

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

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In re: : Chapter 11
: :
SUPERIOR ENERGY SERVICES, INC., *et al.*,¹ : Case No. 20-35812 (DRJ)
: :
Debtors. : (Joint Administration Requested)
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DEBTORS' EMERGENCY
MOTION FOR ENTRY OF AN ORDER
(I) PROHIBITING UTILITY COMPANIES
FROM ALTERING OR DISCONTINUING SERVICE
ON ACCOUNT OF PREPETITION INVOICES, (II) APPROVING
DEPOSIT AS ADEQUATE ASSURANCE OF PAYMENT, AND (III)
ESTABLISHING PROCEDURES FOR RESOLVING REQUESTS BY
UTILITY COMPANIES FOR ADDITIONAL ASSURANCE OF PAYMENT

Emergency relief has been requested. A hearing will be conducted on this matter on December 8, 2020 at 1:00 p.m. (Prevailing Central Time) in Courtroom 400, 4th floor, United States Bankruptcy Court for the Southern District of Texas, 515 Rusk Street, Houston, Texas 77002. You may participate in the hearing by audio/video connection.

Audio communication will be by use of the Court's regular dial-in facility. You may access the facility at (832) 917-1510. You will be responsible for your own long-distance charges. Once connected, you will be asked to enter the conference room number. Judge Jones' conference room number is 205691.

You may view video via GoToMeeting. To use GoToMeeting, the Court recommends that you download the free GoToMeeting application. To connect, you should enter the meeting Code "JudgeJones" in the GoToMeeting app or click the link on Judge Jones' home page on the Southern District of Texas website. Once connected, click the settings icon in the upper right corner and enter your name under the personal information setting.

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Superior Energy Services, Inc. (9388), SESI, L.L.C. (4124), Superior Energy Services-North America Services, Inc. (5131), Complete Energy Services, Inc. (9295), Warrior Energy Services Corporation (9424), SPN Well Services, Inc. (2682), Pumpco Energy Services, Inc. (7310), 1105 Peters Road, L.L.C. (4198), Connection Technology, L.L.C. (4128), CSI Technologies, LLC (6936), H.B. Rentals, L.C. (7291), International Snubbing Services, L.L.C. (4134), Stabil Drill Specialties, L.L.C. (4138), Superior Energy Services, L.L.C. (4196), Superior Inspection Services, L.L.C. (4991), Wild Well Control, Inc. (3477), and Workstrings International, L.L.C. (0390). The Debtors' address is 1001 Louisiana Street, Suite 2900, Houston, Texas 77002.



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Hearing appearances must be made electronically in advance of the hearing. To make your electronic appearance, go to the Southern District of Texas website and select “Bankruptcy Court” from the top menu. Select “Judges’ Procedures,” then “View Home Page” for Judge Jones. Under “Electronic Appearance” select “Click here to submit Electronic Appearance”. Select the case name, complete the required fields and click “Submit” to complete your appearance.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must either appear at the hearing or file a written response prior to the hearing. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

Relief is requested not later than December 8, 2020.

The above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) respectfully state the following in support of this emergency motion (this “**Motion**”):

RELIEF REQUESTED

1. By this Motion, the Debtors request entry of an order substantially in the form attached hereto (the “**Order**”), approving procedures that would provide adequate assurance of payment to their utility service providers (the “**Utility Companies**”) under section 366 of the Bankruptcy Code, while allowing the Debtors to avoid the threat of imminent termination of electricity, water, waste services, telecommunications, and similar utility products and services (collectively, the “**Utility Services**”)² by the Utility Companies. Specifically, the Debtors request entry of an Order:

- (a) approving the Debtors’ deposit of \$395,000 (which is approximately fifty percent (50%) of the estimated monthly cost of the Utility Services based on historical averages over the preceding twelve (12) months)³ into a segregated, non-interest-bearing account, as adequate assurance of postpetition payment to the Utility Companies pursuant to section 366(b) of the Bankruptcy Code;

² Subject to paragraph 20 below, a list of the Utility Companies that provide Utility Services to the Debtors is attached hereto as Exhibit A (the “**Utility Company List**”).

³ To the extent a Utility Company holds a prepetition bond or deposit provided by the Debtors, the amount of adequate assurance provided for such Utility Company is calculated as set forth in paragraph 14 below.

- (b) approving the additional adequate assurance procedures described below as the method for resolving disputes regarding adequate assurance of payment to the Utility Companies; and
- (c) prohibiting the Utility Companies from altering, refusing, or discontinuing service to, or discriminating against, the Debtors except as may be permitted by the proposed procedures.

JURISDICTION AND VENUE

2. The United States Bankruptcy Court for the Southern District of Texas (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and this Court may enter a final order consistent with Article III of the United States Constitution.

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

4. The bases for the relief requested herein are sections 105(a) and 366 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), Rule 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “**Bankruptcy Local Rules**”), and the Procedures for Complex Cases in the Southern District of Texas (the “**Complex Case Procedures**”).

BACKGROUND

5. The Debtors and their indirect subsidiaries are an oilfield services provider headquartered in Houston, Texas, with operations spanning Africa, the Asia Pacific region, Europe, the Middle East, North America, and Latin America. The Debtors’ businesses serve the drilling, completion, and production-related needs of oil and gas companies through a diversified portfolio of specialized oilfield services and equipment that are used throughout the economic life cycle of oil and gas wells. In particular, the Debtors manufacture, rent, and sell specialized equipment and tools for use with well drilling, completion, production, and workover activities,

and offer fluid handling and well servicing rigs. The Debtors also provide coiled tubing services, electric line, slickline, and pressure control tools and services, as well as snubbing and hydraulic workover services.

6. On the date hereof (the “**Petition Date**”), the Debtors filed voluntary petitions in this Court commencing cases for relief under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Cases**”). The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Westervelt T. Ballard, Chief Financial Officer of the Debtors, in Support of Chapter 11 Petitions and First Day Pleadings* (the “**First Day Declaration**”), filed contemporaneously herewith and fully incorporated herein by reference.⁴

7. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been requested in the Chapter 11 Cases, and no committees have been appointed or designated.

8. Simultaneously with the filing of this Motion, the Debtors have filed a motion with this Court pursuant to Bankruptcy Rule 1015(b) seeking joint administration of the Chapter 11 Cases.

9. These Chapter 11 Cases are “prepackaged” cases commenced for the purpose of implementing a restructuring of the Debtors’ liabilities. As of the Petition Date, the Debtors have entered into that certain Amended and Restated Restructuring Support Agreement, dated as of December 4, 2020 (as amended, modified, or supplemented, the “**Restructuring Support**”

⁴ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the First Day Declaration.

Agreement")⁵ with holders of approximately 85% of the outstanding principal amount of the Debtors' senior unsecured notes (the "**Consenting Noteholders**").

10. A plan of reorganization reflecting the terms of the Restructuring Support Agreement (as may be amended, modified, or supplemented, the "**Plan**") was filed on the Petition Date, along with a disclosure statement with respect to the Plan (as may be amended, modified, or supplemented, the "**Disclosure Statement**"). Among other things, the Plan contemplates that all Allowed General Unsecured Claims (as defined in the Plan) against all Debtors other than Superior Energy Services, Inc. (the "**Parent**") will be paid in full or will otherwise be unimpaired.

BASIS FOR RELIEF

A. The Debtors' Utility Companies

11. As of the Petition Date, approximately 190 Utility Companies provide Utility Services to the Debtors at various locations. The Debtors pay some Utility Companies directly, while they pay others indirectly through Southern Billing Services, a utility bills aggregator. The Utility Companies service the Debtors' operations and facilities related to the Debtors' businesses. On average, in the twelve (12) months prior to the Petition Date, the Debtors incurred expenses totaling approximately \$872,000 each month for utility costs and such utility costs were generally timely paid. Based on the timing of the filings of the Chapter 11 Cases in relation to the Utility Companies' billing cycles, however, there may be outstanding invoices reflecting prepetition utility costs that have been incurred by the Debtors but for which payment is not yet due, as well as prepetition utility costs for services provided to the Debtors since the end of the last billing cycle that have not yet been invoiced.

⁵ The Debtors originally entered in that certain Restructuring Support Agreement, dated as of September 29, 2020, which was amended and restated by the Restructuring Support Agreement.

12. The success and smooth operation of the Debtors' businesses depend on the reliable delivery of electricity, water, and the other Utility Services. Specifically, the Debtors require the Utility Services to operate their headquarters, day-to-day business operations, and maintain the equipment they use to service their customers. Uninterrupted Utility Services are therefore essential to the Debtors' ongoing operations and, accordingly, the success of the Chapter 11 Cases. Indeed, if the Utility Companies refuse or discontinue service, even for a brief period, the Debtors' business operations would be severely disrupted, and the Debtors could be forced to temporarily cease operations, which would negatively impact recoveries for creditors of the Debtors' estates.

13. In general, the Debtors have established satisfactory payment histories with the Utility Companies and payments have been made on a regular and timely basis. To the best of the Debtors' knowledge, there are no material defaults or arrearages with respect to invoices for prepetition Utility Services as of the Petition Date. The Debtors intend to pay any prepetition and postpetition obligations to the Utility Companies in the ordinary course and in a timely fashion. The Debtors have budgeted for the payments and believe that cash on hand and cash generated through operations will be sufficient to satisfy their obligations to the Utility Companies in the ordinary course on a postpetition basis.

B. The Adequate Assurance Deposit

14. The Debtors intend to pay all postpetition obligations owed to the Utility Companies in the ordinary course and in a timely manner. Nevertheless, to provide additional assurance of payment for future services to the Utility Companies, the Debtors propose to deposit \$395,000, which is the sum of the individual adequate assurance amounts for each of the Utility Companies as set forth on Exhibit A hereto (the "**Adequate Assurance Deposit**"), into a segregated, non-interest-bearing account (the "**Adequate Assurance Account**"), within twenty (20) days of the Petition Date. As to each Utility Company, the amount of the Adequate Assurance

Deposit will be equal to fifty percent (50%) of the Debtors' estimated monthly cost of Utility Services, calculated based on the Debtors' average expenses for such Utility Services during the twelve (12) full months preceding the Petition Date, minus any deposits held by the Utility Company. The Adequate Assurance Deposit will be maintained during the Chapter 11 Cases with a minimum balance equal to \$395,000 and the amount of the Adequate Assurance Deposit will remain \$395,000 throughout the Chapter 11 Cases (*i.e.*, the amount will not be recalculated), unless otherwise adjusted as provided for herein.

15. The Debtors propose that the Adequate Assurance Deposit may be adjusted and/or reduced by the Debtors to account for any of the following: (a) to the extent that the Adequate Assurance Deposit includes any amount on account of a company that the Debtors subsequently determine is not a "utility" within the meaning of section 366 of the Bankruptcy Code; (b) an adjustment or payment made in accordance with the Delinquency Notice Procedures described below; (c) the termination of a Utility Service by a Debtor regardless of any Additional Adequate Assurance Request (as defined below); (d) the closure of a utility account with a Utility Company for which funds have been contributed for the Adequate Assurance Deposit; (e) with the consent of the Ad Hoc Noteholder Group (as defined below), any additional utility providers that are currently not listed on Exhibit A are discovered; or (f) any other arrangements with respect to adequate assurance of payment reached by a Debtor with individual Utility Companies; *provided*, that, (a) with respect to a company that the Debtors subsequently determine is not a "utility" within the meaning of section 366 of the Bankruptcy Code, the Debtors may adjust and/or amend the balance of the Adequate Assurance Deposit upon fourteen (14) days' advance notice to such company; or (b) with respect to the Debtors' termination of a Utility Service or closure of a utility account with a Utility Company, the Debtors may adjust and/or amend the balance of the Adequate

Assurance Deposit upon reconciliation and payment by the Debtors of such Utility Company's final invoice in accordance with applicable nonbankruptcy law, to the extent that there are no outstanding disputes related to postpetition payments due.

16. The Debtors further propose that, to the extent the Debtors become delinquent with respect to a Utility Company's account, such Utility Company shall be permitted to file a written notice of such delinquency (the "**Delinquency Notice**") with the Court and serve such Delinquency Notice on: (a) Superior Energy Services, Inc., 1001 Louisiana Street, Suite 2900, Houston, Texas 77002 (Attn: Bill Masters (email: bill.masters@superiorenergy.com)); (b) Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 (Attn: Keith Simon, Esq. and George Klidonas, Esq. (emails: keith.simon@lw.com, and george.klidonas@lw.com)); (c) Hunton Andrews Kurth LLP, 600 Travis Street, Suite 4200 (Attn: Timothy A. ("Tad") Davidson II, Esq. and Ashley L. Harper, Esq. (emails: taddavidson@HuntonAK.com and ashleyharper@HuntonAK.com)); (d) counsel to the Ad Hoc Noteholder Group, (i) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attn: Damian S. Schaible, Esq. and Adam L. Shpeen, Esq. (emails: damian.schaible@davispolk.com and adam.shpeen@davispolk.com)) and (ii) Porter Hedges LLP, 1000 Main St., 36th Floor, Houston, Texas 77002 (Attn: John F. Higgins and Eric M. English (emails: jhiggins@porterhedges.com and eenglish@porterhedges.com)); (e) counsel to any statutory committee appointed in these cases, if any; and (f) the U.S. Trustee (Attn: Stephen Statham and Hector Duran (emails: stephen.statham@usdoj.gov and hector.duran.jr@usdoj.gov)) (each, a "**Delinquency Notice Party**"). Such Delinquency Notice must (a) set forth the amount of the delinquency, (b) set forth the location for which Utility Services are provided, and (c) provide each of the Debtors' account numbers with the Utility Company that have become delinquent.

17. The Debtors propose that the following procedures apply with respect to a Delinquency Notice (the “**Delinquency Notice Procedures**”): if a Delinquency Notice is properly provided as described above, and such delinquency is not cured and no Delinquency Notice Party has objected to the Delinquency Notice within ten (10) days of its receipt thereof, the Debtors will be required to (a) remit to such Utility Company from the Adequate Assurance Deposit the amount of postpetition charges claimed as delinquent in the Delinquency Notice, and (b) replenish the Adequate Assurance Deposit for the amount remitted to such Utility Company. If a Delinquency Notice Party objects to the Delinquency Notice, then the Debtors propose that the Court hold a hearing to resolve the dispute and determine whether a payment should be remitted from the Adequate Assurance Deposit and, if such payment is warranted, the amount to be remitted.

18. The Debtors submit that the Adequate Assurance Deposit, in conjunction with the Debtors’ ability to pay for future Utility Services in the ordinary course of business, constitutes sufficient adequate assurance to the Utility Companies. The Debtors shall maintain the Adequate Assurance Deposit as described herein until the earlier of the Court’s entry of an order authorizing the return of the Adequate Assurance Deposit to the Debtors and the effective date of a plan of reorganization for the Debtors (at which time the funds comprising the Adequate Assurance Deposit shall automatically, without further order of the Court, be returned to the Debtors or reorganized Debtors, as applicable).

C. The Additional Adequate Assurance Procedures

19. In the event that any Utility Company requests additional adequate assurance of payment pursuant to section 366(c)(2) of the Bankruptcy Code, the Debtors propose that such request be addressed pursuant to the following procedures (the “**Additional Adequate Assurance Procedures**”):

- (a) Except as provided by the Additional Adequate Assurance Procedures, the Utility Companies are prohibited from (i) altering, refusing, or discontinuing services to, or discriminating against, the Debtors on account of unpaid prepetition invoices or any objections to the Debtors' Adequate Assurance Deposit or due to the commencement of the Chapter 11 Cases or (ii) requiring the Debtors to pay a deposit or other security in connection with the provision of postpetition Utility Services, other than the funding of the Adequate Assurance Deposit.
- (b) The Debtors will serve a copy of this Motion and the Order granting the relief requested herein on each Utility Company within seven (7) business days after entry of the Order by the Court.
- (c) The funds in the Adequate Assurance Account shall constitute adequate assurance for each Utility Company in the amounts set forth for such Utility Company in the column labeled "Adequate Assurance Deposit" on the Utility Company List.
- (d) In the event that a Utility Company asserts that the Adequate Assurance Deposit is not satisfactory adequate assurance of payment as contemplated by section 366(c)(2) of the Bankruptcy Code, that Utility Company must serve a written request (an "**Additional Adequate Assurance Request**") for adequate assurance in addition to or in lieu of its rights in the Adequate Assurance Deposit. All Additional Adequate Assurance Requests shall be delivered by mail and email to the Delinquency Notice Parties.
- (e) Any Additional Adequate Assurance Request must (i) set forth the location(s) for which Utility Services are provided and the type of Utility Services provided, (ii) set forth the account number(s) for which Utility Services are provided, (iii) include a summary of the Debtors' payment history relevant to the affected account(s), including any security deposit(s) or other security currently held by the requesting Utility Company, (iv) set forth why the Utility Company believes the proposed adequate assurance is not sufficient adequate assurance of future payment, (v) set forth the amount and nature of the adequate assurance of payment that would be satisfactory to the Utility Company, and (vi) provide an email address to which the Debtors may respond to the Additional Adequate Assurance Request.
- (f) Unless a Utility Company serves an Additional Adequate Assurance Request in accordance with the Additional Adequate Assurance Procedures, such Utility Company shall be: (i) deemed to have received "satisfactory" adequate assurance of payment in compliance with section 366 of the Bankruptcy Code; and (ii) subject to (j) below, prohibited from discontinuing, altering, or refusing Utility Services to, or discriminating against, the Debtors on account of any unpaid prepetition charges, or requiring additional adequate assurance of payment other than the Proposed Adequate Assurance.

- (g) Upon the Debtors' receipt of an Additional Adequate Assurance Request, the Debtors will promptly negotiate with the Utility Company to resolve the Additional Adequate Assurance Request.
- (h) Without further order of the Court, the Debtors may resolve an Additional Adequate Assurance Request by entering into agreements granting additional adequate assurance to the requesting Utility Company if the Debtors, in their sole discretion and in consultation with the Ad Hoc Noteholder Group, determine that the Additional Adequate Assurance Request is reasonable or if the parties negotiate alternative consensual provisions.
- (i) If the Debtors determine that the Additional Adequate Assurance Request is not reasonable and are not able to reach an alternative resolution with the Utility Company within fourteen (14) days after the Additional Adequate Assurance Request is made, the Debtors will request a hearing before this Court at the next omnibus hearing date, or such other date as the Debtors and the requesting Utility Company may agree (the "**Determination Hearing**").
- (j) Pending resolution at any such Determination Hearing, the Utility Company filing such Additional Adequate Assurance Request shall be forbidden from altering, refusing, or discontinuing Utility Services to the Debtors, or from discriminating against the Debtors with respect to the provision of Utility Services, on account of unpaid charges for prepetition services, the filing of the Chapter 11 Cases, or any objection to the adequacy of the Additional Adequate Assurance Procedures.
- (k) The Determination Hearing will be an evidentiary hearing at which the Court will determine whether the Adequate Assurance Deposit and any additional adequate assurance of payment requested by the Utility Company should be modified pursuant to section 366(c)(3) of the Bankruptcy Code.
- (l) All Utility Companies, including Utility Companies subsequently added to the Utility Company List, will be forbidden from altering, refusing, or discontinuing Utility Services to the Debtors, or from discriminating against the Debtors with respect to the provision of Utility Services, absent further order of the Court.

D. Subsequently Identified Utility Companies

20. The Debtors have made a good-faith effort to identify all of their Utility Companies and include them on the Utility Company List. Nevertheless, to the extent that the Debtors subsequently identify additional Utility Companies or Utility Companies that may have been

inadvertently omitted from the Utility Company List, the Debtors seek authority, in their sole discretion, to amend the Utility Company List to add any Utility Company. The Debtors will within five (5) business days of the date of such amendment provide notice to counsel to the Ad Hoc Noteholder Group and counsel to the Prepetition ABL Agent of any additions to the Utility Company List. The Debtors further reserve the right to assert that any of the entities now or hereafter listed on the Utility Company List is not a “utility” within the meaning of section 366(a) of the Bankruptcy Code. To the extent that the Debtors subsequently identify any additional Utility Companies that provide Utility Services to them, the Debtors propose to add such Utility Companies to the Utility Company List and to have the terms of any order with respect to this Motion apply to any such Utility Companies. The Debtors will serve on any of the subsequently identified Utility Companies a copy of this Motion and any order entered with respect to the Motion, along with an amended Utility Company List that includes such Utility Company. Additionally, to the extent that the Debtors add any Utility Companies, the Debtors shall increase the amount of the Adequate Assurance Deposit by an amount equal to approximately fifty percent (50%) of the Debtors’ estimated average monthly cost of Utility Services from such Utility Company over the preceding twelve (12) months.

21. The Debtors respectfully request that, absent compliance with the Additional Adequate Assurance Procedures, the Utility Companies—including subsequently added Utility Companies—be prohibited from altering, refusing, discontinuing service to, or discriminating against, the Debtors on account of any unpaid prepetition charges, or requiring additional adequate assurance of payment other than the proposed Adequate Assurance Deposit described herein. In addition, the Utility Companies should be prohibited from unilaterally applying any payments on account of postpetition services to any outstanding prepetition invoices or drawing upon any

existing security deposit, surety bond, or other form of security to secure future payment for Utility Services.

APPLICABLE AUTHORITY

22. Congress enacted section 366 of the Bankruptcy Code to protect debtors from utility service cutoffs upon a bankruptcy filing while, at the same time, providing utility companies or providers with adequate assurance that the debtors will pay for postpetition services. *See* H.R. Rep. No. 95-595, at 350 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5963, 6306. In the context of chapter 11 cases, the statutory framework for debtor protections and adequate assurance obligations was modified by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (“**BAPCPA**”) with the addition of section 366(c) of the Bankruptcy Code.

23. Under section 366(c) of the Bankruptcy Code, a utility may alter, refuse, or discontinue a utility service if a debtor has not provided satisfactory adequate assurance of payment within thirty days of its bankruptcy filing. Section 366(c) restricts the factors that a court can consider when determining whether an adequate assurance proposal is, in fact, adequate. Specifically, in determining the amount of an adequate assurance deposit, courts may not consider (a) the absence of a security deposit before the debtor’s petition date, (b) the debtor’s history of timely payments, or (c) the availability of an administrative expense priority. *See* 11 U.S.C. § 366(c)(3)(B). Section 366(c), however, does not limit the court’s ability to determine the amount of payment necessary, if any, to provide adequate assurance. Instead, section 366(c) gives courts the same discretion in determining the amount of payment necessary for adequate assurance as they previously had under prior section 366(b) of the Bankruptcy Code. *Compare* 11 U.S.C. § 366(b) (2004) (pre-BAPCPA) (“On request of a party in interest and after notice and a hearing, the court may order reasonable modification of the amount of the deposit or other security necessary to provide adequate assurance.”), *with* 11 U.S.C. § 366(c)(3)(A) (2005) (post-BAPCPA)

(“On request of a party in interest and after notice and a hearing, the court may order modification of the amount of an assurance payment under paragraph (2).”).

24. As discussed above, section 366 of the Bankruptcy Code protects a debtor against the immediate termination or alteration of utility services after the Petition Date. *See* 11 U.S.C. § 366. Section 366(c) of the Bankruptcy Code requires the debtor to provide “adequate assurance” of payment for postpetition services in a form “satisfactory” to the utility company within thirty days of the petition, or the utility company may alter, refuse, or discontinue service. 11 U.S.C. § 366(c)(2). Section 366(c)(1) of the Bankruptcy Code provides a non-exhaustive list of examples for what constitutes “assurance of payment.” Although assurance of payment must be “adequate,” it need not constitute an absolute guarantee of a debtor’s ability to pay. *See In re Great Atl. & Pac. Tea Co.*, No. 11-CV-1338, 2011 WL 5546954, at *5 (S.D.N.Y. Nov. 14, 2011) (finding that “[c]ourts will approve an amount that is adequate enough to insure against unreasonable risk of nonpayment, but are not required to give the equivalent of a guaranty of payment in full”); *In re Caldor, Inc.—NY*, 199 B.R. 1, 3 (S.D.N.Y. 1996) (“Section 366(b) requires . . . ‘adequate assurance’ of payment. The statute does not require an ‘absolute guarantee of payment.’”) (citation omitted), *aff’d sub nom. Va. Elec. & Power Co. v. Caldor, Inc.—NY*, 117 F.3d 646 (2d Cir. 1997); *see also In re Tekoil & Gas Corp.*, No. 08-80270G3-11, 2008 WL 2928555, at *2 n.1 (Bankr. S.D. Tex. July 21, 2008) (“[A] debtor may continue to pay a utility, and a utility may continue to provide service, in the absence of an injunction preventing the utility from terminating service.”) (citing *In re Viking Offshore (USA) Inc.*, No. 08-31219-H3-11, 2008 WL 782449, at *3 n.3 (Bankr. S.D. Tex. Mar. 20, 2008)).

25. When considering whether a given assurance of payment is “adequate,” the Court should examine the totality of the circumstances to make an informed decision as to whether the

Utility Company will be subject to an unreasonable risk of nonpayment. *See In re Keydata Corp.*, 12 B.R. 156, 158 (B.A.P. 1st Cir. 1981) (citing *In re Cunha*, 1 B.R. 330 (Bankr. E.D. Va. 1979)); *In re Adelpia Bus. Solutions, Inc.*, 280 B.R. 63, 82–83 (Bankr. S.D.N.Y. 2002). In determining the level of adequate assurance, however, “a bankruptcy court must focus upon the need of the utility for assurance, and . . . require that the debtor supply no more than that, since the debtor almost performe has a conflicting need to conserve scarce financial resources.” *Va. Elec. & Power Co.*, 117 F.3d at 650 (internal quotations omitted) (citing *In re Penn Jersey Corp.*, 72 B.R. 981, 985 (Bankr. E.D. Pa. 1987)); *see also In re Penn. Cent. Transp. Co.*, 467 F.2d 100, 103–04 (3d Cir. 1972) (affirming bankruptcy court’s ruling that no utility deposits were necessary where such deposits likely would “jeopardize the continuing operation of the debtor merely to give further security to suppliers who already are reasonably protected[.]”).

26. Here, the Utility Companies are adequately assured against any risk of nonpayment for future services, especially in light of the Debtors’ history of paying all utility bills on time and in the ordinary course. The Additional Adequate Assurance Deposit and the Debtors’ ongoing ability to meet obligations as they come due in the ordinary course provides assurance of the Debtors’ payment of their future obligations. Moreover, termination of Utility Services could result in the Debtors’ inability to operate their business to the detriment of all stakeholders. *See In re Pilgrim’s Pride Corp.*, No. 08-45664 (DML), 2009 WL 7313309, at *2 (Bankr. N.D. Tex. Jan. 4, 2009) (“The consequences of an unexpected termination of utility service to [the debtors] could be catastrophic.”); *In re Monroe Well Serv., Inc.*, 83 B.R. 317, 321–22 (Bankr. E.D. Pa. 1988) (noting that without utility service the debtors “would have to cease operations” and that section 366 of the Bankruptcy Code “was intended to limit the leverage held by utility companies, not increase it.”).

27. Courts are permitted to fashion reasonable procedures, such as the Adequate Assurance Procedures proposed herein, to implement the protections afforded under section 366 of the Bankruptcy Code. *See, e.g., In re Circuit City Stores, Inc.*, No. 08-35653, 2009 WL 484553, at *5 (Bankr. E.D. Va. Jan. 14, 2009) (stating that “[t]he plain language of § 366 of the Bankruptcy Code allows the Court to adopt the Procedures set forth in the Utility Order.”). Such procedures are important because, without them, the Debtors “could be forced to address numerous requests by utility companies in an unorganized manner at a critical period in [its] efforts to reorganize.” *Id.* Here, notwithstanding a determination that the Adequate Assurance Deposit constitutes sufficient adequate assurance, any rights the Utility Companies believe they have under sections 366(b) and (c)(2) of the Bankruptcy Code are wholly preserved under the Additional Adequate Assurance Procedures. *See id.* at *5–6. The Utility Companies still may choose, in accordance with the Additional Adequate Assurance Procedures, to request modification of the Adequate Assurance Deposit. *See id.* at *6. The Additional Adequate Assurance Procedures, however, avoid a haphazard and chaotic process whereby each Utility Company could make an extortionate, last-minute demand for adequate assurance that would force the Debtors to pay under the threat of losing critical Utility Services. *See id.* at *5.

28. Further, the Court possesses the power, under section 105(a) of the Bankruptcy Code, to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” The Additional Adequate Assurance Procedures and the Adequate Assurance Deposit are necessary and appropriate to carry out the provisions of the Bankruptcy Code, particularly section 366 thereof. Accordingly, the Court should exercise its powers under sections 366 and 105(a) of the Bankruptcy Code and approve both the Additional Adequate Assurance Procedures and the Adequate Assurance Deposit.

29. By making the Adequate Assurance Deposit and establishing the Additional Adequate Assurance Procedures, the Debtors seek to provide adequate assurance of payment to the Utility Companies and to implement an orderly process to determine any challenges to the adequacy of such adequate assurance. Without the Additional Adequate Assurance Procedures, the Debtors could be forced to address numerous requests by Utility Companies in an unorganized manner at a critical period in the Chapter 11 Cases. The orderly process contemplated by the Additional Adequate Assurance Procedures, therefore, is necessary for a smooth transition by the Debtors into chapter 11.

30. The relief requested herein does not undermine the rights of the Utility Companies under the Bankruptcy Code. The Debtors anticipate having sufficient liquidity from operations and cash on hand to honor their postpetition obligations to the Utility Companies in the ordinary course of business. In addition, the Debtors propose to make the Adequate Assurance Deposit to further bolster the Utility Companies' assurance of payment. The Adequate Assurance Deposit is one of the acceptable forms of adequate protection set forth in sections 366(b) and 366(c)(1) of the Bankruptcy Code. Accordingly, the Debtors are not seeking to bypass the limits on forms of security imposed by the Bankruptcy Code. The Debtors further propose to protect the Utility Companies by establishing the Additional Adequate Assurance Procedures. Under these procedures, the Utility Companies may exercise their rights under section 366(c)(2) of the Bankruptcy Code in a centralized fashion that ensures that requests can be addressed in a timely manner by the Debtors and their counsel without the submission of piecemeal, varied requests to the Court. Finally, whatever rights the Utility Companies have under section 366(c)(3) of the Bankruptcy Code would be preserved.

31. The Debtors maintain that the relief requested herein strikes a fair balance between the rights of Utility Companies and the Debtors' rights under the Bankruptcy Code and need to continue to receive the Utility Services upon which their businesses depend.

EMERGENCY CONSIDERATION

32. Pursuant to Bankruptcy Local Rule 9013-1(i), the Debtors respectfully request emergency consideration of this Motion pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first twenty-one (21) days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm." The Debtors believe an immediate and orderly transition into chapter 11 is critical to the viability of their operations and the success of the Chapter 11 Cases. As discussed in detail above and in the First Day Declaration, immediate and irreparable harm would result if the relief requested herein is not granted. Failure to receive the applicable relief during the first twenty-one (21) days of the Chapter 11 Cases may result in the disruption of Utility Services to the Debtors, which could hinder the Debtors' ability to operate. In addition, without approval of the streamlined Additional Adequate Assurance Procedures, the Debtors' management and advisors may be forced to dedicate significant time to addressing requests from individual Utility Companies during a critical juncture in these Chapter 11 Cases. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 as well as the requirements of Bankruptcy Local Rule 9013-1(i) and, therefore, respectfully request that the Court approve the relief requested in this Motion on an emergency basis.

BANKRUPTCY RULE 6004 SHOULD BE WAIVED

33. To the extent that any aspect of the relief sought herein constitutes a use of property under section 363(b) of the Bankruptcy Code, the Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay under Bankruptcy Rule

6004(h). As described above, the relief that the Debtors request in this Motion is immediately necessary in order for the Debtors to be able to continue to operate their businesses and preserve the value of their estates. The Debtors respectfully request that the Court waive the notice requirements imposed by Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

RESERVATION OF RIGHTS

34. Nothing contained herein is or should be construed as: (a) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors' properties; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any claim or lien on any grounds; (c) a promise to pay any claim; (d) an implication or admission that any particular claim would constitute an allowed claim; (e) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; (f) a limitation on the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to the proposed Order once entered; or (g) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law. Nothing contained in the Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

CONSENT TO JURISDICTION

35. The Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final judgment or order absent consent of the parties.

NOTICE

36. Notice of this Motion will be given to: (a) the United States Trustee for the Southern District of Texas (the “**U.S. Trustee**”); (b) the parties included on the Debtors’ consolidated list of the holders of the 30 largest unsecured claims against the Debtors; (c) counsel to the agent for the Debtors’ prepetition secured asset-based revolving credit facility (the “**Prepetition ABL Agent**”); (d) counsel to the indenture trustee for the Debtors’ prepetition notes; (e) counsel to that certain ad hoc group of holders of prepetition senior notes (the “**Ad Hoc Noteholder Group**”); (f) the United States Attorney’s Office for the Southern District of Texas; (g) the Utility Companies; (h) the Internal Revenue Service; (i) the Securities and Exchange Commission; (j) the state attorneys general for states in which the Debtors conduct business; (k) the Environmental Protection Agency; and (l) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors submit that no other or further notice is required or needed under the circumstances.

37. A copy of this Motion is available on (a) the Court’s website: www.txs.uscourts.gov, and (b) the website maintained by the Debtors’ proposed Claims and Noticing Agent, Kurtzman Carson Consultants LLC, at www.kccllc.net/superior.

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WHEREFORE, the Debtors respectfully request that the Court enter the proposed Order, substantially in the form attached hereto, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Signed: December 7, 2020
Houston, Texas

Respectfully Submitted,

/s/ Timothy A. ("Tad") Davidson II
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-and-

George A. Davis (*pro hac vice* admission pending)
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Proposed Counsel for the Debtors and Debtors in Possession

CERTIFICATE OF SERVICE

I certify that on December 7, 2020, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on those parties registered to receive electronic notices.

/s/ Timothy A. ("Tad") Davidson II
Timothy A. ("Tad") Davidson II

EXHIBIT A

Utility Company List

The Utility Companies known and identified by the Debtors to date are listed below. While the Debtors have used their best efforts to list all of their Utility Companies below, it is possible that certain Utility Companies may have been inadvertently omitted from this list. Accordingly, the Debtors reserve the right, under the terms and conditions set forth in the Motion and the Order, and without further order of the Court, to amend this Exhibit A to add any Utility Companies that were omitted therefrom and to apply the relief requested to all such entities. In addition, the Debtors reserve the right to argue that any entity now or hereafter listed on this Exhibit A is not a “utility” within the meaning of section 366(a) of the Bankruptcy Code.

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Acadiana Broadband	Telecommunications	101 Ridona St Lafayette, LA 70508	160.00	80.00
Alaska Communications	Telecommunications	600 Telephone Ave Anchorage, AK 99503	331.71	165.86
Alfalafa Electric Coop	Electricity	121 East Main Cherokee, OK 73728	281.08	140.54
American Electric Power Ohio	Electricity	1 Riverside Plaza Columbus, OH 43215	754.43	-
American Wastewater Systems	Sewage	1307 S. Fieldspan Rd Duson, LA 70529	471.25	235.63
Arcadia, LA Water Department	Water	Attn: Water Department 1819 S. Railroad Ave. Arcadia, LA 71001	88.53	44.26
Armstrong Utilities Inc	Telecommunications	One Armstrong Place Butler, PA 16001	81.28	40.64
AT & T	Telecommunications	208 S Akard St. Dallas, TX 75202	228,927.77	114,463.89
Atlantic Broadband	Telecommunications	2 Batterymarch Park, Suite 205 Quincy, MA 02169	252.19	126.10
Atmos Energy	Electricity and Gas	1800 Three Lincoln Centre 5430 LBJ Freeway Dallas, TX 75240	10,562.03	4,977.37
Authority of the Borough of Charleroi	Water	3 McKean Ave Charleroi, PA 15022	167.07	-

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Black Hills Energy	Gas	7001 Mount Rushmore Rd. PO Box 6001 Rapid City, SD 57709-6001	2,942.22	1,471.11
Bryan Texas Utilities - BTU	Electricity and Water	205 E. 28th Street Bryan, TX 77803	856.09	428.05
BSO Network Inc.	Telecommunications	101 Hudson Street 21st Floor Jersey City, NJ 07392	8,738.78	4,369.39
BullsEye Telecom Inc	Telecommunications	25925 Telegraph Rd #210 Southfield, MI 48033	952.05	476.03
Cellular Network Partnership	Telecommunications	108 East Robberts Avenue Kingfisher, OK 73750	5,556.65	2,778.33
Centerpoint Energy	Gas	1111 Louisiana Street Houston, TX 77002	2,558.60	-
CenturyLink	Telecommunications	100 CenturyLink Dr Monroe, LA 71203	9,631.28	4,815.64
Charter Communications Holdings LLC	Telecommunications	12405 Powerscourt Drive St. Louis, MO 63131	523.63	261.81
Cimarron Electric Coop	Electricity	19306 U.S. Hwy. 81 N. P.O. Box 299 Kingfisher, OK 73750	19,234.86	9,617.43
Cisco WebEx	Telecommunications	3979 Freedom Circle Santa Clara, CA 95054	4,013.59	2,006.80
City of Broussard	Water	310 East Main Street Broussard, LA 70518	928.72	414.36
City of Chickasha	Electricity	117 N 4th Street Chickasha, OK 73018	1,566.41	783.21
City of Corpus Christi	Gas and Water	1201 Leopard Street Corpus Christi, TX 78401	388.13	194.07
City of Dickinson	Water	99 2nd Street East Dickinson, ND 58601	393.56	196.78
City of Elk City	Water	320 W 3rd Elk City, OK 73644	244.27	122.14
City of Elreno	Water	101 N.Choctaw Ave El Reno, OK 73036	381.25	190.63

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
City of Enid	Water	Dr. Martin Luther King, Jr. Municipal Complex 401 West Owen K. Garriott Road Enid, OK 73701	1,769.74	-
City of Fort Lupton	Water	130 S McKinley Ave Ft. Lupton, CO	164.83	82.42
City of Gainesville	Water	200 S Rusk Gainesville, TX 76240	4,003.29	2,001.64
City of Grand Junction	Sewage	250 North 5th Street Grand Junction, CO 81501	74.30	37.15
City of Greeley	Water	Attn: Greeley Water and Sewer 1001 11th Avenue, 2nd Floor Greeley, CO 80631	17,138.64	8,569.32
City of Houston	Water	901 Bagby Houston, TX 77002	3,990.84	1,995.42
City of Jacksboro	Water	112 West Belknap Jacksboro, TX 76458	248.19	124.10
City of Kilgore	Water	815 N Kilgore St Kilgore, TX 75662	667.36	333.68
City of Laurel	Water	401 N 5th Ave Laurel, MS 39440	310.26	155.13
City of Lubbock Utilities	Electricity and Water	1401 Avenue K Broadway Lubbock, TX 79401	4,783.34	2,391.67
City of Minot Water Dept	Water	515 2nd Ave SW PO Box 5006 Minot, ND 58702-5006	417.63	208.82
City of Odessa	Water	411 W 8th St Odessa, TX 79760	1,568.20	784.10
City of Oklahoma City	Water	200 N Walker Ave Oklahoma City, OK 73102	843.01	421.50
City of Rifle	Water	Attn: Robert P. Burns 202 Railroad Ave. Rifle, CO 81650	2,383.37	-
City of Shreveport	Electricity	505 Travis Street Shreveport, LA 71101	22.39	11.20
City of Stonewood	Water	8052 Southern Ave. Stonewood, WV 26301	178.14	89.07

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
City of Victoria	Water	Attn: Michelle Ozuna 700 Main Center, Suite 110 Victoria, TX 77901	355.61	177.81
City of Watonga Water & Light	Electricity and Water	115 N Weigle Av Watonga, OK 73772	64.57	32.28
City of Weatherford	Water	522 W Rainey Weatherford, OK 73096	567.39	283.69
City of Whitesboro Utilities Department	Water	111 West Main Street P.O. Box 340 Whitesboro, TX 76273	369.33	184.67
Ckenergy Electric Cooperative	Electricity	14039 State Highway 152 Binger, OK 73009	14,647.92	7,323.96
Columbia Gas of Ohio	Gas	290 W Nationwide Blvd Columbus, OH 43215-2561	25.58	12.79
Columbia Gas of Pennsylvania	Gas	1600 Colony Rd. York, PA 17408-4357	657.97	328.99
Comcast	Telecommunications	1701 JFK Boulevard Philadelphia, PA 19103	7,308.27	3,654.14
Consolidated Communications	Telecommunications	121 S 17th St Mattoon, IL 61938-3915	835.66	417.83
Consolidated Telcom	Telecommunications	507 S Main Ave Dickinson, ND 58601	971.20	485.60
Consolidated Waterworks	Water	8814 Main Street Houma, LA 70363	298.20	149.10
Cox Communications	Telecommunications	6205-B Peachtree Dunwoody Road NE Atlanta, GA 30328	8,683.01	4,341.51
Direct Energy Business LLC	Electricity	1001 Liberty Avenue, Suite 1200 Pittsburgh, PA 15222	1,213.12	606.56
DIRECTV	Telecommunications	2230 E. Imperial Hwy El Segundo, CA 90245	2,513.34	1,256.67
Dish Network	Telecommunications	9601 S. Meridian Blvd Englewood, CO 80112	239.25	119.62
Dominion Energy	Gas	600 E Canal St Richmond, VA 23219-3852	1,420.54	710.27

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Efax Corporate	Telecommunications	700 Flower St 15th Floor Los Angeles, CA 90017	199.72	99.86
Elite Communication Services, Inc.	Telecommunications	102 Deer Tree Drive Lafayette, LA 70507	4,207.09	2,103.55
Enercom Networks LLC	Telecommunications	c/o Edward D Gompers & Company 2001 Main Street, Suite 401 Wheeling, WV 26003	7,457.08	3,728.54
Engie	Electricity	1360 Post Oak Boulevard, Suite 400 Houston, TX 77056	16,887.24	-
Enstar Natural Gas	Gas	3000 Spenard Rd Anchorage, AK 99503-3606	555.92	277.96
Entergy	Electricity	639 Loyola Avenue New Orleans, LA 70113	32,192.30	9,726.15
Entergy Louisiana	Electricity	639 Loyola Ave New Orleans, LA 70113	814.02	407.01
Equinix Middle East FZ LLC	Telecommunications	F 88 – 92 Dubai Production City Dubai 500389	3,645.43	1,822.72
Farnham & Pfile Company Inc	Water	1200 Maronda Way, Suite 403B Monessen, PA 15062	13.13	6.56
Frontier Communications	Telecommunications	401 Merritt Road Norwalk, CT 06851	1,454.72	727.36
Gexa Energy LP	Electricity	20455 State Highway 249, Suite 200 Houston, TX 77070	10,325.69	5,162.84
Goldsby Water Authority	Water	100 E Center Rd. Goldsby, OK 73093-9112	33.01	16.50
Grady Co Rural Water 6	Water	1080 County Road 1280 Amber, OK 73004	386.83	193.42
Grand Valley Power	Electricity	845 22 Road Grand Junction, CO 81505	1,245.83	622.91
Hudson Energy	Electricity	4 Executive Blvd Suite 301 Suffern, NY 10901	3,925.60	1,962.80

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Inmarsat	Telecommunications	2598 E. Sunrise Blvd Suite 210 A. Ft. Lauderdale, FL 33304	313.00	156.50
Jefferson Parish Department of Water	Water	1221 Elmwood Park Blvd, Suite 103 Jefferson, LA 70123- 2360	954.55	-
Just Energy Texas I Corp	Electricity	5251 Westheimer Rd, Suite 1000 Houston, TX 77056	102.60	51.30
Karnes Electric Cooperative	Electricity	1007 N Highway 123 Karnes City, TX 78118	2,098.20	1,049.10
Kiamichi Electric Cooperative	Electricity	944 SW, OK-2 Wilburton, OK 74578	238.42	119.21
Lafayette Parish Water Dist North	Water	307 Rue Scholastique Lafayette, LA 70507	273.89	136.94
Lafayette Utilities Systems	Electricity	2701 Moss Street PO Box 4024 Lafayette, LA 70502- 4024	15,761.88	-
Level 3 Communications LLC	Telecommunications	1025 Eldorado Blvd Broomfield, CO 80021	24,912.24	12,456.12
Lindsay Public Works	Electricity and Water	312 S. Main Street Lindsay, OK 73052	3,270.97	870.49
Logix Fiber Networks	Telecommunications	2950 N. Loop W., 10th Floor Houston, TX 77092	15,865.33	7,932.67
LUS	Electricity, Telecommunications, and Water	1875-B W Pinhook Road Lafayette, LA 70508	8,127.77	4,063.89
Magic Valley	Electricity	1 3/4 Mile West Highway 83 Mercedes, TX 78570	1,657.25	828.63
Major County Rural Water #1	Water	1310 North Main Street Fairview, OK 73737	45.40	-
McCrometer Inc	Telecommunications	3255 W Stetson Ave Hemet, CA 92545	26.00	13.00
MCI Communications Services Inc	Telecommunications	1480 North Beauregard Street Alexandria, VA 22311	82.87	41.44

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Mckenzie Cnty Rural Water System #2	Water	1300 12th St SE, Suite 128 Watford City, ND 58854	252.18	126.09
Mckenzie Electric Cooperative Inc	Electricity	3817 23rd Ave. NE PO Box 649 Watford City, ND 58854-0649	3,222.40	1,611.20
Medina Electric Cooperative	Electricity	2308 18th Street Hondo, TX 78861	4,312.17	-
MidAmerican Energy Services	Electricity	320 LeClaire Davenport, IA 52808-4290	7,373.85	3,686.93
Midcontinent Communications	Telecommunications	3901 N Louise Ave Sioux Falls, SD 57107-0112	178.76	89.38
Minot Water Department	Water	Attn: Dan Jonasson 1025 31st St SE Minot, ND 58701	190.88	95.44
Mississippi Power Company	Electricity	c/o Southern Company 30 Ivan Allen Jr. Blvd. NW Atlanta, GA 30308	427.69	213.84
Mon Power	Electricity	76 S Main St Akron, OH 44308-1812	107.04	53.52
Mon Valley Sewage Authority	Sewage	20 S Washington Street Donora, PA 15033	188.20	94.10
Montana Dakota Utilities Company	Gas	1200 West Century Avenue Bismarck, ND 58503	4,219.83	2,109.92
Montrail Williams Electric	Electricity	218 58th St W Williston, ND 58802	4,727.62	2,363.81
Moon Lake Electric Association	Electricity	800 West Hwy 40 Roosevelt, UT 84066	593.25	296.62
Mountain West Telephone	Telecommunications	123 West 1st Street, Suite C95 Casper, WY 82601	44.35	22.18
Municipal Authority Westmoreland County	Water	124 Park and Pool Rd New Stanton, PA 15672	372.89	186.45
Municipal Light & Power	Electricity	1200 East 1st Avenue Anchorage, AK 99501	295.55	147.78
Nelms Communications Inc	Telecommunications	5445 Troup Highway Tyler, TX 75707	30.67	15.34

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Nemont	Telecommunications	61 Hwy 13 S Scobey, MT 59263-0600	1,915.54	957.77
Nortex	Telecommunications	406 East California Street Gainesville, TX 76240	1,297.44	648.72
North Blaine Water Corp	Water	805 W Oklahoma Okeene, OK 73763	48.71	24.36
North Strabane Township	Sewage	1929 B Route South Cannonsburg, PA 15317	33.33	16.67
North Weld County Water District	Water	32825 CR 39 Lucerne, CO 80646	254.49	127.24
Northfork Electric Cooperative	Electricity	18920 E 1170 Rd Sayre, OK 73662	2,228.30	1,114.15
Northwest Communications Cooperative	Telecommunications	111 W Railroad Ave Ray, ND 58849	218.87	109.43
Northwest Rural Water District	Water	5091 142nd Ave. NW Williston, ND 58801	263.04	131.52
Northwestern Electric Cooperative	Electricity	2925 Williams Ave Woodward, OK 73801	84.21	42.11
NRG Business Solutions	Electricity	211 Carnegie Center Princeton, NJ 08540	6,597.14	3,298.57
NTT Cloud Communication	Telecommunications	NTT Hibiya Building 1-1-6 Uchisaiwaicho, Chiyoda-Ku 100-8019 Japan	4,524.18	2,262.09
Nueces Electric Cooperative	Electricity	14353 Cooperative Avenue Robstown, TX 78380	285.21	142.61
OG & E	Electricity and Gas	321 N. Harvey Ave. PO Box 24990 Oklahoma City, OK 73124-0990	21,915.40	10,957.70
Oklahoma Electric Cooperative	Electricity	242 24th Ave NW 2520 Hemphill Dr. Norman, OK 73069	2,206.33	-
Oklahoma Natural Gas Company	Gas	100 West Fifth Street Tulsa, OK 74103	3,132.67	921.33
Pacific Gas & Electric Company	Electricity	77 Beale Street San Francisco, CA 94105	32.56	16.28

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Penelec Inc	Electricity	76 S Main St Akron, OH 44308-1812	1,130.30	565.15
Pennsylvania American Water	Water	852 Wesley Drive Mechanicsburg, PA 17055	52.92	26.46
Pentex	Electricity	11799 West U.S. Highway 82 Muenster, TX 76252	14,334.00	7,167.00
Peoples Electric Cooperative	Electricity	1600 North Country Club Road Ada, OK 74820	467.79	233.89
Peoples Natural Gas Co LLC	Gas	205 North Main Street Butler, PA 16001	1,433.10	716.55
Pioneer Telephone Cooperative Inc	Telecommunications	108 East Robberts Avenue Kingfisher, OK 73750	1,825.59	912.80
Pittsburg Co Rwd #5	Water	430 South Chambers Road McAlester, OK 74501	2,112.33	1,056.16
PPL Electric Utilities	Electricity	827 Hausman Road Allentown, PA 18104-9392	386.54	193.27
PS Lightwave	Telecommunications	5959 Corporate Drive, Suite 3300 Houston, TX 77036	991.68	495.84
Public Service Co of Ok	Electricity	212 E 6th St Tulsa, OK 74119-1212	11,523.39	5,761.70
Red Star Rural Water	Water	Attn: Red Star Rural Water District Oklahoma 47 Leedey, OK 73654	291.65	145.83
Reliant Energy	Electricity	6100 West Fuqua Street Houston, TX 77085	22,659.10	11,329.55
Reservation Telephone Cooperative	Telecommunications	24 N Main St Parshall, ND 58770	867.07	433.54
Ricardo Wsc	Water	2302 East Sage Rd Kingsville, TX 78363	44.05	22.02
Richey Road Mud	Water	1621 Milam Stroom, Floor 3 Houston, TX 77002	495.93	247.97
Rignet	Telecommunications	15115 Park Row, Suite 300 Houston, TX 77084	1,455.46	727.73

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Rig Power Inc	Telecommunications	415 W. Wall St, Suite 835 Midland, TX 79701	6,307.44	3,153.72
Ringwood Public Works	Water	Attn: Steve Randolph, Water Superintendent Water Utilities 200 N. Main Ringwood, OK 73768-6002	295.35	147.68
Rise Broadband	Telecommunications	2 E 3rd St Sterling, IL 61081	1,568.31	784.15
Rock Springs Mun Utility	Water	212 D Street Rock Springs, WY 82901	91.19	45.60
Rocky Mountain Power	Electricity	1033 NE 6th Avenue Portland, OR 97256	8,765.91	4,382.95
Roughrider Electric Cooperativ	Electricity	800 Highway Dr. Hazen, ND 58545	1,151.50	575.75
Rural Electric Cooperative	Electricity	13942 Highway 76 Lindsay, OK 73052	8,879.48	4,439.74
Seiling Public Works Authority	Water	315 N. Main Street Seiling, OK 73663	2,161.95	1,080.98
SLEMCO	Electricity	2727 SE Evangeline Thruway PO Box 90866 Lafayette, LA 70509	69,262.74	31,431.37
Slope Elec Cooperative	Electricity	116 East 12th Street New England, ND 58647	1,102.50	551.25
South LA Electric Company Op Association	Electricity	2028 Coteau Rd. PO Box 4037 Houma, LA 70361	2,534.90	1,267.45
Southern Oklahoma Water Corp	Water	1967 Sam Noble Parkway Ardmore, OK 73401	39.17	19.59
Southern Telecommunications	Telecommunications	361 Edgewood Terrace Drive Jackson, MS 39206	580.05	290.03
Southwestern Electric Power Company	Electricity	1 Riverside Plaza 14th Floor Columbus, OH 43215	1,200.93	100.47
Sparklight	Telecommunications	6500 Summerhill Rd Ste 2E Texarkana, TX 75503	148.39	74.20

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Spectrum	Telecommunications	13191 Crossroads Parkway North City of Industry, CA 91746	1,111.67	555.84
Sprint	Telecommunications	6200 Sprint Parkway Overland Park, KS 66251	56.28	28.14
SRT Communications	Telecommunications	3615 N Broadway Minot, ND 58703	76.99	38.50
St. Martin Parish Waterworks	Water	1688 Smede Hwy St. Martinville, LA 70582	668.08	334.04
Stephens Co Rwd 5	Water	3314 South Railroad Marlow, OK 73055	65.26	32.63
Strata Networks	Telecommunications	211 East 200 North Roosevelt, UT 84066	22.97	11.49
Suddenlink	Telecommunications	3015 South SouthEast Loop 323 Tyler, TX 75701	475.98	237.99
Summer Energy	Electricity	5847 San Felipe St., Ste 3700 Houston, TX 77057	6.31	-
Superior Mutual Water Co	Water	19474 Enos Lane Bakersfield, CA 93314	75.00	37.50
T Mobile	Telecommunications	1703 135th Place NE Bellevue, WA 98005	416.97	208.49
Telstar Communications	Telecommunications	c/o Donald Hohnstein 2163 31st Street Greeley, CO 80631	167.53	83.77
Terrebonne Parish Consolidated Government	Gas	8026 Main St. PO Box 6097 Houma, LA 70361	154.66	77.33
Texas Gas Service	Gas	1301 S. Mopac Expressway, Suite 400 Austin, TX 78746	591.74	295.87
Thomas Public Works	Water	122 West Broadway Avenue Thomas, OK 73669	677.12	338.56
Touchtone Communications Inc	Telecommunications	16 S Jefferson Rd Whippany, NJ 07981	29.41	14.70
Town of Arnaudville	Water	107 Rue De Jausiers Arnaudville, LA 70512	220.53	110.27
Town of Evansville	Water	235 Curtis Street Evansville, WY 82636	212.67	106.33

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
Town of Mills	Water	704 Fourth St PO Box 789 Mills, WY 82644	655.94	327.97
Town of Rangely	Water	209 East Main Street Rangely, CO 81648	179.50	89.75
TXU Energy	Electricity	6555 Sierra Dr Irving, TX 75039	17,022.63	8,511.31
Union Telephone	Telecommunications	850 N. Hwy. 414 Mountain View, WY 82939	85.96	42.98
United Power Inc.	Electricity	500 Cooperative Way Brighton, CO 80603	5,389.80	2,694.90
United States Cellular	Telecommunications	8410 West Bryn Mawr Avenue 8410 Floors: 1-11 Chicago, IL 60631	225.88	112.94
Upnetwork	Telecommunications	555 Howard St Ste 100 San Francisco, CA 94105	4,190.55	2,095.27
UTE Water Conservancy District	Water	2190 H 1/4 Road Grand Junction, CO 81505	318.86	159.43
Verendrye Electric Cooperative	Electricity	615 Highway 52 West Velva, ND 58790- 7417	2,771.18	1,385.59
Verizon	Telecommunications	1095 Avenue of the Americas New York, NY 10036	28,923.46	14,461.73
Vexus (NTS Communications)	Telecommunications	1220 Broadway, Ste 100 Lubbock, TX 79401- 3202	482.72	241.36
ViaSat Inc	Telecommunications	6155 El Camino Real Carlsbad, CA 92009	169.84	84.92
Visionary Communications Inc	Telecommunications	1001 S Douglas Hwy, Ste 201 PO Box 2799 Gillette, WY 82717	591.83	295.92
Waterlogic Americas	Water	77 McCullough Drive, Suite 9 New Castle, DE 19720	62.52	31.26
Waterworks District No 3 Coteau	Water	4104 Coteau Road Highway 88 New Iberia, LA 70560- 9799	675.20	37.60

Utility Company	Type of Service Provided	Mailing Address	Approximate Monthly Average (\$)	Adequate Assurance Deposit (\$)
West Penn Power Company	Electricity	76 South Main Street Akron, OH 44308	6,222.25	781.28
Windstream	Telecommunications	4001 Rodney Parham Rd Little Rock, AR 72212	2,178.82	1,089.41
Wolf Pack Rentals	Telecommunications	136 Andell Rd Bridgeport, WV 26330	9,987.20	4,993.60
Xcel Energy	Electricity and Gas	401 Nicollet Mall Minneapolis, MN 55401	13,857.48	3,988.74
Yancey Water Supply	Water	150 Co Rd 743 Yancey, TX 78886	286.52	143.26
Total			\$871,838.67	\$394,612.46

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

	X	
In re:	:	Chapter 11
	:	
SUPERIOR ENERGY SERVICES, INC., <i>et al.</i> , ¹	:	Case No. 20-35812 (DRJ)
	:	
Debtors.	:	(Joint Administration Requested)
	:	
	X	

**ORDER (I) PROHIBITING UTILITY
COMPANIES FROM ALTERING OR DISCONTINUING
SERVICE ON ACCOUNT OF PREPETITION INVOICES,
(II) APPROVING DEPOSIT AS ADEQUATE ASSURANCE OF PAYMENT,
AND (III) ESTABLISHING PROCEDURES FOR RESOLVING REQUESTS
BY UTILITY COMPANIES FOR ADDITIONAL ASSURANCE OF PAYMENT
[Relates to Motion at Docket No. ____]**

Upon the emergency motion (the “**Motion**”)² of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) for entry of an order (this “**Order**”) (i) prohibiting the Debtors’ Utility Companies from altering, refusing, discontinuing service to, or discriminating against, the Debtors, (ii) approving an adequate assurance deposit as adequate assurance of postpetition payment to the Utility Companies, and (iii) establishing procedures for resolving any subsequent requests by the Utility Companies for additional adequate assurance of payment, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Superior Energy Services, Inc. (9388), SESI, L.L.C. (4124), Superior Energy Services-North America Services, Inc. (5131), Complete Energy Services, Inc. (9295), Warrior Energy Services Corporation (9424), SPN Well Services, Inc. (2682), Pumpco Energy Services, Inc. (7310), 1105 Peters Road, L.L.C. (4198), Connection Technology, L.L.C. (4128), CSI Technologies, LLC (6936), H.B. Rentals, L.C. (7291), International Snubbing Services, L.L.C. (4134), Stabil Drill Specialties, L.L.C. (4138), Superior Energy Services, L.L.C. (4196), Superior Inspection Services, L.L.C. (4991), Wild Well Control, Inc. (3477), and Workstrings International, L.L.C. (0390). The Debtors’ address is 1001 Louisiana Street, Suite 2900, Houston, Texas 77002.

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

jurisdiction over this matter pursuant to 28 U.S.C. §1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given under the circumstances and that no other or further notice is necessary; and all objections, if any, to entry of this Order having been withdrawn, resolved, or overruled; and upon the record herein; and after due deliberation thereon; and the Court having determined that there is good and sufficient cause for the relief granted in the Order, it is hereby

ORDERED THAT:

1. Absent further order of this Court, the Utility Companies, including any subsequently added Utility Companies, are hereby prohibited from altering, refusing, discontinuing service to, or discriminating against, the Debtors on account of unpaid prepetition invoices or due to the commencement of the Chapter 11 Cases, and from requiring the Debtors to pay a deposit or other security in connection with the provision of postpetition Utility Services, other than in accordance with the Additional Adequate Assurance Procedures contained herein. The Utility Companies are also prohibited from drawing upon any existing security deposit, surety bond, or other form of security to secure future payment for Utility Services.

2. The Debtors are authorized to cause \$395,000 (the “**Adequate Assurance Deposit**”) to be deposited into a segregated, non-interest-bearing account (the “**Adequate Assurance Account**”) within twenty (20) days after the Petition Date. The account shall be held at a bank that has executed the approved Uniform Depository Agreement with the U.S. Trustee. The Adequate Assurance Deposit shall serve as a cash security deposit to provide adequate

assurance of payment for Utility Services provided to the Debtors after the Petition Date and during the pendency of these Chapter 11 Cases. The amount of the Adequate Assurance Deposit shall remain \$395,000 throughout the Chapter 11 Cases, unless adjusted as provided for herein.

3. For the purposes of this Order, the Adequate Assurance Deposit shall be the sum of the individual adequate assurance amounts for the Utility Companies. As to each Utility Company, the amount will be equal to fifty percent (50%) of the Debtors' estimated monthly cost of Utility Services, calculated based on the Debtors' average expenses for such Utility Services during the twelve (12) full months preceding the Petition Date, minus any deposits held by the Utility Company.

4. The balance of the Adequate Assurance Deposit may be adjusted or reduced by the Debtors without further order, to account for any of the following: (a) to the extent that the Adequate Assurance Deposit includes any amount on account of a company that the Debtors subsequently determine is not a "utility" within the meaning of section 366 of the Bankruptcy Code, (b) an adjustment or payment made in accordance with the Delinquency Notice Procedures described in Paragraphs 6 and 7 below, (c) the termination of a Utility Service by a Debtor regardless of any Additional Adequate Assurance Request (as defined below), (d) the closure of a utility account with a Utility Company for which funds have been contributed for the Adequate Assurance Deposit, (e) upon notice within five (5) business days to the Ad Hoc Noteholder Group, any additional utility providers that are currently not listed on Exhibit A are discovered, or (f) any other arrangements with respect to adequate assurance of payment reached by a Debtor with individual Utility Companies; *provided*, that, (a) with respect to a company that the Debtors subsequently determine is not a "utility" within the meaning of section 366 of the Bankruptcy Code, the Debtors may adjust and/or amend the balance of the Adequate Assurance Deposit upon

fourteen (14) days' advance notice to such company; and, (b) with respect to the Debtors' termination of a Utility Service or closure of a utility account with a Utility Company, the Debtors may adjust and/or amend the balance of the Adequate Assurance Deposit upon reconciliation and payment by the Debtors of such Utility Company's final invoice in accordance with applicable nonbankruptcy law, to the extent that there are no outstanding disputes related to postpetition payments due.

5. The Debtors shall maintain the Adequate Assurance Deposit until the earlier of the Court's entry of an order authorizing the return of the Adequate Assurance Deposit to the Debtors and the effective date of a plan of reorganization for the Debtors (at which time the funds comprising the Adequate Assurance Deposit shall automatically, without further order of the Court, be returned to the Debtors or reorganized Debtors, as applicable).

6. To the extent the Debtors become delinquent with respect to a Utility Company's account, such Utility Company shall be permitted to file a written notice of such delinquency (the "**Delinquency Notice**") with the Court and serve such Delinquency Notice on: (a) Superior Energy Services, Inc., 1001 Louisiana Street, Suite 2900, Houston, Texas 77002 (Attn: Bill Masters (email: bill.masters@superiorenergy.com)); (b) Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 (Attn: Keith Simon, Esq. and George Klidonas, Esq. (emails: keith.simon@lw.com, and george.klidonas@lw.com)); (c) Hunton Andrews Kurth LLP, 600 Travis Street, Suite 4200 (Attn: Timothy A. ("Tad") Davidson II, Esq. and Ashley L. Harper, Esq. (emails: taddavidson@HuntonAK.com and ashleyharper@HuntonAK.com)); (d) counsel to the Ad Hoc Noteholder Group, (i) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attn: Damian S. Schaible, Esq. and Adam L. Shpeen, Esq. (emails: damian.schaible@davispolk.com and adam.shpeen@davispolk.com)) and (ii) Porter Hedges LLP,

1000 Main St., 36th Floor, Houston, Texas 77002 (Attn: John F. Higgins and Eric M. English (emails: jhiggins@porterhedges.com and eenglish@porterhedges.com)); (e) counsel to any statutory committee appointed in these cases, if any; and (f) the U.S. Trustee (Attn: Stephen Statham and Hector Duran (emails: stephen.statham@usdoj.gov and hector.duran.jr@usdoj.gov)) (each, a “**Delinquency Notice Party**”). Such Delinquency Notice must (i) set forth the amount of the delinquency, (ii) set forth the location for which Utility Services are provided, and (iii) provide each of the Debtors’ account numbers with the Utility Company that have become delinquent.

7. If a Delinquency Notice is properly provided as described above and such delinquency is not cured and no Delinquency Notice Party has objected to the Delinquency Notice within ten (10) days of the receipt thereof, the Debtors shall (a) remit to such Utility Company from the Adequate Assurance Deposit the amount of postpetition charges claimed as delinquent in the Delinquency Notice and (b) cause the Adequate Assurance Deposit to be replenished for the amount remitted to such Utility Company. If a Delinquency Notice Party objects to the Delinquency Notice, the Court shall hold a hearing to resolve the dispute and determine whether a payment should be remitted from the Adequate Assurance Deposit and, if such payment is warranted, how much shall be remitted.

8. The following procedures (the “**Additional Adequate Assurance Procedures**”) are hereby approved with respect to all Utility Companies, including all subsequently added Utility Companies:

- (a) Except as provided by the Additional Adequate Assurance Procedures, the Utility Companies are prohibited from (i) altering, refusing, or discontinuing services to, or discriminating against, the Debtors on account of unpaid prepetition invoices or any objections to the Debtors’ Adequate Assurance Deposit, or due to the commencement of the Chapter 11 Cases or (ii) requiring the Debtors to pay a deposit or other security in connection with the provision of postpetition Utility Services, other than the funding of the Adequate Assurance Deposit.

- (b) The Debtors will serve a copy of the Motion and this Order granting the relief requested herein on each Utility Company within seven (7) business days after entry of this Order by the Court.
- (c) The funds in the Adequate Assurance Account shall constitute adequate assurance for each Utility Company in the amounts set forth for such Utility Company in the column labeled “Adequate Assurance Deposit” on the Utility Company List.
- (d) In the event that a Utility Company asserts that the Adequate Assurance Deposit is not satisfactory adequate assurance of payment as contemplated by section 366(c)(2) of the Bankruptcy Code, that Utility Company must serve a written request (an “**Additional Adequate Assurance Request**”) for adequate assurance in addition to or in lieu of its rights in the Adequate Assurance Deposit. All Additional Adequate Assurance Requests shall be delivered by mail and email to the Delinquency Notice Parties.
- (e) Any Additional Adequate Assurance Request must (i) set forth the location(s) for which Utility Services are provided and the type of Utility Services provided, (ii) set forth the account number(s) for which Utility Services are provided, (iii) include a summary of the Debtors’ payment history relevant to the affected account(s), including any security deposit(s) or other security currently held by the requesting Utility Company, (iv) set forth why the Utility Company believes the proposed adequate assurance is not sufficient adequate assurance of future payment, (v) set forth the amount and nature of the adequate assurance of payment that would be satisfactory to the Utility Company, and (vi) provide an email address to which the Debtors may respond to the Additional Adequate Assurance Request.
- (f) Unless a Utility Company serves an Additional Adequate Assurance Request in accordance with Additional Adequate Assurance Procedures, such Utility Company shall be: (i) deemed to have received “satisfactory” adequate assurance of payment in compliance with section 366 of the Bankruptcy Code; and (ii) subject to (j) below, prohibited from discontinuing, altering, or refusing Utility Services to, or discriminating against, the Debtors on account of any unpaid prepetition charges, or requiring additional adequate assurance of payment other than the Proposed Adequate Assurance.
- (g) Upon the Debtors’ receipt of an Additional Adequate Assurance Request, the Debtors will promptly negotiate with the Utility Company to resolve the Additional Adequate Assurance Request.
- (h) Without further order of the Court, the Debtors may resolve an Additional Adequate Assurance Request by entering into agreements granting additional adequate assurance to the requesting Utility Company if the Debtors, in their sole discretion and in consultation with the Ad Hoc

Noteholder Group, determine that the Additional Adequate Assurance Request is reasonable or if the parties negotiate alternative consensual provisions; *provided, however*, that the Debtors shall maintain a summary record of such agreements and their respective terms, and such summary record and the agreements themselves shall be available upon request to (i) counsel to the Prepetition ABL Agent, (ii) counsel to the Ad Hoc Noteholder Group, (iii) the U.S. Trustee, and (iv) any statutory committee appointed in these Chapter 11 Cases.

- (i) If the Debtors or any of the Delinquency Notice Parties determine that the Additional Adequate Assurance Request is not reasonable and are not able to reach an alternative resolution with the Utility Company within fourteen (14) days after the Additional Adequate Assurance Request is made, the Debtors will request a hearing before this Court at the next omnibus hearing date, or such other date as the Debtors, the Delinquency Notice Parties and the requesting Utility Company may agree (the “**Determination Hearing**”).
- (j) Pending resolution at any such Determination Hearing, the Utility Company filing such Additional Adequate Assurance Request shall be forbidden from altering, refusing, or discontinuing Utility Services to the Debtors, or from discriminating against the Debtors with respect to the provision of Utility Services, on account of unpaid charges for prepetition services, the filing of the Chapter 11 Cases, or any objection to the adequacy of the Additional Adequate Assurance Procedures.
- (k) The Determination Hearing will be an evidentiary hearing at which the Court will determine whether the Adequate Assurance Deposit and any additional adequate assurance of payment requested by the Utility Company should be modified pursuant to section 366(c)(3) of the Bankruptcy Code.
- (l) All Utility Companies, including Utility Companies subsequently added to the Utility Company List, will be forbidden from altering, refusing or discontinuing Utility Services to the Debtors, or from discriminating against the Debtors with respect to the provision of Utility Services, absent further order of this Court.

9. The Utility Companies are prohibited from requiring additional adequate assurance of payment other than pursuant to the Adequate Assurance Procedures, *provided, however*, that nothing herein shall prejudice the right of a Utility Company to propose alternative procedures by filing a motion and after notice and hearing.

10. The Debtors are authorized, in their sole discretion, to amend the Utility Company List to add any Utility Company. The Debtors will within five (5) business days of the date of such amendment provide notice to counsel to the Ad Hoc Noteholder Group and counsel to the Prepetition ABL Agent of any additions to the Utility Company List. This Order shall apply in all respects to any such Utility Company that is subsequently added to the Utility Company List. For those Utility Companies that are subsequently added to the Utility Company List, the Debtors shall, within two (2) business days of filing a supplement to the Utility Company List identifying any such additional Utility Company, serve a copy of the Motion and this Order on such Utility Company, along with an amended the Utility Company List that includes such Utility Company. The Debtors shall increase the amount of the Adequate Assurance Deposit in the event an additional Utility Company is added to the Utility Company List by an amount equal to fifty percent (50%) of the estimated average monthly cost of such Utility Services based on historical averages over the preceding twelve (12) months.

11. The Debtors may amend the Utility Company List to delete a Utility Company, or may seek to terminate a Utility Company, only if the Debtors have provided fourteen days' advance notice to such Utility Company, and have not received any objection from such Utility Company. The Debtors will within five (5) business days of the date of such amendment provide notice to counsel to the Ad Hoc Noteholder Group of any deletions to the Utility Company List. If an objection is received, the Debtors shall request a hearing before this Court at the next omnibus hearing date, or such other date that the Debtors and the Utility Company may agree. The Debtors shall not deduct from the Adequate Assurance Deposit the amount set aside for any Utility Company that the Debtors seek to terminate or delete from the Utility Company List unless and until the fourteen-day notice period has passed and the Debtors have not received any objection to

termination or deletion from such Utility Company, or until any such objection has been resolved consensually or by order of the Court.

12. The Debtors are authorized, but not directed, to pay on a timely basis in accordance with their prepetition practices, all undisputed invoices in respect of postpetition Utility Services rendered by the Utility Companies to the Debtors. The Utility Companies are hereby prohibited from unilaterally applying any such postpetition payments to any amounts due on account of prepetition Utility Services, including, without limitation, any penalties or interest.

13. The Additional Adequate Assurance Procedures, the Adequate Assurance Deposit, and the Debtors' ability to pay for future Utility Services in the ordinary course of business constitute adequate assurance of future payment to the Utility Companies to satisfy the requirements of section 366 of the Bankruptcy Code.

14. The Debtors shall administer the Adequate Assurance Deposit Account in accordance with the terms of this Order.

15. Nothing contained herein constitutes a finding that any entity is or is not a Utility Company hereunder or a "utility" under section 366 of the Bankruptcy Code, whether or not such entity is listed on the Utility Company List.

16. Notwithstanding anything to the contrary contained herein, (a) any payment made or authorization contained hereunder shall be subject to the requirements imposed on the Debtors under any orders approving a postpetition financing facility or any order regarding the use of cash collateral approved by this Court in these Chapter 11 Cases (collectively, the "**DIP Order**"), and (b) to the extent there is any inconsistency between the terms of the DIP Order and any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control. For the

avoidance of doubt, the Debtors are not authorized to make any payments pursuant to this Order except as permitted by the Budget (as defined in the DIP Order).

17. Nothing in the Motion or this Order, or the Debtors' payment of any claims pursuant to this Order, shall be construed as: (a) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors' properties; (b) a waiver of the Debtors' or any party in interest's rights to dispute any claim or lien on any grounds; (c) a promise to pay any claim; (d) an implication or admission that any particular claim would constitute an allowed claim; (e) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; (f) a limitation on the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to this Order; or (g) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law. Nothing contained in this Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

18. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Order shall be effective and enforceable immediately upon entry hereof.

19. The Debtors are hereby authorized to take such reasonable actions and to execute such documents as may be necessary to implement the relief granted by this Order.

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

Signed: _____, 2020

THE HONORABLE DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE