

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

In re:	)	Chapter 11
	)	
8 North, LLC, <sup>1</sup>	)	Case No. 20-11550 (CSS)
	)	
Reorganized Debtor.	)	(Formerly Jointly Administered under
	)	Lead Case: Extraction Oil & Gas, Inc.,
	)	Case No. 20-11548)
	)	
	)	Re: Docket Nos. 1505 & 1508

**PDC ENERGY’S REPLY IN SUPPORT OF MOTION FOR ORDER RESOLVING  
CONTROVERSIES AND DISPUTES REGARDING INTERPRETATION AND  
ENFORCEMENT OF PLAN AND MATTERS RELATED TO THE ASSUMPTION OR  
REJECTION OF EXECUTORY CONTRACTS**

PDC Energy, Inc. (“**PDC**”) a counterparty to certain executory contracts with the above captioned Debtor, Extraction Oil & Gas, Inc. (“**Extraction**”) and in response to the *Reorganized Debtors’ Objection to PDC’s Motion for Order Resolving Controversies and Disputes Regarding Interpretation and Enforcement of Plan and Matters Related to the Assumption or Rejection of Executory Contracts* [Docket No. 20 in Case No. 20-11550] (“**Objection**”) and in support of its motion [Docket No. 2061 in Case No. 20-11548] (“**Motion**”) hereby states as follows:

**I. SUMMARY OF REPLY**

PDC never filed a proof of claim because it never held a claim. PDC’s executory contracts with Extraction were never breached, terminated or rejected prior to confirmation of the Plan. Instead they were assumed pursuant to the Plan.

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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.



## II. TIMELINE OF RELEVANT EVENTS

1. On June 14, 2020, in conjunction with the filing of their voluntary petitions under chapter 11, the Debtors filed the Rejection Motion<sup>2</sup> [Docket No. 14] seeking, among other things, the rejection of the Grand Mesa TSA. However, the Rejection Motion was never served upon PDC, which the Debtors appear to admit in their Objection. *Objection*, ¶ 1.

2. On November 2, 2020, as explained in the Objection and after months of protracted litigation, the Court issued its *Bench Ruling* [Docket No. 942]. In its *Bench Ruling* the Court authorized the rejection of the Grand Mesa TSA. *Objection*, ¶ 1. Again, PDC was never served with the *Bench Ruling*, and again the Debtors appear to admit this fact. *See Id.*

3. On November 13, 2020, as evidenced by the *Certificate of Service* filed herein [Docket No. 1175] the Debtors allege that PDC received notice of the Court's approval of the Rejection Motion when PDC was served with the *Third Amended Disclosure Statement* [Docket No. 1023].

4. The above-described mailing of the *Third Amended Disclosure Statement* to PDC on November 13, 2020 by first class mail, likely meant that at the earliest, PDC would have received the *Third Amended Disclosure Statement* on approximately November 17 or 18, 2020. Furthermore, any assertion that *Third Amended Disclosure Statement* notified PDC that its Exchange Agreement and Line Fill Letter Agreement had been terminated is without merit. The only relevant reference to any contract rejection in the *Third Amended Disclosure Statement* is set forth as follows:

“On November 2, 2020, the Bankruptcy Court ruled in favor of the Company rejecting certain contracts with an effective date as of June 14, 2020 and August 11, 2020. *See Bench Ruling* [Docket No. 942]. The Debtors believe they have alternative providers available to replace the rejected Executory Contracts.”

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<sup>2</sup> All capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Motion and the Objection.

*Third Amended Disclosure Statement* [Document 1023], page 39 of 285. To suggest that the above two sentences in a 285-page document placed PDC on notice that it should file a proof of claim because its Exchange Agreement and Line Fill Letter Agreement were “terminated” borders on frivolous.

5. Despite Extraction’s failures to provide PDC with actual notice of the rejection of the Grand Mesa TSA, PDC learned through various news reports and industry chatter of the possible rejection sometime in mid-November of 2020.

6. On or about November 17, 2020 and upon learning that the Grand Mesa TSA may have been rejected, PDC reached out to Extraction to inquire as to the status of their relationship and the future of the Exchange Agreement. (*See email chain between Jennifer E. Robinson of PDC and Landon Jacobsen of Extraction dated November 17, 2020 through November 30, 2020 attached hereto as Exhibit A.*)

7. On November 30, 2020 and in response to inquiries by PDC regarding the status of the Exchange Agreement, Landon Jacobsen of Extraction advised PDC that Extraction did not consider the Exchange Agreement to be “terminated”.... instead the contract was on “pause”. *Id.* Specifically, Extraction viewed the situation involving its Exchange Agreement with PDC as follows:

“High-level, it is our understanding that while the contract has been rejected, that doesn’t mean that it’s been terminated yet. For the time-being, I’d think of the contract as being on “pause” and all parties are free to operate under the terms of the agreement, or not, however they see fit. If NGL were to appeal the court’s decision and win, the contract would then be re-instated and both parties (XOG and PDC) would need to keep NGL whole on any MVC transportation costs not tendered during this “pause” period. So for you guys, I think it ultimately comes down to your decision on how you want to play that...1) if you want to continue to ship to minimize/eliminate potential keep-whole costs should NGL win appeal, we can talk about that and are happy to ship for you, or 2) you can divert your barrels somewhere else during this period and capture any uplift on better

pricing/transportation costs, but there would be a chance you'd then have to come out-of-pocket for some amount to NGL if they end up winning appeal.”

*See Exhibit A attached hereto.*

8. On December 19, 2020, it appears that Extraction and Grand Mesa entered into the Grand Mesa Settlement. A Motion to Approve the Grand Mesa Settlement was filed with this Court on or about that date, **but was filed under seal**. [Docket No. 1427]. PDC was never served with the Grand Mesa Settlement or the motion seeking approval of the same.

9. On December 21, 2020, the Bankruptcy Court entered an *Order Approving the Grand Mesa Settlement* [Docket No. 1464]. Again, PDC was never notified of or served with a copy of this Order. Despite Extraction's assertions to the contrary, because PDC was never notified of the Grand Mesa Settlement and its approval until months following the confirmation of the Plan, PDC was never advised or put on notice that the Grand Mesa Settlement may have been terminated or the date such termination would occur, if at all.

10. On December 23, 2020, the Bankruptcy Court entered the *Findings of Fact, Conclusions of Law, and Order Confirming the Sixth Amended Joint Plan of Reorganization of Extraction Oil & Gas, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 1509] (the “**Confirmation Order**”), which confirmed the Plan. The Plan and the Confirmation Order specifically provide that:

“Except as otherwise provided in the Plan (including but not limited to Article IV.F.14 of this Plan) or otherwise agreed to by the Debtors and the counterparty to an Executory Contract or Unexpired Lease, ***all Executory Contracts or Unexpired Leases not previously assumed, assumed and assigned, or rejected in the Chapter 11 Cases, shall be deemed assumed by the Reorganized Debtors, effective as of the Effective Date***, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code and regardless of whether such Executory Contract or Unexpired Lease is set forth on the Schedule of Assumed Executory Contracts and Unexpired Leases.”

*Plan*, Article V(A); pgs. 39-40; *Confirmation Order*, ¶103; pg. 53 (emphasis added).

### **III. EVENTS FOLLOWING CONFIRMATION OF THE PLAN**

11. Several weeks following confirmation of the Plan, PDC became aware of the developing new relationship between Extraction and Grand Mesa, which lead PDC to suspect that it was unlikely that Extraction would fulfill its obligations under the Exchange Agreement. Therefore it appeared to PDC that Extraction would possibly agree to a mutual termination of the Exchange Agreement and a voluntary payment of the Line Fill Receivable Amount. As a result, PDC prepared and sent to Extraction in March of 2021 a proposed termination agreement which would effectuate an agreed upon termination of the Exchange Agreement and which would also result in the prompt payment by Extraction to PDC of \$2,795,707 (i.e. the Line Fill Receivable Amount).

12. In response to the above request by PDC, Extraction, for the first time, claimed that the Exchange Agreement had been terminated during its bankruptcy case thereby resulting in a prepetition claim owing to PDC for the Line Fill Receivable Amount. *(See April 22, 2021 letter from Extraction to PDC attached hereto as Exhibit B).* Extraction is mistaken. As explained below, the Exchange Agreement was never terminated during prior to confirmation of the Plan. Alternatively, if the Exchange Agreement was terminated prior to the entry of the Confirmation Order, PDC was never provided with notice of this termination sufficient to meet the requirements of due process.

### **IV. TERMINATION OF THE EXCHANGE AGREEMENT DID NOT OCCUR DURING THE EXTRACTION BANKRUPTCY CASE**

13. As evidenced by the Exchange Agreement (Exhibit B to the Motion), its term extended for at least the first seven (7) years following its effective date of October 1, 2016 (i.e.

contract term running through at least October 1, 2023). *Exchange Agreement*, page 3.<sup>3</sup> As a result, this executory contract was still in place, with all of the mutual obligations owing by both Extraction and PDC, when the Confirmation Order was entered on December 23, 2020.

14. There is no ability or right under the terms of the Exchange Agreement or applicable law for Extraction to unilaterally terminate the Exchange Agreement prior to the expiration of its seven- year term.

15. Any suggestion by Extraction that it had the ability to unilaterally terminate the Exchange Agreement because of its rejection of the Grand Mesa TSA is simply untrue. Extraction fails to provide any factual or legal authority to support this position. In fact, basic principles of law regarding the effects of rejecting a contract in bankruptcy completely undermine the position being taken by Extraction.

16. It is a bedrock principle of bankruptcy law that rejecting a contract does not equate to termination of a contract. *Mission Prod. Holdings v. Tempnology, LLC*, 139 S. Ct. 1652, 203 L. Ed. 876 (2019); *Caliber North Dakota LLC v. Nine Point Energy Holdings, Inc. (In re Nine Point Energy Holdings, Inc.)*, 2021 U.S. Dist. LEXIS 143078 \*; 2021 WL 3269210 (D. Del. 2021). Instead rejection merely gives rise to a claim for breach of contract. *Id.*

17. Extraction erroneously suggests in its Objection that its rejection of the Grand Mesa TSA meant that the Grand Mesa TSA had been terminated. Specifically, Extraction mistakenly argues that because PDC's Exchange Agreement was coterminous with the Grand Mesa TSA,

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<sup>3</sup> The term of the Exchange Agreement commences on October 1, 2016 and continues "for the duration of the Initial Term as defined in the Grand Mesa TSA." *Exchange Agreement*, page 3. The "Initial Term" of the Grand Mesa TSA was seven (7) years following the Commencement Date. The Commencement Date occurred sometime after June 21, 2016 which was the Effective Date of the Grand Mesa TSA. In other words, at its earliest, the Initial Term of the Grand Mesa TSA would end on June 21, 2023, but likely termed out much later. In any event, the Exchange Agreement was still an active and enforceable executory contract when Extraction assumed the contract under the Plan.

rejection of the Grand Mesa TSA resulted in a termination of PDC's Exchange Agreement.<sup>4</sup> Based upon this false premise in its argument and upon which its Objection relies, Extraction reaches the false conclusions that: (i) PDC's claim against Extraction for the Line Fill Receivable Amount constitutes a pre-petition claim which was discharged in bankruptcy and (ii) PDC is now barred from pursuing any relief against Extraction.

18. As explained by the Supreme Court in *Mission Prod. Holdings*, applicable bankruptcy law directly contradicts Extraction's assertions that the Grand Mesa TSA and therefore the Exchange Agreement were "terminated" during its bankruptcy case. Furthermore, applicable Colorado law<sup>5</sup> clearly explains that the actions taken by Extraction after confirmation of its Plan resulted in PDC possessing the right to terminate the Exchange Agreement, not Extraction. It was only following entry of the Confirmation Order that Extraction overtly and clearly communicated to PDC on April 22, 2021 that Extraction no longer intended to perform under the Exchange Agreement it had previously assumed. *See Exhibit B* attached hereto.

19. The above post-confirmation actions by Extraction resulted in an anticipatory breach or anticipatory repudiation of the Exchange Agreement which had been assumed by Extraction under the Plan. Pursuant to Colorado law, anticipatory breach or anticipatory repudiation "centers upon an overt communication of intention or an action which renders performance impossible or demonstrates a clear determination not to continue with performance." *Albright v. McDermond*, 14 P.3d 318,324 (Colo. 2000) *citing* Colo. Rev. Stat. § 4-2-610 cmt. 1, 2; *Uniform Commercial Code* §2-610; *see also Schneiker v. Gordon*, 732 P.2d 603, 611 (Colo.

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<sup>4</sup> PDC does agree that the Grand Mesa TSA and the Exchange Agreement are coterminous in that the terms of each contract were structured to be operative during the same term or period of time. Furthermore, PDC agrees that any termination of the Grand Mesa TSA would likely result in termination of the Exchange Agreement. However, as further explained herein, the Grand Mesa TSA was never terminated prior to confirmation of the Plan. Instead, the Grand Mesa TSA was "rejected" which is not the same as "terminated".

<sup>5</sup> Pursuant to the Exchange Agreement the contract is governed by Colorado law. *Exchange Agreement*, page 6

1987) (*quoting* Colo. Rev. Stat. § 4-2-610 cmt. 1). Extraction had not overtly and clearly communicated its intention to repudiate the Exchange Agreement until it sent its letter to PDC on April 22, 2021. As a result of this repudiation, PDC held the exclusive right to terminate the Exchange Agreement and this did not occur until approximately April 22, 2021<sup>6</sup> at least four months after entry of the Confirmation Order on December 23, 2020. The right to terminate the Exchange Agreement never belonged to Extraction and Extraction never rejected, but instead assumed, this contract.

20. Under Colorado law, it is also critical to note that the repudiation by Extraction of the Exchange Agreement following entry of the Confirmation Order does not excuse a repudiator [Extraction] from performing its part of a contract; however it does allow an innocent non-repudiating party [PDC], if it so chooses, to terminate the contract without performing its part of the bargain. *Interbank Investments, L.L.C v. Vail Valley Consolidated Water Dist*, 12 P.3d 1224 (Colo. App. 2000). In other words, under Colorado law, only PDC has the right to terminate the Exchange Agreement, not Extraction. Furthermore, this right held by PDC to terminate the Exchange Agreement only arose after Extraction assumed the Exchange Agreement and then subsequently decided to overtly repudiate it pursuant to its April 22, 2021 letter attached hereto as Exhibit B. Following this repudiation by Extraction, it was the exclusive option of PDC to either (i) wait to see if Extraction could perform under the Exchange Agreement or (ii) exercise PDC's sole right to terminate the Exchange Agreement. See §2-610 of the *Uniform Commercial Code*; *Colo Rev. Stat. § 4-2-610*; *Interbank Investments*, 12 P.3d at 1231 (Colo. App. 2000); *See also Mission Prod.* 139 S. Ct. at 1662. PDC has exercised its right to terminate the assumed

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<sup>6</sup> Alternatively, it could be argued that PDC became aware sometime in March of 2021 that Extraction was unlikely to perform its obligations under the Exchange Agreement when, as referenced in the April 16, 2021 letter, PDC requested that: (i) the parties mutually agree to terminate the Exchange Agreement and (ii) Extraction agree to promptly pay to PDC the resulting Line Fill Receivable Amount of \$2,795,707.



