

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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<i>In re:</i>	:	Chapter 11
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ENDEAVOUR OPERATING CORPORATION, et al.,¹	:	Case No. 14-12308 ()
	:	
Debtors.	:	(Joint Administration Requested)
	:	
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**MOTION OF DEBTORS FOR ENTRY OF STIPULATED
ORDER GRANTING (I) CERTAIN LENDER PROTECTIONS TO
CERTAIN OF DEBTORS' PREPETITION SECURED LENDERS AND
(II) RELATED RELIEF PURSUANT TO SECTIONS 105(a), 361, 362 AND 363(e)**

Endeavour Operating Corporation (“*EOC*”) and its above-captioned debtor affiliates, as debtors and debtors in possession (collectively, the “*Debtors*”), respectfully represent:

Jurisdiction and Venue

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b), and pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the “*Local Rules*”), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s taxpayer identification number are as follows: Endeavour Operating Corporation (6552); Endeavour International Corporation (8389); Endeavour Colorado Corporation (0067); END Management Company (7578); Endeavour Energy New Ventures Inc. (7563); Endeavour Energy Luxembourg S.à r.l. (2113). The Debtors’ principal offices are located at 811 Main Street, Suite 2100, Houston, Texas 77002.



of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

2. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

3. Pursuant to sections 105(a), 361, 362 and 363(e) of title 11 of the United States Code (the “*Bankruptcy Code*”) and Rules 2002 and 4001 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), the Debtors request (i) authority to provide certain Lender Protections to the Term Loan Secured Lenders (as defined herein) and Credit Suisse AG, Cayman Islands Branch (“*Credit Suisse*” or the “*Prepetition Agent*”) in its capacity as Prepetition Agent on behalf of the Term Loan Secured Lenders and (ii) related relief.

4. A proposed form of stipulated order approving the relief requested herein is annexed hereto as **Exhibit A** (the “*Stipulated Order*”).

Background

5. On the date hereof (the “*Petition Date*”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code in this Court. The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. Contemporaneously herewith, the Debtors filed a motion seeking joint administration of their chapter 11 cases pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1.

The Debtors’ Businesses

7. The Debtors, together with their non-debtor affiliates (the “*Non-Debtor Affiliates*”), comprise an independent oil and gas company engaged in the acquisition,

exploration and development of energy reserves and resources onshore in the United States (“*U.S.*”) and offshore in the United Kingdom (“*U.K.*”) North Sea. The Debtors manage their domestic and overseas businesses from their headquarters in Houston, Texas. Their U.S.-based businesses and assets include exploration licenses and/or producing properties located in Colorado, Louisiana, Montana, New Mexico, Pennsylvania and Texas and comprise approximately 8% of their proven reserves. The Debtors’ U.K.-based businesses and assets include exploration licenses and producing properties in the North Sea that comprise the remaining 92% of their proven reserves. Only certain of the U.S.-based entities and one non-operating foreign entity are Debtors in these proceedings. The Debtors’ other entities, which encompass their U.K.-based businesses, are not debtors in these cases and are continuing to conduct their businesses in the ordinary course.

8. Additional information about the Debtors’ businesses, capital structure, and the circumstances leading to the commencement of these chapter 11 cases can be found in the *Declaration of William L. Transier in Support of the Debtors’ Chapter 11 Petitions and Request for First Day Relief* (the “*Transier Declaration*”), filed concurrently herewith.

The Term Loan and the Term Loan Guaranty

9. On September 30, 2014, Non-Debtor Affiliates Endeavour International Holding B.V. (“*EIHBV*”) and End Finco LLC, as borrowers (collectively, the “*Borrowers*”) entered into that certain amendment agreement amending and restating that certain credit agreement (as amended or otherwise modified from time to time, the “*Term Loan*”) dated as of January 24, 2014, by and among (i) the Borrowers; (ii) Debtors Endeavour International Corporation (“*EIC*”), EOC, Endeavour Energy New Ventures, Inc. and END Management Company, as guarantors (collectively, the “*Debtor Guarantors*”); (iii) Non-Debtor Affiliates Endeavour Energy UK Limited (“*EEUK*”), Endeavour Energy Netherlands B.V., Endeavour

North Sea LLC, Endeavour North Sea, L.P., as guarantors (collectively, the “*Non-Debtor Affiliate Guarantors*” and together with the Debtor Guarantors, the “*Term Loan Guarantors*”); (iv) Credit Suisse as administrative agent; and (v) certain lenders thereto (the “*Term Loan Secured Lenders*,” and together with Credit Suisse, the “*Term Loan Secured Parties*”). Under the terms of the Term Loan, the Term Loan Secured Lenders provided approximately \$440.0 million in principal amount (the proceeds thereof, the “*Term Loan Proceeds*”) to repay existing debt, pay fees and expenses related thereto and for general corporate purposes.

10. The Term Loan’s primary purpose was to supplement the prior credit facility in favor the Borrowers (the “*Former Credit Facility*”). Under the terms of the Former Credit Facility, both the commencement of these chapter 11 cases and/or a default under the Debtors’ other primary debt obligations would have constituted an event of default. The Debtors determined that such an event of default could have threatened the Non-Debtor Affiliates’ valuable oil and gas interests in the North Sea, the loss of which would have been harmful to both the Non-Debtor Affiliates and the Debtors. Under the new Term Loan, the Debtors’ chapter 11 filings do not result in a default or cross-default under that instrument. As such, the amendment and restatement of the Former Credit Facility in favor of the Term Loan was a necessary precursor to the Debtors’ ability to seek relief under chapter 11.

11. As of the Petition Date, \$440.0 million in principal is outstanding on the amended and restated Term Loan. On September 30, 2014, pursuant to the terms of the Term Loan, the Borrowers and the Term Loan Guarantors amended and restated that certain credit party guaranty, dated January 24, 2014 (the “*Term Loan Guaranty*”), pursuant to which the Term Loan Guarantors guaranteed the Term Loan Obligations (as defined below). Concurrently, the Borrowers and the Debtor Guarantors amended and restated that certain U.S. security

agreement dated January 24, 2014, among the Borrowers, the Debtor Guarantors and Credit Suisse as collateral agent (the “*Term Loan Security Agreement*”) for the benefit of Term Loan Secured Parties.

12. Pursuant to the Term Loan Security Agreement, the Debtor Guarantors granted to the Prepetition Agent a security interest in all the Debtor Guarantors’ right, title and interest to the “Collateral” (as defined in the Term Loan Security Agreement) (collectively, the “*Debtor Collateral*”), consisting of substantially all of the assets of the Debtor Guarantors, but specifically excluding, *inter alia*:²

- a. the equity of Non-Debtor Affiliate EIHBV;
- b. all indebtedness from time-to-time owed to EOC by a Foreign Subsidiary (as defined in the Term Loan) and any instruments or agreements evidencing such indebtedness;
- c. all proceeds of, or income from, the property described in preceding clauses (a) and (b);
- d. the cash, cash equivalents and deposit accounts of the Debtors;
- e. the Debtors’ oil and gas properties located in North America, to the extent such property has no proved reserves;
- f. the Debtors’ oil and gas properties located in North America to the extent that the aggregate PV-10 Value (as such term is defined in the Term Loan) of the proved reserves attributable to such oil and gas properties is less than \$20,000,000; and
- g. any of the Debtors’ individual oil and gas properties located in North America to the extent that the PV-10 Value of all proved reserves attributable to that property is less than \$1,500,000.

² The excluded assets listed here are provided for illustrative purposes only. To the extent any terms or conditions of these excluded assets are inconsistent with the “Excluded Assets” as defined in the Term Loan, the Excluded Assets defined in the Term Loan shall govern throughout this Motion and the Stipulated Order.

13. The Term Loan is also secured by the assets and equity holdings of certain Non-Debtor Affiliates, including assets of, and equity in, EEUK (the “*Non-Debtor Affiliate Collateral*” and together with the Prepetition Debtor Collateral, the “*Term Loan Collateral*”).

14. Of note, the cash, cash equivalents and deposit accounts of the Debtors are among the assets excluded from the Debtor Collateral, and thus, as of the date hereof, the Term Loan Secured Lenders do not have a lien on the Debtors’ cash, cash equivalents and deposit accounts in these chapter 11 cases. As part of the consideration for the absence of a lien on the Debtors’ cash, cash equivalents and deposit accounts, the Debtors agreed to use commercially reasonable efforts to seek the relief requested by this Motion (collectively, the “*Lender Protections*”) pursuant to section 5.17 of the Term Loan (the “*Lender Protections Provision*”), on or promptly following the Petition Date. The Term Loan Secured Lenders have agreed that if the Lender Protections are granted by the Court (and in the absence of a “Event of Default,” as defined in the Term Loan), the Term Loan Secured Lenders will not seek any further adequate protection.

The Debtors’ Stipulations

15. Pursuant to the terms of the Lender Protections Provision in the Term Loan, the Debtors have stipulated to the following (the “*Debtors’ Stipulations*”):

- a. Term Loan Documents. The Term Loan, the Term Loan Guaranty and the Term Loan Security Agreement (collectively, the “*Term Loan Documents*”) are valid and enforceable and are in full force and effect.
- b. Term Loan Obligation. As of the Petition Date, the Borrowers and the Term Loan Guarantors (collectively, the “*Term Loan Parties*” and each a “*Term Loan Party*”) were unconditionally indebted and liable to the Prepetition Agent and the Term Loan Secured Lenders pursuant to the Term Loan Documents in the aggregate principal amount of not less than \$440 million plus all accrued interest thereon, and any additional fees, costs and expenses (including any reasonable attorneys’ and other professional fees, costs and expenses) and other obligations due

thereunder (including all “Obligations” (as defined in the Term Loan), the “*Term Loan Obligations*”).

- c. Validity of Term Loan Obligations. The Term Loan Obligations constitute legal, valid, binding and nonavoidable obligations of the Debtor Guarantors and each Term Loan Party that are not and shall not be subject to any avoidance, reduction, set off, offset, recharacterization, subordination (whether equitable, contractual, or otherwise), counterclaims, cross-claims, recoupment, defenses, disallowance, disgorgement, impairment, or any other challenges under the Bankruptcy Code or any other applicable domestic or foreign law or regulation by any person or entity. No portion of the Term Loan Obligations or any amounts previously paid to the Prepetition Agent or any Term Loan Secured Lender on account of or with respect to the Term Loan Obligations are subject to any avoidance, reduction, set off, offset, recharacterization, subordination (whether equitable, contractual, or otherwise), counterclaims, cross-claims, recoupment, defenses, disallowance, disgorgement, impairment, or any other challenges under the Bankruptcy Code or any other applicable domestic or foreign law or regulation by any person or entity.
- d. Term Loan Liens and Debtor Collateral. The security interests and liens against the Debtors securing the Term Loan Obligations (collectively, the “*Term Loan Liens*”) constitute valid, binding, enforceable, nonavoidable and properly perfected liens and security interests in the Debtor Collateral, as specified more fully in the Term Loan Documents.
- e. Validity of Term Loan Liens and Term Loan Claims. The Term Loan Liens and the Term Loan Secured Parties’ claims against the Debtors (the “*Term Loan Claims*”) are not and shall not be subject to any avoidance, reduction, set off, offset, recharacterization, subordination (whether equitable, contractual, or otherwise), claims, counterclaims, cross-claims, recoupment, defenses, disallowance, impairment, or any other challenges under the Bankruptcy Code or any other applicable domestic or foreign law or regulation by any person or entity.
- f. No Claims or Causes of Action. The Debtors stipulate that they have no claims (as such term is defined in section 101(5) of the Bankruptcy Code), objections, challenges or causes of action against the Prepetition Agent, any of the Term Loan Secured Lenders, or any of their respective affiliates, agents, attorneys, advisors, professionals, officers, managers, members, directors or employees with respect to the Term Loan or any other Term Loan Document, whether arising at law or at equity, including, without limitation, any recharacterization, subordination, avoidance or other debtor claims arising under or pursuant to sections 105, 502, 510 or 542 through 553, inclusive, of the Bankruptcy Code.

- g. No Control Person Liability. None of the Term Loan Secured Parties are or shall be deemed to be control persons or insiders of the Debtors by virtue of any of the actions taken by such parties in respect of or in connection with the Term Loan Obligations or the Term Loan Documents.

Lenders Protection Regarding Additional Liens

16. Pursuant to the terms of the Term Loan, the Term Loan Secured Lenders have agreed to permit the Debtors to grant additional liens on the Debtor Collateral (i) for the purpose of providing certain secured creditors of the Debtors with “adequate protection” pursuant to sections 362, 363(c)(2) and 363(e) of the Bankruptcy Code, if applicable; (ii) securing debtor in possession financing (“*DIP Financing*”), if any, entered into pursuant to section 364 of the Bankruptcy Code; or (iii) for the purpose of incurring indebtedness, if any, used to finance the costs of these chapter 11 cases in connection with the Debtors’ emergence from chapter 11 (“*Exit Financing*”).

17. In exchange for the ability to grant such liens on the Debtor Collateral without objection, the Debtors have agreed to certain Lender Protections for the benefit of the Term Loan Secured Lenders. These Lender Protections provide that the Term Loan Secured Lenders shall be granted or shall maintain liens on the Debtor Collateral (or property of the Debtors that may become Debtor Collateral pursuant to the Term Loan Documents) consistent with the terms of the Lender Protections Provision.

18. Pursuant to the terms of the Term Loan and the Lender Protections Provision, with respect to liens granted to other parties for the purpose of providing “adequate protection” (as such term is defined in section 361 of the Bankruptcy Code) on the Debtor Collateral:

- a. Any such liens granted on the Debtor Collateral shall be junior to the liens securing the Term Loan Obligations.

- b. If any such liens are granted on any unencumbered or under-encumbered property and assets of the Debtors that may become Debtor Collateral in accordance with the terms of the Term Loan Documents, other than the property and assets of Endeavour Colorado Corporation (“**END Colorado**”), the Prepetition Agent, for the benefit of the Term Loan Secured Lenders, shall be granted liens on such property and assets on a *pari passu* basis.
- c. If any such liens are granted on the property and assets of END Colorado, the Prepetition Agent, for the benefit of the Term Loan Secured Lenders, shall be granted liens on such property and assets on a senior basis.
- d. Any liens granted pursuant to this paragraph shall be automatically released upon the effective date of any chapter 11 plan of the Debtors so long as no default exists under the Term Loan at such time.

19. Additionally, with respect to liens granted by the Debtors for the purpose of securing DIP Financing or Exit Financing; such liens may, at the option of EIHBV or End Finco LLC, be *pari passu* with, or senior to, the liens securing the Term Loan Obligations, other than liens on the property and assets of Endeavour Colorado Corporation, on which the Prepetition Agent must have been granted liens on a senior basis. For the avoidance to doubt, such liens are limited to Debtor Collateral and shall not include liens on the Non-Debtor Affiliate Collateral. Pursuant to the Term Loan, the aggregate principal amount of each of the DIP Financing and the Exit Financing shall not exceed \$15 million and, at any time, the aggregate principal amounts under both the DIP Financing and the Exit Financing, taken as a whole, shall not exceed \$15 million.

Debtors Seek to Grant *Pari Passu* Adequate Protection Liens

20. Under the terms described in paragraph 18.b, the Debtors seek to grant the Term Loan Secured Parties valid and perfected *pari passu* security interests in, and *pari passu* liens on (the “***Pari Passu Adequate Protection Liens***”), all of the right, title and interests of Debtor Guarantors in, to and under all unencumbered or under-encumbered property and assets of the Debtor Guarantors that may become “Collateral” (as defined in the Term Loan) in

accordance with the terms of the “Credit Documents” (as defined in the Term Loan) of any nature whatsoever, whether real or personal, tangible or intangible, wherever located, in each case excluding cash, deposit accounts and other cash equivalents of the Debtors Guarantors (collectively, the “***Pari Passu Collateral***”).

21. The Pari Passu Adequate Protection Liens shall be priority perfected liens in the Pari Passu Collateral that rank *pari passu* with the liens on the Pari Passu Collateral granted pursuant to the *Stipulated Order Granting (I) Adequate Protection to Prepetition Noteholders and (II) Related Relief Pursuant to Sections 105(a), 361, 362, 363(e) and 507(b) of the Bankruptcy Code*, (the “***Prepetition Noteholders Stipulated Protection Order***”) to Wells Fargo Bank, National Association, (“***Wells Fargo***”) in its capacity as collateral trustee on behalf of the holders (the “***Prepetition Noteholders***”) of the 12% Notes due March 2018 and the holders of the 12% Notes due June 2018 (the “***Prepetition Notes***”). The Debtors seek to have the Pari Passu Adequate Protection Liens granted to the Prepetition Agent for the benefit of the Term Loan Secured Lenders effective and perfected as of the Petition Date. The Debtors also seek relief pursuant to the Stipulated Order that stipulates that the automatic stay under section 362(a) of the Bankruptcy Code shall be modified as necessary to effectuate all of the terms and provisions of the Stipulated Order, including, without limitation, to (a) permit the Debtors to grant the Pari Passu Adequate Protection Liens and (b) permit the Debtors to perform such acts as the Term Loan Secured Parties may request in their sole discretion to assure the perfection and priority of the Pari Passu Adequate Protection Liens.

22. Additionally, pursuant to the Prepetition Noteholders Stipulated Protection Order, the Debtors seek to grant valid and perfected junior security interests in, and

junior liens on, all of the Debtor Collateral to Wells Fargo in its capacity as collateral agent under the Prepetition Notes.

The Challenge Period

23. Pursuant to the terms of the Lender Protections Provision, and notwithstanding the Debtors' Stipulations as they relate to the Term Loan Obligations, the Prepetition Agent, the Term Loan Secured Lenders and the Term Loan Documents; the Debtors also seek authority to limit the time period for parties in interest to assert claims or causes of action against the Prepetition Agent and Term Loan Secured Lenders pursuant to this Motion. Under this proposed Lender Protection, all non-Debtors, subject to their ability to obtain applicable legal standing (a "***Challenging Party***"), shall have until (i) 60 days from the date of the appointment of a creditor's committee (a "***Committee***") or, (ii) if a Committee is not appointed initially, 75 days from the Petition Date (the "***Challenge Period***") to timely and properly file an adversary proceeding or contested matter asserting one or more claims or causes of action against the Term Loan Secured Lenders (each, a "***Challenge***"). A Challenging Party shall have only until the expiration of the Challenge Period (the "***Challenge Period Termination Date***") to properly file a Challenge.

24. By the terms of the requested Lender Protection, the Committee (if appointed) or any Challenging Party shall have only until the expiration of the Challenge Period (the "***Challenge Period Termination Date***") to properly file a Challenge on behalf of the Debtors' estates.

25. Upon the Challenge Period Termination Date, each stipulation, admission and agreement, including, without limitation, the Debtors' Stipulations, shall be irrevocably binding on the Debtors and their estates (and any successor thereto), any Committee and all parties-in-interest (including, without limitation, any chapter 11 trustee, chapter 7 trustee,

receiver, administrator, examiner or other estate representative appointed or elected in any of the chapter 11 cases in any jurisdiction) without further action by any party or this Court.

Prohibited Uses of the Term Loan Proceeds

26. Pursuant to the terms of the Term Loan, the Debtors have agreed that they shall not use any of the Debtor Collateral or the Term Loan Proceeds to prosecute or otherwise pursue any claims, causes of action or any other relief against the Term Loan Secured Lenders challenging, altering, affecting or otherwise impairing the liens or repayment of claims arising from the Term Loans.

27. Notwithstanding the foregoing and subject to the time limitations set forth in Challenge Period Termination Date, up to \$75,000 of Term Loan Proceeds may be used to investigate any such claims or causes of action. From and after the Challenge Period Termination Date, neither the Debtors nor any other party shall use any of the Debtor Collateral, the Term Loan Proceeds, or any assets of the Debtors' estates to prosecute or otherwise pursue any claims, causes of action or any other relief against the Term Loan Secured Lenders challenging, altering, affecting or otherwise impairing the liens or repayment of claims arising from the Term Loans.

Term Loan Secured Parties Not Required to File Proofs of Claim

28. The Debtors also respectfully request that none of the Term Loan Secured Parties shall be required to file proofs of claim in any of the chapter 11 cases with respect to any obligations under the Term Loan Documents or any other claims or liens granted or created pursuant to the Stipulated Order. The Prepetition Agent is authorized and entitled, in its sole discretion, but not required, to file (and amend and/or supplement, as it sees fit) aggregate proofs of claim in each of the chapter 11 cases on behalf of all of the Term Loan Secured Parties. The Debtors' Stipulations shall be deemed to constitute a timely filed proof of claim for the Term

Loan Secured Parties. Any proof of claim so filed shall be deemed to be in addition to and not in lieu of any other proof of claim that may be filed by any of the Term Loan Secured Parties. Any order entered by the Court in relation to the establishment of a bar date in any of the chapter 11 cases shall so provide.

The Proposed Adequate Protection Should Be Approved

29. Section 363(e) of the Bankruptcy Code provides that, “on request of an entity that has an interest in property used . . . or proposed to be used by a debtor in possession, the court . . . shall prohibit or condition such use . . . as is necessary to provide adequate protection of such interest.” 11 U.S.C. § 363(e). If a secured creditor objects to the debtor’s proposed use of its collateral, the court must ensure that the creditor’s interests are adequately protected. *Id.* Thus, courts are required to balance the protection offered to a secured creditor against the debtor’s need to use collateral of its prepetition lenders in its reorganization effort. *Stein v. U.S. Farmers Home Admin. (In re Stein)*, 19 B.R. 458, 459 (Bankr. E.D. Pa. 1982) (stating that the purpose of chapter 11 is to rehabilitate debtors and generally, access to collateral is necessary in order to facilitate that purpose); *See also In re Jug End in the Berkshires*, 46 Bankr. 892, 898-899 (Bankr. D.Mass 1985), citing H. Rep. No. 595, 95th Cong. 1st Sess. 343-44 (1977) (“Adequate protection, as derived from the fifth amendment protection of property interests, reconciles the competing interests of the debtor, on the one hand, who needs time to reorganize free from harassing creditors, and the secured creditor, on the other hand, who is entitled to constitutional protection for his bargained for property interest.”). In determining whether a creditor is adequately protected, courts “will generally permit the business operation to continue, at least to the point of plan formulation, if the debtors make a solid evidentiary showing to support their projections” *In re Dynaco*, 162 B.R. 389, 395 (Bankr. D. N.H. 1993).

30. “The concept of ‘adequate protection’ is not defined in the [Bankruptcy] Code except by the implications of the examples of adequate protection listed in § 361.” *In re Beker Indus. Corp.*, 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986). Section 361 of the Bankruptcy Code contains a non-exhaustive list of acceptable forms of adequate protection, including a cash payment or periodic cash payments, additional liens, replacement liens, and the “indubitable equivalent of such entity’s interest in such property.” 11 U.S.C. § 361.

31. Inasmuch as value is the essential consideration in making an adequate protection determination, adequate protection is a question of fact. *Martin v. U.S. (In re Martin)*, 761 F.2d 472 (8th Cir. 1985). What constitutes adequate protection must be decided on a case-by-case basis. *See MBank Dallas*, 808 F.2d at 1396; *Martin*, 761 F.2d at 472; *In re Shaw Indus., Inc.*, 300 B.R. 861, 865 (Bankr. W.D. Pa. 2003). The focus of the requirement is to protect a secured creditor from diminution in the value of its interest in the particular collateral during the period of use. *See In re Swedeland Dev. Group, Inc.*, 16 F.3d 552, 554 (3d Cir. 1994) (“The whole purpose of adequate protection for a creditor is to insure that the creditor receives the value for which he bargained prebankruptcy.”) (internal citations omitted). *Beker*, 58 B.R. at 736; *see In re WorldCom, Inc.*, 304 B.R. 611, 618-19 (Bankr. S.D.N.Y. 2004) (“The legislative history for section 361 of the Bankruptcy Code, which sets forth how adequate protection may be provided under section 363, makes clear that the purpose is to insure that the secured creditor receives the value for which the creditor bargained for prior to the debtor’s bankruptcy.”). “However, neither the legislative history nor the Bankruptcy Code require the Court to protect a creditor beyond what was bargained for by the parties.” *Id.* at 619; *see Beker*, 58 B.R. at 741 (“Adequate protection, not absolute protection, is the statutory standard.”) (emphasis added).

32. The proposed Lender Protections offered by the Debtors to the Term Loan Secured Lenders is sufficient, appropriate, and the result of a consensual prepetition agreement among sophisticated parties negotiating at arm's-length. In this case, the Term Loan Secured Lenders have acquiesced to the Debtors' use of the Debtor Collateral during the pendency of these chapter 11 cases on certain terms in the Term Loan. The Debtors respectfully submit that the Lender Protections are reasonable and will allow the Debtors to access their revenue streams in the U.S. during the pendency of these chapter 11 cases to the benefit of all of their creditors.

Notice

33. No trustee, examiner or creditors' committee has been appointed in these chapter 11 cases. Notice of this Motion shall be given to: (i) the Office of the United States Trustee for the District of Delaware, (ii) the holders of the thirty (30) largest unsecured claims against the Debtors (on a consolidated basis), (iii) Reed Smith LLP, 225 Fifth Avenue, Suite 1200, Pittsburgh, PA 15222 (Attn: Eric A. Schaffer, Esq.), counsel to Wells Fargo Bank, National Association, in its capacity as trustee under the 12% Notes due March 2018, (iv) Alston & Bird LLP, One Atlantic Center, 1201 West Peachtree Street, Atlanta, GA 30309 (Attn: Jason J. Solomon, Esq. and David A. Wender, Esq.), counsel to Wilmington Trust, National Association, in its capacity as trustee under the 12% Notes due June 2018, (v) Wilmington Savings Fund Society, FSB, in its capacity as trustee under the 5.5% Convertible Senior Notes due 2016, (vi) Wilmington Savings Fund Society, FSB, in its capacity as trustee under the 6.5% Convertible Senior Notes due 2016, (vii) BNY Corporate Trustee Services Limited, in its capacity as trustee under the 7.5% Guaranteed Convertible Bonds due 2016, (viii) Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, NY 10005 (Attn: Dennis F. Dunne, Esq., Matthew S. Barr, Esq. and Michael E. Comerford, Esq.), counsel to certain of the holders of the 12% Notes due March 2018 and the 12% Notes due June

2018, (ix) Brown Rudnick LLP, Seven Times Square, New York, NY 10036 (Attn: Robert J. Stark, Esq.), counsel to certain of the holders of the 5.5% Convertible Senior Notes Due 2016 and the 6.5% Convertible Senior Notes due 2016, (x) Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036 (Attn: Keith H. Wofford, Esq.), counsel to the holder of the 7.5% Guaranteed Convertible Bonds due 2016, (xi) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036 (Attn: Michael Stamer, Esq. and Meredith Lahaie, Esq.), counsel to the ad hoc group of Term Loan Secured Lenders, (xii) National Association of Attorneys General, 2030 M Street NW, 8th Floor, Washington, DC 20036 (Attn: Karen Cordry, Esq.), (xiii) the Office of the Attorney General in each state in which the Debtors operate, (xiv) the Delaware State Treasury, (xv) the Securities and Exchange Commission, (xvi) the Internal Revenue Service and (xvii) Latham & Watkins LLP, 885 Third Avenue, New York, NY 10022 (Attn: Mitchell Seider, Esq. and David Hammerman, Esq.), counsel to the Prepetition Agent.

No Previous Request

34. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

Dated: October 11, 2014
Wilmington, Delaware

/s/ Zachary I. Shapiro
RICHARDS, LAYTON & FINGER, P.A.

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Proposed Attorneys for Debtors and Debtors in Possession

EXHIBIT A

Stipulated Order

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

	X	
	:	
<i>In re:</i>	:	Chapter 11
	:	
ENDEAVOUR OPERATING CORPORATION, et al.,¹	:	Case No. 14-12308 ()
	:	
Debtors.	:	(Joint Administration Requested)
	:	
	:	Re: D.I. ____
	X	

STIPULATED ORDER GRANTING (I) ADEQUATE PROTECTION TO CERTAIN OF THE DEBTORS' PREPETITION SECURED LENDERS AND (II) RELATED RELIEF PURSUANT TO SECTIONS 105(a), 361, 362 AND 363(e) AND BANKRUPTCY RULES 2002 AND 4001

Upon the Motion, dated October 11, 2014 (the "*Motion*"),² of Endeavour Operating Corporation ("*EOC*") and its above-captioned debtor affiliates, as debtors and debtors in possession (collectively, the "*Debtors*"), for a stipulated order pursuant to sections 105, 361, 362 and 363(e) of title 11 of the United States Code (the "*Bankruptcy Code*") and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*") granting (i) lender protections (the "*Lender Protections*") and (ii) related relief to certain of the Debtors' prepetition secured lenders (collectively, the "*Term Loan Secured Lenders*") and to Credit Suisse AG, Cayman Islands Branch ("*Credit Suisse*" or the "*Prepetition Agent*") in its capacities as administrative agent and collateral agent for the Term Loan Secured Lenders, all as more fully described in the Motion; and upon the record of the Hearing; and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor's taxpayer identification number are as follows: Endeavour Operating Corporation (6552); Endeavour International Corporation (8389); Endeavour Colorado Corporation (0067); END Management Company (7578); Endeavour Energy New Ventures Inc. (7563); Endeavour Energy Luxembourg S.à r.l. (2113). The Debtors' principal offices are located at 811 Main Street, Suite 2100, Houston, Texas 77002.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

**THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF
FACT AND CONCLUSIONS OF LAW:**

A. On October 10, 2014 (the “*Petition Date*”), the Debtors commenced in this Court cases under chapter 11 of the Bankruptcy Code. The Debtors are continuing to manage and operate their businesses and property as debtors and debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

B. This Court has jurisdiction over these proceedings, and over the property affected hereby, pursuant to 28 U.S.C. §§ 157(b) and 1334. This is a core proceeding as defined in and pursuant to 28 U.S.C. § 157(b)(2). Venue for the chapter 11 cases and for proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

C. On October 11, 2014, the Debtors filed the Motion with this Court, and pursuant to Bankruptcy Rules 2002 and 4001, the Debtors have provided due and proper notice of the Motion to the following parties and/or to their counsel as indicated: (i) the Office of the United States Trustee for the District of Delaware (the “*U.S. Trustee*”), (ii) the holders of the thirty (30) largest unsecured claims against the Debtors (on a consolidated basis), (iii) Reed Smith LLP, 225 Fifth Avenue, Suite 1200, Pittsburgh, PA 15222 (Attn: Eric A. Schaffer, Esq.), counsel to Wells Fargo Bank, National Association, (“*Wells Fargo*”) in its capacity as trustee under the 12% Notes due March 2018, (iv) Alston & Bird LLP, One Atlantic Center, 1201 West Peachtree Street, Atlanta, GA 30309 (Attn: Jason J. Solomon, Esq. and David A. Wender, Esq.), counsel to Wilmington Trust, National Association, in its capacity as trustee under the 12%

Notes due June 2018, (v) Wilmington Savings Fund Society, FSB, in its capacity as trustee under the 5.5% Convertible Senior Notes due 2016, (vi) Wilmington Savings Fund Society, FSB, in its capacity as trustee under the 6.5% Convertible Senior Notes due 2016, (vii) BNY Corporate Trustee Services Limited, in its capacity as trustee under the 7.5% Guaranteed Convertible Bonds due 2016, (viii) Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, NY 10005 (Attn: Dennis F. Dunne, Esq., Matthew S. Barr, Esq. and Michael E. Comerford, Esq.), counsel to certain of the holders of the 12% Notes due March 2018 and the 12% Notes due June 2018, (ix) Brown Rudnick LLP, Seven Times Square, New York, NY 10036 (Attn: Robert J. Stark, Esq.), counsel to certain of the holders of the 5.5% Convertible Senior Notes Due 2016 and the 6.5% Convertible Senior Notes due 2016, (x) Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036 (Attn: Keith H. Wofford, Esq.), counsel to the holder of the 7.5% Guaranteed Convertible Bonds due 2016, (xi) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, Bank of America Tower, New York, NY 10036 (Attn: Michael Stamer, Esq. and Meredith Lahaie, Esq.), counsel to certain secured lenders under the EEUK Term Loan, (xii) National Association of Attorneys General, 2030 M Street NW, 8th Floor, Washington, DC 20036 (Attn: Karen Cordry, Esq.), (xiii) the Office of the Attorney General in each state in which the Debtors operate, (xiv) the Office of the Delaware Secretary of State, (xv) the Delaware State Treasury, (xvi) the Securities and Exchange Commission, (xvii) the Internal Revenue Service and (xviii) Latham & Watkins LLP, 885 Third Avenue, New York, NY 10022 (Attn: Mitchell Seider, Esq. and David Hammerman, Esq.), counsel to the Term Loan Prepetition Agent (collectively, the “*Notice Parties*”). Given the nature of the relief sought in the Motion, this Court concludes that the foregoing notice was sufficient and adequate under the circumstances and complies with the Bankruptcy Code, the

Bankruptcy Rules and any other applicable law, and no further notice relating to this proceeding is necessary or required.

D. On September 30, 2014, the Non-Debtor Affiliates Endeavour International Holding B.V. and End Finco LLC, as borrowers (collectively, the “***Borrowers***”) entered into that certain Amendment Agreement amending and restating that certain Credit Agreement (as amended or otherwise modified from time to time, the “***Term Loan***”) dated as of January 24, 2014, by and among (i) the Borrowers; (ii) Debtors Endeavour International Corporation (“***EIC***”), EOC, Endeavour Energy New Ventures, Inc. and END Management Company, as guarantors (collectively, the “***Debtor Guarantors***”); (iii) Non-Debtor Affiliates Endeavour Energy UK Limited (“***EEUK***”), Endeavour Energy Netherlands B.V., Endeavour North Sea LLC, Endeavour North Sea, L.P., as guarantors (collectively, the “***Non-Debtor Affiliate Guarantors***” and together with the Debtor Guarantors, the “***Term Loan Guarantors***”); (iv) Credit Suisse as administrative agent; and (v) the Term Loan Secured Lenders (together with Credit Suisse, the “***Term Loan Secured Parties***”). The Term Loan is in the aggregate principal amount of \$440.0 million (the proceeds thereof, the “***Term Loan Proceeds***”).

E. Additionally, on September 30, 2014, the Borrowers and the Term Loan Guarantors amended and restated that certain credit party guaranty, dated January 24, 2014 (the “***Term Loan Guaranty***”), pursuant to which the Term Loan Guarantors have guaranteed the Term Loan Obligations (as defined below). Concurrently, the Borrowers and the Debtor Guarantors amended and restated that certain U.S. security agreement dated January 24, 2014, among the Borrowers, the Debtor Guarantors and Credit Suisse as collateral agent (the “***Term Loan Security Agreement***”) for the benefit of Term Loan Secured Parties. Pursuant to the Term Loan Security Agreement, the Debtor Guarantors granted to the Prepetition Agent a security

interest in all the Debtor Guarantors' right, title and interest to the "Collateral" (as defined in the Term Loan Security Agreement) (collectively, the "***Debtor Collateral***"), consisting of substantially all of the assets of the Debtor Guarantors, but specifically excluding, *inter alia*:³

- a. the equity of Non-Debtor Affiliate Endeavour International Holding B.V., a *besloten vennootschap* organized under the laws of the Netherlands, and a direct, wholly-owned subsidiary of EOC;
- b. all indebtedness from time-to-time owed to EOC by a Foreign Subsidiary (as defined in the Term Loan) and any instruments or agreements evidencing such indebtedness;
- c. all proceeds of, or income from, the property described in preceding clauses (a) and (b);
- d. the cash, cash equivalents and deposit accounts of the Debtors;
- e. the Debtors' oil and gas properties located in North America, to the extent such property has no proved reserves;
- f. the Debtors' oil and gas properties located in North America to the extent that the aggregate PV-10 value of the proved reserves attributable to such oil and gas properties is less than \$20,000,000; and
- g. any of the Debtors' individual oil and gas properties located in North America to the extent that the PV-10 value of all proved reserves attributable to that property is less than \$1,500,000.

F. The Term Loan provides that the Debtors will seek the relief requested in the Motion (collectively, the "***Lender Protections***") on or promptly after the Petition Date. The Debtors have used commercially reasonable efforts to seek entry of this Stipulated Order granting the Lender Protections.

³ The excluded assets listed here are provided for illustrative purposes only. To the extent any terms or conditions of these excluded assets are inconsistent with the "Excluded Assets" as defined in the Term Loan, the Excluded Assets defined in the Term Loan shall govern throughout the Motion and this Stipulated Order.

G. The Debtors have agreed that the Term Loan Secured Parties are entitled to receive adequate protection (the “*Adequate Protection*”) of their respective interests in the Debtor Collateral, as set forth in this Stipulated Order.

H. On October 11, 2014, the Debtors filed a motion seeking entry of the *Stipulated Order Granting (I) Adequate Protection to Prepetition Noteholders and (II) Related Relief Pursuant to Sections 105(a), 361, 362, 363(e) and 507(b) of the Bankruptcy Code* (the “*Prepetition Noteholders Stipulated Protection Order*”), granting certain adequate protections to the holders (collectively, the “*Prepetition Noteholders*”) of the 12% Notes due March 2018 and the holders of the 12% Notes due June 2018 (collectively, the “*Prepetition Notes*”). Pursuant to the Prepetition Noteholders Stipulated Protection Order, the Debtors seek to grant certain valid and perfected *pari passu* security interests in, and *pari passu* liens on, all of the right, title and interests of Debtor Guarantors in, to and under all unencumbered or under-encumbered property and assets of the Debtor Guarantors that may become “Collateral” (as defined in the Term Loan) in accordance with the terms of the “Credit Documents” (as defined in the Term Loan) of any nature whatsoever, whether real or personal, tangible or intangible, wherever located, in each case excluding cash, deposit accounts and other cash equivalents of the Debtors Guarantors (collectively, the “*Pari Passu Collateral*”) to Wells Fargo, in its capacity as collateral agent under the Prepetition Notes. Additionally, pursuant to the Prepetition Noteholders Stipulated Protection Order, the Debtors seek to grant valid and perfected junior security interests in, and junior liens on, all of the Debtor Collateral to Wells Fargo in its capacity as collateral agent under the Prepetition Notes. For the avoidance of doubt, none of the liens and security interests provided for in this Stipulated Order shall attach to the assets or property of any Non-Debtor Affiliate.

- I. On and as of the Petition Date, the Debtors admit, stipulate and agree that (collectively, the “*Debtors’ Stipulations*”):
- a. Term Loan Documents. The Term Loan, the Term Loan Guaranty and the Term Loan Security Agreement (collectively, the “*Term Loan Documents*”) are valid and enforceable and are in full force and effect.
 - b. Term Loan Obligations. As of the Petition Date, the Borrowers and the Term Loan Guarantors (collectively, the “*Term Loan Parties*” and each a “*Term Loan Party*”) were unconditionally indebted and liable to the Prepetition Agent and the Term Loan Secured Lenders pursuant to the Term Loan Documents in the aggregate principal amount of not less than \$440 million, plus all accrued interest thereon, and any additional fees, costs and expenses (including any reasonable attorneys’ and other professional fees, costs and expenses) and other obligations due thereunder (including all “Obligations” (as defined in the Term Loan), the “*Term Loan Obligations*”).
 - c. Validity of Term Loan Obligations. The Term Loan Obligations constitute legal, valid, binding and nonavoidable obligations of the Debtor Guarantors and each Term Loan Party that are not and shall not be subject to any avoidance, reduction, set off, offset, recharacterization, subordination (whether equitable, contractual, or otherwise), counterclaims, cross-claims, recoupment, defenses, disallowance, disgorgement, impairment, or any other challenges under the Bankruptcy Code or any other applicable domestic or foreign law or regulation by any person or entity. No portion of the Term Loan Obligations or any amounts previously paid to the Prepetition Agent or any Term Loan Secured Lender on account of or with respect to the Term Loan Obligations are subject to any avoidance, reduction, set off, offset, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims, recoupment, defenses, disallowance, disgorgement, impairment or any other challenges under the Bankruptcy Code or any other applicable domestic or foreign law or regulation by any person or entity.
 - d. Term Loan Liens and Debtor Collateral. The security interests and liens against the Debtors securing the Term Loan Obligations (collectively, the “*Term Loan Liens*”) constitute valid, binding, enforceable, nonavoidable and properly perfected liens and security interests in the Debtor Collateral, as specified more fully in the Term Loan Documents.

- e. Validity of Term Loan Liens and Term Loan Claims. The Term Loan Liens and the Term Loan Secured Parties' claims against the Debtors (the "*Term Loan Claims*") are not and shall not be subject to any avoidance, reduction, set off, offset, recharacterization, subordination (whether equitable, contractual, or otherwise), claims, counterclaims, cross-claims, recoupment, defenses, disallowance, impairment, or any other challenges under the Bankruptcy Code or any other applicable domestic or foreign law or regulation by any person or entity.
- f. No Claims or Causes of Action. The Debtors stipulate that they have no claims (as such term is defined in section 101(5) of the Bankruptcy Code), objections, challenges or causes of action against the Prepetition Agent, any of the Term Loan Secured Lenders, or any of their respective affiliates, agents, attorneys, advisors, professionals, officers, managers, members, directors or employees with respect to the Term Loan or any other Term Loan Document, whether arising at law or at equity, including, without limitation, any recharacterization, subordination, avoidance or other debtor claims arising under or pursuant to sections 105, 502, 510 or 542 through 553, inclusive, of the Bankruptcy Code.
- g. No Control Person Liability. None of the Term Loan Secured Parties are or shall be deemed to be control persons or insiders of the Debtors by virtue of any of the actions taken by such parties in respect of or in connection with the Term Loan Obligations or the Term Loan Documents.

None of the ad hoc group of Term Loan Secured Lenders or the Prepetition Agent have opposed the terms and conditions of this Stipulated Order. The consent of the ad hoc group of Term Loan Secured Lenders and the Prepetition Agent granted herein is expressly limited to the extent, and on the terms and conditions, set forth in this Stipulated Order. Based upon the foregoing findings and conclusions, the Motion and the record before this Court with respect to the Motion, and good and sufficient cause appearing therefor, NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The Motion is granted to the extent set forth herein, and all objections to the entry of this Stipulated Order, to the extent not withdrawn or resolved, if any, are expressly overruled.

2. With respect to liens granted for the purpose of providing any other party with “adequate protection” pursuant to sections 362, 363(c)(2) and 363(e) of the Bankruptcy Code, if applicable:

a. Any such liens granted on the Debtor Collateral shall be junior to the liens securing the Term Loan Obligations.

b. If any such liens are granted on any unencumbered or under-encumbered property and assets of the Debtors that may become Debtor Collateral in accordance with the terms of the Term Loan Documents, other than the property and assets of Endeavour Colorado Corporation (“*END Colorado*”), the Prepetition Agent, for the benefit of the Term Loan Secured Lenders, shall be granted liens on such property and assets on a *pari passu* basis.

c. If any such liens are granted on the property and assets of END Colorado, the Prepetition Agent, for the benefit of the Term Loan Secured Lenders, shall be granted liens on such property and assets on a senior basis.

d. Any liens granted pursuant to this paragraph 2 shall be automatically released upon the effective date of any chapter 11 plan of the Debtors so long as no default exists under the Term Loan at such time.

In each case of (b) and (c), this Stipulated Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the security interests and liens granted pursuant thereto, without the necessity of entering into any security agreement or supplement thereto, filing or recording any mortgage, financing statement or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action to validate or perfect (in accordance with applicable non-bankruptcy law) the security interests and liens granted therein, or to entitle the Term Loan Secured Parties to the priorities granted therein. Notwithstanding the foregoing, the Prepetition Agent may, in its sole discretion, file such financing statements, mortgages, deeds of trust, notices of lien, or similar instruments or otherwise confirm perfection of such liens, security interests, and mortgages without seeking modification of the automatic stay under section 362 of the Bankruptcy Code.

3. Pursuant to the terms of paragraph 2.b, the Prepetition Agent, for the benefit of the Term Loan Secured Lenders, is hereby granted (effective and perfected as of the Petition Date) valid and perfected *pari passu* security interests in, and *pari passu* liens on, (the “***Pari Passu Adequate Protection Liens***”) all of the right, title and interests of the Debtor Guarantors in, to and under the Pari Passu Collateral, provided, however, that the Prepetition Agent shall not be granted under the Stipulated Order security interests in or liens on the right, title or interest to the cash, deposit accounts or other cash equivalents of the Debtors. The Pari Passu Adequate Protection Liens shall be priority perfected liens in the Pari Passu Collateral that rank *pari passu* with the liens on the Pari Passu Collateral granted to Wells Fargo pursuant to the Prepetition Notes Stipulated Protection Order.

4. The automatic stay under Bankruptcy Code section 362(a) is hereby modified as necessary to effectuate all of the terms and provisions of this Stipulated Order, including, without limitation, to: (a) permit the Debtors to grant the Pari Passu Adequate Protection Liens and (b) permit the Debtors to perform such acts as the Prepetition Agent may request in its sole discretion to assure the perfection and priority of the Pari Passu Adequate Protection Liens.

5. This Stipulated Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the security interests and liens granted under this Stipulated Order, without the necessity of filing or recording any mortgage, financing statement or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action to validate or perfect (in accordance with applicable non-bankruptcy law) the security interests and liens granted herein, or to entitle the Term Loan Secured Parties to the priorities granted herein. Notwithstanding the foregoing, the Prepetition

Agent may, in its sole discretion, file such financing statements, mortgages, deeds of trust, notices of lien, or similar instruments or otherwise confirm perfection of such liens, security interests, and mortgages without seeking modification of the automatic stay under section 362 of the Bankruptcy Code, and all such documents shall be deemed to have been filed or recorded at the time of and on the applicable Petition Date.

6. For the avoidance of doubt, nothing in this Stipulated Order shall grant to the Term Loan Secured Parties a security interest in or a lien on the cash, deposit accounts or other cash equivalents of the Debtors.

7. With respect to liens granted by the Debtors, if any, for the purpose of (i) securing debtor in possession financing (“*DIP Financing*”) entered into pursuant to section 364 of the Bankruptcy Code or (ii) incurring indebtedness used to finance the costs of the chapter 11 cases in connection with the Debtors’ emergence from chapter 11 (“*Exit Financing*”); such liens may, at the option of the Borrowers, be on a *pari passu* basis with or senior to the Term Loan Liens, other than liens on the property and assets of Endeavour Colorado Corporation, on which the Prepetition Agent shall be granted liens on a senior basis; provided that, the aggregate principal amount of each of the DIP Financing and the Exit Financing shall not exceed \$15 million (it being understood that at any time the aggregate principal amounts under both the DIP Financing and the Exit Financing, taken as a whole, shall not exceed \$15 million).

8. Notwithstanding the Debtors’ Stipulations, any party other than the Debtors, subject to obtaining applicable legal standing (a “*Challenging Party*”) shall have until (i) 60 days from the date of the formation of a creditors’ committee (a “*Committee*”) or, (ii) if a Committee is not appointed initially, 75 days from the Petition Date (the “*Challenge Period*”) to timely and properly file an adversary proceeding or contested matter asserting one or more

claims or causes of action against the Term Loan Secured Lenders (each, a “*Challenge*”). A Challenging Party shall have only until the expiration of the Challenge Period (the “*Challenge Period Termination Date*”) to properly file a Challenge.

9. Upon the Challenge Period Termination Date, each stipulation, admission and agreement contained in this Stipulated Order, including, without limitation, the Debtors’ Stipulations, shall be irrevocably binding on the Debtors and their estates (and any successor thereto), any Committee and all parties-in-interest (including, without limitation, any chapter 11 trustee, chapter 7 trustee, receiver, administrator, examiner or other estate representative appointed or elected in any of the chapter 11 cases in any jurisdiction) without further action by any party or this Court.

10. Neither the Debtors nor any other party shall use any of the Debtor Collateral or the Term Loan Proceeds to prosecute or otherwise pursue any claims, causes of action or any other relief against the Term Loan Secured Lenders challenging, altering, affecting or otherwise impairing the liens or repayment of claims arising from the Term Loans.

Notwithstanding the foregoing and subject to the time limitations set forth in Challenge Period Termination Date, up to \$75,000 of Term Loan Proceeds may be used to investigate any such claims or causes of action. From and after the Challenge Period Termination Date, neither the Debtors nor any other party shall use any of the Debtor Collateral, the Term Loan Proceeds, or any assets of the Debtors’ estates to prosecute or otherwise pursue any claims, causes of action or any other relief against the Term Loan Secured Lenders challenging, altering, affecting or otherwise impairing the liens or repayment of claims arising from the Term Loans.

11. None of the Term Loan Secured Parties shall be required to file proofs of claim in any of the chapter 11 cases with respect to any obligations under the Term Loan

Documents or any other claims or liens granted hereunder or created hereby. The Prepetition Agent is hereby authorized and entitled, in its sole discretion, but not required, to file (and amend and/or supplement, as it sees fit) aggregate proofs of claim in each of the chapter 11 cases on behalf of all of the Term Loan Secured Parties. The Debtors' Stipulations shall be deemed to constitute a timely filed proof of claim for the Term Loan Secured Parties. Any proof of claim so filed shall be deemed to be in addition to and not in lieu of any other proof of claim that may be filed by any of the Term Loan Secured Parties. Any order entered by the Court in relation to the establishment of a bar date in any of the chapter 11 cases shall so provide.

12. Except as explicitly provided for herein, this Stipulated Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

13. The Term Loan Secured Parties have acted in good faith in connection with this Stipulated Order and their reliance on this Stipulated Order is in good faith.

14. The provisions of this Stipulated Order and any actions taken pursuant hereto shall survive and shall not be modified by the entry of any order: (i) confirming any plan of reorganization in any of the chapter 11 cases; (ii) converting any of the chapter 11 cases to a chapter 7 case; (iii) dismissing any of the chapter 11 cases or (iv) withdrawing the reference with respect to any of the chapter 11 cases. The terms and provisions of this Stipulated Order as well as the Lender Protections granted pursuant to this Stipulated Order shall continue in full force and effect notwithstanding the entry of any such order.

15. If any or all of the provisions of this Stipulated Order are hereafter modified, vacated, amended, or stayed by subsequent order of this Court or any other court without the consent of the Prepetition Agent (i) such modification, vacatur, amendment, or stay

shall not affect the validity of any obligation of any of the Term Loan Secured Parties that is or was incurred prior to the effective date of such modification, vacatur, amendment, or stay (the “*Effective Date*”), or the validity, enforceability or priority of the Adequate Protection or other relief authorized or created by this Stipulated Order; (ii) the Adequate Protection arising prior to the Effective Date shall be governed in all respects by the original provisions of this Stipulated Order and (iii) Adequate Protection furnished to the Term Loan Secured Parties pursuant to this Stipulated Order shall be governed in all respects by the original provisions of this Stipulated Order and the Term Loan Documents.

16. Subject to this Stipulated Order remaining effective and binding on all parties-in-interest, and in the absence of any Event of Default (as such term is defined in the Term Loan) under the Term Loan, the Term Loan Secured Parties agree that they shall not seek additional Adequate Protection (as such term is defined in section 361 of the Bankruptcy Code) or similar relief, including but not limited to the modification or amendment of the Lender Protections, whether under the Bankruptcy Code or applicable nonbankruptcy law, on account of their interests in the Debtor Collateral.

17. This Stipulated Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be enforceable *nunc pro tunc* to the Petition Date immediately upon entry thereof.

18. Notwithstanding any applicability of Bankruptcy Rules 6004(h), 7062 or 9014, the terms and conditions of this Stipulated Order shall be immediately effective and enforceable upon its entry.

19. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Stipulated Order in accordance with the Motion.

20. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Stipulated Order.

Dated: October 10, 2014

AGREED TO AND ACCEPTED:

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By: /s/ Mitchell A. Seider

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*Counsel to Ad Hoc Group of Term
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SO ORDERED:

this ___ day of _____, 2014
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE