

ORIGINAL

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re	:	Chapter 11
	:	
SWIFT ENERGY COMPANY, <i>et al.</i> , ¹	:	Case No. 15-12670 (MFW)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	Re: Docket No. 12

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");² 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;

¹ 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.

² 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 as set forth herein.

2. On Feb. 1, 2016, at 11:30 A.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 Jan 25, 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 any new Bank Accounts or close any existing Bank Accounts as it may deem necessary and appropriate in their sole discretion; provided, however, that the Debtors give notice within 15 days to the Office of the United States Trustee for the District of Delaware, 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 statutory committees appointed in these chapter 11 cases; provided, further, however that the Debtors shall open any such new Bank Account at banks that have executed a Uniform Depository Agreement with the Office of the United States Trustee for the District of Delaware, or at such banks that are willing to immediately execute such an agreement.

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" and, for any legends that the Debtors print on blank check stock, the Debtors shall have 15 days to update such legends to include 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 30 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. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. Unless otherwise approved by the U.S. Trustee, the Debtors shall not transfer more than \$50,000 to their New Zealand Subsidiaries.

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: January 5, 2016
Wilmington, Delaware



THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE