicable identification number, are: Enduro Resource Partners LLC (6288); Enduro Resource Holdings LLC (5571); Enduro Operating LLC (7513); Enduro Management Company LLC (5932); Washakie Midstream Services LLC (7562); and Washakie Pipeline Company LLC (7798). The debtors’ mailing address is 777 Main Street, Suite 800, Fort Worth, Texas 76102.



§ 157(b), and, 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 consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief requested herein are sections 105(a), 363(b), 506(a), 507(a)(8), and 541 of the Bankruptcy Code (as defined below) and rule 6003 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

### **BACKGROUND**

3. On the date hereof (the “**Petition Date**”), the Debtors filed voluntary petitions in this Court commencing cases (the “**Chapter 11 Cases**”) for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”). The Debtors continue to manage and operate their businesses as debtors in possession under sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been requested in the Chapter 11 Cases, and no committees have been appointed.

4. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Kimberly A. Weimer, Vice President and Chief Financial Officer of Enduro Resource Partners LLC, in Support of Chapter 11 Petitions and First Day Motions* (the “**First Day Declaration**”) filed contemporaneously herewith, which is fully incorporated herein by reference.

**THE TAXES AND FEES**

5. Prior to the Petition Date, the Debtors incurred obligations related to certain sales and use taxes; franchise taxes; real and personal property taxes; other business or regulatory taxes or fees; severance taxes; other types of taxes, fees, or charges; and any penalty, interest, or similar charges (collectively, the “*Taxes and Fees*”).<sup>2</sup> The Debtors remit these Taxes and Fees to various federal, state, and local governmental entities (the “*Taxing Authorities*”).<sup>3</sup> The Taxes and Fees include:

- (a) **Sales and Use Taxes.** The Debtors incur, collect, and remit sales taxes to the Taxing Authorities in connection with the production and sale of oil and gas. Additionally, the Debtors purchase a variety of equipment, materials, and supplies necessary for the operation of their business from vendors who may not operate in the state where the property is to be delivered and, therefore, do not charge the Debtors sales tax in connection with such purchases. In these cases, applicable law generally requires the Debtors to subsequently pay use taxes on such purchases to the applicable Taxing Authorities. Accordingly, the Debtors seek authority to pay and remit any such prepetition sales and use taxes to the relevant Taxing Authorities.
- (b) **Franchise Taxes.** The Debtors have historically paid various state franchise taxes to continue conducting their businesses pursuant to state laws.<sup>4</sup>
- (c) **Property Taxes.** State and local laws in the jurisdictions where the Debtors operate generally grant Taxing Authorities the power to levy property taxes

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<sup>2</sup> The Debtors incur various taxes related to their employees and are separately required to withhold certain amounts from each employee’s paycheck on account of things such as social security and FICA. Such payroll, withholding, and other employee-related tax obligations are separately addressed in the *Motion of Debtors for Interim and Final Orders (A) Authorizing Payment of Certain Prepetition Workforce Obligations, (B) Authorizing Continuance of Workforce Programs, (C) Authorizing Payment of Withholding and Payroll-Related Taxes, and (D) Authorizing Payment of Prepetition Claims Owing to Workforce Program Administrators or Providers*, which is filed contemporaneously herewith.

<sup>3</sup> For the avoidance of doubt, payment of the Taxes and Fees pursuant to this Motion would be at the Debtors’ sole discretion. For instance, the relief requested would afford the Debtors flexibility to pay the Taxes and Fees that would subject their officers and directors to personal liability in the event of nonpayment prior to any other Taxes and Fees. Likewise, the relief requested herein would extend to the payment of Taxes and Fees relating to tax audits that have been completed, are in progress, or arise from prepetition periods. The requested authorization would be without prejudice to the Debtors’ rights to contest the amounts of the Taxes and Fees on any grounds.

<sup>4</sup> While the Debtors believe that no franchise taxes are outstanding as of the Petition Date or otherwise will become due postpetition, the Debtors have included franchise taxes as part of the Taxes and Fees for the avoidance of doubt in the event any such taxes become due.

against the Debtors' real and personal property. To avoid the imposition of statutory liens on their real and personal property, the Debtors typically pay property taxes in the ordinary course of business.

- (d) **Regulatory and Business Fees.** The Debtors incur a variety of fees related to applicable laws and regulations, business licensing and reporting fees, permitting, and participation in certain agencies. In general, the Debtors pay to the appropriate Taxing Authorities such fees as the Debtors deem reasonably appropriate for the operation of their businesses. For example, the Debtors remit certain fees required to be paid under applicable laws and regulations where the Debtors operate.
- (e) **Severance Taxes.** A number of the jurisdictions in which the Debtors operate impose severance taxes. Generally, severance taxes are a tax on "severing" natural resources, such as oil and gas, from the land or waters within a state or jurisdiction. Severance taxes vary by state, but are typically calculated as a percentage of either the value or volume of oil and gas produced, or some combination thereof. The Debtors pay severance taxes on a monthly basis, while the Debtors' other taxes are paid on an annual or quarterly basis.

6. Although, as of the Petition Date, the Debtors were substantially current in the payment of assessed and undisputed Taxes and Fees, certain Taxes and Fees attributable to the prepetition period may not yet have become due and owing or may be or become subject to audit by the applicable Taxing Authority. These Taxes and Fees will not be due until the applicable monthly, quarterly, or annual payment dates. Specifically, the Debtors' estimate of the prepetition Taxes and Fees owed is as follows:

Category	Approximate Amount Accrued as of Petition Date	Approximate Amount Due Within 21 Days
Sales and Use Taxes	\$20,000	\$20,000
Franchise Taxes	\$0	\$0
Property Taxes	\$1,450,000	\$0
Regulatory and Business Fees	\$5,000	\$5,000
Severance Taxes	\$593,000	\$232,000
<b>Total</b>	<b>\$2,068,000</b>	<b>\$257,000</b>

7. Continuing to pay the Taxes and Fees as they come due will preserve the resources of the Debtors' estates and advance their goals of completing a successful sale process. If the Taxes and Fees are not timely paid, the Debtors may be required to spend time and incur attorneys' fees and other costs to resolve a multitude of related issues, each turning on the particular terms of applicable laws, including whether (a) the obligations are priority, secured, or unsecured in nature, (b) the obligations are proratable or fully prepetition or postpetition, and (c) penalties, interest, attorneys' fees, and costs can continue to accrue on a postpetition basis and, if so, whether such penalties, interest, attorneys' fees, and costs are priority, secured, or unsecured in nature.

8. These Chapter 11 Cases are complicated due to the nature of the Debtors' business and the particulars of the Debtors' capital structure, and the Debtors' focus should be on addressing their operational and financial issues in a manner that will maximize recoveries. In this context, paying the Taxes and Fees carries relatively insignificant costs and will have no meaningful effect on the recoveries of creditors in the Chapter 11 Cases, particularly in view of the priority or secured status associated with such obligations. Moreover, the payment amount will likely be offset in no small part by the amount of postpetition resources that the Debtors will conserve by obviating the need to spend time and money to address disputes with the Taxing Authorities.

9. Nonpayment or delayed payment of the Taxes and Fees may also subject the Debtors to efforts by certain Taxing Authorities, whether or not permissible under the Bankruptcy Code, to revoke the Debtors' licenses and other privileges either on a postpetition or postconfirmation basis. Moreover, certain of the Taxes and Fees may be considered to be obligations as to which the Debtors' officers and directors may be held directly or personally

liable in the event of nonpayment. These collection efforts by the Taxing Authorities would create obvious distractions for the Debtors and their officers and directors in their efforts to bring the Chapter 11 Cases to a successful conclusion. Accordingly, the Debtors believe the relief requested herein is both essential to continue ongoing operations without disruption and in the best interests of the Debtors, their estates, and all interested parties.

**BASIS FOR RELIEF**

**I. CERTAIN OF THE TAXES AND FEES MAY BE SECURED OR PRIORITY CLAIMS UNDER THE BANKRUPTCY CODE.**

10. To the extent that the Taxes and Fees are priority claims pursuant to section 507(a)(8) of the Bankruptcy Code, or secured claims pursuant to section 506(a) of the Bankruptcy Code, their payment should be authorized on the basis that they are required to be paid in full as a condition to satisfying the plan confirmation requirements under section 1129 of the Bankruptcy Code or, in any event, that they would be entitled to payment before any prepetition non-priority unsecured claim. And in fact, the Debtors believe that the vast majority of the Taxes and Fees constitute either priority claims under section 507(a)(8) or secured claims under section 506(a) of the Bankruptcy Code. Therefore, the Debtors' payment of the Taxes and Fees now, in all likelihood, will affect only the timing of the payments and not the amounts to be received by the Taxing Authorities. Moreover, by paying legitimate tax claims now, the Debtors will avoid any unnecessary fees, interest, or penalties that might otherwise be asserted. Other creditors and parties in interest, therefore, will not be prejudiced—and, indeed, will ultimately benefit—if the relief sought herein is granted by this Court.

**II. PAYING THE TAXES AND FEES IS A SOUND EXERCISE OF BUSINESS JUDGMENT AND SHOULD BE APPROVED.**

11. This Court may also authorize the Debtors to pay the Taxes and Fees under sections 363(b) of the Bankruptcy Code. Section 363(b) of the Bankruptcy Code provides, in

relevant part, that a debtor “may use, sell, or lease, other than in the ordinary course of business, property of the estate” after notice and a hearing. 11 U.S.C. § 363(b)(1). Generally, the debtor is only required to “show that a sound business purpose” justifies the proposed use of property. *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999); *see also In re Phx. Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987) (requiring “good business reason” for use under section 363(b) of the Bankruptcy Code). This standard prohibits other parties from second-guessing the debtor’s business judgment if the debtor has shown that the proposed use will benefit the debtor’s estate. *See In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (“Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.”); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) (“Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean task.”).

12. Failure to pay the Taxes and Fees to the Taxing Authorities in full and on time, thereby risking the cessation of normal relations between the Taxing Authorities and the Debtors, would harm the Debtors’ estates to a far greater extent than the amount of the prepetition Taxes and Fees owing. Foremost, the Taxing Authorities could determine to take precipitous action, including a marked increase in audits, a flurry of lien filings, and significant administrative maneuvering at the expense of the Debtors’ time and resources. Prompt and regular payment of the Taxes and Fees will avoid this unnecessary governmental action. Thus, paying the Taxes and Fees reflects a sound exercise of the Debtors’ business judgment.

### III. PAYING THE TAXES AND FEES IS NECESSARY TO THE SUCCESS OF THESE CHAPTER 11 CASES AND SHOULD BE APPROVED

13. In addition, the Debtors should be authorized to pay the Taxes and Fees because doing so is necessary to the success of their value-maximizing sale and chapter 11 plan process. Section 105(a) of the Bankruptcy Code provides that a bankruptcy court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions” of the Bankruptcy Code. 11 U.S.C. § 105(a). Courts have interpreted this provision to authorize payments on prepetition claims where the payments are essential to the success of the debtor’s chapter 11 process under what is known as the “necessity of payment doctrine.” *See In re Lehigh & New Eng. Ry.*, 657 F.2d 570, 581 (3d Cir. 1981) (“Thus, the ‘necessity of payment’ doctrine...teaches no more than, if a payment of a claim which arose prior to reorganization is essential to the continued operation of the [debtor’s business] during reorganization, payment may be authorized...”); *see also In re Just for Feet, Inc.*, 242 B.R. 821, 824–25 (D. Del. 1999) (holding that section 105(a) “provides a statutory basis for payment of pre-petition claims” under necessity of payment doctrine); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (“The appropriate standard...is commonly referred to as ‘the necessity of payment doctrine.’”).

14. Because of the adverse consequences that could follow if the Taxes and Fees are not paid, doing so is necessary to the Debtors’ efforts to maximize value. The Debtors’ very ability to continue operations in jurisdictions where the Taxes and Fees are not paid could be jeopardized. Even where the consequences are not so severe, the potential for disruption, distraction, and incurring unnecessary costs is very real and could thwart the Debtors’ efforts to maximize value. Accordingly, the Debtors should be authorized to pay the Taxes and Fees under section 105(a) of the Bankruptcy Code and the necessity of payment doctrine.

**IV. CERTAIN “TRUST FUND” TAXES ARE NOT PROPERTY OF THE DEBTORS’ ESTATES AND SHOULD BE AUTHORIZED TO BE PAID**

15. Certain of the Taxes and Fees may constitute so-called “trust fund” taxes, which are required to be collected from third parties and held in trust for payment to the Taxing Authorities. Such taxes are not considered property of the estates under section 541(d) of the Bankruptcy Code. *See, e.g., Begier v. Internal Revenue Serv.*, 496 U.S. 53, 59 (1990); *City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 97 (3d Cir. 1994) (holding that income required to be withheld by city ordinance and state law is held “in trust” for the taxing authority); *DeChiaro v. N.Y. State Tax Comm’n*, 760 F.2d 432, 433-34 (2d Cir. 1985) (holding that a sales tax that is required by state law to be collected by sellers from their customers is a “trust fund” tax). The Debtors, therefore, arguably have no equitable interest in the applicable Taxes and Fees that are trust fund taxes, are obligated to pay over the collected amounts, and should be authorized to do so.

16. Additionally, under the laws of many states, officers and directors may be held directly or personally liable for the nonpayment of certain of these taxes. It is in the best interest of the Debtors’ estates to eliminate the possibility that officers and directors will become subject to time-consuming and potentially damaging distractions.

**PROCESSING OF CHECKS AND ELECTRONIC FUND TRANSFERS SHOULD BE AUTHORIZED**

17. The Debtors have sufficient funds to pay any amounts described in this Motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and access to cash collateral. In addition, under the Debtors’ existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the Taxes and Fees. Accordingly, the Debtors believe there is minimal risk that checks or wire transfer requests that the Court has not authorized will

be inadvertently made. Therefore, the Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

**BANKRUPTCY RULE 6003 HAS BEEN SATISFIED AND  
BANKRUPTCY RULE 6004 SHOULD BE WAIVED**

18. Certain aspects of the relief requested herein are subject to Bankruptcy Rule 6003, which governs the availability of certain types of relief within 21 days after the Petition Date. Pursuant to Bankruptcy Rule 6003, a court may grant such relief on an expedited basis if it is necessary to avoid immediate and irreparable harm. The Debtors submit that the facts set forth herein demonstrate that the relief requested is necessary to avoid immediate and irreparable harm to the Debtors and, thus, Bankruptcy Rule 6003 has been satisfied.

19. Additionally, with respect to any aspect of the relief sought herein that constitutes a use of property under section 363(b) of the Bankruptcy Code, the Debtors seek a waiver of the fourteen-day stay under Bankruptcy Rule 6004(h). As described above, the relief that the Debtors seek in this Motion is immediately necessary for the Debtors to be able to continue to operate their businesses and preserve the value of their estates. The Debtors thus submit that the requested waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h) is appropriate.

**RESERVATION OF RIGHTS**

20. Nothing in this Motion shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to

section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law. If the Court enters any order granting the relief sought herein, any payment made pursuant to such order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

**NOTICE**

21. Notice of this Motion will be given to: (a) the United States Trustee for the District of Delaware; (b) counsel to the agent for the Debtors' prepetition first lien credit facility; (c) counsel to the lenders under the Debtors' prepetition second lien credit facility; (d) counsel to the Debtors' prepetition majority equity owner; (e) the parties included on the Debtors' consolidated list of thirty (30) largest unsecured creditors; (f) the United States Attorney's Office for the District of Delaware; (g) the attorneys general for the states in which the Debtors conduct business; (h) counsel to Enduro Royalty Trust; (i) the Taxing Authorities; and (j) all parties entitled to notice pursuant to Local Rule 9013-1(m). The Debtors submit that, under the circumstances, no other or further notice is required.

*[Remainder of page intentionally left blank.]*

**WHEREFORE**, the Debtors respectfully request that the Court enter the Proposed Orders, granting the relief requested in this Motion and such other and further relief as may be just and proper.

Dated: May 15, 2018  
Wilmington, Delaware

*/s/ Kara Hammond Coyle*

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*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
	)	
ENDURO RESOURCE PARTNERS LLC, <i>et al.</i> ,	)	Case No. 18-11174 (___)
	)	
Debtors. <sup>1</sup>	)	(Jointly Administered)
	)	
	)	Ref. Docket No. ___

**INTERIM ORDER  
AUTHORIZING PAYMENT OF PREPETITION TAXES AND FEES**

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Upon the motion (the “*Motion*”)<sup>2</sup> of the Debtors for an interim order authorizing the Debtors, in their sole discretion, to pay any prepetition Taxes and Fees owing to the Taxing Authorities (this “*Interim Order*”); and the Court having reviewed the Motion and the First Day Declaration; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record

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<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor’s United States federal tax identification number, if applicable, or other applicable identification number, are: Enduro Resource Partners LLC (6288); Enduro Resource Holdings LLC (5571); Enduro Operating LLC (7513); Enduro Management Company LLC (5932); Washakie Midstream Services LLC (7562); and Washakie Pipeline Company LLC (7798). The debtors’ mailing address is 777 Main Street, Suite 800, Fort Worth, Texas 76102.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

herein and upon all of the proceedings had before this Court; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

**ORDERED, ADJUDGED AND DECREED THAT:**

1. The Motion is GRANTED on an interim basis as set forth herein.
2. The Debtors are authorized, in their sole discretion, but subject to the terms and provisions hereof, to pay all Taxes and Fees owing to the Taxing Authorities in the ordinary course of their business, as and when due, up to an aggregate amount of \$257,000 on account of prepetition Taxes and Fees.
3. The Debtors shall not, and are not authorized to, pay any past due taxes during the interim period.
4. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order without any duty of further inquiry and without liability for following the Debtors' instructions.
5. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with the relief granted herein.
6. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the

amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law. Any payment made pursuant to this Interim Order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

7. Notwithstanding anything to the contrary in this Interim Order, any payment made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any cash collateral order. In the event of any inconsistency between the terms of this Interim Order and any cash collateral order, the terms of the cash collateral order shall govern.

8. A hearing to consider entry of an order granting the Motion on a final basis (the "*Final Hearing*") shall be held on \_\_\_\_\_, 2018, at \_\_:\_\_\_\_ .m. (prevailing Eastern time). Any objections or responses to the entry of such an order must be filed on or before 4:00 p.m. (prevailing Eastern time) on \_\_\_\_\_, 2018, and served on (a) proposed counsel to the Debtors, (i) Latham & Watkins LLP, 330 North Wabash Avenue, Suite 2800, Chicago, Illinois 60611, Attn: Caroline Reckler, Matthew Warren, and Jason Gott

(caroline.reckler@lw.com, matthew.warren@lw.com, and jason.gott@lw.com); and (ii) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 King Street, Wilmington, Delaware 19801, Attn: Mike Nestor and Kara Hammond Coyle (mnestor@ycst.com and kcoyle@ycst.com); (b) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Linda Casey (linda.casey@usdoj.com); and (c) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Damian S. Schaible and Aryeh Ethan Falk (damian.schaible@davispolk.com and aryeh.falk@davispolk.com) and Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Flr., Wilmington, DE 19899-1347, Attn: Robert J. Dehney (rdehney@mnat.com), as counsel to the First Lien Agent.

9. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

10. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) are satisfied by such notice.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order.

13. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Interim Order.

Dated: \_\_\_\_\_, 2018  
Wilmington, Delaware

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United States Bankruptcy Judge

**EXHIBIT B**

**Proposed Final Order**

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

	)	
In re:	)	Chapter 11
	)	
ENDURO RESOURCE PARTNERS LLC, <i>et al.</i> ,	)	Case No. 18-11174 (___)
	)	
Debtors. <sup>1</sup>	)	(Jointly Administered)
	)	
	)	Ref. Docket Nos. ___ & ___

**FINAL ORDER  
AUTHORIZING PAYMENT OF PREPETITION TAXES AND FEES**

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Upon the motion (the “*Motion*”)<sup>2</sup> of the Debtors for a final order authorizing the Debtors, in their sole discretion, to pay any prepetition Taxes and Fees owing to the Taxing Authorities (this “*Final Order*”); and the Court having reviewed the Motion and the First Day Declaration; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and this Court having

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<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor’s United States federal tax identification number, if applicable, or other applicable identification number, are: Enduro Resource Partners LLC (6288); Enduro Resource Holdings LLC (5571); Enduro Operating LLC (7513); Enduro Management Company LLC (5932); Washakie Midstream Services LLC (7562); and Washakie Pipeline Company LLC (7798). The debtors’ mailing address is 777 Main Street, Suite 800, Fort Worth, Texas 76102.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

entered that certain *Interim Order Authorizing Payment of Prepetition Taxes and Fees* [D.I. \_\_\_]; and upon the record herein and upon all of the proceedings had before this Court; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

**ORDERED, ADJUDGED AND DECREED THAT:**

1. The Motion is GRANTED on a final basis as set forth herein.
2. The Debtors are authorized, in their sole discretion, but subject to the terms and provisions hereof, to pay all Taxes and Fees owing to the Taxing Authorities in the ordinary course of their business, as and when due, up to an aggregate amount of \$2,068,000 on account of prepetition Taxes and Fees.
3. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.
4. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with the relief granted herein.
5. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or

other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law. Any payment made pursuant to this Final Order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

6. Notwithstanding anything to the contrary in this Final Order, any payment made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any cash collateral order. In the event of any inconsistency between the terms of this Final Order and any cash collateral order, the terms of the cash collateral order shall govern.

7. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) are satisfied by such notice.

8. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order.

10. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Final Order.

Dated: \_\_\_\_\_, 2018  
Wilmington, Delaware

\_\_\_\_\_  
United States Bankruptcy Judge