

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

	)		)		)
In re:	)		)	Chapter 11	
	)		)		
EXTRACTION OIL & GAS, INC. <i>et al.</i> , <sup>1</sup>	)		)	Case No. 20-11548 (___)	
	)		)		
Debtors.	)		)	(Joint Administration Requested)	
	)		)		

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**DEBTORS’ MOTION FOR ENTRY OF INTERIM AND FINAL  
ORDERS (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE TO  
OPERATE THEIR CASH MANAGEMENT SYSTEM, (B) HONOR  
CERTAIN PREPETITION OBLIGATIONS RELATED THERETO,  
(C) MAINTAIN EXISTING BUSINESS FORMS, AND (D) PERFORM  
INTERCOMPANY TRANSACTIONS AND (II) GRANTING RELATED RELIEF**

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The above-captioned debtors and debtors in possession (collectively, the “Debtors”)<sup>2</sup> respectfully state the following in support of this motion (this “Motion”):

**Relief Requested**

1. The Debtors seek entry of an interim order (the “Interim Order”) and a final order (the “Final Order”), substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively: (a) authorizing the Debtors to (i) continue to operate their Cash Management System (as defined below), (ii) pay any prepetition or postpetition amounts outstanding on account of the Bank Fees (as defined below), (iii) maintain existing Business Forms (as defined below) in the

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Debtors’ principal place of business is 370 17th Street, Suite 5300, Denver, Colorado 80202.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the First Day Declaration (as defined below).



ordinary course of business, and (iv) continue to perform the Intercompany Transactions (as defined below) consistent with historical practice; and (b) granting related relief.

2. In addition, the Debtors request that the Court schedule a final hearing within approximately 25 days of the commencement of these chapter 11 cases to consider approval of this Motion on a final basis.

### **Jurisdiction and Venue**

3. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 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 February 29, 2012 (the “Amended Standing Order”). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and 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 “Bankruptcy Local Rules”), 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.

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The bases for the relief requested herein are sections 105, 345, 363, 503, and 507 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), Bankruptcy Rules 6003 and 6004, and Bankruptcy Local Rules 2015-2 and 9013-1(m).

6. On June 14, 2020 (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. A detailed description surrounding the facts and circumstances of these chapter 11 cases is set forth in the *Declaration of Matthew R. Owens, Co-Founder, President and Chief Executive Officer of the Debtors, in Support of Chapter 11 Petitions*

and *First Day Motions* (the “First Day Declaration”), filed contemporaneously with this Motion and incorporated by reference herein.

7. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this Motion, the Debtors have requested procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

### **The Cash Management System**

#### **I. Overview.**

8. In the ordinary course of business, the Debtors maintain a cash management system (the “Cash Management System”) comparable to the cash management systems used by similarly situated companies to manage the cash of operating units in a cost-effective and efficient manner. The Debtors use the Cash Management System to collect, transfer, and disburse funds generated from their operations and to facilitate cash monitoring, forecasting, and reports. The Debtors’ treasury department maintains daily oversight over the Cash Management System and implements cash management controls for entering, processing, and releasing funds, including in connection with Intercompany Transactions (as defined herein). The Debtors’ accounting department regularly reconciles the Debtors’ books and records to ensure that all transfers are accounted for properly.

#### **II. The Bank Accounts and Flow of Funds.**

9. The Cash Management System is summarized on **Exhibit 1** annexed to the Interim Order and Final Order attached hereto. As of the Petition Date, the Cash Management System is comprised of nineteen active bank accounts (collectively, the “Bank Accounts”) at Wells Fargo

Bank, N.A. (“Wells Fargo” or the “Cash Management Bank”) across nine of the ten Debtor entities. The Bank Accounts are identified on Exhibit 2 annexed to the Interim Order and Final Order attached hereto.

10. Eight of the ten Debtor entities maintain a master operating account (the “Master Operating Accounts”). Debtor Extraction Oil & Gas, Inc. maintains a centralized zero-balance master operating account (the “Extraction Master Operating Account”) that directly or indirectly wires or transfers substantially all of the Debtors’ cash to all other Debtor Bank Accounts. Specifically, the Extraction Master Operating Account funds disbursements, automated-clearing-house (“ACH”) transfers, and wires for the Debtors’ operating, capital, and general administrative expenses, and also funds other Master Operating Accounts to satisfy disbursement obligations including payroll on behalf of the other operating entities. Debtor XOG Services, LLC maintains a zero-balance Master Operating Account to fund the Debtors’ payroll and all other employee compensation and benefits.

11. The Debtors’ remaining Master Operating Accounts, less the Extraction and XOG Services, LLC Master Operating Accounts, are used to, among other things, fund the relevant Debtor’s Controlled Disbursement Accounts (as defined below), if applicable, and issue checks, wires and ACH transfers related to property and lease acquisitions, mineral purchases, property tax payments, and other oil and gas related operating, capital, and general administrative expenses.

12. The Debtors also maintain nine zero-balance controlled disbursement accounts, three of which are for revenue purposes (the “Revenue Controlled Disbursement Accounts”) and six of which are for accounts payable purposes (the “Accounts Payable Controlled Disbursement Accounts,” and together with the Revenue Controlled Disbursement Accounts, the “Controlled Disbursement Accounts”). The Controlled Disbursement Accounts are funded by the Master

Operating Accounts of the relevant Debtor entities maintaining such accounts, which are in turn funded by the Extraction Master Operating Account. The Revenue Controlled Disbursement Accounts fund the Debtors' revenue distributions to its joint venture partners pursuant to various joint operating agreements where the Debtors, as operator, conduct the day-to-day business operations of producing oil and natural gas at well sites and initially cover their own expenses as well as the expenses incurred on behalf of the owners of working interests in a designated unit. The Accounts Payable Controlled Disbursement Accounts fund the Debtors' financial obligations in the ordinary course of business, which includes, without limitation, weekly check runs to the Debtor's vendors, payments related to lease acquisitions, and general administrative expenses. At the end of each business day, the remaining cash balances in the Controlled Disbursement Accounts are swept into the corresponding Master Operating Accounts.

13. The Debtors also maintain a government money market account (the "Government Money Market Account"). In the event that the cash in the Debtors' Master Operating Accounts exceeds their operating needs, the Debtors, in their sole discretion, will manually transfer the excess cash into the Government Money Market Account on a short-term basis to earn interest on such excess cash. Furthermore, the Debtors maintain a segregated account that the Debtors propose will hold an adequate assurance deposit for the benefit of the Debtors' utility providers throughout the course of these chapter 11 cases (the "Adequate Assurance Account").<sup>3</sup> The account has been repurposed as an Adequate Assurance Account as it was historically the Master

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<sup>3</sup> In accordance with the Adequate Assurance Procedures (as defined in the *Debtors' Motion for Entry of Interim and Final Orders (I) Approving the Debtors' Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies From Altering, Refusing, or Discontinuing Services, (III) Approving the Debtors' Proposed Procedures for Resolving Additional Adequate Assurance Requests, and (IV) Granting Related Relief* (the "Utilities Motion") filed contemporaneously herewith), the Adequate Assurance Account will be funded as soon as practicable after the Court enters an order granting the relief requested in the Utilities Motion.

Operating Account for Northwest Corridor Holdings, LLC. Pursuant to the Utilities Motion, the Debtors have funded the Adequate Assurance Account with \$460,000.

14. As described in further detail in the Wages Motion,<sup>4</sup> the Debtors maintain 12 purchasing cards (the “P-Cards”) with Wells Fargo pursuant to the commercial card program. Pursuant to the commercial card program, the P-Cards are prefunded to serve as collateral to secure any purchases made by an employee on a company credit card.

15. As an essential part of the operation of the Debtors’ business, authorized employees use the P-Cards to charge expenses to procure goods and services used by the Debtors, pay for business-related travel for employees, and otherwise cover expenses for general corporate purposes. In using a P-Card, the applicable employee must ensure that the intended purchase complies with the Debtors’ policies and procedures. The Debtors’ prepetition monthly credit limit under the P-Cards was originally \$6,000,000. However, that limit was reduced to \$200,000 and later reduced to \$100,000, the current monthly limit. In the last two months since the reductions, the Debtors averaged approximately \$35,000 to \$40,000 of monthly charges on the P-Cards. The Debtors have also established a collateral account for the P-Cards for the benefit of Wells Fargo.

16. As of the Petition Date, the Debtors have approximately \$35 million of cash on hand. The Bank Accounts and Cash Management System are described further in the following table:

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<sup>4</sup> See Debtors’ Motion For Entry Of Interim And Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief (the “Wages Motion”).

Bank Accounts <sup>5</sup>	Account Description
<p><b><u>Master Operating Account</u></b> Extraction Oil &amp; Gas, Inc. (-2573)</p>	<p>The Extraction Master Operating Account is the Debtors' primary operating account, into which substantially all of the Debtors' cash is directly or indirectly wired or transferred. The Master Operating Account receives operating receipts and joint interest billings for the development and production of oil, natural gas, and natural gas liquids in the Denver-Julesburg Basin of Colorado. The Extraction Master Operating Account funds disbursements and the issuance of ACH transfers and wires for the Debtors' operating, capital, and general administrative expenses, and funds other Master Operating Accounts to satisfy disbursement obligations including payroll on behalf of operating companies. In addition, debt borrowing and interest payments related to the Debtors' Revolving Loan Facility, 2024 Senior Notes, and 2026 Senior Notes flow through the Extraction Master Operating Account. This Bank Account also receives proceeds from commodities derivatives, if in the money, and makes payments on account of commodities derivatives, if out of the money.</p>
<p><b><u>Master Operating Account</u></b> Mountaintop Minerals, LLC (-7398)</p>	<p>This is the primary operating account for Mountaintop Minerals, LLC, which is funded by Extraction Oil &amp; Gas, Inc., to fund (i) the Controlled Disbursement Account and (ii) wires related to mineral purchases, deed acquisitions, property taxes, and general administrative expenses. There is minimal activity in this account.</p>
<p><b><u>Master Operating Account</u></b> Table Mountain Resources, LLC (-4253)</p>	<p>This is the primary operating account for Table Mountain Resources, LLC., which is funded by Extraction Oil &amp; Gas, Inc., to fund (i) the Controlled Disbursement Account and (ii) send wires related to the acquisition of leases and general administrative expenses. There is minimal activity in this account.</p>
<p><b><u>Master Operating Account</u></b> XTR Midstream, LLC (-6663)</p>	<p>This is the primary operating account for XTR Midstream, LLC., which is funded by Extraction Oil &amp; Gas, Inc., to fund (i) the Controlled Disbursement Account and (ii) wire payments related to midstream facility costs, right-of-ways, and general administrative expenses. There is minimal activity in this account.</p>
<p><b><u>Master Operating Account</u></b> 7N, LLC (-2309)</p>	<p>This is the primary operating account for 7N, LLC., which is funded by Extraction Oil &amp; Gas, Inc., to issue checks, wires and ACH transfers related to land purchasing, property taxes, and general administrative expenses.</p>
<p><b><u>Master Operating Account</u></b> 8 North, LLC (-7708)</p>	<p>This is the primary operating account for 8 North, LLC., which is funded by Extraction Oil &amp; Gas, Inc., to fund (i) the Controlled Disbursement Account and (ii) wires for other oil and gas related operating, capital, and general administrative expenses. This Bank Account also receives operating receipts for its Northern Colorado operations.</p>

<sup>5</sup> The Bank Accounts at the following entities are subject to deposit account control agreements in favor of Wells Fargo: 7N, LLC; XOG Services LLC; Mountaintop Minerals, LLC; 8 North, LLC; XTR Midstream, LLC; Table Mountain Resources, LLC; Axis Exploration, LLC; and Extraction Oil & Gas, Inc. (excluding the Government Money Market Account).

<b>Bank Accounts<sup>5</sup></b>	<b>Account Description</b>
<p><b><u>Master Operating Account</u></b> Axis Exploration, LLC (-7282)</p>	<p>This is the primary operating account for Axis Exploration, LLC., which is funded by Extraction Oil &amp; Gas, Inc., to fund (i) the Controlled Disbursement Account and (ii) wires for other oil and gas related operating, capital, and general administrative expenses. This Bank Account also receives operating receipts for its Arapahoe County, Colorado operations.</p>
<p><b><u>Master Operating Account</u></b> XOG Services, LLC (-5839)</p>	<p>This is the primary operating account for XOG Services, LLC., which is funded by Extraction Oil &amp; Gas, Inc., and is the account from which payroll-related disbursements are made. The Extraction Master Operating Account typically funds this account two days prior to each pay period. This Bank Account also funds all other employee compensation and benefits costs and expenses, which are satisfied through various third-party vendors, along with the payment of fees to each respective vendor.</p>
<p><b><u>Controlled Disbursement Account</u></b> Extraction Oil &amp; Gas, Inc. (-8186)</p>	<p>This is a zero-balance Accounts Payable Controlled Disbursement Account in the name of Extraction Oil &amp; Gas, Inc, into which cash is automatically transferred from its Master Operating Account in amounts sufficient to fund the Debtors' financial obligations in the ordinary course of business. Most of the Debtors' disbursements to third parties occur from this account, including, without limitation, weekly check runs to the Debtors' vendors. The remaining account balance is subsequently swept into its Master Operating Account at the end of each business day.</p>
<p><b><u>Controlled Disbursement Account</u></b> Extraction Oil &amp; Gas, Inc. (-8194)</p>	<p>This is a zero-balance Revenue Controlled Disbursement Account in the name of Extraction Oil &amp; Gas, Inc., into which cash is automatically transferred from its Master Operating Account in amounts sufficient to fund the Debtors revenue distributions to their partners pursuant to various joint operating agreements. The remaining account balance is subsequently swept into its Master Operating Account at the end of each business day.</p>
<p><b><u>Controlled Disbursement Account</u></b> Mountaintop Minerals, LLC (-0666)</p>	<p>This is a zero-balance Accounts Payable Controlled Disbursement Account in the name of Mountaintop Minerals, LLC., into which cash is automatically transferred from its Master Operating Account in amounts sufficient to fund the Debtor's financial obligations in the ordinary course of business. Most of the Debtor's disbursements to third parties occur from this account, including, without limitation, periodic check runs to the Debtor's mineral and land vendors. The remaining account balance is subsequently swept into its Master Operating Account at the end of each business day.</p>
<p><b><u>Controlled Disbursement Account</u></b> Table Mountain Resources, LLC (-1818)</p>	<p>This is a zero-balance Accounts Payable Controlled Disbursement Account in the name of Table Mountain Resources, LLC, into which cash is automatically transferred from its Master Operating Account in amounts sufficient to fund the Debtor's financial obligations in the ordinary course of business. Most of the Debtor's disbursements to third parties occur from this account, including, without limitation, payments related to the acquisition of leases and general administrative expenses. The remaining account balance is subsequently swept into its Master Operating Account at the end of each business day.</p>



<b>Bank Accounts<sup>5</sup></b>	<b>Account Description</b>
<p><b><u>Controlled Disbursement Account</u></b></p> <p>XTR Midstream, LLC (-1523)</p>	<p>This is a zero-balance Accounts Payable Controlled Disbursement Account in the name of XTR Midstream, LLC, into which cash is automatically transferred from its Master Operating Account in amounts sufficient to fund the Debtor's financial obligations in the ordinary course of business. Most of the Debtor's disbursements to third parties occur from this account, including, without limitation, weekly check runs to the Debtor's vendors. The remaining account balance is subsequently swept into its Master Operating Account at the end of each business day.</p>
<p><b><u>Controlled Disbursement Account</u></b></p> <p>8 North, LLC (-0544)</p>	<p>This is a zero-balance Accounts Payable Controlled Disbursement Account in the name of 8 North, LLC, into which cash is automatically transferred from its Master Operating Account in amounts sufficient to fund the Debtor's financial obligations in the ordinary course of business. Most of the Debtor's disbursements to third parties occur from this account, including, without limitation, weekly check runs to the Debtor's vendors. The remaining account balance is subsequently swept into its Master Operating Account at the end of each business day.</p>
<p><b><u>Controlled Disbursement Account</u></b></p> <p>8 North, LLC (-0551)</p>	<p>This is a zero-balance Revenue Controlled Disbursement Account in the name of 8 North, LLC, into which cash is automatically transferred from its Master Operating Account in amounts sufficient to fund the Debtor's revenue distributions to their partners pursuant to various joint operating agreements. The remaining account balance is subsequently swept into its Master Operating Account at the end of each business day.</p>
<p><b><u>Controlled Disbursement Account</u></b></p> <p>Axis Exploration, LLC (-0912)</p>	<p>This is a zero-balance Accounts Payable Controlled Disbursement Account in the name of Axis Exploration, LLC, into which cash is automatically transferred from its Master Operating Account in amounts sufficient to fund the Debtor's financial obligations in the ordinary course of business. Most of the Debtor's disbursements to third parties occur from this account, including, without limitation, weekly check runs to the Debtor's vendors. The remaining account balance is subsequently swept into its Master Operating Account at the end of each business day.</p>
<p><b><u>Controlled Disbursement Account</u></b></p> <p>Axis Exploration, LLC (-0920)</p>	<p>This is a zero-balance Revenue Controlled Disbursement Account in the name of Axis Exploration, LLC, into which cash is automatically transferred from its Master Operating Account in amounts sufficient to fund the Debtor's revenue distributions to their partners pursuant to various joint operating agreements. The remaining account balance is subsequently swept into its Master Operating Account at the end of each business day.</p>
<p><b><u>Government Money Market Account</u></b></p> <p>Extraction Oil &amp; Gas, Inc. (-8686)</p>	<p>At times, if the cash in the Extraction Master Operating Account exceeds the Debtors' operating needs, the Debtors generally deposit the funds into the Government Money Market Account for a short period (overnight or a few days at a time) to earn interest on the excess cash. Funds are manually transferred from the Extraction Master Operating Account and redemptions are submitted and subsequently received through the Wells Fargo online portal.</p>

Bank Accounts <sup>5</sup>	Account Description
<p><b><u>Adequate Assurance Account</u></b></p> <p>Northwest Corridor Holdings, LLC (-5434)</p>	<p>The Debtors propose to fund this account in accordance with the procedures described in the Utilities Motion.</p> <p>The Adequate Assurance Account was historically the primary operating account for Northwest Corridor Holdings, LLC, which was funded by Extraction Oil &amp; Gas, Inc., to issue checks, wires, and ACH transfers for land purchases, property taxes, and general administrative expenses. As of the Petition Date, the Adequate Assurance Account will be repurposed and hold the Adequate Assurance Deposit for the duration of these chapter 11 cases and, at the conclusion of these cases, the funds in the Adequate Assurance Account may be applied to any postpetition defaults in payment to the utility providers.</p>
<p><b><u>P-Cards</u></b></p> <p>Extraction Oil &amp; Gas, Inc. (-8665) (-1946) (-7775) (-3801) (-4515) (-0232) (-7914) (-5511) (-8025) (-0557) (-3693) (-9003)</p>	<p>The Debtors maintain P-Cards, which are prefunded to serve as collateral to secure any employee purchases on account of general corporate purposes.</p>

17. In the ordinary course of business, certain non-Debtor affiliates maintain additional bank accounts (the “Non-Debtor Accounts”),<sup>6</sup> included in **Exhibit 2** annexed to the Interim Order attached hereto. The Non-Debtor Accounts are held at Elevation Midstream LLC, a midstream operator whose assets are managed by the Debtors. Pursuant to a certain management services agreement between Debtor XOG Services, LLC and Elevation Midstream, LLC dated July 3, 2018 (as amended and amended and restated from time to time, the “MSA”),<sup>7</sup> Elevation Midstream, LLC pays and/or reimburses the Debtors for services provided under the MSA. The Non-Debtor Accounts transfer funds, as needed, with the Bank Accounts in the ordinary course to facilitate payment and/or reimbursement from Elevation Midstream LLC to the Debtors in connection with the services provided under the MSA.

<sup>6</sup> The Non-Debtor Accounts are not owned by the Debtors and, therefore, are not property of the Debtors’ estates. Accordingly, the Debtors respectfully submit that Court authorization is not necessary for the continued maintenance of the Non-Debtor Accounts. Nonetheless, this Motion provides information about the Non-Debtor Accounts in the interest of full disclosure.

<sup>7</sup> The Debtors expect that the MSA may terminate postpetition, thus potentially reducing the Debtors’ Intercompany Transactions during these chapter 11 cases.

18. The Debtors pay to the Cash Management Bank net service fees incurred in connection with the Bank Accounts (the “Bank Fees”). The Bank Fees are generally payable on a monthly basis and total between approximately \$20,000 and \$40,000 per month. As of the Petition Date, the Debtors estimate that they do not owe any Bank Fees. The Debtors nonetheless seek authority to pay prepetition Bank Fees to the extent any are outstanding as of the Petition Date and to continue paying Bank Fees in the ordinary course on a postpetition basis, consistent with past practice.

### **III. Business Forms and Books and Records.**

19. In the ordinary course of their business, the Debtors utilize a variety of preprinted correspondence and business forms, including, but not limited to, letterhead, checks, correspondence forms, invoices, purchase orders, and other business forms (the “Business Forms”). The Debtors also maintain books and records to document their financial results and a wide array of operating information (collectively, the “Books and Records”). To minimize expenses to their estates and avoid confusion on the part of employees, customers, vendors, and suppliers during the pendency of these chapter 11 cases, the Debtors request that the Court authorize their continued use of their Business Forms and Books and Records to the limited extent they are preprinted and in existence before the Petition Date, without reference to the Debtors’ status as debtors in possession, rather than requiring the Debtors to incur the unnecessary expense and delay of ordering entirely new forms as required by the *Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees* (the “U.S. Trustee Guidelines”). If the Debtors exhaust their existing supply of checks during these chapter 11 cases, the Debtors will print or order checks with the designation “Debtor in Possession” and the corresponding bankruptcy case number.

**IV. The Bank Accounts Comply with the U.S. Trustee Guidelines and the Deposit Guidelines of Section 345(b) of the Bankruptcy Code.**

20. The Bank Accounts comply with the requirements of section 345(b) of the Bankruptcy Code. The Debtors' Bank Accounts are maintained at a bank that has executed a Uniform Depository Agreement ("UDA") with, and are designated as authorized depositories by, the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee"), pursuant to the U.S. Trustee Guidelines. Likewise, all of the Bank Accounts are insured by the Federal Deposit Insurance Corporation ("FDIC"). Thus, the Debtors believe that any funds that are deposited in these Bank Accounts are secure.

21. The Debtors submit that because Wells Fargo has been authorized by the U.S. Trustee, and the Debtors do not have any investment accounts, the Debtors are in compliance with section 345(b) of the Bankruptcy Code and the U.S. Trustee Operating Guidelines. Thus, the Debtors respectfully submit that cause exists to allow the Debtors to continue to utilize its existing Bank Accounts in the ordinary course of business.

**V. Intercompany Transactions.**

**A. Overview.**

22. The Debtors maintain business relationships with each other (the "Intercompany Transactions") resulting in intercompany receivables and payables in the ordinary course of business (the "Intercompany Claims"). In the ordinary course of business, the Debtors make Intercompany Transactions by assigning a book transfer within the Wells Fargo wire portal to either (a) reimburse certain Debtors or non-Debtor affiliates for various expenditures associated with their business or (b) fund certain Debtors' or non-Debtor affiliates' accounts in anticipation of such expenditures as needed. As discussed above, the Extraction Master Operating

Account is the Debtors' primary operating account where substantially all of the Debtors' cash is directly or indirectly wired or transferred throughout the Cash Management System.

23. In connection with the daily operation of the Cash Management System, as funds are swept and disbursed throughout the Cash Management System and as business is transacted between the Debtors, at any given time there may be Intercompany Claims owing by one Debtor to another Debtor. Certain Intercompany Claims are settled in cash while others are reflected as journal entry receivables and payables, as applicable, in the respective Debtors' accounting systems.

24. The Debtors and non-Debtor entities periodically transfer cash to one another for specific purposes as outlined herein. Specifically, non-Debtor Elevation Midstream, LLC maintains a standalone Master Operating Account to pay and/or reimburse the Debtors for services provided in accordance with the MSA. The only interactions between non-Debtor Elevation Midstream, LLC's Bank Accounts with the Debtors' Cash Management System are (a) the non-Debtor Elevation Midstream, LLC Master Operating Account is used to manually transfer payment or reimbursement to the XOG Services, LLC Master Operating Account for services provided pursuant to the MSA on an arm's length basis, and (b) the Debtors pay gathering fees to non-Debtor Elevation Midstream, LLC monthly on an arm's length basis. With the exception of this manual transfer of payment to the Debtors' Bank Account for services provided pursuant to the MSA, the Debtors do not partake in any intercompany transfers with any non-Debtor entities, and do not transfer any amounts to non-Debtor entities.

