

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

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In re	:	Chapter 11
	:	
SWIFT ENERGY COMPANY, <i>et al.</i> , <sup>1</sup>	:	Case No. 15-____ (____)
	:	
Debtors.	:	(Joint Administration Requested)
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**MOTION FOR AN ORDER (I) APPROVING  
THE CONTINUED USE OF THE DEBTORS' CASH  
MANAGEMENT SYSTEM AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the "Debtors") move the Court for the entry of interim and final orders pursuant to sections 345, 363 and 503(b)(1) of the Bankruptcy Code: (i) approving the Debtors' continued use of (a) their current cash management system (the "Cash Management System"), and (b) the Debtors' existing bank accounts (the "Bank Accounts") and business forms, including authorizing the Debtors to open and close bank accounts; (ii) granting the Debtors a 45-day extension to comply with the requirements of section 345(b) of the Bankruptcy Code and approval of the Debtors' current investment and deposit guidelines; (iii) approving the continuation of certain ordinary course intercompany transactions with certain non-debtor affiliates (the "Non-Debtor Affiliates"); (iv) according administrative expense priority to all postpetition intercompany claims held by a Debtor or one of the Non-Debtor Affiliates against one or more of the Debtors; and (v) authorizing all banks participating in the Cash Management System to honor certain transfers

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<sup>1</sup> The Debtors are the following nine entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Swift Energy Company (0661); Swift Energy International, Inc. (6721); Swift Energy Group, Inc. (8150); Swift Energy USA, Inc. (8212); Swift Energy Alaska, Inc. (6493); Swift Energy Operating, LLC (2961); GASRS LLC (4381); SWENCO-Western, LLC (0449); and Swift Energy Exploration Services, Inc. (2199). The address of each of the Debtors is 17001 Northchase Drive, Suite 100, Houston, Texas 77060.



and charge bank fees and certain other amounts. In support of this motion, the Debtors respectfully represent as follows:

**Background**

1. On the date hereof (the "Petition Date"), each of the Debtors commenced a case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code.<sup>2</sup> The Debtors are continuing in possession of their properties and are managing their business, as debtors in possession, pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. The Debtors are an independent energy company engaged in the exploration, development, production and acquisition of oil and natural gas properties. The Debtors are headquartered in Houston, Texas. Their primary assets and operations are focused in the Eagle Ford trend of South Texas and, to a lesser extent, the onshore and inland waters of Louisiana. For the nine months ended September 30, 2015, the Debtors generated revenue of approximately \$195.7 million from net oil and gas production of 8.8 million barrels of oil equivalents (MMBoe). Crude oil represented 47% and natural gas represented 44% of the Debtors' oil and gas revenues for the nine months ended September 30, 2015 (22% and 66% of the volumes for crude oil and natural gas, respectively), with the remaining production and revenues coming from natural gas liquids (NGLs).

3. Additional information regarding the Debtors and these cases, including the Debtors' business, corporate structure, financial condition, and the reasons for and objectives of these cases, is set forth in the Declaration of Dean E. Swick in Support of First Day Pleadings (the "First Day Declaration"), filed contemporaneously herewith and incorporated herein by

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<sup>2</sup> This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue for this matter is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

reference.

***The Debtors' Cash Management System***

4. The Debtors' Cash Management System is comprised of a total of fourteen Bank Accounts.<sup>3</sup> Nine of the Bank Accounts reside at JPMorgan Chase Bank, N.A. ("JPMorgan"), two accounts reside at Amegy Bank, N.A. ("Amegy"), and one account resides at each of US Bank ("US Bank"), Compass Bank ("Compass") and Comerica Bank ("Comerica").

5. The principal components of the Cash Management System and the flow of funds through that system are described below:

**Concentration Account.** The Debtors maintain a concentration account at JPMorgan (Account \*1889) (the "Concentration Account"). Virtually all of the Debtors' receipts ultimately flow into the Concentration Account, and the funds for almost all disbursements originate from the Concentration Account. All of the Debtors' ACH receipts from operations are typically deposited directly into the Concentration Account, and ACH disbursements, other than payroll disbursements, are also typically made directly from the Concentration Account. The Debtors' procedures for cash collection, concentration and disbursement from the Concentration Account are described in further detail below.

**Lockbox Collection Account.** Collections from the Debtors' operations that are received in the form of check are typically deposited into a lockbox account maintained at Amegy (Account \*3545) (the "Lockbox Account"). When the balance of the Lockbox Account exceeds \$100,000, the Debtors transfer money from the Lockbox Account to the Concentration Account in increments of \$100,000.

**Disbursement Accounts.** In addition to disbursements from ACH, which are typically made from the Concentration Account, the Debtors also transfer funds from their Concentration Account into various disbursement accounts as set forth below:

- (i) JPMorgan (Account \*8647) ("Accounts Payable Account"): The Accounts Payable Account is a zero balance account that is funded daily from the Concentration Account for the purpose of making check payments for general accounts payable.

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<sup>3</sup> A chart summarizing the Cash Management System, as it exists on the Petition Date, and a schedule of prepetition Bank Accounts are attached hereto as Exhibit A and Exhibit B, respectively, and incorporated herein by reference.

- (ii) JPMorgan (Account \*5946) ("Royalties Account"): The Royalties Account is a zero balance account that is funded as needed from the Concentration Account for the purpose of making royalty payments by check.
- (iii) JPMorgan (Account \*0195) ("Delay Rentals Account"): The Delay Rentals Account is a zero balance account that is funded as needed from the Concentration Account for the purposes of making delay rental payments by check.
- (iv) JPMorgan (Account \*0395) ("Payroll Account"): The Debtors fund the Payroll Account each pay cycle for the purpose of distributing payments to employees and related expenses, including employee 401k contributions and payroll taxes.

**Other Accounts.** The Debtors maintain additional accounts that are used for specific corporate purposes as set forth below:

The Debtors maintain an account for their non-debtor international subsidiaries in New Zealand (the "New Zealand Subsidiaries") at JPMorgan (Account \*2959). This account is held by Debtor Swift Energy International, Inc., which holds stock in the New Zealand Subsidiaries. The New Zealand Subsidiaries have no operations, and the account is used primarily for: (i) the payment of certain obligations to complete tax and other regulatory filings; and (ii) for the receipt of a de minimis contingent royalty interest. The account currently has a de minimis balance.

The Debtors maintain an account at JPMorgan (Account \*1260) (the "SAKA JV Account") that was formed in connection with a joint venture with PT Saka Energi. The SAKA JV Account is used occasionally with respect to transactions related to the SAKA JV, and it currently has a de minimis balance.

The Debtors maintain a holding company account at JPMorgan (Account \*0456) (the "Holding Account"). The Holding Account is occasionally used for transactions by Debtor Swift Energy Company, and it currently has a de minimis balance.

The Debtors also maintain five investment accounts: (i) US Bank (Account \*0971); (ii) JPMorgan (Account \*2801); (iii) Compass (Account \*8252); (iv) Amegy (Account \*6700); and Comerica (Account \*1571) (collectively, the "Investment Accounts"). In the past, the Debtors utilized the Investment Accounts when they had significant amounts of cash on hand, such as after a bond issuance, and the funds deposited in the Investment Accounts are invested pursuant to the Debtors' investment policy (the "Investment Policy"). Currently, the Investment Accounts have a de minimis balance.

**Basis for Relief Requested**

***The Continued Use of the Cash Management System,  
Bank Accounts and Business Forms is Essential to the Debtors' Ongoing  
Business and is in the Best Interests of the Debtors' Respective Estates and Creditors***

Cash Management System

6. The Debtors' ability to continue their Cash Management System in the ordinary course of their business is essential to their operations. Absent the ability to maintain their Cash Management System, the Debtors would have to significantly alter their business operations to comply with United States Trustee established guidelines (the "UST Guidelines").<sup>4</sup> The Cash Management System provides benefits to the Debtors, such as enabling them to: (i) control and monitor corporate funds; (ii) ensure cash availability; and (iii) reduce costs and administrative expenses by facilitating the movement of funds.

7. Any disruption in the Debtors' Cash Management System will hamper the Debtors' efforts to preserve and enhance the value of their estates. For instance, altering the Cash Management System could disrupt payments to employees and key vendors and impose a serious administrative burden on the Debtors. Therefore, it is essential that the Debtors be permitted to continue to use their Cash Management System in accordance with their existing cash management procedures.

8. The Debtors further seek authority to implement ordinary course changes to their Cash Management System that the Debtors determine are beneficial to their business. As part of these potential ordinary course changes, the Debtors request authority to open and close bank accounts. The Debtors request that banks be authorized to honor the Debtors' requests to

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<sup>4</sup> Among other requirements, the UST Guidelines with respect to a debtor's Cash Management System include: (i) closing all existing bank accounts and opening new debtor in possession accounts; and (ii) maintaining separate debtor in possession accounts for various items.

open or close any bank accounts, provided, however; that any new domestic account must be established at a bank that is a party to a Uniform Depository Agreement (a "UDA") with the U.S. Trustee or that is willing to immediately execute such a UDA.

9. Bankruptcy courts, including courts in this District, routinely permit chapter 11 debtors to maintain their existing cash management systems, generally treating requests for such relief as a relatively "simple matter." In re Baldwin-United Corp., 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987); In re Columbia Gas Sys., 997 F.2d 1039, 1061 (3d Cir. 1993) (recognizing that a requirement to maintain all accounts separately "would be a huge administrative burden and economically inefficient"); Charter Co. v. Prudential Ins. Co. of Am. (In re Charter Co.), 778 F.2d 617, 621 (11th Cir. 1985) (holding that allowing the debtors to use their prepetition "routine cash management system" was entirely consistent with applicable provisions of the Bankruptcy Code), see also In re Hercules Offshore, Inc., Case No. 15-11685 (KJC) (Bankr. D. Del. Sept. 8, 2015) ("Hercules Order"); In re Milagro Holdings, LLC, Case No. 15-11520 (KG) (Bankr. D. Del. July 25, 2015) ("Milagro Order"); In re Quicksilver Res., Inc., Case No. 15-10585 (LSS) (Bankr. D. Del. July 7, 2015) ("Quicksilver Order"); In re Cal Dive Int'l, Inc., Case No. 15-10458 (CSS) (Bankr. D. Del. May 6, 2015) ("Cal Dive Order"); In re Endeavor Operating Corp., Case No. 14-12308 (KJC) (Bankr. D. Del. Nov. 6, 2014) ("Endeavor Order"); In re Tuscany Int'l Drilling Inc., Case No. 14-10193 (KG) (Bankr. D. Del. Mar. 20, 2014) ("Tuscany Order").

10. The Debtors respectfully submit that the maintenance of their Cash Management System, as it may be modified in the ordinary course of business, is in the best interests of the Debtors' estates and creditors. Preserving a "business as usual" atmosphere and avoiding the unnecessary distractions that inevitably would be associated with any substantial

changes to the Cash Management System will facilitate the Debtors' stabilization of their postpetition business operations, avoid unnecessary administrative burdens and allow the Debtors to focus on preserving and enhancing the value of their estates.

Bank Accounts

11. As set forth above, the Debtors' Cash Management System utilizes a number of Bank Accounts on a regular basis. The Debtors maintain each of their respective Bank Accounts at financial institutions insured by the FDIC. To avoid substantial disruption to the normal operation of their business and to preserve a "business as usual" atmosphere, the Debtors hereby request that they be permitted to continue to use their Bank Accounts with the same account numbers. The Debtors further request that their banks and financial institutions (collectively, the "Banks") be authorized to continue to service and administer the Bank Accounts as accounts of the applicable Debtor as debtor in possession without interruption. Absent this relief, the UST Guidelines would require the Debtors to close all of their prepetition Bank Accounts and open new accounts. Authorizing the Debtors to continue using their prepetition Bank Accounts will eliminate disruption and assist the Debtors in achieving a smooth transition of their operations.

12. To protect against the possible inadvertent payment of prepetition claims, the Debtors will immediately advise their banks not to honor checks issued prior to the Petition Date, except as otherwise expressly permitted by an order of the Court and directed by the Debtors. Importantly, the Debtors possess the capacity to draw the necessary distinctions between prepetition and postpetition obligations and payments without closing the Bank Accounts and opening new ones.

13. Authority to continue the use of bank accounts has been granted in numerous other chapter 11 cases. See, e.g., Hercules Order; Milagro Order; Quicksilver Order;

Cal Dive Order; Endeavor Order.

*Business Forms*

14. In the ordinary course of their business, the Debtors use checks and other business forms. By virtue of the nature of the Debtors' business operations and the number of suppliers of goods and services with whom the Debtors deal on a regular basis, it is important that the Debtors be permitted to continue using their existing checks and other business forms without alteration or change. Pursuant to Rule 2015-2(a) of the Local Rules for the Bankruptcy Court for the District of Delaware (the "Local Rules"), and to avoid disruption of the Cash Management System and any unnecessary expense, the Debtors request that they not be required to include the legend "D.I.P." and the corresponding bankruptcy case number on any existing business forms or checks, provided that any new check stock ordered by the Debtors shall contain the designation "Debtor in Possession."

15. Because parties that presently conduct business with the Debtors likely will be aware of the Debtors' status as debtors in possession, the alteration of the Debtors' existing checks and business forms would be unnecessary and unduly burdensome. Further, courts in this District have allowed debtors to use their prepetition business and check forms without the "D.I.P." label in numerous other large cases. See, e.g., Hercules Order; Milagro Order; Cal Dive Order; Endeavor Order.

***Request for Interim and Final Waiver of  
Section 345(b) Investment and Deposit Guidelines***

16. The Debtors' funds are maintained in domestic bank accounts insured by the United States through the FDIC (collectively, the "Deposit Guidelines"). Many of the Banks have executed a Uniform Deposit Agreement ("UDA") with the United States Trustee for the District of Delaware (the "U.S. Trustee"). Accordingly, the Debtors believe that the Deposit



Guidelines substantially comply with the approved investment guidelines identified in section 345(b) of the Bankruptcy Code. Nevertheless, out of an abundance of caution, the Debtors seek, pursuant to Local Rule 2015-2(b), a 45-day waiver of the requirements of section 345(b) in order to confer with the U.S. Trustee to determine whether any modifications to the Deposit Guidelines are required.

17. Local Rule 2015-2(b) provides that if a motion for a waiver under section 345 of the Bankruptcy Code is filed on the first day of the case, and there are more than 200 creditors, the court may grant an interim waiver. As this Motion is being filed on the first day of the Debtors' chapter 11 cases and the Debtors have in excess of 200 creditors, by this Motion the Debtors request that the Court enter an order approving, on an interim basis, the Deposit Guidelines.

18. Pursuant to section 345(b) of the Bankruptcy Code, any deposit or other investment made by a debtor, except those insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States, must be secured by either a bond in favor of the United States that is secured by the undertaking of a corporate surety approved by the U.S. Trustee for the relevant District or the deposit of securities of the kind specified in 31 U.S.C. § 9303. As noted above, the Debtors believe the Deposit Guidelines comport with these requirements, but, even if they do not, section 345(b) also provides that a bankruptcy court may allow the use of alternatives to these approved investment guidelines "for cause." See 11 U.S.C. § 345(b); In re Serv. Merch. Co., 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999).

19. In the Service Merchandise case, the court identified the following factors as a guide for determining whether cause exists to waive the requirements of section 345(b) of

the Bankruptcy Code:

- (a) the sophistication of the debtor's business;
- (b) the size of the debtor's business operations;
- (c) the amount of investments involved;
- (d) the bank ratings of the financial institutions where the debtor's funds are held;
- (e) the safeguards in place within the debtor's own business for insuring the safety of the funds;
- (f) the debtor's ability to reorganize in the face of a failure of one or more of the financial institutions;
- (g) the benefit to the debtor of current practices;
- (h) the harm, if any, to the estate; and
- (i) the reasonableness of the debtor's request for relief from the section 345(b) requirements in light of the overall circumstances of the case.

Id. Examining these factors, the Service Merchandise court concluded that "cause" existed in that case because the debtors were "large, sophisticated [companies] with a complex cash management system" that had the ability to shift money as needed to ensure the safety of their funds. Id. Moreover, the benefits to the debtor of waiving the section 345(b) requirements far outweighed any potential harm to the estate, and the failure to waive the requirements "would needlessly handcuff these debtors' reorganization efforts." Id. at 896-97.

20. As in Service Merchandise and the other chapter 11 cases in which courts in this District have granted requests for approval of the continued use of investment and deposit guidelines that did not strictly comply with section 345 of the Bankruptcy Code, the Debtors are large, sophisticated companies with a complex Cash Management System that provides the Debtors the ability to efficiently transfer funds to ensure their safety. In light of these factors and the safety of the Debtors' Bank Accounts, the Debtors respectfully request that, to the extent the

Deposit Guidelines do not comply with the requirements of section 345(b), the Court extend the Debtors' time to comply with section 345(b) of the Bankruptcy Code for 45 days, without prejudice to the Debtors' ability to seek a final waiver of those requirements. During the extension period, the Debtors will engage in discussions with the U.S. Trustee and any statutory committee appointed in these chapter 11 cases to determine whether modifications to the Deposit Guidelines are appropriate under the circumstances.

21. Courts in this District have permitted similar and longer extensions in other comparable chapter 11 cases. See, e.g., Milagro Order (granting 45-day extension); Endeavor Order (granting 30-day extension); Tuscany Order (granting 60-day extension).

***The Court Should Authorize Banks Participating  
in the Cash Management System to Honor Certain  
Transfers and Charge Bank Fees and Certain Other Amounts***

22. Contemporaneously with the filing of this Motion, the Debtors have filed various motions for authorization to pay certain prepetition obligations. With respect to some of these obligations, prior to the Petition Date, the Debtors issued checks that have yet to clear the banking system. With respect to other obligations, the Debtors intend to issue checks postpetition on account of such prepetition debt once the Court enters an order permitting the Debtors to take such action. The Debtors intend to inform the Banks which prepetition checks the Banks should honor pursuant to orders of the Court authorizing such payment.

23. As a result of the foregoing, the Debtors request that the Banks be authorized to accept and honor all representations from the Debtors regarding which checks, drafts, wires or ACH transfers should be honored or dishonored consistent with any order of this Court, whether such checks, drafts, wires or ACH transfers are dated prior to, on or subsequent to the Petition Date. Pursuant to the relief requested in this Motion, the Banks will not be liable to any party on account of (i) following the Debtors' instructions or representations as to any

order of this Court, (ii) honoring any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored or (iii) an innocent mistake made despite implementation of reasonable item-handling procedures. Such relief is reasonable and appropriate because the Banks are not in a position to independently verify or audit whether a particular item may be paid in accordance with a Court order or otherwise.

24. Finally, the Debtors request authority for the Banks to charge and the Debtors to pay for both prepetition and postpetition services and other fees, costs, charges and expenses to which the Banks may be entitled under the terms of and in accordance with their contractual arrangements with the Debtors (collectively, the "Bank Fees"). The Debtors pay the Banks approximately \$6,000 per month in the aggregate on account of fees incurred in connection with the Bank Accounts. The Debtors estimate that they owe the Banks approximately \$6,000 as of the Petition Date. The Debtors further request that the Banks be authorized to charge back returned items to the Bank Accounts in the normal course of business.

25. Granting this relief will minimize or eliminate any disruption to the Cash Management System and the Bank Accounts and assist the Debtors in accomplishing a smooth transition with respect to these cases. Authority for debtors to pay bank fees and banks to charge back returned items has been routinely granted in other chapter 11 cases. See, e.g., Hercules Order; Milagro Order; Quicksilver Order; Cal Dive Order; Endeavor Order.

