

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

	)		
In re:	)	Chapter 11	
	)		
EXTRACTION OIL & GAS, INC. <i>et al.</i> , <sup>1</sup>	)	Case No. 20-11548 (CSS)	
	)		
Debtors.	)	(Jointly Administered)	
	)		
	)	<b>Re: Docket No. 4</b>	

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

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

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

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



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

1. The Motion is granted on an interim basis as set forth herein.
2. The final hearing (the "Final Hearing") on the Motion shall be held on July 7, 2020 at 1:00 p.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 June 30, 2020, and shall be served on: (a) the Debtors, Extraction Oil & Gas, Inc., 370 17th Street, Suite 5300, Denver, Colorado 80202, Attn: Eric Christ; (b) proposed counsel to the Debtors, (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Christopher Marcus, P.C., Allyson Smith Weinhouse, and Ciara Foster and (ii) Whiteford, Taylor & Preston LLC, The Renaissance Centre, Suite 500, 405 North King Street, Wilmington, Delaware 19801, Attn: Marc R. Abrams, Richard W. Riley, and Stephen B. Gerald; (c) the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Richard L. Schepacarter; (d) counsel to the administrative agent under the Debtors' prepetition senior credit facility, Bracewell LLP, 711 Louisiana Street, Suite 2300, Houston, Texas 77002, Attn: Dewey J. Gonsoulin Jr., William A. (Trey) Wood III, and Heather Brown; (e) counsel to the ad hoc group of lenders under the Debtors'

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

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

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

5. Once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding

bankruptcy case number on all checks; provided further that, with respect to checks which the Debtors or their agents print themselves, the Debtors shall begin printing the “Debtor in Possession” legend and the bankruptcy case number on such items within ten (10) days of the date of entry of this Order.

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

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

8. Except as otherwise set forth herein, the Debtors and the Cash Management Bank may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, including, without limitation, the closing of Bank Accounts or the opening of new bank accounts; provided, however, the Debtors will notify the ad hoc group of lenders under the Debtors’ prepetition senior notes of any material changes including, but not limited, to the opening and closing of new bank accounts.

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

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

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

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

13. Any bank, including the Cash Management Bank, are further authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; provided that

the Cash Management Bank shall not have any liability to any party for relying on such representations to the extent such reliance otherwise complies with applicable law.

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

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

16. All postpetition payments from a Debtor under any postpetition Intercompany Transactions authorized hereunder are hereby accorded administrative expense status under

section 503(b) of the Bankruptcy Code, which shall be junior in priority to the DIP Superpriority Claims (as defined in any interim or final orders entered by the Court approving the Debtors' entry into any postpetition debtor-in-possession financing facility and any budget in connection therewith and/or authorizing the Debtors' use of cash collateral and any budget or cash flow forecast in connection therewith (in either case, the "DIP Order")).

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

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

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

20. For banks at which the Debtors hold accounts that are not party to a Uniform Depository agreement with the Office of the United States Trustee for the District of Delaware, the Debtors shall use their good-faith efforts to cause the banks to execute a Uniform Depository

agreement in a form prescribed by the Office of the United States Trustee within forty-five (45) days of the date of this Order. The U.S. Trustee's rights to seek further relief from this Court on notice in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

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

22. The bank and financial institution on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and such bank and financial institution are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order without any duty of further inquiry and without liability for following the Debtors' instructions.

