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Co-Counsel for Debtors

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

IN RE: ARABELLA EXPLORATION, LLC, a Texas limited liability corporation, et al., Debtors.¹	§ Case No. 17-40120-rfn § Chapter 11 § (Jointly Administered) § Honorable Russell F. Nelms § U.S. Bankruptcy Judge §
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**DEBTORS' MOTION TO AMEND SALE AND BIDDING PROCEDURES IN
CONNECTION WITH SALE OF ASSETS OF THE DEBTORS AND GRANTING
RELATED RELIEF**

[RE: DOCKET NO. 195]

The above-captioned debtors (the “Debtors”), by and through their undersigned counsel, hereby file this *Motion to Amend Sale and Bidding Procedures in Connection with the Sale of Assets of the Debtors and Granting Related Relief* (the “Motion to Amend”), and respectfully state as follows:

¹ This case is jointly administered with the case of Arabella Operating, LLC, Case No. 17-41479.

1. On January 8, 2017, Arabella Exploration, LLC (“AEX”) filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code (the “AEX Petition Date”). On April 4, 2017, Arabella Operating, LLC (“AO”) filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code. The above-captioned chapter 11 cases are referred to herein collectively as the “Chapter 11 Cases.” The Chapter 11 Cases are being jointly administered.

2. The Debtors continue to manage and operate their estates as debtors-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Chapter 11 Cases and no committee has been appointed or designated.

3. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The basis for the relief requested herein are § 105(a), 363, and 365 of the Bankruptcy Code and Rules 2002, 6004, and 6006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

5. On February 2, 2017, the Debtors filed a motion seeking entry of an order approving, among other things, sale and bidding procedures in connection with the sale of substantially all of the assets of the Debtors [Docket No. 66] (the “Sale Motion”). The Court entered an Order approving the Sale Motion [Docket No. 195] on May 5, 2017, which sets forth the marketing, bid, and auction procedures the Debtors intended to employ to sell substantially all of their assets (the “Assets”).

6. The dates associated with the Court-approved sale process have been adjourned since August 10, 2017 pending resolution of litigation initiated by Founders Oil & Gas Operating, LLC and Founders Oil & Gas III, LLC (collectively, “Founders”) in Adversary

Proceeding No. No. 17-04033 (the “Founders Litigation”), which had created a significant cloud on title to the key Assets of the Debtors and had a negative impact on the sale in the marketplace. By Order dated June 28, 2018 this Court approved a settlement between the Debtors and Founders resolving the Founders Litigation and clearing the path to a sale process that has Founders’ support (the “Founders Settlement”).²

7. Additionally, the Debtors have reached agreement with certain holders of working interests in the below wells (the “Operating Wells”) to participate in the sale.

<u>Well</u>	<u>Location</u>
Graham 1H API# 42-389-33496	Reeves County, Texas
Locker State 1H API# 42-389-33483	Reeves County, Texas
Jackson 1H API# 42-475-36553	Ward County, Texas
Emily Bell 1H API# 42-389-33731	Reeves County, Texas
Woods 1H API# 42-389-33680	Reeves County, Texas
Woods 2H API# 42-389-34154	Reeves County, Texas

The working interest holders are Lynx Production Company, Inc., EWD Permian, Ltd., Danakil Exploration, Ltd., Archer Oil & Gas, LLC, Larry Bartlett, BDV Investments, LLC, Melinda Brown, Lisa Burnett, Cavalier Wahoo, LLP, Drilling Acquisitions, LLC, EHI, LLC, Royce Fletcher, Bradford G Davis, Sooner Oil, LLC, Macfarlane Arabella, LLP, Dolores McCall, Box Six Seven Four, LLC, Evan Investments, LLC and Craig Massey (collectively, the “Participating Working Interest Holders”).

² As part of the settlement discussions with Founders, as well as discussions with the Participating Working Interest Holders (defined below), the Debtors agreed to hire a “consensus” broker to market and sell the Assets, who will replace T2 Land Resources, LLC as broker. The Debtors will be filing a retention application for such broker in the near-term.

8. The Participating Working Interest Holders, who collectively own a material percentage of working interests in the Operating Wells alongside the Debtors, which comprise a key Asset in the Debtors' proposed sale, have agreed to market their working interests jointly with the Debtors' working interests and participate in the sale. As part of the agreement with the Participating Working Interest Holders, the Debtors agreed to jointly develop bid procedures as a condition to their participation, including the appointment of a new broker to market the Assets. By this Motion to Amend, the Debtors seek approval of those amended bidding procedures.

9. Inclusion of the Participating Working Interest Holders in the sale process allows the Debtors to market a greater percentage of working interests in the Operating Wells, which greatly enhances the Debtors' ability to obtain maximum value for their working interests in the sale.

10. The Debtors believe with the Founders Settlement and the participation of the Participating Working Interest Holders, Debtors are well positioned to maximize the value of the Assets to the greatest extent possible.

11. Accordingly, by and through this Motion to Amend, the Debtors request entry of an amended order, substantially in the form of **Exhibit A** (the "**Amended Bidding Procedures Order**");

- i. authorizing and approving certain revised procedures for the sale of substantially all of the Debtors' Assets as set forth on **Exhibit 1** to the Amended Bidding Procedures Order (the "**Amended Bidding Procedures**");
- ii. in the event the Debtors receive one or more Qualified Bids (as defined in the Amended Bidding Procedures), rescheduling an auction (the "**Auction**") in connection with the proposed sale of the Assets (the "**Sale**");

- iii. rescheduling a hearing to approve the Sale of the Assets (the “Sale Hearing”) to the Successful Bidder per the terms of the Successful Bid (or, if applicable, to the Backup Bidder per the terms of the Backup Bid (as such terms are defined in the Amended Bidding Procedures));
- iv. approving the form and manner of notice of the Amended Bidding Procedures, the Auction, and the Sale Hearing (the “Auction and Sale Notice”) attached as **Exhibit 2** to the Amended Bidding Procedures Order;
- v. establishing procedures as set forth herein relating to determining the Cure Amounts (as defined herein) for the assumption and/or assignment of executory contracts (“Contracts”) and unexpired leases (“Leases”), including the form and manner of service of the notice (the “Assumption and Assignment Notice”) attached as **Exhibit 3** to the Amended Bidding Procedures Order; and
- vi. granting certain related relief.

12. The Amended Bidding Procedures supersede those previously approved.

Exhibits 2 and 3 to the Amended Bidding Procedures Order are substantially the same as previously approved.

13. The Amended Bidding Procedures contemplate the following proposed dates, subject to the availability of this Court:

- i. All bids by any third party that is interested in acquiring some or all of the Assets must be actually received by the parties specified in the Amended Bidding Procedures on or prior to September 10, 2018 at 5:00 p.m. (Central Time).
- ii. If necessary, an Auction with respect to the Assets will be held at a location to be determined by the Debtors, in consultation with the Consultation Parties, on September 18, 2018 at 10:00 a.m. (Central Time).
- iii. Debtors will file notice of the winning bidder with the Court by September 19, 2018.
- iv. Objections, if any, to the Sale of the Assets or the assumption and assignment of the Assumed and Assigned Contracts, are due by no later than 5:00 p.m. (Central time) on September 25, 2018.
- v. The Sale Hearing shall commence on September 27, 2018, at 1:30 p.m. (Central Time).

14. Debtors believe that a marketing and sale process in accordance with the Amended Bidding Procedures and on the timeframe proposed therein will generate the highest and best offer(s) for the Assets, will provide the greatest recovery for the Debtors' estates, and is in the best interests of the Debtors, their creditors, their estates and other parties in interest. The Amended Bidding Procedures were central to having agreement with the Participating Working Interest Holders to participate in the sale, which will greatly enhance the ability of the Debtors to obtain maximum value for the Assets.

15. The Debtors believe that the Amended Bidding Procedures provide an appropriate framework for selling the Assets and will enable the Debtors to review, analyze, and compare all bids received to determine which bid is in the best interests of the Debtors' estates and creditors. Accordingly, the Debtors request that the Court approve the Amended Bidding Procedures for purposes of soliciting offers to acquire the Assets, which acquisition would be consummated through a sale under Bankruptcy Code § 363.

WHEREFORE, the Debtors respectfully request that this Court enter an order substantially in the form of the Amended Bidding Procedures Order attached hereto as **Exhibit A**: (a) authorizing and approving the Amended Bidding Procedures attached to the Amended Bidding Procedures Order as **Exhibit 1**; (b) approving the form and manner of the Auction and Sale Notice attached to the Amended Bidding Procedures Order as **Exhibit 2**; (c) scheduling the Auction and Sale Hearing; (d) approving the assumption and assignment procedures and the Assumption and Assignment Notice attached to the Amended Bidding Procedures Order as **Exhibit 3**; and (e) granting such other and further relief as it deems just and proper.

MILLER JOHNSON
Co-Counsel for Debtors

Dated: July 3, 2018

By /s/ Rachel L. Hillegonds
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And

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Co-Counsel for Debtors

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CERTIFICATE OF SERVICE

I certify that on this 3rd day of July, 2018, the foregoing document was filed with the Court and a copy of same was served upon all parties registered to receive ECF filings in these Chapter 11 Cases.

/s/ Cindy M. Sherwood
Cindy M. Sherwood, Legal Administrative Assistant to
John T. Piggins (Michigan Bar #P34495)
Rachel L. Hillegonds (Michigan Bar #P67684)

EXHIBIT A

Amended Bidding Procedures Order

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

IN RE: ARABELLA EXPLORATION, LLC, a Texas limited liability corporation, et al., Debtors.¹	§ Case No. 17-40120-rfn § Chapter 11 § (Jointly Administered) § Honorable Russell F. Nelms § U.S. Bankruptcy Judge
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**ORDER APPROVING SALE AND AMENDED BIDDING PROCEDURES IN
CONNECTION WITH SALE OF ASSETS OF THE DEBTORS AND GRANTING
RELATED RELIEF**

On July ___, 2018, the Court conducted a hearing to consider the *Motion to Amend Sale and Bidding Procedures in Connection with the Sale of Assets of the Debtors and Granting Related Relief* (the “Motion to Amend”) filed by the above-captioned debtors (the “Debtors”). The Court finds that: (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the Motion to Amend is in the best interests of the Debtors, their estates, and their creditors; (iv) proper and adequate notice of the Motion to

¹ This case is jointly administered with the case of Arabella Operating, LLC, Case No. 17-41479.

Amend has been given and no other or further notice is necessary; and (v) upon the record herein after due deliberation thereon, good and sufficient cause exists for the granting of the relief as set forth herein. Therefore,

A. This Court has jurisdiction to consider the Motion to Amend and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334. This proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in this district and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory bases for the relief requested in the Motion to Amend are: (i) Sections 105, 363, and 365 of the Bankruptcy Code and (ii) Rules 2002(a)(2), 6004, and 6006 of the Federal Rules of Bankruptcy Procedure.

C. Notice of the Motion to Amend, having been given to all parties set forth in the Debtors' master service list maintained in this case, is sufficient in light of the circumstances and the nature of the relief requested in the Motion to Amend.

D. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

E. The Debtors have articulated good and sufficient reasons for this Court to: (i) approve the Amended Bidding Procedures; (ii) approve the rescheduling of an Auction and reset the Sale Hearing and approve the manner of notice of the Auction and Sale Hearing; and (iii) approve the procedures for the assumption and assignment of the Assumed and Assigned Contracts, including notice of proposed Cure Amounts.

F. Notice of Sale. This Order and the Auction and Sale Notice substantially in the form attached as **Exhibit 2** to this Order, are reasonably calculated and sufficient to provide interested parties with timely and proper notice of the proposed Sale (as defined in the Motion to Amend), including, without limitation: (i) the deadline to submit bids; (ii) the date, time, and place of the Auction (if one is held); (iii) the Amended Bidding Procedures; (iv) the deadline for filing objections to the Sale, and the date, time, and place of the Sale Hearing; (v) reasonably specific identification of the Assets to be sold; and (vi) a description of the Sale as being free and clear of liens, claims, encumbrances and other interests, with all such liens, claims, encumbrances and other interests attaching with the same validity and priority to the Sale proceeds, and no other or further notice of the Sale shall be required.

G. Assumption and Assignment Procedures. This Order, the Assumption and Assignment Procedures set forth herein, and the Assumption and Assignment Notice substantially in the form attached as **Exhibit 3** to this Order, are reasonably calculated to provide counterparties to any Contracts and/or Leases (each, a “Contract Counterparty”) to be assumed by the Debtors and assigned to the Successful Bidder(s) with proper notice of the intended assumption and assignment of their Contracts and/or Leases, the procedures in connection therewith, and any Cure Amounts relating thereto.

H. Based upon the foregoing findings and conclusions, the Motion to Amend and the record before the Court with respect to the Motion to Amend, and good and sufficient cause appearing therefor, IT IS HEREBY ORDERED THAT:

1. The Motion to Amend is granted as provided herein. All capitalized terms used herein but otherwise not defined shall have the meanings set forth in the Motion to Amend or the Amended Bidding Procedures, as applicable.

2. All objections to the relief requested in the Motion to Amend that have not been withdrawn, waived, or settled as announced to the Court at the hearing on the Motion to Amend, are overruled.

Important Dates and Deadlines

3. Sale Hearing. The Sale Hearing shall commence on September 27, 2018, at 1:30 p.m. (Central Time) before the Honorable Russell F. Nelms, United States Bankruptcy Court, Northern District of Texas — Fort Worth Division, Eldon B. Mahon U.S. Courthouse, 501 W. 10th St., Fort Worth, Texas 76102-3643, or before any other judge who may be sitting in his place and stead. The Debtors may adjourn the Sale Hearing without further notice other than by announcement in open Court or on the Court's calendar.

4. General Objection Deadline. Objections, if any, to the Sale of the Assets, the assumption and assignment of the Assumed and Assigned Contracts, or any relief requested in the Motion to Amend other than the relief granted by this Court in this Order must be: (a) in writing; (b) signed by counsel or attested to by the objecting party; (c) in conformity with the Bankruptcy Rules and applicable local rules; (d) filed with the Clerk of the Bankruptcy Court for the Northern District of Texas, United States Bankruptcy Court, Northern District of Texas — Fort Worth Division, Eldon B. Mahon U.S. Courthouse, 501 W. 10th St., Fort Worth, Texas 76102-3643, by no later than 5:00 p.m. (Central time) on September 25, 2018 (the "General Objection Deadline"), and (e) served in accordance with applicable local rules so as to be received on or before the relevant objection deadline by the following (collectively, the "Objection Notice Parties"): (i) Co-counsel to the Debtors, David A. Hall, Miller Johnson, 45 Ottawa Ave. SW, Suite 1100, Grand Rapids, MI 49503, halld@millerjohnson.com and Ray Battaglia, Law Offices of Ray Battaglia PLLC, 66 Granburg Circle, San Antonio, Texas 78218, rbattagliaalaw@outlook.com; (ii) the Office of the United States Trustee for the Northern

District of Texas, 1100 Commerce Street # 976, Dallas, TX 75242; and (iii) all Consultation Parties at their respective addresses set forth in the Amended Bidding Procedures, (these procedures are collectively referred to as the “General Objection Procedures”). Each objection shall state the legal and factual basis of such objection.

5. Only those objections made in compliance with the General Objection Procedures will be considered by the Court at the Sale Hearing.² The failure of any objecting person or entity to file its objections by the General Objection Deadline and in accordance with the General Objection Procedures will be a bar to the assertion, at the Sale Hearing or thereafter, of any objection (including to the Sale of Assets and assumption and assignment of Leases and Contracts free and clear of liens) and shall be deemed to constitute any such party’s consent to the entry of an order approving the Sale and consummation of the Sale and all transactions related thereto, including, without limitation, such assumption and assignment.

6. Bid Deadline. All bids by any third party that is interested in acquiring some or all of the Assets must be actually received by the parties specified in the Amended Bidding Procedures on or prior to September 10, 2018 at 5:00 p.m. (Central Time) (the “Bid Deadline”).

7. Auction. If necessary, an Auction with respect to the Assets will be held at a location to be determined by the Debtors, in consultation with the Consultation Parties, on September 18, 2018 at 10:00 a.m. (Central Time). As set forth more fully in the Amended Bidding Procedures, only Consultation Parties, Qualified Bidders and their respective legal and financial advisors shall be entitled to attend and/or bid at the Auction. Debtors shall file notice of the winning bidder with the Court by September 19, 2018.

² Any previously, properly filed objections to the Sale shall be considered timely filed without the necessity of refiling.

Auction, Amended Bidding Procedures, and Related Relief

8. The Amended Bidding Procedures, attached hereto as **Exhibit 1**, are hereby authorized, approved and made part of this Order as if fully set forth herein. The Amended Bidding Procedures shall govern the submission, receipt, and analysis of all Bids relating to the proposed Sale of the Assets. Any party desiring to bid on the Assets shall comply with the Amended Bidding Procedures and this Order. Platinum Partners Credit Opportunities Master Fund, LP and its subsidiary Platinum Long Term Growth VIII, LLC ("Platinum") shall not be entitled to submit a credit bid pursuant to Section 363(k) of the Bankruptcy Code in connection with the Sale. The Debtors are authorized to take any and all actions necessary to implement the Amended Bidding Procedures.

9. A Qualified Bidder shall confirm that it has not engaged in any collusion with respect to the bidding or the Sale.

10. In the event that the Debtors timely receive more than one Qualified Bid, the Debtors may determine, in the exercise of their sound business judgment, to schedule an Auction to request additional competitive Bids from Qualified Bidders with respect to the Assets in accordance with the Amended Bidding Procedures.

11. Subject to the final determination of this Court, the Debtors are authorized to determine, in their business judgment and pursuant to the Amended Bidding Procedures, the highest or otherwise best Bid(s) and the Successful Bidder(s) or Backup Bidder(s).

Assumption and Assignment Procedures

12. The following procedures regarding the assumption and assignment of the Contracts and Leases in connection with the Sale are hereby approved to the extent set forth herein, and shall govern the assumption and assignment of all Contracts and/or Leases proposed to be assumed by the Debtors pursuant to Section 365(b) of the Bankruptcy Code and assigned to

the Successful Bidder(s) following a Sale or Sales pursuant to Section 365(f) of the Bankruptcy Code (as defined in the Motion to Amend, the “Assumed and Assigned Contracts”).

13. As soon as practicable after determination, the Debtors shall serve on all Contract Counterparties an Assumption and Assignment Notice substantially in the form attached hereto as **Exhibit 3**, that identifies, to the extent applicable, (i) the Contract(s) and/or Lease(s) that may be assumed by the Debtors and assigned to the Successful Bidder(s); (ii) the name and address of the Contract Counterparty thereto; (iii) notice of the proposed effective date of the assignment (subject to the right of the Debtors and purchaser to withdraw such request for assumption and assignment of the Assumed and Assigned Contract(s) prior to the Closing); (iv) the amount, if any, determined by the Debtors to be necessary to be paid to cure any existing default in accordance with Sections 365(b) and 365(f)(2) of the Bankruptcy Code (the “Cure Amount”); and (v) the deadlines by which any such Contract Counterparty must file an objection to the proposed assumption and assignment of any Assumed and Assigned Contract; provided, however, that the presence of any Contract or Lease on an Assumption and Assignment Notice does not constitute an admission that such Contract or Lease is an executory contract or unexpired lease.

14. As soon as practicable after the conclusion of the Auction, the Debtors shall file with the Court and serve by facsimile, electronic transmission, overnight, or first class mail on the Contract Counterparty (and its attorney, if known) to each Assumed and Assigned Contract a notice: (a) identifying the Successful Bidder(s); (b) stating which Contract(s) and/or Lease(s) will be assumed and assigned thereto; and (c) containing a statement as to the Successful Bidder(s)’ ability to perform the Debtors’ obligations under the applicable Assumed and Assigned Contracts.

15. All objections to the assumption and assignment of any Assumed and Assigned Contract, including, without limitation, any objection to the Debtors' proposed Cure Amount or the provision of adequate assurance of future performance under any Assumed and Assigned Contract pursuant to Section 365 of the Bankruptcy Code ("Adequate Assurance") must: (a) comply with the General Objection Procedures; (b) identify the Contract(s) or Lease(s) to which the objector is party; (c) describe with particularity any cure the claimant contends is required under Section 365 of the Bankruptcy Code (the "Cure Claim") and identify the basis(es) of the alleged Cure Claim under the Contract or Lease; (d) attach all documents supporting or evidencing the Cure Claim; and (e) if the response contains an objection to Adequate Assurance, state with specificity what the objecting party believes is required to provide Adequate Assurance (collectively with the General Objection Procedures, the "Assigned Contract Objection Procedures").

16. If no objection is timely and properly filed and served in accordance with the Assigned Contract Objection Procedures, (a) the Cure Amount set forth in the Assumption and Assignment Notice shall be controlling notwithstanding anything to the contrary in any Assumed and Assigned Contract or other document and the Contract Counterparty thereto shall be forever barred from asserting any other claim against the Debtors or purchaser with respect to such Assumed and Assigned Contract arising prior to the assignment thereof and (b) the purchaser's promise to perform under the Assumed and Assigned Contract shall be deemed Adequate Assurance thereunder. To the extent the Debtors dispute any Cure Claim, such dispute shall be presented to the Court at the Sale Hearing, or such later date and time as the Debtors and the objector may agree or the Court may order, but such dispute shall not affect in

any way the effectiveness of any assumption and assignment of any Assumed and Assigned Contract.

17. If at any time after the entry of this Order the Debtors identify additional prepetition executory contracts and/or unexpired leases to be assumed and assigned to the purchaser as Assumed and Assigned Contracts (whether before or after closing of any Sale(s) of relevant Assets), the Debtors shall serve a supplemental Assumption and Assignment Notice by first-class mail, facsimile, electronic transmission, or overnight mail on the Contract Counterparty (and its attorney, if known) to each supplemental Assumed and Assigned Contract at the last known address available to the Debtors by no later than ten (10) calendar days before the proposed effective date of the assignment. A Contract Counterparty receiving any such supplemental Assumption and Assignment Notice shall have until the later of (a) the General Objection Deadline or (b) ten (10) days from service of the supplemental Assumption and Assignment Notice to file an objection to the assumption and assignment of its Contract(s) and/or Lease(s) in accordance with the Assigned Contract Objection Procedures set forth herein.

Auction and Sale Notice

18. The Auction and Sale Notice, attached hereto as **Exhibit 2**, is hereby approved. On or within three (3) business days following the entry of this Order, the Debtors shall cause the Auction and Sale Notice to be served on: (i) all entities known by the Debtors to have expressed an interest in a transaction with respect to the Assets, including all Qualified Bidders; (ii) all state and local taxing authorities or recording offices which have a reasonably known interest in the relief requested; (iii) all insurers; (iv) all non-debtor parties to relevant contracts or leases (executory or otherwise); (v) all parties who are known or reasonably believed, after reasonable inquiry, to have asserted any lien, encumbrance, claim, or other

interest in the Assets; and (vi) upon all parties set forth in the Debtors' master service list maintained in these cases.

Miscellaneous

19. The Debtors are authorized to take all actions necessary and appropriate to implement and effectuate the relief granted pursuant to this Order in accordance with the Motion to Amend and to expend such sums of money and do other things as may be necessary and appropriate to comply with the requirements established by the Amended Bidding Procedures and this Order.

20. The Debtors are authorized to conduct the Sale without the necessity of complying with any state or local bulk transfer laws or requirements.

21. The Debtors shall submit to the Court the proposed order approving the Sale prior to the Sale Hearing.

22. In the event of any conflict between this Order and any applicable Qualified Bid Documents, the terms of this Order shall control.

23. Any stay of this Order, whether arising from Rules 6004 and/or 6006 of the Federal Rules of Bankruptcy Procedure or otherwise, is hereby expressly waived and the terms and conditions of this Order shall be effective and enforceable immediately upon its entry.

This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

END OF ORDER

Prepared by:

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EXHIBIT 1

(Amended Bidding Procedures)

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

IN RE: ARABELLA EXPLORATION, LLC, a Texas limited liability corporation, et al., Debtors.¹	§ Case No. 17-40120-rfn § Chapter 11 § (Jointly Administered) § Honorable Russell F. Nelms § U.S. Bankruptcy Judge
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BIDDING PROCEDURES FOR THE SALE OF THE DEBTORS' ASSETS

On [____], 2018, the United States Bankruptcy Court for the Northern District of Texas (the “Court”) entered the *Order Establishing Bidding Procedures Relating to the Sale of All or a Portion of the Debtors’ Assets* [Docket No. [____]] (the “Bidding Procedures Order”),² by which the Court approved the following procedures (the “Bidding Procedures”). These Bidding Procedures set forth the process by which the Debtors are authorized to conduct an auction (the “Auction”) for the sale of or other transaction regarding (the “Sale”) any or all of the Debtors’ assets (collectively, the “Assets”), as well as the working interests of [all] nondebtor, Non-Operating Interest Holders (defined herein below) in the Subject Properties (as defined in the Bidding Procedures Order).

1. The Debtors and the Consultation Parties.

All submissions to the Debtors required to be made under these Bidding Procedures must be directed to each of the following persons, unless other provided:

- A. **The Debtors.** Arabella Exploration, LLC and Arabella Operating, LLC, Attn: Charles (Chip) Hoebeke II, P.O. Box 506, Fort Worth, Texas 76101, chip.hoebeke@rehmann.com.
- B. **Counsel to the Debtors.** (i) David A. Hall, Miller Johnson, 45 Ottawa Ave. SW, Suite 1100, Grand Rapids, MI 49503, halld@millerjohnson.com and (ii) Ray Battaglia, Law Offices of Ray Battaglia PLLC, 66 Granburg Circle, San Antonio, Texas 78218, rbattagliaw@outlook.com.
- C. **Investment Banker for the Debtors.** [____]³

¹ This case is jointly administered with the case of Arabella Operating, LLC, Case No. 17-41479.

² All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Bidding Procedures Order.

