

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:	x	
	:	
SABINE OIL & GAS CORPORATION,	:	Chapter 11
<i>et al.</i> , ¹	:	
	:	Case No. 15-11835 (SCC)
Debtors.	:	
	x	(Jointly Administered)

**FINAL ORDER PURSUANT TO 11 U.S.C. §§ 105, 361,
362, 363 AND 507, BANKRUPTCY RULES 2002, 4001 AND 9014
AND LOCAL BANKRUPTCY RULE 4001-2 (I) AUTHORIZING
DEBTORS' LIMITED USE OF CASH COLLATERAL, (II) GRANTING
ADEQUATE PROTECTION TO THE PREPETITION SECURED PARTIES,
AND (III) MODIFYING THE AUTOMATIC STAY**

Upon the motion (the "Motion"), dated July 15, 2015, of the above-referenced debtors, as debtors in possession (collectively, the "Debtors") in the above-captioned cases (collectively, the "Cases"), pursuant to sections 105, 361, 362, 363 and 507 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 4001-2 of the Local Bankruptcy Rules for the Southern District of New York (the "Local Bankruptcy Rules"), seeking, among other things:

- (a) authorization for the Debtors, pursuant to Bankruptcy Code sections 105, 361, 362, 363 and 507 to (i) use cash collateral, as such term is defined in section 363(a) of the Bankruptcy Code ("Cash Collateral"), and all other Prepetition Collateral (as defined herein), solely in accordance with the terms of the *Interim*

1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Sabine Oil & Gas Corporation (4900); Giant Gathering LLC (3438); Sabine Bear Paw Basin LLC (2656); Sabine East Texas Basin LLC (8931); Sabine Mid-Continent Gathering LLC (6085); Sabine Mid-Continent LLC (6939); Sabine Oil Gas Finance Corp. (2567); Sabine South Texas Gathering LLC (1749); Sabine South Texas LLC (5616); and Sabine Williston Basin LLC (4440). The location of Debtor Sabine Oil & Gas Corporation's corporate headquarters and the Debtors' service address is 1415 Louisiana, Suite 1600, Houston, Texas 77002.

Order (I) Authorizing the Debtors' Limited Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Parties, (III) Modifying the Automatic Stay and (IV) Scheduling a Final Hearing [Docket No. 60] (the "Interim Order") and this final order (the "Final Order"), and (ii) provide adequate protection to:

- (1) Wells Fargo Bank, National Association, as Administrative Agent (in such capacity, the "First Lien Agent") under the First Lien Credit Agreement (as defined herein), and the other First Lien Secured Parties (as defined herein); and
 - (2) Wilmington Trust, National Association, as Administrative Agent (in such capacity, the "Second Lien Agent" and, collectively with the First Lien Agent, the "Prepetition Agents") under the Second Lien Credit Agreement (as defined herein), and the other Second Lien Secured Parties (as defined herein);
- (b) subject to entry of this Final Order, authorization to grant adequate protection liens on the proceeds and property recovered in respect of the Debtors' claims and causes of action (but not on the actual claims and causes of action) arising under Bankruptcy Code sections 544, 545, 547, 548 and 550 or any other similar state or federal law (collectively, the "Avoidance Actions");
 - (c) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the Interim Order and this Final Order;
 - (d) subject to entry of this Final Order, except to the extent of the Carve Out (as defined herein) the waiver of all rights to surcharge any Prepetition Collateral or Collateral (as defined herein) under sections 506(c) or 552(b) of the Bankruptcy Code or any other applicable principle of equity or law;
 - (e) that this Court hold an interim hearing (the "Interim Hearing") to consider the relief sought in the Motion and entry of the Interim Order;
 - (f) that this Court schedule a final hearing (the "Final Hearing") to consider entry of this Final Order granting the relief requested in the Motion on a final basis; and
 - (g) waiver of any applicable stay with respect to the effectiveness and enforceability of the Interim Order or the Final Order (including a waiver pursuant to Bankruptcy Rule 6004(h));

and the Interim Hearing having been held by the Court on July 16, 2015, and this Court having entered the Interim Order on July 17, 2015; and pursuant to Bankruptcy Rule 4001 and Local Bankruptcy Rule 4001-2, due and sufficient notice of the Motion, the relief requested therein, the

Interim Hearing, the entry of the Interim Order and the Final Hearing having been given under the particular circumstances by the Debtors to counsel to the First Lien Agent, the Second Lien Agent and its counsel, the other Prepetition Secured Parties, the Debtors' fifty (50) largest unsecured creditors (on a consolidated basis), the indenture trustee under the Debtors' 9.75% senior notes due 2017 and the indenture trustee's counsel, the indenture trustee under the Debtors' 7.25% senior notes due 2019, counsel to certain holders of the 2019 senior notes, the indenture trustee under the Debtors' 7.5% senior notes due 2020, counsel to certain holders of the 2020 senior notes, the United States Trustee for the Southern District of New York (the "United States Trustee"), the United States Securities and Exchange Commission, the United States Internal Revenue Service, following the formation of the statutory committee of unsecured creditors appointed in these Cases (the "Committee"), the Committee and its proposed counsel, and all other parties with a particularized interest in the Motion; and the Final Hearing having been held on September 10, 2015 and September 16, 2015; and the Court having considered the offers of proof, evidence adduced, and the statements of counsel at the Interim Hearing and the Final Hearing; and it appearing to the Court that granting the relief sought in the Motion on the terms and conditions herein contained is necessary and essential to enable the Debtors to preserve the value of the Debtors' businesses and assets and that such relief is fair and reasonable and that entry of this Final Order is in the best interest of the Debtors and their respective estates and creditors; and due deliberation and good cause having been shown to grant the relief sought in the Motion,

IT IS HEREBY FOUND AND DETERMINED THAT:

A. **Petition Date.** On July 15, 2015 (the "Petition Date"), Sabine Oil & Gas Corporation ("Sabine") and each of the other Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Southern

District of New York (the “Court”). Each Debtor has continued with the management and operation of its respective businesses and properties as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Cases.

B. **First Lien Credit Agreement.** Prior to the Petition Date, the First Lien Secured Lenders (as defined herein) made certain loans and advances pursuant to and in accordance with the terms and conditions of that certain Second Amended and Restated Credit Agreement, dated as of December 16, 2014 (as heretofore amended, restated, or otherwise modified from time to time, the “First Lien Credit Agreement,” and, together with all other documentation executed in connection therewith, the “First Lien Loan Documents”), among, *inter alia*, Sabine, as Borrower, the First Lien Agent, and the lenders from time to time party thereto (such lenders, the “First Lien Secured Lenders,” and, together with the First Lien Agent and each “Issuing Bank,” “Secured Swap Party” and “Cash Management Bank” (as such terms are defined in the First Lien Credit Agreement), collectively, the “First Lien Secured Parties”).

C. **Second Lien Credit Agreement.** Prior to the Petition Date, the Second Lien Secured Lenders (as defined herein) made certain loans and advances pursuant to and in accordance with the terms and conditions of that certain Second Lien Credit Agreement, dated as of December 14, 2012 (as heretofore amended, restated, or otherwise modified from time to time, the “Second Lien Credit Agreement,” and, together with all other documentation executed in connection therewith, the “Second Lien Loan Documents”), among *inter alia*, Sabine, as Borrower, the Second Lien Agent, and the lenders from time to time party thereto (such lenders, the “Second Lien Secured Lenders,” and together with the Second Lien Agent, the “Second Lien Secured Parties”). The First Lien Loan Documents and the Second Lien Loan Documents are

referred to collectively in this Final Order as the “Prepetition Loan Documents,” and the First Lien Secured Parties and Second Lien Secured Parties are referred to herein collectively as the “Prepetition Secured Parties.”

D. Debtors’ Admissions With Respect to the First Lien Prepetition Indebtedness. Subject in all respects to paragraphs 22, 23 and 24 of this Final Order, the Debtors admit, stipulate and agree that:

- i. As of the Petition Date, the Debtors that are the Borrower and the Guarantors (as such terms are defined in the First Lien Loan Documents) under the First Lien Loan Documents were justly and lawfully indebted and liable, without defense, counterclaim, or offset of any kind, to the (x) First Lien Secured Lenders in the aggregate principal amount of approximately \$900,597,359 in respect of loans and other financial accommodations made and in the aggregate face amount of \$26,320,000 in respect of letters of credit issued by the Issuing Banks pursuant to, and in accordance with, the First Lien Loan Documents, (y) holders of Secured Swap Obligations (as defined in the First Lien Credit Agreement) in amounts yet to be determined, and (z) holders of Secured Cash Management Obligations (as defined in the First Lien Credit Agreement) in amounts yet to be determined, plus accrued and unpaid interest, fees and costs and expenses including, without limitation, attorney’s fees, agent’s fees, other professional fees and disbursements and other obligations owing under the First Lien

Loan Documents (collectively, the “First Lien Prepetition Indebtedness”). Each of the First Lien Loan Documents is valid, binding, and subject to applicable bankruptcy law, enforceable against the Debtors in accordance with its terms.

- ii. Immediately prior to the automatic acceleration of the First Lien Prepetition Indebtedness on the Petition Date, pursuant to the First Lien Loan Documents and the Intercreditor Agreement, dated as of December 14, 2012, among Sabine, the First Lien Agent and the Second Lien Agent (the “Intercreditor Agreement”), the maturity date with respect to the First Lien Prepetition Indebtedness was April 7, 2016.
- iii. The First Lien Prepetition Indebtedness constitutes the legal, valid and binding obligations of the Debtors, enforceable in accordance with their terms, and no portion of the First Lien Prepetition Indebtedness or any amounts paid to the First Lien Secured Parties or applied to the obligations owing under the First Lien Loan Documents prior to the Petition Date is subject to avoidance, subordination (whether equitable or otherwise), recharacterization, recovery, attack, offset, counterclaim, defense, challenge or Claim (as defined in section 101(5) of the Bankruptcy Code) of any kind pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

iv. As of April 27, 2015, the Borrowing Base (as defined in the First Lien Credit Agreement) was \$750,000,000, and a Borrowing Base Deficiency (as defined in the First Lien Credit Agreement) existed in the amount of \$249,252,490 (the “Borrowing Base Deficiency”). The Debtors further admit that, in order to cure such Borrowing Base Deficiency, they were required to prepay the Loans (as defined in the First Lien Credit Agreement) commencing May 27, 2015 in six equal monthly installments equal to 1/6th of the aggregate principal amount of such Borrowing Base Deficiency in accordance with Section 3.04(c)(iii) of the First Lien Credit Agreement and in accordance with that certain Forbearance Agreement and First Amendment to Credit Agreement, dated as of May 4, 2015, among Sabine, the First Lien Lenders and the First Lien Agent (as amended on June 30, 2015). The Debtors admit that the first two such prepayments of the Loans came due on May 27, 2015 and June 29, 2015, respectively, and neither prepayment was made.

E. Debtors’ Admissions with Respect to the Second Lien Prepetition Indebtedness. Subject in all respects to paragraphs 22, 23 and 24 of this Final Order, the Debtors admit, stipulate and agree that:

i. As of the Petition Date, the Debtors that are the Borrower and the Guarantors (as such terms are defined in the Second Lien Loan Documents) were justly and lawfully indebted and liable, without

defense, counterclaim, or offset of any kind, to the Second Lien Secured Lenders in the aggregate principal amount of \$700,000,000 in respect of loans and other financial accommodations made by the Second Lien Secured Lenders pursuant to, and in accordance with, the Second Lien Loan Documents, plus accrued and unpaid interest, fees and costs and expenses, including, without limitation, attorney's fees, agent's fees, other professional fees and disbursements and other obligations owing under the Second Lien Loan Documents (collectively, the "Second Lien Prepetition Indebtedness").

- i. The Second Lien Prepetition Indebtedness constitutes the legal, valid and binding obligations of the Debtors, enforceable in accordance with their terms, and no portion of the Second Lien Prepetition Indebtedness or any amounts paid to the Second Lien Secured Parties or applied to the obligations owing under the Second Lien Loan Documents prior to the Petition Date is subject to avoidance, subordination (whether equitable or otherwise), recharacterization, recovery, attack, offset, counterclaim, defense, challenge or Claim (as defined in section 101(5) of the Bankruptcy Code) of any kind pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

F. Debtors' Admissions With Respect to Prepetition Collateral and Liens. Subject in all respects to paragraphs 11, 22, 23 and 24 of this Final Order, the Debtors admit, stipulate and agree that:

- i. Pursuant to (a) that certain Second Amended and Restated Guaranty and Pledge Agreement, dated as of December 16, 2014, by the Borrower and the Guarantors (as such terms are defined in the First Lien Loan Documents) in favor of the First Lien Agent and (b) certain mortgages, deeds of trust or similar security documents entered into by any loan party and the First Lien Agent in respect of the properties owned by such loan party (each as heretofore amended, restated or otherwise modified from time to time, and, collectively with any and all other agreements, instruments, certificates, fixture filings, transmitting utility filings, financing statements, consents, assignments or other similar documents, the "First Lien Collateral Documents"), they have granted valid, binding, perfected and enforceable first priority liens upon and security interests in the real and personal property of the Borrower and Guarantors described in the First Lien Collateral Documents, including, without limitation, all rights, titles, interests and estates in and to oil and gas leases and/or oil, gas and other mineral leases and other interests and estates and the lands and premises covered or affected thereby as described therein (the "Hydrocarbon Properties") and properties pooled or

unitized with the Hydrocarbon Properties, all oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined or separated therefrom and all other minerals in and under and which may be produced and saved from or attributable to the Hydrocarbon Properties (collectively, the “Hydrocarbons”), the cash and noncash proceeds and other rights arising from all prepetition collateral (including any cash held by the Debtors that constitutes Cash Collateral and the setoff rights described in the First Lien Loan Documents, the Swap Agreements (as defined in the First Lien Credit Agreement), or arising by operation of law, collectively, the “Prepetition Collateral”) to the First Lien Agent for the benefit of the First Lien Secured Parties to secure the First Lien Prepetition Indebtedness, subject only to specific permitted exceptions under the First Lien Credit Agreement and First Lien Collateral Documents.

- ii. Pursuant to (a) that certain Amended and Restated Guaranty and Pledge Agreement, dated as of December 14, 2012, by the Borrower and the Guarantors (as such terms are defined in the Second Lien Loan Documents) in favor of the Second Lien Agent and (b) certain mortgages, deeds of trust or similar security documents entered into by any loan party and the Second Lien Agent for the benefit of the Second Lien Secured Parties in

respect of the properties owned by such loan party (as heretofore amended, restated, or otherwise modified from time to time, and, collectively with any and all other agreements, instruments, certificates, fixture filings, transmitting utility filings, financing statements, consents, assignments or other similar documents, the “Second Lien Collateral Documents”), they have granted valid, binding, perfected and enforceable second priority liens upon and security interests in the Prepetition Collateral (other than Prepetition Collateral constituting setoff rights of the First Lien Secured Parties), subject in each case to the Intercreditor Agreement (as defined herein) and permitted exceptions under the First Lien Credit Agreement, the First Lien Collateral Documents, the Second Lien Credit Agreement, and the Second Lien Collateral Documents to the Second Lien Agent for the benefit of the Second Lien Secured Parties to secure the Second Lien Prepetition Indebtedness.

- iii. The First Lien Agent’s first priority liens upon and security interests in the Prepetition Collateral, for the ratable benefit of the First Lien Secured Parties, and the Second Lien Agent’s second priority liens upon and security interests in the Prepetition Collateral, for the ratable benefit of the Second Lien Secured Parties, are not subject to avoidance, subordination (whether equitable or otherwise), recharacterization, recovery, attack,

offset, counterclaim, defense, challenge or Claim (as defined in section 101(5) of the Bankruptcy Code) of any kind pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

G. **Debtors' Admissions With Respect to Cash Collateral.** Subject in all respects to paragraphs 11, 22, 23 and 24 of this Final Order, the Debtors admit, stipulate and agree that:

- i. All cash proceeds of the Prepetition Collateral, including all such cash proceeds of such Prepetition Collateral held in any of the Debtors' banking, checking or other deposit accounts with financial institutions (in each case, other than trust, escrow and custodial funds held as of the Petition Date in properly established trust, escrow and custodial accounts), are Cash Collateral of the Prepetition Secured Parties within the meaning of section 363(a) of the Bankruptcy Code. The Prepetition Secured Parties are entitled, pursuant to sections 105, 361, 362 and 363(e) of the Bankruptcy Code, to adequate protection of their interest in the Prepetition Collateral, including the Cash Collateral, for any Collateral Diminution (as defined herein); and
- ii. All cash in the Debtors' main operating account (the "BBVA Operating Account") as of the Petition Date or deposited after the Petition Date into the BBVA Operating Account and/or the replacement operating account opened by the Debtors pursuant to any cash management order entered by this Court (all such

accounts, together with the BBVA Operating Account, the “Operating Account”) constitutes Cash Collateral except for (a) cash that is not property of the Debtors and (b) cash proceeds of any property of the Debtors that is not Prepetition Collateral.

H. **Releases; Investigation.** Subject in all respects to paragraphs 11, 22, 23 and 24 of this Final Order, each Debtor hereby forever waives and releases any and all Claims (as defined in section 101(5) of the Bankruptcy Code), counterclaims, causes of action, defenses or setoff rights against each of the Prepetition Secured Parties, whether arising at law or in equity, including, without limitation, any recharacterization, subordination, avoidance or other claim arising under or pursuant to section 105 or Chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state or federal law. The admissions, stipulations, agreements and releases set forth in this Final Order are consistent with the Debtors’ investigation to date of the Prepetition Secured Parties’ liens and claims and determination that subject to the rights reserved in paragraphs 11, 22 and 23 of this Final Order, the Debtors have no Claims (as defined in section 101(5) of the Bankruptcy Code), defenses or counterclaims with respect thereto.

I. **Need to Use Cash Collateral.** The Debtors have requested entry of this Final Order pursuant to Bankruptcy Rule 4001(b)(2) and Local Bankruptcy Rule 4001-2 to obtain use of the Collateral, including the Cash Collateral (in the amount and in the manner set forth in the Budget (as defined herein)) in order to, among other things, preserve and maintain the value of their assets and businesses and maximize the return to all creditors. The Debtors need to use cash, including Cash Collateral, consistent with the Budget (as defined herein), for working capital purposes, other general corporate purposes of the Debtors, and the satisfaction of

costs and expenses of administering the Cases. The Debtors are unable to obtain adequate unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. The ability of the Debtors to obtain liquidity through the use of the Cash Collateral is vital to the Debtors and their efforts to maximize the value of their assets.

J. **Notice.** Notice of the requested relief sought at the Final Hearing was provided by the Debtors to: (1) the United States Trustee; (2) the holders of the 50 largest unsecured claims against the Debtors (on a consolidated basis); (3) the First Lien Agent; (4) counsel to the First Lien Agent; (5) the Second Lien Agent; (6) counsel to the Second Lien Agent; (7) the indenture trustee under the Debtors' 9.75% senior notes due 2017; (8) counsel to the indenture trustee under the Debtors' 2017 senior notes; (9) the indenture trustee under the Debtors' 7.25% senior notes due 2019; (10) counsel to certain holders of the 2019 senior notes; (11) the indenture trustee under the Debtors' 7.5% senior notes due 2020; (12) counsel to certain holders of the 2020 senior notes; (13) the United States Attorney's Office for the Southern District of New York; (14) the Internal Revenue Service; (15) the United States Securities and Exchange Commission; (16) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (17) the state attorneys general for states in which the Debtors conduct business; (18) counsel to the Committee and (19) any party that has requested notice pursuant to Bankruptcy Rule 2002. The foregoing notice of the Final Hearing constitutes appropriate, due and sufficient notice under the circumstances and complies with Bankruptcy Rules 2002, 4001(b) and (d) and 9014, Local Bankruptcy Rule 4001-2 and section 102(1) of the Bankruptcy Code as required by sections 361 and 363 of the Bankruptcy Code. No further notice of, or hearing on, the relief sought at the Final Hearing and the relief granted herein is necessary or required.

K. **Consent by Prepetition Secured Parties.** The First Lien Agent consents to the Debtors' use of Cash Collateral, in accordance with and subject to the terms and conditions provided for in this Final Order. Pursuant to the Intercreditor Agreement, as a result of the First Lien Agent's consent to the use of Cash Collateral as provided in this Final Order, the Second Lien Secured Parties are deemed to have consented to entry of this Final Order.

L. **Jurisdiction and Venue.** Consideration of the Motion constitutes a "core-proceeding" as defined in 28 U.S.C. § 157(b)(2). This Court has jurisdiction over this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157 and 1334. Venue for the Cases and the proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

M. **Relief Essential; Best Interest.** The Debtors have requested entry of this Final Order pursuant to Bankruptcy Rule 4001(b) and Local Bankruptcy Rule 4001-2. The relief requested in the Motion (and as provided in this Final Order) is necessary, essential and appropriate for the continued operation of the Debtors' businesses and the management and preservation of the Debtors' assets and the property of their estates. It is in the best interest of the Debtors' estates that the Debtors be allowed to use the Cash Collateral under the terms hereof. The Debtors have demonstrated good and sufficient cause for the relief granted herein.

N. **Arm's-Length, Good-Faith Negotiations.** The terms of this Final Order were negotiated in good-faith and at arm's-length between the Debtors and the First Lien Secured Parties.

**NOW, THEREFORE, UPON THE RECORD OF THE PROCEEDINGS
HERETOFORE HELD BEFORE THIS COURT WITH RESPECT TO THE MOTION,
THE EVIDENCE ADDUCED AT THE INTERIM HEARING AND THE FINAL**

HEARING, AND THE STATEMENTS OF COUNSEL THEREAT, IT IS HEREBY ORDERED THAT:

1. **Motion Granted.** The Motion is granted in accordance with the terms of this Final Order. Any objections to the Motion with respect to the entry of this Final Order that have not been withdrawn, waived or settled and all reservations of rights included therein, are hereby denied and overruled.

2. **Authorization to Use Cash Collateral.** Subject to the terms and conditions of this Final Order, the Court hereby authorizes the Debtors to use the Segregated Cash Collateral (as defined herein), the Disputed Cash (as defined herein), and the cash proceeds of any property of the Debtors that is not Prepetition Collateral (collectively, the “Debtors’ Cash”) during the period beginning with the Petition Date and ending on the Termination Date (as defined herein) (such period, the “Budget Period”), for the disbursements set forth in the 13-week cash disbursements and receipts budget attached as **Exhibit A** hereto (as such budget may be modified from time to time by the Debtors with the prior written consent of the First Lien Agent as set forth in this paragraph and in paragraph 3(f)(v) of this Final Order and after no less than three (3) business days advance notice to the Committee (the “Budget”), subject in each case to any Permitted Deviation and Non-Conforming Use permitted herein (as each such term is defined below). The Debtors shall adhere to the Budget during the Budget Period, *provided, however*, that, during any four-week period, the Debtors may carry forward any Positive Variance (as defined below) to the future periods in the Budget. For purposes of this Final Order, “Positive Variance” shall mean the amount by which either (i) the Total Net Receipts (designated in the Budget as “Total Receipts (Net)”) exceeds 100% of the budgeted amount (the “Excess Receipts”) or (ii) Total Operating Disbursements (as designated in the Budget) are in an

amount less than 100% of the budgeted amount (the “Unpaid Disbursements”). For purposes of this Final Order, the “Permitted Deviation” shall mean that, for any four-week period set forth in the Budget commencing the week of July 20, 2015, the Total Net Receipts shall not be less than 85% of the budgeted amount and the Total Operating Disbursements shall not exceed 115% of the budgeted amount. The First Lien Agent may, in its sole discretion, agree in writing to the use of the Cash Collateral in a manner or amount which does not conform to the manner or amount, as applicable, set forth in the Budget (including, for the avoidance of doubt, after giving effect to the Permitted Deviation) (each such approved non-conforming use of Cash Collateral, a “Non-Conforming Use”). If such written consent is given, the Debtors shall be authorized pursuant to this Final Order to use Cash Collateral for any such Non-Conforming Use without further Court approval, and the Prepetition Secured Parties shall be entitled to all of the protections specified in this Final Order for any such Non-Conforming Use, as if such Non-Conforming Use was permitted under the Budget. The Debtors shall provide notice of any Non-Conforming Use to the Committee, the Second Lien Agent, and the United States Trustee.

3. **Adequate Protection for the First Lien Secured Parties.** In addition to all the existing security interests and liens granted to or for the benefit of the First Lien Secured Parties in and with respect to the Prepetition Collateral, including the Cash Collateral, as adequate protection for, and to secure payment of an amount equal to the Collateral Diminution (as defined herein), and as an inducement to the First Lien Secured Parties to permit the Debtors’ use of the Cash Collateral as provided for in this Final Order, the Debtors hereby grant the following:

- (a) **Adequate Protection Liens.** Effective as of the Petition Date and in each case perfected without the necessity of the execution by the Debtors (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements,

mortgages or other similar documents, or by possession or control, the following security interests and liens are hereby granted to the First Lien Agent, for the benefit of the First Lien Secured Parties, (all property identified in clauses (i) and (ii) of this paragraph 3(a) being collectively referred to as the “Collateral”), subject only to the Carve Out (as defined herein) (all such liens and security interests, the “First Lien Adequate Protection Liens”):

- i. **Liens Senior to Other Liens.** A valid, binding, continuing, enforceable, fully-perfected first priority senior priming security interest in and lien on the Prepetition Collateral and all of the Debtors’ now owned and hereafter-acquired real and personal property, assets and rights of any kind or nature, wherever located, including, without limitation, all prepetition and postpetition property of the Debtors’ estates, and the proceeds, products, rents and profits thereof, whether arising from section 552(b) of the Bankruptcy Code or otherwise, including, without limitation, oil and gas properties (and as-extracted collateral, goods, fixtures and hydrocarbons relating thereto), accounts receivable, other rights to payment, cash, inventory, general intangibles, contracts, servicing rights, servicing receivables, securities, chattel paper, owned real estate, real property leaseholds, fixtures, machinery, equipment, deposit accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, claims and causes of action (including those arising under section 549 of the Bankruptcy Code) and all proceeds of the foregoing, other than causes of action arising under the Bankruptcy Code, including, all Avoidance Actions, which First Lien Adequate Protection Liens shall have recourse to the proceeds or property recovered in respect of any Avoidance Actions, senior to any other security interests or liens, subject only to valid, perfected and enforceable prepetition liens (if any) which are senior to the First Lien Secured Parties’ liens or security interests as of the Petition Date or to valid and unavoidable liens in existence immediately prior to the Petition Date that are perfected subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code.
- ii. **Liens Junior to Existing Liens.** A valid, binding, continuing, enforceable, fully-perfected junior lien on and security interest in all prepetition and postpetition property of the Debtors (other than the property described in clause (i) of this paragraph 3(a)), whether now existing or

hereafter acquired, that is subject to valid, perfected and unavoidable liens in existence immediately prior to the Petition Date or to valid and unavoidable liens in existence immediately prior to the Petition Date that are perfected subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code.

- (b) **Adequate Protection Claims.** An allowed administrative claim against each of the Debtors on a joint and several basis with priority over any and all other administrative claims against the Debtors now existing or hereafter arising in the Cases (subject only to the Carve Out (as defined herein)), including all claims of the kind specified under sections 503(b) and 507(b) of the Bankruptcy Code (the “First Lien Adequate Protection Claims”), which administrative claim shall have recourse to and be payable from all prepetition and postpetition property of the Debtors including, without limitation, the proceeds or property recovered in respect of any Avoidance Actions.
- (c) **Adequate Protection Payments.** The Debtors are authorized and directed to pay to the First Lien Agent, for the ratable benefit of the First Lien Secured Parties, adequate protection payments on the last business day of each calendar month after the entry of the Interim Order, in each case, in an amount equal to all accrued and unpaid prepetition or postpetition interest, fees and costs due and payable under the First Lien Credit Agreement (including, without limitation, interest on loans, breakage costs and accrued fees owing to the First Lien Agent), and in each case, such payments calculated based on the Alternate Base Rate (as defined in the First Lien Credit Agreement) plus 1.50%. The First Lien Agent and the First Lien Secured Parties reserve their rights to assert claims for additional interest on the First Lien Prepetition Indebtedness at the post-default rate of two percent (2%) as provided in section 3.01(c) of the Credit Agreement (the “Default Spread”) and that such amount should be added to the aggregate allowed amount of the First Lien Prepetition Indebtedness. For the avoidance of doubt, the payment of interest pursuant to this paragraph shall be without prejudice to the rights of the First Lien Agent and the other First Lien Secured Parties to assert claims for payment of additional interest at any other rates in accordance with the First Lien Credit Agreement and/or to request current payment of the Default Spread and the Debtors and the Committee reserve the right to object to such claims. The Debtors and the Committee reserve their respective rights and related remedies with respect to such payments, including the right to argue that, to the extent that any cash payment of interest, fees, and/or expenses (including professional fees and expenses payable under subsection (e)

hereof) as adequate protection to the First Lien Secured Parties is not allowed under Bankruptcy Code section 506(b) or not allowed on any other basis (including, without limitation, on account of the Debtors' use of Prepetition Collateral), such payments should be recharacterized and applied, to the extent recharacterized, to reduce permanently the allowed secured claim of the First Lien Prepetition Indebtedness; *provided, however*, that the First Lien Secured Parties reserve their rights to assert defenses to any such arguments and to otherwise oppose any such recharacterization or application.

- (d) **Other Covenants.** The Debtors shall maintain their cash management arrangements in a manner consistent with the final order granting the *Debtors' Motion for Entry of Interim and Final Orders Authorizing the Debtors to (A) Continue Using the Cash Management System, (B) Maintain Existing Bank Accounts and Business Forms, (C) Maintain Existing Investment Practices, (D) Continue Intercompany Transactions and (E) Grant Superpriority Status to Postpetition Intercompany Transactions*, entered or to be entered substantially contemporaneously herewith. The Debtors shall not use, sell or lease any material assets outside the ordinary course of business, or seek authority of this Court to do any of the foregoing, without prior consultation with the First Lien Agent and the Committee at least five (5) business days prior to the date on which the Debtors seek the authority of this Court for such use, sale or lease. The Debtors shall comply with the covenants contained in Sections 8.05 and 8.06 of the First Lien Credit Agreement and the Second Lien Credit Agreement regarding the maintenance and insurance of the Prepetition Collateral and the Collateral.
- (e) **Fees and Expenses.** As additional adequate protection, the Debtors shall pay in cash: (i) to the extent not already paid as required under the Interim Order, the reasonable professional fees, expenses and disbursements of Willkie Farr & Gallagher LLP and FTI Consulting, Inc. incurred by the First Lien Agent under the First Lien Credit Agreement arising prior to the Petition Date; and (ii) the reasonable professional fees, expenses and disbursements (including, but not limited to, the fees, expenses, and disbursements of counsel, financial advisors, and third-party consultants) incurred by the First Lien Agent under the First Lien Credit Agreement arising subsequent to the Petition Date; *provided, however*, that the First Lien Agent shall inform the Debtors and the Committee of the retention of a professional other than Willkie Farr & Gallagher LLP or FTI Consulting, Inc. The payment of the fees, expenses and disbursements set forth in this paragraph 3(e) of this Final Order (including professional fees and

expenses of Willkie Farr & Gallagher LLP, FTI Consulting, Inc. and any other professionals or advisors retained by or on behalf of the First Lien Agent) shall be made within ten (10) business days after the receipt by the Debtors, the Committee and the United States Trustee (the “Review Period”) of invoices thereof (the “Invoiced Fees”) (subject in all respects to applicable privilege or work product doctrines) and without the necessity of filing formal fee applications, including such amounts arising before and after the Petition Date; *provided, however*, that the Debtors, the Committee and the United States Trustee may preserve their right to dispute the payment of any portion of the Invoiced Fees (the “Disputed Invoiced Fees”) if, within the Review Period, (i) the Debtors pay in full the Invoiced Fees, including the Disputed Invoiced Fees, and (ii) the Debtors, the Committee or the United States Trustee file with the Court a motion or other pleading, on at least ten (10) days prior written notice to the First Lien Agent of any hearing on such motion or other pleading, setting forth the specific objections to the Disputed Invoiced Fees.

- (f) **Reporting.** As additional adequate protection to the First Lien Secured Parties, the Debtors shall comply with the reporting requirements set forth in Sections 8.01(a), 8.01(b), 8.01(e), 8.01(j), 8.01(l), 8.01(o) and 8.11 of the First Lien Credit Agreement and shall provide the following additional reporting to the First Lien Agent:
- i. Weekly (or less frequently as may be agreed to between the Debtors and the First Lien Agent) calls with the First Lien Agent and its advisors;
 - ii. A copy of each update to the Debtors’ business plan as soon as reasonably practicable after it becomes available, together with a reconciliation to the prior business plan;
 - iii. Presentations by the Debtors and/or their advisors during normal business hours to the First Lien Secured Parties at times and places as the First Lien Agent may reasonably request in writing (including via electronic mail) with reasonable prior notice;
 - iv. Promptly, but in any event no later than the twentieth (20th) day of each calendar month, a report as of the last day of the preceding calendar month, in form and detail reasonably acceptable to the First Lien Agent, of (a) the Debtors’ accounts payable and payments, (b) an accounts payable aging and an accounts receivable aging, and (c) all written demands or claims related to or asserting any liens

in respect of property or assets of the Borrower or any Credit Party (as such terms are defined in the First Lien Credit Agreement) (including liens imposed by law, such as landlords', vendors', suppliers', carriers', warehousmen's, repairmen's, construction contractors', workers' and mechanics' liens and other similar liens) if the amount demanded or claimed exceeds \$1,000,000 individually or \$5,000,000 in the aggregate;

- v. (A) On or before the twentieth (20th) day of each calendar month, an updated rolling 13-week cash flow forecast of the Debtors and their subsidiaries substantially in the form of the Budget (each, a "Proposed Budget"), which Proposed Budget, upon written approval by the First Lien Agent, shall become the Budget effective as of the first day of the next calendar month; and (B) on or before each Wednesday of each calendar week, (1) a weekly report of receipts, disbursements and a reconciliation of actual expenditures and disbursements with those set forth in the Budget for the prior week, which report and reconciliation shall be in form and detail reasonably satisfactory to the First Lien Agent (the "Budget Reconciliation") and (2) a statement setting forth in reasonable detail the cash balance for each deposit account of the Debtor and its subsidiaries as of the previous Friday;
- vi. Promptly, and in any event no later than the thirtieth (30th) day of each month, beginning with the year-to-date period ended June 30, 2015, a monthly and year-to-date income statement, balance sheet and monthly and year-to-date detail of capital expenditures and workovers;
- vii. A list of all Swap Agreements of the Debtors in place as of the first business day of the month, to be provided by the 10th business day of the following month; which list contains (A) the material terms thereof (including type, remaining term, counterparty and mark-to-market value as of the first business day of the month (as reflected in the statements provided by the counterparties under such Swap Agreements)), and (B) information on any such Swap Agreement terminated or unwound during the prior month as soon as practicable after any such Swap Agreement is terminated or unwound.
- viii. Such other reports and information as the First Lien Agent may reasonably request.

- (g) **Application of Certain Swap Proceeds.** If any Debtor receives cash proceeds as a result of (i) changes to the material terms of any commodity-price Swap Agreement, (ii) termination or unwinding of, or periodic payments under, any such Swap Agreement or (iii) creation of any off-setting positions in respect of any hedge positions under any such Swap Agreement (whether evidenced by a floor, put or Swap Agreement), then, the Debtors shall pay such cash proceeds within one (1) business day following receipt thereof to the First Lien Agent, which proceeds shall be applied to permanently reduce the First Lien Indebtedness; *provided, however,* that any monthly or other scheduled payments to the Debtors under any Swap Agreements that have not been terminated shall constitute Disputed Cash; *provided, further,* that the Debtors and the Committee reserve the right to request that the Court, after notice and a hearing, unwind the postpetition adequate protection payments made pursuant to paragraph 3(g) of the Interim Order and such payments shall only be unwound if the Court rules in favor of the Debtors or the Committee and specifically finds that such payments unduly disadvantaged the Debtors or unsecured creditors.
- (h) **Asset Sales; Application of Proceeds.** Unless otherwise agreed to by the First Lien Agent in writing, all sales and other dispositions (including casualty and condemnation events) of Collateral (“Collateral Sales”) shall be in exchange for 100% cash consideration. The Debtors shall deposit 100% of the net cash proceeds of any such Collateral Sale of (x) Prepetition Collateral into a segregated deposit account with the First Lien Agent (the “Segregated Account”), and (y) Collateral that is not Prepetition Collateral into the Operating Account. Any proposed property exchange with respect to Collateral that is not in exchange for 100% cash consideration shall be subject to the First Lien Agent’s prior written consent, which shall not be unreasonably withheld.
- (i) Notwithstanding anything to the contrary contained in this Final Order, the First Lien Adequate Protection Liens and First Lien Adequate Protection Claims shall not extend or have recourse to the proceeds of (x) Avoidance Actions against the First Lien Secured Parties or (y) claims and causes of action against the First Lien Secured Parties arising in connection with the Merger (as defined below) or any transaction related thereto.

4. **Adequate Protection for the Second Lien Secured Parties.** As

adequate protection for, and to secure payment of an amount equal to the Collateral Diminution,

the Second Lien Agent, for the benefit of the Second Lien Secured Parties, is hereby granted the following claims, liens, rights and benefits:

- (a) **Adequate Protection Liens.** Effective as of the Petition Date and in each case perfected without the necessity of the execution by the Debtors (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements, mortgages or other similar documents, or by possession or control, the Second Lien Agent, for the benefit of the Second Lien Secured Parties, is hereby granted security interests in and liens on the Collateral, subject only to (i) the Carve Out, (ii) the First Lien Adequate Protection Liens and (iii) the liens and security interests securing the First Lien Prepetition Indebtedness, and subject further to the Intercreditor Agreement (all such liens and security interests, the “Second Lien Adequate Protection Liens”, and collectively with the First Lien Adequate Protection Liens, the “Adequate Protection Liens”).
- (b) **Adequate Protection Claims.** An allowed administrative claim against each of the Debtors on a joint and several basis with priority over any and all other administrative claims against the Debtors now existing or hereafter arising in the Cases (subject and subordinate only to the Carve Out and the First Lien Adequate Protection Claims), including all claims of the kind specified under sections 503(b) and 507(b) of the Bankruptcy Code (the “Second Lien Adequate Protection Claims”, collectively with the First Lien Adequate Protection Claims, the “Adequate Protection Claims”), which administrative claim shall have recourse to and be payable from all prepetition and postpetition property of the Debtors including, without limitation, the proceeds or property recovered in respect of any Avoidance Actions.
- (c) **Fees and Expenses.** As additional adequate protection, the Debtors shall pay in cash: (i) to the extent not already paid as required under the Interim Order, the reasonable professional fees, expenses and disbursements of Paul, Weiss, Rifkind, Wharton & Garrison LLP, Haynes and Boone, LLP, Alston & Bird LLP and Houlihan Lokey incurred by the Second Lien Agent under the Second Lien Credit Agreement arising prior to the Petition Date and the reasonable out of pocket costs and expenses of the Second Lien Agent or any agency fees payable to it under the Second Lien Documents, *provided*, that such out of pocket costs and expenses and agency fees identified under subsection (i) do not exceed \$20,000 per month; and (ii) the reasonable professional fees, expenses and disbursements (including, but not limited to, the fees, expenses and disbursements of counsel, financial advisors, and

third-party consultants) incurred by the Second Lien Agent under the Second Lien Credit Agreement arising subsequent to the Petition Date; *provided, however*, that the Second Lien Agent shall inform the Debtors, the Committee and the First Lien Agent of the retention of a professional other than Paul, Weiss, Rifkind, Wharton & Garrison LLP, Haynes and Boone, LLP, Alston & Bird LLP and Houlihan Lokey. The payment of the fees, expenses and disbursements set forth in this paragraph 4(c) of this Final Order shall be made within the Review Period of the Invoiced Fees (subject in all respects to applicable privilege or work product doctrines) and without the necessity of filing formal fee applications, including such amounts arising before and after the Petition Date; *provided, however*, that the Debtors, the Committee and the United States Trustee may preserve their right to dispute the payment of any portion of the Invoiced Fees if, within the Review Period, (i) with respect to the Invoiced Fees of Paul, Weiss, Rifkind, Wharton & Garrison LLP, Haynes and Boone, LLP, Alston & Bird LLP and Houlihan Lokey, the Debtors pay in full the Invoiced Fees, including the Disputed Invoiced Fees, and (ii) the Debtors, the Committee or the United States Trustee file with the Court a motion or other pleading, on at least ten (10) days prior written notice to the Second Lien Agent of any hearing on such motion or other pleading, setting forth the specific objections to the Disputed Invoiced Fees. The Debtors and the Committee reserve their respective rights and related remedies with respect to such payments, including the right to argue that, to the extent that any cash payment of interest, fees, and/or expenses (including professional fees and expenses payable under this subsection) as adequate protection to the Second Lien Secured Parties is not allowed under Bankruptcy Code section 506(b) or not allowed on any other basis (including, without limitation, on account of the Debtors' use of Prepetition Collateral), such payments should be recharacterized and applied, to the extent recharacterized, to reduce permanently the allowed secured claim of the Second Lien Prepetition Indebtedness; *provided, however*, that the Second Lien Secured Parties reserve their rights to assert defenses to any such arguments and to otherwise oppose any such recharacterization or application.

- (d) **Reporting.** As additional adequate protection to the Second Lien Secured Parties, the Debtors shall provide the Second Lien Agent with all reporting materials provided by the Debtors to the First Lien Agent under section 3(f) of this Final Order; *provided, however*, that the sole remedy for failure to perform under this provision shall be the right of the Second Lien Agent to seek an order of the Court compelling performance.

- (e) Notwithstanding anything to the contrary contained in this Final Order, the Second Lien Adequate Protection Liens and Second Lien Adequate Protection Claims shall not extend or have recourse to the proceeds of (x) Avoidance Actions against the Prepetition Secured Parties or (y) claims and causes of action against the Prepetition Secured Parties arising in connection with the Merger (as defined below) or any transaction related thereto.

5. **Collateral Diminution.** For purposes of this Final Order, “Collateral Diminution” shall mean an amount equal to the decrease in the value of the Prepetition Secured Parties’ interest in the Prepetition Collateral (including Cash Collateral) from and after the Petition Date, resulting from the use, sale or lease of the Prepetition Collateral (including Cash Collateral), or the imposition of the automatic stay. Cash payments from the proceeds of the Prepetition Collateral pursuant to the terms of this Final Order shall not constitute Collateral Diminution.

6. **Priority of Adequate Protection Liens and Adequate Protection Claims.** Except to the extent of the Carve Out, the Adequate Protection Liens and Adequate Protection Claims granted to the Prepetition Secured Parties pursuant to paragraphs 3 and 4 of this Final Order shall not be subject or junior to any lien or security interest that is avoided and preserved for the benefit of the Debtors’ estates under section 551 of the Bankruptcy Code and shall not be subordinated to or made *pari passu* with any lien, security interest or administrative claim under section 364 of the Bankruptcy Code or otherwise; *provided, however*, that the Debtors shall not create, incur or suffer to exist any postpetition liens or security interests other than: (i) those granted pursuant to this Final Order; (ii) carriers’, mechanics’, operators’, warehousemen’s, repairmen’s or other similar liens arising in the ordinary course of business; (iii) pledges and deposits in connection with workers’ compensation, unemployment insurance and other social security legislation; and (iv) deposits to secure the payment of any postpetition statutory obligations and performance bonds.

7. **Carve Out.** As used in this Final Order, “Carve Out” means the sum of:

(i) all fees required to be paid to the Clerk of the Court and to the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; plus

(ii) fees and expenses up to \$100,000.00 incurred by a trustee under section 726(b) of the Bankruptcy Code; plus (iii) all allowed unpaid fees and expenses (whether allowed before or after the delivery of a Carve Out Notice (as defined herein), and whether allowed by interim order, procedural order, or otherwise) incurred by persons or firms retained by the Debtors pursuant to sections 327, 328 or 363 of the Bankruptcy Code (any such persons or firms, collectively, the “Debtor Professionals”) and the Committee (any such persons or firms, together with the Debtor Professionals, collectively, the “Professional Persons”) and the reimbursement of reasonable and documented out-of-pocket expenses, to the extent allowed at any time, incurred by any member of the Committee in furtherance of its duties as a Committee member (but excluding fees and expenses of third-party professionals employed by any such member of the Committee) (the “Committee Expenses”) at any time before the first business day following delivery by the First Lien Agent (via electronic mail, overnight delivery or hand delivery) to each of Sabine’s Senior Vice President and Chief Financial Officer, Kirkland & Ellis LLP, the U.S. Trustee, counsel to the Second Lien Agent and counsel to the Committee of a written notice (the “Carve Out Notice”), which notice may be delivered at any time following the occurrence of the Termination Date or a Termination Event (as defined below), stating that a Termination Date has occurred or a Termination Event has occurred; and (iv) the allowed fees and expenses (whether allowed by interim order, procedural order, or otherwise) of Professional Persons and the Committee Expenses in an aggregate amount not to exceed \$2,000,000 (the “Post-Carve Out Notice Cap”) incurred after the first business day following delivery by the First Lien Agent of

the Carve Out Notice as set forth above; *provided, however*, that (x) other than fees and expenses incurred by the Debtors' Professionals in connection with paragraphs 11 and 23 of this Final Order, the Carve Out shall not be available to pay the fees or expenses of Professional Persons incurred in connection with the initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against any of the First Lien Agent or the other First Lien Secured Parties; (y) so long as a Carve Out Notice has not been delivered, the Carve Out shall not be reduced by the payment of fees and expenses of Professional Persons or Committee Expenses allowed at any time by this Court and payable under sections 328, 330 or 331 of the Bankruptcy Code or other order of this Court; and (z) without prejudice to the rights of Professional Persons or the Debtors to contest any such objection, nothing in this Final Order shall be construed to impair the ability of any party to object to the allowance of any Committee Expenses or any fees, expenses, reimbursements or compensation sought by any Professional Persons. Upon delivery of the Carve Out Notice as set forth above, the Debtors shall establish a reserve account with the First Lien Agent (the "Carve Out Reserve") in an amount equal to the sum of (i) all billed and unpaid monthly fees and expenses of all Professional Persons (including any outstanding holdbacks); (ii) all unbilled fees and expenses of Professional Persons incurred prior to the delivery of the Carve Out Notice, and (iii) the Post Carve-Out Notice Cap (collectively, the "Carve Out Professional Fees"). The Carve Out Reserve shall be funded in cash, and the payment of the Carve Out Professional Fees from the Carve Out Reserve shall be deemed to have been satisfied: (x) first, from cash, if any, that is not Cash Collateral; (y) second, from Disputed Cash, and (z) third, only if there is no cash remaining in respect of (x) and (y) above, from Segregated Cash Collateral. After payment in full of the allowed amount of the Carve Out Professional Fees from the Carve Out Reserve, any funds remaining in the Carve Out

Reserve shall be applied as follows: (i) first, cash up to the amount of Segregated Cash Collateral, if any, used to fund the Carve Out Reserve shall be returned to the Segregated Account and shall constitute Segregated Cash Collateral; (ii) second, cash up to the amount of the Disputed Cash used to fund the Carve Out Reserve shall be transferred to the Operating Account and shall constitute Disputed Cash pending further Court order; and (iii) third, any funds remaining in the Carve Out Reserve thereafter shall be transferred to the Operating Account and shall constitute cash that is not Cash Collateral.

8. **Postpetition Lien Perfection.** Without the necessity of the filing of financing statements, security agreements, federal or state notices, pledge agreements, recordings, mortgages or other documents or taking possession or control of any Collateral, the Interim Order and/or this Final Order shall be sufficient evidence of the Prepetition Secured Parties' perfected security interests and liens granted in the Collateral pursuant to the Interim Order and this Final Order. Notwithstanding the foregoing, the Debtors are authorized and directed to execute such documents including, without limitation, mortgages, pledges and Uniform Commercial Code financing statements and to use Cash Collateral to pay such costs and expenses as may be reasonably requested by the Prepetition Agents to provide further evidence of the perfection of the Prepetition Secured Parties' security interests and liens in the Collateral as provided for herein. All such documents shall be deemed to have been recorded and filed as of the Petition Date.

9. **Inspection Rights.** In addition to, and without limiting, whatever rights to access the Prepetition Secured Parties have under their respective Prepetition Loan Documents, upon reasonable prior written notice (including via electronic mail) during normal business hours, the Debtors shall permit representatives, agents and employees of the Prepetition Agents

to (i) have access to and inspect and copy the Debtors' books and records, including all records and files of the Debtors pertaining to the Prepetition Collateral, (ii) have access to and inspect the Debtors' properties and (iii) to discuss the Debtors' affairs, finances, and condition with the Debtors' officers and financial advisors.

10. **Termination.** The Debtors' right to use the Cash Collateral pursuant to this Final Order shall terminate (the date of any such termination, the "Termination Date") without further notice or court proceeding on the earlier to occur of: (i) January 15, 2016 (the "Expiration Date"); *provided, however*, that with the consent of the Debtors and the First Lien Agent, in the exercise of their respective sole discretion, the Expiration Date may be extended to February 15, 2016 without further Court approval upon the filing of a notice on the docket of the Cases setting forth the new Expiration Date; (ii) the occurrence of any of the events set forth in clauses (a), (b), (c) (d), (i), (j), (k), (l), (m), and (n) below; and (iii) five (5) business days following the delivery of a written notice (any such notice, a "Default Notice") by the First Lien Agent to the Debtors, Kirkland & Ellis LLP, the United States Trustee, counsel to the Second Lien Agent, and counsel to the Committee of Default Notice (any such five-business-day period of time, the "Default Notice Period") of the occurrence of any of the events set forth in clauses (e), (f), (g), and (h) below unless such occurrence is cured by the Debtors prior to the expiration of the Default Notice Period with respect to such clause or such occurrence is waived by the First Lien Agent in its sole discretion, *provided* that, during the Default Notice Period, the Debtors shall be entitled to continue to use the Cash Collateral in accordance with the terms of this Final Order):

- (a) The dismissal of the Cases or the conversion of the Cases to cases under Chapter 7 of the Bankruptcy Code;
- (b) The entry by this Court of an order granting relief from the automatic stay imposed by section 362 of the Bankruptcy Code to

any entity other than the Prepetition Agents or the Prepetition Secured Parties with respect to the Prepetition Collateral or the Collateral without the written consent of the First Lien Agent, which consent may be withheld in its sole discretion;

- (c) The appointment or election of a trustee, examiner with expanded powers or any other representative with expanded powers relating to the operation of the businesses in the Cases;
- (d) The occurrence of the effective date of a plan of reorganization for the Debtors;
- (e) The failure by the Debtors to make any payment required pursuant to this Final Order when due;
- (f) The failure by the Debtors to deliver to the Prepetition Agents any of the documents or other information required to be delivered pursuant to this Final Order when due or any such documents or other information shall contain a material misrepresentation;
- (g) The failure by the Debtors to adhere to the Budget except, in each instance, with respect to Permitted Deviations or Non-Conforming Uses;
- (h) The failure by the Debtors to observe or perform any of the material terms or material provisions contained herein;
- (i) The Debtors shall create, incur or suffer to exist any postpetition liens or security interests other than liens or security interests which (x) are permitted pursuant to paragraph 6 of this Final Order or (y) have a value less than \$1,000,000 in the aggregate at any one time;
- (j) The Debtors shall create, incur or suffer any other claim which is *pari passu* with or senior to the Adequate Protection Claims;
- (k) Except as permitted by paragraphs 11 or 23 of this Final Order, a filing by any Debtor of any motion, pleading, application or adversary proceeding challenging the validity, enforceability, perfection or priority of the liens securing the First Lien Indebtedness or asserting any other cause of action against and/or with respect to the First Lien Indebtedness, the Prepetition Collateral securing the First Lien Indebtedness or any of the First Lien Secured Parties (or if the Debtors support any such motion, pleading, application or adversary proceeding commenced by any third party (except for participation in formal or informal discovery not initiated by the Debtors));

- (l) Except as permitted by paragraphs 11 or 23 of this Final Order, a filing by any Debtor of any motion, pleading, application or adversary proceeding challenging the validity, enforceability, perfection or priority of the liens securing the Second Lien Indebtedness or asserting any other cause of action against and/or with respect to the Second Lien Indebtedness, the Prepetition Collateral securing the Second Lien Indebtedness or any of the Second Lien Secured Parties (or if the Debtors support any such motion, pleading, application or adversary proceeding commenced by any third party (except for participation in formal or informal discovery not initiated by the Debtors));
- (m) The Debtors' failure to employ a chief restructuring officer that is reasonably acceptable to the First Lien Agent within twenty (20) business days of the resignation or incapacity of any chief restructuring officer retained by the Debtors on or after the Petition Date; or
- (n) The entry of an order reversing, staying, vacating or otherwise modifying in any material respect the terms of this Final Order.

Each of subparagraph (a) through (n) is referred to herein as a "Termination Event." On and after the Termination Date, the Debtors shall immediately cease using Cash Collateral and the First Lien Agent may in accordance with the terms and conditions of this Final Order, absent further order of the Court, following the applicable Termination Date, exercise the rights and remedies available under the Prepetition Loan Documents, this Final Order or applicable law, including, without limitation, foreclosing upon and selling all or a portion of the Prepetition Collateral or Collateral in order to collect any amounts payable to the First Lien Secured Parties and the Second Lien Secured Parties pursuant to this Final Order and apply the same to such obligations. The automatic stay under section 362 of the Bankruptcy Code shall be deemed modified and vacated to the extent necessary to permit such actions. In any hearing regarding any exercise of rights or remedies, the only issues that may be raised by any of the Debtors in opposition thereto shall be (A) whether, in fact, the Termination Date shall have occurred and (y) what is the quantum of the Collateral Diminution, and each of the Debtors hereby waives any

right to seek relief, including, without limitation, under Bankruptcy Code section 105, to the extent such relief would in any way impair or restrict the rights and remedies of the First Lien Agent and the First Lien Secured Parties set forth in this Final Order or the First Lien Loan Documents or, subject to the Intercreditor Agreement, the rights and remedies of the Second Lien Secured Parties set forth in this Final Order or the Second Lien Loan Documents. Any delay or failure of a Prepetition Secured Party to exercise rights under any First Lien Loan Document or Second Lien Loan Document or this Final Order shall not constitute a waiver of their respective rights hereunder, thereunder or otherwise. Notwithstanding the occurrence of the Termination Date or anything herein, all of the rights, remedies, benefits and protections provided to the Prepetition Secured Parties (subject to the Intercreditor Agreement) under this Final Order shall survive the Termination Date.

11. Usage and Reservation of Rights With Respect to Disputed Cash.

Except as provided in (i) paragraphs 12 and 13 of this Final Order as to the Debtors and (ii) paragraph 22 of this Final Order as to the Committee, with respect to Segregated Cash Collateral (as defined below), the Debtors, the Committee and the Prepetition Secured Parties reserve all of their respective rights, claims, and defenses with respect to whether cash, including the proceeds of the Debtors' borrowing under the First Lien Credit Agreement on February 25, 2015, in the Operating Account prior to or as of the Petition Date or thereafter (collectively, the "Disputed Cash"), constituted or constitutes Prepetition Collateral or the proceeds of Prepetition Collateral in which the Prepetition Secured Parties had or have valid and perfected security interests and/or should be subject to a constructive trust or other equitable trust in favor of the Prepetition Secured Parties; *provided, however*, that, except as provided in paragraphs 12 and 13 of this Final Order, the Debtors shall maintain the Disputed Cash in the Operating Account and use the

Disputed Cash to fund all adequate protection payments required to be paid pursuant to paragraphs 3(c), 3(e) and 4(c) of this Final Order, all Restructuring Professional Fees (as designated in the Budget), all Capital Expenditures (as designated in the Budget) and Lease Operating Expenses (as designated in the Budget) in each case related to the Debtors' assets that are not Prepetition Collateral and 100% of the Debtors' other general and administrative expenses (the "Unallocated G&A"), in each case, as permitted by and in accordance with the Budget. Except as provided in (i) paragraphs 12 and 13 of this Final Order as to the Debtors and (ii) paragraph 22 of this Final Order as to the Committee, the Debtors, the Committee, and the First Lien Agent (on behalf of the First Lien Secured Parties) reserve their respective rights to assert claims or seek any other relief with respect to the Disputed Cash. The Debtors and the Committee further reserve their respective rights to assert that a portion of the Unallocated G&A should be, or should have been, payable from the Segregated Cash Collateral, and the First Lien Secured Parties and the Second Lien Secured Parties reserve their rights to oppose such relief.

12. **Debtors' Obligations Under Section 363(c)(4).** The Debtors, after consultation with the Committee, shall establish and implement procedures reasonably acceptable to the First Lien Agent and the Debtors to segregate and account for all cash proceeds of the Prepetition Collateral (other than the Disputed Cash) (i) held in the Operating Account on the Petition Date (including the proceeds of joint interest billings arising under joint operating agreements related to the Hydrocarbon Properties) or (ii) received by the Debtors on or after the Petition Date as determined based on net lease operating statements and net accrued capital expenditures beginning with the month of June 2015 ((i) and (ii), collectively, the "Segregated Cash Collateral"), which procedures shall include, without limitation, that not later than fourteen (14) days after delivery of each set of monthly financial statements required to be delivered

pursuant to paragraph 3(f)(vi) of this Final Order, the Debtors shall transfer all Segregated Cash Collateral out of the Operating Account into the Segregated Account. Subject to the provisions and rights set forth in Paragraph 22 of this Final Order, the Prepetition Secured Parties' perfected liens and security interests in the Prepetition Collateral, if any, shall continue to attach to the Segregated Cash Collateral irrespective of the commingling of the Segregated Cash Collateral with other cash in the Operating Account prior to its transfer to the Segregated Account. Any failure by the Debtors on or after the Petition Date to comply with the Bankruptcy Code section 363(c)(4) segregation requirements in respect of any Cash Collateral (including any Disputed Cash that constitutes Cash Collateral) shall not be used as a basis to challenge the claims, or to the extent, validity, enforceability or perfected status of the liens or security interests securing such claims, of any party, including without limitation, the Prepetition Secured Parties, any mineral interest owners or joint venture partners of the Debtors.

13. **Limited Usage of Segregated Cash Collateral.** The Debtors are authorized to use Segregated Cash Collateral solely to pay Capital Expenditures (as designated in the Budget), Lease Operating Expenses (as designated in the Budget) and, without duplication of such expenses to the extent reflected in the net lease operating statements pursuant to Paragraph 12 hereof, solely to the extent relating to Prepetition Collateral, "Marketing, Transport and Processing," "Production and Ad Valorem Taxes," and "Workover Expenses" (in each case, as designated in the Budget), related to the Prepetition Collateral, in each case, as permitted by and in accordance with the Budget, and for such other expenses as may be ordered by the Court after notice and a hearing or as may be agreed to by the First Lien Agent in its sole discretion.

14. **Jurisdiction Over Operating Account Disputes.** The Court shall retain jurisdiction to resolve any disputes with respect to the extent to which cash deposited into the

Operating Account by or for the benefit of the Debtors or any other cash or cash equivalents of the Debtors constitutes Cash Collateral (and subject to the terms of this Final Order, all rights of the Debtors, the Committee and the Prepetition Secured Parties with respect to any such dispute are expressly preserved).

15. **Limitation on Charging Expenses Against Collateral.** All rights to surcharge any Prepetition Collateral or Collateral under section 506(c) of the Bankruptcy Code or any other applicable principle or 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 the Cases; *provided, however*, that in the event any (a) Disputed Cash that is neither Prepetition Collateral, proceeds of Prepetition Collateral, nor subject to a constructive trust or any other equitable remedy in favor of any Prepetition Secured Party or (b) unencumbered cash (together with item (a), the “Other Cash”), is used to preserve or dispose of the Prepetition Collateral, then the Debtors may apply to the Court to recover the reasonable, necessary costs and expenses of preserving, or disposing of, such property to the extent of any benefit to the Prepetition Secured Parties and the First Lien Secured Parties and the Second Lien Secured Parties reserve their rights to oppose any request for such relief; *provided further, however*, that nothing herein shall prevent the Committee from seeking standing to pursue a surcharge against the Prepetition Collateral under section 506(c) of the Bankruptcy Code, solely to the extent permitted by applicable law and solely to the extent that the Other Cash is used to preserve or dispose of the Prepetition Collateral, to recover the reasonable, necessary costs and expenses of preserving, or disposing of, such property to the extent of any benefit to the Prepetition Secured Parties. The Debtors, the First Lien Secured Parties and the Second Lien Secured Parties reserve their rights to oppose any such request for standing and any other relief requested in connection therewith.

16. **Reservation of Rights of the Prepetition Lenders.** This Final Order and the transactions contemplated hereby shall be without prejudice to (i) the rights of the Prepetition Secured Parties to seek additional or different adequate protection, move to vacate the automatic stay, move for the appointment of a trustee or examiner, move to dismiss or convert the Cases, or to take another action in the Cases and to appear and be heard in any matter raised in the Cases, and (ii) any and all rights, remedies, claims and causes of action which the Prepetition Agents or the Prepetition Secured Parties may have against any non-Debtor party liable for the First Lien Prepetition Indebtedness or the Second Lien Prepetition Indebtedness.

17. **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 Final Order and the transactions contemplated hereby. The stay of section 362 of the Bankruptcy Code is hereby modified to permit the Debtors and each of the Prepetition Secured Parties to accomplish the transactions contemplated by this Final Order.

18. **Survival of Final Order.** The provisions of this Final Order shall be binding upon any trustee appointed during the Cases or upon a conversion to cases under Chapter 7 of the Bankruptcy Code, and any actions taken pursuant hereto shall survive entry of any order which may be entered converting the Cases to Chapter 7 cases, dismissing the Cases under section 1112 of the Bankruptcy Code or otherwise, or confirming or consummating any plan(s) of reorganization. The terms and provisions of this Final Order, as well as the priorities in payments, liens, and security interests granted pursuant to the Interim Order and this Final Order shall continue notwithstanding any conversion of the Cases to Chapter 7 cases under the Bankruptcy Code, dismissal of the Cases or confirmation or consummation of any plan(s) of

reorganization. Subject to the reservation of rights set forth in paragraphs 3(c), 3(g) and 4(c) of this Final Order and the reservations of rights and limitations set forth in paragraphs 22 and 24 of this Final Order, the adequate protection payments made pursuant to the Interim Order and this Final Order shall not be subject to counterclaim, setoff, subordination, recharacterization, defense or avoidance in the Cases or any subsequent Chapter 7 cases (other than a defense that the payment has actually been made).

19. **No Liability to Third Parties.** Nothing in this Final Order shall be construed to impose upon the Prepetition Agents or the other Prepetition Secured Parties any fiduciary duty to the Debtors, their respective creditors, shareholders or estates. In addition, notwithstanding anything in the contrary in this Final Order, none of the Prepetition Agents or the other Prepetition Secured Parties shall be deemed to be in control of the operations of the Debtors or be deemed to be acting as a “responsible person” or “owner or operator” with respect to the operation or management of the Debtors, so long as the actions of the Prepetition Agents or of the other Prepetition Secured Parties do not constitute, within the meaning of 42 U.S.C. § 9601(20)(F), actual participation in the management or operational affairs of a vessel or facility owned or operated by a Debtor, or otherwise cause liability to arise to the federal or state government or the status of responsible person or managing agent to exist under applicable law (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute).

20. **Binding Effect.** The terms of this Final Order shall be valid and binding upon the Debtors, all creditors of the Debtors and all other parties in interest from and after the entry of this Final Order by this Court. In the event the provisions of this Final Order are

reversed, stayed, modified or vacated following any further hearing, such reversals, modifications, stays or vacatur shall not affect the rights and priorities of the Prepetition Secured Parties granted pursuant to this Final Order.

21. **Reversal, Stay, Modification or Vacatur.** Notwithstanding any such reversal, stay, modification or vacatur, any indebtedness, obligation or liability incurred by the Debtors pursuant to this Final Order arising prior to the Prepetition Agents' receipt of notice of the effective date of such reversal, stay, modification or vacatur shall be governed in all respects by the original provisions of this Final Order, and the Prepetition Secured Parties shall continue to be entitled to all of the rights, remedies, privileges and benefits, including any payments authorized herein and the security interests and liens granted herein, with respect to any such indebtedness, obligation or liability, and the validity of any payments made or obligations owed or lien or security interest granted pursuant to this Final Order is and shall remain subject to the protection afforded under the Bankruptcy Code.

22. **Reservation of Certain Third Party Rights and Bar of Challenge and Claims.**

- (a) The Debtors' admissions and releases contained in this Final Order: (i) shall be binding upon the Debtors, subject only to the Debtors' rights under paragraphs 11 and 23 of this Final Order, for all purposes; and (ii) shall be binding upon the Committee and all other parties in interest for all purposes unless (1) a party (subject in all respects to any agreement or applicable law which may limit or affect such entities right or ability to do so) has properly filed an adversary proceeding or contested matter (x) challenging the amount, validity, enforceability, priority or extent of the First Lien Prepetition Indebtedness, the Second Lien Prepetition Indebtedness or the Prepetition Secured Parties' security interests in and liens upon the Prepetition Collateral, (y) otherwise asserting any claims or causes of action against the Prepetition Secured Parties on behalf of the Debtors' estates, or (z) with respect (1) to the prepetition termination of any Swap Agreement and the application of proceeds therefrom to the Prepetition Indebtedness or (2) to the

postpetition termination of any Swap Agreement, subject solely in the case of this subparagraph (2) to the standard set forth in Paragraph 3(g) hereof (collectively, a “Challenge Proceeding”) by no later than November 10, 2015 (the “Challenge Deadline”), and (2) the Court rules in favor of the plaintiff in any such timely and properly filed Challenge Proceeding; *provided, however*, that (i) any request by the Debtors, the Committee, or a party in interest for an extension of the Challenge Deadline for “cause” shall toll the Challenge Deadline for such party, as applicable, until the Court, after notice and a hearing, rules on such request and (ii) the filing of an “STN Motion” by the Committee or a party in interest shall toll the Challenge Deadline for the Committee or such party in interest, as applicable, until five (5) days after the Court, after notice and a hearing, rules on such request; and *provided further*, that no party in interest (including the Committee) may file or pursue a Challenge Proceeding that asserts claims or challenges that are asserted in a Debtors’ Challenge Proceeding (as defined in paragraph 23 below); and *provided further*, nothing contained herein shall preclude or otherwise limit the rights of the Committee or any other party to seek to intervene, or to appear and be heard under 11 U.S.C. § 1109(b), in a Challenge Proceeding or a Debtors’ Challenge Proceeding. If no such Challenge Proceeding is properly filed as of such dates or the Court does not rule in favor of the plaintiff in any such proceeding, then subject only to paragraphs 11 and 23 of this Final Order: (a) the Debtors’ admissions and releases contained in this Final Order shall be binding on all parties in interest, including the Committee; (b) the obligations of the Debtors under the First Lien Loan Documents and Second Lien Loan Documents shall constitute allowed claims for all purposes in the Cases, and any subsequent Chapter 7 case(s); (c) the Prepetition Secured Parties’ security interests in and liens upon the Prepetition Collateral shall be deemed to have been, as of Petition Date, legal, valid, binding, and perfected first and second priority security interests and liens, as applicable, not subject to recharacterization, subordination or otherwise avoidable; and (d) the First Lien Prepetition Indebtedness, the Second Lien Indebtedness and the Prepetition Secured Parties’ security interests in and liens on the Prepetition Collateral shall not be subject to any other or further challenge by the Committee or any other party in interest seeking to exercise the rights of the Debtors’ estates, including, without limitation, any successor thereto. If any Challenge Proceeding is properly filed as of such dates, then subject to the last sentence of paragraph 23 of this Final Order, the Debtors’ admissions and releases contained in this Final Order shall nonetheless remain binding and preclusive (as provided in the second sentence of this paragraph).

- (b) Nothing contained in this Final Order shall be deemed to grant standing to the Committee or any other party to commence a Challenge Proceeding.

23. Debtors' Limited Reservation of Rights and Bar of Challenge and

Claims. Notwithstanding anything to the contrary in this Final Order, the Debtors shall retain the right to file an adversary proceeding or contested matter (x) challenging the amount, validity, enforceability, priority or extent of the First Lien Prepetition Indebtedness, the Second Lien Prepetition Indebtedness or the Prepetition Secured Parties' security interests in and liens upon the Prepetition Collateral (y) with respect to the prepetition termination of any Swap Agreement and the application of proceeds therefrom to the Prepetition Indebtedness) or to the postpetition termination of any Swap Agreement, subject solely in the case of postpetition termination to the standard set forth in Paragraph 3(g) hereof; or (z) otherwise asserting any claims or causes of action against the Prepetition Secured Parties on behalf of the Debtors' estates (collectively, a "Debtors' Challenge Proceeding"); *provided, however*, that if the Debtors fail to file a Debtors' Challenge Proceeding by the Challenge Deadline, or the Court does not rule in favor of the Debtors in any such Debtors' Challenge Proceeding, then subject only to the Debtors' rights under paragraph 11 of this Final Order and the rights of the Committee and other parties in interest in paragraph 22 of this Final Order: (a) the Debtors' admissions and releases contained in this Final Order shall be binding on the Debtors and all parties in interest, including the Committee; (b) the obligations of the Debtors under the First Lien Loan Documents and Second Lien Loan Documents shall constitute allowed claims for all purposes in the Cases, and any subsequent Chapter 7 case(s); (c) the Prepetition Secured Parties' security interests in and liens upon the Prepetition Collateral shall be deemed to have been, as of the Petition Date, legal, valid, binding, and perfected first and second priority security interests and liens, as applicable, not subject to recharacterization, subordination or otherwise avoidable; and (d) the First Lien

Prepetition Indebtedness, the Second Lien Indebtedness and the Prepetition Secured Parties' security interests in and liens on the Prepetition Collateral shall not be subject to any other or further challenge by the Committee or any other party in interest seeking to exercise the rights of the Debtors' estates, including, without limitation, any successor thereto. If any Debtors' Challenge Proceeding is properly filed by the Challenge Deadline, then, the Debtors' admissions and releases contained in this Final Order shall nonetheless remain binding and preclusive (as provided in the first sentence of this paragraph) except to the extent that such stipulations, agreements, admissions and releases were expressly challenged in such Debtors' Challenge Proceeding (or, subject to the limitations set forth in paragraph 22, in a Challenge Proceeding), and only to the extent such Debtors' Challenge Proceeding (or, subject to the limitations set forth in paragraph 22, such Challenge Proceeding) was successful.

24. **Limitation on Use of Collateral.** Notwithstanding the foregoing or any other provision of this Final Order, no Disputed Cash (unless and until the Court determines that such cash is Other Cash) or other Cash Collateral may be used to: (a) object to, contest or raise any defense to, the validity, perfection, priority, extent or enforceability of the Prepetition Indebtedness, or the liens or claims granted under the Interim Order, this Final Order or the Prepetition Loan Documents and/or assert any claims, defenses or causes of action against the Prepetition Secured Parties or their respective agents, affiliates, representatives, attorneys, or advisors, except by the Debtors in accordance with the Budget and as set forth in paragraph 23 of this Final Order; (b) prevent, hinder, or otherwise delay the First Lien Agent's assertion, enforcement, or realization on the Cash Collateral or the Collateral in accordance with the First Lien Loan Documents, the Interim Order or this Final Order; (c) seek to modify any of the rights granted in the Interim Order, this Final Order or the First Lien Loan Documents without the First

Lien Agent's prior written consent; or (d) pay any amount on account of any claims arising prior to the Petition Date unless such payments are both approved by an Order of this Court and in accordance with the Budget. Notwithstanding the foregoing, advisors to the Committee may investigate the claims and liens of the Prepetition Secured Parties prior to the Challenge Deadline at an aggregate expense not to exceed \$250,000 from the Disputed Cash (unless and until the Court determines that such cash is Other Cash, in which case such expenses may be paid from Other Cash).

25. **Enforceability; Waiver of Any Applicable Stay.** This Final Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable *nunc pro tunc* to the Petition Date immediately upon entry hereof. Notwithstanding Bankruptcy Rules 6004(h), 6006(d), 7062 or 9014 of the Bankruptcy Rules or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Final Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Final Order.

26. **No Impact on Certain Contracts or Transactions.** No rights of any entity in connection with a contract or transaction of the kind listed in sections 555, 556, 559, 560 and 561 of the Bankruptcy Code, whatever they might or might not be, are affected by the provisions of this Final Order.

27. **Proofs of Claim.** None of the Prepetition Agents nor the Prepetition Secured Parties will be required to file proofs of claim in any of the Cases or successor cases, with respect to the Debtors' stipulations in this Final Order or the adequate protection granted in this Final Order, and such stipulations or adequate protection shall be deemed to constitute timely filed proofs of claim against the applicable Debtors with respect to liquidated

amounts set forth herein. Notwithstanding the foregoing, each of the First Lien Agent (on behalf of itself and the other First Lien Secured Parties) and the Second Lien Agent (on behalf of itself and the applicable Second Lien Secured Parties) is hereby authorized and entitled, in its sole discretion, but not required, to file (and amend and/or supplement, as it sees fit) a master proof of claim for any claims of the Prepetition Secured Parties arising from the applicable Prepetition Loan Documents; *provided, however*, that nothing herein shall waive the right of any Prepetition Secured Party to file its own proofs of claim against the Debtors.

28. **Intercreditor Agreement.** Nothing in this Final Order shall amend or otherwise modify the terms and enforceability of the Intercreditor Agreement, and the Intercreditor Agreement shall remain in full force and effect. The rights of the Prepetition Secured Parties shall at all times remain subject to the Intercreditor Agreement.

29. **Section 552(b) of the Bankruptcy Code.** The Prepetition Agents and the Prepetition Secured Parties shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Agents and the Prepetition Secured Parties with respect to proceeds, products, offspring or profits of any of the Prepetition Collateral or the Collateral, *provided, however*, if any Other Cash is used to benefit the Prepetition Collateral, then the Debtors reserve their right to argue, based on the equities of the case, that the Prepetition Secured Parties’ liens (other than Adequate Protection Liens) do not attach to certain postpetition proceeds of the Prepetition Collateral, (x) solely to the extent of the amount of Other Cash so used, if such amount is \$10 million or less in the aggregate or (y) an amount greater than the amount of Other Cash so used, if such amount is \$10 million or greater in the aggregate (together with (x), the “552(b) Request”); *provided further* that the Committee also reserves the

right to make a 552(b) Request, after consultation with the Debtors. The Debtors, the First Lien Secured Parties and the Second Lien Secured Parties reserve their rights to oppose any such request for standing and any 552(b) Request by either the Debtors or the Committee.

30. **No Marshaling.** Neither the Prepetition Agents nor the Prepetition Secured Parties shall be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the Prepetition Collateral or Collateral, as applicable, unless the Court, after notice and a hearing, determines otherwise.

31. **Miscellaneous.**

(a) Nothing in this Final Order, or any agreements or documents referenced herein, shall limit the Debtors’ obligations pursuant to 28 U.S.C. §959(b).

(b) As to the United States and any agencies, departments, or agents thereof, nothing in this Final Order, or any agreements or documents referenced herein, shall discharge, release, or otherwise preclude any valid right of setoff or recoupment that any such entity may have.

(c) For the avoidance of doubt, nothing in this Final Order shall affect ownership rights or resulting rights to proceeds of holders of Non-Operating Working Interests or Royalty Interest Holders (each as defined in the *Debtors’ Motion for Entry of Interim and Final Orders Authorizing Payment of (I) Working Interest Disbursements and (II) Royalty Payments in the Ordinary Course of Business* [Docket No. 11]), in such property.

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

33. **Retention of Jurisdiction.** The Court has and will retain jurisdiction to enforce this Final Order.

34. **Reporting to the Committee.** The Debtors shall provide the Committee with all reporting materials set forth under section 3(f) of this Final Order at the same time and in the same manner as provided to the First Lien Agent and/or the other First Lien Secured Parties.

Dated: New York, New York
September 16, 2015

/S/ Shelley C. Chapman
THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Budget

Sabine Oil & Gas - Weekly Cash Flow Forecast

DRAFT - Updated 07/14/15

Dollars USD

Strip (as of 7/08/15; actuals before)

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	13 Week Total
	7/18	7/25	8/1	8/8	8/15	8/22	8/29	9/5	9/12	9/19	9/26	10/3	10/10	7/18
	7/24	7/31	8/7	8/14	8/21	8/28	9/4	9/11	9/18	9/25	10/2	10/9	10/16	10/16
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Receipts	Oil Receipts	20,377,468	-	-	-	18,169,029	-	-	-	16,509,896	-	-	-	55,056,392
	Gas, and NGL Receipts	-	26,448,644	-	-	-	16,188,345	10,792,230	-	14,810,323	9,873,548	-	-	78,113,089
	Other Receipts	267,870	-	-	-	253,492	-	-	-	233,932	-	-	-	755,293
	Total Receipts, Gross	20,645,337	26,448,644	-	-	18,422,521	16,188,345	10,792,230	-	31,554,151	9,873,548	-	-	133,924,775
	Royalties/Working Interest Paid	-	(23,366,725)	-	-	-	(18,751,520)	-	-	(16,587,321)	-	-	-	(58,705,566)
	Hedge Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
	Joint Interest Billing (JIB) Receipts	-	4,000,000	-	-	-	5,747,088	-	-	3,610,657	-	-	-	13,357,745
	Total Receipts, Net	20,645,337	7,081,918	-	-	18,422,521	3,183,913	10,792,230	-	18,577,487	9,873,548	-	-	88,576,953
Operating Disbursements	Direct Operating Disbursements (Gross)													
	Lease Operating Expense	1,969,352	1,969,352	1,752,263	1,752,263	1,639,788	1,639,788	1,833,476	1,978,742	1,978,742	1,989,389	2,016,006	2,016,006	24,513,911
	Marketing, Transport & Processing	599,199	599,199	478,610	478,610	450,865	450,865	480,260	502,306	502,306	500,364	495,507	495,507	6,535,903
	Production and Ad-Val Taxes	1,100,000	-	-	-	1,100,000	-	-	-	1,100,000	-	-	-	3,300,000
	Workover Expenses	130,471	130,471	143,928	143,928	133,714	133,714	166,758	191,541	191,541	193,181	197,278	197,278	2,145,346
	Capital Expenditures	5,003,630	5,003,630	3,662,967	3,662,967	3,506,977	3,506,977	3,766,728	3,961,540	3,961,540	3,928,250	3,845,025	3,845,025	51,616,799
	General & Administrative													
	Payroll (Incl. Taxes, 401k, Severance)	1,121,554	-	1,121,554	-	1,121,554	-	1,121,554	-	1,121,554	-	-	1,121,554	7,850,878
	Rent & Utilities	-	-	612,562	-	-	-	478,550	-	-	237,517	-	-	1,328,629
	Insurance	-	-	-	-	-	-	-	-	500	-	-	-	500
	Other G&A*	583,950	742,150	578,271	578,271	578,271	578,271	881,846	647,002	647,002	769,049	499,118	499,118	8,229,320
	Other Operating Expenses	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	1,625,000
	(Bounced Checks)/Recut Checks, Net	936,000	288,000	144,000	72,000	-	-	-	-	-	-	-	-	1,440,000
	Total Operating Disbursements	11,569,157	8,857,803	8,619,154	6,813,038	8,656,170	6,434,616	8,854,171	7,406,132	9,627,686	7,406,632	8,864,304	7,177,935	108,586,286
	OPERATING CASH FLOW	9,076,180	(1,775,885)	(8,619,154)	(6,813,038)	9,766,351	(3,250,703)	1,938,058	(7,406,132)	(9,627,686)	11,170,855	1,009,245	(7,177,935)	(20,009,333)
Non-Recurring	Restructuring Professional Fees	-	-	-	-	375,000	262,500	900,000	262,500	1,020,000	-	25,000	2,360,000	6,737,000
	Utility Deposits	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000
	Other (Incl. US Trustee Fees)	-	-	-	-	-	-	-	-	-	45,000	-	-	45,000
	Total Non-Recurring Disbursements	100,000	-	-	-	375,000	262,500	900,000	262,500	1,020,000	-	70,000	2,360,000	6,882,000
Debt Service	Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest Payments and Fees	-	3,780,343	-	-	-	3,834,401	-	-	-	4,111,804	-	-	11,726,547
	Total Debt Service Expenses	-	3,780,343	-	-	-	3,834,401	-	-	-	4,111,804	-	-	11,726,547
	NET CASH FLOW	8,976,180	(5,556,227)	(8,619,154)	(6,813,038)	9,391,351	(7,347,604)	1,038,058	(7,668,632)	(10,647,686)	11,170,855	(3,172,559)	(9,537,935)	(38,617,880)
Cash Balance	Beginning Cash Balance	253,391,174	262,367,354	256,811,127	248,191,973	241,378,934	250,770,285	243,422,682	244,460,740	236,792,108	226,144,422	237,315,277	234,142,718	253,391,174
	Net Cash Flow	8,976,180	(5,556,227)	(8,619,154)	(6,813,038)	9,391,351	(7,347,604)	1,038,058	(7,668,632)	(10,647,686)	11,170,855	(3,172,559)	(9,537,935)	(38,617,880)
	Ending Cash Balance	262,367,354	256,811,127	248,191,973	241,378,934	250,770,285	243,422,682	244,460,740	236,792,108	226,144,422	237,315,277	234,142,718	224,604,783	214,773,294

* Includes Office Expenses, Contractors, and Other Employee Related Costs (including healthcare related claims)