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

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

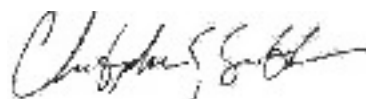
25. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

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



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

Dated: June 16th, 2020  
Wilmington, Delaware

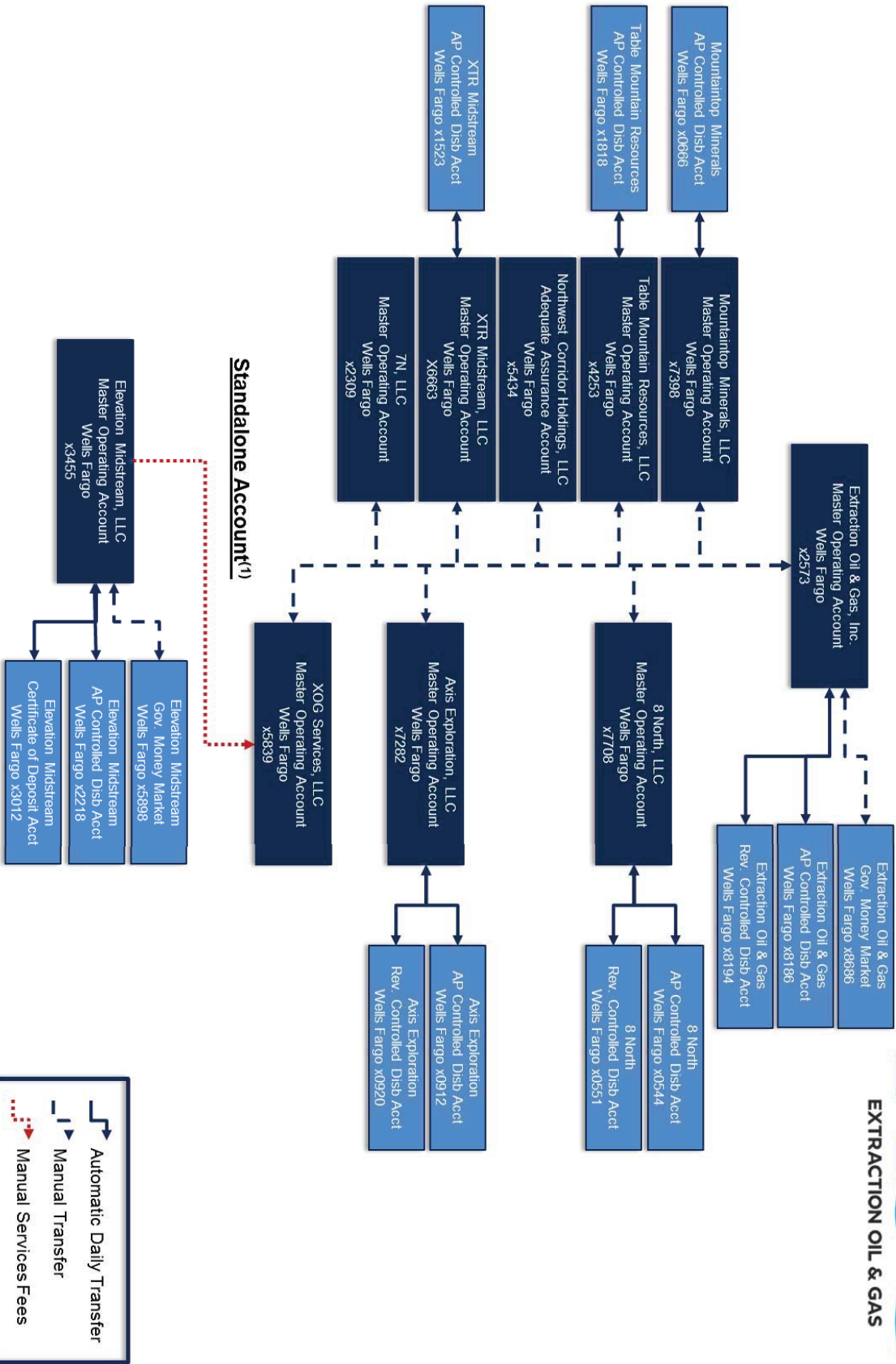


CHRISTOPHER S. SONTCHI  
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Cash Management System Schematic

# Extraction Bank Account Structure



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

Automatic Daily Transfer  
 Manual Transfer  
 Manual Services Fees

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

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

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