



Code”) and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for the Debtors, *inter alia*:

to use the Cash Collateral (as defined below) of (i) Bank of Montreal, as administrative agent (the “First Lien Agent”) for the lenders (the “First Lien Lenders”)<sup>3</sup> and the secured swap parties (the “Secured Swap Parties”, and collectively with the First Lien Lenders, the “First Lien Secured Parties”)<sup>4</sup> party to the First Lien Credit Agreement (as defined below) and (ii) Credit Suisse, as administrative and collateral agent (the “Second Lien Agent”) for the lenders (the “Second Lien Lenders”) party to the Second Lien Credit Agreement (as defined below), pursuant to Section 363(c) of the Bankruptcy Code, upon the terms and conditions set forth in this Order;

and

to provide adequate protection to (i) the First Lien Agent and the First Lien Secured Parties, and (ii) the Second Lien Agent and the Second Lien Lenders pursuant to Sections 361 and 363(e) of the Bankruptcy Code, of the First Lien Secured Parties’ and the Second Lien Lenders’ interests in the Collateral (defined below);

due and sufficient notice of the Motion under the circumstances having been given; and the final hearing on the Motion having been held before this Court on August 4, 2009 (the “Final Hearing”); and upon the entire record made at such Final Hearing, and this Court having found good and sufficient cause appearing therefor; the Court hereby makes the following findings:

A. This Court has jurisdiction over this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 1334 and 157. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. §§ 157(b)(2)(A), (K), (M), and (O).

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<sup>3</sup> As of the Petition Date, the First Lien Lenders were Allied Irish Bank, PLC, Amegy Bank National Association, Bank of Montreal, Bayerische Hypo-Und Vereinsbank AG, Credit Suisse, New York Branch, Goldman Sachs Credit Partners L.P., McDonnell Loan Opportunity Ltd., and RZB Finance LLC.

<sup>4</sup> As of the Petition Date, the Secured Swap Parties were Bank of Montreal and Credit Suisse Energy LLC.

B. On December 12, 2008 and April 1, 2009 (collectively, the “Petition Date”),<sup>5</sup> each of the Debtors filed a voluntary petition for relief with this Court under Chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). The Chapter 11 Cases are being jointly administered under Case No. 08-37922.

C. The Debtors are continuing in possession of their property and are operating and managing their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

D. The First Lien Agent, the First Lien Secured Parties, CDX Gas and CDX Holdings are parties to that certain Credit Agreement, dated as of March 31, 2006 (as amended, supplemented or otherwise modified prior to the commencement of these Chapter 11 Cases, the “First Lien Credit Agreement”). Pursuant to that certain First Lien Guarantee and Collateral Agreement, Debtors CD Exploration, LLC, CDX East, LLC, CDX Gas International, LLC, CDX Holdings, CDX Minerals, LLC, CDX North America, LLC, CDX Operating, LLC, CDX Panther, LLC, CDX Plum Creek, JV, CDX Services, LLC, CDX Tapicito, LLC, and CMV Joint Venture (the “Debtor Guarantors”)<sup>6</sup> have guaranteed the obligations of CDX Gas pursuant to the First Lien Credit Agreement (the First Lien Credit Agreement, the First Lien Guarantee and Collateral Agreement, and any collateral and ancillary documents executed in connection therewith, collectively, the “First Lien Loan Documents”).<sup>7</sup>

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<sup>5</sup> Cahaba Gathering, LLC, CDX Canada, Co., and CDX Rio, LLC filed voluntary petitions for relief under the Bankruptcy Code on April 1, 2009. All other Debtors filed on December 12, 2008.

<sup>6</sup> The Debtors cannot verify perfection of liens in CD Exploration, LLC, CDX Plum Creek, JV and CMV Joint Venture and expressly reserve all rights regarding same.

<sup>7</sup> Certain of the original guarantors under the First Lien Guarantee and Collateral Agreement and the Second Lien Guarantee and Collateral Agreement were merged with or liquidated into CDX Gas or otherwise dissolved and, as such, are not debtors herein.

E. The Second Lien Agent, the Second Lien Lenders, CDX Gas and CDX Holdings are parties to that certain Credit Agreement, dated as of March 31, 2006 (as amended, supplemented or otherwise modified prior to the commencement of these Chapter 11 Cases, the "Second Lien Credit Agreement"). Pursuant to that certain Second Lien Guarantee and Collateral Agreement, the Debtor Guarantors have also guaranteed the obligations of CDX Gas pursuant to the Second Lien Credit Agreement (the Second Lien Credit Agreement, the Second Lien Guarantee and Collateral Agreement, and any collateral and ancillary documents executed in connection therewith, collectively, the "Second Lien Loan Documents").

F. Debtors CDX Rio, LLC, CDX Bishop Creek, LLC, CDX Barnett, LLC,<sup>8</sup> and CDX Shale, LLC<sup>9</sup> (the "Debtor Mortgagors") have not guaranteed the obligations of CDX Gas under the First Lien Credit Agreement or the Second Lien Credit Agreement, but have nevertheless pledged their assets to secure the obligations owed under the First Lien Loan Documents and the Second Lien Loan Documents.

G. Debtors CDX Isolate, LLC and CDX Sequoya, LLC<sup>10</sup> neither guaranteed the obligations or pledged their assets to secure the obligations under the First Lien Loan Documents or the Second Lien Loan Documents.

H. Pursuant to the First Lien Loan Documents, CDX Gas and each of the Debtor Guarantors and Debtor Mortgagors<sup>11</sup> are jointly and severally indebted and liable to the First

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<sup>8</sup> The Debtors cannot verify the perfection of liens in CDX Barnett, LLC and expressly reserve all rights regarding same.

<sup>9</sup> The Debtors continue to perform due diligence with respect to CDX Shale, LLC and reserve all rights to assert that CDX Shale, LLC is not a Debtor Mortgagor.

<sup>10</sup> The First Lien Agent and Second Lien Agent reserve all rights with respect to CDX Sequoya, LLC and whether it has pledged assets to secure the obligations under the First Lien Credit Agreement or Second Lien Credit Agreement.

Lien Agent and the First Lien Secured Parties for all loans and other obligations described therein and payable thereunder, including those obligations owed to the First Lien Agent, each First Lien Lender thereunder, and each Secured Swap Provider (the “First Lien Indebtedness”).

I. Pursuant to the Second Lien Loan Documents, CDX Gas and each of the Debtor Guarantors and Debtor Mortgages<sup>12</sup> are jointly and severally indebted and liable to the Second Lien Agent and the Second Lien Lenders for all loans and other obligations described therein and payable thereunder, including those obligations owed to the Second Lien Agent and each Second Lien Lender thereunder (the “Second Lien Indebtedness”).

J. The First Lien Indebtedness is secured by first-priority liens and security interests granted by each of CDX Gas, the Debtor Guarantors and the Debtor Mortgages for the benefit of the First Lien Agent and the First Lien Secured Parties, in, to and against substantially all of their respective assets (the “Collateral”), including, without limitation, interests in certain equity interests in various subsidiaries and debt obligations, if any, that have been issued to CDX Gas, the Debtor Guarantors and the Debtor Mortgages, along with proceeds thereof. Such liens and security interests were granted pursuant to and are evidenced and perfected by, among others, those mortgage and security documents listed on Schedule 1 attached hereto.

K. The Second Lien Indebtedness is secured by second-priority liens and security interests granted by each of CDX Gas, the Debtor Guarantors and the Debtor Mortgages for the benefit of the Second Lien Agent and the Second Lien Lenders, in, to and against the Collateral, including, without limitation, interests in certain equity interests in various subsidiaries and debt

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<sup>11</sup> Not having given guaranties on the indebtedness of CDX Gas, the Debtor Mortgages’ liability is *in rem*.

<sup>12</sup> Not having given guaranties on the indebtedness of CDX Gas, the Debtor Mortgages’ liability is *in rem*.

obligations, if any, that have been issued to CDX Gas, the Debtor Guarantors and the Debtor Mortgagors, along with proceeds thereof. Such liens and security interests were granted pursuant to and are evidenced and perfected by, among others, those mortgage and security documents listed on Schedule 2 attached hereto.

L. Without prejudice to the rights of any other party-in-interest in the Chapter 11 Cases (but subject to the limitations with respect to such rights contained in paragraph 14 of this Order), the Debtors (i) acknowledge, (ii) admit and (iii) agree not to contest the following:

1. In accordance with the terms of the First Lien Loan Documents, all amounts payable thereunder are now fully due and payable by CDX Gas. CDX Gas, the Debtor Guarantors and the Debtor Mortgagors<sup>13</sup> are each jointly and severally indebted and liable to the First Lien Agent and the First Lien Secured Parties for such amounts without defense, counterclaim or offset of any kind. The Debtors acknowledge and admit that, as of January 9, 2009, the aggregate amount of the First Lien Indebtedness outstanding is not less than \$118,999,390.21, consisting of: (i) the aggregate principal amount of \$74,230,000 (including issued and outstanding letter of credit obligations totaling \$150,000) owed with respect to loans and similar advances made by the First Lien Secured Parties; (ii) the aggregate principal amount of \$30,913,025.08, owed with respect to terminated swaps and similar advances or extensions of credit made by certain of the First Lien Secured Parties (specifically, the Secured Swap Counterparties) related to commodity hedging agreements that were terminated on August 14 and 15, 2008; (iii) the aggregate principal amount of \$13,856,365.13 owed with respect to terminated swaps and similar advances or extensions of credit made by certain of the First Lien Secured Parties (specifically, the Secured Swap Counterparties) related to interest rate hedging agreements that were terminated as of December 16 and 17, 2008; and (iv) accrued and unpaid interest thereon at the applicable default rate as well as attorneys' fees, costs and other expenses.

2. Pursuant to the First Lien Loan Documents, the First Lien Indebtedness is secured by valid, perfected, enforceable, non-avoidable, first-priority liens and security interests in, to and against the Collateral, and there exists no basis upon which the Debtors can properly challenge or avoid the validity, enforceability, priority or perfection of the First Lien Indebtedness or the liens and security interests held by the First Lien Agent and the First Lien Secured Parties in, to or against the Collateral.

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<sup>13</sup> On an *in rem* basis.

3. In accordance with the terms of the Second Lien Loan Documents, all amounts payable thereunder are now fully due and payable by CDX Gas. CDX Gas, the Debtor Guarantors and the Debtor Mortgagors<sup>14</sup> are each jointly and severally indebted and liable to the Second Lien Agent and the Second Lien Lenders for such amounts without defense, counterclaim or offset of any kind. The Debtors acknowledge and admit that, as of the Petition Date, the aggregate amount of the Second Lien Indebtedness outstanding is approximately \$432,000,000, consisting of: (i) the aggregate principal amount of \$400,000,000, owed with respect to loans and similar advances made by the Second Lien Lenders; and (ii) accrued and unpaid interest at the applicable default rate as of the Petition Date in the approximate amount of \$32,000,000, with respect to the loans and similar advances made by the Second Lien Lenders.

4. Pursuant to the Second Lien Loan Documents, the Second Lien Indebtedness is secured by valid, perfected, enforceable, non-avoidable, second-priority liens and security interests in, to and against the Collateral, and there exists no basis upon which the Debtors can properly challenge or avoid the validity, enforceability, priority or perfection of the Second Lien Indebtedness or the liens and security interests held by the Second Lien Agent and the Second Lien Lenders in, to or against the Collateral.

M. The preservation, maintenance and enhancement of the value of the Debtors' assets are of the utmost significance and importance. However, the Debtors lack sufficient available sources of working capital and financing to carry on the operation of their businesses without the use of Cash Collateral (defined below). Moreover, the Debtors' need to use Cash Collateral is immediate; absent the ability to use Cash Collateral, the continued operation of the Debtors' businesses would not be possible and serious and irreparable harm to the Debtors and their estates would be inevitable.

N. CDX Gas (as successor to CDX Funding), the Debtor Guarantors and Debtor Mortgagors continue to collect rents, income, offspring, products, proceeds and profits generated from the Collateral and acquire equipment, inventory and other personal property, all of which constitute Collateral (as defined in the First Lien Loan Documents and Second Lien Loan

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<sup>14</sup> On an *in rem* basis.



Documents) under the First Lien Loan Documents and the Second Lien Loan Documents and are, accordingly, subject to the First Lien Agent's and the Second Lien Agent's security interests.

O. All of the Debtors desire to use a portion of such rents, income, offspring, products, proceeds and profits in their business operations which constitute cash collateral of the (i) First Lien Agent and First Lien Secured Parties and (ii) Second Lien Agent and Second Lien Lenders under Section § 363(a) of the Bankruptcy Code (the "Cash Collateral").<sup>15</sup> Certain prepetition rents, income, offspring, products, proceeds and profits, in existence as of the Petition Date, including balances of funds in the Debtors' prepetition and postpetition operating bank accounts, constitute Cash Collateral as well. Funds held in revenue accounts, to the extent held by the Debtors solely for the benefit of royalty interest owners (collectively the "Royalty Interest Owners")<sup>16</sup> in Harris Bank Acct No. XXXX9543 and Amegy Bank Acct No. XXXX1605 (collectively, the "Third Party Revenue Accounts"), as well as funds paid or due to be paid to the Debtors and properly segregated into the Third Party Revenue Accounts, for the ratable benefit of the Royalty Interest Owners, do not constitute the Cash Collateral. Other funds also are held in or will be segregated into the Third Party Revenue Accounts for the benefit of working interest and overriding royalty interest owners, although nothing in this Order shall be a finding or a determination of any rights and interests of any of the Debtors' estates, the First Lien Agent, the Second Lien Agent, or any other party in interest with respect to (a) the prepetition funds held by the Debtors, in any account, which working interest and overriding royalty interests owners claim as their property, (b) whether such funds are Collateral or Cash Collateral and (c)

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<sup>15</sup> Cash balances held by CDX Holdings as of the Petition Date do not constitute Cash Collateral.

<sup>16</sup> The term Royalty Interest Owners does not include overriding royalty interest owners and/or working interest owners.



entitlement to the ownership of the working interests and overriding royalty interests through which such parties claim the proceeds identified in subparagraphs (a) and (b) of this paragraph.<sup>17</sup>

P. A final hearing was held pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2) on August 4, 2009. Sufficient notice of the Hearing and the relief requested in the Motion was given to (i) the Office of the United States Trustee, (ii) the First Lien Agent and its counsel, (iii) the Second Lien Agent and its counsel, (iv) Wells Fargo, as Administrative Agent for the Lenders under that certain Senior Subordinated Unsecured Term Loan Credit Agreement, dated as of March 31, 2006 (as amended, supplemented or otherwise modified prior to the Petition Date, the “Subordinated Term Loan Credit Agreement”), (v) the creditors holding the 40 largest unsecured claims against the Debtors on a consolidated basis, and (vi) those parties in interest that have filed notices of appearance in the various Chapter 11 Cases.<sup>18</sup>

Q. Based on the record before this Court, it appears (and the Debtors, the First Lien Agent, First Lien Secured Parties, Second Lien Agent and Second Lien Lenders have stipulated) that the terms of this Order, including, without limitation, as to the Debtors’ use of Cash Collateral and the provision of adequate protection therefor, are fair and reasonable, reflect the Debtors’ exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

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<sup>17</sup> Additionally, nothing in this Order shall be determinative of any rights of any of the Debtors’ estates, the First Lien Agent, the Second Lien Agent or any other party in interest as to the prepetition indemnification of claims of specific creditors which arise on account of the Membership Interest Purchase Agreement between CDX Holdings, and MR Exploration Ventures, LLC (“MREX”), dated December 18, 2007, as well as the Settlement Agreement, dated December 18, 2007, between MREX, CDX Holdings and CDX Gas regarding MREX’s previously contracted direct indemnity regarding claims denoted in the Settlement Agreement as held by the “Whitfield Plaintiffs”, hereinafter referred to as the “MREX Indemnity Obligations.”

<sup>18</sup> No official committee of unsecured creditors (the “Committee”) has been appointed in the Chapter 11 Cases.

R. This Court concludes that entry of this Order is in the best interests of the Debtors' estates and creditors as its implementation will, among other things, allow for the flow of supplies and services to the Debtors necessary to sustain the operation of the Debtors' existing businesses and enhance the Debtors' prospects for a successful reorganization.

Based upon the foregoing findings and conclusions, and upon the record made before this Court at the hearing hereon and at previous cash collateral hearings, and good and sufficient cause appearing therefor;

**IT IS HEREBY ORDERED:**

1. Motion. The Motion is granted, subject to the terms and conditions set forth in this Order. The Debtors shall not use any Cash Collateral except as authorized and permitted herein or by subsequent order of the Court.

2. Use of Cash Collateral. That portion of the Collateral constituting cash or cash equivalents now held or hereafter received by, or for the benefit of the Debtors, including, but not limited to, all cash received from accounts receivable or cash constituting the proceeds, product, or profits of any Collateral received after the Petition Date (with the exception of those cash and cash receipts received for the ratable benefit of the Royalty Interest Owners which shall be segregated into the Third Party Revenue Accounts)<sup>19</sup> constitutes cash collateral of (i) the First Lien Agent and the First Lien Secured Parties and (ii) the Second Lien Agent and the Second

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<sup>19</sup> As noted above, although certain funds will continue to be held in and segregated into the Third Party Revenue Accounts for the benefit of working interest and overriding royalty interest owners, nothing in this Order shall be a finding or a determination of any rights and interests of any of the Debtors' estates, the First Lien Agent, the Second Lien Agent, or any other party in interest with respect to (a) the prepetition funds held by the Debtors, in any account, which working interest and overriding royalty interests owners claim as their property, (b) whether such funds are Collateral or Cash Collateral and (c) entitlement to the ownership of the working interests and overriding royalty interests through which such parties claim the proceeds identified in subparagraphs (a) and (b) of this paragraph.

Lien Lenders within the meaning of Section 363(a) of the Bankruptcy Code. All such Cash Collateral shall continue to be deposited into Harris Acct No. XXX9527 and Amegy Acct No. XX5928, as and when received by the Debtors and pursuant to the Debtors' ordinary prepetition cash management system, as approved by this Court pursuant to the Order Granting Emergency Motion to (I) Approve Maintenance of Certain Prepetition Bank Accounts and Cash Management System; (II) Continue Use of Existing Checks; and (III) Continue Current Investment Policies (the "Cash Management Order"). Subject to the terms and conditions of this Order the Debtors may use the Cash Collateral solely for the purposes, and to the extent provided in, the Approved Budget (as defined below). The Cash Collateral authorized to be used hereunder shall be used to fund only the budgeted expenditures set forth in the Approved Budget in accordance with the provisions hereof. The Debtors' authorization to use Cash Collateral subject to and on the terms and conditions of this Order shall terminate automatically without further action by any party and without any further order of this Court at 11:59 p.m. Central Standard Time on October 2, 2009 (the "Expiration Date") unless: (a) the First Lien Agent and Second Lien Agent consent to the continued use of Cash Collateral; and (b) the Debtors' authority to use Cash Collateral is subsequently extended pursuant to the procedures set forth in paragraph 3(e) below in which case the Expiration Date shall be 11:59 p.m. prevailing Central Time on the last day of any such subsequent extension.

3. Budget: Use of Collateral Proceeds.

(a) The Debtors are authorized to use Cash Collateral and pay expenses of the estate pursuant to (i) the budgets attached to the prior orders of this Court entered on January 9, 2009, March 10, 2009, March 27, 2009, and June 15, 2009 relating to the Debtors' use of Cash Collateral and (ii) the nine (9) week budget for period August 1, 2009 through the Expiration Date attached hereto as **Exhibit A** (each, an "Approved Budget"). The aggregate actual expenditures by the Debtors for budgeted expenses shall

not in any event exceed the aggregate amount budgeted therefor in an Approved Budget by more than ten percent (10%) of the budgeted amount, and the actual expenditures of the Debtors shall not, for each line item, exceed the amount budgeted for that line item in the Approved Budget by more than fifteen percent (15%) of the budgeted amount (the "Authorized Variance"); provided, however, the Debtors shall not be permitted to exceed the budgeted line item amounts in any Approved Budget for Payroll, Employee Incentive, Severance or 401 K. The Debtors shall also be authorized to use Cash Collateral and pay expenses of the estates for weekly budgeted items not incurred or paid through any subsequent week within a four week period thereafter (thus authorizing the Debtor to "carry forward" projected expenses for a limited period). The four-week carry forward restriction set forth in the preceding sentence shall not apply to budgeted expenses requiring court approval prior to payment (e.g., fees of professionals employed under Section 327 of the Bankruptcy Code), and the Debtors shall be permitted to carry forward the amounts budgeted for such expenses until such time as payment is authorized. Furthermore, the Debtors are authorized to exceed the Authorized Variance both in the aggregate and on a line item basis for any and all amounts paid pursuant to the *Order Under Sections 105(a), 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006 Approving the Sale of Assets and Equity Interests Free and Clear of Liens, Claims, Interests and Encumbrances and Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases to EnerVest Energy Institutional Fund XI-A, L.P. and EnerVest Energy Institutional Fund XI-WI, L.P.* (Dkt. No. 811) and the *Order Confirming CDX Rio, LLC's Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (Dkt. No. 813).

(b) The authorization granted herein is solely with respect to the use of Cash Collateral. This Order shall not be deemed to authorize payment of non-ordinary course budgeted expenses that otherwise require Court approval (e.g., fees of professionals employed under Section 327 of the Bankruptcy Code).

(c) The Debtors will continue to furnish to the First Lien Agent and the Second Lien Agent, not less than once every two (2) weeks from and after the date of this Order, a cash receipt and expenditures reconciliation, reflecting actual figures against those set forth in the Approved Budget for such period, in accordance with the ordinary course, prepetition business practices between the Debtors and the First Lien Agent and between the Debtors and the Second Lien Agent.

(d) Budget Amendments: Should an Approved Budget need to be amended for any reason (but not extended, the procedures for which shall be governed by the next decretal paragraph), the Debtors, the First Lien Agent and the Second Lien Agent may consensually agree to an amended budget and file such budget with the Court and serve on any Master Service List in effect in these Cases. Parties in interest will have 5 days to object, with specificity, to the proposed amended budget. If no party in interest objects within the requisite time period, the proposed amended budget shall become an Approved Budget for all purposes herein, without further order or action of this Court. If an

objection is filed, the Court will schedule a hearing on such objection, upon applicable notice (emergency, expedited, or otherwise), as requested by the Debtors. All objections to any proposed amended budget must be served upon the Debtors, the First Lien Agent and the Second Lien Agent.

(e) Budget Extensions: On or before September 25, 2009, and upon the consent of the First Lien Agent and Second Lien Agent, the Debtors will file with the Court and circulate on parties in interest, a proposed budget and form of order agreed to by the First Lien Agent and Second Lien Agent for continued use of Cash Collateral for the 12 week period following the expiration of this Order. Parties in interest shall have 10 days to review and file written objections to the proposed budget. If no objection is timely filed, the Court may enter the proposed order and the Debtors' use of Cash Collateral, on the terms and conditions proposed therein, shall be authorized without further notice, hearing, or order of the Court pursuant to such budget, which shall constitute an "Approved Budget" for all purposes hereof. If an objection is filed, a hearing will be scheduled and noticed by the Court.

(g) The Debtors shall be authorized to utilize these processes and procedures for continued, successive 12 week budget periods throughout the duration of these Chapter 11 Cases.

(h) If the Debtors, the First Lien Agent and the Second Lien Agent are unable to agree on the terms of any continued use of Cash Collateral beyond the expiration of the authorization granted herein, the Debtors shall be authorized to seek continued use of Cash Collateral, on proper notice and a hearing, with all rights reserved to parties in interest, including the First Lien Agent, the First Lien Secured Parties, the Second Lien Agent, and the Second Lien Lenders, with respect to such proposed use.

(i) Unless otherwise subsequently ordered by this Court, the proceeds of the Cash Collateral shall be used only as follows: (a) prior to a Termination Event, for the payment of the expenses set forth in an Approved Budget, and (b) on or after a Termination Event, first for the payment of any amounts constituting any part of the Carve-Out (as defined and described in ordering paragraph 7 below), second, for payment of the First Lien Indebtedness, until paid in full, and then third, for the payment of the Second Lien Indebtedness, until paid in full.

4. Adequate Protection. As adequate protection for (i) the use, sale or lease of the Collateral and/or Cash Collateral pursuant to Section 363(c) of the Bankruptcy Code and (ii) any diminution in value of the Collateral resulting from the imposition of the automatic stay pursuant to Section 362(a) of the Bankruptcy Code or otherwise:

(a) The First Lien Agent and the First Lien Secured Parties are granted, effective upon the date of this Order and without the necessity of the execution by the Debtors of mortgages, security agreements, pledge agreements, financing statements or otherwise, valid and perfected replacement security interests in, and liens upon, all of the Debtors' right, title and interest in, to and under all personal and real property of the Debtors, of any nature whatsoever, whether acquired by the Debtors before, on or after the Petition Date (the "Replacement Collateral"),<sup>20</sup> which lien shall be a first and prior lien, subject only to valid, perfected, enforceable and non-avoidable liens existing as of the Petition Date and the Carve-Out. Such liens and security interests shall be limited in amount to the amount of the actual diminution of the value of the First Lien Agent and First Lien Secured Parties' interests in the Collateral.

(b) The First Lien Agent and the First Lien Secured Parties are granted, pursuant to Sections 507(b) of the Bankruptcy Code, allowed superpriority administrative claims, junior only to the Carve-Out, allowed Chapter 7 administrative claims, and priority claims of the US Trustee. Such superpriority administrative claims shall only be in an amount equal to the actual diminution of the value of the First Lien Agent and First Lien Secured Parties' interests in the Collateral without reduction for any reason.

(c) The Second Lien Agent and the Second Lien Lenders are granted, effective upon the date of this Order and without the necessity of the execution by the Debtors of mortgages, security agreements, pledge agreements, financing statements or otherwise, valid and perfected replacement security interests in, and liens upon, all of the Debtors' right, title and interest in, to and under the Replacement Collateral,<sup>21</sup> which lien shall be a second-priority lien, subject only to the replacement security interests granted to the First Lien Agent and First Lien Secured Parties herein and to valid, perfected, enforceable and non-avoidable liens existing as of the Petition Date and the Carve-Out. Such liens and security interests shall be limited in amount to the amount of the actual diminution of the value of the Second Lien Agent and Second Lien Lenders' interests in the Collateral.

(d) The Second Lien Agent and Second Lien Lenders are granted, pursuant to Sections 507(b) of the Bankruptcy Code, allowed superpriority administrative claims (junior in priority only to allowed Chapter 7 administrative claims, superpriority administrative claims granted to the First Lien Agent and First Lien Secured Parties herein, and priority claims of the US Trustee). Such superpriority administrative claims shall only be in an amount equal to the actual diminution of the value of the Second Lien

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<sup>20</sup> Adequate protection liens are not being granted upon recoveries, if any, under Chapter 5 of the Bankruptcy Code nor upon any undetermined interests as referenced in footnote 19, until an actual determination is made by this Court.

<sup>21</sup> Adequate protection liens are not being granted upon recoveries, if any, under Chapter 5 of the Bankruptcy Code, nor upon any undetermined interests as referenced in footnote 19, until an actual determination is made by this Court.



Agent and Second Lien Lenders' interests in the Collateral without reduction for any reason.

(e) The Debtors shall pay to the First Lien Agent, for the ratable benefit of the First Lien Secured Parties in accordance with the provisions of the First Lien Credit Agreement, on the thirtieth day of each calendar month from and after the date hereof (through the Expiration Date), the then accrued postpetition interest for any Eurodollar Borrowings or ABR Borrowings<sup>22</sup> at the respective rate provided for in the Second Forbearance Agreement and Amendment No. 3 to the First Lien Credit Agreement, dated as of August 15, 2008, plus an additional 2% per annum. The ability for the Debtors to select 30 day LIBOR based rates (but not 60 or 90 day LIBOR based rates) or alternative base rates is expressly preserved and reserved unto the Debtors. Nothing herein shall impair the right of any party in interest to argue that a different rate of postpetition interest should apply to the First Lien Indebtedness for purposes of claim allowance.

(f) As additional adequate protection, the Debtors are further authorized and directed to promptly pay all reasonable fees, costs and charges incurred by the First Lien Agent and the First Lien Secured Parties (including, without limitation, disbursements and expenses of in-house counsel but not legal fees of in-house counsel or outside counsel legal fees of First Lien Secured Parties other than the First Lien Agent), internal collateral auditing and monitoring expenses and the reasonable fees and out-of-pocket disbursements of any reservoir engineers, accountants, financial consultants and outside counsel advising the First Lien Agent) on demand and without further approval of the Court.<sup>23</sup> The Authorized Variance for an Approved Budget shall not be reduced or affected to the extent the amounts actually paid pursuant to this paragraph exceed the amounts budgeted therefore. The Debtors' rights to contest any such fees and expenses as "reasonable" are expressly reserved, and this Court reserves jurisdiction to adjudicate any such contest, upon proper notice and a hearing.

(g) The Debtors shall deliver to the First Lien Agent and the Second Lien Agent (i) by February 15, 2009 a report (the "Reserve Report") in form and substance reasonably satisfactory to the First Lien Agent, prepared by Ryder Scott setting forth, as of December 31, 2008, the proved and probable oil and gas reserves attributable (A) to the Oil and Gas Properties (as defined in the First Lien Credit Agreement) of the Debtors (the "Prepetition Oil and Gas Collateral") and (B) to all other oil and gas properties of the Debtors in which the Debtors have an interest and upon which the Debtors have granted a replacement lien to the First Lien Agent for the benefit of the First Lien Secured Parties pursuant to the terms hereof (the "Replacement Oil and Gas Properties"), and (ii) a monthly updated "compilation" prepared by the Debtors as of the 1st day of each month

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<sup>22</sup> As such terms are defined in the First Lien Credit Agreement.

<sup>23</sup> Nothing herein shall affect the First Lien Secured Parties' entitlement, if any, to payment of outside counsel fees as part of any secured claim ultimately allowed in these Cases consistent with the terms of Section 11.03 of the First Lien Credit Agreement.



beginning March 2009, delivered by the 5<sup>th</sup> day of each such month, setting forth adjustments to the Reserve Report reflecting actual production, further drilling, and reserve revisions relating to such period.

(i) The Debtors shall pay to the First Lien Agent, for the benefit of the First Lien Secured Parties and to be applied against the then outstanding principal balance of the First Lien Indebtedness, (i) \$750,000 on January 16, 2009, (ii) \$250,000 on the Friday of each week thereafter through and including the week ending March 20, 2009, (iii) \$1,000,000 on Friday, March 27, 2009, (iv) \$1,750,000 on June 12, 2009 and \$250,000 on the Friday of each week thereafter ending with the payment on July 31, 2009, and (v) within two business days of the closing of the sale of the Assets and New Rio Equity to the Proposed Purchaser, as contemplated by the APA and Subscription Agreement,<sup>24</sup> all Cash Collateral that has previously been budgeted as of such date under the line item "Restructuring Fees – Other" on the Approved Budget attached hereto as **Exhibit A**.

(j) The Debtors shall pay to the First Lien Agent, for the benefit of the First Lien Secured Parties and to be applied against the then outstanding principal balance of the First Lien Indebtedness all net cash proceeds from: (i) the proposed sale of the Assets and New Rio Equity to the Proposed Purchaser (or other winning bidder) as contemplated by the APA and Subscription Agreement (collectively, the "EnerVest Transaction") unless the plan of reorganization for CDX Rio, LLC (the "Rio Plan") or order confirming the Rio Plan provides otherwise; (ii) the sale of any assets (with the exception of sales in the ordinary course of business); (iii) any settlements; (iv) any funds released to the Debtors from the \$1 million purchase price holdback and/or \$500,000 fund reserve established in connection with the EnerVest Transaction; and (v) any tax refund received by the Debtors.

(k) Unless otherwise agreed to in writing by the First Lien Agent and the Second Lien Agent, the Debtors shall pay when due any prepetition or postpetition royalties on any unexpired oil and gas leases of the Debtors (the "Oil and Gas Leases"), including but not limited to those Oil and Gas Leases in which the First Lien Agent, the First Lien Secured Parties, the Second Lien Agent, and/or the Second Lien Lenders have a direct or indirect interest (including, without limitation, as a result of a pledge of the equity interests in the Debtor party to such Oil and Gas Lease) and shall not reject and/or terminate any such Oil and Gas Leases without the prior written consent of the First Lien Agent and the Second Lien Agent.

<sup>24</sup> As such terms are defined in the *Expedited Motion Of The Debtors For An Order (A) Approving Bidding Procedures And Bid Protections In Connection With The Sale Of Certain Assets And Equity Interests Of The Estates To Enervest Energy Institutional Fund Xi-A, L.P. And Enervest Energy Institutional Fund Xi-Wi, L.P.; (B) Scheduling An Auction And Hearing To Consider Approval Of The Sale; (C) Approving Notice Relating To The Sale; And (D) Granting Related Relief* [Dkt. No. 503] (the "**Bidding Procedures Motion**").

(l) [Intentionally Omitted]

(m) The provision of adequate protection hereunder shall be without prejudice to the right of the First Lien Agent and the Second Lien Agent to seek additional adequate protection or modification thereof. The Debtors shall have no right to use Cash Collateral, without the further consent of the First Lien Agent and the Second Lien Agent, or if no consent is given, upon subsequent order of this Court, following the occurrence of a Termination Event (as hereinafter defined) and thereafter during the continuance of such Termination Event. The Debtors shall provide notice to the First Lien Agent and the Second Lien Agent of the occurrence of any Termination Event within one (1) business day of discovery thereof, or of any proposed amendment or modification of an Approved Budget.

(n) Baker Hughes Oilfield Operations, Inc., through its divisions, Hughes Christensen Company and Baker Oil Tools (collectively "Baker Hughes") and Pinpoint Drilling & Directional Services, LLC ("Pinpoint") have asserted prepetition claims in the approximate amount, respectively, of \$272,351.65 and \$1,500,000, which they assert are secured by liens (including, without limitation, the right if any under state law to perfect such liens in the future) (hereinafter, the "M&M Liens"). As adequate protection for the actual diminution, if any, in the value of the M&M Liens, if any, of Baker Hughes and Pinpoint existing as of the Petition Date, Baker Hughes and Pinpoint are hereby granted, in addition to any lien and related rights under state law, effective upon the date of this Order and without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements or otherwise, valid and perfected replacement security interests in, and liens upon, all of the Debtors' right, title and interest in, to and under all real property of the Debtors, of any nature whatsoever, whether acquired by the Debtors before, on or after the Petition Date, which liens (i) shall have the same relative priority to any replacement liens granted to the First Lien Agent, First Lien Secured Parties, Second Lien Agent or Second Lien Lenders as such M&M Liens had to such entities' liens against the Collateral as of the Petition Date and (ii) shall be limited in amount to the amount of the actual diminution of the value of the collateral subject to the M&M Liens.

To the extent such adequate protection is insufficient to adequately protect Baker Hughes and Pinpoint Drilling's interest in the Cash Collateral, Baker Hughes and Pinpoint Drilling shall be entitled to an administrative claim and all other benefits and protections allowable under Bankruptcy Code § 507(b), which claim (i) shall have the same relative priority to any administrative claim of the First Lien Agent, First Lien Secured Parties, Second Lien Agent or Second Lien Lenders as the M&M Liens had to such entities' liens against the Collateral as of the Petition Date and (ii) shall otherwise be superior to any claim (other than those claims referred to in clause (i) of this paragraph) under any provision of the Bankruptcy Code except for professional fees incurred and allowed, fees owed to the United States Trustee, and Chapter 7 administrative expenses.

The adequate protection provided herein with respect to Baker Hughes and Pinpoint Drilling's M&M Liens is not exclusive and is provided without prejudice to Baker Hughes and Pinpoint Drilling's right to seek additional adequate protection.

5. Perfection of New Liens. All liens and security interests on or in the Replacement Collateral granted to the First Lien Agent, First Lien Secured Parties, Second Lien Agent and Second Lien Lenders by this Order shall be, and hereby are, deemed duly perfected and recorded under all applicable federal or state or other laws as of the date hereof, and no notice, filing, mortgage recordation, possession, further order, landlord or warehousemen lien waivers or other third party consents or other act, shall be required to effect such perfection; provided, however, that notwithstanding the provisions of Section 362 of the Bankruptcy Code, the First Lien Agent, First Lien Secured Parties, Second Lien Agent or Second Lien Lenders, at their sole option, may file or record or cause the Debtors to obtain any third party consents or execute, file or record, at the Debtors' expense, any such UCC financing statements, notices of liens and security interests, mortgages and other similar documents as the First Lien Agent, First Lien Secured Parties, Second Lien Agent or Second Lien Lenders may require. If the First Lien Agent, First Lien Secured Parties, Second Lien Agent or Second Lien Lenders, each in their sole discretion, shall elect for any reason to cause to be obtained any third party consents or cause to be filed or recorded any such notices, financing statements, mortgages or other documents with respect to such security interests and liens, all such third party consents, financing statements or similar documents shall be deemed to have been filed or recorded in these Chapter 11 Cases as of the commencement of these Chapter 11 Cases but with the priorities as set forth herein. The First Lien Agent, First Lien Secured Parties, Second Lien Agent or Second Lien Lenders may (each in their sole discretion), but shall not be required to, file a certified copy of this Order in any filing

or recording office in any county or other jurisdiction in which the Debtors have real or personal property and such filing or recording shall be accepted and shall constitute further evidence of perfection of their respective interests.

6. Priority Claims. Subject to the Carve-Out described in ordering paragraph 7 below:

(a) the First Lien Agent shall have an allowed administrative claim of the highest administrative priority for any actual diminution in the value of the Collateral not otherwise protected and satisfied by the lien on the Replacement Collateral granted to the First Lien Agent and the First Lien Secured Parties under this order (the "First Lien Superpriority Claim") and such allowed administrative claim shall have priority over all other costs and expenses of administration of any kind (other than the Carve-Out, Chapter 7 administrative claims, and priority claims of the US Trustee), including those specified in, or ordered pursuant to Sections 105, 326, 330, 331, 503(b), 507(a), 507(b) or 726 or any other provision of the Bankruptcy Code or otherwise (whether incurred in the Chapter 11 Cases or any successive or superseding case of the Debtors (a "Successor Case")), and shall at all times be senior to the rights of the Debtors, any successor trustee, estate representative or any other entity in the Chapter 11 Cases or any Successor Case. Except for the Carve-Out, nothing in this Order or in an Approved Budget shall constitute the consent by the First Lien Agent or the First Lien Secured Parties to the imposition of any costs or expense of administration or other charge, lien, assessment or claim (including, without limitation, any amounts set forth in an Approved Budget) against the First Lien Agent or the First Lien Secured Parties or their respective claims or collateral under Section 506(c) of the Bankruptcy Code or otherwise; and

(b) the Second Lien Agent shall also have an allowed administrative claim of the highest administrative priority for any actual diminution in the value of the Collateral not otherwise protected and satisfied by the lien on the Replacement Collateral granted to the Second Lien Agent and the Second Lien Lenders under this order (the "Second Lien Superpriority Claim") and such allowed administrative claim shall have priority over all other costs and expenses of administration of any kind (other than the Carve-Out, Chapter 7 administrative claims, any First Lien Superpriority Claim, and priority claims of the US Trustee), including those specified in, or ordered pursuant to Sections 105, 326, 330, 331, 503(b), 507(a), 507(b) or 726 or any other provision of the Bankruptcy Code or otherwise (whether incurred in the Chapter 11 Cases or any Successor Case), and shall at all times be senior to the rights of the Debtors, any successor trustee, estate representative or any other entity in the Chapter 11 Cases or any Successor Case. Except for the Carve-Out, nothing in this Order or in an Approved Budget shall constitute the consent by the Second Lien Agent or the Second Lien Lenders to the imposition of any costs or expense of administration or other charge, lien, assessment or claim (including, without limitation,

any amounts set forth in an Approved Budget) against the Second Lien Agent or the Second Lien Lenders or their respective claims or collateral under Section 506(c) of the Bankruptcy Code or otherwise.

7. Carve-Out.

(a) Subject to the provisions of this paragraph, the liens on and security interests of the First Lien Agent, the First Lien Secured Parties, the Second Lien Agent, and the Second Lien Lenders in the Replacement Collateral and the First Lien Superpriority Claim and Second Lien Superpriority Claim shall be subject only to (i) the payment of any unpaid fees payable pursuant to 28 U.S.C. § 1930, (ii) the payment of allowed, unpaid fees and disbursements incurred by Vinson & Elkins LLP ("V&E") in an amount not to exceed \$200,000 (iii) the payment of allowed, unpaid fees and disbursements incurred by Gardere & Wynne ("G&W") in an amount not to exceed \$50,000, (iv) the payment of allowed, unpaid fees of the professionals retained by any Committee pursuant to § 1103(a) of the Bankruptcy Code (collectively, "Committee Professionals") in an aggregate amount not to exceed \$25,000 or such other amount as is subsequently agreed to by the First Lien Agent, the Second Lien Agent and any Committee Professionals, and (v) payment of any budgeted,<sup>25</sup> unpaid administrative expenses (including, without limitation, fees and expenses of V&E and G&E) actually incurred prior to a Termination Event (all such amounts identified in subsections (i) – (v) herein, collectively, the "Carve Out"). The Carve-Out for any professional or professional firm shall be reduced dollar-for-dollar by any and all amounts paid to such professional or professional firm in the form of a retainer that has not previously been applied in interim or final payment of allowed professional fees and expenses.

(b) The First Lien Agent, the First Lien Secured Parties, the Second Lien Agent, and the Second Lien Lenders shall have the right, in their sole discretion, acting together, to increase the amount of the Carve-Out. Nothing herein shall prejudice the rights of any party to object to any application or similar request for the allowance and payment of fees by, or the terms of engagement of any professional to the Debtors or any Committee that is appointed in these Chapter 11 Cases.

(c) Notwithstanding the Carve-Out or anything else to the contrary in this Order, the liens of the First Lien Agent, the First Lien Secured Parties, the Second Lien Agent, and the Second Lien Lenders in the Replacement Collateral as well as the First Lien Superpriority Claim and the Second Lien Superpriority Claim shall be senior to, and no Cash Collateral nor any Collateral (or proceeds thereof) may be used to pay, any and all claims for services rendered by any professional of any party in interest, including but not limited to any professionals retained by the Debtors or the Committee (if appointed) in connection with the assertion of, or joinder in, any claim, counterclaim, action, proceeding, application, motion, objection, defense or other contested matter, the purpose

<sup>25</sup> Excluding any Authorized Variance.

of which is to seek, or the result of which would be to obtain, any order, judgment, determination, declaration or similar relief invalidating, setting aside, disallowing, avoiding or subordinating, in whole or in part, the First Lien Indebtedness or the Second Lien Indebtedness or the liens and security interests of the First Lien Agent, the First Lien Secured Parties, the Second Lien Agent, and the Second Lien Lenders in the Collateral or Replacement Collateral.

8. Limitation on Surcharge of Collateral. Other than the Carve-Out and the permitted expenditures pursuant to the Interim Order, this Order and any subsequent cash collateral order (if any), no costs of administration of the estates shall be charged against the First Lien Agent, the First Lien Secured Parties, the Second Lien Agent, and the Second Lien Lenders' Collateral and Replacement Collateral pursuant to Section 506(c) of the Bankruptcy Code or any other applicable provision of the Bankruptcy Code or other applicable law.

9. Access; Books and Records. The Debtors shall permit the First Lien Agent and the Second Lien Agent and any authorized representatives designated by either of them (including, without limitation, each of their auditors, appraisers and financial advisors) to visit and inspect any of the properties of the Debtors, including the Debtors' respective non-privileged financial and accounting records, and to make copies and take extracts therefrom, and to discuss the Debtors' affairs, finances and businesses with the Debtors' officers and independent public accountants, at such reasonable times during normal business hours and as often as may be reasonably requested. Without limiting the generality of the foregoing, the Debtors shall promptly provide to the First Lien Agent and the Second Lien Agent (and their designated representatives) any non-privileged information or data reasonably requested to monitor the Debtors' performance and its compliance with the provisions of this Order and to perform appraisals or other valuation analyses of any property of the Debtors.



10. Termination Events. Each of the following shall constitute a "Termination Event" under this Order, unless the First Lien Agent and Second Lien Agent each otherwise agree in writing:

(a) the expenditure of funds by the Debtors during any period that (i) is materially inconsistent with an Approved Budget or (ii) exceeds the amounts set forth in the Approved Budget plus the Authorized Variance;

(b) the entry of an order dismissing any of the Chapter 11 Cases or converting any such case to a Chapter 7 case;

(c) the entry of an order appointing a trustee in the Chapter 11 Case of any Debtor;

(d) except for the Carve-Out, the entry of an order granting any other superpriority claim or lien equal or superior in priority to that granted to the First Lien Agent and the First Lien Secured Parties;

(e) except for the Carve-Out, the entry of an order granting any other superpriority claim or lien equal or superior in priority to that granted to the Second Lien Agent and the Second Lien Lenders, other than any superpriority claim or lien of the First Lien Agent or the First Lien Secured Parties granted herein (each solely in their capacities as such);

(f) the entry of an order granting relief from the automatic stay so as to allow a third party to proceed against any material asset or assets of the Debtors;

(g) this Order is reversed, vacated, stayed, amended, supplemented or otherwise modified in a manner which shall, in the opinion of the First Lien Agent or the Second Lien Agent, materially and adversely affect the rights of the First Lien Agent or Second Lien Agent, respectively, or shall materially and adversely affect the priority of any or all of the First Lien Agent's, First Lien Secured Parties', Second Lien Agent's, or Second Lien Lenders' claims, liens, mortgages, or security interests;

(h) the entry of an order appointing an examiner having enlarged powers (beyond those set forth under Sections 1106(a)(3) and (4) of the Bankruptcy Code);

(i) the entry of an order under Section 506(c) of the Bankruptcy Code surcharging the Collateral or the Replacement Collateral;

(j) any amendment or modification of the Debtors' proposed Joint Plan of Reorganization, dated June 11, 2009, that does not provide for the payment in full in cash of the First Lien Indebtedness upon the effective date of the plan;



(k) the confirmation of any plan of reorganization (other than the confirmed plan of CDX Rio) for any of the Debtors that does not provide for the payment in full in cash of the First Lien Indebtedness upon the effective date of the plan;

(l) the filing of any pleading by the Debtors seeking, or otherwise consenting to, the matters set forth in clauses (a)-(k) of this paragraph 10;

(m) other than as contemplated in an Approved Budget, the Debtors cease operation of any of their present businesses or take any material action for the purpose of effecting the foregoing without the prior written consent of the First Lien Agent and the Second Lien Agent;

(n) the occurrence of a material adverse change since the date hereof in (1) the condition (financial or otherwise), operations, assets, businesses or business prospects of the Debtors or (2) the value of the Collateral;

(o) the closing of the sale of the Assets and New Rio Equity to the Proposed Purchaser (or other winning bidder) shall not have occurred by the earlier of (i) the date that is the deadline under Sections 6.03(a) and 7.01 of the APA and Subscription Agreement and (ii) July 22, 2009 (the “**Closing Deadline**”); *provided, however*, that (i) the Debtors in their sole discretion may extend the Closing Deadline by two days by delivering written notice to the First Lien Agent and Second Lien Agent prior to July 15, 2009, and (ii) the failure of the closing to occur by the Closing Deadline shall not constitute a Termination Event to the extent there is a Back-Up Bidder<sup>26</sup> that is ready and willing and able to close and the sale of the Assets and New Rio Equity to such Back-Up Bidder closes by July 20, 2009;

(p) the Debtors fail to pay when due any royalties to Royalty Interest Owners on any Oil and Gas Leases or any such Oil and Gas Lease is rejected and/or terminated without the prior written consent of the First Lien Agent and the Second Lien Agent;

(q) unless, solely with respect to prepetition indebtedness or obligations, authority to so pay has not been granted by the Bankruptcy Court, the Debtors fail to pay when due any plugging & abandonment liabilities, escheat liabilities, severance taxes, ad valorem taxes or any other indebtedness or obligations where such failure to pay results or could result in the imposition of liens on or security interests in any Collateral or the Replacement Collateral that are *pari passu* with or superior to the First Lien Agent’s, the First Lien Secured Parties’, Second Lien Agent’s or Second Lien Lenders’ liens on and security interests in the Collateral or the Replacement Collateral;

(r) Bob McBride or Ed Donahue shall cease to be the respective Chief Executive Officer and Chief Financial Officer of CDX Gas for any reason, other than

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<sup>26</sup> As defined in the Bidding Procedures Motion.

death or incapacity, provided that, unless within 30 days after such death or incapacity (i) CDX Gas has named a successor who has commenced such duties and such successor is reasonably acceptable to the First Lien Agent, or (ii) CDX Gas has obtained consent from the First Lien Agent to extend such period to name and employ a successor;

(s) three (3) business days following the day that EnerVest, at any time after entry into the EnerVest APA, exercises its right to terminate such agreement, whether as a result of due diligence or otherwise, *provided, however*, that the First Lien Agent shall have the option, in its sole discretion, to extend such period for an additional two (2) business days without further Court order; and

(t) non-compliance or default by the Debtors with any of the terms and provisions of this Order; provided, however, that said non-compliance or default shall not be deemed a Termination Event if curable and cured by the Debtors within five (5) business days after notice of such non-compliance or default is given to the Debtors by the First Lien Agent or the Second Lien Agent.

11. Rights Upon Termination Event or the Expiration Date. Upon the occurrence of (i) the Expiration Date, as such term is hereafter defined, or (ii) a Termination Event and the giving of written notice thereof (the "Termination Notice") by the First Lien Agent or the Second Lien Agent to (i) the Debtors', (ii) the Committee's respective counsel (if any has been appointed), (iii) the First Lien Agent (if not the issuer of the Termination Notice), (iv) the Second Lien Agent (if not the issuer of the Termination Notice), and (v) the Office of the United States Trustee (the "Noticed Parties");

(a) the Debtors' authority to use Cash Collateral pursuant to the terms hereof shall cease; and

(b) the Debtors shall immediately segregate all of the Cash Collateral, and shall not be permitted to use such Cash Collateral absent the First Lien Agent's or Second Lien Agent's (as applicable) prior written consent or, if no consent can be obtained, upon further Order of this Court, following appropriate notice and a hearing.

12. Successors and Assigns; Survival. The provisions of this Order shall be binding upon and inure to the benefit of the First Lien Agent, First Lien Secured Parties, Second Lien Agent, Second Lien Lenders, the Debtors and their respective successors and assigns (including

any trustee or other estate representative appointed as a representative of the Debtors' estate or of any estate in any Successor Case). Except as otherwise explicitly set forth in this Order, no third parties are intended to be or shall be deemed to be third party beneficiaries of this Order. The terms and provisions of this Order and any actions taken pursuant hereto shall survive entry of any orders that may be entered confirming any plan of reorganization or that may be entered converting these cases from Chapter 11 to Chapter 7 of the Bankruptcy Code and any claims, liens, mortgages and security interests granted hereunder shall maintain their priority as provided by this Order until the Debtors' obligations to the First Lien Agent, First Lien Secured Parties, Second Lien Agent and Second Lien Lenders are satisfied in full.

13. Modifications. If any of the provisions of this Order are hereafter modified, vacated or stayed by subsequent order of this or any other Court, such stay, modification or vacatur shall not affect the validity and enforceability of any lien, priority, right, privilege or benefit authorized hereby with respect to the Replacement Collateral, to the extent of any actual diminution of the First Lien Agent's, First Lien Secured Parties', Second Lien Agent's or Second Lien Lenders' interests in the Collateral.

14. Affirmation of Liens. The Debtors are hereby authorized and deemed to ratify, reaffirm and adopt the First Lien Loan Documents and the Second Lien Loan Documents, including the perfection, validity, and enforceability of the liens, liabilities, and obligations to the First Lien Agent and Second Lien Agent incurred thereunder and the liens, security interests and mortgages granted to the First Lien Agent and Second Lien Agent thereunder. The validity, extent, priority, perfection and enforceability of the First Lien Agent's, First Lien Secured Parties', Second Lien Agent's and Second Lien Lenders' prepetition claims, liens, mortgages and

security interests in the Debtors' assets shall not be subject to invalidation, avoidance, subordination, or other challenge by the Debtors, and in furtherance thereof the Debtors hereby release, waive and affirmatively agree not to allege or otherwise pursue any or all defenses, affirmative defenses, counterclaims, claims, causes of action, recoupments, setoffs or other rights that they may have to contest (a) any Defaults or Events of Default that were or could have been declared by the First Lien Agent, First Lien Secured Parties, Second Lien Agent or Second Lien Lenders as of the Petition Date and (b) the amount of the Debtors' indebtedness to the First Lien Agent, First Lien Secured Parties, Second Lien Agent and/or Second Lien Lenders as of the Petition Date. Notwithstanding the foregoing, any person or entity other than the Debtors, including, without limitation, the Committee (if any has been appointed), with appropriate legal standing and/or authority to do so shall have through and until March 21, 2009 (unless, solely with respect to the Committee, a timely motion requesting an extension is filed and good cause shown, in which case the March 21, 2009 deadline may be extended for the Committee for up to an additional 60 days) to commence an adversary proceeding against the First Lien Agent, First Lien Secured Parties, Second Lien Agent and/or Second Lien Lenders for the purpose of challenging the validity, extent, priority, perfection and enforceability of the First Lien Agent's, First Lien Secured Parties', Second Lien Agent's or Second Lien Lenders' prepetition liens, mortgages and security interests in the Debtors' assets, and any person or entity, including without limitation the Committee, that fails to commence such an adversary proceeding within such period shall be barred forever from doing so; provided, however, any person or entity other than the Debtors, including, without limitation, the Committee (if any has been appointed) shall

have until 4:00 p.m. (Central Time) on June 19, 2009<sup>27</sup> to commence an adversary proceeding against the First Lien Agent, First Lien Secured Parties, Second Lien Agent and/or Second Lien Lenders for the purpose of challenging the validity, extent, priority, perfection and enforceability of the First Lien Agent's, First Lien Secured Parties', Second Lien Agent's or Second Lien Lenders' prepetition liens, mortgages and security interests in the assets of CDX Rio, LLC, and any person or entity, including without limitation the Committee, that fails to commence such an adversary proceeding within such period shall be barred forever from doing so. For the avoidance of doubt, nothing herein shall be construed as conferring or granting standing to any person or entity, including without limitation the Committee.<sup>28</sup>

15. No Impact on Intercreditor Agreement. Nothing contained in this Order shall be deemed to modify any of the terms and conditions of the Intercreditor Agreement, dated as of March 31, 2006, among certain of the Debtors and the First Lien Agent and the Second Lien Agent, and all parties' rights as to the enforceability of the Intercreditor Agreement are hereby preserved.

16. Retention of Jurisdiction. This Court hereby expressly retains jurisdiction over all persons and entities, co-extensive with the powers granted to the United States Bankruptcy Court under the Bankruptcy Code, to enforce the terms of this Order and to adjudicate any and all disputes in connection therewith.

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<sup>27</sup> The June 19, 2009 deadline may be extended for any specific party in interest by written agreement of the Debtors, First Lien Agent and Second Lien Agent.

<sup>28</sup> Nothing in this Order shall be a finding or a determination of any rights and interests of any of the Debtors' estates, the First Lien Agent, the Second Lien Agent, or any other party in interest with respect to (a) the prepetition funds held by the Debtors, in any account, which working interest and overriding royalty interests owners claim as their property, (b) whether such funds are Collateral or Cash Collateral and (c) entitlement to the ownership of the working interests and overriding royalty interests through which such parties claim the proceeds identified in subparagraphs (a) and (b) of this paragraph.

17. Interpretation; Effectiveness. To the extent that any of the provisions of this Order shall conflict with any of the provisions of the First Lien Loan Documents or the Second Lien Loan Documents, this Order is deemed to control and shall supersede the conflicting provision(s) in said agreement(s). To the extent any findings may constitute conclusions, and *vice versa*, they are hereby deemed as such. Notwithstanding any Bankruptcy Rule to the contrary, the terms and conditions of this Final Order shall (a) be immediately enforceable, and (b) not be stayed absent the grant of such stay under Bankruptcy Rule 8005 after a hearing upon notice to the Debtors and the First Lien Agent and Second Lien Agent.

18. Payment of Incoming Board Legal Fees. The First Lien Agent and Second Lien Agent have agreed, and this Court hereby approves, the payment of reasonable legal fees and expenses of the prospective incoming directors of the reorganized Debtors, in an amount not to exceed \$25,000, unless otherwise agreed to in writing by the First Lien Agent and Second Lien Agent.

IT IS SO ORDERED.

DATED this 5th day of April, 2009.

  
HONORABLE LETITIA Z. PAUL  
UNITED STATES BANKRUPTCY JUDGE

**Schedule 1**

**First Lien  
Mortgage and Security Documents**

1. First Lien Guarantee and Collateral Agreement dated as of March 31, 2006, by and among CDX Gas (as successor to CDX Funding), CDX Holdings, the Subsidiaries listed on Schedule I thereto (including all of the Debtor Guarantors) and BMO, as Administrative Agent;
2. First Lien Patent Security Agreement dated as of March 31, 2006, by and among CDX Gas and BMO, as Administrative Agent;
3. Trademark Security Agreement (First Lien) dated as of March 31, 2006, by and among by and among CDX Gas and BMO, as Administrative Agent;
4. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Jefferson County, Alabama) by CMV Joint Venture, CD Exploration, Inc., CDX East Inc., CDX North, LLC, and CDX Gas in favor of BMO, as First Lien Collateral Agent;
5. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Tuscaloosa County, Alabama) by CMV Joint Venture, CD Exploration, Inc., CDX East Inc., CDX North, LLC, and CDX Gas in favor of BMO, as First Lien Collateral Agent;
6. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Walker County, Alabama) by CMV Joint Venture, CD Exploration, Inc., CDX East Inc., CDX North, LLC, and CDX Gas in favor of BMO, as First Lien Collateral Agent in favor of BMO, as First Lien Collateral Agent;
7. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Sebastian County, Arkansas) by CDX Gas, CD Exploration, Inc., and CDX Arkoma LLC, in favor of BMO, as First Lien Collateral Agent;
8. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (La Plata County, Colorado) by CDX Rockies, LLC in favor of BMO, as First Lien Collateral Agent;
9. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Rio Blanco County, Colorado) by CDX Rockies, LLC in favor of BMO, as First Lien Collateral Agent;



10. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Le Flore County, Oklahoma), by CDX Gas, CD Exploration, Inc., and CDX Arkoma, LLC in favor of BMO, as First Lien Collateral Agent;

11. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Barbour County, West Virginia) by CDX Gas in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent;

12. Credit Line Deed of Trust, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Boone County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent;

13. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Logan County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent (1 of 2);

14. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Logan County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent (2 of 2);

15. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (McDowell County, West Virginia) by CDX Pinnacle, LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent;

16. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Raleigh County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent;

17. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Wyoming County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent (1 of 2);

18. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Wyoming County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent (2 of 2);

19. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Wyoming County, West Virginia) by CDX Plum Creek Joint Venture, CDX Panther, LLC, and CDX Minerals, LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent;

20. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of August 22, 2008 (Wyoming County, West Virginia) by CDX Gas in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent;

21. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006, (Logan County, West Virginia) by CDX Plum Creek Joint Venture, CDX Panther, LLC and CDX Minerals, LLC to Charles Dollison, Trustee for the benefit BMO, as First Lien Collateral Agent;

22. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Harrison County, West Virginia) by CDX Gas, LLC to Charles Dollison, Trustee for the benefit of BMO, as First Lien Collateral Agent (1 of 2);

23. Amendment and Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 28, 2008 (Harrison County, West Virginia) by CDX Gas, LLC to Charles Dollison, Trustee for the benefit of BMO, as First Lien Collateral Agent (2 of 2);

24. First Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of September 27, 2006 (Boone County, West Virginia) by CDX Gas LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent;

25. First Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of October 9, 2006 (Raleigh County, West Virginia) by CDX Gas LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent;

26. First Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of September 27, 2006 (Barbour County, West Virginia) by CDX Gas LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent;

27. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Taylor County, West

Virginia) by CDX Gas, LLC to Charles Dollison, Trustee for the benefit of BMO, as First Lien Collateral Agent (1 of 2);

28. Amendment and Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 28, 2008 (Taylor County, West Virginia) by CDX Gas, LLC to Charles Dollison, Trustee for the benefit of BMO, as First Lien Collateral Agent (2 of 2);

29. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Wyoming County, West Virginia) by CDX Pinnacle, LLC to Charles Dollison, Trustee for the benefit of BMO, as First Lien Collateral Agent;

30. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of May 22, 2007 (Rio Arriba County, New Mexico) by CDX Rio, LLP in favor of BMO, as First Lien Collateral Agent;

31. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of May 22, 2007 (Eastland County, Texas) by CDX Gas, LLC to David Sweeney, Trustee for the benefit of BMO, as First Lien Collateral Agent;

32. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of May 22, 2007 (Erath County, Texas) by CDX Gas, LLC to David Sweeney, Trustee for the benefit of BMO, as First Lien Collateral Agent;

33. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of May 22, 2007 (Palo Pinto County, Texas) by CDX Gas, LLC to David Sweeney, Trustee for the benefit of BMO, as First Lien Collateral Agent;

34. Accommodation Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of July 20, 2007 (Bibb County, Alabama) by CDX Bishop Creek, LLC in favor of BMO, as First Lien Collateral Agent;

35. Accommodation Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of July 20, 2007 (Shelby County, Alabama) by CDX Bishop Creek, LLC in favor of BMO, as First Lien Collateral Agent;

36. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of July 20, 2007 (Raleigh County, West Virginia) by CDX Gas, LLC to Charles Dollison, Trustee for the benefit of BMO, as First Lien Collateral Agent;

37. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of October 22, 2007 (Palo Pinto County, Texas) by

CDX Barnett, LLC to David Sweeney, Trustee for the benefit of BMO, as First Lien Collateral Agent;

38. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of October 22, 2007 (Erath County, Texas) by CDX Barnett, LLC to David Sweeney, Trustee for the benefit of BMO, as First Lien Collateral Agent;

39. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of October 22, 2007 (Eastland County, Texas) by CDX Barnett, LLC to David Sweeney, Trustee for the benefit of BMO, as First Lien Collateral Agent;

40. Amendment and Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 28, 2008 (Barbour County, West Virginia) by CDX Gas, LLC in favor of Charles Dollison, as Trustee, for the benefit of BMO, as First Lien Collateral Agent; and

41. related financing statements and other filings reflecting the first-priority security interests in, and liens on, the Collateral.\*

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\* Subsequent to the execution of the collateral and security documents listed herein, CDX Arkoma LLC, CDX North LLC, CDX Penn, LLC, CDX Pinnacle, LLC, and CDX Rockies, LLC each merged with CDX Gas. The liens and security interests granted pursuant to their respective collateral and security documents remain in full force and effect.

**Schedule 2**

**Second Lien  
Mortgage and Security Documents**

1. Second Lien Guarantee and Collateral Agreement dated as of March 31, 2006, by and among CDX Gas (as successor to CDX Funding), CDX Holdings, the Subsidiaries listed on Schedule I thereto (including all of the Debtor Guarantors) and Credit Suisse, as Administrative Agent;
2. Second Lien Patent Security Agreement dated as of March 31, 2006, by and among CDX Gas and Credit Suisse, as Administrative Agent;
3. Trademark Security Agreement (Second Lien) dated as of March 31, 2006, by and among by and among CDX Gas and Credit Suisse, as Administrative Agent;
4. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Jefferson County, Alabama) by CMV Joint Venture, CD Exploration, Inc., CDX East Inc., CDX North, LLC, and CDX Gas in favor of Credit Suisse, as Second Lien Collateral Agent;
5. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Tuscaloosa County, Alabama) by CMV Joint Venture, CD Exploration, Inc., CDX East Inc., CDX North, LLC, and CDX Gas in favor of Credit Suisse, as Second Lien Collateral Agent;
6. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Walker County, Alabama) by CMV Joint Venture, CD Exploration, Inc., CDX East Inc., CDX North, LLC, and CDX Gas in favor of Credit Suisse, as Second Lien Collateral Agent;
7. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Sebastian County, Arkansas) by CDX Gas, CD Exploration, Inc., and CDX Arkoma LLC, in favor of Credit Suisse, as Second Lien Collateral Agent;
8. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (La Plata County, Colorado) by CDX Rockies, LLC in favor of Credit Suisse, as Second Lien Collateral Agent;
9. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Rio Blanco County, Colorado) by CDX Rockies, LLC in favor of Credit Suisse, as Second Lien Collateral Agent;

10. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Le Flore County, Oklahoma), by CDX Gas, CD Exploration, Inc., and CDX Arkoma, LLC in favor of Credit Suisse, as Second Lien Collateral Agent;

11. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Barbour County, West Virginia) by CDX Gas in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent;

12. Credit Line Deed of Trust, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Boone County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent;

13. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Logan County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent (1 of 2);

14. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Logan County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent (2 of 2);

15. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (McDowell County, West Virginia) by CDX Pinnacle, LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent;

16. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Raleigh County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent;

17. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Wyoming County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent (1 of 2);

18. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Wyoming County, West Virginia) by CDX Penn, LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent (2 of 2);



19. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Wyoming County, West Virginia) by CDX Plum Creek Joint Venture, CDX Panther, LLC, and CDX Minerals, LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent;

20. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006, (Logan County, West Virginia) by CDX Plum Creek Joint Venture, CDX Panther, LLC and CDX Minerals, LLC to Charles Dollison, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent;

21. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Harrison County, West Virginia) by CDX Gas, LLC to Charles Dollison, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent (1 of 2);

22. Amendment and Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2008 (Harrison County, West Virginia) by CDX Gas, LLC to Charles Dollison, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent (2 of 2);

23. First Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of October 9, 2006 (Boone County, West Virginia) by CDX Gas LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent;

24. First Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of October 9, 2006 (Raleigh County, West Virginia) by CDX Gas LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent;

25. First Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of October 9, 2006 (Barbour County, West Virginia) by CDX Gas LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent;

26. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Taylor County, West Virginia) by CDX Gas, LLC to Charles Dollison, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent (1 of 2);

27. Amendment and Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March



31, 2008 (Taylor County, West Virginia) by CDX Gas, LLC to Charles Dollison, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent (2 of 2);

28. Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2006 (Wyoming County, West Virginia) by CDX Pinnacle, LLC to Charles Dollison, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent;

29. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of May 22, 2007 (Rio Arriba County, New Mexico) by CDX Rio, LLP in favor of Credit Suisse, as Second Lien Collateral Agent;

30. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of May 22, 2007 (Eastland County, Texas) by CDX Gas, LLC to David Sweeney, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent;

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32. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of May 22, 2007 (Palo Pinto County, Texas) by CDX Gas, LLC to David Sweeney, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent;

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37. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of October 22, 2007 (Erath County, Texas) by CDX Barnett, LLC to David Sweeney, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent;

38. Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of October 22, 2007 (Eastland County, Texas) by CDX Barnett, LLC to David Sweeney, Trustee for the benefit of Credit Suisse, as Second Lien Collateral Agent;

39. Amendment and Supplement to Credit Line Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated effective as of March 31, 2008 (Barbour County, West Virginia) by CDX Gas, LLC in favor of Charles Dollison, as Trustee, for the benefit of Credit Suisse, as Second Lien Collateral Agent; and

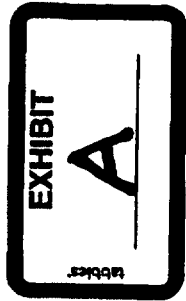
40. related financing statements and other filings reflecting the second-priority security interests in, and liens on, the Collateral.\*

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\* Subsequent to the execution of the collateral and security documents listed herein, CDX Arkoma LLC, CDX North LLC, CDX Penn, LLC, CDX Pinnacle, LLC, and CDX Rockies, LLC each merged with CDX Gas. The liens and security interests granted pursuant to their respective collateral and security documents remain in full force and effect.

**Exhibit A**

CDX Gas, LLC, et al.  
Approved Budget



**CASH COLLATERAL ORDER**  
Projected Cash Flow through October 2, 2009

	1	2	3	4	5	6	7	8	9	10	11	12	
Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	Week Ending	
7/17/2009	7/24/2009	7/31/2009	8/7/2009	8/14/2009	8/21/2009	8/28/2009	9/4/2009	9/11/2009	9/18/2009	9/25/2009	10/2/2009	10/9/2009	Totals
Beginning Cash Balance (\$000s)	\$ 23,176	\$ 21,708	\$ 9,766	\$ 11,145	\$ 9,772	\$ 7,508	\$ 6,535	\$ 10,407	\$ 9,083	\$ 7,469	\$ 4,981	\$ 6,490	\$ 23,176
Receivables/Cash Calls & Other													
Revenues	25	621	4,985	-	-	-	6,969	-	-	-	4,763	-	17,364
3rd Party W/L Royalties & Other	(14)	(893)	(947)	-	-	-	(1,324)	-	-	-	(1,381)	-	(4,560)
JIB Receipts	416	11	100	100	100	100	100	100	100	100	100	100	1,426
Interest	-	0	-	-	-	-	-	-	-	-	-	-	0
Other Cash	-	95,719	-	-	-	-	-	-	-	-	-	-	95,719
Total Receipts	\$ 427	\$ 95,458	\$ 4,138	\$ 100	\$ 100	\$ 100	\$ 5,745	\$ 100	\$ 100	\$ 100	\$ 3,482	\$ 100	\$ 109,950
Payments													
Accounts payable													
• LOE	844	763	800	700	700	600	600	670	500	500	500	500	7,677
G & A	39	111	150	150	150	150	150	150	150	150	150	150	1,650
Income & Advlorem taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll & Benefits	384	1	500	-	500	-	500	-	500	-	500	-	2,885
** NERP/ Exec JIB	-	-	550	-	-	-	-	-	-	1,350	-	-	1,900
Servance	-	-	38	38	38	38	38	38	38	38	38	38	442
Medical	8	54	-	-	-	-	-	65	-	65	-	-	469
401 K	39	-	170	-	-	-	-	-	-	-	-	-	-
Operating Costs	1,314	928	2,208	888	1,453	788	1,288	923	1,188	2,103	1,188	753	15,022
Cash Flow from Operations	(886)	94,530	1,930	(788)	(1,353)	(688)	4,457	(823)	(1,088)	(2,003)	2,294	(653)	94,928
CAPEX													
Maintenance & Non-op El Paso	303	-	-	300	-	-	300	-	-	-	300	-	1,203
Rig & Lease Commits and Other Approved Drilling	28	7	50	50	50	50	50	250	250	250	250	250	1,535
Land	-	14	40	40	40	40	40	40	40	40	40	40	414
Total CAPEX	332	21	90	390	90	90	390	290	290	290	590	290	3,152
Interest & Bank Fees	1	4	-	-	626	-	-	-	41	-	-	-	671
Bank Principal	250	104,749	250	-	-	-	-	-	-	-	-	-	105,249
Total Bank Payments	251	104,752	250	-	626	-	-	-	41	-	-	-	105,920
Restructuring Fees													
Debtor Attorneys - Vinson Elkins	-	-	125	125	125	125	125	125	125	125	125	125	1,250
Debtor Attorneys - JEFFCO	-	-	-	-	-	-	-	-	-	-	-	-	-
1st Lien Attorneys - Mayer Brown	-	-	50	50	50	50	50	50	50	50	50	50	500
1st Lien Advisors - TBD	-	-	-	-	-	-	-	-	-	-	-	-	-
US Trustee	-	7	16	-	-	-	-	16	-	-	-	-	39
Epiq	-	-	20	20	20	20	20	20	20	20	20	20	200
Total Restructuring Fees	-	7	211	195	195	195	195	211	195	195	195	195	1,989
Cure of Claims Associated with Enervest Transaction	-	1,692	-	-	-	-	-	-	-	-	-	-	1,692
Ending Cash Balance (\$000s)	\$ 21,708	\$ 9,766	\$ 11,145	\$ 9,772	\$ 7,508	\$ 6,535	\$ 10,407	\$ 9,083	\$ 7,469	\$ 4,981	\$ 6,490	\$ 5,352	\$ 5,352
Less reserve for third party funds	(4,351)	(3,525)	(3,525)	(3,525)	(3,525)	(3,525)	(3,525)	(3,525)	(3,525)	(3,525)	(3,525)	(3,525)	(3,525)
Less Enervest Break-up Fee / Distribution Reserve	(1,776)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)
Unrestricted cash balance	\$ 15,580	\$ 5,641	\$ 7,020	\$ 5,647	\$ 3,383	\$ 2,410	\$ 6,282	\$ 4,958	\$ 3,344	\$ 856	\$ 2,364	\$ 1,226	\$ 1,226

\* The week ending 9/4/2009 includes \$170k to satisfy the Pre-Effective Date terms in Section C of the Letter Agreement between CDX and ICG, dated July 30, 2009, for Advance Annual Minimum Rentals and Drilling Default Payments

\*\* Timing of the Enervest transaction and payroll process may cause this to flow into another week