³ To be agreed among the Consultation Parties.

All references to the “Consultation Parties” herein shall include the following (collectively, the “Consultation Parties”):

- A. **APC Trustee.** Morris D. Weiss, Waller Lansden Dortch & Davis, LLP, 100 Congress Avenue, Suite 1800, Austin, TX 78701, morris.weiss@wallerlaw.com.
- B. **APC Trustee’s Counsel.** Mark C. Taylor, Waller Lansden Dortch & Davis, LLP, 100 Congress Avenue, Suite 1800, Austin, TX 78701, mark.taylor@wallerlaw.com.
- C. **APC Committee’s Counsel.** Kenneth Green, Snow Spence Green LLP, 2929 Allen Parkway, Suite 2800, Houston, TX 77019, kgreen@snowspencelaw.com.
- D. **SEC Receiver.** Melanie Cyganowski, in her capacity as SEC Receiver for Platinum Partners Credit Opportunities Master Fund, LP and its subsidiary Platinum Long Term Growth VIII, LLC (the “**SEC Receiver**”), Otterbourg P.C., 230 Park Avenue, New York, New York 10169-0075, mcyganowski@otterbourg.com.
- E. **Counsel to the SEC Receiver.**
 - (i) Jennifer Feeney, jfeeney@otterbourg.com, and
 - (ii) Erik Weinick, eweinick@otterbourg.com, Otterbourg P.C., 230 Park Avenue, New York, New York 10169-0075.
- F. **Counsel to the Working Group (the “Non-Op Working Group”) of Non-Operating Interest Holders (the “Non-Ops”).**
Edward W. Moore, Jr., 100 Crescent Court, Suite 350, Dallas, Texas 75201, ewmoore@fbtlaw.com.

2. **Potential Bidders.**

To participate in the bidding process or otherwise be considered for any purpose under these Bidding Procedures, a person or entity interested in consummating a Sale (a “Potential Bidder”) must deliver or have previously delivered, if determined to be necessary by the Debtors, in their sole discretion, the following documents (collectively, a “Qualifications Package”):

- A. an executed form of confidentiality agreement (a “Confidentiality Agreement”) approved by the Debtors, in consultation with the Consultation Parties, to the extent not already executed;
- B. identification of the Potential Bidder and any of the principals, corporate officers, or other representatives that are authorized to appear for and act on behalf of the Potential Bidder with respect to the contemplated transaction; and

- C. the most current audited and latest unaudited financial statements (the “Financials”) of the Potential Bidder (or, if the Potential Bidder is an entity formed for the purpose of acquiring the Assets, (x) Financials of the equity holder(s) of the Potential Bidder or such other form of financial disclosure as is acceptable to the Debtors, in consultation with the other Consultation Parties, and (y) a written commitment acceptable to the Debtors, in consultation with the other Consultation Parties, of the equity holder(s) of the Potential Bidder to be responsible for the Potential Bidder’s obligations in connection with the Sale).
- D. In the event that the Debtors receive a Qualifications Package that they determine, in accordance with these Bidding Procedures, is defective or otherwise insufficient to qualify the Potential Bidder as a Qualified Bidder (**other than** as a result of a determination that the Potential Bidder is not a good faith bidder), and the Debtors have a reasonable opportunity in advance of the Bid Deadline to inform the Potential Bidder of the defects in its Qualifications Package so that curative measures may be taken prior to the Bid Deadline, the Debtors shall attempt in good faith to so inform the Potential Bidder.

Following their receipt of a Qualifications Package, the Debtors shall promptly provide to the other Consultation Parties copies of each such Qualifications Packages received in connection with the Sale.

3. Due Diligence.

Only Potential Bidders whose Financials, the Financials of its equity holder(s), or written commitments, as applicable, demonstrate the financial capability to consummate the Sale shall be eligible to receive due diligence information and access to the Debtors’ electronic data room. No Potential Bidder will be permitted to conduct any due diligence without entering into an approved form of Confidentiality Agreement. The Debtors will provide to each Potential Bidder that satisfies the foregoing reasonable due diligence information, as requested by such Potential Bidder in writing, as soon as reasonably practicable after such request, and the Debtors shall post all written due diligence provided to any such Potential Bidder to the Debtors’ electronic data room. For all Potential Bidders, the due diligence period will end on the Bid Deadline (as defined herein). Subsequent to the Bid Deadline, the Debtors may in their discretion, but shall have no obligation to, furnish any due diligence information.

The Debtors shall not furnish any confidential information relating to the Assets, liabilities of the Debtors, or the Sale to any person except to a Potential Bidder or to such Potential Bidder’s duly authorized representatives to the extent provided in the applicable Confidentiality Agreement. The Debtors and their advisors shall coordinate all reasonable requests from Potential Bidders for additional information and due diligence access; provided that the Debtors may decline to provide such information to Potential Bidders who, at such time and in each of the Debtors’ reasonable business judgment formed in consultation with the other Consultation Parties have not established, or who have raised

doubt, that such Potential Bidder intends in good faith to, or has the capacity to, consummate the Sale.

The Debtors also reserve the right to withhold any due diligence materials that the Debtors determine are sensitive or otherwise not appropriate for disclosure to Potential Bidders. Neither the Debtors nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Potential Bidder that intends in good faith to, or has the capacity to, consummate the Sale.

Subject to the foregoing, the Debtors shall not discriminate among potential bidders with respect to due diligence.

All due diligence requests must be directed to [_____].

Notwithstanding anything to the contrary in these Bidding Procedures, all substantive direct communications between and amongst Potential Bidders shall involve the Debtors and the Debtors' advisors, to the extent reasonably practicable.

Each Potential Bidder shall comply with all reasonable requests for additional information and due diligence access requested by the Debtors or their advisors regarding the ability of the Potential Bidder to consummate the Sale or discussions with any third party financing source regarding the proposed acquisition of the Assets. The Debtors shall provide to the other Consultation Parties copies of any and all information provided by a Potential Bidder in response to any such requests. Failure by a Potential Bidder to comply with such reasonable requests for additional information and due diligence access may be a basis for the Debtors to determine that such Potential Bidder is not a Qualified Bidder (as defined herein) or that a Bid (as defined herein) made by such Potential Bidder is not a Bid.

The Debtors and the other Consultation Parties and each of their respective advisors and representatives shall be obligated to maintain in confidence any confidential information in accordance with any applicable confidentiality agreement, except as otherwise set forth in these Bidding Procedures. Each recipient of confidential information agrees to use, and to instruct their advisors and representatives to use, such confidential information only in connection with the evaluation of Bids during the bidding process or otherwise in connection with the Debtors' chapter 11 cases or in accordance with the terms of any applicable confidentiality agreement.

4. Qualified Bidders.

- A. A "Qualified Bidder" is a Potential Bidder whose Financials, the Financials of its equity holder(s), or written commitments, as applicable, demonstrate the financial capability to consummate the Sale, whose Bid is a Qualified Bid (as defined herein), and that the Debtors, in consultation with the Consultation Parties, determine should be considered a Qualified Bidder.

- a. Within two business days after the Bid Deadline, the Debtors' advisors will notify each Potential Bidder in writing whether such Potential Bidder is a Qualified Bidder.
 - b. Notwithstanding the foregoing, in the event that the Debtors receive a Bid that they determine, in accordance with these Bidding Procedures, is defective or insufficient to constitute a Qualified Bid (other than pursuant to a determination that the Potential Bidder is not a good faith bidder), and the Debtors have a reasonable opportunity in advance of the Bid Deadline to inform the Potential Bidder of the defects in its Bid so that curative measures may be taken prior to the Bid Deadline, the Debtors shall attempt in good faith to so inform the Potential Bidder.
- B. If any Potential Bidder is determined by the Debtors, in consultation with the Consultation Parties, not to be a Qualified Bidder, the Debtors will refund such Potential Bidder's Deposit (as defined herein) and all accumulated interest thereon on or within three business days after the Bid Deadline.
- C. Between the date that the Debtors notify a Potential Bidder that it is a Qualified Bidder and the Auction, the Debtors, in consultation with the Consultation Parties, may discuss, negotiate, or seek clarification of any Qualified Bid from a Qualified Bidder. Without the written consent of the Debtors, a Qualified Bidder may not modify, amend, or withdraw its Qualified Bid, except for proposed amendments to increase the consideration contemplated by, or otherwise improve the terms of, the Qualified Bid, during the period that such Qualified Bid remains binding as specified in these Bidding Procedures; provided that any Qualified Bid may be improved at the Auction as set forth herein. Any improved Qualified Bid must continue to comply with the requirements for Qualified Bids set forth in these Bidding Procedures.
- D. Affiliates of Consultation Parties shall not be excluded from qualifying as Potential Bidders or participating in the Sale merely by virtue of such affiliate relationship; provided, that appropriate measures may be instituted by the Debtors regarding the sharing of confidential information, including the dissemination of Qualified Bids, to a Consultation Party whose affiliate is participating as a Potential Bidder.

5. Bid Requirements.

A proposal, solicitation, or offer for a purchase and sale of one or more individual Assets or all or substantially all of the Assets or for an alternative acquisition transaction (each, a "Bid") by a Qualified Bidder that is submitted in writing and satisfies each of the following requirements (the "Bid Requirements") as determined by the Debtors, in each of

their reasonable business judgment, in consultation with the Consultation Parties, shall constitute a “Qualified Bid.”

- A. *Assets.* Each Bid must clearly state which assets and liabilities of the Debtors that the Qualified Bidders are agreeing to purchase and assume. The Assets to be sold shall include, but are not limited to, the Debtors’ working interests in the wells known as “Graham,” “Locker State,” “Emily Bell,” “Woods,” and “Jackson”, as well as the working interests of the participating Non-Ops in said wells. Each Bid must identify which of the foregoing working interests, or combination thereof, the Qualified Bidder agrees to purchase and assume. Each Bid proposing to acquire the Debtors’ interests in any of the foregoing wells shall include an agreement to purchase and assume the working interests of all of the Non-Ops for each applicable well that is included under such Bid.
- B. *Purchase Price.* Each Bid must clearly set forth the purchase price in U.S. dollars to be paid for each individual Asset subject to the applicable Asset package, including and identifying separately any cash and non-cash components (the “Purchase Price”). Any Purchase Price under a proposed Bid that includes interests in more than one well shall be expressly allocated on a per well basis.
- C. *Deposit.* On or before the Bid Deadline, each Bid must be accompanied by a cash deposit in the amount equal to five percent (5%) of the aggregate cash and non-cash Purchase Price of the Bid, to be held in an interest bearing escrow account to be identified and established by the Debtors (the “Deposit”).
- D. *Assumption of Obligations.* Each Bid must clearly state which liabilities of the Debtors (and/or Non-Ops) the Qualified Bidder is agreeing to assume.
- E. *Executory Contracts.* If any bid includes the assumption and assignment of executory contracts and unexpired leases, then the Qualified Bidder is required to designate the executory contracts and unexpired leases that it expects to request the Debtors to assume and assign.
- F. *Qualified Bid Documents.* Each Bid must include duly executed, noncontingent transaction documents necessary to effectuate the transactions contemplated in the Bid and shall include a schedule of assumed contracts to the extent applicable to the Bid, as well as all other material documents integral to such Bid (the “Qualified Bid Documents”). Such documents must be based on form documents provided by the Debtors and formulated in consultation with the Consultation Parties (including a summary of each Bid as may be reasonably requested by any of the Consultation Parties).

- G. *Committed Financing.* To the extent that a Bid is not accompanied by evidence of the Qualified Bidder's capacity to consummate the sale set forth in its Bid with cash on hand, each Bid must include committed financing from a reputable financing institution documented to the satisfaction of the Debtors, in consultation with the Consultation Parties, that demonstrates that the Qualified Bidder has received sufficient debt and/or equity funding commitments to satisfy the Qualified Bidder's Purchase Price and other obligations under its Bid. Such funding commitments or other financing must not be subject to any internal approvals, syndication requirements, diligence, or credit committee approvals, and shall have covenants and conditions acceptable to the Debtors, in consultation with the other Consultation Parties.
- H. *Contingencies; No Financing or Diligence Outs.* A Bid shall not be conditioned on the obtaining or the sufficiency of financing or any internal approval, or on the outcome or review of due diligence, but may be subject to the accuracy of specified representations and warranties at the closing or the satisfaction of specified conditions at the closing, which shall be acceptable to the Debtors in their business judgment.
- I. *Identity.* Each Bid must fully disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid (including each equity holder or other financial backer of the Qualified Bidder if such Qualified Bidder is an entity formed for the purpose of consummating the proposed transaction contemplated by such Bid), and the complete terms of any such participation. Under no circumstances shall any undisclosed principals, equity holders, or financial backers be associated with any Bid. Each Bid must also include contact information for the specific persons, including financial advisors and counsel, if any, that the Debtors' advisors should contact regarding such Bid.
- J. *Demonstrated Financial Capacity.* A Qualified Bidder must have, in the Debtors' business judgment, formulated in consultation with the Consultation Parties, the necessary financial capacity to consummate the proposed transactions required by its Bid and provide adequate assurance of future performance under all contracts proposed to be assumed by such Bid.
- K. *Time Frame for Closing.* A Bid by a Qualified Bidder must be reasonably likely (based on availability of financing, antitrust, or other regulatory issues, experience, and other considerations) to be consummated, if selected as the Successful Bid (as defined herein), within a time frame acceptable to the Debtors, in consultation with the Consultation Parties.
- L. *Binding and Irrevocable.* A Qualified Bidder's Bid shall be irrevocable unless and until the Debtors accept a higher Bid for such Asset and such Qualified Bidder is not selected as the Backup Bidder (as defined herein).

A Qualified Bidder's Bid shall provide (i) that the Qualified Bidder agrees to serve as the Backup Bidder (as defined herein) if it is selected as the next highest and best bid for any particular Assets after the Successful Bid is determined in accordance with the Bidding Procedures and (ii) that the Qualified Bidder's Bid shall remain open and irrevocable until at least thirty (30) days after the entry of an order by the Court approving a definitive agreement providing for the Sale of those Assets.

- M. *Authorization.* Each Bid must contain evidence that the Qualified Bidder has obtained authorization or approval from its board of directors (or a comparable governing body acceptable to the Debtors) with respect to the submission of its Bid and the consummation of the transactions contemplated in such Bid.
- N. *As-Is, Where-Is.* Each Bid must include a written acknowledgement and representation that the Qualified Bidder: (i) has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its offer; (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Assets in making its Bid; and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, regarding the Assets or the completeness of any information provided in connection therewith or the Auction, any and all of which are and shall be expressly disclaimed except as expressly stated in the Bid. Any Sale of the Assets shall be without representation or warranties of any kind, nature or description by the Debtors, their agents or their estate. All of the Assets shall be transferred "as is," "where is" and "with all faults." THE SELLERS EXPRESSLY DISCLAIM ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE NATURE, EXISTENCE, QUALITY, VALUE OR CONDITION OF ANY ASSET. Except as otherwise provided, all of the Debtors' right, title, and interest in and to the respective Assets will be transferred free and clear of all liens, claims, encumbrances and other interests in accordance with Section 363(f) of the Bankruptcy Code
- O. *Adherence to Bid Procedures.* By submitting its Bid, each Qualified Bidder is agreeing to abide by and honor the terms of these Bidding Procedures and agrees not to submit a Bid or seek to reopen the Auction after conclusion of the Auction.
- P. *Regulatory Approvals and Covenants.* A Bid must set forth each regulatory and third-party approval required to be obtained by the Qualified Bidder to consummate the Sale, if any, and the time period within which the Qualified Bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than thirty (30) days following execution and delivery

of the asset purchase agreement, those actions the Qualified Bidder will take to ensure receipt of such approvals as promptly as possible).

- Q. *Consent to Jurisdiction.* The Qualified Bidder must submit to the jurisdiction of this Court and the United States Bankruptcy Court for the Western District of Texas (the “Western District BK Court”) and waive any right to a jury trial in connection with any disputes relating to Debtors’ qualification of bids, the Auction, the construction and enforcement of these Bidding Procedures, the Sale documents, and the closing of the Sale, as applicable.
- R. *Bid Deadline.* Each Bid must be transmitted via email (in .pdf or similar format) so as to be actually received on or before 5:00 p.m. (prevailing Central Time) on September 10, 2018 (the “Bid Deadline”) by the Debtors, and their counsel and investment banker, in each case at the email address set forth for each of the foregoing parties in Section 1 hereof.
- S. *Bid Summaries.* Not later than three (3) business days following the Bid Deadline, the Debtors shall prepare and transmit to the other Consultation Parties a summary of all Bids received by the Debtors, including but not limited to: (i) any Qualifications Package not previously provided to the other Consultation Parties; (ii) the Debtors’ determinations that any Bid is not a Qualified Bid, if any; and (iii) the reasons for any such determinations.

6. [Reserved].

7. Auction.

If the Debtors receive more than one Qualified Bid for an Asset, whether through a Bid for one or more individual Assets or through a Bid for all or substantially all of the Assets, the Debtors will conduct the Auction to determine the Successful Bidders (as defined herein) with respect to such Asset or Assets, as applicable. If the Debtors do not receive a Qualified Bid for a given Asset, the Debtors will not conduct the Auction as to such Asset. To the extent Qualified Bidders are interested in separate individual Assets and/or all or substantially all of the Assets, the Debtors may, in consultation with the other Consultation Parties, conduct separate auctions for the various Assets and Asset packages. No later than five calendar days after the Bid Deadline, at 5:00 p.m. (prevailing Central Time), the Debtors will notify each Qualified Bidder of the highest or otherwise best Qualified Bid or combination of Qualified Bids for each Asset or Assets for which such Qualified Bidder submitted a Bid or combination of Bids, as determined by the Debtors in their reasonable business judgment, in consultation with the Consultation Parties (the “Baseline Bid”), and provide copies of the applicable Qualified Bid Documents supporting the applicable Baseline Bid to each Qualified Bidder. The determination of which Qualified Bid constitutes the Baseline Bid and which Qualified Bid constitutes the Successful Bid (as defined herein) shall take into account any factors the Debtors, in consultation with the Consultation Parties, reasonably deem relevant to the value of the Qualified Bid to the Debtors’ estates, including, among other things: (a) the amount and

nature of the total consideration (including the amount of cash paid to or remaining in the estate pursuant to the Bid); (b) the likelihood of the Qualified Bidder's ability to close the Sale and the timing thereof; (c) the net economic effect of any changes to the value to be received by the Debtors' estates from the transaction contemplated by the Qualified Bid Documents; and (d) the tax consequences of such Qualified Bid (collectively, the "Bid Assessment Criteria").

The Auction shall take place at 10:00 a.m. (prevailing Central Time) on September 18, 2018, at the offices of Murphy Mahon Keffler & Farrier, LLP, 505 Pecan St. Suite 201, Fort Worth, TX 76102-4061, or such later date and time as selected by the Debtors. The Auction shall be conducted in a timely fashion according to the following procedures:

- A. *The Debtors Shall Conduct the Auction.* The Debtors and their professionals shall direct and preside over the Auction. At the start of the Auction, the Debtors shall describe the terms of each Baseline Bid. All incremental Bids made thereafter for a given Asset shall be Overbids (as defined herein) and shall be made and received on an open basis, and all material terms of each Overbid shall be fully disclosed to all other Qualified Bidders who submitted Qualified Bids on such Asset. The Debtors shall maintain a written transcript of all Bids made and announced at the Auction, including the Baseline Bid, all applicable Overbids, and the Successful Bid.

Only Qualified Bidders and their legal and financial advisors, the Debtors and their legal and financial advisors, and the Consultation Parties and their legal and financial advisors shall be entitled to attend the Auction, and the Qualified Bidders shall appear at the Auction in person and may speak or Bid themselves or through duly authorized representatives. Only Qualified Bidders shall be entitled to Bid at the Auction.

- B. *Terms of Overbid.*

"Overbid" means any Bid made at the Auction by a Qualified Bidder subsequent to the Debtors' announcement of the Baseline Bid. Each applicable Overbid must comply with the following conditions:

- (i) *Minimum Overbid Increment.* Any Overbid following the Baseline Bid or following any subsequent Prevailing Highest Bid (as defined herein) for all or substantially all of the Assets shall be in increments of value equal to (or exceeding) \$25,000. The Debtors may establish different Overbid increments at the Auction for any individual Asset or other combination of Assets, as determined by the Debtors in an exercise of their business judgment, in consultation with the Consultation Parties.
- (ii) *Conclusion of Each Overbid Round.* Upon the solicitation of each round of applicable Overbids, the Debtors may announce a deadline (as the Debtors may, in their business judgment, extend from time to time,

the “Overbid Round Deadline”) by which time any Overbids must be submitted to the Debtors by written sealed submission.

Subsequent to each Overbid Round Deadline, the Debtors shall announce whether the Debtors have identified, after consultation with the Consultation Parties, an Overbid as being higher or otherwise better than the Baseline Bid, in the initial Overbid round, or, in subsequent rounds, the Overbid previously designated by the Debtors as the prevailing highest or otherwise best Bid (the “Prevailing Highest Bid”). The Debtors shall describe to all Qualified Bidders the material terms of any new Overbid designated by the Debtors as the Prevailing Highest Bid as well as the value attributable by the Debtors to such Prevailing Highest Bid based on, among other things, the Bid Assessment Criteria.

- (iii) *Overbid Alterations.* An applicable Overbid may contain alterations, modifications, additions, or deletions of any terms of the Bid no less favorable to the Debtors’ estates than any prior Bid or Overbid, as determined in the Debtors’ reasonable business judgment, in consultation with the Consultation Parties, but shall otherwise comply with all minimum requirements for Qualified Bids, as well as with the terms of these Bidding Procedures.

- C. *Consideration of Overbids.* The Debtors reserve the right, in their reasonable business judgment, to adjourn the Auction one or more times to, among other things: (i) facilitate discussions between the Debtors and Qualified Bidders; (ii) allow Qualified Bidders to consider how they wish to proceed; and (iii) provide Qualified Bidders the opportunity to provide the Debtors with such additional evidence as the Debtors, in their reasonable business judgment, may require, that a Qualified Bidder has sufficient internal resources or has received sufficient non-contingent debt and/or equity funding commitments to consummate the proposed transaction at the prevailing Overbid amount.

D. *Closing the Auction.*

- (i) The Auction shall continue until there is only one Bid that the Debtors determine, in their reasonable business judgment, and in consultation with the other Consultation Parties, to be the highest or otherwise best Bid for the Assets, or for each Asset. Such Bid shall be declared the “Successful Bid,” and such Qualified Bidder, the “Successful Bidder” and at which point the Auction will be closed as to that Asset. The Auction shall not close unless and until all Qualified Bidders have been given a reasonable opportunity to submit an Overbid at the Auction to the then Prevailing Highest Bid. For the avoidance of doubt, while Qualified Bidders may submit Qualified Bids on one or more of the separate Assets (including a Qualified Bid for all of the Assets), the determination of the Successful Bid and Successful Bidder shall be

determined on an Asset by Asset basis for each such Asset. Such acceptance by the Debtors of the Successful Bid is conditioned upon approval by the Court of the Successful Bid.

- (ii) For the avoidance of doubt, nothing in these Bidding Procedures shall prevent each of the Debtors from exercising their respective fiduciary duties under applicable law.
- (iii) The Debtors shall not consider any Bids or Overbids submitted after the conclusion of the Auction, and any such Bids or Overbids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.
- (iv) As soon as reasonably practicable after closing the Auction, the Debtors shall cause the Qualified Bid Documents for each Successful Bid and Backup Bid (as defined herein) to be filed with the Court.

E. No Collusion; Good-Faith Bona Fide Offer.

Each Qualified Bidder participating at the Auction will be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the bidding; and (ii) its Bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bidder.

8. Backup Bidder.

The Qualified Bidder with the second-best Bid (the “Backup Bid”) at the Auction (if the Auction is conducted), as determined pursuant to these Bidding Procedures, shall be required to serve as a backup bidder (the “Backup Bidder”), and such Backup Bidder shall be informed of its designation as Backup Bidder with respect to its Backup Bid, at the time that the Successful Bid for the relevant Asset(s) is declared. The Backup Bidder’s Deposit shall be held in escrow until the closing of the transaction with the applicable Successful Bidder. If a Successful Bidder fails to consummate its Successful Bid, the Debtors may select the applicable Backup Bidder as the Successful Bidder, and such Backup Bidder shall be deemed a Successful Bidder for all purposes. The Debtors will be authorized, but not required, to consummate all transactions contemplated by the Bid of such Backup Bidder without further order of the Court or notice to any party.

In such case, the defaulting Successful Bidder’s Deposit shall be forfeited to the Debtors, and the Debtors specifically reserve the right to seek all available remedies against the defaulting Successful Bidder, including with respect to specific performance.

9. Highest or Otherwise Best Bid.

When determining the highest or otherwise best Bid, as compared to other Bids, the Debtors may consider the Bid Assessment Criteria, in addition to any other factors that the Debtors deem appropriate, in consultation with the other Consultation Parties.

Each Consultation Party shall have the right to object or seek relief before the Court to challenge the Debtors' determination(s) (in consultation with the Consultation Parties) of the Successful Bid, Successful Bidder, Backup Bid and/or Backup Bidder, or the allocation of the purchase price under such Successful and/or Backup Bid, but solely on the basis that the such a determination or allocation is the product of bad faith or willful misconduct.

10. Reservation of Rights.

The Debtors reserve their rights to modify these Bidding Procedures in their reasonable business judgment, in consultation with the other Consultation Parties, in any manner that will best promote the goals of the bidding process, or impose, at or prior to the Auction, additional customary terms and conditions on the sale of the Assets, including, without limitation: (a) extending the deadlines set forth in these Bidding Procedures; (b) adjourning the Auction at the Auction and/or adjourning the Sale Hearing in open court without further notice; (c) adding procedural rules that are reasonably necessary or advisable under the circumstances for conducting the Auction; (d) canceling the Auction; (e) rejecting any or all bids or Bids; and (f) withdrawing these Bidding Procedures.

11. Consent to Jurisdiction.

All Qualified Bidders at the Auction shall be deemed to have consented to the jurisdiction of the Court and waived any right to a jury trial in connection with any disputes relating to the Auction, the construction and enforcement of these Bidding Procedures, and/or the Qualified Bid Documents, as applicable.

12. Sale Hearing.

The Debtors respectfully request that a hearing (the "Sale Hearing") to consider approval of the Sale of certain of the Assets to the Successful Bidders take place on September 27, 2018 at 1:30 p.m. (Central Time).

The Sale Hearing may be continued to a later date by the Debtors by sending notice prior to, or making an announcement at, the Sale Hearing. No further notice of any such continuance will be required to be provided to any party.

At the Sale Hearing, the Debtors shall present the Successful Bids to the Court for approval.

13. No Modification of Bidding Procedures.

Except as provided by Section 10 hereof, these Bidding Procedures may not be modified except with the Debtors' express written consent, and after consultation with the other Consultation Parties.

14. Return of Deposit.

The Deposit of the Successful Bidder(s) shall be applied to the respective Purchase Price of such transaction at closing. The Deposits for each Qualified Bidder shall be held in one or more interest-bearing escrow accounts on terms acceptable to the Debtors in their sole discretion and shall be returned (other than with respect to the Successful Bidder and the Backup Bidder) on or within three business days after the Auction. Upon the return of the Deposits, their respective owners shall receive any and all interest that will have accrued thereon.

If a Successful Bidder fails to consummate a proposed transaction because of a breach by such Successful Bidder, the Debtors will not have any obligation to return the Deposit deposited by such Successful Bidder, which may be retained by the Debtors and Non-Ops as liquidated damages, which shall be allocated among them in the same proportion as the Bid amount is allocated to their respective Assets under the Bid, in addition to any and all rights, remedies, or causes of action that may be available to the Debtors and/or Non-Ops, and the Debtors (and Non-Ops) shall be free to consummate the proposed transaction with the applicable Backup Bidder without the need for an additional hearing or order of the Court.

15. Fiduciary Out.

Nothing in these Bidding Procedures shall require the board of directors, board of managers, or such similar governing body (in each case, the “Governing Body”) of any of the Debtors to take any action, or to refrain from taking any action, with respect to these Bidding Procedures, to the extent such Governing Body determines, or based on the advice of counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or its fiduciary obligations under applicable law.

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EXHIBIT 2

(Auction and Sale Notice)

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

IN RE: ARABELLA EXPLORATION, LLC, a Texas limited liability corporation, et al., Debtors.¹	§ Case No. 17-40120-rfn § Chapter 11 § (Jointly Administered) § Honorable Russell F. Nelms § U.S. Bankruptcy Judge
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**NOTICE OF (I) SOLICITATION OF INITIAL BIDS; (II) AMENDED BIDDING
PROCEDURES; (III) AUCTION; (IV) SALE HEARING AND (V) RELATED RELIEF
AND DATES**

TO ALL CREDITORS AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that the Debtors are soliciting offers for the purchase of substantially all of the Assets and assumption of substantially all of the liabilities of the Debtors with respect thereto consistent with amended bidding procedures (the “Amended Bidding Procedures”) approved by the Bankruptcy Court by entry of an order dated _____, 2018 (Docket No. ____) (the “Amended Bidding Procedures Order”). Potential Bidders interested in bidding on Assets should contact the Debtors’ attorneys Miller Johnson (Attn: David A. Hall, halld@millerjohnson.com; Office: (616) 831-1743) to request a confidentiality agreement. All interested bidders should carefully read the Amended Bidding Procedures and Amended Bidding Procedures Order. To the extent that there are any inconsistencies between this notice and the Amended Bidding Procedures or Amended Bidding Procedures Order, the Amended Bidding Procedures or Amended Bidding Procedures Order, as applicable, shall govern in all respects. All bids by any party that is interested in acquiring some of all of the Assets must be actually received by the parties specified in the Amended Bidding Procedures on or prior to September 10, 2018 at 5:00 p.m. (Central Time).

PLEASE TAKE FURTHER NOTICE that, if the Debtors receive more than one qualified bid within the requirements and time frame specified by the Amended Bidding Procedures, the Debtors may determine, in the exercise of their business judgment, to schedule an auction (the “Auction”) to request additional competitive bids from qualified bidders with respect to the Sale of the Assets on September 18, 2018 at 10:00 a.m. (Central Time), at a location to be determined by the Debtors, in consultation with the Consultation Parties, or such later date and time as selected by the Debtors. The Auction shall be conducted in a timely fashion according to the Amended Bidding Procedures.

PLEASE TAKE FURTHER NOTICE that a hearing to consider approval of the Sale of all or substantially all of the Assets to one or more Successful Bidder(s) (the “Sale”

¹ This case is jointly administered with the case of Arabella Operating, LLC, Case No. 17-41479.

Hearing") is presently scheduled to take place on September 27, 2018 at 1:30 p.m. (Central Time), or as soon thereafter as counsel may be heard, before the Honorable Russell F. Nelms, United States Bankruptcy Court, United States Bankruptcy Court, Northern District of Texas — Fort Worth Division, Eldon B. Mahon U.S. Courthouse, 501 W. 10th St., Fort Worth, Texas 76102-3643, or before any other judge who may be sitting in his place and stead.

PLEASE TAKE FURTHER NOTICE that, except as otherwise set forth in the Amended Bidding Procedures Order, objections, if any, to the Sale of the Assets, the assumption and assignment of the Contracts, or any relief requested in the Motion to Amend other than the relief granted by this Court in the Amended Bidding Procedures Order must be: (a) in writing; (b) signed by counsel or attested to by the objecting party; (c) in conformity with the Bankruptcy Rules and applicable local rules; (d) filed with the Clerk of the Bankruptcy Court for the Northern District of Texas, by no later than 5:00 p.m. (Central Time) on September 25, 2018 (the "General Objection Deadline"); and (e) served in accordance with applicable local rules so as to be received on or before the relevant objection deadline by the following (collectively, the "Objection Notice Parties"): (i) Co-counsel to the Debtors, David A. Hall, Miller Johnson, 45 Ottawa Ave. SW, Suite 1100, Grand Rapids, MI 49503, halld@millerjohnson.com and Ray Battaglia, Law Offices of Ray Battaglia PLLC, 66 Granburg Circle, San Antonio, Texas 78218, rbattagliaw@outlook.com; (ii) counsel to any official committee appointed in this case, and (iii) Office of the United States Trustee for the Northern District of Texas, 1100 Commerce St # 976, Dallas, TX 75242 (these procedures are collectively referred to as the "General Objection Procedures"). Each objection shall state the legal and factual basis of such objection.

CONSEQUENCES OF FAILING TO TIMELY MAKE AN OBJECTION

ANY PARTY OR ENTITY WHO FAILS TO TIMELY MAKE AN OBJECTION TO THE SALE ON OR BEFORE THE GENERAL OBJECTION DEADLINE IN ACCORDANCE WITH THE AMENDED BIDDING PROCEDURES ORDER SHALL BE FOREVER BARRED FROM ASSERTING ANY OBJECTION TO THE SALE, INCLUDING WITH RESPECT TO THE TRANSFER OF THE ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS, EXCEPT AS SET FORTH IN THE APPLICABLE PURCHASE AND SALE AGREEMENT RELATED THERETO. IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT CERTAIN OF THE RELIEF REQUESTED IN THE MOTION TO AMEND WITHOUT FURTHER NOTICE OR HEARING.

PLEASE TAKE FURTHER NOTICE that copies of the Motion to Amend, and any exhibits thereto, including the Amended Bidding Procedures Order and Amended Bidding Procedures, are available upon request to counsel for the Debtors, David A. Hall, Miller Johnson, 45 Ottawa Ave. SW, Suite 1100, Grand Rapids, MI 49503, halld@millerjohnson.com.

Dated: _____

EXHIBIT 3

(Assumption and Assignment Notice)

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

IN RE: ARABELLA EXPLORATION, LLC, a Texas limited liability corporation, et al., Debtors.¹	§ Case No. 17-40120-rfn § Chapter 11 § (Jointly Administered) § Honorable Russell F. Nelms § U.S. Bankruptcy Judge §
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**NOTICE OF (I) DEBTORS' REQUEST FOR AUTHORITY TO ASSUME AND ASSIGN
CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES,
AND (II) DEBTORS' PROPOSED CURE AMOUNTS**

TO ALL COUNTERPARTIES TO EXECUTORY CONTRACTS AND UNEXPIRED LEASES:

PLEASE TAKE NOTICE that on January 8, 2017, Arabella Exploration, LLC, debtor-in-possession in the above-referenced chapter 11 cases ("AEX"), filed a voluntary petition for relief under Chapter 11 of Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "Court"). On April 4, 2017, Arabella Operating, LLC debtor-in-possession in the above-referenced chapter 11 cases ("AO" and together with AEX, collectively, the "Debtors") filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the Court.

PLEASE TAKE FURTHER NOTICE that on February 2, 2017, AEX filed *Debtor's Motion, pursuant to Bankruptcy Code Sections 105(a), 363, and 365, and Bankruptcy Rules 2002, 6004, and 6006, for Entry of an Order (A) Approving Sale and Bidding Procedures in Connection with Sale of Assets of the Debtor, (B) Authorizing the Sale of Assets Free and Clear of all Liens, Claims, Encumbrances and Other Interests, and (C) Granting Related Relief* (the "Motion") (Docket No. 66) with the Clerk of the Bankruptcy Court seeking, among other things, entry of an order (the "Sale Order") authorizing and approving: (a) the sale of substantially all of its assets (collectively, the "Assets") free and clear of liens, claims, encumbrances and other interests, with all such liens, claims, encumbrances and other interests attaching with the same validity and priority to the sale proceeds, to one or more purchasers submitting the highest or otherwise best offers therefor (the "Sale"); and (b) procedures for the assumption and assignment of executory contracts and unexpired leases (collectively, the "Contracts").

PLEASE TAKE FURTHER NOTICE THAT on May 5, 2017, the Court entered an order (Docket No. 195) (the "Bidding Procedures Order") granting certain of the relief sought in the Motion, including, among other things, approving: (a) the bidding procedures for the Sale

¹ This case is jointly administered with the case of Arabella Operating, LLC, Case No. 17-41479.

of the Assets (the “Bidding Procedures”); and (b) procedures for the assumption and assignment of Contracts (the “Assumption and Assignment Procedures”).

PLEASE TAKE FURTHER NOTICE that on July 3, 2018, Debtors filed an *Motion to Amend the Amended Order Approving Sale and Bidding Procedures in Connection with the Sale of Assets of the Debtors and Granting Related Relief* (“Motion to Amend”) [Docket No. ___] with the Clerk of the Bankruptcy Court seeking to amend the Bidding Procedures Order to include Amended Bidding Procedures. Please note that all capitalized terms used but not defined herein shall have the meanings set forth in the Motion to Amend.

PLEASE TAKE FURTHER NOTICE that the Debtors will seek approval of the Sale at a hearing presently scheduled to take place on September 27, 2018 at 1:30 p.m. (Central Time), or as soon thereafter as counsel may be heard, before the Honorable Russell F. Nelms, United States Bankruptcy Court, United States Bankruptcy Court, Northern District of Texas — Fort Worth Division, Eldon B. Mahon U.S. Courthouse, 501 W. 10th St., Fort Worth, Texas 76102-3643, or before any other judge who may be sitting in his place and stead (the “Sale Hearing”).

PLEASE TAKE FURTHER NOTICE THAT at the Sale Hearing, the Debtors may seek to assume and assign to one or more Successful Bidder(s) for the Assets at the Auction (as defined in the Amended Bidding Procedures Order) (each an “Assignee”) some or all of the Contracts and any modifications thereto set forth on Exhibit A hereto (collectively, the “Assumed and Assigned Contracts”). In addition, the Debtors’ calculation of the cure amounts, if any, necessary for the assumption and assignment of the Assumed and Assigned Contracts (the “Cure Amounts”) are set forth on Exhibit A.

PLEASE TAKE FURTHER NOTICE THAT as soon as practicable after the conclusion of the Auction, the Debtors shall file with the Court and serve by first-class mail, facsimile, electronic transmission, or overnight mail on the Contract Counterparty (and its attorney, if known) to each Assumed and Assigned Contract a notice: (a) identifying the Successful Bidder(s); (b) stating which Contract(s) will be assumed and assigned thereto; and (c) containing a statement as to the Successful Bidder(s)’ ability to perform the Debtors’ obligations under the applicable Assumed and Assigned Contracts.

PARTIES LISTED ON EXHIBIT A HERETO ARE RECEIVING THIS NOTICE BECAUSE THE DEBTORS, OR OTHER POTENTIAL BIDDER(S), HAVE IDENTIFIED THEM AS A POTENTIAL COUNTERPARTY TO AN ASSUMED AND ASSIGNED CONTRACT. Under the terms of the Assumption and Assignment Procedures, if at any time after the entry of the Amended Bidding Procedures Order the Debtors identify additional prepetition executory Contracts and/or Leases to be assumed and assigned to the Purchaser as Assumed and Assigned Contracts (whether before or after closing of any Sale(s) of relevant Assets), the Debtors shall serve a supplemental Assumption and Assignment Notice by first-class mail, facsimile, electronic transmission, or overnight mail on the Contract Counterparty (and its attorney, if known) to each supplemental Assumed and Assigned Contract at the last known address available to the Debtors by no later than ten (10) days before the proposed effective date of the assignment. Such Contract Counterparty shall have a period of ten (10) days from receipt of the supplemental Assumption and Assignment Notice to file with the

Court any objection to the proposed cure amount or the assumption and assignment of such Contract(s), as applicable, as will be set forth in the supplemental Assumption and Assignment Notice.

Obtaining Additional Information

Additional copies of the Motion, the Motion to Amend, the Amended Bidding Procedures Order, the Amended Bidding Procedures and any other related documents are available upon request to counsel for the Debtors David A. Hall, Miller Johnson, 45 Ottawa Ave. SW, Suite 1100, Grand Rapids, MI 49503, halld@millerjohnson.com.

Assumed and Assigned Contract Objection Procedures

Pursuant to the Assumption and Assignment Procedures, all objections to the assumption and assignment of any Contract, including without limitation any objection to the Debtors' proposed Cure Amount or the provision of adequate assurance of future performance under any Contract pursuant to Section 365 of the Bankruptcy Code ("Adequate Assurance") (other than objections filed in response to any supplemental Assumption and Assignment Notice, as set forth above) must: (a) be in writing; (b) be signed by counsel or attested to by the objecting party; (c) be in conformity with the Bankruptcy Rules and applicable local rules; (d) be filed with the Clerk of the Bankruptcy Court for the Northern District of Texas, Clerk of the Bankruptcy Court for the Northern District of Texas, United States Bankruptcy Court, Northern District of Texas — Fort Worth Division, Eldon B. Mahon U.S. Courthouse, 501 W. 10th St., Fort Worth, Texas 76102-3643, by no later than 5:00 p.m. (Central Time) on [____], 2018; (e) be served in accordance with applicable local rules so as to be received on or before the relevant objection deadline by the following: (i) Co-counsel to the Debtors, David A. Hall, Miller Johnson, 45 Ottawa Ave. SW, Suite 1100, Grand Rapids, MI 49503, halld@millerjohnson.com and Ray Battaglia, Law Offices of Ray Battaglia PLLC, 66 Granburg Circle, San Antonio, Texas 78218, rbattagliaw@outlook.com; (ii) counsel to any official committee appointed in this case, and (iii) Office of the United States Trustee for the Northern District of Texas, 1100 Commerce St # 976, Dallas, TX 75242; (f) identify the Contract to which the objector is party; (g) describe with particularity any cure the claimant contends is required under Section 365 of the Bankruptcy Code (the "Cure Claim") and identify the basis(es) of the alleged Cure Claim under the Contract; (h) attach all documents supporting or evidencing the Cure Claim; and (i) if the response contains an objection to Adequate Assurance, state with specificity what the objecting party believes is required to provide Adequate Assurance.

CONSEQUENCES OF FAILING TO TIMELY FILE AND SERVE AN OBJECTION

ANY COUNTERPARTY TO AN ASSUMED AND ASSIGNED CONTRACT WHO FAILS TO TIMELY FILE AND SERVE AN OBJECTION TO THE PROPOSED ASSUMPTION AND ASSIGNMENT OF AN ASSUMED AND ASSIGNED CONTRACT AND/OR THE CURE AMOUNT SET FORTH ON EXHIBIT A IN ACCORDANCE WITH THE AMENDED BIDDING PROCEDURES ORDER AND THE ASSUMPTION AND ASSIGNMENT PROCEDURES SHALL BE FOREVER BARRED FROM ASSERTING ANY OBJECTION TO THE ASSUMPTION AND ASSIGNMENT OF THE ASSUMED AND ASSIGNED CONTRACT AND/OR THE CURE AMOUNT SET FORTH ON EXHIBIT A.

INCLUDING ASSERTING ADDITIONAL CURE AMOUNTS WITH RESPECT TO THE ASSUMED AND ASSIGNED CONTRACT RELATING TO ANY PERIOD PRIOR TO THE TIME OF ASSUMPTION AND ASSIGNMENT.

Dated: _____

EXHIBIT A

Cure Amount Schedule

Contract Counterparty	Description of Contract or Lease	Proposed Cure Amount