

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

-----	X
	: Chapter 11
In re:	: :
	: Case No. 16-10292 (KJC)
RYCKMAN CREEK RESOURCES, LLC,	: :
et al.,	: Jointly Administered
	: :
Debtors. ¹	: :
	: :
-----	X

NOTICE OF FILING OF INITIAL MONTHLY OPERATING REPORT

PLEASE TAKE NOTICE that on February 11, 2016, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the Initial Operating Report, a copy of which is attached hereto as Exhibit 1.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

¹ The Debtors and, where applicable, the last four digits of their respective taxpayer identification numbers, are as follows: Ryckman Creek Resources, LLC (4180), Ryckman Creek Resources Holding Company LLC, Peregrine Rocky Mountains LLC, and Peregrine Midstream Partners LLC (3363). The address of the Debtors’ corporate headquarters is 3 Riverway, Suite 1100, Houston, TX 77056.



Dated: Wilmington, Delaware
February 11, 2016

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

/s/ Sarah E. Pierce

Sarah E. Pierce (I.D. No. 4648)
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899-0636
Telephone: (302) 651-3000
Fax: (302) 651-3001

- and -

George N. Panagakis
Jessica S. Kumar
155 N. Wacker Dr.
Chicago, Illinois 60606
Telephone: (312) 407-0700
Fax: (312) 407-0411

Proposed Counsel for Debtors and Debtors in Possession

EXHIBIT 1

UNITED STATES BANKRUPTCY COURT
DISTRICT OF Delaware

In re Ryckman Creek Resources, LLC
 Debtor

Case No. 16-10292

INITIAL MONTHLY OPERATING REPORT

File report and attachments with Court and submit copy to United States Trustee within 15 days after order for relief.

Certificates of insurance must name United States Trustee as a party to be notified in the event of policy cancellation. Bank accounts and checks must bear the name of the debtor, the case number, and the designation "Debtor in Possession." Examples of acceptable evidence of Debtor in Possession Bank accounts include voided checks, copy of bank deposit agreement/certificate of authority, signature card, and/or corporate checking resolution.

REQUIRED DOCUMENTS	Document Attached	Explanation Attached
12-Month Cash Flow Projection (Form IR-1)	X	Exhibit A
Certificates of Insurance:		
Workers Compensation	X	Exhibit B
Property	X	Exhibit B
General Liability	X	Exhibit B
Vehicle	X	Exhibit B
Other: _____	X	Exhibit B
Identify areas of self-insurance w/liability caps	X	Exhibit B
Evidence of Debtor in Possession Bank Accounts	X	Exhibit C
Tax Escrow Account		
General Operating Account		
Money Market Account pursuant to Local Rule 4001-3. Refer to http://www.deb.uscourts.gov/		
Other: _____		
Retainers Paid (Form IR-2)	X	Exhibit D

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

 Signature of Debtor

02/10/2016
 Date

 Signature of Joint Debtor

02/10/2016
 Date


 Signature of Authorized Individual*

02/10/2016
 Date

Thomas Osmun
 Printed Name of Authorized Individual

Chief Restructuring Officer
 Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

<u>Debtor Name</u>	<u>Debtor Case Number</u>
Ryckman Creek Resources, LLC	16-10292
Ryckman Creek Resources Holding Company LLC	16-10293
Peregrine Rocky Mountains LLC	16-10294
Peregrine Midstream Partners LLC	16-10295

Exhibit A

	Act / Proj Week Number Date / Week	POST				4 Week Projected 2/5/2016 2/26/2016
		Proj 1 2/5/2016	Proj 2 2/12/2016	Proj 3 2/19/2016	Proj 4 2/26/2016	
Total Receipts		-	-	-	-	-
Total Field Operating Disbursements		(120,000)	(90,000)	(617,372)	(50,000)	(877,372)
Total Natural Gas Purchases		-	-	-	(50,000)	(50,000)
Total Capex:		-	(600,000)	(250,000)	(100,000)	(950,000)
Total SG&A Costs		(33,500)	(68,100)	(63,500)	(166,000)	(331,100)
Cash Flow before Financings		(153,500)	(758,100)	(930,872)	(366,000)	(2,208,472)
Total Financing		1,000,000	300,000	1,400,000	300,000	3,000,000
Total Filing Related Costs		(318,065)	-	(235,240)	(287,360)	(840,666)
Net Cash Flow		528,435	(458,100)	233,887	(353,360)	(49,138)
Opening Availability		64,048	592,482	134,382	368,270	64,048
Net Cash Flow		528,435	(458,100)	233,887	(353,360)	(49,138)
Other		-	-	-	-	-
Minimum Cash Balance		-	-	-	-	-
Closing Availability		592,482	134,382	368,270	14,910	14,910

Notes:

Cash forecast as filed with the Debtors' Motion for Interim and Final Orders Under Bankruptcy Code Sections 105, 361, 362, 363, and 364, Bankruptcy Rules 2002 and 4001, and Local Bankruptcy Rule 4001-2 (I) Authorizing the Debtors to (A) Obtain Postpetition Financing on a Secured, Superpriority Basis and (B) Use Cash Collateral, (II) Granting Adequate Protection, (III) Scheduling a Final Hearing, and (IV) Granting Related Relief (Docket #0017), and will be updated in future Monthly Operating Reports filed with this Court.

(1) Professional fees forecasted for the Debtor and Unsecured Creditors Committee are to be paid in accordance with interim compensation orders. The Debtors estimate that Professional Fees for this forecast period will be approximately \$550,000 excluding professionals serving the secured lenders.

Exhibit B



CERTIFICATE OF LIABILITY INSURANCE

12/9/2016

DATE (MM/DD/YYYY)
2/10/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER LOCKTON COMPANIES 5847 San Felipe, Suite 320 Houston TX 77057	CONTACT NAME: PHONE (A/C, No, Ext):	FAX (A/C, No):
	E-MAIL ADDRESS:	
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A : Federal Insurance Company		20281
INSURER B : AXIS Surplus Insurance Company		26620
INSURER C : AmWins Brokerage of Texas		
INSURER D :		
INSURER E :		
INSURER F :		

COVERAGES PERMI01 CERTIFICATE NUMBER: 13895090 REVISION NUMBER: XXXXXXXX

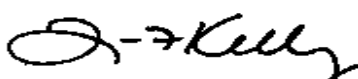
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> \$1M WY Stop Gap Incl GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER	N	N	3590-75-43	12/9/2015	12/9/2016	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	N	N	73559961	12/9/2015	12/9/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX \$ XXXXXXXX
B	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$	N	N	EAU791027/01/2015	12/9/2015	12/9/2016	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$ XXXXXXXX
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	7174-48-18	12/9/2015	12/9/2016	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Control of Well	N	N	AMW156983	12/9/2015	12/9/2016	\$2,000,000 Any One Occurrence CSL

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 THIS CERTIFICATE SUPERSEDES ALL PREVIOUSLY ISSUED CERTIFICATES FOR THIS HOLDER, APPLICABLE TO THE CARRIERS LISTED AND THE POLICY TERM(S) REFERENCED.

CERTIFICATE HOLDER

CANCELLATION See Attachment

<p>13895090</p> <p>Office of The United States Trustee Attn: Richard Schepacarter 844 King Street, Suite 2207 Lockbox 35 Wilmington DE 19801</p>	<p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p> <p>AUTHORIZED REPRESENTATIVE</p> 
---	---

Time Element Pollution Liability

Policy No.: 9989-31-73

Effective Dates: December 9, 2015 to December 9, 2016

Carrier: Vigilant Insurance Company

Limit: \$1,000,000 Each Incident / \$1,000,000 Aggregate

Excess Liability (\$15M x \$10M)

Policy No.: 7988-53-09

Effective Dates: December 9, 2015 to December 9, 2016

Carrier: Federal Insurance Company

Limit: \$15,000,000 Per Occurrence / \$15,000,000 Aggregate

D&O Claims

Policy No.: 01-593-81-12

Effective Dates: August 2, 2015 to August 2, 2016

Carrier: National Union Fire Insurance Co.

Limit:

\$5,000,000 Each Occurrence

\$6,000,000 Aggregate

EPL

Policy No.: 01-593-81-12

Effective Dates: August 2, 2015 to August 2, 2016

Carrier: National Union Fire Insurance Co.

Limit:

\$1,000,000 Each Occurrence

Commercial Crime

Policy No.: 01-593-81-12

Effective Dates: August 2, 2015 to August 2, 2016

Carrier: National Union Fire Insurance Co.

Limit:

\$1,000,000 Each Occurrence



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
3/1/2016
2/9/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATEVLY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

If this certificate is being prepared for a party who has an insurable interest in the property, do not use this form. Use ACORD 27 or ACORD 28.

PRODUCER LOCKTON COMPANIES 5847 San Felipe, Suite 320 Houston TX 77057	CONTACT NAME:		
	PHONE (A/C, No, Ext):	FAX (A/C, No):	
E-MAIL ADDRESS:			
PRODUCER CUSTOMER ID:			
INSURED Peregrine Midstream Partners, LLC 101736 Ryckman Creek Resources, LLC 3 Riverway, Suite 1110 Houston TX 77056	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: 50% LibertyInt'lUW&50% ZurichAmerican		
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		
INSURER F:			

COVERAGES PERMI01 **CERTIFICATE NUMBER:** **REVISION NUMBER:**

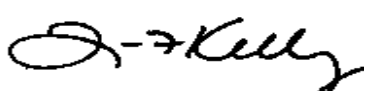
LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE NAMED INSURED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	COVERED PROPERTY	LIMITS	
A	<input checked="" type="checkbox"/> PROPERTY	LME-5302	10/15/2011	3/1/2016	BUILDING	\$ XXXXXXXX	
	CAUSES OF LOSS				DEDUCTIBLES	PERSONAL PROPERTY	\$ XXXXXXXX
	BASIC				BUILDING	BUSINESS INCOME	\$ XXXXXXXX
	BROAD				CONTENTS	EXTRA EXPENSE	\$ XXXXXXXX
	<input checked="" type="checkbox"/> SPECIAL					RENTAL VALUE	\$ XXXXXXXX
	<input checked="" type="checkbox"/> EARTHQUAKE					BLANKET BUILDING	\$ XXXXXXXX
	WIND					BLANKET PERS PROP	\$ XXXXXXXX
	<input checked="" type="checkbox"/> FLOOD					BLANKET BLDG & PP	\$ XXXXXXXX
			<input checked="" type="checkbox"/> Builders Risk	\$ 120,776,166			
			<input checked="" type="checkbox"/> Earthquake & Flood	\$ 100,000,000			
	INLAND MARINE	TYPE OF POLICY			\$ XXXXXXXX		
	CAUSES OF LOSS	NOT APPLICABLE			\$ XXXXXXXX		
	NAMED PERILS	POLICY NUMBER			\$ XXXXXXXX		
	OTHER				\$ XXXXXXXX		
	CRIME				\$ XXXXXXXX		
	TYPE OF POLICY	NOT APPLICABLE			\$ XXXXXXXX		
	BOILER & MACHINERY / EQUIPMENT BREAKDOWN	NOT APPLICABLE			\$ XXXXXXXX		
					\$ XXXXXXXX		
					\$		
					\$		

SPECIAL CONDITIONS/OTHER COVERAGES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER **CANCELLATION** [M469112]

161476 Office of The United States Trustee Attn: Richard Schepacarter 844 King Street, Suite 2207 Lockbox 35 Wilmington DE 19801	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

Named Insureds:

Peregrine Midstream Partners, LLC

Peregrine Rocky Mountains LLC

Ryckman Creek Resources, LLC

Ryckman Creek Resources Holding Company, LLC



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
2/10/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATEVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

If this certificate is being prepared for a party who has an insurable interest in the property, do not use this form. Use ACORD 27 or ACORD 28.

PRODUCER LOCKTON COMPANIES 5847 San Felipe, Suite 320 Houston TX 77057	CONTACT NAME:	
	PHONE (A/C, No, Ext):	FAX (A/C, No):
E-MAIL ADDRESS:		
PRODUCER CUSTOMER ID:		
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURED Peregrine Midstream Partners, LLC 104823 Canyon Creek Compression Company 3 Riverway, Suite 1110 Houston, TX TX 77056	INSURER A: Zurich/Liberty/Various Lloyds	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES PERMI01 **CERTIFICATE NUMBER:** **REVISION NUMBER:**

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE NAMED INSURED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	COVERED PROPERTY	LIMITS	
A	<input checked="" type="checkbox"/> PROPERTY	LME-5812	5/1/2015	5/1/2016	BUILDING	\$ XXXXXXXX	
	CAUSES OF LOSS				DEDUCTIBLES	PERSONAL PROPERTY	\$ XXXXXXXX
	BASIC				BUILDING	BUSINESS INCOME	\$ XXXXXXXX
	BROAD				CONTENTS	EXTRA EXPENSE	\$ XXXXXXXX
	<input checked="" type="checkbox"/> SPECIAL					RENTAL VALUE	\$ XXXXXXXX
	<input checked="" type="checkbox"/> EARTHQUAKE					BLANKET BUILDING	\$ XXXXXXXX
	WIND					BLANKET PERS PROP	\$ XXXXXXXX
	<input checked="" type="checkbox"/> FLOOD					BLANKET BLDG & PP	\$ XXXXXXXX
						<input checked="" type="checkbox"/> Per Sched Value	\$ 125,000,000
							\$ XXXXXXXX
	INLAND MARINE	TYPE OF POLICY			\$ XXXXXXXX		
	CAUSES OF LOSS	NOT APPLICABLE			\$ XXXXXXXX		
	NAMED PERILS	POLICY NUMBER			\$ XXXXXXXX		
	OTHER				\$ XXXXXXXX		
	CRIME				\$ XXXXXXXX		
	TYPE OF POLICY	NOT APPLICABLE			\$ XXXXXXXX		
	BOILER & MACHINERY / EQUIPMENT BREAKDOWN	NOT APPLICABLE			\$ XXXXXXXX		
					\$ XXXXXXXX		
					\$		
					\$		

SPECIAL CONDITIONS/OTHER COVERAGES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

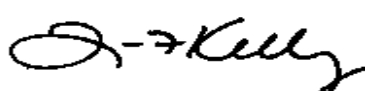
<p>CERTIFICATE HOLDER</p> <p>161532 Office of The United States Trustee Attn: Richard Schepacarter 844 King Street, Suite 2207 Lockbox 35 Wilmington DE 19801</p>	<p>CANCELLATION</p> <p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p> <p>AUTHORIZED REPRESENTATIVE</p> 
--	--

Exhibit C

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

----- X
 In re: : Chapter 11
 :
 RYCKMAN CREEK RESOURCES, LLC, : Case No. 16-10292 (____)
 et al., :
 : (Joint Administration Pending)
 Debtors.¹ :
 :
 ----- X

DEBTORS’ MOTION FOR ORDER UNDER BANKRUPTCY CODE SECTIONS 105(a), 345(b), 363(c), AND 503(b), BANKRUPTCY RULES 6003 AND 6004, AND LOCAL BANKRUPTCY RULE 2015-2 (I) AUTHORIZING CONTINUED MAINTENANCE OF PREPETITION BANK ACCOUNTS AND PAYMENT OF RELATED PREPETITION OBLIGATIONS, (II) AUTHORIZING CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM, (III) AUTHORIZING CONTINUED USE OF EXISTING BUSINESS FORMS, AND (IV) AUTHORIZING THE CONTINUATION OF, AND ACCORDANCE OF ADMINISTRATIVE EXPENSE PRIORITY STATUS TO, INTERCOMPANY TRANSACTIONS

Ryckman Creek Resources, LLC (“Ryckman”) and certain of its affiliates, the debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors” or the “Company”), hereby move (this “Motion”) this Court for entry of an order, under sections 105(a), 345(b), 363(c), and 503(b) of title 11 of the United States Code (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2015-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Bankruptcy Rules”) (i) authorizing, but not directing, the Debtors to maintain their existing bank accounts, authorizing a waiver of certain operating guidelines relating to bank accounts, and authorizing, but not directing, the

¹ The Debtors and, where applicable, the last four digits of their respective taxpayer identification numbers, are as follows: Ryckman Creek Resources, LLC (4180), Ryckman Creek Resources Holding Company LLC, Peregrine Rocky Mountains LLC, and Peregrine Midstream Partners LLC (3363). The address of the Debtors’ corporate headquarters is 3 Riverway, Suite 1100, Houston, TX 77056.



payment of related prepetition obligations; (ii) authorizing, but not directing, the Debtors to continue to use their existing cash management system; (iii) authorizing, but not directing, the Debtors to continue to use their existing Business Forms (as defined below); and (iv) authorizing the continuation of certain Intercompany Transactions (as defined below), and accordance of administrative expense priority status to related postpetition Intercompany Claims (as defined below). In support of the Motion, the Debtors rely upon and incorporate by reference the Declaration of Robert D. Albergotti, Vice President of Restructuring of the Debtors, in Support of Chapter 11 Petitions and First Day Pleadings (the “First Day Declaration”),² filed with the Court concurrently herewith. In further support of the Motion, the Debtors, by and through their proposed undersigned counsel, respectfully represent:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider the Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code sections 105(a), 345(b), 363(c), and 503(b). Such relief is also warranted under Bankruptcy Rules 6003 and 6004, and Local Bankruptcy Rule 2015-2.

3. Pursuant to Local Bankruptcy Rule 9013-1(f), the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that Court would lack Article III jurisdiction to enter such final order or judgment absent the consent of the parties.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

BACKGROUND

4. On February 2, 2016 (the “Petition Date”), the Debtors each commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). The Debtors have requested that the Chapter 11 Cases be jointly administered.

5. The Debtors continue to operate their business and manage their properties as debtors and debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

6. To date, no creditors’ committee has been appointed in the Chapter 11 Cases by the Office of the United States Trustee for the District of Delaware (the “United States Trustee”). No trustee or examiner has been appointed in the Chapter 11 Cases.

7. The Company was formed to engage in the acquisition, development, marketing and operation of an underground natural gas storage facility (the “Ryckman Creek Facility”), located in Uinta County, Wyoming. The Ryckman Creek Facility is a 50 billion cubic foot storage facility with a working gas capacity of approximately 42 billion cubic feet. It is located approximately 25 miles from the Opal Hub, where five major interstate gas pipelines converge, allowing for distribution to several key consumer markets, including California, Nevada, the Pacific Northwest, and the Midwest.

8. Additional factual background information regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the Chapter 11 Cases, is set forth in detail in the First Day Declaration.

RELIEF REQUESTED

9. By the Motion, the Debtors seek entry of an order, pursuant to Bankruptcy Code sections 105(a), 345(b), 363(c), and 503(b) (i) authorizing, but not directing, the Debtors to

maintain their existing bank accounts, authorizing a waiver of certain operating guidelines relating to bank accounts set forth in the U.S. Department of Justice, Office of the United States Trustee: Guidelines for Debtors-in-Possession (the “U.S. Trustee Guidelines”) as adopted by the U.S. Trustee, and authorizing, but not directing, the payment of related prepetition obligations; (ii) authorizing, but not directing, the Debtors to continue using their existing cash management system; (iii) authorizing, but not directing, the Debtors to continue using existing Business Forms; and (iv) authorizing, but not directing, the continuation of Intercompany Transactions and accordancy of administrative expense priority status to postpetition Intercompany Claims.

10. For the reasons set forth herein, the Debtors submit that the relief requested herein is in the best interest of the Debtors, their estates, creditors, stakeholders, and other parties in interest, and therefore, should be granted.

BASIS FOR RELIEF

A. Cash Management System and Bank Accounts

11. Pursuant to Bankruptcy Code sections 105(a), 345(b), and 363(c), the Debtors seek authorization to maintain their existing bank accounts and continue using their existing cash management system (the “Cash Management System”). The Debtors’ Cash Management System facilitates reporting, monitors collection and disbursement of funds, reduces administrative expenses by facilitating the movement of funds and the development of more timely and accurate balance and presentment information, and administers the various Bank Accounts (as defined below) required to effect the collection, disbursement, and movement of cash. A flow chart that depicts the Debtors’ Cash Management System is attached hereto as Exhibit A.

12. Prior to the commencement of the Chapter 11 Cases, and in the ordinary course of their business, the Debtors maintained three cash accounts – the Construction Account,

the Disbursement Account and the PMP Account (each as defined below) – out of which they managed cash receipts and disbursements (the “Cash Accounts”), thirteen additional zero-balance accounts (the “Zero-Balance Accounts”), and four restricted cash accounts holding certificates of deposit securing various bonds required by the state of Wyoming (the “Restricted Cash Accounts,” and collectively with the Cash Accounts and the Zero-Balance Accounts, the “Bank Accounts”). Two of the Cash Accounts are maintained at JPMorgan Chase Bank, N.A. (“Chase”), and the other is at The Bank of New York Mellon Corporation (“BNY Mellon”). The Zero-Balance Accounts are maintained at BNY Mellon. The Restricted Cash Accounts are maintained at First Interstate Bank (“First Interstate”). All of the Bank Accounts are held by Ryckman, other than the PMP Account, which is held by Peregrine Midstream Partners LLC (“Peregrine Midstream”). A list of the Bank Accounts is attached hereto as Exhibit B.

13. The Construction Account. All of the Debtors’ revenues and deposits are made into the BNY Mellon deposit account (the “Construction Account”). The receipts deposited into the Construction Account include all revenues from the storage and purchase of natural gas and all borrowings from the Debtors’ credit facilities.

14. The Disbursement Account. The Construction Account is linked to a Chase checking account (the “Disbursement Account”). Once a month, the Debtors determine the amount of cash to be transferred to the Disbursement Account from the Construction Account after debt repayments are made. The Debtors fund all staff overhead and capital expenditures related to the Ryckman Creek Facility and will fund any commodities purchases through the Disbursement Account.

15. The PMP Account. Debtor Peregrine Midstream maintains a checking account at Chase. Pursuant to a Management Services Agreement, dated as of 2011, between

Ryckman and Peregrine Midstream (the “Management Services Agreement”), Peregrine Midstream provides certain administrative, operation and maintenance, and construction services, as further discussed below. Funds are transferred from the Disbursement Account to the PMP Account two to three times per month to fund amounts owed under the Management Services Agreement. The PMP Account, in turn, funds management overhead, including salary and benefits of all the Debtors’ employees, rent, and office supplies, and other expenses incurred pursuant to the Management Services Agreement.

16. The Restricted Cash Accounts. The four Restricted Cash Accounts maintained at First Interstate Bank each contain certificates of deposit securing bonds required by the state of Wyoming and to the U.S. federal government. The bonds underlying two of the Restricted Cash Accounts are reclamation bonds, one in favor of the Wyoming Oil and Gas Conservation Commission and one in favor of the Wyoming Office of State Lands and Investments. The remaining bonds are in favor of the United States Bureau of Land Management and the General Services Administration.

17. The Zero-Balance Accounts. The thirteen Zero-Balance Accounts, also maintained at BNY Mellon, together with the Construction Account, were created pursuant to section 3.01 of the Disbursement Agreement, dated November 2, 2011, among Ryckman, as borrower, and ING Capital LLC, as administrative agent and collateral agent and the Bank of New York Mellon, as depository, which was entered into in conjunction with the Debtors’ original Credit Agreement, dated November 2, 2011. The Zero-Balance Accounts are rarely used and usually do not carry a balance.³

³ In fact, for more than two years, only one Zero-Balance Account has seen any activity. When it has seen activity, it was inadvertent and cash was transferred out.

B. The Business Forms

18. In the ordinary course of business, the Debtors use a number of checks, business letterhead, purchase orders, invoices, envelopes, promotional materials, and other business forms and correspondence (collectively, the “Business Forms”). Because the Business Forms were used prepetition, they do not reference the Debtors’ current status as debtors in possession.

19. Most parties doing business with the Debtors undoubtedly will be aware of the Debtors’ status as debtors in possession as a result of the publicity surrounding the Chapter 11 Cases, particularly within the Debtors’ industry, including a press release issued by the Debtors, as well as the notice of commencement of the Chapter 11 Cases that has been or will be provided to parties in interest.

20. As with the existing Cash Management System, requiring the Debtors to change existing Business Forms would unnecessarily distract the Debtors from their restructuring efforts and impose needless expenses on the estates. For these reasons, the Debtors request that they be authorized to use their existing Business Forms without being required to place the label “Debtor In Possession” on each. Upon depletion of the Debtors’ check stock, the Debtors will obtain new check stock bearing the designation “Debtor In Possession.”

C. The Intercompany Transactions

21. In the ordinary course of business, the Debtors engage in various transactions with each other (the “Intercompany Transactions”). The Intercompany Transactions are generally intended to reduce administrative costs and ensure the orderly and efficient operation of the Debtors’ enterprise.

22. Pursuant to the Management Services Agreement, Peregrine Midstream provides certain management and administrative services to support the Debtors’ operations.

This arrangement allows the Debtors to consolidate certain functions, reduce overhead, and ultimately operate its business more efficiently. In exchange for the services performed under the Management Services Agreement, Peregrine Midstream invoices the Debtors at rates the parties agree to from time to time. The rates charged are commercially reasonable, and payment is made on a monthly basis. However, in 2016, given the liquidity crunch, transfers to Peregrine Midstream have been taking place only when Ryckman had sufficient liquidity. During the last 12 months, Ryckman has paid \$3,800,000 to Peregrine Midstream under the Management Services Agreement. Absent the ability to continue to perform under the Management Services Agreement, Ryckman would potentially lose key personnel, office space, and support services. The Debtors believe it would cost the estates substantially more to contract to replace these services than to continue to perform under the Management Services Agreement.

23. Though the Management Services Agreement represents the vast majority of the Debtors' Intercompany Transactions, in the ordinary course of business, the Debtors may engage in additional routine Intercompany Transactions. The Debtors anticipate that the Intercompany Transactions will continue postpetition in the ordinary course of business.

24. Because the Debtors engaged in the Intercompany Transactions on a regular basis prepetition and such transactions are common for enterprises like the Debtors, the Debtors believe that they may continue the Intercompany Transactions in the ordinary course, as contemplated by Bankruptcy Code section 363(c)(1), without court approval. Nonetheless, out of an abundance of caution, the Debtors seek express authority to continue engaging in the Intercompany Transactions. Consistent with their prepetition practice, the Debtors maintain records of all transfers and can ascertain, trace, and account for all of the Intercompany Transactions.

APPLICABLE AUTHORITY

A. The Court Should Authorize the Debtors to Maintain Their Existing Bank Accounts and Use Their Existing Cash Management System and Grant a Waiver of any Requirement to Close Existing Accounts.

25. Although the Debtors maintain the Bank Accounts as part of an established Cash Management System, the U.S. Trustee Guidelines require that the Debtors, as debtors in possession, take certain actions with respect to their prepetition Bank Accounts in order for the U.S. Trustee to supervise the administration of the Chapter 11 Cases. As described in the U.S. Trustee Guidelines, the requirements are designed to draw a clear line of demarcation between prepetition and postpetition transactions and operations and prevent the inadvertent postpetition payment of prepetition claims. The Debtors submit, however, that a waiver of certain requirements is warranted.

26. Specifically, all of the Bank Accounts are with BNY Mellon, Chase, and First Interstate Bank, all financially stable banking institutions with FDIC insurance. To protect against the unauthorized payment of prepetition obligations, the Debtors represent that, if they are authorized to continue to use the Bank Accounts, they will not pay, and BNY Mellon, Chase, and First Interstate Bank will be directed not to pay, any debts incurred before the Petition Date, other than as authorized by this Court. This is especially true for the First Interstate accounts, which hold certain bonds required by law and do not disburse funds.

27. Moreover, any new account that the Debtors open will be (a) with a bank that is (x) organized under the laws of the United States of America or any state therein, (y) is insured by the FDIC, and (z) has executed, or is willing to immediately execute, a Uniform Depository Agreement with the U.S. Trustee; and (b) designated a “Debtor in Possession” account by the relevant bank (any such bank, collectively with BNY Mellon, Chase, and First

Interstate Bank, the “Banks”). Additionally, the Debtors will provide the U.S. Trustee with notice of any new accounts that are opened.

28. Enforcement of the U.S. Trustee’s requirements here would cause significant disruption in the Debtors’ business and would impair the Debtors’ efforts to maximize the value of their estates. Indeed, as explained in more detail above, the Bank Accounts comprise an established cash management system that the Debtors must maintain to ensure collections and disbursements occur.

29. The Debtors’ Cash Management System allows the Debtors to centrally manage all of their cash flow needs and includes the necessary accounting controls to enable the Debtors, as well as creditors and this Court, to trace funds through the system and ensure that all transactions are adequately documented and readily ascertainable. While the Debtors’ cases are pending, the Debtors will continue to maintain detailed records reflecting all transfers of funds.

30. Accordingly, to avoid delays in payments to administrative creditors, to ensure as smooth a transition into chapter 11 as possible, and to maximize the value of their estates, the Debtors submit that (a) they must be permitted to continue to maintain their existing Bank Accounts and open new and close existing accounts as needed; and (b) the requested relief must extend to any new accounts by providing that the new accounts are deemed to be Bank Accounts and are similarly subject to the rights, obligations, and relief granted by this Court.

31. The Debtors request that the Banks be restrained from honoring any check, draft, wire, or electronic funds transfer presented, issued, or drawn on the Bank Accounts on account of a prepetition claim unless (a) authorized in an order of this Court, as represented to the Banks by the Debtors as set forth below; (b) not otherwise prohibited by a “stop payment”

request received by the Banks from the Debtors; and (c) supported by sufficient funds in the Bank Account in question.

32. Both as part of the Motion and in other motions that have been concurrently filed, the Debtors are requesting authority to pay, in their sole discretion, certain prepetition obligations. With respect to some of this debt, the Debtors may have issued checks prior to the Petition Date that have yet to clear the banking system. In other instances, the Debtors will create the relevant check once this Court enters an order permitting the Debtors to do so. The Debtors intend to inform the Banks which such checks should be so honored. Therefore, the Debtors request that the Banks be authorized and directed to rely on the representations of the Debtors with respect to whether any check or other payment order drawn or issued by the Debtors prior to the Petition Date should be honored. The Debtors further request that the Order specify that the Banks shall not have any liability to any party for relying on such representations. This relief is reasonable and appropriate because the Banks are not in a position to independently verify or audit whether a particular prepetition check may be honored in accordance with an order by the Court or otherwise.

33. Allowing the Debtors to use their prepetition Cash Management System and engage in related “routine transactions” is entirely consistent with applicable provisions of the Bankruptcy Code. In particular, Bankruptcy Code section 363(c)(1) authorizes a debtor in possession to “use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). The authority granted by section 363(c)(1) extends to a debtor in possession’s continued use of its customary cash management system and, thus, supports the relief requested. See, e.g., Charter Co. v. Prudential Ins. Co. Am. (In re Charter Co.), 778 F.2d 617, 621 (11th Cir. 1985) (indicating that an order authorizing the debtor to employ a cash

management system that was “usual and customary in the past” was “entirely consistent” with section 363(c)(1) (internal quotation omitted).

34. To the extent that use of the existing Cash Management System is beyond the ordinary course of the Debtors’ business, such use is permitted by Bankruptcy Code sections 363(b)(1) and 105(a). Bankruptcy Code section 363(b)(1) provides, in relevant part, that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Bankruptcy Code section 105(a) further provides that this Court may “issue any order . . . that is necessary or appropriate to carry out the provisions of” the Bankruptcy Code. 11 U.S.C. § 105(a).

35. Where there is a valid business justification for using property outside the ordinary course of business, the law presumes that, “in making a business decision the directors of a corporation acted on an informed basis, in good faith[,] and in the honest belief that the action taken was in the best interests of the company.” Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 656 (S.D.N.Y. 1992) (internal quotation marks omitted) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)).

36. Indeed, bankruptcy courts routinely permit chapter 11 debtors to continue using their existing cash management system, generally treating requests for such relief as a relatively simple matter. See In re Baldwin-United Corp., 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987); see also In re Columbia Gas Sys., Inc., 136 B.R. 930, 934 (Bankr. D. Del. 1992) (recognizing that an integrated cash management system “allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash”), aff’d in part, rev’d in part, 1992 U.S. Dist. LEXIS 9460

(D. Del. July 6, 1992), aff'd in part, rev'd in part, 997 F.2d 1039 (3d Cir. 1993), cert. denied sub nom. Official Comm. of Unsecured Creditors v. Columbia Gas Transmission Corp., 510 U.S. 1110 (1994).

B. The Court Should Authorize the Debtors to Honor Certain Prepetition Obligations Related to the Cash Management System.

37. In connection with the Cash Management System, the Debtors may incur fees and other charges (collectively, all such fees and charges, the “Bank Account Claims”) in connection with (a) Bank services (the “Service Charges”), (b) checks which have been dishonored or returned for insufficient funds in the applicable amount, and (c) any reimbursement or other payment obligations, such as overdrafts, arising under any agreements governing the Bank Accounts, including, without limitation, any prepetition cash management agreements or treasury services agreements (the “Bank Account Agreements”). The Debtors estimate that outstanding Bank Account Claims total, at most, approximately \$300.00 as of the Petition Date.

38. Pursuant to Bankruptcy Code sections 105(a) and 363(b), the Debtors seek authority, in their sole discretion, to pay and/or reimburse the Banks in the ordinary course of business for any Bank Account Claims arising prior to, on, or after the Petition Date. The Debtors further request that the Bank Account Claims be granted administrative expense priority status pursuant to Bankruptcy Code section 503(b).

39. This Court and other courts have routinely granted the same or similar relief as requested in the Motion to chapter 11 debtors. See, e.g., In re Quiksilver, Inc., No. 15-11880 (BLS) (Bankr. D. Del. Sept. 10, 2015); In re Dendreon Corp., Case No. 14-12515 (PJW) (Bankr. D. Del. Nov. 12, 2014); In re Synagro Techs., Inc., Case No. 13-11041 (BLS) (Bankr. D. Del. Apr. 24, 2013). The Debtors respectfully submit that such relief should be granted here.

C. The Court Should Authorize the Debtors to Continue to Use Existing Business Forms and Checks.

40. Local Bankruptcy Rule 2015-2(a) provides:

Where the debtor uses pre-printed checks, upon motion of the debtor, the Court may, without notice and hearing, permit the debtor to use its existing checks without the designation “Debtor-in-Possession” and use its existing bank accounts. However, once the debtor’s existing checks have been used, the debtor shall, when reordering checks, require the designation “Debtor-in-Possession” and the corresponding bankruptcy number on all such checks.

Del. Bankr. L.R. 2015-2(a).

41. To minimize expenses to their estates, the Debtors also seek authorization to continue using the Business Forms existing immediately prior to the Petition Date, without reference to the Debtors’ status as debtors in possession.

42. As noted above, most parties doing business with the Debtors undoubtedly will be aware of the Debtors’ status as debtors in possession as a result of the press releases issued by the Debtors and other press coverage. In addition, each of the Debtors’ known creditors will receive direct notice of the commencement of the Chapter 11 Cases.

43. Finally, changing correspondence and business forms would be expensive, unnecessary, and burdensome to the Debtors’ estates and would not confer any benefit upon those dealing with the Debtors. For these reasons, the Debtors request that they be authorized to use their existing Business Forms without being required to place the label “Debtor in Possession” (or any similar label) on each. Upon depletion of the Debtors’ check stock, the Debtors will obtain new check stock bearing the designation “Debtor In Possession.”

D. The Court Should Authorize the Debtors to Continue Intercompany Transactions and Grant Administrative Expense Priority Status to the Related Intercompany Claims.

44. The Bankruptcy Code affords debtors in possession the freedom to obtain unsecured credit and incur unsecured debt in the ordinary course of business without notice and

hearing. See 11 U.S.C. § 364(a); see also Mulligan v. Sobiech, 131 B.R. 917, 921 (S.D.N.Y. 1991). The Debtors therefore seek authority, to the extent necessary, to obtain unsecured credit and incur unsecured debt in the ordinary operation of their Cash Management System, including in connection with the Intercompany Transactions. The Debtors expect that their Intercompany Transactions will be, as in the past, largely payments under the Management Services Agreement.

45. If the Debtors cannot continue the Intercompany Transactions, their ordinary-course operations would be unnecessarily and severely hindered. As described above, the cessation of the Intercompany Transactions, including pursuant to the Management Services Agreement, would require an increase in management expenses and overhead, because the Debtors would not be able to consolidate their management and administration. Indeed, if the Intercompany Transactions cannot continue, the Debtors would be virtually unable to operate their business during the Chapter 11 Cases and the likelihood of a successful reorganization would decrease dramatically. Avoiding such hindrances by continuing the Intercompany Transactions is, therefore, in the best interests of the estates.

46. Accordingly, the Debtors request that this Court authorize the Debtors to continue engaging in Intercompany Transactions in the ordinary course of business and in connection with their continued use of the Cash Management System. As with the Cash Management System, authorizing the Debtors to continue the Intercompany Transactions is appropriate under Bankruptcy Code sections 363(b) or 363(c) and is an appropriate exercise of the Court's equitable powers under Bankruptcy Code section 105(a). See, e.g., In re Gen. Growth Props., 412 B.R. 609, 610 (Bankr. S.D.N.Y. 2009) (holding that debtors were authorized to continue prepetition cash management practices, including intercompany transactions,

pursuant to sections 105(a) and 363(c) of the Bankruptcy Code); Charter, 778 F.2d at 621 (indicating that order authorizing continued use of cash management system that involved funds transfers to non-debtor affiliates was “entirely consistent” with section 363(c)(1) because the practice was “usual and customary in the past”).

47. Additionally, pursuant to Bankruptcy Code sections 105(a) and 503(b), the Debtors request that all intercompany claims against a Debtor by another Debtor arising postpetition, in the ordinary course of business, as a result of an Intercompany Transaction (such postpetition claims, the “Intercompany Claims”) be granted administrative expense priority status. If the Intercompany Claims are accorded administrative expense priority status, each entity using funds that flow through the Cash Management System will continue to bear ultimate repayment responsibility for such ordinary course transactions, thereby protecting the interests of the Debtors’ creditors.

48. Authorization to engage in, and accordance of administrative expense treatment to, intercompany transactions, similar to the relief requested here, is routinely granted in complex chapter 11 cases. See, e.g., In re Quiksilver, Inc., No. 15-11880 (BLS) (Bankr. D. Del. Sept. 10, 2015); In re Dendreon Corp., Case No. 14-12515 (PJW) (Bankr. D. Del. Nov. 12, 2014); In re WP Steel Venture LLC, No. 12-11661 (KJC) (Bankr. D. Del. Jun. 1, 2012); In re Satelites Mexicanos, S.A. de C.V., No. 11-11035 (CSS) (Bankr. D. Del. Apr. 11, 2011); In re Ambassadors Int’l, Inc., No. 11-11002 (KG) (Bankr. D. Del. Apr. 5, 2011); In re Local Insight Media Holdings, Inc., No. 10-13677 (Bankr. D. Del. Nov. 19, 2010); In re OTC Holdings Corp.,

No. 10-12636 (Bankr. D. Del. Aug. 27, 2010); see also In re LightSquared Inc., No. 12-12080 (SCC) (Bankr. S.D.N.Y. Jun. 11, 2012).⁴

49. For the reasons set forth above, the Debtors submit that the relief requested in the Motion is in the best interest of the Debtors, their estates, creditors, stakeholders and other parties in interest, and therefore, should be granted.

WAIVER OF STAY UNDER BANKRUPTCY RULE 6004(H)

50. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in the Motion is necessary for the Debtors to operate their businesses without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that this Court waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

NOTICE

51. Notice of the Motion shall be given to (a) the Office of the United States Trustee for the District of Delaware; (b) counsel to the agent for the Debtors’ prepetition secured lenders; (c) counsel to the agent for the Debtors’ postpetition secured lenders; (d) the parties listed in the consolidated list of thirty (30) largest unsecured creditors filed by the Debtors in the Chapter 11 Cases; and (e) any such other party entitled to notice pursuant to Local Bankruptcy Rule 9013-1(m). The Debtors submit that no other or further notice need be provided.

⁴ Because of the voluminous nature of the orders cited herein, they are not attached to the Motion. Copies of these orders, however, are available on request.

NO PRIOR REQUEST

52. No previous request for the relief sought herein has been made to this Court or any other court.

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter an order, substantially in the form annexed hereto, granting the relief sought herein and granting such other and further relief as may be just and proper.

Dated: Wilmington, Delaware
February 2, 2016

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

/s/ Sarah E. Pierce

Sarah E. Pierce (I.D. No. 4648)
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899-0636
Telephone: (302) 651-3000
Fax: (302) 651-3001

- and -

George N. Panagakis
Jessica S. Kumar
155 N. Wacker Dr.
Chicago, Illinois 60606
Telephone: (312) 407-0700
Fax: (312) 407-0411

Proposed Counsel for Debtors and Debtors in Possession

EXHIBIT A

Cash Management System Flow Chart

Ryckman Creek Resources, LLC Cash Management System

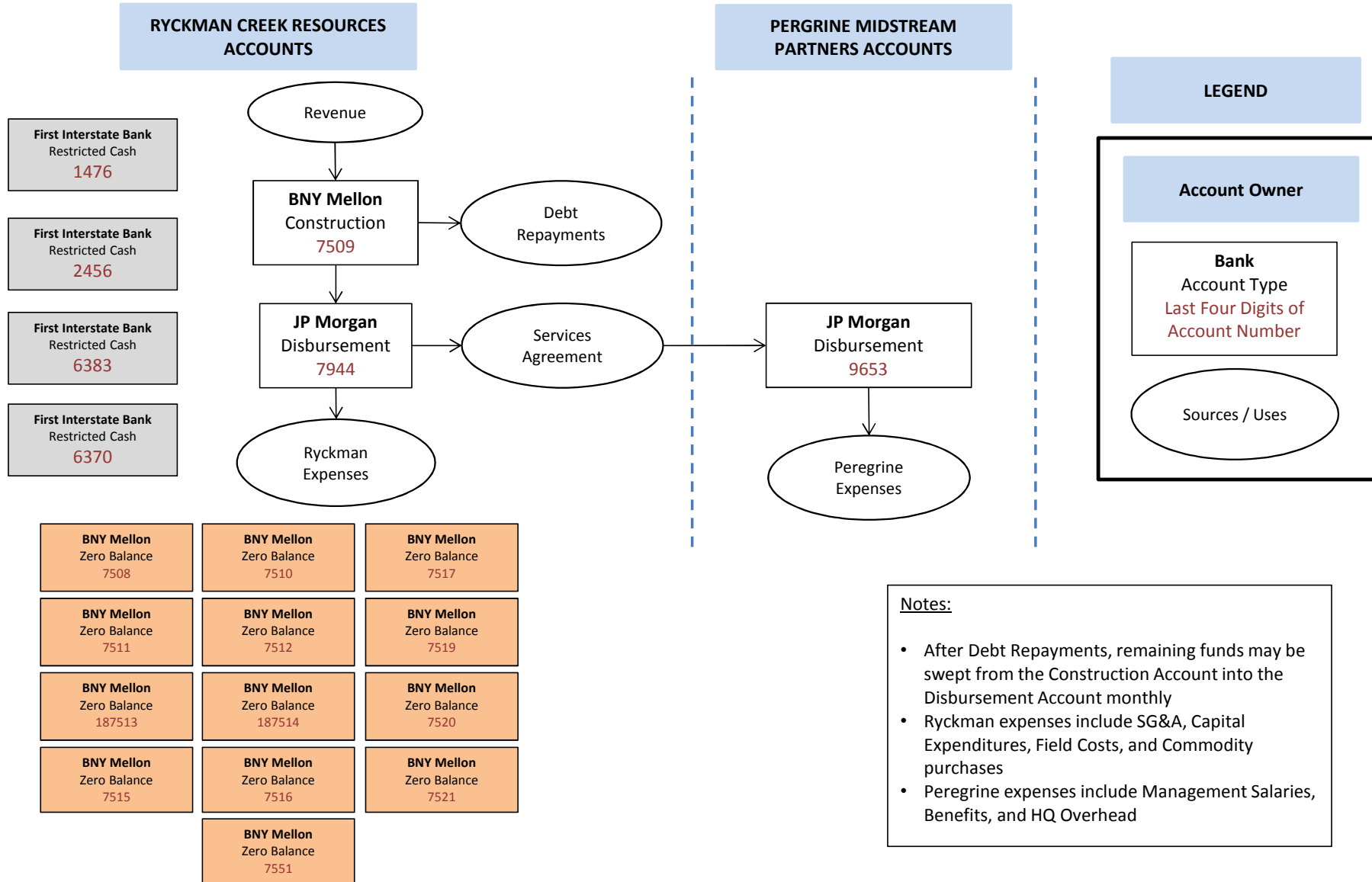


EXHIBIT B

List of Bank Accounts

List of Bank Accounts

CORPORATE ENTITY	FINANCIAL INSTITUTION	ACCOUNT TYPE	LAST FOUR DIGITS OF ACCOUNT NUMBER	ESTIMATED AVERAGE BALANCE	ESTIMATED CURRENT BALANCE
Ryckman Creek Resources, LLC	JPMorgan Chase Bank, N.A.	Cash Account - Disbursement Account	7944	\$200,000 - \$15,400,000	\$4,800
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Cash Account - Construction Account	7509	\$0 - \$3,000,000	\$700
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7508	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7510	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7511	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7512	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7513	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7514	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7515	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7516	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7517	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7519	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7520	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7521	\$0	\$0
Ryckman Creek Resources, LLC	The Bank of New York Mellon Corporation	Zero-Balance Deposit Account	7551	\$0	\$0
Ryckman Creek Resources, LLC	First Interstate Bank	Restricted Cash Account	1476	\$25,000	\$25,000

CORPORATE ENTITY	FINANCIAL INSTITUTION	ACCOUNT TYPE	LAST FOUR DIGITS OF ACCOUNT NUMBER	ESTIMATED AVERAGE BALANCE	ESTIMATED CURRENT BALANCE
Ryckman Creek Resources, LLC	First Interstate Bank	Restricted Cash Account	2456	\$75,000	\$75,000
Ryckman Creek Resources, LLC	First Interstate Bank	Restricted Cash Account	6383	\$1,027,000	\$1,027,000
Ryckman Creek Resources, LLC	First Interstate Bank	Restricted Cash Account	6370	\$25,000.00	\$25,000.00
Peregrine Midstream Partners, LLC	JPMorgan Chase Bank, N.A.	Cash Account – PMP Account	9653	\$4,774,000	\$980,766

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

----- X	
In re:	: Chapter 11
RYCKMAN CREEK RESOURCES, LLC,	: Case No. 16-10292 (KJC)
et al.,	: Jointly Administered
Debtors. ¹	: Related Docket No. 7
----- X	

ORDER GRANTING DEBTORS' MOTION FOR ORDER UNDER BANKRUPTCY CODE SECTIONS 105(a), 345(b), 363(c), AND 503(b), BANKRUPTCY RULES 6003 AND 6004 AND LOCAL BANKRUPTCY RULE 2015-2 (I) AUTHORIZING CONTINUED MAINTENANCE OF PREPETITION BANK ACCOUNTS AND PAYMENT OF RELATED PREPETITION OBLIGATIONS, (II) AUTHORIZING CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM, (III) AUTHORIZING CONTINUED USE OF EXISTING BUSINESS FORMS, AND IV) AUTHORIZING THE CONTINUATION OF, AND ACCORDANCE OF ADMINISTRATIVE EXPENSE PRIORITY STATUS TO, INTERCOMPANY TRANSACTIONS

Upon the motion (the "Motion")² of the Debtors for entry of an order, under sections 105(a), 345(b), 363(c), and 503(b) of title 11 of the United States Code (the "Bankruptcy Code"), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Bankruptcy Rule 2015-2 (i) authorizing, but not directing, the Debtors to continue to maintain existing bank accounts, authorizing a waiver of certain operating guidelines relating to bank accounts, and authorizing, but not directing, the payment of related prepetition obligations; (ii) authorizing, but not directing, the Debtors to continue to use their

¹ The Debtors and, where applicable, the last four digits of their respective taxpayer identification numbers, are as follows: Ryckman Creek Resources, LLC (4180), Ryckman Creek Resources Holding Company LLC, Peregrine Rocky Mountains LLC, and Peregrine Midstream Partners LLC (3363). The address of the Debtors' corporate headquarters is 3 Riverway, Suite 1100, Houston, TX 77056.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the First Day Declaration, as applicable.

existing Cash Management System; (iii) authorizing, but not directing, the Debtors to continue to use existing Business Forms; and (iv) authorizing the continuation of certain Intercompany Transactions, and accordance of administrative expense priority status to related postpetition Intercompany Claims; and upon consideration of the First Day Declaration; and due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice is necessary; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby,

ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is GRANTED as set forth herein.
2. Pursuant to Bankruptcy Code sections 105(a) and 363(b), the Debtors, in their discretion, are authorized, but not directed, to (i) designate, maintain, and continue to use any and all of their Bank Accounts in existence as of the Petition Date, with the same account numbers, including the accounts identified in Exhibit B annexed to the Motion, and need not comply with certain operating guidelines relating to bank accounts set forth in the U.S. Trustee Guidelines, including but not limited to section 2(a) of the U.S. Trustee Guidelines; (ii) close existing accounts, including, without limitation, any inactive accounts; and (iii) treat the Bank Accounts for all purposes as accounts of the Debtors in their capacity as debtors in possession; provided, however, that the Debtors are only authorized to open new bank accounts (a) after providing prompt notice to the U.S. Trustee, any of the Debtors' postpetition lenders, and any official committee appointed in the Chapter 11 Cases; (b) with a bank that (x) is organized under the laws of the United States of America or any state therein, (y) is insured by the FDIC, and (z) has executed, or is willing to immediately execute, a Uniform Depository Agreement with the

Office of the United States Trustee for the District of Delaware; and (c) that are designated "Debtor in Possession" accounts by the relevant bank.

3. The relief granted in this Order is extended to any new bank account opened by the Debtors after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened. To the extent the Debtors open or close bank accounts, they shall provide notice to the United States Trustee, each of the Debtors' postpetition lenders, and any official committee appointed in the Chapter 11 Cases.

4. For banks at which the Debtors hold bank accounts that are party to a Uniform Depository agreement with the United States Trustee, within 15 days of the date of entry of this Order, the Debtors shall (a) contact each Bank, (b) provide the Bank with each of the Debtors' employer identification numbers, and (c) identify each of their Bank Accounts held at such Bank as being held by a debtor in possession in a bankruptcy case.

5. For Banks at which the Debtors hold Bank Accounts that are not party to a Uniform Depository agreement with the United States Trustee, the Debtors shall use their good-faith efforts to cause the Banks to execute a Uniform Depository agreement in a form prescribed by the United States Trustee within 45 days of the date of this Order. The United States Trustee's rights to seek further relief from this Court on notice in the event that the aforementioned Banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the United States Trustee are fully reserved.

6. The requirements of the U.S. Trustee Guidelines that the Debtors close all existing bank accounts and open new debtor in possession accounts are hereby waived. Further, the requirements of the U.S. Trustee Guidelines that the Debtors establish specific bank accounts for tax payments are hereby waived.

7. The Bank Accounts are deemed debtor in possession accounts. The Debtors are authorized, but not directed, to maintain and use the Bank Accounts in the same manner and with the same account numbers, styles, and document forms as those employed prior to the Petition Date, including, without limitation: (a) to deposit funds in, and withdraw funds from, the Bank Accounts by all usual means, including checks, wire transfers, automated clearinghouse (“ACH”) transfers, drafts, electronic fund transfers, and other debits or items presented issues or drawn on the Bank Accounts, (b) to pay postpetition ordinary course bank fees and service fees in connection with the Bank Accounts, (c) to perform their obligations under the documents and agreements governing the Bank Accounts, including without limitation, any prepetition cash management agreements or treasury services agreements (d) to treat the Bank Accounts for all purposes as accounts of the Debtors in their capacities as debtors in possession.

8. The Banks are authorized without the need for further order of this Court to: (a) continue to administer, service, and maintain, the Bank Accounts as such accounts were administered, serviced, and maintained prior to the Petition Date, without interruption and in the ordinary course, (b) receive, process, honor, and pay any and all checks, drafts, wires, ACH transfers, electronic fund transfers, or other items presented, issued, or drawn on the Bank Accounts (collectively, the “Disbursements”) on account of a claim, and (c) debit the Bank Accounts for all undisputed prepetition bank and service fees outstanding as of the date hereof, if any, owed to the Banks; provided, however, that no checks, drafts, wires, or electronic fund transfers (excluding any electronic fund transfers that the Banks are obligated to settle), or other items presented, issued, or drawn on the Bank Accounts prior to the Petition Date shall be honored, unless (i) authorized by order of this Court; (ii) not otherwise prohibited by a “stop

payment" request received by the Banks from the Debtors; and (iii) supported by sufficient funds in the Bank Account in question.

9. Subject to the provisions of this Order, the Banks are authorized to and shall rely on the representations of the Debtors as to which Disbursements are authorized to be honored or dishonored, whether or not such Disbursements are dated prior to, on, or subsequent to the Petition Date. The Banks shall not be deemed in violation of this Order and shall have no liability for honoring any Disbursement that is subject to this Order either (a) at the direction of the Debtors to honor such prepetition Disbursement, (b) in the good faith belief that this Court has authorized such prepetition Disbursement to be honored, or (c) as a result of an innocent mistake. To the extent that the Debtors direct that any Disbursement be dishonored or the Banks inadvertently dishonor any Disbursements, the Debtors may issue replacement Disbursements consistent with the orders of this Court.

10. The Banks are further authorized to (a) honor the Debtors' directions with respect to the opening or closing of any Bank Account and (b) accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions, and the Banks shall have no liability to any party for relying on such representations or instructions.

11. To the extent any other order is entered by this Court authorizing the Banks to honor checks, drafts, automated clearing house transfers, or other electronic funds transfers or any other withdrawals made, drawn, or issued in payment of prepetition claims, the obligation to honor such items shall be subject to this Order, provided, however, that, notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors

under any approved order regarding the use of cash collateral or post-petition financing and any budget in connection therewith.

12. The Debtors shall serve a copy of this Order on the Banks within five (5) business days of the entry of this Order, and upon any bank at which the Debtors open a new bank account, immediately upon the opening of such new account.

13. The Debtors are authorized to continue to use their existing Cash Management System. The Debtors may transfer funds into, out of, and through the Cash Management System, including the PMP Account, using ordinary transfer methods in accordance with the Debtors' prepetition practice. In connection with the ongoing use of their Cash Management System, the Debtors shall continue to maintain records with respect to all transfers of cash so that all transactions may be readily ascertained, traced, and recorded properly. Except as otherwise set forth herein, the Debtors are further authorized to implement any changes to the Cash Management System that they deem appropriate in their sole discretion, including, without limitation, closing any of the Bank Accounts or opening new bank accounts as set forth herein.

14. The Debtors are authorized, but not directed, to continue to use their existing Business Forms without alteration or change and without the designation "Debtor in Possession" imprinted upon them; provided, however, that, subsequently printed checks bear the designation "Debtor In Possession" and the joint case number.

15. The Debtors are authorized to continue engaging in Intercompany Transactions in the ordinary course of business, including transferring funds through the Cash Management System, provided, however, the Debtors shall not engage in intercompany transfers to non-Debtors. The Intercompany Claims arising postpetition relating to the Intercompany

Transactions shall have administrative expense priority status pursuant to Bankruptcy Code section 503(b). The Debtors shall continue to maintain records related to intercompany balances, so that Intercompany Transactions can be readily ascertained, traced, and accounted for through the Bank Accounts.

16. To the extent that there may be any inconsistency between the terms of the any order approving the proposed debtor in possession financing, if and when entered, and this Order, the terms of any order approving the proposed debtor in possession financing shall govern.

17. To the extent applicable, this Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested is necessary to avoid immediate and irreparable harm.

18. Notwithstanding the Debtors' use of a consolidated cash management system, the Debtors shall calculate quarterly fees payable under 28 U.S.C. § 1930(a)(6) based on the disbursements of (or on behalf of) each Debtor regardless of which entity actually makes such disbursements.

19. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be effective and enforceable immediately upon entry hereof.

20. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

21. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this order.

Dated: Wilmington, Delaware

Feb 3, 2016

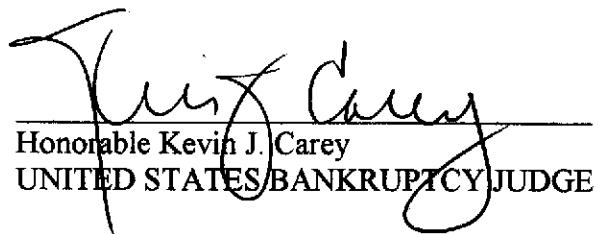

HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

Exhibit D

Schedule of Retainers Paid to Professionals

Payee	Check		Name of Payor	Amount	Amount Applied to Date	Balance
	Date	Number				
AP Services, LLC	1/15/2016	Wire Transfer	Ryckman Creek Resources, LLC	\$100,000		\$100,000
KCC, LLC	1/25/2016	Wire Transfer	Ryckman Creek Resources, LLC	\$10,000		\$10,000
RPA Advisors, LLC	8/29/2014	Wire Transfer	Ryckman Creek Resources, LLC	\$125,000		\$125,000
Skadden, Arps, Slate, Meagher & Flom	1/13/2016	Wire Transfer	Ryckman Creek Resources, LLC	\$200,000		\$200,000
Skadden, Arps, Slate, Meagher & Flom	2/1/2016	Wire Transfer	Ryckman Creek Resources, LLC	\$175,000		\$175,000