***Permitting Continued Intercompany Funding and Intercompany Transactions with Non-Debtor Affiliates and Granting Administrative Expense Status to Intercompany Obligations is Appropriate***

26. Under the Cash Management System, funds generated by the business operations of each participating Debtor ultimately flow into the Concentration Account. As individual Debtors participating in the Cash Management System require funds to meet current obligations, cash is either transferred directly from the Concentration Account or into the

appropriate disbursement account. In addition, as further described above, small amounts of cash are periodically transferred to pay the ordinary-course expenses of the Non-Debtor Affiliates. For instance, from January 1, 2015 through the Petition Date, the Debtors made transfers of approximately \$40,000 to the New Zealand Subsidiaries<sup>5</sup> to cover various administrative services, including tax return preparation, document storage and continuation of a trademark registration.

27. Accordingly, at any given time, there may be balances, which are treated as extensions of intercompany credit, that are due and owing from one Debtor to another Debtor and between certain Debtors and their Non-Debtor Affiliates. The continuation of the ordinary course intercompany transactions and related transfers will permit the Debtors to conduct business as usual and avoid any disruption to the detriment of the Debtors and their Non-Debtor Affiliates. Accordingly, the Debtors submit that the continuation of these transactions is in the best interests of the Debtors' estates and creditors.

28. The Debtors maintain strict records of transfers of cash and can readily ascertain, trace and account for all intercompany transactions. The Debtors will continue to maintain such records, including records of all current intercompany accounts receivable and payable.

29. Because the Debtors will be effectively lending and borrowing cash on a postpetition basis, the Debtors respectfully request that, pursuant to section 503(b)(1) of the Bankruptcy Code, the Court accord administrative expense status to all intercompany claims against a Debtor by another Debtor or a Non-Debtor Affiliate arising after the Petition Date as a

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<sup>5</sup> The New Zealand Subsidiaries are Swift Energy New Zealand Limited, Swift Energy New Zealand Holdings Limited and Kowhai Operating Limited.

result of intercompany transactions through the Cash Management System (collectively, "Intercompany Claims"). This relief has been granted in many cases. See, e.g., Milagro Order; Cal Dive Order; Endeavor Order; Tuscany Order.

**Requests for Immediate Relief and Waiver of Stay**

30. Pursuant to Rules 6003(b) and 6004(h) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtors seek immediate entry of an order granting the Debtors (i) the authority to continue to pay Bank Fees and (ii) a waiver of any stay of the effectiveness of such an order.

31. Bankruptcy Rule 6003(b) provides, in relevant part, that "[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, issue an order granting . . . a motion to pay all or part of a claim that arose before the filing of the petition." Accordingly, where the failure to grant any such requested relief would result in immediate and irreparable harm to the Debtors' estates, the Court may allow the Debtors to pay all or part of a claim that arose before the Petition Date prior to the twenty-first day following the Petition Date. Bankruptcy Rule 6004(h) provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise."

32. The continued use of the Bank Accounts, Cash Management System and business forms and the payment of Bank Fees are necessary to prevent immediate and irreparable damage to the Debtors' operations. Accordingly, the Debtors submit that ample cause exists to justify: (i) the immediate entry of an order granting the relief sought herein pursuant to Bankruptcy Rule 6003(b); and (ii) a waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h).

**Consent to Jurisdiction**

33. Pursuant to Local Rule 9013-1(f), 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 order or judgment absent consent of the parties.

**Notice**

34. Notice of this motion will be provided to: (a) the Office of the United States Trustee for the District of Delaware; (b) the Debtors' largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions; (c) Kirkland & Ellis LLP, as counsel to the ad hoc committee of a majority of holders of the Debtors' prepetition unsecured notes; (d) counsel to JP Morgan Chase Bank, N.A., in its capacity as administrative agent for the senior secured lenders; (e) counsel to Wilmington Trust, National Association, in its capacity as the trustee under the respective prepetition indentures governing the unsecured notes; (f) the Banks; (g) counsel to Cantor Fitzgerald Securities LLC in its capacity as administrative agent under the proposed debtor in possession financing; and (h) all parties entitled to notice pursuant to Local Rule 9013-1(m). As this motion is seeking "first day" relief, this motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). Due to the nature of the relief requested herein, the Debtors respectfully submit that no further notice of this motion is necessary.

**No Prior Request**

35. No prior request for the relief sought herein has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter an interim order, substantially in the form attached hereto as Exhibit C, and a final order, granting: (i) the relief requested herein; and (ii) such other and further relief to the Debtors as the Court may deem proper.

Dated: December 31, 2015  
Wilmington, Delaware

Respectfully submitted,

/s/ Zachary I. Shapiro  
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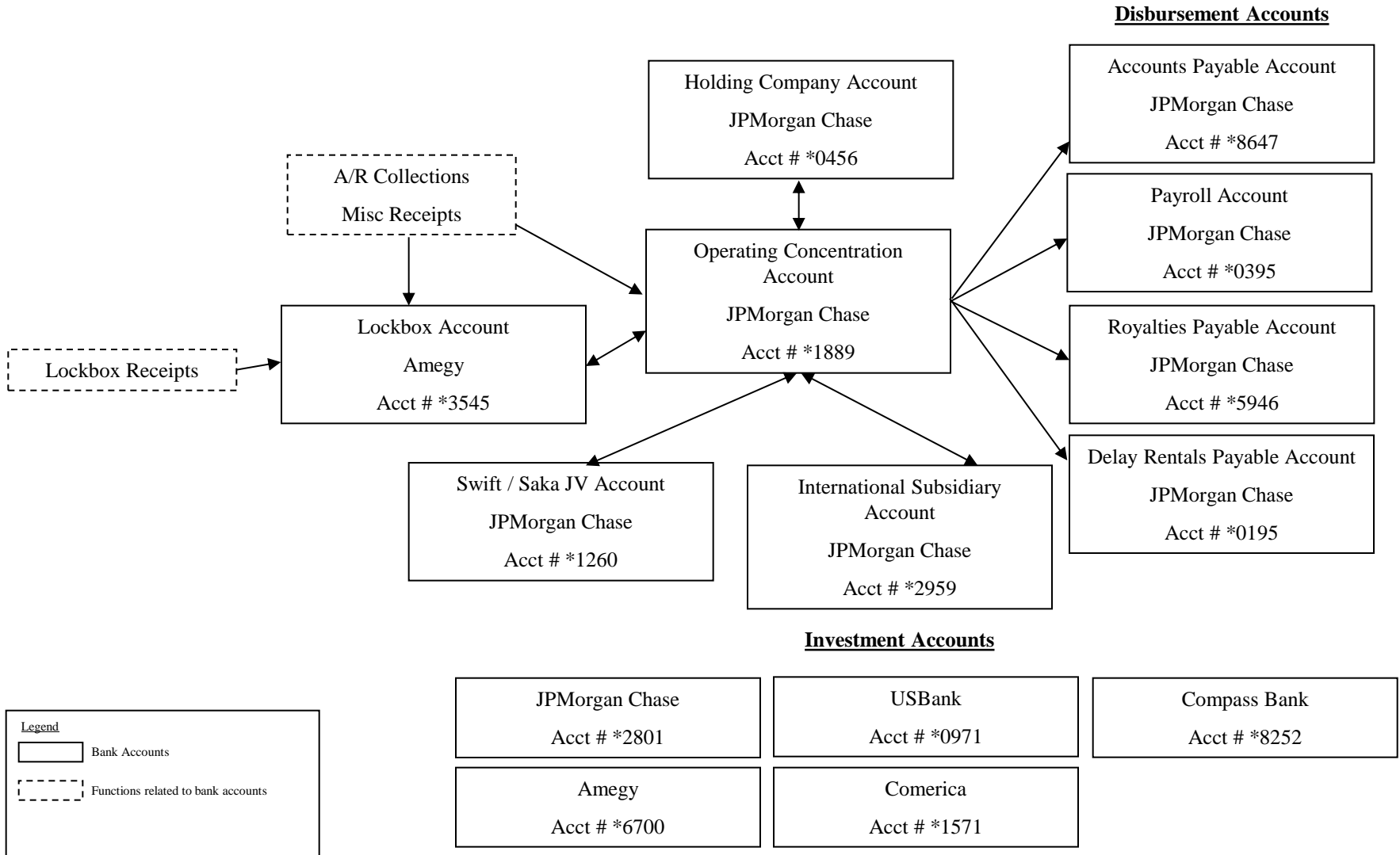
PROPOSED ATTORNEYS FOR DEBTORS  
AND DEBTORS IN POSSESSION



**EXHIBIT A**

**Flow Chart Summarizing Cash Management System**

### Cash Management System



**EXHIBIT B**

**Schedule of Bank Accounts**

Account Holder	Bank Name	Account Number	Account Description	Type of Account	Account Officer Address
Swift Energy Company	JPMorgan Chase Bank, N.A.	xxxxx0456	Holding Company Account	Demand Deposit	JPM - Correne Loeffler 712 Main St., 8 South Houston, TX 77002 (713) 216-7766; correne.s.loeffler@jpmorgan.com
Swift Energy Operating, LLC	JPMorgan Chase Bank, N.A.	xxxxxx1889	Operating Concentration Account	Demand Deposit	JPM - Correne Loeffler
Swift Energy Operating, LLC	Amegy Bank National Association	xxx3545	Lockbox Account	Demand Deposit	Amegy - Scott Collins 4400 Post Oak Pkwy., Suite 400 Houston, TX 77027 (713) 232-2022; scott.collins@amegybank.com
Swift Energy Operating, LLC	JPMorgan Chase Bank, N.A.	xxxxxx8647	Accounts Payable Account	Controlled Disbursement	JPM - Correne Loeffler
Swift Energy Operating, LLC	JPMorgan Chase Bank, N.A.	xxxxxx0395	Payroll Account	Demand Deposit	JPM - Correne Loeffler
Swift Energy Operating, LLC	JPMorgan Chase Bank, N.A.	xxxxxx5946	Royalties Payable Account	Controlled Disbursement	JPM - Correne Loeffler
Swift Energy Operating, LLC	JPMorgan Chase Bank, N.A.	xxxxxx0195	Delay Rentals Payable Account	Controlled Disbursement	JPM - Correne Loeffler
Swift Energy International, Inc.	JPMorgan Chase Bank, N.A.	xxxxxx2959	International Subsidiary Account	Demand Deposit	JPM - Correne Loeffler
Swift Energy Operating, LLC	U.S. Bank National Association	xxxxx0971	Investment Account	Investment	US Bank - Sue Geiger 950 17th St., 8th Floor Denver, CO 80202 (513) 632-2170; suzanne.geiger@usbank.com
Swift Energy USA, Inc.	JPMorgan Chase Bank, N.A.	xxxxxx2801	Investment Account	Investment	JPM - Correne Loeffler
Swift Energy Operating, LLC	Compass Bank	x8252	Investment Account	Investment	Compass - Rachel Festervand 2200 Post Oak Blvd., 21st Floor Houston, TX 77056 (713) 966-2249; rachel.festervand@bbvacompass.com
Swift Energy Operating, LLC	Amegy Bank National Association	xxxxxxx6700	Investment Account	Investment	Amegy - Scott Collins
Swift Energy Operating, LLC	Comerica Bank	xxxxx1571	Investment Account	Investment	Comerica - Jason Kleselel 5757 Memorial Dr., Suite 200 Houston, TX 77007 (713) 507-2024; jmklesel@comerica.com
Swift Energy Operating, LLC	JPMorgan Chase Bank, N.A.	xxxxx1260	Swift Energy & Saka JV Account	Demand Deposit	JPM - Correne Loeffler

**EXHIBIT C**

**Proposed Order**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re	:	Chapter 11
	:	
SWIFT ENERGY COMPANY, <i>et al.</i> , <sup>1</sup>	:	Case No. 15-____ (____)
	:	
Debtors.	:	(Jointly Administered)
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**INTERIM ORDER (I) APPROVING THE CONTINUED USE OF THE DEBTORS' CASH MANAGEMENT SYSTEM AND (II) GRANTING RELATED RELIEF**

This matter coming before the Court on the Motion for an Order (I) Approving the Continued Use of the Debtors' Cash Management System and (II) Granting Related Relief (the "Motion");<sup>2</sup> the Court having reviewed the Motion and the First Day Declaration and having considered the statements of counsel and the evidence adduced with respect to the Motion at a hearing before the Court (the "Hearing"); and the Court having found that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b) and (iv) notice of the Motion and the Hearing was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates and their creditors; and good and sufficient cause having been shown;

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<sup>1</sup> The Debtors are the following nine entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Swift Energy Company (0661); Swift Energy International, Inc. (6721); Swift Energy Group, Inc. (8150); Swift Energy USA, Inc. (8212); Swift Energy Alaska, Inc. (6493); Swift Energy Operating, LLC (2961); GASRS LLC (4381); SWENCO-Western, LLC (0449); and Swift Energy Exploration Services, Inc. (2199). The address of each of the Debtors is 17001 Northchase Drive, Suite 100, Houston, Texas 77060.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.

2. On \_\_\_\_\_, 2016, at \_\_\_\_\_ .m. (ET), a hearing (the "Final Hearing") will be held before this Court to consider the relief sought in the Motion on a final basis. All objections, if any, to the Motion shall be in writing and filed with this Court and served on counsel for the Debtors, any duly appointed committee, and the United States Trustee, so as to be received on or before \_\_\_\_\_, 2016 at 4:00 p.m. (ET).

3. The Debtors are authorized to: (i) maintain their Cash Management System in substantially the same form as described in the Motion; (ii) implement ordinary course changes to their Cash Management System; and (iii) open and close bank accounts; provided, however, that the Debtors give notice to the Office of the United States Trustee, counsel to Cantor Fitzgerald Securities LLC in its capacity as administrative agent under the proposed debtor in possession financing, counsel to JP Morgan Chase Bank, N.A., in its capacity as prepetition administrative agent for the senior secured lenders and any official committees appointed in these chapter 11 cases prior to opening or closing a bank account. Any new domestic bank account opened by the Debtors shall be established at an institution that is a party to a UDA with the U.S. Trustee or is willing to immediately execute such an UDA.

4. The Debtors are authorized, but not directed, to continue to use the Bank Accounts under existing account numbers without interruption.

5. The Debtors are authorized to pay customary prepetition Bank Fees owed to any of their Banks, and the Banks may make payments from and debit the Debtors' Bank Accounts, in the ordinary course of business, on account of undisputed, outstanding Bank Fees owed to Banks as of the Petition Date, if any.

6. The Banks are authorized, but not directed, to continue to service and administer the Bank Accounts as accounts of the applicable Debtor as debtor in possession without interruption, and to receive, process, honor and pay any and all checks, ACH transfers and other instructions for payment, drafts drawn on or electronic transfer requests made on, the Bank Accounts after the Petition Date by the holders or makers thereof or other persons or parties entitled to issue instructions with respect thereto, as the case may be.

7. All Banks provided with notice of this Order maintaining any of the Bank Accounts shall not honor any checks issued against the Bank Accounts prior to the commencement of these chapter 11 cases, except as otherwise authorized by an order of this Court and directed by the Debtors.

8. The Debtors shall not be required to include the legend "D.I.P." and the corresponding bankruptcy case number on existing checks or business forms; provided, however, that any new check stock ordered by the Debtors shall contain the designation "Debtor in Possession."

9. The Banks are authorized, but not directed, to accept and honor all representations from the Debtors regarding which checks, drafts, wires or ACH transfers should be honored or dishonored consistent with any order of this Court, whether such checks, drafts, wires or ACH transfers are dated prior to, on, or subsequent to the Petition Date. The Banks shall not be liable to any party on account of: (i) following the Debtors' instructions or representations as to any order of this Court; (ii) honoring any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored; or (iii) an innocent mistake made despite implementation of reasonable item-handling procedures.

10. Any Bank, without further order of this Court, is authorized to (i) charge,



and the Debtors are authorized to pay or honor, both prepetition and postpetition service and other fees, costs, charges and expenses to which the Banks are entitled under the terms and in accordance with their contractual arrangements with the Debtors; and (ii) the Banks also are authorized, but not directed, to charge back returned items to the Bank Accounts in the ordinary course of business.

11. No liens on any of the Bank Accounts granted to any creditors (including the lenders under the Debtors' proposed debtor in possession financing (the "DIP Lenders")) shall take priority over the liens of the Bank at which the account is maintained solely for the purpose of securing customary and reasonable fees or service charges of such Bank.

12. The Debtors shall consult with the DIP Lenders concerning any material changes to the existing Cash Management System or the Investment Policy.

13. The Debtors' time to comply with section 345(b) of the Bankruptcy Code is hereby extended for a period of 45 days from the Petition Date; provided, however, that such extension is without prejudice to the Debtors' right to request either a further extension or the waiver of the requirements of section 345(b) of the Bankruptcy Code in these bankruptcy cases.

14. The Debtors are authorized to invest and deposit funds in accordance with the Investment Policy, notwithstanding that certain guidelines may not strictly comply in all respects with the investment guidelines in section 345 of the Bankruptcy Code. All applicable banks and other financial institutions are authorized to accept or hold or invest funds, at the Debtors' direction, in accordance with the Investment Policy.

15. Any Banks are further authorized to (i) honor the Debtors' directions with respect to the opening and closing of any Bank Account; and (ii) accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions, provided, in each case, that the

Debtors' Banks shall not have any liability to any party for relying on such representations.

16. The Debtors are authorized, from and after the Petition Date, to continue to engage in intercompany transactions in the ordinary course of the Debtors' business, including transactions with the Non-Debtor Affiliates, provided, however, that for the avoidance of doubt, the Debtors shall not be authorized by this Order to (a) directly or indirectly, make any distribution on account of an equity interest in the Debtors held by such Non-Debtor Affiliate or its beneficial owner or (b) undertake any intercompany transactions that is not on the same terms as, or materially consistent with, the Debtors' operation of the business in the ordinary course during the prepetition period. All Intercompany Claims held by a Debtor or Non-Debtor Affiliate against a Debtor arising from postpetition intercompany transfers shall be entitled to administrative expense priority pursuant to section 503(b)(1) of the Bankruptcy Code; provided, that the priority of any such Intercompany Claim shall be junior, in all respects, to (i) the superpriority administrative expense claims granted to the Debtors' DIP Lenders and (ii) the adequate protection superpriority administrative expense claims granted to the Debtors' pre-petition secured lenders. In connection therewith, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all transactions, including intercompany transactions, may be readily ascertained, traced, and recorded properly on applicable intercompany accounts.

17. Notwithstanding anything to the contrary contained herein, the relief granted in this Order and any payment to be made hereunder shall be subject to the terms of any orders authorizing debtor-in-possession financing and/or granting the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any budgets governing or relating to such use), and to the extent there is any inconsistency between the terms

of such financing and/or cash collateral orders and any action taken or proposed to be taken hereunder, the terms of such financing and/or cash collateral orders shall control.

18. For Banks at which the Debtors hold Bank Accounts that are party to an UDA with the U.S. Trustee, within fifteen days of the date of entry of this Order, the Debtors shall (a) contact each Bank, (b) provide each Debtor's employer identification number and (c) identify each account held at such Banks by a Debtor.

19. For Banks at which the Debtors hold Bank Accounts that are not party to an UDA with the U.S. Trustee, the Debtors shall use their good-faith efforts to cause the Banks to execute an UDA in a form prescribed by the U.S. Trustee within thirty days of the date of this Order. The U.S. Trustee's rights to seek further relief from this Court on notice in the event that the aforementioned Banks are unwilling to execute an UDA in a form prescribed by the U.S. Trustee are fully reserved.

20. As soon as practicable after entry of this Order, the Debtors will serve a copy of this Order to the Banks at which the Bank Accounts are maintained.

21. The requirements of Bankruptcy Rule 6003(b) have been satisfied with respect to the payments authorized by this Order.

22. This Order shall be immediately effective and enforceable upon its entry. The fourteen-day stay imposed by Bankruptcy Rule 6004(h) is hereby waived.

Dated: \_\_\_\_\_, 2016  
Wilmington, Delaware

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UNITED STATES BANKRUPTCY JUDGE