

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**
Bankruptcy Judge Thomas B. McNamara

In re:

ESCALERA RESOURCES CO., a
Maryland Corporation,

Debtor.

Case No: 15-22395 TBM
Chapter 11

**ORDER APPROVING THE SALE OF DEBTOR’S RABOURN ASSETS AND THE
ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES ASSOCIATED THEREWITH**

THIS MATTER comes before the Court on Debtor’s “Motion for Order Approving the Sale of Debtor’s Rabourn Assets and the Assumption and Assignment of Executory Contracts and Unexpired Leases Associated Therewith” (Docket Nos. 514 and 523, the "Sale Motion") and the Notice of Motion for Order Approving the Sale of Debtor’s Rabourn Assets and the Assumption and Assignment of Executory Contracts and Unexpired Leases Associated Therewith (Docket No. 515, the “Sale Notice”). The Debtor represents it has provided proper notice of its Sale Motion and no objections have been filed. The Court has reviewed the Sale Motion and the Sale Notice, and the record in this case. Accordingly, based on the representations made in the Sale Motion, which are uncontested by any party in interest, the Court hereby FINDS THAT:

1. The Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. This matter is a core proceeding pursuant to 28 U.S.C. §157(b). The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Fed. R. Bankr. P. 7052.
2. To the extent 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.
3. The Sale Notice provided reasonable and adequate notice of the Sale Motion and the deadline for objecting to the Sale Motion as required by Fed. R. Bankr. P. 2002(a)(2), 2002(c)(1), 6004 and 6006, and L.B.R. 6004-1 and other applicable procedures.
4. Entry into the Purchase and Sale Agreement (the “PSA”) executed November 27, 2017, but effective August 1, 2017 between Debtor and Rock Creek Energy, LLC (“Rock Creek”), for the sale of the Rabourn Assets,¹ pursuant to a private sale and consummation of

¹ All capitalized terms not defined herein shall have the meaning set forth in the Sale Motion or the PSA, as applicable.

the transaction contemplated thereby constitute the exercise by Debtor of sound business judgment and such acts are in the best interest of Debtor, its estate and creditors.

5. The transactions undertaken pursuant to the PSA have been undertaken at arm's length, without collusion by the parties and were proposed by Rock Creek in good faith within the meaning of 11 U.S.C. § 363(m) and represent the highest and best offer for the Rabourn Assets.

6. Rock Creek is a good faith purchaser under 11 U.S.C § 363(m) and is hereby granted the protections afforded to a good faith purchaser under 11 U.S.C § 363(m).

Accordingly, the Court ORDERS that:

1. The Sale Motion is GRANTED as provided herein.
 2. The PSA between the Debtor and Rock Creek is hereby authorized and approved and the Debtor is authorized to take all actions and execute all documents and instruments that Debtor and Rock Creek deem necessary or appropriate to implement and effectuate the PSA.
 3. Pursuant to the PSA, Debtor is authorized to sell, and convey to Rock Creek, free and clear of all liens, claims, interests and encumbrances (collectively, the "Interests"), all of Debtor's right, title and interest in and to the Rabourn Assets, except for those Interests identified in the PSA as Permitted Encumbrances. The Interests of the Campbell County, Wyoming Treasurer and Société Générale, as Administrative Agent (collectively, the "Lien Claims"), including but not limited to the Adequate Protection Liens shall attach to the proceeds of the sale of the Rabourn Assets pursuant to 11 U.S.C. § 363(f) to the same extent, validity and priority as the Lien Claims attach to the Rabourn Assets immediately prior to the Closing, and all rights to such Lien Claims (including the rights to contest the value of the individual assets and/or the allocation of values between the assets to which the Lien Claims attach) and any objections or defenses thereto, shall be preserved. Notwithstanding the foregoing, Debtor is authorized to pay the gross proceeds-ad valorem taxes owed to Campbell County that are past due as of the Closing at Closing, in which case the Lien Claims of the Campbell County, Wyoming Treasurer shall not attach to the sale proceeds to the extent such claims are actually paid. The sale is not free and clear of liens for taxes for taxes not yet delinquent.
 4. Debtor is authorized at the Closing to assume and assign the Purchased Contracts, which are identified on Exhibit 1 hereto. The counterparties to the Purchased Contracts were given notice of the proposed assumption and assignment thereof and the Cure Amounts, which Debtor stated to be zero, and the counterparties have not objected thereto. Such counterparties are forever barred and enjoined from raising or asserting against Rock Creek any assignment fee, default or breach thereunder, or any claim for pecuniary loss, or condition to assignment, arising under or related to the Purchased Contracts which arose prior to their assignment to Rock Creek pursuant to the PSA and this Order.
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5. Nothing in this Order or the PSA releases, nullifies, precludes or enjoins the enforcement of any police or regulatory liability to a governmental unit that any entity would be subject to as the post-sale owner or operator of property after the date of entry of this Order. Nothing in this Order or the PSA authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization, or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements and approvals under police or regulatory law. Nothing in this Order divests any tribunal of any jurisdiction it may have under police or regulatory law to interpret this Order or to adjudicate any defense asserted under this Order.

6. Notwithstanding Fed. R. Bankr. P. 6004(h) and 6006(d), this Order shall be effective and enforceable immediately upon entry, and its provisions shall be self-executing. This Order shall take effect immediately and shall not be automatically stayed pursuant to F.R.B.P. 7062 or otherwise.

7. The filing of the Motion and the entry of this Order shall be deemed to have satisfied any requirement under F.R.B.P. 6004(f)(1) that Debtor file an itemized statement of property sold, name of purchaser and price received with respect to the sale of the Rabourn Assets.

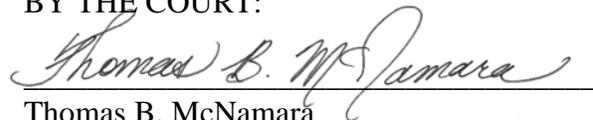
8. The provisions of this Order are nonseverable and mutually dependent.

9. The provisions of this Order and any action taken pursuant hereto shall survive the entry of any other order which may be entered (a) confirming any plan of reorganization; (b) converting this case from Chapter 11 to Chapter 7; or (c) dismissing this case; and the terms and provisions of this Order as well as the transactions effected pursuant hereto shall continue in full force and effect notwithstanding the entry of such other order.

10. To the extent permitted by 28 U.S.C. §§ 157 and 1334, this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order and the PSA.

DATED this 17th of January, 2018

BY THE COURT:



Thomas B. McNamara
United States Bankruptcy Judge

EXHIBIT B

Purchased Contracts

Agreement	Counterparty	Date	Cure Amount
Oil and Gas Lease	Mullinix Associates	6/23/1980	\$0.00
Oil and Gas Lease	Carolyn L. Rabourn and Melbern W. Rabourn	6/23/1980	\$0.00
Oil and Gas Lease	Christian Believers Fellowship	2/19/1980	\$0.00
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Oil Purchase Agreement	Shell Trading (US) Company	3/1/2015	\$0.00