

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

	X	
In re	:	Chapter 11
	:	
ASCENT RESOURCES MARCELLUS HOLDINGS, LLC, <i>et al.</i> , ¹	:	Case No. (18-10265) (LSS)
	:	
Debtors.	:	Joint Administration Pending
	:	
	X	

**DEBTORS' MOTION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE
DEBTORS TO USE CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363,
(II) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED
PARTIES PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 503, 507 AND 552 AND
(III) GRANTING RELATED RELIEF**

Ascent Resources Marcellus Holdings, LLC and certain of its affiliated debtors and debtors-in-possession hereby submit this motion (the “Motion”) for entry of an interim order, substantially in the form attached hereto as Exhibit A (the “Interim Order”), and a final order to be submitted prior to the Final Hearing (as defined below), pursuant to sections 105, 361, 362, 363, 503, 507 and 552 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), rules 2002, 4001 and 9014 of the Bankruptcy Rules of Federal Procedure (the “Bankruptcy Rules”) and local rule 4001-2 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) authorizing the post-petition use of cash collateral, granting adequate protection to the Debtors’ Prepetition Secured Parties (as defined below) and granting related relief. In support of this Motion, the Debtors rely upon the *Declaration of Robert W. Kelly II in Support of*

¹ The Debtors in these chapter 11 cases, and the last four digits of their U.S. taxpayer identification numbers are: Ascent Resources Marcellus Holdings, LLC (3495) (“ARM Holdings”), Ascent Resources - Marcellus, LLC (0354) (“ARM”) and Ascent Resources Marcellus Minerals, LLC (5418) (“ARM Minerals” and together with ARM Holdings and ARM, the “Debtors”). The Debtors’ corporate headquarters is located at 3501 NW 63rd Street, Oklahoma City, Oklahoma 73116.

First Day Motions and Applications (the “First Day Declaration”) filed contemporaneously herewith and incorporated herein by reference, and respectfully state as follows:

Background

1. The Debtors engage in natural gas and oil exploration and production in the Marcellus shale, a rock formation spanning portions of New York, Pennsylvania, Ohio and West Virginia with extensive untapped natural gas reserves.

2. ARM was established in July 2013 and operates 547 wells in West Virginia comprised of 225 producing shallow wells, 42 producing horizontal Marcellus wells, 111 injection wells, 143 shut in wells and 26 wells in various stages of observation or work in progress. ARM has a diversified sales portfolio with some ability to sell to multiple markets, providing varied pricing. ARM continues to control a significant leasehold position in the southern Marcellus shale in West Virginia; however, due to the decline in commodity prices and ARM’s financial condition, ARM previously ceased its drilling operations.

3. On the date hereof (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under the Bankruptcy Code. Each Debtor continues to operate its business and manage its properties as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrent with the filing of this Motion, the Debtors filed a motion with the Court pursuant to Bankruptcy Rule 1015 and Local Rule 1015-1 seeking joint administration of the Debtors’ cases. No creditors’ committee, trustee or examiner has been appointed in these chapter 11 cases.

4. Additional factual background relating to the Debtors’ businesses and the commencement of these chapter 11 cases is set forth in detail in the First Day Declaration.

Facts Specific to the Relief Requested

5. On September 5, 2017, the Debtors entered into a restructuring support agreement (the “Restructuring Support Agreement”) with certain holders of the First Lien Term Loan Credit Agreement and the Second Lien Term Loan Credit Agreement (each as defined below). Pursuant to the Restructuring Support Agreement, the parties agreed, among other things, to pursue a consensual reorganization pursuant to which the First Lien Term Loan Lenders and the Second Lien Term Loan Lenders (each as defined below) would convert their debt to equity (with each First Lien Term Loan Lender also receiving its pro rata share of holdings in a new \$125 million take back first lien term loan facility), all general unsecured creditors would be unimpaired and the existing management team would continue to manage the business in exchange for equity in the reorganized Debtors (the “Plan”).

6. In connection with the consensual reorganization, the Debtors agreed to seek entry of an interim order and a final order permitting their use of cash collateral. Failure to obtain such orders by the deadlines set forth in the Restructuring Support Agreement may give rise to a termination right under the Restructuring Support Agreement. The Debtors’ access to cash collateral is critical to effectuate this consensual restructuring. Without access to cash collateral, the Debtors would be incapable of operating their businesses and these estates (and all stakeholders) would be immediately and irreparably harmed.

7. The proposed cash collateral arrangements are the result of good-faith, arms’ length negotiations. As discussed in greater detail below, as part of the consensual arrangement and as adequate protection for any diminution in value during these cases (the “Chapter 11 Cases”), the Debtors have agreed to provide the First Lien Term Loan Lenders and the Second Lien Term Loan Lenders with replacement liens and superpriority administrative

claims, maintain the Debtors' existing cash management systems and comply with certain budget and reporting requirements.

8. The path forward for the Debtors is clear and time is of the essence. As of the Petition Date, the Debtors have approximately \$96 million (net of all outstanding checks) in cash on hand, all of which constitutes Cash Collateral. If the Debtors were unable to use Cash Collateral, the Debtors would not have sufficient working capital to: (i) make payments to vendors or suppliers, (ii) satisfy ordinary operating costs or (iii) fund the administrative costs of the Chapter 11 Cases. Without access to Cash Collateral, the Debtors' ability to restructure as contemplated under the Restructuring Support Agreement and the Plan will be jeopardized. In such a scenario, the value available for distribution to stakeholders in the Chapter 11 Cases would be significantly reduced. Accordingly, the Debtors have an immediate need to use Cash Collateral to ensure sufficient liquidity throughout the pendency of the Chapter 11 Cases to enable them to confirm and consummate the Plan.

Jurisdiction

9. The Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are sections 105, 361, 362, 363, 503, 507 and 552 of the Bankruptcy Code, Bankruptcy Rule 2002, 4001 and 9014 and rule 4001-2 of the Local Rules. Pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order or judgment by the Court in connection with this Motion to the extent it is later

determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

Relief Requested

10. The Debtors seek entry of the Interim Order: (i) authorizing the Debtors to use “Cash Collateral,” as defined in section 363(a) of the Bankruptcy Code;² (ii) granting adequate protection to the Prepetition Secured Parties and (iii) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms of the Orders. The Debtors also request that the Court schedule a final hearing on the Motion (the “Final Hearing”).

Concise Statement of the Material Terms of the Interim Order

11. Pursuant to Bankruptcy Rule 4001(b) and Local Rule 4001-2(a)(ii), the Debtors submit the following concise statement of the material terms of the Interim Order.³

Summary of Material Terms		Location
Parties with an Interest in Cash Collateral Bankruptcy Rule 4001(b)(1)(B)(i)	Cortland Capital Market Services, LLC, as successor administrative and collateral agent (in such capacities, the “ <u>First Lien Agent</u> ”), and each of the lenders party thereto (the “ <u>First Lien Term Loan Lenders</u> ” and, together with the First Lien Agent, the “ <u>First Lien Term Loan Secured Parties</u> ”) under the First Lien Term Loan	¶(ii)

² Section 363(a) of the Bankruptcy Code defines “cash collateral” as follows:

Cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents whenever acquired in which the estate and an entity other than the estate have an interest and includes the proceeds, products, offspring rents, or profits of property and the fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in section 552(b) of this title, whether existing before or after the commencement of a case under this title.

³ Any summary of any terms of the Interim Order contained in this motion is qualified in its entirety by reference to the provisions of the Interim Order. The Interim Order will control in the event of any inconsistency between this motion and the Interim Order. Unless otherwise defined herein, capitalized terms used in this Motion have the meanings ascribed to them in the Interim Order.

Summary of Material Terms		Location
	<p>Credit Agreement.</p> <p>Cortland Capital Market Services, LLC, as successor administrative and collateral agent to the Second Lien Term Loan Credit Agreement (in such capacities, the “<u>Second Lien Agent</u>” and, together with the First Lien Agent, the “<u>Agents</u>”), and each of the lenders party thereto (the “<u>Second Lien Term Loan Lenders</u>” and, together with the Second Lien Agent, the “<u>Second Lien Term Loan Secured Parties</u>”; the First Lien Term Loan Lenders and the Second Lien Term Loan Lenders, collectively the “<u>Prepetition Lenders</u>”; the First Lien Term Loan Secured Parties and the Second Lien Term Loan Secured Parties, collectively, the “<u>Prepetition Secured Parties</u>”).</p>	
<p>Purposes for Use of Cash Collateral Bankruptcy Rule 4001(b)(1)(B)(ii)</p>	<p>In accordance with the terms and conditions of the Interim Order, the Debtors are authorized to use Cash Collateral for: (i) working capital purposes; (ii) other general corporate purposes of the Debtors and (iii) the satisfaction of the costs and expenses of administering the Chapter 11 Cases; provided, that (x) the Prepetition Secured Parties are granted the adequate protection as set forth therein and (y) except on the terms and conditions of the Interim Order, the Debtors shall be prohibited from at any time using the Cash Collateral absent consent of the Prepetition Secured Parties or further order of the Court.</p>	¶2
<p>Budget Bankruptcy Rule 4001(b)(1)(B)(ii)</p>	<p>On the third business day of the first full week after the Petition Date and the third business day of each second week thereafter, the Debtors shall deliver an updated budget for the following 13-week period (the “<u>Budget</u>”) (beginning with the week ending on the first Sunday following the required date of delivery), in form and detail substantially similar to the Initial Budget and</p>	¶3

Summary of Material Terms		Location
	otherwise reasonably satisfactory to the First Lien Agent.	
Termination Date Bankruptcy Rule 4001(b)(1)(B)(iii)	The termination date (“ <u>Termination Date</u> ”) shall occur two business days following written notice from the First Lien Agent (acting at the direction of Supermajority Consenting First Lien Term Lenders (as defined in the Restructuring Support Agreement)) to the Debtors, counsel to the Debtors and the U.S. Trustee of the occurrence of any of the Termination Events, provided that the Termination Date shall occur immediately upon the occurrence of any event set forth in subsections 6(a), 6(g), 6(i), 6(k), 6(l) or 6(n) of the Interim Order.	¶6
Termination Events Bankruptcy Rule 4001(b)(1)(B)(iii)	The events set forth in paragraphs 6(a) through 6(n) of the Interim Order are collectively referred to as the “ <u>Termination Events</u> ” and include termination events that are customary in a cash collateral order, such as failure to make timely payments, failure to comply with material terms of the Interim Order, dismissal or conversion of the Chapter 11 Cases and appointment of a trustee, as well terms agreed to between the Prepetition Secured Parties and the Debtors. These include, among other things, the termination of the Restructuring Support Agreement, the Debtors’ filing of a plan of reorganization other than as described in the Restructuring Support Agreement and the Debtors’ commencement of litigation against the First Lien Agent or First Lien Term Loan Secured Parties. The Debtors’ right to use Cash Collateral in the Holdback Account (as defined below) shall continue, so long as the Debtors comply with the terms of the Holdback DACA (as defined below).	¶6(a)-(n)
Adequate Protection Bankruptcy Rule 4001(b)(1)(B)(iv)	The Agents, on behalf of themselves and for the benefit of each of the Prepetition Secured Parties, are hereby granted, solely to the extent of any diminution in value of their	¶4

Summary of Material Terms	Location
	<p>interests in the Prepetition Collateral (including the Cash Collateral) from and after the Petition Date, the following (collectively, the “<u>Secured Party Adequate Protection Obligations</u>”).</p> <p>The adequate protection provided to the First Lien Agent and the First Lien Term Loan Secured Parties, includes:</p> <ul style="list-style-type: none"> • subject to the Carve-Out and Permitted Liens, adequate protection liens including liens over any and all tangible and intangible pre- and post-petition property of the Debtors, <u>provided, however</u>, that to the extent that any lease prohibits the granting of a lien thereon, or otherwise prohibits hypothecation of the leasehold interest, then in such event there shall only be a lien on the economic value of, proceeds of sale or other disposition of, and any other proceeds and products of such leasehold interests unless the applicable provision is rendered ineffective by applicable non-bankruptcy law or the Bankruptcy Code; • subject to the Carve-Out, allowed superpriority administrative expense claims pursuant to sections 503(b), 507(a) and 507(b) of the Bankruptcy Code, with priority over any and all administrative expenses and all other claims against the Debtors and • payment of the reasonable and documented professional fees and expenses incurred by the Agents under the First Lien Term Loan Credit Agreement including the reasonable and documented fees and expenses incurred by Davis Polk & Wardwell LLP and Shaw Fishman Glantz & Towbin LLC, as counsel to

Summary of Material Terms		Location
	<p>the First Lien Agent and Moelis & Company, as financial advisors to the First Lien Agent.</p> <p>The adequate protection provided to the Second Lien Agent and the Second Lien Secured Parties, includes:</p> <ul style="list-style-type: none"> • subject to the Carve-Out, the Permitted Liens, the Prepetition First Lien Term Loan Liens and the First Lien Term Loan Adequate Protection Liens, adequate protection liens including liens over any and all tangible and intangible pre- and post-petition property of the Debtors and • subject to the Carve-Out and the First Lien Term Loans Adequate Protection Superpriority Claims, allowed superpriority administrative expense claims pursuant to sections 503(b), 507(a) and 507(b) of the Bankruptcy Code, with priority over any and all administrative expenses and all other claims against the Debtors. 	
<p>Carve-Out Bankruptcy Rule 4001(b)(1)(B)(iii)</p>	<p>The “<u>Carve-Out</u>” means an amount equal to the sum of: (i) all fees required to be paid to the clerk of the Court and to the Office of the U.S. Trustee under section 1930(a) of title 28 of the United States Code, plus interest at the statutory rate (without regard to the notice set forth in clause (iii) below); (ii) all reasonable fees and expenses of up to \$50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in clause (iii) below) and (iii) all allowed unpaid fees, costs and expenses (the “<u>Professional Fees</u>”) incurred by persons or firms retained by the Debtors, whose retention is approved by a final order of the Court (which order has not been reversed, vacated, stayed or appealed)</p>	¶8

Summary of Material Terms	Location
	<p>that are incurred (A) at any time before delivery by either of the Agents of a Carve-Out Trigger Notice (as defined below), whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice (subject to any further limits imposed by the Interim Order or the Final Order or otherwise on Professional Fees permitted to be incurred in connection with any permitted investigations of Claims and Defenses against any Prepetition Secured Parties), and (B) after the occurrence of the Termination Date and delivery of written notice (the “<u>Carve-Out Trigger Notice</u>”) thereof (which may be by email) to the Debtors and the Debtors’ advisors, in an aggregate amount not to exceed \$1,000,000, to the extent such Professional Fees are allowed at any time (the amount set forth in this clause (iii)(B) being the “<u>Post-EoD Carve-Out Amount</u>”); provided that the Post-EoD Carve-Out Amount shall be reduced on a dollar-for-dollar basis by any payments made on or after the date of delivery of a Carve-Out Trigger Notice of Professional Fees incurred on or after such date; <u>provided, further</u>, that nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in clause (i), (ii) or (iii) above, on any grounds.</p> <p>Notwithstanding the foregoing, the Carve-Out shall not include, apply to or be available for any fees or expenses incurred by any party in connection with (a) the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation (i) against any of the Prepetition Secured Parties or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset</p>

Summary of Material Terms	Location
	<p>to, the obligations and the liens and security interests granted under, as applicable, the Credit Documents, including, without limitation, for lender liability or, other than as set forth in paragraphs 10 and 11 of the Interim Order or similar provisions of the Final Order, as applicable, pursuant to section 105, 510, 544, 547, 548, 549, 550 or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise; (b) attempts to modify any of the rights granted to any of the Prepetition Secured Parties hereunder or (c) paying any amount on account of any claims arising before the commencement of these Chapter 11 Cases unless such payments are approved by an order of the Court; <u>provided, however,</u> that nothing herein shall preclude the Debtors from seeking reimbursement for their reasonable fees and expenses incurred in responding to formal discovery requests brought by third parties in connection with any of the foregoing; <u>provided, further, however,</u> that nothing herein shall preclude the Debtors from (x) seeking, in good faith, a determination regarding whether the Termination Date occurred, (y) seeking, in good faith, an order authorizing the Debtors' non-consensual use of Cash Collateral by showing that the Prepetition Secured Parties are adequately protected or (z) contesting, in good faith whether the Restructuring Support Agreement is breached or otherwise terminated. The Carve-Out shall be funded from the Holdback Account up to the full amount of such account before being funded from any other source.</p> <p>Notwithstanding anything to the contrary herein, the Carve-Out shall be senior to all liens and claims granted under the Interim Order, including, without limitation, the Adequate Protection Liens, the Adequate Protection Superpriority Claims and any and</p>

Summary of Material Terms		Location
	all other liens or claims securing any of the Secured Obligations.	
Waiver/Modification of Automatic Stay Bankruptcy Rule 4001(b)(1)(B)(iii)	The Debtors are authorized and directed to perform all acts and to make, execute and deliver any and all instruments as may be reasonably necessary to implement the terms and conditions of the Interim Order and the transactions contemplated therein. The Automatic Stay is modified to permit the Debtors and each of the Prepetition Secured Parties to accomplish each of the transactions contemplated by the Interim Order.	¶13
Stipulations of the Debtors Local Rule 4001-2(a)(i)(B)	<p>The Interim Order contains certain stipulations by the Debtors, among other things, to:</p> <ul style="list-style-type: none"> • the amount of the claims of the Agents and the Prepetition Secured Parties as of the Petition Date; • the validity and priority of the liens and security interests securing the First Lien Term Loan Obligations and the Second Lien Term Loan Obligations; • the lack of a basis to challenge or avoid the validity, enforceability, priority or perfection of the liens and security interests securing the First Lien Term Loan Obligations and the Second Lien Term Loan Obligations; • the relative priority of the liens securing the First Lien Term Loan Obligations and the Second Lien Term Loan Obligations as to each other, pursuant to the Intercreditor Agreement and • the fact that all cash proceeds, subject to certain exceptions set forth in the Interim Order, are Cash Collateral of the Prepetition Secured Parties. 	D
Binding Effect of the Debtors' Stipulations on Third Parties Bankruptcy Rule	The releases, stipulations and admissions contained in the Interim Order, including, without limitation, in paragraphs D and E of	¶10

Summary of Material Terms	Location
<p>4001(b)(1)(B)(iii); Local Rule 4001-2(a)(i)(B)</p>	<p>the Interim Order, shall be binding upon the Debtors and their affiliates and any of their respective successors in all circumstances. The releases, stipulations and admissions contained in the Interim Order, including, without limitation, in paragraphs D and E of the Interim Order, shall be binding upon all other parties-in-interest, including, without limitation, any chapter 7 or chapter 11 trustee appointed or elected for the Debtor (a “<u>Trustee</u>”), any statutory or non-statutory committees appointed or formed in these Chapter 11 Cases and any other person or entity acting on behalf of the Debtors’ estate, or otherwise, unless and except to the extent that, with respect to any particular party in interest, (i) such party in interest has filed an adversary proceeding or contested matter (subject to the limitations contained in the Interim Order) by no later than the date that is the earlier of (A) 75 days from the Petition Date and (B) the date on which objections to confirmation of the Plan are due (the “<u>Challenge Termination Date</u>”) objecting to or challenging the amount, validity, perfection, enforceability, priority or extent of the Secured Obligations or otherwise asserting or prosecuting any action for preferences, fraudulent transfers or conveyances, other avoidance power claims or any other claims, counterclaims or causes of action, objections, contests or defenses, including, to the extent released by the Debtors under paragraphs D and E against any of the Prepetition Secured Parties or their affiliates, representatives, attorneys or advisors in connection with matters related to the Credit Documents or the Prepetition Collateral (including the Cash Collateral) (collectively, “<u>Claims and Defenses</u>”) (each such adversary proceeding or contested matter filed on or before the Challenge Termination Date, a “<u>Challenge Proceeding</u>”) and (ii) there is a final order in favor of the plaintiff sustaining any such</p>

Summary of Material Terms		Location
	<p>challenge or claim in any Challenge Proceeding; <u>provided</u> that any challenge or claim shall set forth with specificity the basis for such challenge or claim, any and all challenges or claims not so specified in a Challenge Proceeding prior to the expiration of the Challenge Termination Date shall be forever deemed waived, released and barred, <u>provided further</u>, that (x) if the Chapter 11 Cases are converted to chapter 7 or a Trustee is appointed prior to the Challenge Termination Date, any such estate representative or Trustee shall receive the full benefit of any remaining time until the Challenge Termination Date (which Challenge Termination Date shall be extended to provide a chapter 7 trustee appointed prior to the Challenge Termination Date no less than ten days to assert any Claims and Defenses), subject to the limitations described herein and (y) if the Chapter 11 Cases are converted to chapter 7 after the Challenge Termination Date and, prior to such conversion, a statutory committee with requisite standing had timely filed an adversary proceeding or contested matter prior to the Challenge Termination Date, the chapter 7 trustee shall be deemed to be the successor to such adversary proceeding or contested matter.</p>	
<p>506(c) Waiver Local Rule 4001-2(a)(i)(C)</p>	<p>Subject to the entry of the Final Order, all rights to surcharge any Prepetition Secured Party, any of the Secured Obligations, any of their respective claims or the Prepetition Collateral (including Cash Collateral) pursuant to sections 506(c) or 105(a) of the Bankruptcy Code, or any other applicable principal in equity or law shall be and are hereby finally and irrevocably waived, and such waiver shall be binding upon the Debtors and all parties-in-interest in these Chapter 11 Cases, and no costs or expenses of administration which have been or may be incurred in any of these Chapter 11 Cases at</p>	<p>¶14</p>

Summary of Material Terms	Location
	any time shall be charged against any of the foregoing without the prior written consent of the Agents and no such consent shall be implied from any other action, inaction, or acquiescence by any of the Prepetition Secured Parties or their respective representatives or any provision of the Interim Order or the Final Order.
Provisions Affecting Consideration of the Equities of the Case under Section 552(b)(1) Local Rule 4001-2(a)(i)(H)	<p>The Prepetition Secured Parties shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and, subject to the Final Order, the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Secured Parties with respect to proceeds, products, offspring or profits of any of the Prepetition Collateral, subject to paragraph 10 of the Interim Order.</p> <p>The Agents shall be entitled to apply the payments or proceeds of the Prepetition Collateral (including the Cash Collateral) in accordance with the provisions of the Credit Documents, and, subject to the Carve-Out, in no event shall any of the Prepetition Secured Parties be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the Prepetition Collateral (including the Cash Collateral) for the benefit of any non-Prepetition Secured Party.</p>

Highlighted Provisions under Local Rule 4001-2(a)(i)

12. The Interim Order includes certain terms that constitute material provisions requiring explicit disclosure under the Local Rules.⁴ The provisions described in

⁴ While the Debtors have attempted to highlight the provisions required by the Bankruptcy Rules and Local Rules, as well as certain other material provisions, the Debtors reserve the right to supplement this list at the Interim Hearing

Local Rule 4001-2(a)(i), to the extent applicable, are set out at the following sections of the Interim Order:

- a. **Local Rule 4001-2(a)(i)(A) - *Cross-Collateralization*.** The Orders do not provide for cross-collateralization, other than replacement liens as adequate protection.
- b. **Local Rule 4001-2(a)(i)(B) - *Validity, Perfection, and Amount of Prepetition Liens*.** The Debtors acknowledge, agree, admit and stipulate to various matters, including, the validity, perfection and priority of the liens securing the Secured Obligations. *See* Interim Order at ¶ D. The stipulations set forth in paragraph D of the Interim Order are binding on the Debtors and any successors thereto. *See* Interim Order at ¶ 10. In compliance with Local Rule 4001-2(a)(i)(B), parties-in-interest have seventy-five days from the entry of the Interim Order to investigate the stipulations set forth in paragraph D. *See id.*
- c. **Local Rule 4001-2(a)(i)(C) - *506(c) Waiver*.** Subject to the entry of the Final Order, all rights to surcharge any Prepetition Secured Party, any of the Secured Obligations, any of their respective claims or the Prepetition Collateral (including Cash Collateral) pursuant to sections 506(c) or 105(a) of the Bankruptcy Code, or any other applicable principal in equity or law shall be and are hereby finally and irrevocably waived, and such waiver shall be binding upon the Debtors and all parties-in-interest in these Chapter 11 Cases, and no costs or expenses of administration which have been or may be incurred in any of these Chapter 11 Cases at any time shall be charged against any of the foregoing without the prior written consent of the Agents and no such consent shall be implied from any other action, inaction, or acquiescence by any of the Prepetition Secured Parties or their respective representatives or any provision of the Interim Order or the Final Order. *See* Interim Order at ¶ 14.
- d. **Local Rule 4001-2(a)(i)(D) - *Liens on Avoidance Actions*.** Subject only to entry of the Final Order, the Adequate Protection Liens shall attach to any proceeds or property recovered in respect of any Avoidance Actions. *See* Interim Order at ¶ 4(c).
- e. **Local Rule 4001-2(a)(i)(E) - *Provisions Deeming Prepetition Debt to be Post Petition Debt*.** The Orders do not deem prepetition secured debt to be post-petition debt.

- f. **Local Rule 4001-2(a)(i)(F) - *Disparate Treatment of Professionals Retained by the Committee.*** In compliance with Local Rule 4001-2(a)(i)(F), the Interim Order contains no provisions that provide for disparate treatment for professionals retained by the Committee, if any, with respect to the Carve-Out. *See* Interim Order ¶ 8.
- g. **Local Rule 4001-2(a)(i)(G) - *Non-Consensual Priming.*** The Orders do not provide for non-consensual priming of any existing secured lien. The priming liens granted to the Agents as adequate protection expressly shall not prime (i) valid, perfected, and unavoidable liens in existence as of the Petition Date or (ii) valid and unavoidable liens in existence for amounts outstanding as of the Petition Date that are perfected after the Petition Date, as permitted by Bankruptcy Code section 546(b), which valid, perfected, and unavoidable liens are senior in priority to the security interests and liens in favor of the First Lien Agent. *See* Interim Order ¶ 4(a)-(b).
- h. **Local Rule 4001-2(a)(i)(H) - *Provisions Affecting the Court's Power to Consider the Equities of the Case.*** Subject to entry of the Final Order, the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Agents and the Prepetition Secured Parties with respect to proceeds, products, offspring, or profits of any of the Prepetition Collateral or the Adequate Protection Collateral, subject to ¶ 10 of the Interim Order. *See* Interim Order ¶ 16.

The Debtors’ Prepetition Secured Indebtedness

A. First Lien Term Loan Credit Agreement

13. The Debtors are party to a \$750 million senior first lien secured term loan facility, dated as of August 4, 2014 (the “First Lien Term Loan Credit Agreement”), the First Lien Agent as successor agent to Citibank, N.A. (“Citi”) and the First Lien Term Loan Lenders.⁵ The First Lien Term Loan Credit Agreement was fully drawn on August 4, 2014 and matures on

⁵ On February 10, 2016, ARM Minerals was joined as a credit party and guarantor under the First Lien Term Loan Credit Agreement. On April 28, 2016, Cortland replaced Citi as administrative agent under the First Lien Term Loan Credit Agreement. Additionally, on January 6, 2017 Cortland replaced Citi as collateral agent under the First Lien Term Loan Credit Agreement.

August 4, 2020. As of the Petition Date, approximately \$708 million remains outstanding in principal under the First Lien Term Loan Credit Agreement.

14. In connection with the First Lien Term Loan Credit Agreement, the Debtors established a capital expenditures reserve account (the “CapEx Account”), initially funded by \$300 million of the First Lien Term Loan Credit Agreement proceeds. If certain conditions are satisfied, the Debtors are entitled to withdraw funds from the CapEx Account for a number of purposes, including the development of certain acreage, the acquisition of certain properties to address title and environmental defects subsequent to the acquisition, and for general corporate purposes, including debt service. As of the Petition Date, the balance of the CapEx Account is \$106 million.

15. The collateral securing the Debtors’ obligations under the First Lien Term Loan Credit Agreement and the guarantees provided by the Debtors are described below.

B. Second Lien Term Loan Credit Agreement

16. The Debtors also are party to a \$450 million senior second-lien secured term loan facility, dated as of August 4, 2014 (the “Second Lien Term Loan Credit Agreement”), with the Second Lien Agent as successor agent to Citi and the Second Lien Term Loan Lenders.⁶ The Second Lien Term Loan Credit Agreement was fully drawn on August 4, 2014 and matures on August 4, 2021. In April and May 2016, Ascent Resources Operating, LLC (“ARO”) repurchased approximately \$102 million of the loans outstanding under the Second Lien Term Loan Credit Agreement in the open market. ARO contributed these repurchased loans to ARM Holdings which were subsequently cancelled and extinguished. As of the Petition Date,

⁶ On February 10, 2016, ARM Minerals was joined as a credit party and guarantor under the Second Lien Term Loan Credit Agreement. On April 28, 2016, Cortland replaced Citi as administrative agent under the Second Lien Term Loan Credit Agreement. Additionally, on January 6, 2017 Cortland replaced Citi as collateral agent under the Second Lien Term Loan Credit Agreement.

approximately \$348 million remains outstanding in principal under the Second Lien Term Loan Credit Agreement.

17. The collateral securing the Debtors' obligations under the Second Lien Term Loan Credit Agreement and the guarantees provided by the Debtors are described below.

C. Security

18. ARM's obligations under the First Lien Term Loan Credit Agreement are guaranteed by all of the Debtors, other than ARM (the borrower), pursuant to that certain First Lien Collateral Agreement dated as of August 4, 2014. The Debtors have granted a first-priority lien on and security interest in substantially all assets and capital stock, including a security interest in the Debtors' \$106 million of restricted cash in the CapEx Account, \$86 million (net of all outstanding checks) restricted cash on hand and real property mortgages on substantially all of the Debtors' natural gas and oil properties to the First Lien Agent for the First Lien Term Loan Lenders. The Debtors also possess \$10 million in a deposit account (the "Holdback Account") that is subject to a deposit account agreement (the "Holdback DACA"). The terms of the Holdback DACA permit the Debtors to use the \$10 million for the purpose of paying ordinary course operating expenses and the reasonable, documented fees, expenses and costs of the Debtors' legal counsel and other advisors.

19. ARM's obligations under the Second Lien Term Loan Credit Agreement are guaranteed by all of the Debtors, other than ARM (the borrower), pursuant to that Second Lien Collateral Agreement dated as of August 4, 2014. The Debtors have granted a second-priority lien on and security interest in substantially all assets and capital stock, including a security interest in the Debtors' \$106 million of restricted cash in the CapEx Account, \$86

million (net of all outstanding checks) restricted cash on hand, the \$10 million in the Holdback Account and real property mortgages on substantially all of the Debtors' natural gas and oil properties to the Second Lien Agent for the Second Lien Term Loan Lenders (together with the First Lien Term Loan Lenders, the "Prepetition Secured Parties").

D. Intercreditor Agreement

20. The relationship and relative lien priorities among the Agents and Prepetition Secured Parties is subject to that certain Intercreditor Agreement, dated as of August 4, 2014 (the "Intercreditor Agreement"), by and among the Debtors, the First Lien Agent and the Second Lien Agent. The Intercreditor Agreement, among other things, provides that the liens and security interests of the Second Lien Agent and Second Term Loan Lien Lenders are subordinate to the liens and security interests of the First Lien Agent and First Lien Term Loan Lenders with respect to shared collateral. The Intercreditor Agreement also governs certain of the respective rights and interests among the Prepetition Secured Parties, including, limitations on the Second Lien Agent and Second Lien Term Loan Lenders rights to object to the Debtors' proposed use of cash collateral in connection with a chapter 11 proceeding where the First Lien Agent, on behalf of itself and the First Lien Term Loan Lenders, has consented to the use of such cash collateral. *See* Intercreditor Agreement, § 2.06(b). As described below, the First Lien Agent, on behalf of the First Lien Term Loan Lenders, and the Second Lien Agent, on behalf of the Second Lien Term Loan Lenders, have consented to the Debtors' use of Cash Collateral.

The Debtors' Need to Use Cash Collateral

21. The Debtors use cash on hand and cash flow from operations to fund their working capital needs, capital expenditures and for other general corporate purposes. An

inability to use these funds during the Chapter 11 Cases could cripple the Debtors' business operations. Indeed, without access to Cash Collateral the Debtors and their estates would suffer immediate and irreparable harm.

22. A significant portion of the collateral includes natural gas and oil properties and related assets (including real property and personal property related thereto) on which the Prepetition Secured Parties have liens, including the natural gas and oil extracted by the Debtors from those properties and the proceeds generated from sales thereof. The Debtors' business model is predicated upon their ability to exploit their natural gas and oil assets, bring them to market and utilize the proceeds in their business operations. Thus, the orderly continuation of the Debtors' operations and the preservation of their going concern value is largely dependent upon their ability to regularly convert the Prepetition Collateral into Cash Collateral and use it in their operations.

23. The Debtors also rely on the encumbered cash generated from their operations to fund working capital, capital expenditures and for other general corporate purposes. During these Chapter 11 Cases, the Debtors will need this operating revenue to pay suppliers, pay expenses pursuant to joint operating agreements for properties operated by the Debtors, satisfy joint interest billings for properties where the Debtors are a non-operating working interest holder and make any other payments that are essential for the continued management, operation and preservation of the Debtors' businesses. The ability to satisfy these expenses as and when due is essential to the Debtors' continued operation of their businesses during the pendency of these cases.

24. The Debtors seek authority to use Cash Collateral in accordance with the Initial Budget (as defined below) for working capital, general corporate purposes

administrative costs and expenses of the Chapter 11 Cases. Pursuant to the Interim Order, the Debtors' right to use Cash Collateral will commence on the Petition Date and shall remain in effect until the Termination Date. The Termination Date shall occur two business days following written notice from the First Lien Agent (acting at the direction of Supermajority Consenting First Lien Term Lenders) to the Debtors and counsel to the Second Lien Agent of the occurrence of any of the Termination Events described in the Interim Order, provided that (i) the Termination Date shall occur immediately upon the occurrence of any event set forth in subsections 6(a), 6(g), 6(i), 6(k), 6(l) or 6(n) of the Interim Order.

25. The Debtors, with the assistance of their advisors, have formulated a 13-week cash flow budget, in form and substance satisfactory to the First Lien Agent, for the use of Cash Collateral during the interim period (the "Initial Budget"). The Debtors believe that the Initial Budget will provide the Debtors with adequate liquidity during the interim period. The Initial Budget contains line items for each category of cash flows anticipated to be received or disbursed during the time period for which the Initial Budget is prepared. The Debtors believe that the Initial Budget includes all reasonable, necessary and foreseeable expenses to be incurred in connection with the operation of their business for the period set forth in the Initial Budget.

Basis for Relief

A. The Use of Cash Collateral Is Warranted Under Section 363 of the Bankruptcy Code and Should Be Approved.

26. The Debtors' use of property of their estates, including the Cash Collateral, is governed by section 363 of the Bankruptcy Code, which provides in relevant part that:

If the business of the debtor is authorized to be operated under section . . . 1108 . . . of this title and unless the court orders otherwise, the

[debtor] may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.

11 U.S.C. § 363(c)(1). Pursuant to section 363(c)(2) of the Bankruptcy Code, a debtor may not use cash collateral unless “(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section.” 11 U.S.C. § 363(c)(2).

27. It is essential to the Debtors’ successful reorganization and the going concern value of their businesses that they have sufficient funds to operate in the ordinary course. Absent the use of Cash Collateral, the Debtors will not have sufficient working capital to: (i) make payments to operators, royalty interest holders, working interest holders, vendors or suppliers, (ii) satisfy ordinary operating costs and (iii) fund the administrative costs of these Chapter 11 Cases. Furthermore, as discussed above, and in accordance with section 363(c)(2) of the Bankruptcy Code, the parties have consented to the Debtors’ use of Cash Collateral pursuant to the terms of the Interim Order, including the Initial Budget. Accordingly, the Debtors submit that the use of Cash Collateral is in the best interests of the Debtors’ estates and should be approved.

B. The Debtors’ Proposed Grant of Adequate Protection to Use Cash Collateral Is Appropriate.

28. Pursuant to section 363(c) of the Bankruptcy Code, the Debtors may only use Cash Collateral of the Prepetition Secured Parties, subject to the consent of those parties or the grant of adequate protection. 11 U.S.C. § 363(c)(2). Section 363(e) of the Bankruptcy Code provides that upon request of an entity that has an interest in property to be used by a debtor, the court shall prohibit or condition such use as is necessary to provide adequate protection of such interest. 11 U.S.C. § 363(e).

29. Generally, what constitutes adequate protection is decided on a case-by-case basis. *See In re Columbia Gas Sys., Inc.*, 1992 WL 79323, at *2 (Bankr. D. Del. Feb. 18, 1992); *In re Mosello*, 195 B.R. 277, 289 (Bankr. S.D.N.Y. 1996) (“the determination of adequate protection is a fact-specific inquiry . . . left to the vagaries of each case”); *In re Beker Indus. Corp.*, 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986) (the application of adequate protection “is left to the vagaries of each case, but its focus is protection of the secured creditor from diminution in the value of its collateral during the reorganization process”) (citation omitted); *see also In re Continental Airlines Inc.*, 154 B.R. 176, 180-181 (Bankr. D. Del. 1993).

30. The Debtors intend to provide the First Lien Term Loan Lenders with adequate protection, which includes: (i) allowed superpriority administrative claims pursuant to section 507(b) of the Bankruptcy Code; (ii) liens, including first-priority liens on unencumbered property, to the extent of any diminution in value of their interests in the prepetition collateral, including Cash Collateral (collectively, the “First Lien Adequate Protection Liens”); (iii) fees and expenses incurred by the First Lien Agent, including the reasonable and documented fees, expenses and disbursements (of counsel and other third-party consultants) and (iv) the Debtors’ compliance with the Initial Budget, subject to certain financial reporting.

31. The Debtors intend to provide the Second Lien Term Loan Lenders with adequate protection, which includes: (i) allowed superpriority administrative claims pursuant to section 507(b) of the Bankruptcy Code; (ii) adequate protection liens, to the extent of any diminution in value of their interests in the prepetition collateral, including Cash Collateral,

subject to the First Lien Adequate Protection Liens and (iii) the Debtors' compliance with the Initial Budget, subject to certain variances, and other financial reporting.

32. The Prepetition Secured Parties will inherently benefit from the Debtors' proposed use of the Cash Collateral, which will prevent avoidable diminution of the value of the Cash Collateral and enhance the likelihood of preserving the Debtors' overall going concern value as the Debtors proceed with their Chapter 11 Cases. Preservation of the Debtors' business as a going concern in and of itself serves to provide such parties "adequate protection" for Bankruptcy Code purposes. *See 495 Cent. Park Ave. Corp.*, 136 B.R. 626, 631 (Bankr. S.D.N.Y. Feb. 4, 1992) (noting that, in determining whether protection is "adequate," courts consider "whether the value of the debtor's property will increase as a result of the" use of collateral or provision of financing); *In re Sky Valley, Inc.*, 100 B.R. 107, 114 (Bankr. N.D. Ga. 1988) ("an increase in the value of the collateral ... resulting from superpriority financing could result in adequate protection." (citation omitted)), *aff'd*, 99 B.R. 117 (N.D. Ga. 1989).

33. The Debtors believe that the proposed adequate protection is necessary and appropriate to ensure that the Debtors can continue to use Cash Collateral. Accordingly, the Debtors submit that the adequate protection is: (i) fair and reasonable, (ii) necessary to satisfy the requirements of sections 363(c)(2) and 363(e) of the Bankruptcy Code and (iii) in the best interests of the Debtors and their estates.

C. The Scope of the Carve-Out Is Appropriate.

34. The proposed Secured Party Adequate Protection Obligations are subject to the Carve-Out. Without the Carve-Out, the Debtors and other parties-in-interest may be deprived of certain rights and powers because the services for which professionals may be paid in these Chapter 11 Cases would be restricted. *See In re Ames Dep't Stores, Inc.*, 115 B.R. 34,

40 (Bankr. S.D.N.Y. 1990) (observing that courts insist on carve-outs for professionals representing parties-in-interest because “[a]bsent such protection, the collective rights and expectations of all parties-in-interest are sorely prejudiced”). The Carve-Out does not directly or indirectly deprive the Debtors’ estates or other parties-in-interest of possible rights and powers. Additionally, the Carve-Out protects against administrative insolvency during the course of these Chapter 11 Cases by ensuring that assets remain for the payment of the Clerk of the Court or U.S. Trustee fees and professional fees of the Debtors and a statutory committee.

D. The Automatic Stay Should Be Modified on a Limited Basis.

35. The relief requested herein contemplates a modification of the automatic stay to permit the Debtors to grant the proposed security interests and liens to the Prepetition Secured Parties, and to perform such acts as may be requested to assure the perfection and priority of such security interests and liens. The Interim Order further provides that the automatic stay is modified and vacated to the extent necessary, upon the occurrence of the Termination Date, to permit the Secured Party Adequate Protection Obligations to become due and payable and to allow the Prepetition Secured Parties to exercise the rights and remedies available under the First Lien Term Loan Credit Agreement, the Second Lien Term Loan Credit Agreement, the Interim Order or applicable law (subject only to the Carve-Out), including foreclosing upon and selling all or a portion of the Prepetition Collateral or Adequate Protection Collateral in order to collect the Secured Party Adequate Protection Obligations. Stay modifications of this kind are ordinary and standard features for the use of cash collateral, and in the Debtors’ business judgment, are reasonable and fair under the present circumstances.

E. Interim Relief Should Be Granted.

36. Bankruptcy Rule 4001(b) provides that a final hearing on a motion to use cash collateral pursuant to section 363 of the Bankruptcy Code may not be commenced earlier than fourteen days after the service of such motion. Upon request, however, the court is empowered to conduct an interim expedited hearing on the motion at which it may authorize a debtor to use cash collateral to the extent necessary to avoid immediate and irreparable harm to a debtor's estate. *See* Bankruptcy Rule 4001(b)(2). Section 363(c)(3) of the Bankruptcy Code authorizes the court to conduct a preliminary hearing and to authorize the use of cash collateral "if there is a reasonable likelihood that the [debtor] will prevail at the final hearing under [section 363(e) of the Bankruptcy Code]." 11 U.S.C. § 363(c)(3). Local Rule 4001-2(b) provides that the Court may grant interim relief pending review of interested parties of proposed debtor-in-possession financing arrangements, including use of cash collateral, provided that such relief is only what is necessary to avoid immediate and irreparable harm to the estate pending a final hearing and, absent extraordinary circumstances, the proposed interim order does not include any of the provisions identified in Local Rule 4001-2(a)(i)(A)-(F). Local Rule 4001-2(b).

37. Accordingly, pursuant to section 363(c)(3) of the Bankruptcy Code, Bankruptcy Rule 4001(b) and Local Rule 4001-2(b), the Debtors request that the Court conduct an expedited hearing on this motion, and enter the Interim Order authorizing the Debtors to use Cash Collateral.

Request for Final Hearing

38. Pursuant to Bankruptcy Rule 4001(b)(2) and Local Rule 4001-2(c), the Debtors request that the Court set a date for the Final Hearing that is as soon as practicable and fix the time and date prior to the Final Hearing for parties to file objections to this motion.

Waiver of Bankruptcy Rule 6004(h)

39. Given the nature of the relief requested herein, the Debtors respectfully request a waiver of the fourteen-day stay under Bankruptcy Rule 6004(h). Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until expiration of 14 days after entry of the order, unless the court orders otherwise.” For the reasons described above, the continuation of the Debtors’ uninterrupted business operations is essential to prevent potentially irreparable damage to the Debtors’ operations, value and ability to reorganize.

Reservation of Rights

40. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtors, a waiver of the Debtors’ rights to dispute any claim, or an approval or assumption of any agreement, contract or lease under section 365 of the Bankruptcy Code. The Debtors expressly reserve their rights to contest any claim against the Debtors. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court’s order is not intended and should not be construed as an admission as to the validity of any claim or waiver of the Debtors’ rights to dispute such claim subsequently.

Notice

41. Notice of this Motion has been provided to the following parties, or, in lieu thereof, their counsel in accordance with Local Rule 9013-1(m)(iii): (i) the Office of the United States Trustee for the District of Delaware; (ii) the Office of the United States Attorney for the District of Delaware; (iii) the Internal Revenue Service; (iv) Davis Polk & Wardwell LLP as counsel to Cortland Capital Market Services LLC as administrator and collateral agent under the First Lien Credit Facility (as defined in the First Day Declaration); (v) counsel to Cortland Capital Market Services LLC as administrator and collateral agent under the Second Lien Credit Facility (as defined in the First Day Declaration) and (vi) the parties identified on the Debtors' consolidated list of thirty largest unsecured creditors. This Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m)(iii). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be provided.

Conclusion

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court (i) enter the Interim and Final Orders and (ii) grant such other and further relief as is just and proper.

Dated: February 6, 2018
Wilmington, Delaware

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*Proposed Co-Counsel to the Debtors and
Debtors-in-Possession*

EXHIBIT A

Proposed Interim Order

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

	X	
In re	:	Chapter 11
	:	
ASCENT RESOURCES MARCELLUS HOLDINGS, LLC, <i>et al.</i> , ¹	:	Case No. (18-10265) (LSS)
	:	
Debtors.	:	Jointly Administered
	:	
	:	Docket Ref. No. ____
	X	

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO USE
CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363, (II) GRANTING
ADEQUATE PROTECTION TO THE PREPETITION SECURED PARTIES
PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 503, 507, AND 552, (III) SCHEDULING
A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001(b) AND
(IV) GRANTING RELATED RELIEF**

Upon the Debtors’ Motion² for entry of this interim order (this “Interim Order”) and a final order (the “Final Order”) pursuant to sections 105, 361, 362, 363, 503, 507 and 552 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, 6003, 6004 and 9014 and Local Rules 2002-1, 4001-2 and 9013-1, *inter alia*:

- i. authorizing the Debtors’ use of Cash Collateral (as defined below), subject to and pursuant to the terms and conditions set forth in this Interim Order;
- ii. authorizing the Debtors to provide adequate protection to the Prepetition Secured Parties (as defined below) solely to the extent of any diminution in value of the Prepetition Collateral (as defined below) (including the Cash Collateral) from and after the Petition Date under or in connection with (i) that certain First Lien Term Loan Agreement, dated as of August 4, 2014 (as amended, restated, supplemented or otherwise modified prior to the commencement of

¹ The Debtors in these chapter 11 cases, and the last four digits of their U.S. taxpayer identification numbers are: Ascent Resources Marcellus Holdings, LLC (3495) (“ARM Holdings”), Ascent Resources - Marcellus, LLC (0354) (“ARM”) and Ascent Resources Marcellus Minerals, LLC (5418) (“ARM Minerals” and together with ARM Holdings and ARM, the “Debtors”). The Debtors’ corporate headquarters is located at 3501 NW 63rd Street, Oklahoma City, Oklahoma 73116.

² All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Motion.

these chapter 11 cases and with all supplements and exhibits thereto, the “First Lien Term Loan Credit Agreement” and, together with all related agreements and documents executed by any of the Debtors in connection with the First Lien Credit Agreement, the “First Lien Term Loan Documents”), by and among ARM as borrower, ARM Holdings and ARM Minerals as guarantors (ARM, ARM Holdings and ARM Minerals in such capacities, the “First Lien Term Loan Obligors”), Cortland Capital Market Services, LLC, as successor administrative and collateral agent (in such capacities, the “First Lien Agent”), and each of the lenders party thereto (the “First Lien Term Loan Lenders” and, together with the First Lien Agent, the “First Lien Term Loan Secured Parties”); and (ii) that certain Second Lien Term Loan Agreement, dated as of August 4, 2014 (as amended, restated, supplemented or otherwise modified prior to the commencement of these chapter 11 cases and with all supplements and exhibits thereto, the “Second Lien Term Loan Credit Agreement” and, together with all related agreements and documents executed by any of the Debtors in connection with the Second Lien Term Loan Credit Agreement, the “Second Lien Term Loan Documents” and the First Lien Term Loan Documents and the Second Lien Term Loan Documents, collectively, the “Credit Documents”), by and among ARM as borrower, ARM Holdings and ARM Minerals as guarantors (ARM, ARM Holdings and ARM Minerals in such capacities, the “Second Lien Term Loan Obligors”), Cortland Capital Market Services, LLC, as successor administrative and collateral agent (in such capacities, the “Second Lien Agent” and, together with the First Lien Agent, the “Agents”), and each of the lenders party thereto (the “Second Lien Term Loan Lenders” and, together with the Second Lien Agent, the “Second Lien Term Loan Secured Parties”; the First Lien Term Loan Lenders and the Second Lien Term Loan Lenders, collectively, the “Prepetition Lenders”; the First Lien Term Loan Secured Parties and the Second Lien Term Loan Secured Parties, collectively, the “Prepetition Secured Parties”);

- iii. approving certain stipulations by the Debtors with respect to the Credit Documents and the liens and security interests arising therefrom;
- iv. subject solely to entry of the Final Order, waiving the Debtors’ right to surcharge the Prepetition Collateral pursuant to section 506(c) of the Bankruptcy Code and any “equities of the case” exception pursuant to section 552(b) of the Bankruptcy Code;
- v. vacating and modifying the Automatic Stay (as defined herein) to the extent set forth herein;

- vi. waiving any applicable stay (including under Bankruptcy Rule 6004) and providing for immediate effectiveness of this Interim Order and as later applicable, the Final Order;
- vii. scheduling a final hearing (the “Final Hearing”) on the Motion no later than 50 days after the Petition Date to consider entry of a Final Order granting the relief requested in the Motion on a final basis; and

upon consideration of the *Declaration of Robert W. Kelly II in Support of the Debtors’ Chapter 11 Petitions and First Day Motions and Applications* and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 as well as the Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012; and the Court being able to issue a final order consistent with Article III of the United States Constitution; and it appearing that venue of these Chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that proper and adequate notice of the Motion and the relief requested therein has been provided in accordance with the Bankruptcy Rules and the Local Rules, and that, except as otherwise ordered herein, no other or further notice is necessary; and any objections (if any) to the Motion having been withdrawn, resolved or overruled on the merits; and a hearing having been held to consider the relief requested in the Motion and upon the record of the hearing and all of the proceedings had before this Court; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties-in-interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore;

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

A. Petition Date. On February 6, 2018 (the “Petition Date”), each of the Debtors filed a voluntary petition under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Court”).

B. Debtors in Possession. The Debtors are continuing in the management and operation of their business and properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Chapter 11 Cases.

C. Jurisdiction and Venue. This Court has jurisdiction over these proceedings and over the persons and property affected hereby pursuant to 28 U.S.C. §§ 157 and 1334 as well as the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. Venue for the Chapter 11 Cases is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

D. Debtors’ Stipulations. Subject to the limitations set forth in paragraph 10 below, the Debtors acknowledge, admit, agree, represent and stipulate to the following (paragraphs D(i) through D(x) below are collectively referred to herein as the “Debtors’ Stipulations”):

i. First Lien Term Loan Obligations. As of the Petition Date, the First Lien Term Loan Obligors were truly and justly indebted and liable to the First Lien Term Loan Secured Parties, without defense, counterclaim, recoupment or offset of any kind, (i) in the aggregate principal amount of not less than \$708,422,306 outstanding pursuant to and in accordance with the terms of the First Lien Term Loan Documents, plus (ii) (a) accrued and unpaid interest thereon, (b) any additional fees, costs and expenses (including, but not limited to, any attorneys’, financial advisors’, and other professionals’ fees and expenses)

that are chargeable or reimbursable under the First Lien Term Loan Documents and (c) all other charges, indemnities and other costs and obligations incurred therewith, whether arising before or after the Petition Date, including any Obligations (as defined in the First Lien Term Loan Documents) of any kind or nature, whether or not evidenced by any note, agreement or other instrument, whether or not contingent, whenever arising, accrued, accruing, due, owing or chargeable in respect of any of the Debtors' obligations under the First Lien Term Loan Documents (collectively, the "First Lien Term Loan Obligations").

ii. Second Lien Term Loan Obligations. As of the Petition Date, the Second Lien Term Loan Obligors were truly and justly indebted and liable to the Second Lien Secured Parties, without defense, counterclaim, recoupment or offset of any kind, (i) in the aggregate principal amount of not less than \$348,238,183 outstanding pursuant to and in accordance with the terms of the Second Lien Term Loan Documents, plus (ii) (a) accrued and unpaid interest thereon, (b) any additional fees, costs and expenses (including, but not limited to, any attorneys', financial advisors', and other professionals' fees and expenses) that are chargeable or reimbursable under the Second Lien Term Loan Documents and (c) all other charges, indemnities and other costs and obligations incurred therewith, whether arising before or after the Petition Date, including any Obligations (as defined in the Second Lien Term Loan Documents) of any kind or nature, whether or not evidenced by any note, agreement or other instrument, whether or not contingent, whenever arising, accrued, accruing, due, owing or chargeable in respect of any of the Debtors' obligations under the Second Lien Term Loan Documents (collectively, the "Second Lien Term Loan Obligations" and together with the First Lien Term Loan Obligations, the "Secured Obligations").

iii. Prepetition First Lien Term Loan Liens and Prepetition Collateral. The First Lien Term Loan Obligations are secured by a perfected first-priority lien and security interest (the "Prepetition First Lien Term Loan Liens") in, to, and against substantially all of the real and personal property (including substantially all of the oil and gas leases, rights of way and property interests, including wells, improvements and other property located on such oil and gas properties) described in that certain Collateral Agreement, dated as of August 4, 2014 (as amended, restated, supplemented or otherwise modified prior to the commencement of these Chapter 11 Cases), including, without limitation, Cash Collateral (defined below), the as-extracted collateral therefrom, the cash and noncash proceeds, receivables and rights in and to all imbalances, joint interest billings and payments from first party purchasers, and other rights arising from all prepetition collateral (collectively, the "Prepetition Collateral").

iv. Prepetition Second Lien Term Loan Liens and Prepetition Collateral. The Second Lien Term Loan Obligations are secured by a perfected second-priority lien and security interest (the "Prepetition Second Lien Term

Loan Liens” and together with the Prepetition First Lien Term Loan Liens, the “Prepetition Liens”) in, to, and against the Prepetition Collateral.

v. Intercreditor Agreement. Pursuant to that certain First/Second Lien Intercreditor Agreement, dated as of August 4, 2014, by and among Cortland Capital Market Services LLC, as replacement First Lien Facility Agent and Applicable First Lien Agent, Cortland Capital Market Services LLC, as replacement Second Lien Facility Agent and Applicable Second Lien Agent, ARM, ARM Holdings and ARM Minerals (as amended, restated, supplemented or otherwise modified prior to the commencement of these Chapter 11 Cases and with all supplements and exhibits thereto, the “Intercreditor Agreement”), and as more particularly stated therein, the Prepetition First Lien Term Loan Liens have priority over and are senior in all respects to the Prepetition Second Lien Term Loan Liens with respect to the Prepetition Collateral.

vi. Validity of First Lien Term Loan Obligations. The First Lien Term Loan Obligations constitute legal, valid and binding obligations of the First Lien Term Loan Obligors. No offsets, defenses or counterclaims to the First Lien Term Loan Obligations exist. No portion of the First Lien Term Loan Obligations or any payments made to the First Lien Term Loan Secured Parties or applied to or paid on account of the obligations owing under the First Lien Term Loan Documents prior to the Petition Date is subject to any contest, avoidance, disallowance, reduction, recharacterization, recovery, subordination (whether equitable, contractual or otherwise), attachment, offset, counterclaim, crossclaim, defense, “claim” (as defined in the Bankruptcy Code) of any kind, cause of action, impairment or any other challenge of any kind. The First Lien Term Loan Documents are valid and enforceable by each of the First Lien Term Loan Secured Parties and the First Lien Agent, as applicable, for the benefit of the First Lien Term Loan Secured Parties against each of the applicable Debtors. The First Lien Term Loan Obligations constitute allowed claims against the applicable Debtors’ estates. No claim of or cause of action held by the Debtors or their estates exists against any of the First Lien Term Loan Secured Parties or their agents (in such capacity), whether arising under applicable state or federal law (including, without limitation, any recharacterization, subordination, avoidance or other claims arising under or pursuant to sections 105, 510, or 542 through 553 of the Bankruptcy Code), or whether arising under or in connection with any of the First Lien Term Loan Documents (or the transactions contemplated thereunder), First Lien Term Loan Obligations or Prepetition First Lien Term Loan Liens, including without limitation, any right to assert any disgorgement or recovery.

vii. Validity of Second Lien Term Loan Obligations. The Second Lien Term Loan Obligations constitute legal, valid and binding obligations of the Second Lien Term Loan Obligors. No offsets, defenses or counterclaims to the Second Lien Term Loan Obligations exist. No portion of the Second Lien Term Loan Obligations or any payments made to the Second Lien Term Loan Secured Parties or applied to or paid on account of the obligations owing under the Second

Lien Term Loan Documents prior to the Petition Date is subject to any contest, avoidance, disallowance, reduction, recharacterization, recovery, subordination (whether equitable, contractual or otherwise), attachment, offset, counterclaim, crossclaim, defense, “claim” (as defined in the Bankruptcy Code) of any kind, cause of action, impairment or any other challenge of any kind. The Second Lien Term Loan Documents are valid and enforceable by each of the Second Lien Term Loan Secured Parties and the Second Lien Agent, as applicable, for the benefit of the Second Lien Term Loan Secured Parties against each of the applicable Debtors. The Second Lien Term Loan Obligations constitute allowed claims against the applicable Debtors’ estates. No claim of or cause of action held by the Debtors or their estates exists against any of the Second Lien Term Loan Secured Parties or their agents (in such capacity), whether arising under applicable state or federal law (including, without limitation, any recharacterization, subordination, avoidance or other claims arising under or pursuant to sections 105, 510, or 542 through 553 of the Bankruptcy Code), or whether arising under or in connection with any of the Second Lien Term Loan Documents (or the transactions contemplated thereunder), Second Lien Term Loan Obligations or Prepetition Second Lien Term Loan Liens, including without limitation, any right to assert any disgorgement or recovery.

viii. Validity and Perfection of Prepetition First Lien Term Loan Liens. The Prepetition First Lien Term Loan Liens (a) secure the First Lien Term Loan Obligations; (b) are valid, binding, perfected and enforceable liens on and security interests in the Prepetition Collateral (including the Cash Collateral (as defined below)); (c) are not subject, pursuant to the Bankruptcy Code or other applicable law, to any contest, avoidance, disallowance, reduction, recharacterization, recovery, subordination (whether equitable, contractual or otherwise), attachment, offset, counterclaim, crossclaim, defense, “claim” (as defined in the Bankruptcy Code) of any kind, cause of action, impairment or any other challenge of any kind; and (d) are subject and subordinate only to (1) the Carve-Out (as defined below) and (2) the Permitted Liens (as defined below) and the Debtors each irrevocably waive, for themselves and their subsidiaries and affiliates, any right to challenge or contest in any way the perfection, validation and enforceability of the Prepetition First Lien Term Loan Liens or the validity or enforceability of the First Lien Term Loan Obligations and the First Lien Term Loan Documents.

ix. Validity and Perfection of Prepetition Second Lien Term Loan Liens. The Prepetition Second Lien Term Loan Liens (a) secure the Second Lien Term Loan Obligations; (b) are valid, binding, perfected and enforceable liens on and security interests in the Prepetition Collateral (including the Cash Collateral (as defined below)); (c) are not subject, pursuant to the Bankruptcy Code or other applicable law, to any contest, avoidance, disallowance, reduction, recharacterization, recovery, subordination (whether equitable, contractual or otherwise), attachment, offset, counterclaim, crossclaim, defense, “claim” (as defined in the Bankruptcy Code) of any kind, cause of action, impairment or any other challenge of any kind; and (d) are subject and subordinate only to (1) the

Carve-Out, (2) the Permitted Liens and (3) the Prepetition First Lien Term Loan Liens and the Debtors each irrevocably waive, for themselves and their subsidiaries and affiliates, any right to challenge or contest in any way the perfection, validation and enforceability of the Prepetition Second Lien Term Loan Liens or the validity or enforceability of the Second Lien Term Loan Obligations and the Second Lien Term Loan Documents.

x. Cash Collateral. All cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents held by the Debtors, including, without limitation, all such proceeds of any Prepetition Collateral and all cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents held in any of the Debtors' banking, checking or other deposit accounts or securities accounts with financial institutions, including, without limitation, (i) the capital expenditure reserve account at Citibank, N.A. ("Citi") with account number xxxx7888 that is subject to that certain Deposit Account Control Agreement, among ARM, the First Lien Agent, the Second Lien Agent, and Citi, (ii) that certain account at BOKF, NA d/b/a Bank of Oklahoma ("BOKF"), with account number xxxx0821 that is subject to that certain Deposit Account Control Agreement, among ARM, the First Lien Agent, the Second Lien Agent, and BOKF, (iii) that certain account at BOKF, with account number xxxx2427 (the "Holdback Account") that is subject to that certain Deposit Account Control Agreement (the "Holdback DACA"), among ARM, the First Lien Agent, the Second Lien Agent, and BOKF, and (iv) that certain securities account at BOKF, with account number xxxx4846 that is subject to that certain Securities Account Control Agreement, among ARM, the First Lien Agent, the Second Lien Agent, and BOKF, which such account contains certain proceeds of the sale by ARM of certain Prepetition Collateral securing the First Lien Term Loan Obligations and Second Lien Term Loan Obligations, as recognized in the First Lien Loan Agreement Collateral Release Certificate and Second Lien Loan Agreement Collateral Release Certificate delivered by ARM, that closed on February 1, 2017, are "Cash Collateral" of the Prepetition Secured Parties within the meaning of section 363(a) of the Bankruptcy Code, whether received before, on or after the Petition Date (such cash, the "Cash Collateral").

E. Releases by the Debtors. Subject to the challenge provisions described in paragraph 10 herein, each of the Debtors and the Debtors' estates, on its own behalf and on behalf of its past, present and future predecessors, successors, heirs, subsidiaries and assigns (collectively, the "Releasors") to the maximum extent permitted by applicable law, unconditionally, irrevocably and fully forever release, remise, acquit, relinquish, irrevocably waive and discharge each of the Prepetition Secured Parties and each of their respective former,

current, or future officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates and predecessors in interest (collectively, the “Releasees”) of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, rights, assertions, allegations, actions, suits, controversies, proceedings, losses, damages, injuries, attorneys’ fees, costs, expenses or judgments of every type, whether known, unknown, asserted, unasserted, suspected, unsuspected, accrued, unaccrued, fixed, contingent, pending or threatened including, without limitation, all legal and equitable theories of recovery, arising under common law, statute or regulation or by contract, of every nature and description that exist on the date hereof relating to any of the Credit Documents or the transactions contemplated under such documents, including, without limitation, (i) any so-called “lender liability” or equitable subordination claims or defenses, (ii) any and all claims and causes of action arising under title 11 of the United States Code, (iii) any and all claims and causes of action regarding the validity, priority, perfection or avoidability of the liens or claims of the Prepetition Secured Parties and (iv) any reappraisal of assets under the Credit Documents prior to the date hereto, any actions taken in connection with alleged defaults under the Credit Documents prior to the date hereof and/or the negotiation or consummation of forbearance agreements related thereto, provided, however, that nothing herein shall operate as a release or waiver of any claims or causes of action against the Releasees solely on account of any act taken after the Petition Date. The Debtors’ acknowledgments, stipulations and releases set forth in this paragraph E shall be binding on the Debtors and their respective representatives, successors and assigns, and on each of the Debtors’ estates, and, subject to the challenge provisions contained in paragraph 10 herein, all creditors thereof and holders of interests therein and each of their

respective representatives, successors and assigns, including, without limitation, any trustee or other representative appointed in these Chapter 11 Cases, whether such trustee or representative is appointed in chapter 11 or chapter 7.

F. Budget. Attached hereto as Exhibit 1 is a 13-week cash flow forecast setting forth all projected cash receipts and cash disbursements on a weekly basis (the “Initial Budget”). The Initial Budget is an integral part of this Interim Order and has been relied upon by the Prepetition Secured Parties in consenting to this Interim Order and the Debtors’ use of the Cash Collateral. The Debtors represent and warrant to the Prepetition Secured Parties and this Court that the Initial Budget includes and contains the Debtors’ reasonable and good faith best estimate of all operational receipts and all operational disbursements, fees, costs and other expenses that will be payable, incurred and/or accrued by any of the Debtors during the period covered by the Initial Budget and that such operational disbursements, fees, costs and other expenses, other than (i) professional fees and expenses related to adequate protection and (ii) professional fees and expenses related to administration of these Chapter 11 Cases, will be timely paid in the ordinary course of business pursuant to and in accordance with the Initial Budget unless such operational disbursements, fees, costs and other expenses are not incurred or otherwise payable. The Debtors further represent that based on their reasonable judgment and good faith and the current forecasts without any guarantee of future performance, the Initial Budget is achievable and will allow the Debtors to operate in the Chapter 11 Cases and pay post-petition administrative expenses as they come due.

G. Use of Cash Collateral. An immediate and critical need exists for the Debtors to use the Cash Collateral, in accordance with this Interim Order, (i) for working capital

purposes; (ii) other general corporate purposes of the Debtors; and (iii) the satisfaction of the costs and expenses of administering the Chapter 11 Cases.

H. Consent to Use of Cash Collateral. The Prepetition Secured Parties and the Agents have consented, conditioned on the entry of this Interim Order, to the Debtors' proposed use of Cash Collateral, solely on the terms and conditions set forth in this Interim Order, and such consent is binding on such parties.

I. Adequate Protection. The adequate protection provided to the Prepetition Secured Parties, as set forth more fully in paragraph 4 of this Interim Order, for any diminution in the value of the Prepetition Secured Parties' interest in the Prepetition Collateral (including the Cash Collateral) from and after the Petition Date for any reason provided for under the Bankruptcy Code, including, without limitation, from the use of any Prepetition Collateral (including the Cash Collateral), pursuant to the provision of this Interim Order, the use, sale, lease or other diminution in value of the Prepetition Collateral (including the Cash Collateral) or the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code (the "Automatic Stay"), is consistent with and authorized by the Bankruptcy Code and is offered by the Debtors to protect such parties' interests in the Prepetition Collateral (including the Cash Collateral) in accordance with sections 361, 362, 363 and 364 of the Bankruptcy Code. The adequate protection provided herein and other benefits and privileges contained herein are necessary in order to (i) protect the Prepetition Secured Parties from diminution in the value of their respective interests of their Prepetition Collateral (including the Cash Collateral) for any reason provided for under the Bankruptcy Code, including, without limitation, from the use of any Prepetition Collateral, pursuant to the provision of this Interim Order, the use, sale, lease or

other diminution in value of the Prepetition Collateral or the imposition of the Automatic Stay, and (ii) obtain the consents and agreements contemplated herein.

J. Good Cause Shown; Best Interest. The Debtors have requested immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(b)(2) and the Local Rules. Absent entry of this Interim Order, the Debtors' businesses, properties and estates will be immediately and irreparably harmed. This Court concludes that good cause has been shown and entry of this Interim Order is in the best interest of the Debtors' respective estates and creditors as its implementation will, among other things, allow for the continued operation of the Debtors' existing businesses and enhance the Debtors' prospects for a successful reorganization.

K. No Liability to Third Parties. The Debtors stipulate and the Court finds that, in permitting the Debtors to use the Cash Collateral, or in taking any other actions permitted by this Interim Order, none of the Prepetition Secured Parties shall (i) incur liability to any third party or be deemed to be in control of the operation of any of the Debtors or to be acting as a "controlling person," "responsible person," or "owner or operator" with respect to the operation or management of any of the Debtors (as such term, or any similar terms, are used in the Internal Revenue Code, the United States Comprehensive Environmental Response, Compensation and Liability Act, as amended, or any other Federal or state statute) or (ii) owe any fiduciary duty to any of the Debtors, their creditors or estates, or shall constitute or be deemed to constitute a joint venture or partnership with any of the Debtors.

L. Section 552(b). Each of the Prepetition Secured Parties shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code. Subject to entry of the Final Order, the "equities of the case" exception under section 552(b) of the Bankruptcy Code

shall not apply to the Prepetition Secured Parties with respect to proceeds, product, offspring, or profits with respect to any of the Prepetition Collateral.

M. Notice. Under the circumstances of these Chapter 11 Cases, proper, timely, adequate and sufficient notice of the Motion and Interim Hearing has been provided in accordance with the Bankruptcy Code, Bankruptcy Rules and the Local Rules, and no further notice of the Motion, or the Interim Hearing shall be required.

Based upon the foregoing, and upon the record made before this Court at the Interim Hearing, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. Approval of Interim Order. The Motion is approved on the terms and conditions set forth in this Interim Order. Any objections that have not previously been withdrawn, waived or resolved at or prior to the Interim Hearing are hereby overruled, and (except as set forth herein) all reservations of rights included therein with respect to the Motion are hereby denied and overruled.

2. Authorization to Use Cash Collateral. Subject to the terms and conditions of this Interim Order, the Debtors are hereby authorized to use Cash Collateral on an interim basis during the period beginning with the Petition Date and ending on the Termination Date (as defined below) for (a) working capital purposes; (b) other general corporate purposes of the Debtors; and (c) the satisfaction of the costs and expenses of administering the Chapter 11 Cases; provided that (x) the Prepetition Secured Parties are granted the adequate protection as set forth herein and (y) except on the terms and conditions of this Interim Order, the Debtors shall be prohibited from at any time using the Cash Collateral absent consent of the Prepetition Secured Parties or further order of the Court.

3. Budget. On the third business day of the first full week after the Petition Date and the third business day of each second week thereafter, the Debtors shall deliver an updated budget for the following 13-week period (the “Budget”) (beginning with the week ending on the first Sunday following the required date of delivery), in form and detail substantially similar to the Initial Budget and otherwise reasonably satisfactory to the First Lien Agent.

4. Prepetition Secured Parties’ Adequate Protection. Pursuant to sections 361, 363(c) and 364 of the Bankruptcy Code, the Debtors shall provide adequate protection for the interests of the Prepetition Secured Parties in the Prepetition Collateral (including the Cash Collateral) to the extent of any diminution in the value of the Prepetition Secured Parties’ interest in the Prepetition Collateral (including the Cash Collateral) from and after the Petition Date for any reason provided for under the Bankruptcy Code, including, without limitation, from the use of any Prepetition Collateral (including the Cash Collateral), pursuant to the provision of this Interim Order, the use, sale, lease or other diminution in value of the Prepetition Collateral (including the Cash Collateral) or the imposition of the automatic stay pursuant to section 362(a) of the Bankruptcy Code. The Agents, on behalf of themselves and for the benefit of each of the Prepetition Secured Parties, are hereby granted, solely to the extent of any diminution in value of their interests in the Prepetition Collateral (including the Cash Collateral) from and after the Petition Date, the following (collectively, the “Secured Party Adequate Protection Obligations”):

(a) First Lien Term Loan Adequate Protection Liens. Subject to the Carve-Out and the Permitted Liens in all respects, pursuant to section 361 and 363(e) of the Bankruptcy Code, and as a condition of the consensual use of Cash Collateral set forth herein, as adequate protection against actual diminution in value of their interests in the Prepetition Collateral, including the Cash Collateral, effective as of the Petition Date and perfected without the need for execution by the Debtors or recordation or filing of security agreements, control agreements, pledge agreements, financing statements, mortgages or other similar documents,

or the possession or control by the First Lien Agent of any of the Adequate Protection Collateral (as defined below), the First Lien Agent is hereby granted, for the ratable benefit of the First Lien Term Loan Secured Parties, valid, binding, continuing, enforceable, fully perfected, security interests in and liens (the “First Lien Term Loan Adequate Protection Liens”) on any and all tangible and intangible pre- and post-petition property of the Debtors, whether existing before, on or after the Petition Date, together with any proceeds thereof, including, without limitation, any and all cash and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the Petition Date, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds (provided, however, that to the extent that any lease prohibits the granting of a lien thereon, or otherwise prohibits hypothecation of the leasehold interest, then in such event there shall only be a lien on the economic value of, proceeds of sale or other disposition of, and any other proceeds and products of such leasehold interests unless the applicable provision is rendered ineffective by applicable non-bankruptcy law or the Bankruptcy Code), real property, deposit accounts, securities accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, wherever located, and the proceeds, products, rents, accession and profits of the foregoing (collectively, the “Adequate Protection Collateral”).

(b) Second Lien Term Loan Adequate Protection Liens. Subject to the Carve-Out, the Permitted Liens, the Prepetition First Lien Term Loan Liens and the First Lien Term Loan Adequate Protection Liens in all respects, pursuant to section 361 and 363(e) of the Bankruptcy Code, and as a condition of the consensual use of Cash Collateral set forth herein, as adequate protection against actual diminution in value of their interests in the Prepetition Collateral, including the Cash Collateral, effective as of the Petition Date and perfected without the need for execution by the Debtors or recordation or filings of security agreements, control agreements, pledge agreements, financing statements, mortgages or other similar documents, or the possession or control by the Second Lien Agent of any of the Adequate Protection Collateral, the Second Lien Agent is hereby granted, for the ratable benefit of the Second Lien Secured Parties, valid, binding, continuing, enforceable, fully perfected, security interests in and liens (the “Second Lien Term Loan Adequate Protection Liens” and together with the First Lien Term Loan Adequate Protection Liens, the “Adequate Protection Liens”) on the Adequate Protection Collateral.

(c) Avoidance Actions and Avoidance Action Proceeds. The Adequate Protection Collateral shall not include any claims or causes of action of the Debtors arising under sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code (collectively, the “Avoidance Actions”) of the Debtors; provided, however, the Adequate Protection Collateral shall include, subject to and effective upon entry of the Final Order, the proceeds of Avoidance Actions (the “Avoidance Actions Proceeds”).

(d) First Lien Adequate Protection Superpriority Claims. The Secured Party Adequate Protection Obligations due to the First Lien Term Loan Secured Parties shall constitute allowed superpriority administrative expense claims pursuant to sections 503(b), 507(a) and 507(b) of the Bankruptcy Code of each of the First Lien Term Loan Secured Parties (such claims, the “First Lien Term Loan Adequate Protection Superpriority Claims”). The First Lien Adequate Protection Superpriority Claims shall be subject only to the Carve-Out, and shall be allowed claims against each of the Debtors (jointly and severally) with priority over any and all administrative expenses and all other claims against the Debtors now existing or hereafter arising, of any kind whatsoever, including, without limitation, all other administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all other administrative expenses or other claims arising under any other provision of the Bankruptcy Code, including, without limitation, sections 105, 326, 327, 328, 330, 331, 503(b), 507(a), 507(b), or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment. The First Lien Adequate Protection Superpriority Claims shall be payable from and have recourse to all pre- and post-petition property of the Debtors including, subject to entry of the Final Order to the extent provided therein, the proceeds of any Avoidance Actions.

(e) Second Lien Adequate Protection Superpriority Claims. The Secured Party Adequate Protection Obligations due to the Second Lien Term Loan Secured Parties shall constitute allowed superpriority administrative expense claims pursuant to sections 503(b), 507(a) and 507(b) of the Bankruptcy Code junior to the First Lien Term Loan Adequate Protection Superpriority Claims by each of the Second Lien Term Loan Secured Parties (such claims, the “Second Lien Term Loan Adequate Protection Superpriority Claims” and together with the First Lien Term Loan Adequate Protection Superpriority Claims, the “Adequate Protection Superpriority Claims”). The Second Lien Adequate Protection Superpriority Claims shall be subject only to the Carve-Out and the First Lien Term Loan Adequate Protection Superpriority Claims, and shall be allowed claims against each of the Debtors (jointly and severally) with priority over any and all administrative expenses and all other claims against the Debtors now existing or hereafter arising, of any kind whatsoever, including, without limitation, all other administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all other administrative expenses or other claims arising under any other provision of the Bankruptcy Code, including, without limitation, sections 105, 326, 327, 328, 330, 331, 503(b), 507(a), 507(b), or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment. The Second Lien Adequate Protection Superpriority Claims shall be payable from and have recourse to all pre- and post-petition property of the Debtors including, subject to entry of the Final Order to the extent provided therein, the proceeds of any Avoidance Actions.

(f) Priority of Adequate Protection Liens and Superpriority Claims.

The First Lien Term Loan Adequate Protection Liens have priority over and are senior in all respects to the Second Lien Term Loan Adequate Protection Liens with respect to the Adequate Protection Collateral. The Adequate Protection Liens shall be junior only to (i) the Carve-Out and (ii) any other valid, enforceable, unavoidable and properly perfected liens on the Adequate Protection Collateral existing on the Petition Date with priority over the Prepetition Secured Parties' liens on the Adequate Protection Collateral that were "Permitted Liens" under the First Lien Term Loan Credit Agreement as of the Petition Date (the "Permitted Liens"). Other than the Carve-Out, and subject to the entry of the Final Order, no cost or expense of administration under sections 105, 503 or 507 of the Bankruptcy Code or otherwise, including any such cost or expense resulting from or arising after the conversion of any of the chapter 11 cases under section 1112 of the Bankruptcy Code, shall be senior to, or *pari passu* with, the Adequate Protection Superpriority Claims.

(g) Professional Fees and Expenses.

As additional adequate protection, the Prepetition Secured Parties shall receive from the Debtors, as applicable, current payment of all outstanding prepetition and all post-petition reasonable and documented fees and expenses incurred by the Agents, including the reasonable and documented fees and expenses incurred by Davis Polk & Wardwell LLP and Shaw Fishman Glantz & Towbin LLC, as counsel to the First Lien Agent, and Moelis & Company, as financial advisors to the First Lien Agent. If an objection is not filed with the Court pursuant to this paragraph, the Debtors shall pay the fees, expenses and disbursements set forth in this paragraph within ten days (which time period may be extended by the applicable professional in its discretion) after delivery of an invoice therefor to the Debtors and the U.S. Trustee. None of such invoices shall be required to comply with the U.S. Trustee fee guidelines or to be filed with any fee applications with the Court and (i) may be redacted to protect privileged, confidential or proprietary information and (ii) shall not be required to contain individual time detail (provided, that such invoice shall contain (except for financial advisors compensated on an other than an hourly basis), at a minimum, summary data regarding hours worked by each timekeeper for the applicable professional). The Debtors and the U.S. Trustee shall have five days following their receipt of such invoices to file objections with the Court with respect to the reasonableness of the fees and expenses included therein. If any such objection is not resolved within 10 days after such objection is interposed, a hearing with respect thereto shall be conducted at a regularly scheduled omnibus hearing in the chapter 11 cases, provided, however that if any party files any such objection, the Debtors shall pay (i) any undisputed portion of such fees, costs and expenses within 15 days of their receipt of such invoice and (ii) the disputed portion of such fees, costs and expenses promptly following the resolution of such dispute as described in this paragraph.

5. Reporting; Access to Records. The Debtors shall comply with the reporting requirements set forth in the Credit Documents. In addition to, and without limiting, whatever rights to access the Prepetition Secured Parties have under the Credit Documents, upon reasonable notice, at reasonable times during normal business hours, the Debtors shall permit representatives, agents and employees of the Agents (i) to have access to and inspect the Debtors' properties, (ii) to examine the Debtors' books and records, and (iii) to discuss the Debtors' affairs, finances and condition with the Debtors' officers and financial advisors.

6. Termination of Cash Collateral Authorization. Unless otherwise ordered by the Court or agreed to in writing by Supermajority Consenting First Lien Term Lenders (as defined in the Restructuring Support Agreement), the Debtors' right to use Cash Collateral under the terms of this Interim Order shall terminate without further order of the Court upon the occurrence of the "Termination Date" (notice of which shall promptly be provided to the Debtors, counsel to the Debtors and the U.S. Trustee), which shall occur two business days following written notice (including via email) from the First Lien Agent (acting at the direction of Supermajority Consenting First Lien Term Lenders (as defined in the Restructuring Support Agreement)) to the Debtors and counsel to the Second Lien Agent of the occurrence of any of the following events, provided that (i) the Termination Date shall occur immediately upon the occurrence of any event set forth in subsections 6(a), 6(g), 6(i), 6(k), 6(l) or 6(n) below and (ii) notice of termination of the Restructuring Support Agreement in accordance with the terms thereof shall be sufficient notice of the occurrence of the event set forth in subsection 6(b) hereof:

(a) the occurrence of the Plan Effective Date;

(b) the Restructuring Support Agreement shall have terminated as to all parties thereto in accordance with its terms;

(c) any Debtor files or publicly announces that it will file (or fails to timely object to) or joins in or supports any plan of reorganization (or disclosure statement related thereto) in the Chapter 11 Cases other than as described in the Restructuring Support Agreement without the prior written consent of the Supermajority Consenting First Lien Term Lenders;

(d) any Debtor's failure to comply with any of the material terms or conditions of this Interim Order, including, but not limited to, failure to deliver any Budget as and when provided in paragraph 3 of this Interim Order;

(e) any Debtor shall grant, create, incur or suffer to exist any post-petition liens or security interests other than (i) those granted pursuant to this Interim Order, (ii) carriers' mechanics', operator's, warehousemen's, repairmen's or other similar liens arising in the ordinary course of business, (iii) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation arising in the ordinary course of business, and (iv) deposits to secure the performance of any post-petition statutory obligations and other obligations of a like nature incurred in the ordinary course of business, provided that the Debtor(s) shall have 10 business days, after becoming aware of such lien or interest, to cure any of the foregoing which were involuntarily imposed or created;

(f) any Debtor shall create, incur or suffer to exist any other claim that is *pari passu* with or senior to the Adequate Protection Superpriority Claims;

(g) the failure of the Debtors to make any payment provided for under this Interim Order to the Prepetition Secured Parties within five business days of the date such payment is due, unless otherwise agreed with the Supermajority Consenting First Lien Term Lenders (as defined in the Restructuring Support Agreement);

(h) this Interim Order or the Final Order (if entered) ceases, for any reason (other than by reason of the express written agreement by Supermajority Consenting First Lien Term Lenders (as defined in the Restructuring Support Agreement) in their sole discretion), to be in full force and effect in any material respect, or any Debtor so asserts in writing, or the Adequate Protection Liens or Adequate Protection Superpriority Claims created by this Interim Order or the Final Order (if entered) cease in any material respect to be enforceable and of the same effect and priority purported to be created hereby or any Debtor so asserts in writing;

(i) the Court shall have entered an order amending, supplementing or otherwise modifying this Interim Order (other than non-substantive amendments, supplementations or modifications) without the consent of the Supermajority

Consenting First Lien Term Lenders (as defined in the Restructuring Support Agreement);

(j) any Debtor supports or takes any steps in furtherance of an action commenced by any other person against the Prepetition Secured Parties, with respect to any of the Credit Documents, including, without limitation, any action to avoid or subordinate any obligations under any of the Credit Documents;

(k) the Court shall have entered an order appointing a chapter 11 trustee, responsible officer or any examiner with enlarged powers relating to the operation of the businesses in these Chapter 11 Cases;

(l) the Court shall have entered an order granting relief from the Automatic Stay to the holder or holders of any security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any of the Debtors' assets which have an aggregate value in excess of \$5,000,000;

(m) the Court shall have entered an order avoiding, disallowing, subordinating or recharacterizing any claim, lien or interest held by any Prepetition Secured Party; and

(n) an order shall have been entered dismissing any of these Chapter 11 Cases or converting any of these Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code,

provided further, that that the Debtors' right to use Cash Collateral in the Holdback Account shall continue, so long as the Debtors comply with the terms of the Holdback DACA.

7. Remedies upon the Occurrence of the Termination Date. Upon the occurrence of the Termination Date, other than with respect to the Holdback Account and pursuant to the terms thereof and the Carve-Out, (a) consensual use of Cash Collateral shall terminate immediately; (b) the Secured Party Adequate Protection Obligations, if any, shall become due and payable; and (c) the Agents may, upon five business days' written notice to counsel to the Debtors and the U.S. Trustee, (i) set off amounts in any account of the Debtors maintained with the Agents or with respect to which the Agents exercise control pursuant to a deposit account control agreement (to the extent provided therein) to the extent necessary for payment of the Secured Party Adequate Protection Obligations and/or (ii) exercise any other

rights and remedies available under the Credit Documents, this Interim Order or applicable law. Remedies shall be cumulative and non-exclusive. The Automatic Stay is hereby deemed modified and vacated to the extent necessary to permit such actions upon the occurrence of the Termination Date and pursuant to the terms set forth herein. Notwithstanding anything to the contrary herein or the occurrence of the Termination Date, all of the rights, remedies, benefits and protections provided to the Agents under this Interim Order shall survive the occurrence of the Termination Date. The Debtors and all parties in interest shall be entitled to seek an emergency hearing before this Court to contest whether the Termination Date has occurred under paragraph 6 of this Interim Order and at which hearing the Debtors shall reserve the right to seek Court approval of a new order approving the use of Cash Collateral, provided that pending such hearing, the Debtors may only use Cash Collateral to make necessary ordinary course operating expenditures, and, in such a hearing, the Debtors may only (x) seek, in good faith, a determination regarding whether the Termination Date has occurred and/or (y) seek, in good faith, approval of a new order authorizing the Debtors' use of Cash Collateral on a non-consensual basis by showing that the Prepetition Secured Parties are adequately protected.

8. Carve-Out.

(a) For purposes of this Interim Order, the "Carve-Out" means an amount equal to the sum of (i) all fees required to be paid to the clerk of the Court and to the Office of the U.S. Trustee under section 1930(a) of title 28 of the United States Code, plus interest at the statutory rate (without regard to the notice set forth in clause (iii) below); (ii) all reasonable fees and expenses of up to \$50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in clause (iii) below); and (iii) all allowed unpaid fees, costs and expenses (the "Professional Fees") incurred by persons or firms retained by the Debtors, whose retention is approved by a final order of the Court (which order has not been reversed, vacated, stayed or appealed) that are incurred (A) at any time before delivery by either of the Agents of a Carve-Out Trigger Notice (as defined below), whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice (subject to any further limits imposed by this Interim Order or the Final Order or otherwise on Professional Fees permitted

to be incurred in connection with any permitted investigations of Claims and Defenses against any Prepetition Secured Parties), and (B) after the occurrence of the Termination Date and delivery of written notice (the “Carve-Out Trigger Notice”) thereof (which may be by email) to the Debtors and the Debtors’ advisors, in an aggregate amount not to exceed \$1,000,000, to the extent such Professional Fees are allowed at any time (the amount set forth in this clause (iii)(B) being the “Post-EoD Carve-Out Amount”); provided that the Post-EoD Carve-Out Amount shall be reduced on a dollar-for-dollar basis by any payments made on or after the date of delivery of a Carve-Out Trigger Notice of Professional Fees incurred on or after such date; provided, further, that nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in clause (i), (ii) or (iii) above, on any grounds.

(b) Notwithstanding the foregoing, the Carve-Out shall not include, apply to or be available for any fees or expenses incurred by any party in connection with (a) the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation (i) against any of the Prepetition Secured Parties or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the obligations and the liens and security interests granted under, as applicable, the Credit Documents, including, without limitation, for lender liability or, other than as set forth in paragraphs 10 and 11 of this Interim Order or similar provisions of the Final Order, as applicable, pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise; (b) attempts to modify any of the rights granted to any of the Prepetition Secured Parties hereunder; or (c) paying any amount on account of any claims arising before the commencement of these chapter 11 cases unless such payments are approved by an order of the Court; provided, however, that nothing herein shall preclude the Debtors from seeking reimbursement for their reasonable fees and expenses incurred in responding to formal discovery requests brought by third parties in connection with any of the foregoing; provided, further, however, that nothing herein shall preclude the Debtors from (x) seeking, in good faith, a determination regarding whether the Termination Date occurred, (y) seeking, in good faith, an order authorizing the Debtors’ non-consensual use of Cash Collateral by showing that the Prepetition Secured Parties are adequately protected, or (z) contesting, in good faith whether the Restructuring Support Agreement is breached or otherwise terminated. The Carve Out shall be funded from the Holdback Account up to the full amount of such account before being funded from any other source.

(c) Notwithstanding anything to the contrary herein, the Carve-Out shall be senior to all liens and claims granted under this Interim Order, including, without limitation, the Adequate Protection Liens, the Adequate Protection Superpriority Claims and any and all other liens or claims securing any of the Secured Obligations.

9. Right to Seek Additional Adequate Protection. This Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, the rights of the Prepetition Secured Parties to request additional forms of adequate protection at any time or the rights of the Debtors or any other party to contest such request.

10. Effect of Stipulations on Third Parties. The releases, stipulations and admissions contained in this Interim Order, including, without limitation, in paragraphs D and E of this Interim Order, shall be binding upon the Debtors and their affiliates and any of their respective successors in all circumstances. The releases, stipulations and admissions contained in this Interim Order, including, without limitation, in paragraphs D and E of this Interim Order, shall be binding upon all other parties in interest, including, without limitation, any chapter 7 or chapter 11 trustee appointed or elected for the Debtor (a “Trustee”), any statutory or non-statutory committees appointed or formed in these Chapter 11 Cases and any other person or entity acting on behalf of the Debtors’ estate, or otherwise, unless and except to the extent that, with respect to any particular party in interest, (a) such party in interest has filed an adversary proceeding or contested matter (subject to the limitations contained in this Interim Order) by no later than the date that is the earlier of (A) 75 days from the Petition Date and (B) the date on which objections to confirmation of the Plan are due (the “Challenge Termination Date”) objecting to or challenging the amount, validity, perfection, enforceability, priority or extent of the Secured Obligations or otherwise asserting or prosecuting any action for preferences, fraudulent transfers or conveyances, other avoidance power claims or any other claims, counterclaims or causes of action, objections, contests or defenses, including, to the extent released by the Debtors under paragraphs D and E against any of the Prepetition Secured Parties or their affiliates, representatives, attorneys or advisors in connection with matters related to the

Credit Documents or the Prepetition Collateral (including the Cash Collateral) (collectively, “Claims and Defenses”) (each such adversary proceeding or contested matter filed on or before the Challenge Termination Date, a “Challenge Proceeding”), and (b) there is a final order in favor of the plaintiff sustaining any such challenge or claim in any Challenge Proceeding; provided that any challenge or claim shall set forth with specificity the basis for such challenge or claim, any and all challenges or claims not so specified in a Challenge Proceeding prior to the expiration of the Challenge Termination Date shall be forever deemed waived, released and barred; provided further, that (x) if the Chapter 11 Cases are converted to chapter 7 or a Trustee is appointed prior to the Challenge Termination Date, any such estate representative or Trustee shall receive the full benefit of any remaining time until the Challenge Termination Date (which Challenge Termination Date shall be extended to provide a chapter 7 trustee appointed prior to the Challenge Termination Date no less than ten (10) days to assert any Claims and Defenses), subject to the limitations described herein and (y) if the Chapter 11 Cases are converted to chapter 7 after the Challenge Termination Date and, prior to such conversion, a statutory committee with requisite standing had timely filed an adversary proceeding or contested matter prior to the Challenge Termination Date, the chapter 7 trustee shall be deemed to be the successor to such adversary proceeding or contested matter. For the avoidance of doubt, any informal discovery or examination conducted pursuant to Bankruptcy Rule 2004 relating to the foregoing matters or claims shall not be deemed or construed to be a Challenge Proceeding. If no such Challenge Proceeding is filed, (1) the Secured Obligations shall constitute allowed claims, not subject to counterclaim, setoff, recoupment, reduction, subordination, recharacterization, defense or avoidance, for all purposes in these Chapter 11 Cases and any subsequent chapter 7 case(s), (2) the liens and security interests securing the Secured Obligations shall be deemed to

have been, as of the Petition Date, legal, valid, binding and perfected, not subject to recharacterization, subordination or avoidance, and (3) the Secured Obligations, the liens and security interests securing the Secured Obligations, and the Prepetition Secured Parties shall not be subject to any other or further challenge by any statutory or non-statutory committees appointed or formed in these Chapter 11 Cases, or any party in interest seeking to exercise the rights of any Debtor's estate, including, without limitation, any successor thereto (including, without limitation, any chapter 7 or 11 trustee appointed or elected for any Debtor). If a Challenge Proceeding is filed, the releases, stipulations and admissions contained in paragraphs D and E of this Interim Order shall nonetheless remain binding and preclusive on any person or entity, except to the extent that such findings and admissions were expressly challenged and set forth with specificity in a Challenge Proceeding by such person or entity. Nothing in this Interim Order vests or confers on any Entity (as defined in the Bankruptcy Code), including any statutory or non-statutory committees appointed or formed in these Chapter 11 Cases, standing or authority to pursue any cause of action belonging to the Debtors or their estates, including, without limitation, any Claims and Defenses with respect to the Credit Documents or the Secured Obligations, and an order of the Court conferring such standing on a party-in-interest shall be a prerequisite for the prosecution of a Challenge Proceeding by a party-in-interest.

11. Limitation on Use of Collateral. Notwithstanding anything herein or in any other order by this Court to the contrary, no Cash Collateral, Prepetition Collateral, Adequate Protection Collateral, proceeds of any of the foregoing or the Carve-Out may be used for any of the following: (a) to pay professional fees, disbursements, costs or expenses incurred by any party in connection with any litigation or threatened litigation (whether by contested matter, adversary proceeding or otherwise, including any investigation in connection with

litigation or threatened litigation) against any of the Prepetition Secured Parties or for the purpose of objecting to or challenging the validity, perfection, enforceability, extent or priority of any claim, lien or security interest held or asserted by any of the Prepetition Secured Parties or the validity or enforceability of this Interim Order or asserting any defense, claim, cause of action, counterclaim, or offset with respect to the Secured Obligations (including, without limitation, for lender liability or pursuant to section 105, 510, 544, 547, 548, 549, 550 or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise) or the Prepetition Liens or against any of the Prepetition Secured Parties or their respective representatives; (b) to object to, contest, interfere with, prevent, hinder or otherwise delay any of the Prepetition Secured Parties' assertion, enforcement or realization on the Prepetition Collateral (including the Cash Collateral), including the exercise of rights or remedies with respect thereto after the Termination Date, in accordance with the Credit Documents or this Interim Order other than to seek a determination that the Termination Date has not occurred; (c) to seek to modify any of the rights granted to the Prepetition Secured Parties under this Interim Order or the Credit Documents; (d) to pay any amount on account of any claims arising prior to the Petition Date unless such payments are approved by an order of this Court that is in form and substance reasonably satisfactory to the Agents; (e) to object to, contest, delay, prevent or interfere with in any way the exercise of rights or remedies by any Prepetition Secured Parties with respect to any Prepetition Collateral (including the Cash Collateral) after the occurrence of the Termination Date (other than to the extent expressly permitted by the final provisos contained in paragraph 7 and this paragraph 11 of this Interim Order); or (f) to pursue an Alternative Transaction other than as expressly permitted under the Restructuring Support Agreement; provided that that nothing herein shall preclude the Debtors from (x) seeking, in good faith, a determination regarding

whether the Termination Date has occurred (or curing or attempting to cure any alleged termination events hereunder), (y) seeking, in good faith, an order authorizing the Debtors' non-consensual use of Cash Collateral by showing that the Prepetition Secured Parties are adequately protected, or (z) contesting, in good faith, whether the Restructuring Support Agreement is breached or otherwise terminated.

12. No Waiver of Secured Parties' Rights; Reservation of Rights.

Notwithstanding any provision in this Interim Order to the contrary, this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, any of the Prepetition Secured Parties' rights with respect to any person or entity other than the Debtors or with respect to any other collateral owned or held by any person or entity other than the Debtors. The rights of the Prepetition Secured Parties are expressly reserved and entry of this Interim Order shall be without prejudice to, and does not constitute a waiver, expressly or implicitly, of the following, provided, for the avoidance of doubt, that the terms of the Restructuring Support Agreement shall continue to bind the parties thereto:

- (a) the Prepetition Secured Parties' rights under the Credit Documents;
- (b) the Prepetition Secured Parties' rights to seek any other or supplemental relief in respect of the Debtors;
- (c) the Prepetition Secured Parties' rights to seek modification of the grant of adequate protection provided under this Interim Order so as to provide different or additional adequate protection at any time;
- (d) any of the Prepetition Secured Parties' rights under the Bankruptcy Code or under non-bankruptcy law, including without limitation, the right to: (i) request modification of the Automatic Stay; (ii) request dismissal of the Chapter 11 Cases, conversion of any of the chapter 11 cases to cases under chapter 7, or appointment of a chapter 11 trustee or examiner with extended powers; or (iii) propose, subject to section 1121 of the Bankruptcy Code, a chapter 11 plan or plans;

(e) any of the Prepetition Secured Parties' unqualified right to credit bid as provided for in Section 363(k) of the Bankruptcy Code up to the full amount of any remaining Secured Obligation in the sale of any Prepetition Collateral, or pursuant to (i) section 363 of the Bankruptcy Code, (ii) a plan of reorganization or a plan of liquidation under section 1129 of the Bankruptcy Code, or (iii) a sale or disposition by a chapter 7 trustee for any Debtor under section 725 of the Bankruptcy Code; or

(f) any other rights, claims, or privileges (whether legal, equitable or otherwise) of the Prepetition Secured Parties.

13. Modification of Automatic Stay. The Debtors are authorized and directed to perform all acts and to make, execute and deliver any and all instruments as may be reasonably necessary to implement the terms and conditions of this Interim Order and the transactions contemplated hereby. The Automatic Stay is hereby modified to permit the Debtors and each of the Prepetition Secured Parties to accomplish each of the transactions contemplated by this Interim Order.

14. 506(c) Waiver. Subject to the entry of the Final Order, all rights to surcharge any Prepetition Secured Party, any of the Secured Obligations, any of their respective claims or the Prepetition Collateral (including Cash Collateral) pursuant to sections 506(c) or 105(a) of the Bankruptcy Code, or any other applicable principal in equity or law, shall be and are hereby finally and irrevocably waived, and such waiver shall be binding upon the Debtors and all parties in interest in these chapter 11 cases, and no costs or expenses of administration which have been or may be incurred in any of these chapter 11 cases at any time shall be charged against any of the foregoing without the prior written consent of the Agents and no such consent shall be implied from any other action, inaction, or acquiescence by any of the Prepetition Secured Parties or their respective representatives or any provision of this Interim Order or the Final Order.

15. Payments Free and Clear. Any and all payments or proceeds remitted to the Prepetition Secured Parties pursuant to the provisions of the Orders or any subsequent order of the Court shall be irrevocable (subject to paragraphs 10 and 12 of this Interim Order), received free and clear of any claim, charge, assessment or other liability, including without limitation, subject to entry of the Final Order, any such claim or charge arising out of or based on, directly or indirectly, sections 506(c) (whether asserted or assessed by, through or on behalf of the Debtors) or 552(b) of the Bankruptcy Code, and solely in the case of payments made or proceeds remitted after the delivery of a Carve-Out Trigger Notice, subject to the Carve-Out in all respects.

16. Bankruptcy Code Section 552(b). The Prepetition Secured Parties shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and, subject to the Final Order, the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Secured Parties with respect to proceeds, products, offspring or profits of any of the Prepetition Collateral, subject to paragraph 10 of this Interim Order.

17. No Marshaling/Application of Proceeds. The Agents shall be entitled to apply the payments or proceeds of the Prepetition Collateral (including the Cash Collateral) in accordance with the provisions of the Credit Documents, and, subject to the Carve-Out, in no event shall any of the Prepetition Secured Parties be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the Prepetition Collateral (including the Cash Collateral) for the benefit of any non-Prepetition Secured Party.

18. Restrictions on Granting Post-Petition Claims and Liens. Except as expressly provided in this Interim Order, no claim or lien that is *pari passu* with or senior to the

claims and liens of any of the Prepetition Secured Parties shall be offered by any Debtor, or granted, to any other person.

19. Automatic Effectiveness of Liens. The Adequate Protection Liens shall not be subject to challenge and shall attach and become valid, perfected, enforceable, non-avoidable and effective by operation of law as of the Petition Date, having the priority set forth in paragraph D of this Interim Order, without any further action by the Debtors or the Prepetition Secured Parties and without the necessity of execution by the Debtors, or the filing or recordation, of any financing statements, security agreements, vehicle lien applications, mortgages, filings with the U.S. Patent and Trademark Office, the U.S. Copyright Office or the Library of Congress or other documents or the taking of any other actions. If any of the Agents hereafter requests that the Debtors execute and deliver to them financing statements, security agreements, collateral assignments, mortgages, or other instruments and documents considered by such agent to be reasonably necessary or desirable to further evidence the perfection of the Adequate Protection Liens, as applicable, the Debtors are hereby directed to execute and deliver such financing statements, security agreements, mortgages collateral assignments, instruments and documents, and Agents are hereby authorized to file or record such documents in their discretion without seeking modification of the Automatic Stay, in which event all such documents shall be deemed to have been filed or recorded at the time and on the date of entry of this Interim Order.

20. Binding Effect. Subject to paragraph 10 of this Interim Order, the provisions of this Interim Order shall be binding upon and inure to the benefit of the Prepetition Secured Parties to the extent and as set forth herein, the Debtors and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereafter appointed or elected for the

estate of the Debtors, an examiner appointed pursuant to section 1104 of the Bankruptcy Code or any other fiduciary appointed as a legal representative of any of the Debtors or with respect to the property of the estate of any of the Debtors). To the extent permitted by applicable law, this Interim Order shall bind any trustee hereafter appointed or elected for the estate of any of the Debtors, whether in these Chapter 11 Cases or in the event of the conversion of any of these Chapter 11 Cases to a liquidation under chapter 7 of the Bankruptcy Code. Such binding effect is an integral part of this Interim Order.

21. Notices and Documents and Communications pursuant to this Interim Order; Invoices. All notices, documents and other communications provided for herein (including the delivery of the Budgets under paragraph 3 of this Interim Order) shall be in writing (including by email) and shall be delivered by hand or overnight courier service, mailed by certified or registered mail, or email as follows,

a) if to the Debtors,

Robert W. Kelly II
Ascent Resources Marcellus Holdings, LLC
3501 NW 63rd Street
Oklahoma City, OK 73116
legalnotices@ascentresources.com

with a courtesy copy (that does not constitute notice) to:

Andrew G. Dietderich
Brian D. Glueckstein
Alexa J. Kranzley
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10006
dietdericha@sullcrom.com
gluecksteinb@sullcrom.com
kranzleya@sullcrom.com

b) if to the First Lien Agent,

Cortland Capital Market Services LLC
225 West Washington Street, 21st Floor
Chicago, Illinois 60606
cortland_successor_agent@cortlandglobal.com

with a copy to:

Damian S. Schaible
Natasha Tsiouris
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
damian.schaible@davispolk.com
natasha.tsiouris@davispolk.com
Ascent.DPW@davispolk.com

c) if to the Second Lien Agent,

Cortland Capital Market Services LLC
225 West Washington Street, 21st Floor
Chicago, Illinois 60606
legal@cortlandglobal.com
cortland_successor_agent@cortlandglobal.com

All invoices for the adequate protection payments under paragraph 4 of this Interim Order shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email to the Debtors as follows:

Robert W. Kelly II
Ascent Resources Marcellus Holdings, LLC
3501 NW 63rd Street
Oklahoma City, OK 73116
legalnotices@ascentresources.com

with a courtesy copy (that does not constitute notice) to:

Andrew G. Dietderich
Brian D. Glueckstein
Alexa J. Kranzley
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10006

dietdericha@sullcrom.com
gluecksteinb@sullcrom.com
kranzleya@sullcrom.com

and each such invoice shall be paid by the Debtors pursuant to the terms of paragraph 4 of this Interim Order.

22. Survival. The provisions of this Interim Order, except as otherwise superseded by the provisions of the Final Order, and any actions taken pursuant hereto shall survive the entry of any order: (i) confirming any plan of reorganization in any of these Chapter 11 Cases; (ii) converting any of these Chapter 11 Cases to a chapter 7 case, or (iii) dismissing any of these Chapter 11 Cases, and, with respect to the entry of any order as set forth in clause (ii) or (iii) of this paragraph 22, the terms and provisions of this Interim Order, except as otherwise superseded by the provisions of the Final Order, as well as the Adequate Protection Liens and the Adequate Protection Superpriority Claims shall continue in full force and effect notwithstanding the entry of any such order.

23. Effect of Dismissal of Chapter 11 Cases. If any of these Chapter 11 Cases is dismissed, converted, or substantively consolidated, such dismissal, conversion, or substantive consolidation of these Chapter 11 Cases shall not affect the rights of the Prepetition Secured Parties under this Interim Order, and all of their rights and remedies thereunder shall remain in full force and effect as if these Chapter 11 Cases had not been dismissed, converted or substantively consolidated. If an order dismissing any of these Chapter 11 Cases is at any time entered, such order shall provide or be deemed to provide (in accordance with sections 105 and 349 of the Bankruptcy Code) that: (i) subject to paragraph 10 of this Interim Order, the Prepetition Liens, Adequate Protection Liens and Adequate Protection Superpriority Claims granted to and conferred upon the Prepetition Secured Parties shall continue in full force and

effect and shall maintain their priorities as provided in this Interim Order (and that such Adequate Protection Superpriority Claims shall, notwithstanding such dismissal, remain binding on all interested parties) and (ii) to the greatest extent permitted by applicable law, this Court shall retain jurisdiction, notwithstanding such dismissal, for the purpose of enforcing the Prepetition Liens, Adequate Protection Liens, and Adequate Protection Superpriority Claims referred to in this Interim Order.

24. Cash Management. The Debtors shall maintain their cash management arrangements in a manner substantially consistent with that described in the *Debtors' Motion for an Order (I) Authorizing the Debtors to (A) Continue Their Existing Cash Management System, (B) Honor Certain Related Obligations, and (C) Maintain Existing Bank Accounts and Utilize Existing Check Stock, (II) Waiving the Requirements of 11 U.S.C. § 345(b) and (III) Granting Related Relief* (the "Cash Management Motion").

25. Headings. The headings in this Interim Order are for purposes of reference only and shall not limit or otherwise affect the meaning of the Interim Order.

26. Order Effective. This Interim Order shall be effective as of the date of the signature by the Court.

27. Proofs of Claim. None of the Prepetition Secured Parties shall be required to file proofs of claim in any of the Chapter 11 Cases for any Secured Obligation or any Adequate Protection Superpriority Claim, and the Debtors' stipulations in paragraph D herein shall be deemed to constitute a timely filed proof of claim. Notwithstanding any order entered by the Court in relation to the establishment of a bar date, the Agents, on behalf of themselves and Prepetition Secured Parties, as applicable, are hereby authorized and entitled, in each of their sole and absolute discretion, but not required, to file (and amend and/or supplement, as each sees

fit) a proof of claim and/or aggregate proofs of claim in the Chapter 11 Cases for any such claims; for avoidance of doubt, any such proof of claim may (but is not required to be) filed as one consolidated proof of claim against all of the applicable Debtors, rather than as separate proofs of claim against each such Debtor. Any proof of claim filed by an Agent shall be deemed to be in addition to and not in lieu of any other proof of claim that may be filed by any of the respective Prepetition Secured Parties. Any order entered by the Court in relation to the establishment of a bar date for any claim (including, without limitation, administrative claims) in any of these chapter 11 cases shall not apply to the Prepetition Secured Parties with respect to the Secured Obligations.

28. Controlling Effect of Interim Order. To the extent any provision of this Interim Order conflicts or is inconsistent with any provision of the Motion or any prepetition agreement, the provisions of this Interim Order shall control to the extent of such conflict.

29. Final Hearing. The final hearing with respect to the relief requested in the Motion shall be held on _____, 2018 at ____m. (prevailing Eastern Time). Any objections or responses to entry of the proposed Final Order shall be filed on or before 4:00 p.m. (prevailing Eastern Time) on _____, 2018 and served on the following parties: (i) the Debtors, 3501 NW 63rd Street, Oklahoma City, Oklahoma 73116, Attn: Robert W. Kelly II; (ii) proposed co-counsel for the Debtors, Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004, Attn: Alexa J. Kranzley, and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Pauline K. Morgan and Joel A. Waite; (iii) Davis Polk & Wardwell LLP as counsel to the First Lien Agent, 450 Lexington Avenue, New York, New York 10017, Attn: Damian S. Schaible and Natasha Tsiouris; (iv) counsel to the Second Lien Agent, Cortland Capital Market Services LLC, 225 West

Washington Street, 21st Floor, Chicago, Illinois 60606, Attn: Legal Department; (v) counsel to any statutory committee appointed in the chapter 11 cases; (vi) the Office of the United States Trustee for the District of Delaware; and (vii) to the extent not listed herein, those parties requesting notice pursuant to Bankruptcy Rule 2002. Notice of this Interim Order will be served in accordance with Local Rule 9013-1(m). If no objections are timely filed, this Court may enter the Final Order without further notice or a hearing.

Dated: February __, 2018
Wilmington, Delaware

Hon. Laurie Selber Silverstein
United States Bankruptcy Judge

Exhibit 1

Initial Approved Budget



ARM Cash Flow Forecast
As of: 2/6/18

	2/9/18	2/16/18	2/23/18	3/2/18	3/9/18	3/16/18	3/23/18	3/30/18	4/6/18	4/13/18	4/20/18	4/27/18	5/4/18
Inflows													
Revenue income				\$8,200,000				\$7,800,000					\$7,300,000
Revenue distributions				(\$1,090,292)				(\$1,640,000)					(\$1,560,000)
JIB income				\$17,780					\$13,946				\$15,000
NonOp Income													
Net inflows	\$0	\$0	\$0	\$7,127,488	\$0	\$0	\$0	\$6,160,000	\$13,946	\$0	\$0	\$0	\$5,755,000
Outflows													
Weekly AP	(\$195,637)	(\$190,000)	(\$190,000)	(\$190,000)	(\$305,000)	(\$305,000)	(\$305,000)	(\$305,000)	(\$315,000)	(\$315,000)	(\$315,000)	(\$315,000)	(\$148,000)
Midstream transportation expense	\$0	\$0	(\$106,386)	\$0	(\$284,410)	\$0	(\$106,386)	\$0	\$0	(\$284,410)	\$0	(\$106,386)	\$0
Payroll/G&A MSA payments	(\$14,892)			(\$400,000)					(\$400,000)				(\$500,000)
Tax Payments			(\$1,000)	(\$310,000)			(\$1,000)	(\$270,000)			(\$1,000)		(\$278,000)
JIB Payments													
Net outflows	(\$210,528)	(\$190,000)	(\$297,386)	(\$900,000)	(\$589,410)	(\$305,000)	(\$412,386)	(\$575,000)	(\$715,000)	(\$599,410)	(\$316,000)	(\$421,386)	(\$926,000)
Land and A&D													
OTG leasing and broker spend	(\$17,000)	(\$17,000)	(\$17,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)
Disposition proceeds													
Acquisitions/divestitures													
Net Land, A&D	(\$17,000)	(\$17,000)	(\$17,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)	(\$42,000)
Financing Activities													
First lien term loan													
Second lien term loan													
Legal fees	(\$35,545)			(\$214,286)					(\$535,714)				
Advisory fees	(\$5,156,513)			(\$150,000)					(\$3,250,000)				
Unused fees & admin fees													
CAPEX reserve draw													
Net Financing	(\$5,192,058)	\$0	\$0	(\$364,286)	\$0	\$0	\$0	\$0	(\$3,785,714)	\$0	\$0	\$0	\$0
Beginning cash	\$ 1,396,631	\$ 977,045	\$ 770,045	\$ 955,658	\$ 1,276,861	\$ 1,145,451	\$ 798,451	\$ 1,344,065	\$ 1,387,065	\$ 1,358,297	\$ 716,887	\$ 1,358,887	\$ 895,500
Net change	(5,419,586)	(207,000)	(314,386)	5,821,202	(631,410)	(347,000)	(454,386)	5,543,000	(4,528,768)	(641,410)	(358,000)	(463,386)	4,787,000
Draw on cash equivalents	5,000,000		500,000	(5,500,000)	500,000		1,000,000	(5,500,000)	4,500,000		1,000,000		(4,500,000)
Ending cash - operating acct*	\$ 977,045	\$ 770,045	\$ 955,658	\$ 1,276,861	\$ 1,145,451	\$ 798,451	\$ 1,344,065	\$ 1,387,065	\$ 1,358,297	\$ 716,887	\$ 1,358,887	\$ 895,500	\$ 1,182,500
Cash equivalents	94,852,043	94,852,043	94,352,043	99,852,043	99,352,043	99,352,043	98,352,043	103,852,043	99,352,043	99,352,043	98,352,043	98,352,043	102,852,043
Shortfall	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - Liquidity	\$ 95,829,088	\$ 95,622,088	\$ 95,307,701	\$ 101,128,904	\$ 100,497,494	\$ 100,150,494	\$ 99,696,108	\$ 105,239,108	\$ 100,710,340	\$ 100,068,930	\$ 99,710,930	\$ 99,247,543	\$ 104,034,543
CAPEX reserve balance	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314	\$106,222,314
Liquidity	\$202,051,401	\$201,844,401	\$201,530,015	\$207,351,217	\$206,719,808	\$206,372,808	\$205,918,421	\$211,461,421	\$206,932,653	\$206,291,243	\$205,933,243	\$205,469,857	\$210,256,857

*Cash balance assumes all outstanding checks have cleared