

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re:))	Chapter 11	
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EXTRACTION OIL & GAS, INC. <i>et al.</i> , ¹))	Case No. 20-11548 (___)	
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Debtors.))	(Joint Administration Requested)	
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**DEBTORS’ MOTION FOR ENTRY OF
INTERIM AND FINAL ORDERS (I) APPROVING NOTIFICATION
AND HEARING PROCEDURES FOR CERTAIN TRANSFERS OF AND
DECLARATIONS OF WORTHLESSNESS WITH RESPECT TO COMMON
SHARES OR PREFERRED SHARES, AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) 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) approving certain notification and hearing procedures, substantially in the form of Exhibit 1 attached to the Interim Order (the “Procedures”), related to certain transfers of, or declarations of worthlessness with respect to, existing Common Shares or Series A Convertible Preferred Shares of Debtor Extraction Oil & Gas, Inc. or any Beneficial Ownership² therein (any

¹ 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.

² “Beneficial Ownership” will be determined in accordance with the applicable rules of sections 382 and 383 of the Internal Revenue Code of 1986, 26 U.S.C. §§ 1–9834 as amended (the “IRC”), and the Treasury Regulations thereunder (other than Treasury Regulations section 1.382-2T(h)(2)(i)(A)) and includes direct, indirect, and constructive ownership (*e.g.*, (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate



such record or Beneficial Ownership of such common shares and preferred shares, respectively, the “Common Shares” and “Preferred Shares”), (b) directing that any purchase, sale, other transfer of, or declaration of worthlessness with respect to Common Shares or Preferred Shares in violation of the Procedures shall be null and void *ab initio*, and (c) 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.

share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire). An “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase right, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

5. The bases for the relief requested herein are sections 105, 345, 362, 363, 503, 507 and 541 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), Bankruptcy Rules 3002 and 9014, and Bankruptcy Local Rule 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 Tax Attributes

8. Generally, a company generates net operating losses (“NOLs”) if the operating expenses (including depreciation) it has incurred exceed the revenues it has earned during a single tax year. A company may apply, or “carry forward,” NOLs to reduce future tax payments (subject to certain conditions as discussed below).³ See IRC §§ 39, 172.

³ In addition, under certain circumstances, certain NOLs may be “carried back” to offset federal taxable income in prior years. The specific rules regarding carrybacks and carryforwards depend on when a particular NOL was generated.

9. As of December 31, 2019, the Debtors estimate they had approximately \$1.1 billion of federal NOL carryforwards, \$400 million of capitalized intangible drilling costs, and \$1.6 billion of tax basis in their oil and gas assets. They further estimate that they may generate additional NOLs and potentially other tax attributes, including capitalized intangible drilling costs, in the 2020 tax year (NOLs, together with certain other tax attributes, collectively, the “Tax Attributes”).

10. These Tax Attributes may provide the potential for material future tax savings (including in post-emergence years) or other tax structuring possibilities in these chapter 11 cases. Such Tax Attributes may also be utilized by the Debtors to offset any taxable income or federal tax liability generated by transactions consummated pursuant to a plan of reorganization. Accordingly, the value of the Tax Attributes will inure to the benefit of all of the Debtors’ stakeholders.

I. An “Ownership Change” May Negatively Affect the Debtors’ Utilization of the Tax Attributes.

11. Sections 382 and 383 of the IRC limit the amount of federal taxable income and federal tax liability, respectively, that can be offset by a corporation’s Tax Attributes in taxable years (or portions thereof) following an “ownership change.” Generally, an “ownership change” occurs if the percentage (by value) of the stock of a corporation owned by one or more five-percent shareholders has increased by more than 50 percentage points over the lowest percentage of stock owned by such shareholders at any time during the three-year testing period ending on the date of the ownership change. The total percentage point increases of stock owned by one or more five-percent shareholders within the measuring period is generally referred to as the amount of the “ownership shift.” For example, an ownership change would occur in the following situation:

An individual (“A”) owns 50.1 percent of the stock of corporation XYZ. A sells her 50.1 percent interest to another individual (“B”), who owns 5 percent of XYZ’s

stock. Under section 382 of the IRC, an ownership change has occurred because B's interest in XYZ has increased more than 50 percentage points (from 5 percent to 55.1 percent) during the three-year testing period. The same result would follow even if B owned no XYZ stock prior to the transaction with A because B both becomes a 5-percent shareholder and increases his ownership by more than 50 percentage points during the three-year testing period.

12. An "ownership change" can also occur as a result of a "worthless stock deduction" claimed by any "50-Percent Shareholder." A 50-Percent Shareholder is any person or entity that has owned or beneficially has owned 50 percent or more of a corporation's stock "at any time during the 3-year period ending on the last day of the taxable year" with respect to which the worthless stock deduction is claimed. IRC § 382(g)(4)(D). If the 50-Percent Shareholder still owns the corporation's stock at the end of the taxable year, sections 382 and 383 of the IRC essentially treat the person as newly-purchasing the stock on the first day of the next taxable year. For example, if a person with 51 percent of a corporation's stock claims a worthless stock deduction in 2019 (or with respect to the 2019 tax year) but does not sell such stock during that tax year, that person is treated (a) as not having owned the stock at the end of 2019 and (b) as having purchased the stock on the first day of the 2020 tax year. That deemed purchase would cause an ownership change, because the 51-percent shareholder would be deemed to have a more than 50 percentage point increase in its stock ownership. Notably, while the seminal case of *Official Comm. of Unsecured Creditors v. PSS S.S. Co. (In re Prudential Lines Inc.)*, 928 F.2d 565 (2d Cir. 1991), is generally relied upon to support equity trading motions in general, the specific issue in *Prudential Lines Inc.* was, in fact, a worthless stock deduction.

13. It is critical to understand that, under these rules, a company can be harmed as a result of actions by parties that are unknown to the company. As noted above, if a person unknown to the company were to acquire more than 5 percent of the company's Common Shares or Preferred Shares, such acquisition could lead to an ownership change. By the time the company knew who

the unidentified shareholder was, the shareholder would have already purchased the shares and the harm would be done.⁴ Accordingly, for the Procedures to be effective, the Procedures must bind unknown parties.

14. The Debtors appreciate the potential due process concerns regarding the application of equity trading limitations and procedures of the kind sought by this Motion to unknown parties. However, as described above, that is exactly the dilemma presented by section 382 of the IRC: an unknown person—inherently unidentifiable in advance—has total power to buy shares, cause an ownership change, and cause the Debtors to lose a valuable asset. The mechanical operation of the rules under section 382 of the IRC therefore makes it *critical* to the preservation of the Debtors' Tax Attributes that *all* persons—regardless of whether they are known to the Debtors—are bound by the equity trading limitations outlined herein. Indeed, the fact that an unknown person can potentially destroy a debtor's tax assets is a key reason that bankruptcy courts across the country routinely issue equity trading limitations that apply to both known and unknown shareholders.

16. If an ownership change occurs, section 382 of the IRC limits the amount of a corporation's future taxable income that may be offset by its "pre-change losses" and section 383 of the IRC limits the amount of a corporation's future tax liability that may be offset by its "excess credits," in each case, to an annual amount based on the fair market value of all of the stock of the corporation prior to the ownership change multiplied by the long-term tax exempt rate that applies

⁴ In general, for purposes of section 382 of the IRC, companies (including the Debtors) put significant weight on certain reports of equity ownership that are required to be filed with the Securities and Exchange Commission ("SEC") on a periodic basis. These filings occur *after* stock acquisitions happen, not before, and generally are not required unless and until a shareholder has crossed a 5 percent ownership threshold. Accordingly, companies (including the Debtors) generally have no way to know whether the relevant threshold has been crossed until after the fact. One of the primary purposes of the procedural relief requested herein is to change this dynamic and provide the Debtors with prospective notice and an opportunity to prevent a damaging transaction.

to the month of the ownership change.⁵ See IRC §§ 382(b) and 383(a). Pre-change losses and excess credits include the Debtors' Tax Attributes and any so-called "recognized built-in losses" (including certain depreciation attributable to a "net unrealized built-in loss") (as defined in section 382(h)(3) of the IRC).⁶ If the corporation has a net unrealized built-in gain (as defined in section 382(h)(3) of the IRC) immediately before the ownership change, then the corporation generally may increase its annual section 382 limitation by the amount of any recognized built in gain during the five years following the date of the ownership change. Once a Tax Attribute is limited under section 382 or section 383 of the IRC, its use is generally limited forever, and for five years if it is a recognized built-in loss. Thus, certain transfers or worthless stock deductions with respect to Beneficial Ownership of Common Shares or Preferred Shares effected before the effective date of the Debtors' emergence from chapter 11 protection may trigger an "ownership change" for IRC purposes, severely endangering the Debtors' ability to utilize the Tax Attributes and recognized built-in losses and causing substantial damage to the Debtors' estates.

17. Notably, the Debtors have limited the relief requested herein to the extent necessary to preserve estate value. Specifically, the proposed Interim Order and Final Order will affect only (a) holders of the equivalent of Beneficial Ownership of more than 6,216,077 Common Shares⁷ (*i.e.*, 4.5 percent or more of outstanding Common Shares), (b) holders of the equivalent of more than 8,337 Preferred Shares, (c) parties who are interested in purchasing sufficient Common

⁵ The applicable long-term tax exempt rate changes from month to month. For ownership changes occurring in June, 2020, the applicable long-term tax-exempt rate is 1.09%.

⁶ The rules relating to potential limitations on the ability to offset federal taxable income with so-called realized built-in losses are highly complex and depend on, among other things, the extent (if any) of a debtor's "net unrealized built-in loss." A net unrealized built in loss is equal to the excess of the aggregate adjusted basis of all of a corporation's applicable assets over their fair market value (as determined for purposes of section 382 of the IRC) immediately prior to the ownership change. IRC § 382(h)(1)(B).

⁷ Based on approximately 138,135,046 Common Shares outstanding as of May 8, 2020 and 185,280 Preferred Shares outstanding as of March 31, 2020.

Shares or Preferred Shares to result in such party becoming a holder of 4.5 percent or more of Beneficial Ownership of outstanding Common Shares or Preferred Shares, and (c) any “50-Percent Shareholder” seeking to claim a worthless stock deduction.

18. To maximize the use of the Tax Attributes and enhance recoveries for the Debtors’ stakeholders, the Debtors seek limited relief that will enable them to closely monitor certain transfers of Beneficial Ownership of Common Shares or Preferred Shares and certain worthless stock deductions with respect to Beneficial Ownership of such Common Shares and Preferred Shares, so as to be in a position to act expeditiously to prevent such transfers or worthlessness deductions, if necessary, with the purpose of preserving the Tax Attributes. By establishing and implementing such Procedures, the Debtors will be in a position to object to “ownership changes” that threaten their ability to preserve the value of their Tax Attributes for the benefit of the estates.

II. Proposed Procedures for Transfers of or Declarations of Worthlessness with Respect to Common Shares and Preferred Shares.

19. The Procedures are the mechanism by which the Debtors propose that they will monitor, and if necessary, object to certain transfers of Beneficial Ownership of Common Shares or Preferred Shares and declarations of worthlessness with respect to Beneficial Ownership of such Common Shares and Preferred Shares to ensure preservation of the Tax Attributes. The Procedures, which are fully set forth in Exhibit 1 to the Interim Order attached hereto, are summarized below.⁸

Procedures for Transfers of Common Shares and Preferred Shares

- a. The Debtors will serve notice of the Interim Order or the Final Order, as applicable, and the Procedures upon the Notice Parties (as defined in this Motion), including all registered and record holders of Common Shares or Preferred Shares, no later than two business days after entry of the Interim

⁸ Capitalized terms used in this section but not otherwise defined herein have the meanings ascribed to them in the Procedures. To the extent that this summary and the terms of the Procedures are inconsistent, the terms of the Procedures control.

Order or the Final Order, as applicable. Record holders may include banks, brokers, or other agents (each, a “Nominee”) holding shares on behalf of beneficial holders, Nominees will be provided with sufficient copies, and with instructions, to forward the materials to the beneficial holders of Common Shares or Preferred Shares.⁹

- b. Any person or entity that has Beneficial Ownership of 4.5 percent or more of Common Shares or Preferred Shares must file with the Court and serve upon the Declaration Notice Parties (as defined in the Procedures) a Declaration of Status as a Substantial Shareholder, substantially in the form annexed to the Procedures as Exhibit 1A on or before the later of (i) 45 calendar days after the date of the notice of Interim Order, substantially in the form annexed to the Procedures as Exhibit 1F (the “Notice of Interim Order”) and (ii) ten calendar days after becoming a Substantial Shareholder; *provided* that, for the avoidance of doubt, the other procedures set forth herein shall apply to any Substantial Shareholder even if no Declaration of Status as a Substantial Shareholder has been filed.
- c. Prior to effectuating any transfer of Beneficial Ownership of Common Shares or Preferred Shares that would (i) affect the size of a Substantial Shareholder’s Beneficial Ownership, or (ii) would result in another entity or individual becoming or ceasing to be a Substantial Shareholder, the parties to such transaction must file with the Court and serve upon the Declaration Notice Parties, as applicable, a Declaration of Intent to Accumulate Common Shares or Preferred Shares, substantially in the form annexed to the Procedures as Exhibit 1B, or a Declaration of Intent to Transfer Common Shares or Preferred Shares, substantially in the form annexed to the Procedures as Exhibit 1C.
 - i. The Debtors shall have 30 calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve upon such person or entity an objection to the proposed transaction on the grounds that such claim might adversely affect the Debtors’ ability to utilize the Tax Attributes.
 - ii. If the Debtors timely object, the proposed transaction will remain ineffective pending a final and non-appealable order of the Court, unless the Debtors withdraw such objection.

⁹ The notice provisions in the Procedures satisfy due process and the strictures of Bankruptcy Rule 9014 by providing the relevant counterparties with notice and an opportunity to object and attend a hearing. *See, e.g., In re Atamian*, 368 B.R. 375, 378 (Bankr. D. Del. 2007) (“Rule 9014 does not require a hearing, only an opportunity for a hearing.”) (citation omitted), *aff’d*, No. 05-20040 (MFW), 2008 WL 853462 (D. Del. Mar. 31, 2008), 300 F. App’x 175 (3d Cir. 2008); *Flynn v. Eley (In re Colo. Mountain Cellars, Inc.)*, 226 B.R. 244, 246 (D. Colo. 1998) (noting that a hearing is not required to satisfy Bankruptcy Rule 9014).

- iii. If the Debtors do not object within such 30-day period, the proposed transaction may proceed solely as described in the Declaration of Proposed Transfer.
- iv. For purposes of these Procedures, a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership of at least 6,216,077 Common Shares (representing approximately 4.5 percent of all issued and outstanding Common Shares) or any entity or individual that has Beneficial Ownership 8,337 Preferred Shares (representing approximately 4.5 percent of all issued and outstanding Preferred Shares).¹⁰

Procedures for Declarations of Worthlessness of Common Shares and Preferred Shares

- a. Any person or entity that currently is or becomes a 50-Percent Shareholder¹¹ must file with the Court and serve upon the Notice Parties a Declaration of Status as a 50-Percent Shareholder, substantially in the form annexed to the Procedures as Exhibit 1D, on or before the later of (i) 30 calendar days after the date of the Notice of Interim Order, and (ii) ten calendar days after becoming a 50-Percent Shareholder; *provided* that, for the avoidance of doubt, the other procedures set forth herein shall apply to any 50-Percent Shareholder even if no Declaration of Status as a 50-Percent Shareholder has been filed.
- b. Prior to filing any federal or state tax return, or any amendment to such a return or taking any other action, that claims any deduction for worthlessness of Common Shares or Preferred Shares for a tax year ending before the Debtors’ emergence from chapter 11 protection, such 50-Percent Shareholder must file with the Court and serve upon counsel to the Debtors a Declaration of Intent to Claim a Worthless Stock Deduction, substantially in the form annexed to the Procedures as Exhibit 1E.
 - i. The Debtors shall have 30 calendar days after receipt of a Declaration of Intent to Claim a Worthless Stock Deduction to file with the Court and serve on such 50-Percent Shareholder an objection to any proposed claim of worthlessness described in the Declaration of Intent to Claim a Worthless Stock Deduction on the grounds that such claim might adversely affect the Debtors’ ability to utilize their Tax Attributes.

¹⁰ Based on approximately 138,135,046 Common Shares outstanding as of May 8, 2020 and 185,280 Preferred Shares outstanding as of March 31, 2020.

¹¹ For purposes of the Procedures, a “50-Percent Shareholder” is any person or entity that has owned or beneficially has owned 50 percent or more of the Debtor’s stock at any time since December 31, 2016 (determined in accordance with section 382(g)(4)(D) of the IRC and the applicable Treasury Regulations thereunder).

- ii. If the Debtors timely object, the filing of the tax return or amendment thereto with such claim will not be permitted unless approved by a final and non-appealable order of the Court, unless the Debtors withdraw such objection.
- iii. If the Debtors do not object within such 30-day period, the filing of the return or amendment with such claim will be permitted solely as described in the Declaration of Intent to Claim a Worthless Stock Deduction. Additional returns and amendments within the scope of this section must be the subject of additional notices as set forth herein, with an additional 30-day waiting period. To the extent that the Debtors receive an appropriate Declaration of Intent to Claim a Worthless Stock Deduction and determine in their business judgment not to object, they shall provide notice of that decision as soon as is reasonably practicable to any statutory committee(s) appointed in these chapter 11 cases.

Basis for Relief

20. Section 541 of the Bankruptcy Code provides that property of the estate comprises, among other things, “all legal or equitable interests of the debtor in property as of the commencement of the case.” 11 U.S.C. § 541(a)(1). The Tax Attributes are property of the Debtors’ estates. *Prudential Lines Inc.*, 928 F.2d 565, 573 (2d Cir. 1991) (“We hold that the right to a carryforward attributable to its . . . NOL was property of [the debtor’s] bankruptcy estate.”), *cert. denied*, 502 U.S. 821 (1991); *In re Delta Air Lines, Inc.*, No. 05-17923 (PCB) (Bankr. S.D.N.Y. Dec. 19, 2005) (finding that NOLs are property of the debtors’ estates); *Nisselson v. Drew Indus., Inc. (In re White Metal Rolling & Stamping Corp.)*, 222 B.R. 417, 424 (Bankr. S.D.N.Y. 1998) (same); *Official Comm. of Unsecured Creditors v. Forman (In re Forman Enters., Inc.)*, 273 B.R. 408, 415 (Bankr. W.D. Pa. 2002) (same). Moreover, section 362(a)(3) of the Bankruptcy Code stays “any act [of a person or entity] to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate.” 11 U.S.C. § 362(a)(3). Accordingly, any act of a holder of a debtor’s equity securities that causes the termination or limits use of the Tax Attributes violates the automatic stay. *See, e.g., Prudential*

Lines Inc., 928 F.2d 565, 574 (2d Cir. 1991) (holding that causing the termination of or adversely affecting the value of a debtor's NOL violates the automatic stay); *In re Phar-Mor, Inc.*, 152 B.R. 924, 927 (Bankr. N.D. Ohio 1993) (“[T]he sale of stock is prohibited by § “62(a)(3) as an exercise of control over the NOL, which is property of the estate . . .”).

21. Implementation of the Procedures is necessary and appropriate to enforce the automatic stay and, critically, to preserve the value of the Tax Attributes for the benefit of the Debtors' estates. As discussed above, under sections 382 and 383 of the IRC, certain transfers of or declarations of worthlessness with respect to Beneficial Ownership of Common Shares or Preferred Shares prior to the consummation of a chapter 11 plan could cause the termination or limit the use of the Tax Attributes, and the Debtors currently estimate that, as of December 31, 2019, they had approximately \$1.1 billion of federal NOL carryforwards, \$400 million of capitalized intangible drilling costs, and \$1.6 billion of tax basis in their oil and gas assets. They further estimate that they may generate additional NOLs and potentially other tax attributes, including capitalized intangible drilling costs, in the 2020 tax year (NOLs, together with certain other tax attributes, collectively, the “Tax Attributes”). Those NOLs, together with any other Tax Attributes, may be necessary to address tax consequences resulting from the implementation of a plan of reorganization and, depending upon the structure utilized to consummate a plan of reorganization, they may provide the potential for material future tax savings (including in post emergence years). The termination or limitation of the Tax Attributes could be materially detrimental to all parties in interest, including by potentially limiting the Debtors' ability to utilize certain structures to consummate a plan of reorganization. Thus, granting the relief requested herein will preserve the Debtors' flexibility in operating their businesses during

the pendency of these chapter 11 cases and also implementing an exit plan that makes full and efficient use of the Tax Attributes, thereby maximizing the value of their estates.

22. Additionally, the Procedures do not bar all transfers of or declarations of worthlessness with respect to Beneficial Ownership of Common Shares or Preferred Shares. The Debtors seek to establish procedures only to monitor those types of transactions that would pose a serious risk under the ownership change test pursuant to section 382 of the IRC, and to preserve the Debtors' ability to seek substantive relief if it appears that a proposed transfer or declaration of worthlessness could jeopardize the Debtors' utilization of the Tax Attributes. Because of the Tax Attributes' importance to the Debtors' restructuring, and consequently all parties in interest, the benefits of implementing the Procedures outweigh subjecting a limited number of transfers to the Procedures.

23. Courts in this and other jurisdictions have routinely restricted transfers of equity interests (to both actual and beneficial owners) and declarations of worthlessness with respect to beneficial interests of a debtor's stock, or instituted notice procedures regarding proposed transfers and declarations of worthlessness, to protect a debtor against the possible loss or limitation of its Tax Attributes. *See, e.g., In re Clover Techs. Grp., LLC*, No. 19-12680 (KB) (Bankr. D. Del. Jan. 21, 2020) (approving notification procedures and restricting certain transfers of the debtor's equity); *In re Forever 21, Inc.*, No. 19-12122 (KG) (Bankr. D. Del. Oct. 24, 2019) (same); *In re Things Remembered, Inc.*, No. 19-10234 (KG) (Bankr. D. Del. Feb. 26, 2019) (same); *In re ATD Corp.*, No. 18-12221 (KJC) (Bankr. D. Del. Oct. 24, 2018) (same); *In re Edison Mission Energy*, No. 12-49219 (JC) (Bankr. N.D. Ill. Jan. 18, 2013) (same).¹²

¹² 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.

24. Accordingly, the Debtors respectfully request that the Court enter the Interim Order and the Final Order approving the Procedures to protect the Debtors against the possible loss or limitation of the Debtors' Tax Attributes.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

25. Bankruptcy Rule 6003 empowers a court to grant relief within the first 25 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, authorizing the Debtors to establish Procedures to protect the Debtors against the possible loss or limitation of the Tax Attributes that accrued prior to the Petition Date, and granting the other relief requested herein is integral to the Debtors' ability to transition their operations into these chapter 11 cases smoothly. 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. 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 Rules 6004(a) and 6004(h)

26. 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

27. 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

28. 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) 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; and (n) 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

29. 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 as **Exhibit A** and **Exhibit B**, 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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Proposed Co-Counsel to the Debtors and Debtors in Possession

¹ 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> , ¹	)	Case No. 20-11548 (___)
)	
Debtors.	)	(Joint Administration Requested)
)	
	)	Re: Docket No. ___

**INTERIM ORDER (I) APPROVING NOTIFICATION
AND HEARING PROCEDURES FOR CERTAIN TRANSFERS OF AND
DECLARATIONS OF WORTHLESSNESS WITH RESPECT TO COMMON SHARES
AND PREFERRED SHARES AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”) (a) approving the Procedures related to transfers of Beneficial Ownership of Common Shares or Preferred Shares, (b) directing that any purchase, sale, other transfer of, or declaration of worthlessness with respect to Beneficial Ownership of Common Shares or Preferred Shares in violation of the Procedures shall be null and void *ab initio*, and (c) scheduling a final hearing to consider entry of a final order (the “Final Order”) approving the Motion on a final basis; 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. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests

¹ 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.

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

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 Procedures, as set forth in Exhibit 1 attached hereto, are hereby approved.

4. Any transfer of or declaration of worthlessness with respect to Beneficial Ownership of Common Shares or Preferred Shares in violation of the Procedures, including but not limited to the notice requirements, shall be null and void ab initio.

5. In the case of any such transfer of Beneficial Ownership of Common Shares or Preferred Shares in violation of the Procedures, including but not limited to the notice requirements, the person or entity making such transfer shall be required to take remedial actions specified by the Debtors, which may include the actions specified in Private Letter Ruling 201010009 (Dec. 4, 2009), to appropriately reflect that such transfer is null and void ab initio.

6. In the case of any such declaration of worthlessness with respect to Beneficial Ownership of Common Shares or Preferred Shares in violation of the Procedures, including the notice requirements, the person or entity making such declaration shall be required to file an amended tax return revoking such declaration and any related deduction to appropriately reflect that such declaration is void ab initio.

7. The Debtors may retroactively or prospectively waive any and all restrictions, stays, and notification procedures set forth in the Procedures upon proper notice given.

8. The requirements set forth in this Interim Order are in addition to the requirements of all applicable laws.

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) and the Bankruptcy Local Rules 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 in accordance with the Motion.

13. 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

**Procedures for Transfers of and Declarations of Worthlessness with Respect to
Beneficial Ownership of Common Shares and Preferred Shares**

Procedures for Transfers of and Declarations of Worthlessness with Respect to Beneficial Ownership of Common Shares and Preferred Shares

The following procedures apply to transfers of Beneficial Ownership of Common Shares or Preferred Shares:¹

- a. Any entity (as defined in section 101(15) of the Bankruptcy Code) that currently is or becomes a Substantial Shareholder (as defined herein) must file with the Court and serve upon: (aa) the Debtors, 370 17th Street, Suite 5300, Denver, Colorado 80202; (bb) proposed counsel to the Debtors, (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Christopher J. Marcus, P.C. (christopher.marcus@kirkland.com), Allyson Smith Weinhouse (allyson.smith@kirkland.com), and Ciara Foster (ciara.foster@kirkland.com), and (ii) Whiteford, Taylor & Preston LLC, 450 North King Street, Wilmington, Delaware 19801, Attn: Marc R. Abrams (mabrams@wtplaw.com), Richard W. Riley (rriley@wtplaw.com), and Stephen B. Gerald (sgerald@wtplaw.com); (cc) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 Attn: Richard L. Schepacarter; (dd) counsel to the lenders under the Debtors' debtor-in-possession financing and the administrative agent thereunder, Bracewell LLP, 711 Louisiana Street, Suite 2300, Houston, Texas 77002, Attn: Dewey J. Gonsoulin Jr. (dewey.gonsoulin@bracewell.com), William A. (Trey) Wood III, (trey.wood@bracewell.com), and Heather Brown (heather.brown@bracewell.com) (ee) counsel to the Ad Hoc Group of Senior Noteholders (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019, Attn: Andrew Rosenberg (arosenberg@paulweiss.com), Alice Belisle Eaton (aeaton@paulweiss.com), Christopher Hopkins (chopkins@paulweiss.com), Douglas Keeton (dkeeton@paulweiss.com) and Omid Rahnama (orahnama@paulweiss.com), and (ii) Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Wilmington, Delaware 19801, Attn: Pauline K. Morgan (pmorgan@ycst.com) & Sean T. Greecher (sgreecher@ycst.com); (ff) counsel to any statutory committee appointed in these cases; and (gg) any party that has requested notice pursuant to Bankruptcy Rule 2002 (collectively, the "Declaration Notice Parties"), a declaration of such status, substantially in the form of **Exhibit 1A** attached to these Procedures (each, a "Declaration of Status as a Substantial Shareholder") on or before the later of (i) 45 calendar days after the date of the Notice of Interim Order (as defined herein), or (ii) ten calendar days after becoming a Substantial Shareholder; *provided* that, for the avoidance of doubt, the other procedures set forth herein shall apply to any Substantial Shareholder even if no Declaration of Status as a Substantial Shareholder has been filed.

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

- b. Prior to effectuating any transfer of Beneficial Ownership of Common Shares or Preferred Shares that would (i) result in an increase in the amount of Common Shares or Preferred Shares of which a Substantial Shareholder has Beneficial Ownership, or (ii) result in an entity or individual becoming a Substantial Shareholder, the parties to such transaction must file with the Court and serve upon the Declaration Notice Parties an advance written declaration of the intended transfer of Beneficial Ownership of Common Shares or Preferred Shares, substantially in the form of **Exhibit 1B** attached to these Procedures (each, a “Declaration of Intent to Accumulate Common Shares or Preferred Shares”).
- c. Prior to effectuating any transfer of Beneficial Ownership of Common Shares or Preferred Shares that would (i) result in a decrease in the amount of Common Shares or Preferred Shares of which a Substantial Shareholder has Beneficial Ownership, or (ii) result in an entity or individual ceasing to be a Substantial Shareholder, the parties to such transaction must file with the Court and serve upon the Declaration Notice Parties an advance written declaration of the intended transfer of Beneficial Ownership of Common Shares or Preferred Shares, substantially in the form of **Exhibit 1C** attached to these Procedures (each, a “Declaration of Intent to Transfer Common Shares or Preferred Shares,” and together with a Declaration of Intent to Accumulate Common Shares or Preferred Shares, a “Declaration of Proposed Transfer”).
- d. The Debtors shall have 30 calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve on such Substantial Shareholder or potential Substantial Shareholder an objection to any proposed transfer of Beneficial Ownership of Common Shares or Preferred Shares described in the Declaration of Proposed Transfer on the grounds that such transfer might adversely affect the Debtors’ ability to utilize the Tax Attributes. If the Debtors file an objection, such transaction will remain ineffective unless the Debtors withdraw such objection or such transaction is approved by a final and non-appealable order of the Court. If the Debtors do not object within such 30-day period, such transaction can proceed solely as set forth in the Declaration of Proposed Transfer. To the extent the Debtors receive an appropriate Declaration of Proposed Transfer and determine in their business judgment not to object, they shall provide five (5) business days’ notice of that decision to counsel to any statutory committee(s) appointed in the Debtors’ chapter 11 cases. Further transactions within the scope of this paragraph are the subject of additional notices in accordance with these Procedures, with an additional 30-day waiting period for each Declaration of Proposed Transfer.
- e. For purposes of these Procedures: (i) a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership of at least 6,216,077 Common Shares (representing approximately 4.5 percent of all issued and outstanding Common Shares) or any entity or individual that has Beneficial Ownership 8,337 Preferred Shares (representing approximately 4.5 percent of all issued and outstanding

Preferred Shares);² (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of section 382 of the IRC and the Treasury Regulations thereunder (other than Treasury Regulations section 1.382-2T(h)(2)(i)(A)), and includes direct, indirect, and constructive ownership (*e.g.*, (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase right, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

The following procedures apply to declarations of worthlessness of Beneficial Ownership of Common Shares or Preferred Shares:

- a. Any person or entity that currently is or becomes a 50-Percent Shareholder must file with the Court and serve upon the Declaration Notice Parties a declaration of such status, substantially in the form of **Exhibit 1D** attached to these Procedures (each, a “Declaration of Status as a 50-Percent Shareholder”), on or before the later of (i) 30 calendar days after the date of the Notice of Interim Order (as defined herein), and (ii) ten calendar days after becoming a 50-Percent Shareholder.
- b. Prior to filing any federal or state tax return or any amendment or taking any other action to such a return that claims any deduction for worthlessness of Beneficial Ownership of Common Shares or Preferred Shares for a tax year ending before the Debtors’ emergence from chapter 11 protection, such 50-Percent Shareholder must file with the Court and serve upon the Declaration Notice Parties an advance written declaration substantially in the form of **Exhibit 1E** attached to these Procedures (each, a “Declaration of Intent to Claim a Worthless Stock Deduction”) of the intended claim of worthlessness.
- c. The Debtors will have 30 calendar days after receipt of a Declaration of Intent to Claim a Worthless Stock Deduction to file with the Court and serve on such 50-Percent Shareholder an objection to any proposed claim of worthlessness described in the Declaration of Intent to Claim a Worthless Stock Deduction on the grounds that such claim might adversely affect the Debtors’ ability to utilize the Foreign Tax Credits. If the Debtors file an objection, the filing of the return or amendment or taking any other action with such claim remains ineffective pending a final ruling on the objection (and thereafter in accordance with the ruling and applicable appellate rules and procedures), and the 50-Percent Shareholder shall be

² Based on approximately 138,135,046 shares of Common Shares outstanding as of May 8, 2020 and 185,280 of Preferred Shares outstanding as of March 31, 2020.

required to file an amended tax return revoking such proposed deduction. If the Debtors do not object within such 30-day period, the filing of the return or amendment with such claim will be permitted as set forth in the Declaration of Intent to Claim a Worthless Stock Deduction. To the extent that the Debtors receive an appropriate Declaration of Intent to Claim a Worthless Stock Deduction and determine in their business judgment not to object, they shall provide five business days' notice of that decision to counsel to any statutory committee(s) appointed in the Debtors' chapter 11 cases. Additional returns or amendments within the scope of this paragraph are the subject of additional notices in accordance with these Procedures as set forth herein, with an additional 30-day waiting period for each Declaration of Intent to Claim a Worthless Stock Deduction.

- d. For purposes of these procedures a "50-Percent Shareholder" is any person or entity that at any time since December 31, 2016 has owned or beneficially owned 50 percent or more of the Debtor's stock (determined in accordance with section 382(g)(4)(D) of the IRC and the applicable Treasury Regulations thereunder).

Notice Procedures

The following notice procedures apply to these Procedures:

- a. No later than two business days following entry of the Interim Order, the Debtors shall serve by first class mail, postage prepaid, a notice substantially in the form of **Exhibit 1F** attached to these Procedures (the "Notice of Interim Order"), on: (aa) the Debtors, 370 17th Street, Suite 5300, Denver, Colorado 80202; (bb) proposed counsel to the Debtors, (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Christopher J. Marcus, P.C. (christopher.marcus@kirkland.com), Allyson Smith Weinhouse (allyson.smith@kirkland.com), and Ciara Foster (ciara.foster@kirkland.com), and (ii) Whiteford, Taylor & Preston LLC, 450 North King Street, Wilmington, Delaware 19801, Attn: Marc R. Abrams (mabrams@wtplaw.com), Richard W. Riley (rriley@wtplaw.com), and Stephen B. Gerald (sgerald@wtplaw.com); (cc) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 Attn: Richard L. Schepacarter; (dd) counsel to the lenders under the Debtors' debtor-in-possession financing and the administrative agent thereunder, Bracewell LLP, 711 Louisiana Street, Suite 2300, Houston, Texas 77002, Attn: Dewey J. Gonsoulin Jr. (dewey.gonsoulin@bracewell.com), William A. (Trey) Wood III, (trey.wood@bracewell.com), and Heather Brown (heather.brown@bracewell.com); (ee) the United States Securities and Exchange Commission (ff) the Internal Revenue Service; (gg) the office of the attorneys general for the states in which the Debtors operate; (hh) all registered and record holders of Common Shares or Preferred Shares (with

instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Shares or Preferred Shares); and (ii) any party that has requested notice pursuant to Bankruptcy Rule 2002. Additionally, no later than two business days following entry of the final order, the Debtors shall serve a Notice of Interim Order modified to reflect that the final order has been entered (as modified, the “Notice of Final Order”) on the same entities that received the Notice of Interim Order.

- b. All registered holders of Common Shares or Preferred Shares shall be required to serve the Notice of Interim Order or Notice of Final Order, as applicable, on any holder for whose benefit such registered holder holds such Common Shares or Preferred Shares down the chain of ownership for all such holders of Common Shares or Preferred Shares.
- c. Any entity, broker, or agent acting on such entity’s or individual’s behalf that sells Common Shares or Preferred Shares to another entity shall be required to serve a copy of the Notice of Interim Order or Notice of Final Order, as applicable, on such purchaser of such Common Shares or Preferred Shares or any broker or agent acting on such purchaser’s behalf.
- d. As soon as is practicable following entry of the Interim Order, the Debtors shall (i) submit a copy of the Notice of Interim Order (modified for publication) for publication in the national editions of *The New York Times* or *USA Today* and (ii) submit a copy of the Notice of Interim Order (modified for publication) to Bloomberg Professional Service for potential publication by Bloomberg.
- e. To the extent confidential information is required in any declaration described in these Procedures, such confidential information may be filed and served in redacted form; *provided* that any such declarations served on the Debtors *shall not* be in redacted form. The Debtors shall keep all information provided in such declarations strictly confidential and shall not disclose the contents thereof to any person except to the extent (i) necessary to respond to a petition or objection filed with the Court, (ii) otherwise required by law, or (iii) that the information contained therein is already public; *provided* that the Debtors may disclose the contents thereof to their professional advisors, who shall keep all such declarations strictly confidential and shall not disclose the contents thereof to any other person or entity, subject to further Court order.

[Remainder of page intentionally left blank.]

Exhibit 1A

Declaration of Status as a Substantial Shareholder

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

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

DECLARATION OF STATUS AS A SUBSTANTIAL SHAREHOLDER²

PLEASE TAKE NOTICE that the undersigned party is/has become a Substantial Shareholder with respect existing Common Shares or Series A Convertible Preferred Shares of Extraction Oil & Gas, Inc. or of any Beneficial Ownership therein (the “Common Shares” or “Preferred Shares,” respectively). Extraction Oil & Gas, Inc. is a debtor and debtor in possession in Case No. 20-11548 (___) pending in the United States Bankruptcy Court for the District of Delaware (the “Court”).

¹ 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.

² For purposes of this declaration: (i) a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership of at least 6,216,077 Common Shares (representing approximately 4.5 percent of all issued and outstanding Common Shares) or any entity or individual that has Beneficial Ownership 8,337 Preferred Shares (representing approximately 4.5 percent of all issued and outstanding Preferred Shares); (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of section 382 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (other than Treasury Regulations section 1.382-2T(h)(2)(i)(A)), and includes direct, indirect, and constructive ownership (*e.g.*, (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase right, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that as of _____, 2020, the undersigned party currently has Beneficial Ownership of _____ Common Shares and/or _____ Preferred Shares. The following table sets forth the date(s) on which the undersigned party acquired Beneficial Ownership of such Common Shares or Preferred Shares:

Number of Common Shares or Preferred Shares	Date Acquired

(Attach additional page(s) if necessary)

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant to the *[Interim/Final] Order (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Shares and Preferred Shares and (II) Granting Related Relief* [Docket No. ___] (the “Order”), this declaration (this “Declaration”) is being filed with the Court and served upon: (a) the Debtors, 370 17th Street, Suite 5300, Denver, Colorado 80202; (b) proposed counsel to the Debtors, (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Christopher J. Marcus, P.C. (christopher.marcus@kirkland.com), Allyson Smith Weinhouse (allyson.smith@kirkland.com), and Ciara Foster (ciara.foster@kirkland.com), and (ii) Whiteford, Taylor & Preston LLC, 450 North King Street, Wilmington, Delaware 19801,

Attn: Marc R. Abrams (mabrams@wtplaw.com), Richard W. Riley (rriley@wtplaw.com), and Stephen B. Gerald (sgerald@wtplaw.com); (c) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 Attn: Attn: Richard L. Schepacarter; (d) counsel to any statutory committee appointed in these chapter 11 cases; (e) the administrative agent under the Debtors' prepetition senior credit facility 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 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; Internal Revenue Service; (i) the United States Securities and Exchange Commission (j) the office of the attorneys general for the states in which the Debtors operate; (k) all registered and record holders of Common Shares or Preferred Shares (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Shares or Preferred Shares); and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002.

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

Respectfully submitted,

(Name of Substantial Shareholder)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1B

Declaration of Intent to Accumulate Common Shares or Preferred Shares

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

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

**DECLARATION OF INTENT TO ACCUMULATE COMMON SHARES OR
PREFERRED SHARES²**

PLEASE TAKE NOTICE that the undersigned party hereby provides notice of its intention to purchase, acquire, or otherwise accumulate (the “Proposed Transfer”) existing Common Shares or Series A Convertible Preferred Shares of Extraction Oil & Gas, Inc. or of any Beneficial Ownership therein (the “Common Shares” or the “Preferred Shares,” respectively). Extraction Oil & Gas, Inc. is a debtor and debtor in possession in Case No. 20-11548 (___) pending in the United States Bankruptcy Court for the District of Delaware (the “Court”).

¹ 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.

² For purposes of this declaration: (i) a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership of at least 6,216,077 Common Shares (representing approximately 4.5 percent of all issued and outstanding Common Shares) or any entity or individual that has Beneficial Ownership 8,337 Preferred Shares (representing approximately 4.5 percent of all issued and outstanding Preferred Shares); (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of section 382 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (other than Treasury Regulations section 1.382-2T(h)(2)(i)(A)), and includes direct, indirect, and constructive ownership (e.g., (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase right, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that if applicable, on _____, 2020, the undersigned party filed a Declaration of Status as a Substantial Shareholder with the Court and served copies thereof as set forth therein.

PLEASE TAKE FURTHER NOTICE that the undersigned party currently has Beneficial Ownership of _____ Common Shares and/or Preferred Shares.

PLEASE TAKE FURTHER NOTICE that pursuant to the Proposed Transfer, the undersigned party proposes to purchase, acquire, or otherwise accumulate Beneficial Ownership of _____ Common Shares and/or Preferred Shares or an Option with respect to _____ Common Shares and/or Preferred Shares. If the Proposed Transfer is permitted to occur, the undersigned party will have Beneficial Ownership of _____ Common Shares and/or Preferred Shares after such transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant to the *[Interim/Final] Order (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Shares or Preferred Shares and (II) Granting Related Relief* [Docket No. ___] (the "Order"), this declaration (this "Declaration") is being filed with the Court and served upon: (a) the Debtors, 370 17th Street, Suite 5300, Denver, Colorado 80202; (b) proposed counsel to the Debtors, (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Christopher J. Marcus, P.C. (christopher.marcus@kirkland.com), Allyson Smith Weinhouse (allyson.smith@kirkland.com), and Ciara Foster (ciara.foster@kirkland.com), and (ii) Whiteford, Taylor & Preston LLC, 450 North King Street, Wilmington, Delaware 19801, Attn: Marc R. Abrams (mabrams@wtplaw.com), Richard W. Riley (rriley@wtplaw.com), and

Stephen B. Gerald (sgerald@wtplaw.com); (c) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 Attn: Attn: Richard L. Schepacarter; (d) counsel to any statutory committee appointed in these chapter 11 cases; (d) counsel to any statutory committee appointed in these chapter 11 cases; (e) the administrative agent under the Debtors' prepetition senior credit facility 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 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; Internal Revenue Service; (i) the United States Securities and Exchange Commission (j) the office of the attorneys general for the states in which the Debtors operate; (k) all registered and record holders of Common Shares or Preferred Shares (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Shares or Preferred Shares); and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, the undersigned party acknowledges that it is prohibited from consummating the Proposed Transfer unless and until the undersigned party complies with the Procedures set forth therein.

PLEASE TAKE FURTHER NOTICE that the Debtors have 30 calendar days after receipt of this Declaration to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will remain ineffective unless such objection is withdrawn by the Debtors or the Court approves such transaction by a final and non-appealable order. If the Debtors do not object within such 30-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by the undersigned party that may result in the undersigned party purchasing, acquiring, or otherwise accumulating Beneficial Ownership of additional Common Shares or Preferred Shares will each require an additional notice filed with the Court and served in the same manner as this Declaration.

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

Respectfully submitted,

(Name of Declarant)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1C

Declaration of Intent to Transfer Common Shares or Preferred Shares

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

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

**DECLARATION OF INTENT TO TRANSFER COMMON SHARES OR PREFERRED
SHARES²**

PLEASE TAKE NOTICE that the undersigned party hereby provides notice of its intention to sell, trade, or otherwise transfer (the “Proposed Transfer”) existing Common Shares or Series A Convertible Preferred Shares of Extraction Oil & Gas, Inc. or of any Beneficial Ownership therein (the “Common Shares” or “Preferred Shares,” respectively). Extraction Oil & Gas, Inc. is a debtor and debtor in possession in Case No. 20-11548 (___) pending in the United States Bankruptcy Court for the District of Delaware (the “Court”).

¹ 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.

² For purposes of this declaration: (i) a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership of at least 6,216,077 Common Shares (representing approximately 4.5 percent of all issued and outstanding Common Shares) or any entity or individual that has Beneficial Ownership 8,337 Preferred Shares (representing approximately 4.5 percent of all issued and outstanding Preferred Shares); (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (other than Treasury Regulations section 1.382-2T(h)(2)(i)(A)), and includes direct, indirect, and constructive ownership (e.g., (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase right, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that if applicable, on _____, 2020, the undersigned party filed a Declaration of Status as a Substantial Shareholder with the Court and served copies thereof as set forth therein.

PLEASE TAKE FURTHER NOTICE that the undersigned party currently has Beneficial Ownership of _____ Common Shares and/or Preferred Shares.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Proposed Transfer, the undersigned party proposes to sell, trade, or otherwise transfer Beneficial Ownership of _____ Common Shares and/or Preferred Shares or an Option with respect to _____ of Common Shares and/or Preferred Shares. If the Proposed Transfer is permitted to occur, the undersigned party will have Beneficial Ownership of _____ Common Shares and/or Preferred Shares after such transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant the [*Interim/Final*] *Order (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Shares and Preferred Shares and (II) Granting Related Relief* [Docket No. ___] (the "Order"), this declaration (this "Declaration") is being filed with the Court and served upon: (a) the Debtors, 370 17th Street, Suite 5300, Denver, Colorado 80202; (b) proposed counsel to the Debtors, (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Christopher J. Marcus, P.C. (christopher.marcus@kirkland.com), Allyson Smith Weinhouse (allyson.smith@kirkland.com), and Ciara Foster (ciara.foster@kirkland.com), and (ii) Whiteford, Taylor & Preston LLC, 450 North King Street, Wilmington, Delaware 19801, Attn: Marc R. Abrams (mabrams@wtplaw.com), Richard W. Riley (rriley@wtplaw.com), and

Stephen B. Gerald (sgerald@wtplaw.com); (c) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 Attn: Attn: Richard L. Schepacarter; (d) counsel to any statutory committee appointed in these chapter 11 cases; (e) the administrative agent under the Debtors' prepetition senior credit facility 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 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; Internal Revenue Service; (i) the United States Securities and Exchange Commission (j) the office of the attorneys general for the states in which the Debtors operate; (k) all registered and record holders of Common Shares or Preferred Shares (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Shares or Preferred Shares); and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, the undersigned party acknowledges that it is prohibited from consummating the Proposed Transfer unless and until the undersigned party complies with the Procedures set forth therein.

PLEASE TAKE FURTHER NOTICE that the Debtors have 30 calendar days after receipt of this Declaration to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will remain ineffective unless the Debtors withdraw such objection or the Court approves such transaction by a final and non-appealable order. If the Debtors do not object within such 30-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by the undersigned party that may result in the undersigned party selling, trading, or otherwise transferring Beneficial Ownership of additional Common Shares or Preferred Shares each will require an additional notice filed with the Court, and served in the same manner as this Declaration.

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

Respectfully submitted,

(Name of Declarant)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1D

Declaration of Status as a 50-Percent Shareholder

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

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

DECLARATION OF STATUS AS A 50-PERCENT SHAREHOLDER²

PLEASE TAKE NOTICE that the undersigned party is/has become a 50-Percent Shareholder with respect to the existing Common Shares or Series A Convertible Preferred Shares of Extraction Oil & Gas, Inc. or of any Beneficial Ownership therein (the “Common Shares” or “Preferred Shares,” respectively). Extraction Oil & Gas, Inc. is a debtor and debtor in possession in Case No. 20-11548 (___) pending in the United States Bankruptcy Court for the District of Delaware (the “Court”).

¹ 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.

² For purposes of this Declaration: (i) a “50-Percent Shareholder” is any person or entity that has owned or beneficially has owned 50 percent or more of the Debtor’s stock at any time since December 31, 2016 (determined in accordance with section 382(g)(4)(D) of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations thereunder); (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of sections 382 and 383 of the Internal Revenue Code and the applicable Treasury Regulations thereunder (other than Treasury Regulations section 1.382-2T(h)(2)(i)(A)), and includes direct, indirect, and constructive ownership (e.g., (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase right, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that, as of _____, 2020, the undersigned party currently has Beneficial Ownership of _____ Common Shares and/or Preferred Shares. The following table sets forth the date(s) on which the undersigned party acquired Beneficial Ownership of such Common Shares and/or Preferred Shares:

Number of Shares	Date Acquired

(Attach additional pages if necessary)

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant to the *[Interim/Final] Order (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Shares and Preferred Shares and (II) Granting Related Relief* [Docket No. __] (the “Order”), this declaration (this “Declaration”) is being filed with the Court and served upon: (a) the Debtors, 370 17th Street, Suite 5300, Denver, Colorado 80202; (b) proposed counsel to the Debtors, (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Christopher J. Marcus, P.C. (christopher.marcus@kirkland.com), Allyson Smith Weinhouse (allyson.smith@kirkland.com), and Ciara Foster (ciara.foster@kirkland.com), and (ii) Whiteford, Taylor & Preston LLC, 450 North King Street, Wilmington, Delaware 19801, Attn: Marc R. Abrams (mabrams@wtplaw.com), Richard W. Riley (rriley@wtplaw.com), and

Stephen B. Gerald (sgerald@wtplaw.com); (c) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 Attn: Attn: Richard L. Schepacarter; (d) counsel to any statutory committee appointed in these chapter 11 cases; (e) the administrative agent under the Debtors' prepetition senior credit facility 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 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; Internal Revenue Service; (i) the United States Securities and Exchange Commission (j) the office of the attorneys general for the states in which the Debtors operate; (k) all registered and record holders of Common Shares or Preferred Shares (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Shares or Preferred Shares); and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002.

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

Respectfully submitted,

(Name of 50-Percent Shareholder)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1E

Declaration of Intent to Claim a Worthless Stock Deduction

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

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

DECLARATION OF INTENT TO CLAIM A WORTHLESS STOCK DEDUCTION²

PLEASE TAKE NOTICE that the undersigned party hereby provides notice of its intention to claim a worthless stock deduction (the “Proposed Worthlessness Claim”) with respect to the existing Common Shares or Series A Convertible Preferred Shares of Extraction Oil & Gas, Inc. or of any Beneficial Ownership therein (the “Common Shares” or “Preferred Shares,” respectively). Extraction Oil & Gas, Inc. is a debtor and debtor in possession in Case No. 20-11548 (___) pending in the United States Bankruptcy Court for the District of Delaware (the “Court”).

¹ 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.

² For purposes of this Declaration: (i) a “50-Percent Shareholder” is any person or entity that has owned or beneficially has owned 50 percent or more of the Debtor’s stock at any time since December 31, 2016 (determined in accordance with section 382(g)(4)(D) of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations thereunder); (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of sections 382 and 383 of the Internal Revenue Code and the applicable Treasury Regulations thereunder (other than Treasury Regulations section 1.382-2T(h)(2)(i)(A)), and includes direct, indirect, and constructive ownership (e.g., (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase right, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that, if applicable, on _____, 2020 the undersigned party filed a Declaration of Status as a 50-Percent Shareholder with the Court and served copies thereof as set forth therein.

PLEASE TAKE FURTHER NOTICE that the undersigned party currently has Beneficial Ownership of _____ Common Shares and/or Preferred Shares.

PLEASE TAKE FURTHER NOTICE that pursuant to the Proposed Worthlessness Claim, the undersigned party proposes to declare that _____ Common Shares and/or Preferred Shares became worthless during the tax year ending _____.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant to the *[Interim/Final] Order (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Shares or Preferred Shares and (II) Granting Related Relief* [Docket No. ___] (the “Order”), this declaration (this “Declaration”) is being filed with the Court and served upon: (a) the Debtors, 370 17th Street, Suite 5300, Denver, Colorado 80202; (b) proposed counsel to the Debtors, (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Christopher J. Marcus, P.C. (christopher.marcus@kirkland.com), Allyson Smith Weinhouse (allyson.smith@kirkland.com), and Ciara Foster (ciara.foster@kirkland.com), and (ii) Whiteford, Taylor & Preston LLC, 450 North King Street, Wilmington, Delaware 19801, Attn: Marc R. Abrams (mabrams@wtplaw.com), Richard W. Riley (rriley@wtplaw.com), and Stephen B. Gerald (sgerald@wtplaw.com); (c) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 Attn: Attn: Richard L. Schepacarter; (d) counsel to any statutory

committee appointed in these chapter 11 cases; (e) the administrative agent under the Debtors' prepetition senior credit facility 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 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; Internal Revenue Service; (i) the United States Securities and Exchange Commission (j) the office of the attorneys general for the states in which the Debtors operate; (k) all registered and record holders of Common Shares or Preferred Shares (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Shares or Preferred Shares); and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order, the undersigned party acknowledges that the Debtors have 30 calendar days after receipt of this Declaration to object to the Proposed Worthlessness Claim described herein. If the Debtors file an objection, such Proposed Worthlessness Claim will not be effective unless the Debtors withdraw such objection or the Court approves such action by a final and non-appealable order. If the Debtors do not object within such 30-day period, then after expiration of such period the Proposed Worthlessness Claim may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further claims of worthlessness contemplated by the undersigned party each will require an additional notice filed with the Court to be served in the same manner as this Declaration, and are subject to an additional 30-day waiting period.

PLEASE TAKE FURTHER NOTICE that pursuant to 28 U.S.C. § 1746, under penalties of perjury, the undersigned party hereby declares that he or she has examined this Declaration and

accompanying attachments (if any) and, to the best of his or her knowledge and belief, this Declaration and any attachments hereto are true, correct, and complete.

Respectfully submitted,

(Name of Declarant)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1F

Notice of 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> , ¹	)	Case No. 20-11548 (___)
)	
Debtors.	)	(Joint Administration Requested)
)	

NOTICE OF (I) DISCLOSURE PROCEDURES APPLICABLE TO CERTAIN HOLDERS OF COMMON SHARES AND PREFERRED SHARES, (II) DISCLOSURE PROCEDURES FOR TRANSFERS OF AND DECLARATIONS OF WORTHLESSNESS WITH RESPECT TO COMMON SHARES AND PREFERRED SHARES, AND (III) FINAL HEARING ON THE APPLICATION THEREOF

TO: ALL ENTITIES (AS DEFINED BY SECTION 101(15) OF THE BANKRUPTCY CODE) THAT MAY HOLD BENEFICIAL OWNERSHIP OF COMMON SHARES OR SERIES A CONVERTIBLE PREFERRED SHARES IN EXTRACTION OIL & GAS, INC. (THE “COMMON SHARES” AND “PREFERRED SHARES”).

PLEASE TAKE NOTICE that on June 14, 2020 (the “Petition Date”), the above-captioned debtors and debtors in possession (collectively, the “Debtors”), filed petitions with the United States Bankruptcy Court for the District of Delaware (the “Court”) under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”). Subject to certain exceptions, section 362 of the Bankruptcy Code operates as a stay of any act to obtain possession of or exercise control over property of or from the Debtors’ estates.

PLEASE TAKE FURTHER NOTICE that on the Petition Date, the Debtors filed the *Debtors’ Motion for Entry of Interim and Final Orders (I) Approving Notification and Hearing*

¹ 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.

Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Shares or Preferred Shares and (II) Granting Related Relief [Docket No. ___] (the “Motion”).

PLEASE TAKE FURTHER NOTICE that on [____], 2020, the Court entered the *Interim Order (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Shares or Preferred Shares and (II) Granting Related Relief* [Docket No. ___] (the “Order”) approving procedures for certain transfers of or declarations of worthlessness with respect to Beneficial Ownership of Common Shares or Preferred Shares, as set forth in Exhibit 1 attached to the Order (the “Procedures”).²

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, a Substantial Shareholder or potential Substantial Shareholder may not consummate any purchase, sale, or other transfer of Common Shares, or Beneficial Ownership of Common Shares or Preferred Shares, in violation of the Procedures, and any such transaction in violation of the Procedures shall be null and void *ab initio*.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, a 50-Percent Shareholder may not claim a worthless stock deduction with respect to Common Shares or Preferred Shares, or Beneficial Ownership of Common Shares or Preferred Shares, in violation of the Procedures, and any such deduction in violation of the Procedures shall be null and void *ab initio*, and the 50-Percent Shareholder shall be required to file an amended tax return revoking such proposed deduction.

PLEASE TAKE FURTHER NOTICE that upon the request of any entity, the notice, solicitation, and claims agent for the Debtors, will provide a copy of the Order and a form of each

² Capitalized terms used in this Order and not immediately defined have the meanings given to such terms in the Motion or in the First Day Declaration as applicable.

of the declarations required to be filed by the Procedures in a reasonable period of time. Such Order and declarations are also available via PACER on the Court's website at <https://ecf.deb.uscourts.gov> for a fee, or by accessing the Debtors' restructuring website at <http://www.kccllc.net/extractionog>.

PLEASE TAKE FURTHER NOTICE that 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.

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

PLEASE TAKE FURTHER NOTICE THAT ANY PROHIBITED PURCHASE, SALE, OTHER TRANSFER OF, OR DECLARATION OF WORTHLESSNESS WITH RESPECT TO COMMON SHARES OR PREFERRED SHARES, BENEFICIAL OWNERSHIP THEREOF, OR OPTION WITH RESPECT THERETO IN VIOLATION OF THE ORDER IS PROHIBITED AND SHALL BE NULL AND VOID *AB INITIO* AND MAY BE PUNISHED BY CONTEMPT OR OTHER SANCTIONS IMPOSED BY THE COURT.

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

[Remainder of page intentionally left blank]

Dated: _____, 2020
Wilmington, Delaware

/s/ DRAFT

WHITEFORD, TAYLOR & PRESTON LLC¹

Marc R. Abrams (DE No. 955)
Richard W. Riley (DE No. 4052)
Stephen B. Gerald (DE No. 5857)
The Renaissance Centre
405 North King Street, Suite 500
Wilmington, Delaware 19801
Telephone: (302) 353-4144
Facsimile: (302) 661-7950
Email: mabrams@wtplaw.com
riley@wtplaw.com
sgerald@wtplaw.com

- and -

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

Christopher Marcus, P.C. (*pro hac vice* pending)
Allyson Smith Weinhouse (*pro hac vice* pending)
Ciara Foster (*pro hac vice* pending)
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Email: christopher.marcus@kirkland.com
allyson.smith@kirkland.com
ciara.foster@kirkland.com

Proposed Co-Counsel to the Debtors and Debtors in Possession

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

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> , ¹	)	Case No. 20-11548 (___)
)	
Debtors.	)	(Joint Administration Requested)
)	
	)	Re: Docket No. ___

**FINAL ORDER (I) APPROVING NOTIFICATION AND HEARING PROCEDURES
FOR CERTAIN TRANSFERS OF AND DECLARATIONS OF WORTHLESSNESS
WITH RESPECT TO COMMON SHARES OR PREFERRED SHARES AND (II)
GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of a final order (this “Final Order”), (a) approving the Procedures related to transfers of, and declarations of worthlessness with respect to, Beneficial Ownership of Common Shares or Preferred Shares and (b) directing that any purchase, sale, other transfer of, or declaration of worthlessness with respect to, Beneficial Ownership of Common Shares or Preferred Shares in violation of the Procedures shall be null and void *ab initio*, 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 28 U.S.C. §§ 1408 and 1409; and this Court having found that the

¹ 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.

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

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 in this Final Order.
2. The Procedures, as set forth in Exhibit 1 attached to the Interim Order [Docket No. ___], are hereby approved on a final basis.
3. Any transfer or declaration of worthlessness with respect to Beneficial Ownership of Common Shares or Preferred Shares in violation of the Procedures, including but not limited to the notice requirements, shall be null and void *ab initio*.
4. In the case of any such transfer of Beneficial Ownership of Common Shares or Preferred Shares in violation of the Procedures, including but not limited to the notice requirements, the person or entity making such transfer shall be required to take remedial actions specified by the Debtors, which may include the actions specified in Private Letter Ruling 201010009 (Dec. 4, 2009), to appropriately reflect that such transfer is null and void *ab initio*.
5. In the case of any such declaration of worthlessness with respect to Beneficial Ownership of Common Shares or Preferred Shares in violation of the Procedures, including the notice requirements, the person or entity making such declaration shall be required to file an

amended tax return revoking such declaration and any related deduction to appropriately reflect that such declaration is void *ab initio*.

6. The Debtors may retroactively or prospectively waive any and all restrictions, stays, and notification procedures set forth in the Procedures.

7. To the extent that this Final Order is inconsistent with any prior order or pleading with respect to the Motion in these chapter 11 cases, the terms of this Final Order shall govern upon proper notice given.

8. The requirements set forth in this Final Order are in addition to the requirements of applicable law.

9. 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', or any other party in interest's, 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', or any other party in interest's, 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.

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

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

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