25. The Debtors track all fund transfers through their accounting system and can ascertain, trace, and account for all Intercompany Transactions. If the Intercompany Transactions

were to be discontinued, the Cash Management System and the Debtors' operations would be disrupted unnecessarily to the detriment of the Debtors, their creditors, and other stakeholders.<sup>8</sup>

**B. Importance of the Intercompany Transactions.**

26. The Debtors' ability to engage in Intercompany Transactions is essential to the smooth and uninterrupted operation of the Debtors' business. The Intercompany Transactions are crucial for the Debtors to process payroll, pay vendors for goods and services, and to otherwise operate their business. The Debtors would be unduly burdened both financially and logistically if they were required to halt or otherwise modify the Intercompany Transactions at this time. As a practical matter, deconsolidation likely would require extensive renegotiation with and outreach to vendors and other third parties, most of whom are accustomed to interfacing only with the Debtors. These third parties also are accustomed to using the existing Cash Management System, which funnels payments on account of all Debtors through the various Bank Accounts and the Master Operating Account into which such funds are swept. Hasty changes to this established system likely would disrupt the Debtors' ability to timely and properly process receivables and payables and allocate them to the appropriate legal entity.

27. Moreover, the Intercompany Transactions are comparable to those of other companies with similarly complex corporate structures and operate in a fashion typical of other oil and natural gas companies. Importantly, all Intercompany Transactions can be, and will be, tracked on a postpetition basis, and fully subject to monthly reviews by the Debtors. Any discrepancies can, and will be, addressed consistent with past practice.

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<sup>8</sup> Moreover, this Motion provides an overview of the Debtors' typical Intercompany Transactions. The relief requested herein is applicable with respect to all Intercompany Transactions and is not limited to those Intercompany Transactions described in this Motion. To the extent that there are any outstanding prepetition obligations related to Intercompany Transactions not described herein, the Debtors, out of an abundance of caution, seek authority to honor such obligations.

**Basis for Relief**

**I. The Court Should Authorize the Debtors to Continue to Use the Cash Management System and Pay the Bank Fees.**

28. Pursuant to 28 U.S.C. § 586(a)(3) and the U.S. Trustee Guidelines, debtors in possession are required to, among other things: (a) close all existing bank accounts and open new debtor in possession accounts; (b) establish one debtor in possession bank account for all estate monies required for the payment of taxes, including payroll taxes; and (c) maintain a separate debtor in possession account for cash collateral. These requirements are intended to provide a clear line of demarcation between prepetition and postpetition transactions and operations and to prevent inadvertent payment of prepetition claims.

29. The continuation of the Cash Management System is nevertheless permitted pursuant to section 363(c)(1) of the Bankruptcy Code, which authorizes a debtor in possession to “use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). Bankruptcy courts routinely treat requests for authority to continue utilizing existing cash management systems as a relatively “simple matter[.]” *In re Baldwin-United Corp.*, 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987). In addition, in granting such relief, courts recognize that an integrated cash management system “allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash.” *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *aff’d in relevant part*, 997 F.2d 1039, 1061 (3d Cir. 1993). The requirement to maintain all accounts separately “would be a huge administrative burden and economically inefficient.” *Columbia Gas*, 997 F.2d at 1061; *see also In re Southmark Corp.*, 49 F.3d 1111, 1114 (5th Cir. 1995) (stating that a cash management system allows a debtor “to administer more efficiently and effectively its financial operations and assets”).

30. Here, requiring the Debtors to adopt a new, segmented cash management system during these chapter 11 cases would be expensive, burdensome, and unnecessarily disruptive to the Debtors' operations. Importantly, the Cash Management System provides the Debtors with the ability to instantaneously track and report the location and amount of funds, which, in turn, allows management to track and control such funds, ensure cash availability, and reduce administrative costs through a centralized method of coordinating the collection and movement of funds. Any disruption of the Cash Management System could have a negative effect on the Debtors' restructuring efforts. Indeed, absent the relief requested herein, requiring the Debtors to adopt a new, segmented cash management system would needlessly reduce the value of the Debtors' business enterprise. By contrast, maintaining the current Cash Management System will facilitate the Debtors' transition into chapter 11 by, among other things, minimizing delays in paying postpetition debts and eliminating administrative inefficiencies. Finally, maintaining the current Cash Management System will allow the Debtors' treasury and accounting employees to focus on their daily responsibilities.

31. Moreover, the Debtors respectfully submit that parties in interest will not be harmed by their maintenance of the Cash Management System, including maintenance of the Bank Accounts and the Intercompany Transactions, because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of prepetition obligations. Specifically, with the assistance of their advisors, the Debtors have implemented internal control procedures that prohibit payments on account of prepetition debts without the prior approval of the Debtors' treasury department. In light of such protective measures, the Debtors submit that maintaining the Cash Management System is in the best interests of their estates and creditors.



32. Courts in this and other districts have regularly allowed debtors in chapter 11 cases to maintain their existing cash management systems. *See, e.g., In re Bluestem Brands, Inc.*, No. 20-10566 (MFW) (Bankr. D. Del. Apr. 14, 2020) (authorizing the debtors to continue using the cash management system maintained by the debtors prepetition); *In re Clover Techs. Grp., LLC*, No. 19-12680 (KBO) (Bankr. D. Del. Jan. 21, 2020) (same); *In re Anna Holdings, Inc.*, No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019) (same); *In re Destination Maternity Corp.*, No. 19-12256 (BLS) (Bankr. D. Del. Nov. 12, 2019) (same); *In re Forever 21, Inc.*, No. 19-12122 (KG) (Bankr. D. Del. Oct. 28, 2019) (same).<sup>9</sup>

**II. Authorizing the Debtors to Continue Using Debit, Wire, Credit Card, and ACH Payments Is Warranted.**

33. The Debtors request that the Court grant further relief from the U.S. Trustee Guidelines to the extent such guidelines require the Debtors to make all disbursements by check. In particular, the U.S. Trustee Guidelines require that all receipts and all disbursements of estate funds must be made by check with a notation representing the reason for the disbursement. As discussed above, in the ordinary course of business, the Debtors conduct transactions through wires, ACH transactions, direct deposits, and other similar methods. If the Debtors' ability to conduct transactions by these methods is impaired, the Debtors may be unable to perform under certain contracts, their business operations may be unnecessarily disrupted, and their estates will incur additional costs.

**III. Authorizing the Cash Management Bank to Continue to Maintain, Service, and Administer the Bank Accounts in the Ordinary Course of Business is Warranted.**

34. As discussed above, implementing the U.S. Trustee Guidelines would needlessly interrupt the Debtors' operations and impair the Debtors' efforts to preserve the value of their

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<sup>9</sup> Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

estates and restructure in an efficient manner. Thus, the Debtors respectfully request that the Court authorize the Cash Management Bank to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption, and in the ordinary course of business. In this regard, the bank should be authorized to receive, process, honor, and pay any and all checks, ACH transfers and other instructions, and drafts payable through, drawn, or directed on such Bank Accounts after the Petition Date by holders, makers, or other parties entitled to issue instructions with respect thereto. Notwithstanding the foregoing, any check, draft, or other notification that the Debtors advise the bank to have been drawn, issued, or otherwise presented before the Petition Date may be honored by the bank only to the extent authorized by order of the Court.

35. The Debtors further request that the Court authorize the Cash Management Bank to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH transfers should be honored or dishonored consistent with any order of the Court and governing law, whether such checks, drafts, wires, or ACH transfers are dated before or subsequent to the Petition Date. The Debtors also request that, to the extent a bank honors a prepetition check or other item drawn on any account either (a) at the direction of the Debtors, or (b) in a good-faith belief that the Court has authorized such prepetition check or item to be honored, such bank will not be deemed to be liable to the Debtors or to their estates on account of such prepetition check or other item honored postpetition. The Debtors respectfully submit that such relief is reasonable and appropriate because the bank is not in a position to independently verify or audit whether a particular item may be paid in accordance with a Court order or otherwise.

36. Moreover, the Debtors request that the Court authorize the Cash Management Bank to (a) continue to charge the Debtors the Bank Fees, as applicable, and (b) charge back returned

items to the Bank Accounts, whether such items are dated before, on, or subsequent to the Petition Date, in the ordinary course of business. The Debtors further request that the Court order that liens on any of the Bank Accounts granted to creditors will not have priority over the Bank Fees of the respective bank at which the Bank Account is located.

37. In complex chapter 11 cases such as these, courts in this and other districts often waive the U.S. Trustee Guidelines' requirement that debtors establish new postpetition bank accounts, recognizing that they may harm a debtor's postpetition business operations and restructuring efforts to an extent that is out of proportion to the benefit, if any, the requirements afford the debtor's estate or parties in interest. *See, e.g., In re Bluestem Brands, Inc.*, No. 20-10566 (MFW) (Bankr. D. Del. Apr. 14, 2020) (authorizing the debtors' continued use of existing bank accounts); *In re Clover Techs. Grp., LLC*, No. 19-12680 (KBO) (Bankr. D. Del. Jan. 21, 2020) (same); *In re Anna Holdings, Inc.*, No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019) (same); *In re Destination Maternity Corp.*, No. 19-12256 (BLS) (Bankr. D. Del. Nov. 12, 2019) (same); *In re Forever 21, Inc.*, No. 19-12122 (KG) (Bankr. D. Del. Oct. 28, 2019) (same).

#### **IV. The Requested Waivers Are Appropriate.**

##### **A. The Court Should Authorize the Debtors to Continue Using the Business Forms.**

38. To avoid disruption of the Cash Management System and unnecessary expense, the Debtors request that they be authorized to continue to use the Business Forms substantially in the form existing immediately before the Petition Date, to the limited extent they are preprinted and in existence before the Petition Date, without reference to their status as debtors in possession. The Debtors submit that parties in interest will not be prejudiced by this relief. Parties doing business with the Debtors undoubtedly will be aware of their status as debtors in possession and, thus, changing business forms is unnecessary and would be unduly burdensome.

39. In other large chapter 11 cases, courts in this and other districts have allowed debtors to use their prepetition business forms without the “debtor in possession” label. *See, e.g., In re Bluestem Brands, Inc.*, No. 20-10566 (MFW) (Bankr. D. Del. Apr. 14, 2020) (authorizing debtors’ continued use of preprinted check stock without a “Debtor in Possession” marking); *In re Clover Techs. Grp., LLC*, No. 19-12680 (KBO) (Bankr. D. Del. Jan. 21, 2020) (same); *In re Anna Holdings, Inc.*, No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019) (same); *In re Destination Maternity Corp.*, No. 19-12256 (BLS) (Bankr. D. Del. Nov. 12, 2019) (same); *In re Forever 21, Inc.*, No. 19-12122 (KG) (Bankr. D. Del. Oct. 28, 2019) (same).

**V. The Court Should Authorize the Debtors to Continue Conducting Intercompany Transactions in the Ordinary Course and Grant Administrative Priority Status to Postpetition Intercompany Claims Among the Debtors.**

40. The Debtors’ funds move through the Cash Management System as described above. At any given time, there may be Intercompany Claims owing by one Debtor to another. Intercompany Transactions are made between and among Debtor affiliates in the ordinary course as part of the Cash Management System.<sup>10</sup> The Debtors track all fund transfers in their accounting system and can ascertain, trace, and account for all Intercompany Transactions as previously described. The Debtors, moreover, will continue to maintain records of such Intercompany Transactions. If the Intercompany Transactions were to be discontinued, the Cash Management System and related administrative controls would be disrupted to the Debtors’ and their estates’

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<sup>10</sup> Because the Debtors engage in Intercompany Transactions on a regular basis and such transactions are common among enterprises like that of the Debtors, the Debtors submit the Intercompany Transactions are ordinary course transactions within the meaning of section 363(c)(1) of the Bankruptcy Code and, thus, do not require this Court’s approval. Nonetheless, out of an abundance of caution, the Debtors are seeking express authority to engage in such transactions on a postpetition basis. Moreover, the continued performance of the ordinary course Intercompany Transactions is integral to ensure the Debtors’ ability to operate their business as debtors in possession. For the avoidance of doubt, the Debtors do not intend to, and will not during these chapter 11 cases, transfer funds to any non-Debtor affiliates without further order from the Court and notice to the U.S. Trustee, any official committee appointed in these chapter 11 cases, the administrative agent under the Debtors’ prepetition senior credit facility and the administrative agent under the Debtors’ debtor-in-possession financing facilities.

detriment. Accordingly, the Debtors respectfully submit that the continued performance of the Intercompany Transactions is in the best interest of the Debtors' estates and their creditors, and, therefore, the Debtors should be permitted to continue such performance.

41. Since these transactions represent extensions of intercompany credit made in the ordinary course of business that are an essential component of the Cash Management System, the Debtors respectfully request the authority to continue conducting the Intercompany Transactions in the ordinary course of business without need for further Court order and request that pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, all postpetition payments between or among a Debtor and another Debtor on account of an Intercompany Transaction be accorded administrative expense status. This relief will ensure that each entity receiving payments from a Debtor will continue to bear ultimate repayment responsibility for such ordinary course transactions, thereby reducing the risk that these transactions would jeopardize the recoveries available to each Debtor's respective creditors.

42. Similar relief has been granted in other comparable multi-debtor chapter 11 cases in this district and others. *See, e.g., In re Bluestem Brands, Inc.*, No. 20-10566 (MFW) (Bankr. D. Del. Apr. 14, 2020) (authorizing postpetition intercompany transactions and granting administrative expense status to intercompany claims); *In re Clover Techs. Grp., LLC*, No. 19-12680 (KBO) (Bankr. D. Del. Jan. 21, 2020) (same); *In re Anna Holdings, Inc.*, No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019) (same); *In re Forever 21, Inc.*, No. 19-12122 (KG) (Bankr. D. Del. Oct. 28, 2019) (same).

#### **The Requirements of Bankruptcy Rule 6003 Are Satisfied**

43. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. For the reasons discussed above, the relief

requested is necessary to avoid the immediate and irreparable harm that would result from standstill of the Debtors' Cash Management System. Failure to receive such authorization and other relief during the first 21 days of these chapter 11 cases would severely disrupt the Debtors' operations at this critical juncture, imperil the Debtors' restructuring, and irreparably jeopardize the Debtors' ability to maximize the value of their estates for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

**Waiver of Bankruptcy Rule 6004(a) and 6004(h)**

44. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

**Reservation of Rights**

45. Nothing contained in this Motion or any actions taken by the Debtors pursuant to any order granting the relief requested by this Motion is intended or should be construed as: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any particular claim on any grounds; (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 or any order granting the relief requested by this Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Motion are valid and the Debtors and all other parties-in-interest expressly reserve

their rights to contest the extent, validity, or perfection, or to seek avoidance of all such liens. If the 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, priority, or amount of any particular claim or a waiver of the Debtors' or any other party-in-interest's rights to subsequently dispute such claim.

**Notice**

46. Notice of the hearing on the relief requested in this Motion will be provided by the Debtors in accordance and compliance with Bankruptcy Rules 4001 and 9014, as well as the Bankruptcy Local Rules, and is sufficient under the circumstances. Without limiting the foregoing, due notice will be afforded, whether by facsimile, electronic mail, overnight courier or hand delivery, to parties-in-interest, including: (a) the U.S. Trustee for the District of Delaware; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the administrative agent under the Debtors' prepetition senior credit facility or, in lieu thereof, counsel thereto; (d) the lenders under the Debtors' prepetition senior credit facility or, in lieu thereof, counsel thereto; (e) the lenders under the Debtors' debtor-in-possession financing facilities or, in lieu thereof, counsel thereto; (f) the administrative agent under the Debtors' debtor-in-possession financing facilities or, in lieu thereof, counsel thereto; (g) the indenture trustee for the Debtors' prepetition senior notes or, in lieu thereof, counsel thereto; (h) the holders of the Debtors' prepetition senior notes or, in lieu thereof, counsel thereto; (i) the ad hoc group of holders of the Debtors' preferred equity or, in lieu thereof, counsel thereto; (j) the United States Attorney's Office for the District of Delaware; (k) the Internal Revenue Service; (l) the United States Securities and Exchange Commission; (m) the state attorneys general for states in which the Debtors conduct business; (n) the Cash Management Bank; and (o) any party that has requested

notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

**No Prior Request**

47. No prior motion for the relief requested herein has been made to this or any other court.

*[Remainder of page intentionally left blank.]*



WHEREFORE, the Debtors respectfully request that the Court enter the Interim Order and Final Order, substantially in the forms attached hereto, granting the relief requested in this Motion and granting such other and further relief as is appropriate under the circumstances.

Dated: June 15, 2020  
Wilmington, Delaware

*/s/ Richard W. Riley*

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**WHITEFORD, TAYLOR & PRESTON LLC<sup>1</sup>**

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*Proposed Co-Counsel to the Debtors and Debtors in Possession*

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<sup>1</sup> Whiteford, Taylor & Preston LLC operates as Whiteford Taylor & Preston L.L.P. in jurisdictions outside of Delaware.

**Exhibit A**

**Proposed Interim Order**

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

In re:	)	
	)	Chapter 11
EXTRACTION OIL & GAS, INC. <i>et al.</i> , <sup>1</sup>	)	Case No. 20-11548 (___)
	)	
Debtors.	)	(Joint Administration Requested)
	)	
	)	<b>Re: Docket No. ___</b>

**INTERIM ORDER (I) AUTHORIZING  
THE DEBTORS TO (A) CONTINUE TO  
OPERATE THEIR CASH MANAGEMENT SYSTEM, (B) HONOR  
CERTAIN PREPETITION OBLIGATIONS RELATED THERETO,  
(C) MAINTAIN EXISTING BUSINESS FORMS, AND (D) PERFORM  
INTERCOMPANY TRANSACTIONS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (together, the “Debtors”) for entry of an interim order (this “Interim Order”) (a) authorizing the Debtors to (i) continue to operate their Cash Management System, (ii) pay any prepetition or postpetition amounts outstanding on account of the Bank Fees, (iii) maintain existing Business Forms in the ordinary course of business, and (iv) continue to perform the Intercompany Transactions consistent with historical practice, (b) scheduling a final hearing to consider approval of the Motion on a final basis and (c) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Debtors’ principal place of business is 370 17th Street, Suite 5300, Denver, Colorado 80202.

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

§§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.
2. The final hearing (the "Final Hearing") on the Motion shall be held on \_\_\_\_\_, 2020 at\_\_:\_\_\_.m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time, on \_\_\_\_\_, 2020, and shall be served on: (a) the Debtors, Extraction Oil & Gas, Inc., 370 17th Street, Suite 5300, Denver, Colorado 80202, Attn: Eric Christ; (b) proposed counsel to the Debtors, (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Christopher Marcus, P.C., Allyson Smith Weinhouse, and Ciara Foster and (ii) Whiteford, Taylor & Preston LLC, The Renaissance Centre, Suite 500, 405 North King Street, Wilmington, Delaware 19801, Attn: Marc R. Abrams, Richard W. Riley, and Stephen B. Gerald; (c) the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Richard L. Schepacarter; (d) counsel to the administrative agent under the Debtors' prepetition senior credit facility, Bracewell LLP, 711 Louisiana Street, Suite 2300, Houston, Texas 77002, Attn: Dewey J. Gonsoulin Jr., William A. (Trey) Wood III, and Heather Brown; (e) counsel to the ad hoc group

of lenders under the Debtors' prepetition senior notes, (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019, Attn: Andrew Rosenberg, Alice Belisle Eaton, Christopher Hopkins, Douglas Keeton and Omid Rahnama and (ii) Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Wilmington, Delaware 19801, Attn: Pauline K. Morgan & Sean T. Greecher; (f) counsel to the ad hoc group of holders of the Debtors' preferred equity, Quinn Emanuel Urquhart & Sullivan, LLP, 51 Madison Avenue, 22nd Floor, New York, New York 10010, Attn: Benjamin Finestone; and (g) counsel to any statutory committee appointed in these chapter 11 cases. In the event no objections to entry of the Final Order on the Motion are timely received, this Court may enter such Final Order without need for the Final Hearing.

3. The Debtors are authorized to continue operating the Cash Management System, as summarized in Exhibit 1 attached hereto, honor their prepetition obligations related thereto, and maintain existing Business Forms.

4. The Debtors are further authorized to: (a) continue to use, with the same account numbers, the Bank Accounts, as summarized in Exhibit 2 attached hereto, in existence as of the Petition Date; (b) use, in their present form, all preprinted correspondence and Business Forms (including letterhead) without reference to the Debtors' status as debtors in possession; (c) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; (d) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits; and (e) pay the Bank Fees, including any prepetition amounts and any ordinary course Bank Fees incurred in connection with the Bank Accounts, and to otherwise perform their obligations under the documents governing the Bank Accounts.

5. Once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks; provided further that, with respect to checks which the Debtors or their agents print themselves, the Debtors shall begin printing the "Debtor in Possession" legend and the bankruptcy case number on such items within ten (10) days of the date of entry of this Order.

6. The Cash Management Bank is authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card payments, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be.

7. Subject to applicable bankruptcy or other law, those certain existing deposit agreements, including the deposit account control agreements, between the Debtors and the Cash Management Bank shall continue to govern the postpetition cash management relationship between the Debtors and the Cash Management Bank, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect.

8. Except as otherwise set forth herein, the Debtors and the Cash Management Bank may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, including, without limitation, the closing of Bank Accounts or the opening of new bank accounts; provided, however,

the Debtors will notify the ad hoc group of lenders under the Debtors' prepetition senior notes of any material changes including, but not limited, to the opening and closing of new bank accounts.

9. The relief granted in this Interim Order is extended to any new bank account opened by the Debtors in the ordinary course of business after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Cash Management Bank.

10. The bank maintaining all of the Bank Accounts that are provided with notice of this Interim Order shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Bank Accounts.

11. The Cash Management Bank is authorized, without further order of this Court, to deduct all applicable fees from the applicable Bank Accounts consistent with historical practice.

12. Subject to the terms set forth herein, any bank, including the Cash Management Bank, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this Court, and no bank that honors a prepetition check or other item drawn on any account that is the subject of this Interim Order (a) at the direction of the Debtors or (b) in a good-faith belief that this Court has authorized such prepetition check or item to be honored shall be deemed to be nor shall be liable to the Debtors or their estates on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Interim Order.

13. Any bank, including the Cash Management Bank, are further authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept

and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; provided that the Cash Management Bank shall not have any liability to any party for relying on such representations to the extent such reliance otherwise complies with applicable law.

14. The Debtors and the Cash Management Bank are authorized, in the ordinary course of business, to open any new bank accounts or close any existing Bank Accounts and enter into any ancillary agreements, including new deposit account control agreements, related to the foregoing, as they may deem necessary and appropriate; provided, however, that the Debtors shall give notice within fifteen (15) days to the Office of the United States Trustee for the District of Delaware, the ad hoc group of lenders under the Debtors' prepetition senior notes, the administrative agent under the Debtors' prepetition senior credit facility, the administrative agent under the Debtors' debtor-in-possession financing facilities and any statutory committees appointed in these chapter 11 cases, and the ad hoc group of lenders under the Debtors' prepetition senior notes; *provided, further, however* that the Debtors shall open any such new Bank Account at banks that have executed a Uniform Depository Agreement with the Office of the United States Trustee for the District of Delaware, or at such banks that are willing to immediately execute such an agreement.

15. The Debtors are authorized, but not directed to, to continue the Intercompany Transactions in the ordinary course of business; *provided, however*, that there shall be no intercompany loans from the Debtors to any non-debtors, absent further order of the Court; provided, further, that the Debtors shall not satisfy any prepetition Intercompany Transactions in cash or net any prepetition Intercompany Transactions against postpetition Intercompany Transactions, absent further order of the Court.



16. All postpetition payments from a Debtor under any postpetition Intercompany Transactions authorized hereunder are hereby accorded administrative expense status under section 503(b) of the Bankruptcy Code, which shall be junior in priority to the DIP Superpriority Claims (as defined in any interim or final orders entered by the Court approving the Debtors' entry into any postpetition debtor-in-possession financing facility and any budget in connection therewith and/or authorizing the Debtors' use of cash collateral and any budget or cash flow forecast in connection therewith (in either case, the "DIP Order")).

17. In connection with the Intercompany Transactions, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all Intercompany Transactions may be readily ascertained, traced, and properly recorded on intercompany accounts; provided, that such records shall distinguish between prepetition and postpetition transactions. The Debtors shall provide such records upon request to the U.S. Trustee, the ad hoc group of lenders under the Debtors' prepetition senior notes, the administrative agent under the Debtors' prepetition senior credit facility, the administrative agent under the Debtors' debtor-in-possession financing facilities and any statutory committee.

18. The Debtors shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of who pays those disbursements.

19. For the bank at which the Debtors hold bank accounts that is party to a Uniform Depository agreement with the Office of the U.S. Trustee, within fifteen (15) days of the date of entry of this Interim Order, the Debtors shall (a) contact that bank, (b) provide the bank with each of the Debtors' employer identification numbers and (c) identify each of their bank accounts held at that bank as being held by a debtor in possession in a bankruptcy case.

20. Nothing contained in the Motion or this Interim Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

21. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing contained in the Motion or this Interim Order shall constitute, nor is it intended to constitute: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any particular claim on any grounds; (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 Interim Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid and the Debtors and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection, or to seek avoidance of all such liens. Any payment made pursuant to this Interim Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party-in-interest's rights to subsequently dispute such claim.

22. The bank and financial institution 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 such bank and financial institution 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.

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

24. 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) and the Bankruptcy Local Rules are satisfied by such notice.

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

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

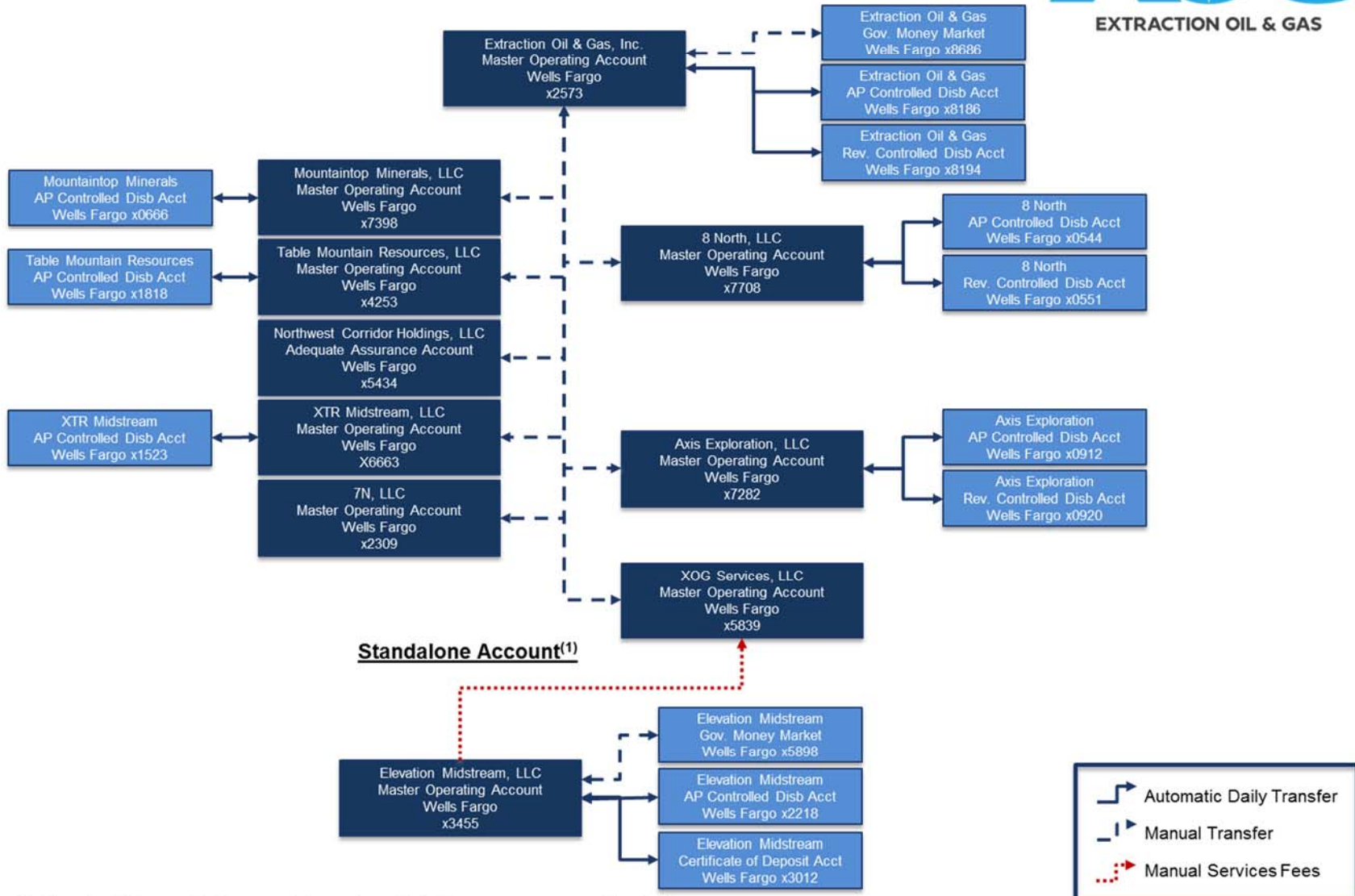
27. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

**Exhibit 1**

**Cash Management System Schematic**



**Extraction Bank Account Structure**



(1) Elevation Midstream, LLC is a non-debtor entity and all of its accounts are non-debtor bank accounts.

**Exhibit 2****Bank Accounts**

	<b>Debtor</b>	<b>Bank Name</b>	<b>Last 4 Digits of Account No.</b>	<b>Account Type</b>
<b>Cash Management System Accounts</b>				
1.	Extraction Oil & Gas, Inc.	Wells Fargo	2573	Master Operating Account
2.	Extraction Oil & Gas, Inc.	Wells Fargo	8686	Government Money Market Account
3.	Extraction Oil & Gas, Inc.	Wells Fargo	8186	Controlled Disbursement Account
4.	Extraction Oil & Gas, Inc.	Wells Fargo	8194	Controlled Disbursement Account
5.	Mountaintop Minerals, LLC	Wells Fargo	7398	Master Operating Account
6.	Mountaintop Minerals, LLC	Wells Fargo	0666	Controlled Disbursement Account
7.	Table Mountain Resources, LLC	Wells Fargo	4253	Master Operating Account
8.	Table Mountain Resources, LLC	Wells Fargo	1818	Controlled Disbursement Account
9.	Northwest Corridor Holdings, LLC	Wells Fargo	5434	Adequate Assurance Account <sup>1</sup>
10.	XTR Midstream, LLC	Wells Fargo	6663	Master Operating Account
11.	XTR Midstream, LLC	Wells Fargo	1523	Controlled Disbursement Account
12.	7N, LLC	Wells Fargo	2309	Master Operating Account
13.	8 North, LLC	Wells Fargo	7708	Master Operating Account
14.	8 North, LLC	Wells Fargo	0544	Controlled Disbursement Account
15.	8 North, LLC	Wells Fargo	0551	Controlled Disbursement Account
16.	Axis Exploration, LLC	Wells Fargo	7282	Master Operating Account
17.	Axis Exploration, LLC	Wells Fargo	0912	Controlled Disbursement Account
18.	Axis Exploration, LLC	Wells Fargo	0920	Controlled Disbursement Account
19.	XOG Services, LLC	Wells Fargo	5839	Master Operating Account
<b>Non-Debtor Bank Accounts</b>				
20.	Elevation Midstream, LLC	Wells Fargo	3455	Master Operating Account
21.	Elevation Midstream, LLC	Wells Fargo	5898	Government Money Market Account
22.	Elevation Midstream, LLC	Wells Fargo	3012	Certificate of Deposit Account
23.	Elevation Midstream, LLC	Wells Fargo	2218	Controlled Disbursement Account

<sup>1</sup> Formerly a Master Operating Account, repurposed to the Adequate Assurance Account.

**Exhibit B**

**Proposed Final Order**

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

In re:	)	
	)	Chapter 11
EXTRACTION OIL & GAS, INC. <i>et al.</i> , <sup>1</sup>	)	Case No. 20-11548 (___)
	)	
Debtors.	)	(Joint Administration Requested)
	)	
	)	<b>Re: Docket No. ___</b>

**FINAL ORDER (I) AUTHORIZING  
THE DEBTORS TO (A) CONTINUE TO  
OPERATE THEIR CASH MANAGEMENT SYSTEM, (B) HONOR  
CERTAIN PREPETITION OBLIGATIONS RELATED THERETO,  
(C) MAINTAIN EXISTING BUSINESS FORMS, AND (D) PERFORM  
INTERCOMPANY TRANSACTIONS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (together, the “Debtors”) for entry of a final order (this “Final Order”) (a) authorizing the Debtors to (i) continue to operate their Cash Management System, (ii) pay any prepetition or postpetition amounts outstanding on account of the Bank Fees, (iii) maintain existing Business Forms in the ordinary course of business, and (iv) continue to perform the Intercompany Transactions consistent with historical practice, and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order; and that this Court 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

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Debtors’ principal place of business is 370 17th Street, Suite 5300, Denver, Colorado 80202.

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

28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.
2. The Debtors are authorized to continue operating the Cash Management System, as summarized in Exhibit 1 attached hereto, honor their prepetition obligations related thereto, and maintain existing Business Forms.
3. The Debtors are further authorized to: (a) continue to use, with the same account numbers, the Bank Accounts, as summarized in Exhibit 2 attached hereto, in existence as of the Petition Date; (b) use, in their present form, all preprinted correspondence and Business Forms (including letterhead) without reference to the Debtors' status as debtors in possession; (c) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; (d) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits; and (e) pay the Bank Fees, including any prepetition amounts and any ordinary course Bank Fees incurred in connection with the Bank Accounts, and to otherwise perform their obligations under the documents governing the Bank Accounts.



4. Once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks; provided further that, with respect to checks which the Debtors or their agents print themselves, the Debtors shall begin printing the "Debtor in Possession" legend and the bankruptcy case number on such items within ten (10) days of the date of entry of this Order.

5. The Cash Management Bank is authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card payments, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be.

6. Subject to applicable bankruptcy or other law, those certain existing deposit agreements, including the deposit account control agreements, between the Debtors and the Cash Management Bank shall continue to govern the postpetition cash management relationship between the Debtors and the Cash Management Bank, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect.

7. Except as otherwise set forth herein, the Debtors and the Cash Management Bank may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, including, without limitation, the closing of Bank Accounts or the opening of new bank accounts; provided, however,

the Debtors will notify the ad hoc group of lenders under the Debtors' prepetition senior notes of any material changes including, but not limited to, the opening and closing of new bank accounts.

8. The relief granted in this Final Order is extended to any new bank account opened by the Debtors in the ordinary course of business after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Cash Management Bank.

9. The bank maintaining any of the Bank Accounts that are provided with notice of this Final Order shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Bank Accounts.

10. The Cash Management Bank is authorized, without further order of this Court, to deduct all applicable fees from the applicable Bank Accounts consistent with historical practice.

11. Subject to the terms set forth herein, any bank, including the Cash Management Bank, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this Court, and no bank that honors a prepetition check or other item drawn on any account that is the subject of this Final Order (a) at the direction of the Debtors or (b) in a good-faith belief that this Court has authorized such prepetition check or item to be honored shall be deemed to be nor shall be liable to the Debtors or their estates on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Final Order.

12. Any bank, including the Cash Management Bank, are further authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept

and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; provided that the Cash Management Bank shall not have any liability to any party for relying on such representations to the extent such reliance otherwise complies with applicable law.

13. The Debtors and the Cash Management Bank are authorized, in the ordinary course of business, to open any new bank accounts or close any existing Bank Accounts and enter into any ancillary agreements, including new deposit account control agreements, related to the foregoing, as they may deem necessary and appropriate; provided, however, that the Debtors shall give notice within fifteen (15) days to the Office of the United States Trustee for the District of Delaware, any statutory committees appointed in these chapter 11 cases, and the ad hoc group of lenders under the Debtors' prepetition senior notes; provided, further, however that the Debtors shall open any such new Bank Account at banks that have executed a Uniform Depository Agreement with the Office of the United States Trustee for the District of Delaware, or at such banks that are willing to immediately execute such an agreement.

14. The Debtors are authorized, but not directed to, to continue the Intercompany Transactions in the ordinary course of business; *provided, however*, that there shall be no intercompany loans from the Debtors to any non-debtors, absent further order of the Court; provided, further, that the Debtors shall not satisfy any prepetition Intercompany Transactions in cash or net any prepetition Intercompany Transactions against postpetition Intercompany Transactions, absent further order of the Court.

15. All postpetition payments from a Debtor under any postpetition Intercompany Transactions authorized hereunder are hereby accorded administrative expense status under section 503(b) of the Bankruptcy Code, which shall be junior in priority to the DIP Superpriority Claims (as defined in the DIP Order).

16. In connection with the Intercompany Transactions, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all Intercompany Transactions may be readily ascertained, traced, and properly recorded on intercompany accounts; provided that such records shall distinguish between prepetition and postpetition transactions. The Debtors shall provide such records upon request to the U.S. Trustee, the ad hoc group of lenders under the Debtors' prepetition senior notes, the administrative agent under the Debtors' prepetition senior credit facility, the administrative agent under the Debtors' debtor-in-possession financing facilities and any statutory committee.

17. The Debtors shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of who pays those disbursements.

18. For the bank at which the Debtors hold bank accounts that are party to a Uniform Depository agreement with the Office of the U.S. Trustee, within fifteen (15) days of the date of entry of this Final Order, the Debtors shall (a) contact that bank, (b) provide the bank with each of the Debtors' employer identification numbers and (c) identify each of their bank accounts held at that bank as being held by a debtor in possession in a bankruptcy case.

19. Nothing contained in the Motion or this Final Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

20. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing contained in the Motion or this Final Order shall constitute, nor is it intended to constitute: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any particular claim on any grounds;

(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 Final Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Final Order are valid and the Debtors and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection, or to seek avoidance of all such liens. Any payment made pursuant to this Final Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party-in-interest's rights to subsequently dispute such claim.

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22. 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) and the Bankruptcy Local Rules are satisfied by such notice.

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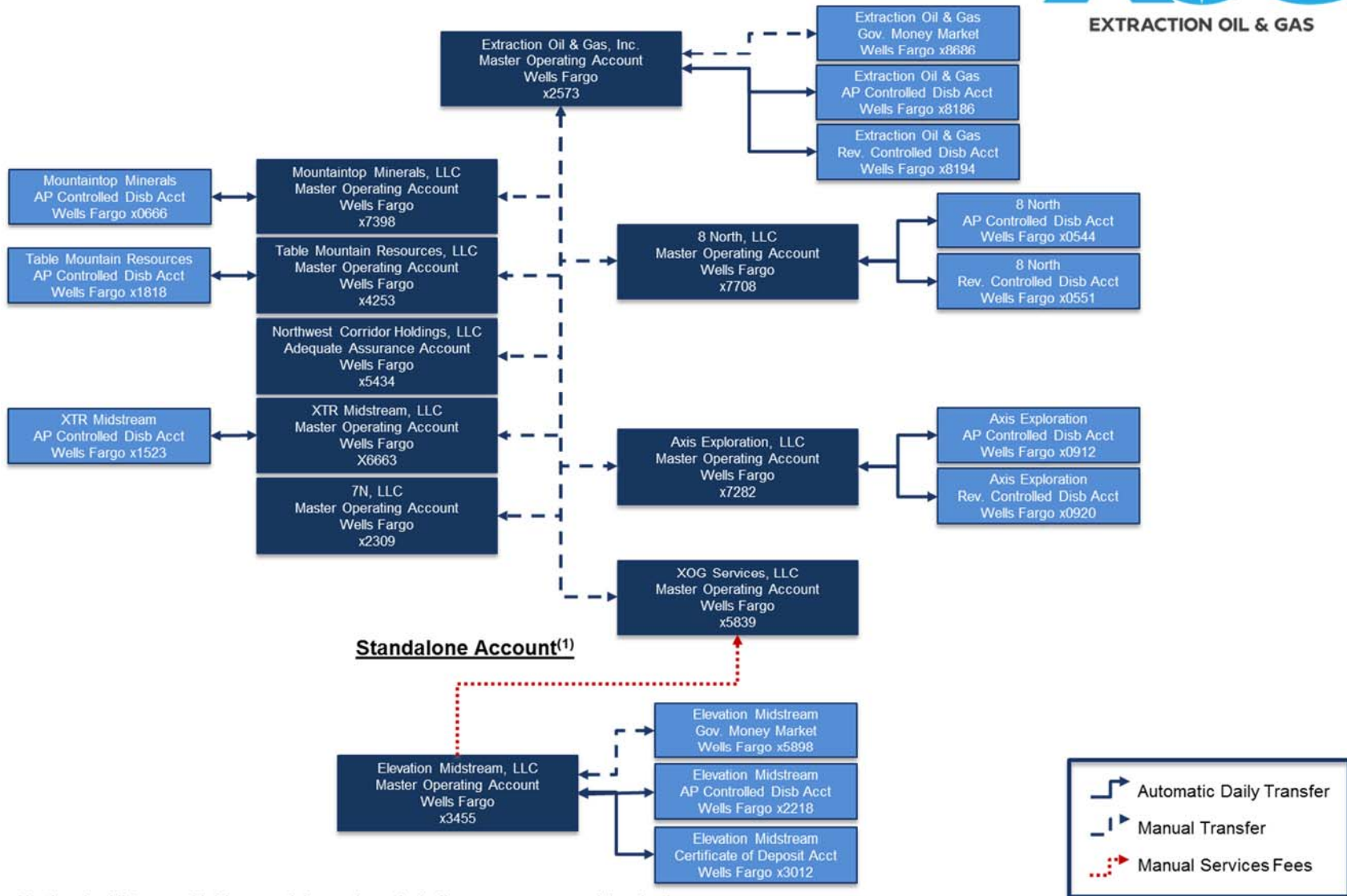
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