

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. 10

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO PAY
(A) PREPETITION CLAIMS OF POTENTIAL LIEN CLAIMANTS,
(B) JOINT-INTEREST BILLINGS, (C) GPT EXPENSES AND (D) SHIPPING AND
WAREHOUSING CLAIMS AND (II) GRANTING CERTAIN RELATED RELIEF**

This matter coming before the Court on the Debtors' Motion for an Order

(I) Authorizing the Payment of (A) Prepetition Claims of Potential Lien Claimants,
 (B) Joint-Interest Billings, (C) GPT Expenses and (D) Shipping and Warehousing Claims and
 (II) Granting Certain 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"); 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), (iv) notice of the Motion and the Hearing was
 sufficient under the circumstances, (v) the payment of the Potential Lien Claims and GPT
 Expenses as set forth herein is necessary and appropriate to prevent serious disruptions to the

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.



Debtors' business operations that would potentially cause immediate and irreparable harm to the Debtors and to preserve the going concern value of the Debtors' business and the Debtors' estates for the benefit of all stakeholders and (vi) there is good cause to waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h) to the extent it is applicable; 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;

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 Office of the United States Trustee for the District of Delaware, so as to be received on or before Jan 25, 2016 at 4:00 p.m. (ET).
3. The Debtors are authorized, but not required, to pay in their sole discretion and in the ordinary course of their business, the Potential Lien Claims in an interim aggregate amount not to exceed \$25,000,000.
4. The Debtors are authorized, but not required, to pay in their sole discretion and in the ordinary course of business, GPT Expenses in an interim aggregate amount not to exceed \$2,000,000.
5. The Counterparties are authorized to continue netting the GPT Expenses under the Netting Agreements in the ordinary course of business.
6. The Debtors may require the recipient of a Lien Claimant Payment to execute an agreement (a "Trade Agreement") whereby a Potential Lien Claimant agrees to:

(a) the continuance of the parties' existing business relationship; (b) other business terms on a postpetition basis, including the pricing of goods and services, the provision of equivalent levels of service and the timing of payment, on terms at least as favorable as those extended in the normal course prior to the Petition Date, or on such other terms that are acceptable to the Debtors; and (c) the release to the Debtors of goods or other assets owned by the Debtors in the Potential Lien Claimant's possession, if any (collectively, the "Trade Terms"). The Trade Terms would be applicable throughout the pendency of the Debtors' chapter 11 cases.

7. If a Potential Lien Claimant that has executed a Trade Agreement accepts a Lien Claimant Payment and fails to provide the Debtors with the requisite Trade Terms specified therein, then (a) any Lien Claimant Payment received by the Potential Lien Claimant may be deemed by the Debtors an unauthorized postpetition transfer under section 549 of the Bankruptcy Code that the Debtors may, at the Debtors' option, (i) seek to recover from the Potential Lien Claimant in cash to the extent that such payments exceed the postpetition amounts then owing to the Potential Lien Claimant or (ii) apply against any outstanding administrative claim held by such Potential Lien Claimant; and (b) upon recovery of any Lien Claimant Payment, the corresponding prepetition claim of the Potential Lien Claimant will be reinstated in the amount recovered by the Debtors.

8. In the event that Lien Claimant Payments to a Potential Lien Claimant exceed \$250,000 in the aggregate, the Debtors will only make additional Lien Claimant Payments to such Potential Lien Claimant with the consent of the ad hoc committee of senior noteholders, which consent may not be unreasonably withheld; provided, however, that (a) the ad hoc committee of senior noteholders may consent to Debtors making all additional Lien Claimant Payments to the approved Potential Lien Claimant in the ordinary course of business

without the need for any additional consent (the "Full Potential Lien Claimant Consent"); (b) in the event the ad hoc committee of senior noteholders declines to provide the Full Potential Lien Claimant Consent but has consented to an additional Lien Claimant Payment, then subsequent consent for the additional Lien Claimant Payments must be sought by the Debtors for each incremental \$100,000 in amounts payable to such Potential Lien Claimant; and (c), in the event the ad hoc committee of senior noteholders fails to consent to an additional Lien Claimant Payment within five business days of receipt of a written request by the Debtors, such consent, which will not be treated as a Full Potential Lien Claimant Consent, will be deemed granted.

9. The Banks are authorized to receive, process, honor and pay all checks presented for payment of, and to honor all funds transfer requests made by the Debtors related to, the Potential Lien Claims paid pursuant to this Interim Order, regardless of whether such checks were presented or funds transfer requests were submitted prior to or after the Petition Date, provided that funds are available in the Debtors' accounts to cover such checks and funds transfers. The Banks are authorized to rely on the Debtors' designation of any particular check or funds transfer as approved by this Interim Order.

10. Nothing in the Motion or this Interim Order, nor the Debtors' payment of claims pursuant to this Interim Order, shall be deemed or construed as: (a) an admission as to the validity of any claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any claim on any grounds; (c) a promise to pay any claim; or (d) an implication or admission that any particular claim is a Potential Lien Claim or GPT Expense.

11. 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.

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

13. Pursuant to Bankruptcy Rule 6004(h), this Interim Order shall be immediately effective and enforceable upon its entry.

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

15. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Interim Order.

Dated: January 5, 2016
Wilmington, Delaware



THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE