

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

In re:

SWIFT ENERGY COMPANY, *et al.*,<sup>1</sup>  
Debtors.

Chapter 11

Case No. 15-12670 (MFW)

(Jointly Administered)

**Objection Deadline: January 29, 2016 at 12:00 p.m.  
(ET) (extended with consent)**

**Hearing: February 1, 2016, at 11:30 a.m. (ET)**

**Re: D.I. 17, 57**

**RESERVATION OF RIGHTS OF THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS OF SWIFT ENERGY COMPANY, ET AL.,  
TO THE DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING THE DEBTORS TO (A) OBTAIN POST-PETITION  
FINANCING ON A SUPER-PRIORITY, SECURED BASIS AND  
(B) USE CASH COLLATERAL, (II) GRANTING (A) LIENS AND  
SUPER-PRIORITY CLAIMS AND (B) ADEQUATE PROTECTION TO  
CERTAIN PREPETITION LENDERS, (III) MODIFYING THE AUTOMATIC STAY,  
(IV) SCHEDULING A FINAL HEARING AND (V) GRANTING RELATED RELIEF**

The Official Committee of Unsecured Creditors (the "Committee") of Swift Energy Company ("Swift") and its affiliated debtors and debtors in possession (collectively, the "Debtors"), by and through its undersigned proposed counsel, hereby submits this reservation of rights (the "Reservation of Rights") with respect to the Debtors' *Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Obtain Post-Petition Financing on a Super-Priority, Secured Basis and (B) Use Cash Collateral, (II) Granting (A) Liens and Super-Priority Claims and (B) Adequate Protection to Certain Prepetition Lenders, (III) Modifying the Automatic Stay,*

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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 parenthesis): 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 (01449); and Swift Energy Exploration Services, Inc. (2199). The address of each of the Debtors is 17001 Northchase Drive, Suite 100, Houston, Texas 77060.

(IV) *Scheduling a Final Hearing and (V) Granting Related Relief* [D.I. 17] (the “DIP Motion”).<sup>2</sup>

In support of this Reservation of Rights, the Committee respectfully represents as follows:

**RESERVATION OF RIGHTS**

1. The Committee has no fundamental objection to the DIP Facility itself. Indeed, following negotiations with the Debtors, the DIP Lenders and the RBL Agent (collectively, the “DIP Parties”), the DIP Parties have consented, at the request of the Committee, to a number of changes and clarifications in the proposed form of final order that have resolved a host of Committee concerns related to the DIP Facility.

2. To date, the Debtors have not yet filed a proposed Final DIP Order with the Court. Further, while certain concepts have been agreed to in principle, specific language is still being considered. The Committee fully expects that the proposed form of final order will reflect the changes agreed to among the parties but, out of an abundance of caution, the Committee reserves all rights to object to the DIP Motion prior to, or at, the hearing on the DIP Motion (the “DIP Hearing”) to the extent necessary based upon its review of the proposed Final DIP Order filed with the Court.

3. In addition, as of the date hereof, the Committee’s advisors continue to conduct due diligence on the *sizing* and *pricing* of the DIP Facility based on the information made available to them to date. However, the Committee’s advisors have not yet received, or had a chance to analyze, all necessary information. While the Committee is hopeful that any concerns will be addressed, the Committee reserves all rights to object to the DIP Motion prior to, or at,

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<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the DIP Motion or the *Interim Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing on a Super-priority, Secured Basis and (B) Use Cash Collateral, (II) Granting (A) Liens and Super-priority Claims and (B) Adequate Protection to Certain Prepetition Lenders, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* [D.I. 57] (the “Interim DIP Order”), as applicable.

the DIP Hearing to the extent necessary based on its full evaluation of the DIP Facility using the critical information that the Committee has requested from the Debtors.

4. Further, while the Committee is in discussions with the DIP Parties regarding the size of the Committee Investigation Budget, no agreement has been reached as of this filing. The Committee anticipates that this issue will be resolved in advance of the final DIP Hearing. To the extent this issue is not resolved, the Committee reserves all rights.

5. Lastly, as of the date hereof, the Committee has not yet been informed of the amount to be included for the Professional Expense Cap. The Interim DIP Order provides that the Professional Expense Cap shall be *up to* \$2.5 million in the aggregate for any fees and expenses of the Debtors' and the Committee's professionals incurred after the occurrence and during the continuation of an Event of Default under the DIP Credit Agreement. *See* Interim DIP Order, ¶31. It is important that the Professional Expense Cap contain sufficient funds to allow the Committee to perform its fiduciary duties following an Event of Default and the Committee reserves all rights with respect thereto. Until the Professional Expense Cap is finalized, the Committee is unable to evaluate if it is sufficient.<sup>3</sup>

6. This Reservation of Rights is submitted without prejudice to, and with a full reservation of, the Committee's rights, claims, defenses, and remedies, including the right to amend, modify, or supplement this Reservation of Rights, to seek discovery, to raise additional objections and to introduce evidence at any hearing relating to this Reservation of Rights, and without in any way limiting any other rights of the Committee to further object to the DIP Motion, on any grounds, as may be appropriate. Further, the Committee reserves the right to

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<sup>3</sup> Additionally, the Carve-Out and Professional Expense Cap are inadequate because they fail to include the reasonable fees and expenses of third-party professionals employed by individual members of the Committee.

amend or supplement this Reservation of Rights, based upon any facts or arguments that come to light prior to the hearing on these issues.

Dated: January 29, 2016  
Wilmington, Delaware

**REED SMITH LLP**

/s/ Emily K. Devan

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