

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

In re:)	
	)	Chapter 11
EXTRACTION OIL & GAS, INC. <i>et al.</i> , ¹)	
	)	Case No. 20-11548 (CSS)
Debtors.	)	(Jointly Administered)
)	
	)	Re: Docket Nos. 14, 523, 524

**CERTIFICATION OF COUNSEL REGARDING STIPULATION OF MATTERS
BETWEEN DEBTORS AND DCP OPERATING COMPANY, LP**

The undersigned counsel to the debtors and debtors and possession (the “Debtors”), hereby certify as follows:

1. On June 14, 2020, each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code.

2. On June 15, 2020, the Debtors filed the *Debtors’ Omnibus Motion for Entry of an Order (I) Authorizing Rejection of Unexpired Leases of Nonresidential Real Property and Executory Contracts Effective as of the Dates Specified Herein and (II) Granting Related Relief* [Docket No. 14] (the “Motion”).

3. On August 25, 2020, DCP Operating Company, LP (“DCP”) filed the *Objection of DCP Operating Company, LP to the Debtors’ Omnibus Motion for Entry of an Order (I) Authorizing Rejection of Unexpired Leases of Nonresidential Real Property and Executory Contracts Effective as of the Dates Specified Herein and (II) Granting Related Relief* [Docket

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Debtors’ principal place of business is 370 17th Street, Suite 5300, Denver, Colorado 80202.



No. 523] (the “Objection”) in response to the Motion.

4. The Debtors and DCP have agreed to consensually resolve the contested matters set forth in the Motion, the Objection and other matters, by entering into the *Stipulation of Matters Between Debtors and DCP Operating Company, LP* (the “Stipulation”). A proposed form of order approving the Stipulation (the “Proposed Order”) is attached hereto as Exhibit A. A copy of the Stipulation is attached to the Proposed Order as Exhibit 1.

[Remainder of page intentionally left blank.]

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order, substantially in the form attached hereto as Exhibit A at its earliest convenience.

Dated: October 27, 2020
Wilmington, Delaware

/s/ Stephen B. Gerald

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² Whiteford, Taylor & Preston LLC operates as Whiteford Taylor & Preston L.L.P. in jurisdictions outside of Delaware.

Exhibit A

(Proposed Order)

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

In re:)	
	)	Chapter 11
EXTRACTION OIL & GAS, INC. <i>et al.</i> , ¹	)	Case No. 20-11548 (CSS)
Debtors.	)	(Jointly Administered)
	)	Re: Docket Nos. 14, 523, 524

**ORDER APPROVING STIPULATION OF MATTERS
BETWEEN DEBTORS AND DCP OPERATING COMPANY, LP**

Upon consideration of the *Stipulation of Matters Between Debtors and DCP Operating Company, LP* (the “Stipulation”):² The undersigned counsel to the debtors and debtors-in-possession (the “Debtors”), hereby certify as follows:

1. The Stipulation is approved.
2. The Debtors and DCP are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the terms of the Stipulation.
3. This Court retains jurisdiction over any and all issues arising from or related to the implementation and interpretation of this Order.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Debtors’ principal place of business is 370 17th Street, Suite 5300, Denver, Colorado 80202.

² Capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to them in the Stipulation.

Exhibit 1

(Stipulation)

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

In re:)	
	)	Chapter 11
EXTRACTION OIL & GAS, INC. <i>et al.</i> , ¹	)	Case No. 20-11548 (CSS)
Debtors.	)	(Jointly Administered)
)	
	)	Re: Docket Nos. 14, 523, 524

**STIPULATION OF MATTERS
BETWEEN DEBTORS AND DCP OPERATING COMPANY, LP**

This stipulation (the “**Stipulation**”) is made this 27th day of October 2020, by the above-captioned debtors and debtors-in-possession (the “**Debtors**”) and DCP Operating Company, LP (“**DCP,**” and together with the Debtors, the “**Parties**”).

RECITALS

WHEREAS, DCP and Debtor Extraction Oil & Gas, Inc. (“**XOG**”) are parties to that certain Amended and Restated Gas Purchase Contract, which includes as exhibits, and incorporates by reference, Exhibits D and E, respectively, the Facilities Expansion and Risk Sharing Agreement, dated December 15, 2016 (**Plant 10 Agreement**) and Facilities Expansion and Risk Sharing Agreement, dated May 15, 2017 (**Plant 11 Agreement**) (collectively, the Amended and Restated Gas Purchase Contract with all exhibits, the “**Gas Purchase Contract**”).

WHEREAS, on June 14, 2020 (the “**Petition Date**”), each of the Debtors filed a voluntary petition with the Bankruptcy Court for the District of Delaware (the “**Bankruptcy**”).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Debtors’ principal place of business is 370 17th Street, Suite 5300, Denver, Colorado 80202.

Court”) for relief under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Cases**”). The Debtors continue to manage and operate their business as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code.

WHEREAS, on or about June 15, 2020, the Debtors moved to reject the Plant 10 Agreement and Plant 11 Agreement pursuant to the *Omnibus Motion for an Order (I) Authorizing Rejection of Unexpired Leases of Nonresidential Real Property and Executory Contracts Effective as of the Dates Specified Herein and (II) Granting Related Relief* [Docket No. 14] (the “**Rejection Motion**”), and the Rejection Motion remains pending with respect to DCP.

WHEREAS, the Debtors adjourned DCP’s time to object or otherwise respond to the Rejection Motion to on or before August 4, 2020, and then subsequently to on or before August 25, 2020, subject to further extensions.

WHEREAS, on August 25, 2020, DCP filed the *Objection of DCP Operating Company, LP to the Debtors’ Omnibus Motion for Entry of an Order (I) Authorizing Rejection of Unexpired Leases of Nonresidential Real Property and Executory Contracts Effective as of the Dates Specified Herein and (II) Granting Related Relief* [Docket No. 523] (the “**Objection**”) in response to the Rejection Motion.

WHEREAS, the Parties have engaged in extensive arm’s length negotiations concerning the Gas Purchase Contract, the Rejection Motion as it relates to DCP, the Objection, and various other matters.

WHEREAS, the Parties wish to resolve all outstanding issues regarding the Gas Purchase Contract, the Rejection Motion and Objection, and various other matters as set forth below, and to avoid extensive and expensive litigation in connection therewith.

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to and on the terms and conditions set forth herein, the Parties hereto, intending to be legally bound, hereby stipulate and agree as follows:

AGREEMENT

1. **Withdrawal of Rejection Motion as it Relates to DCP.** Within two (2) days following the execution of the Gas Purchase Contract, as amended, which amendment shall reflect the commercial terms agreed upon between the Parties in connection with the Gas Purchase Contract (the “**Amended Gas Purchase Contract**”), the Debtors shall withdraw the Rejection Motion as it relates to DCP, specifically with respect to the Plant 10 Agreement and Plant 11 Agreement, with prejudice, and thereafter, upon the withdrawal with prejudice of the Rejection Motion, DCP shall withdraw its Objection as moot.

2. **Assumption of Amended Gas Purchase Contract.** In the event that the Gas Purchase Contract, as amended, is executed, as soon as practicable but no later than within thirty (30) days following the date hereof, the Debtors shall file a motion, in form and substance acceptable to DCP (the “**Assumption Motion**”), seeking assumption of the Amended Gas Purchase Contract. The Debtors agree to use their reasonable best efforts to ensure that the Assumption Motion is scheduled for hearing at the next available hearing date before the Bankruptcy Court in these Chapter 11 Cases.

3. **Integration.** The Parties agree, stipulate and represent that the Plant 10 Agreement and Plant 11 Agreement, together with the other exhibits to the Gas Purchase Contract, are fully subsumed as part of and fully integrated with the Gas Purchase Contract, such that Gas Purchase Contract and all exhibits thereto shall be viewed as, deemed to be, and treated

as a single, integrated agreement for all intents and purposes, and shall not be capable of being severed or otherwise divisible.

4. **Offsets and Deductions.** The Debtors agree that the types of offsets and deductions and the process for such offsets and deductions under and/or related to the Gas Purchase Contract that DCP has applied are and were appropriate, and that such types of offsets and deductions and the process thereto, including, without limitation, prior period adjustments, shall be authorized to continue in the ordinary course of dealings between the Parties; and the Assumption Motion shall provide for and confirm that such process of offsets and deductions shall be authorized to continue in the ordinary course of dealings between the Parties.

5. **Actions in the Chapter 11 Cases.** Neither the Debtors nor DCP shall support, propose, file and/or prosecute any motion, pleading, chapter 11 plan or other action in the Chapter 11 Cases that purports to alter, amend, or modify or would have the effect of altering, amending or modifying in any respect the obligations or rights of any Party under this Stipulation or any document required or contemplated hereby without the express written consent of all Parties hereto.

6. **Authority.** Each individual signing this Stipulation on behalf of any party hereto acknowledges and, with respect to his or her own signature below, represents that he/she is authorized to execute this Stipulation in his/her representative capacity, as reflected below and on behalf of the Party indicated.

7. **Construction.** The Parties have cooperated in the drafting and preparation of this Stipulation. Therefore, in any construction to be made of this Stipulation, the Stipulation shall not be construed for or against any Party on that basis. Each of the Parties shall bear its own costs and expenses in connection with this matter, including legal fees and expenses.

8. **Execution in Counterparts.** This Stipulation may be executed in counterparts, any of which may be transmitted by email or facsimile, and each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

9. **Successors.** This Stipulation shall be and shall remain binding upon and shall inure to the benefit of the Parties hereto and all of their respective successors, assigns, purchasers, administrators and representatives, including but not limited to, any trustee in these cases under chapter 11 or chapter 7.

10. **Amendments and Waivers.** No amendment, modification, or waiver of any provision of this Stipulation shall be valid unless the same shall be in writing and signed by the Parties.

11. **Entire Agreement.** This Stipulation constitutes the entire agreement among the Parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings, both written and oral, thereof.

12. **Effectiveness of Stipulation.** This Stipulation shall be effective upon the first date upon which this Stipulation is signed by all of the Parties, with the effective date of the amendments to the Gas Purchase Contract subject to approval of the Assumption Motion in a final, non-appealable order by the Bankruptcy Court (in form and substance acceptable to DCP).

13. **Descriptive Headings.** Descriptive headings of the several sections of this Stipulation are inserted for convenience only and do not constitute a part of this Stipulation.

RESERVATIONS OF RIGHTS

14. Nothing set forth in this Stipulation shall be deemed as consent by DCP to the jurisdiction of the Bankruptcy Court over any matter, including with respect to DCP, its assets or liabilities, any claim by DCP against the Debtors and/or any claim by the Debtors against DCP, other than as necessary to approve this Stipulation and for the Debtors to seek approval of the Assumption Motion.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, THIS STIPULATION HAS BEEN READ AND SIGNED IN
DUPLICATE ORIGINALS BY EACH OF THE PARTIES:

Counsel for the Debtors

/s/ Allyson S. Weinhouse

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