Exchange Agreement. This termination resulted in Extraction being liable for the full amount of the Line Receivable Amount (\$2,795,707) assumed by it under the Plan and mandated by its assumption of the Exchange Agreement and related Line Fill Letter Agreement. *See Id.*

**V.REQUEST FOR RELIEF**

**WHEREFORE**, PDC Energy, Inc. respectfully requests that this Court enter an order and judgment in its favor and against Extraction Oil & Gas, Inc. holding and determining that Extraction has assumed the Exchange Agreement and Line Fill Letter Agreement and ordering that Extraction immediately pay to PDC the \$2,795,707 owing to PDC by Extraction under those assumed agreements. PDC also requests that this Court enter any further and additional relief this Court deems necessary and just.

Dated: December 1, 2021

GELLERT SCALI BUSENKELL & BROWN, LLC

/s/ Michael Busenkell  
Michael Busenkell (DE 3933)  
1201 N. Orange Street, Suite 300  
Wilmington, DE 19801  
Telephone (302) 425-5812  
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*and*

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*Attorneys for the PDC Energy, Inc.*

**EXHIBIT A**

**From:** [Landon Jacobsen](#)  
**To:** [Jennifer E. Robinson](#)  
**Subject:** RE: [EXTERNAL] :RE: PDC-XOG Buy-Sell Oct20.pdf  
**Date:** Monday, November 30, 2020 9:37:07 AM

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Good morning, Jennifer –

We had a great Thanksgiving. How was yours?

Happy to try and give a little color over email here. Let me know when/if you'd like to discuss further over the phone. And I have no idea if our legal teams have connected yet either.

High-level, it is our understanding that while the contract has been rejected, that doesn't mean that it's been terminated yet. For the time-being, I'd think of the contract as being on "pause" and all parties are free to operate under the terms of the agreement, or not, however they see fit. If NGL were to appeal the court's decision and win, the contract would then be re-instated and both parties (XOG and PDC) would need to keep NGL whole on any MVC transportation costs not tendered during this "pause" period. So for you guys, I think it ultimately comes down to your decision on how you want to play that...1) if you want to continue to ship to minimize/eliminate potential keep-whole costs should NGL win appeal, we can talk about that and are happy to ship for you, or 2) you can divert your barrels somewhere else during this period and capture any uplift on better pricing/transportation costs, but there would be a chance you'd then have to come out-of-pocket for some amount to NGL if they end up winning appeal.

Does that make sense? Is that consistent with how your team is looking at it?

Thanks,

Landon  
C: 303.727.0458

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**From:** Jennifer E. Robinson <Jennifer.Robinson@pdce.com>  
**Sent:** Monday, November 30, 2020 6:51 AM  
**To:** Landon Jacobsen <ljacobsen@extractionog.com>  
**Subject:** RE: [EXTERNAL] :RE: PDC-XOG Buy-Sell Oct20.pdf

**[EXTERNAL]**

Hi Landon,

Hope you had a nice holiday break! I was out last week, but did get your message. I'm a bit slammed catching up right now, so would you mind summarizing key points on the deal? Last we talked I had assumed this is terminated for January, and we are not setting it up in our January plan. Our attorneys were going to reach out to yours, but I'm not sure if that has happened with the holidays.

EXHIBIT A

Thanks,  
Jennifer

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**From:** Landon Jacobsen [<mailto:ljacobsen@extractionog.com>]  
**Sent:** Thursday, November 19, 2020 9:46 PM  
**To:** Jennifer E. Robinson <[Jennifer.Robinson@pdce.com](mailto:Jennifer.Robinson@pdce.com)>  
**Cc:** Andi Christensen <[Andi.Christensen@pdce.com](mailto:Andi.Christensen@pdce.com)>  
**Subject:** [EXTERNAL] :RE: PDC-XOG Buy-Sell Oct20.pdf

Jennifer –

Please find the executed confirm attached.

As for legal contact, I think the best person would probably be our GC, Eric Christ ([echrist@extractionog.com](mailto:echrist@extractionog.com) – (720) 974-7755). We also discussed this internally and I have a bit more clarity to provide. Will try to reach you tomorrow.

Thanks,

Landon  
C: 303.727.0458

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**From:** Jennifer E. Robinson <[Jennifer.Robinson@pdce.com](mailto:Jennifer.Robinson@pdce.com)>  
**Sent:** Tuesday, November 17, 2020 4:34 PM  
**To:** Landon Jacobsen <[ljacobsen@extractionog.com](mailto:ljacobsen@extractionog.com)>  
**Cc:** Andi Christensen <[Andi.Christensen@pdce.com](mailto:Andi.Christensen@pdce.com)>  
**Subject:** PDC-XOG Buy-Sell Oct20.pdf

**[EXTERNAL]**

Hi Landon,

Andi mentioned that we needed an executed confirmation for the swap for October. Please see attached, and if it works, execute and return.

Also, can you let me know your appropriate legal contact so I can direct our team accordingly?  
Thanks!

Jennifer

EXHIBIT A

**EXHIBIT B**



April 22, 2021

**Via Email**

PDC Energy  
1775 Sherman Street, Suite 3000  
Denver, CO 80203  
Attention: Ms. Julie Blaser, Vice President & Assistant General Counsel

Re: Line Fill Matter

Ms. Blaser,

Extraction Oil & Gas, Inc. ("Extraction") is in receipt of a draft Line Fill Termination Agreement (the "Draft Termination"), prepared by PDC Energy, Inc. ("PDC") and transmitted to Extraction on March 22, 2021. Reference is made to the following documents:

- that certain Crude Oil Sale and Exchange Agreement (the "Exchange Agreement"), dated September 20, 2016, between Extraction and PDC (as successor in interest to Bayswater Exploration & Production, LLC, Bayswater Blenheim Holdings LC and Bayswater Blenheim Holdings II, LLC (collectively, "Bayswater"). Bayswater assigned the Exchange Agreement to PDC on January 5, 2018, effective June 1, 2017;
- that certain Letter Agreement (the "Line Fill Letter Agreement"), dated May 30, 2018, between Extraction, Bayswater and PDC; and
- that certain Amended and Restated Transportation Services Agreement (the "Grand Mesa TSA"), dated June 21, 2016, between Grand Mesa Pipeline, LLC ("Grand Mesa") and Bayswater. Bayswater assigned the Grand Mesa TSA to Extraction on July 29, 2016.

The Draft Termination would provide that PDC and Extraction would agree to terminate the Exchange Agreement and that Extraction would remit \$2,795,707 (the "Line Fill Receivable Amount") to PDC. As explained below, the Exchange Agreement has already terminated pursuant to its terms and the Line Fill Receivable Amount is not recoverable by PDC.

The Line Fill Letter Agreement provided that Extraction would credit the Line Fill Receivable Amount to PDC upon the termination of the Exchange Agreement. The Exchange Agreement provided that the term of the Exchange Agreement shall continue for the duration of the Initial Term (as defined in the Grand Mesa TSA).

On June 14, 2020 (the "Petition Date"), Extraction initiated the case *In re: Extraction Oil & Gas, Inc. et al.* (jointly administered under Case No. 20-11548 (CSS)) (the "Chapter 11 Cases") filed in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court")

by filing voluntary petitions for relief under section 365 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532, as amended from time to time (the “Bankruptcy Code”).

On June 15, 2020, Extraction filed the *Debtors’ Omnibus Motion for Entry of an Order (I) Authorizing Rejection of Unexpired Leases of Nonresidential Real Property and Executory Contracts Effective as of the Dates Specified Herein and (II) Granting Related Relief* [Docket No. 14] (the “Rejection Motion”), seeking authorization to reject, among others, the Grand Mesa TSA, pursuant to section 365 of the Bankruptcy Code.

On November 2, 2020, the Bankruptcy Court granted the Rejection Motion, authorizing Extraction to reject the Grand Mesa TSA retroactive to the date set forth in the Rejection Motion [Docket No. 942] (the “Rejection Ruling”) and, on November 10, 2020, the Bankruptcy Court entered the *Order Granting Motion to Reject Certain Executory Contracts* [Docket No. 1038] (the “Rejection Order”), granting Extraction’s rejection of the Grand Mesa TSA.

On December 19, 2020, Extraction and Grand Mesa entered into a settlement agreement (the “Grand Mesa Settlement”) that provided for, among other things, the termination of the Grand Mesa TSA effective as of the Petition Date.

On December 21, 2020, the Bankruptcy Court entered an order approving the Grand Mesa Settlement, including the termination of the Grand Mesa TSA effective as of the Petition Date. Under the terms of the Line Fill Letter Agreement and Exchange Agreement, those agreements terminated at the same time as the Grand Mesa TSA.

On December 23, 2020, the Bankruptcy Court entered the *Findings of Fact, Conclusions of Law, and Order Confirming the Sixth Amended Joint Plan of Reorganization of Extraction Oil & Gas, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 1509] (the “Confirmation Order” and “Plan,” respectively), which confirmed the Plan.

Following the termination of the Line Fill Letter Agreement and Exchange Agreement, PDC became a general unsecured creditor with a potential claim for the Line Fill Receivable Amount. Under the Plan, any claim that PDC may have had for this amount should have been filed with the Bankruptcy Court as an unsecured claim by the claims bar date set by the Bankruptcy Court. PDC made no such claim with the Bankruptcy Court.

The discharge and injunction provisions set forth in the Confirmation Order and the Plan release any claims against Extraction based on any prepetition conduct, including any alleged amounts due referenced in the Draft Termination, and enjoin any further pursuit or prosecution of such claims. In particular, the discharge reflected in Article VIII.B of the Plan released, as of the Effective Date, all claims and causes of action against Extraction. Moreover, Article VIII.H of the Plan is a presently effective, court-ordered injunction against any action or claim released pursuant to the Plan.

Further, Article VII.G of the Plan states that any claim filed “after the Claims Bar Date” shall be deemed disallowed and expunged as of the Effective Date” and barred forever. Pursuant to the *Certificate of Service* [Docket No. 329], on July 22, 2020, Extraction mailed notice of the

Claims Bar Date to PDC. PDC did not file a proof of claim and, pursuant to Article VIII.B of the Plan, is enjoined from pursuing any claims as such claims have been discharged.

As such, PDC cannot now, two months after Extraction has emerged from chapter 11, seek to recover the Line Fill Receivable Amount from Extraction. Because any such claims should have been pursued in the context of Extraction's Chapter 11 Cases, PDC has discharged its claim by failing to assert a claim by the claims bar date under the Plan.

If you have any questions regarding any of the foregoing, please contact me by email at [echrist@extractionog.com](mailto:echrist@extractionog.com) or by phone at (720) 974-7755.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Christ". The signature is fluid and cursive, with a large initial "E" and a stylized "Christ".

Eric J. Christ  
Vice President and General Counsel



**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on December 1, 2021, I caused a true and correct copy of *PDC Energy's Reply in Support of Motion for Order Resolving Controversies and Disputes Regarding Interpretation and Enforcement of Plan and Matters Related to the Assumption or Rejection of Executory Contracts* to be electronically filed and served via CM/ECF upon all parties requesting electronic notices in this case and additionally upon the parties below via electronic mail:

WHITEFORD, TAYLOR & PRESTON LLC

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/s/ Michael Busenkell

Michael Busenkell (DE 3933)