

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

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

**DISCLOSURE STATEMENT SUPPLEMENT FOR THE SIXTH AMENDED  
JOINT PLAN OF REORGANIZATION OF EXTRACTION OIL & GAS, INC. AND ITS  
DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

THE DEBTORS ARE SENDING YOU THIS DOCUMENT (THIS “DISCLOSURE STATEMENT SUPPLEMENT”) AS A SUPPLEMENT TO THE *REVISED THIRD AMENDED DISCLOSURE STATEMENT FOR THE THIRD AMENDED JOINT PLAN OF REORGANIZATION OF EXTRACTION OIL & GAS, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE [DOCKET NO. 1023]* (THE “DISCLOSURE STATEMENT”) BECAUSE YOU ARE A HOLDER OF A GENERAL UNSECURED CLAIM FOR PURPOSES OF PARTICIPATING IN THE GUC EQUITY RIGHTS OFFERING, AS DESCRIBED IN THE *SIXTH AMENDED JOINT PLAN OF REORGANIZATION OF EXTRACTION OIL & GAS, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE [DOCKET NO. 1505]* (AS MAY BE AMENDED OR MODIFIED FROM TIME TO TIME AND WITH ALL EXHIBITS AND SUPPLEMENTS THERETO, THE “PLAN”).<sup>2</sup>

THE DEBTORS OBTAINED APPROVAL OF THE DISCLOSURE STATEMENT ON NOVEMBER 6, 2020, AND COMMENCED SOLICITING VOTES TO APPROVE THE PLAN ON NOVEMBER 13, 2020. THIS DISCLOSURE STATEMENT SUPPLEMENT SUMMARIZES, AMONG OTHER THINGS, CERTAIN MATERIAL EVENTS PERTAINING TO THE DEBTORS’ CHAPTER 11 CASES SINCE THE APPROVAL OF THE DISCLOSURE STATEMENT, CERTAIN MODIFICATIONS TO THE PLAN, AND CERTAIN OTHER INFORMATION THAT MAY ASSIST HOLDERS OF GENERAL UNSECURED CLAIMS TO DETERMINE WHETHER TO PARTICIPATE IN THE GUC EQUITY RIGHTS OFFERING.

FOR ADDITIONAL INFORMATION RELATED TO THE ASSETS, LIABILITIES, OPERATIONS, RISK FACTORS, TAX CONSEQUENCES, VALUATION AND OTHER INFORMATION CONCERNING THE DEBTORS, PLEASE REFER TO THE DISCLOSURE STATEMENT. PLEASE NOTE, THE DEBTORS HAVE NOT UPDATED THEIR VALUATION ANALYSIS (AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TAKES NO POSITION WITH RESPECT TO THE DEBTORS’ VALUATION ANALYSIS OR THE VALUE OF

<sup>1</sup> 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.

<sup>2</sup> All capitalized terms used but not otherwise defined in this Disclosure Statement Supplement shall have the meaning ascribed to them in the Plan or the Disclosure Statement, as applicable.



ANY SECURITIES OFFERED BY THE DEBTORS). THE STATEMENTS CONTAINED HEREIN DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SUPPLEMENT MAY NOT BE DEEMED AS PROVIDING ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY SUCH LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THE DISCLOSURE STATEMENT, THIS DISCLOSURE STATEMENT SUPPLEMENT, THE PLAN, AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY.

MOREOVER, NEITHER THE DISCLOSURE STATEMENT NOR THIS DISCLOSURE STATEMENT SUPPLEMENT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER.

THE DEBTORS HAVE NOT AUTHORIZED ANY PARTY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THE DISCLOSURE STATEMENT AND THIS DISCLOSURE STATEMENT SUPPLEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THE DISCLOSURE STATEMENT AND THIS DISCLOSURE STATEMENT SUPPLEMENT. CLAIMANTS SHOULD NOT RELY UPON ANY INFORMATION, REPRESENTATIONS, OR OTHER INDUCEMENTS MADE TO OBTAIN ACCEPTANCE OF THE PLAN THAT ARE OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN, IN THE PLAN, AND IN THE DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT SUPPLEMENT CONTAINS A SUMMARY OF CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND EVENTS PRECEDING THE DEBTORS' FILING OF THE CHAPTER 11 CASES. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH EVERY DETAIL OF SUCH EVENTS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT SUPPLEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

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**ARTICLE I**  
**SUPPLEMENTAL DISCLOSURE OF EVENTS IN THE CHAPTER 11 CASES**

**A. The Solicitation Process**

On November 6, 2020, following the resolution of objections to the Disclosure Statement filed by, among others, the Creditors' Committee and various of the Midstream Defendants (as defined below) [Docket Nos. 706, 707, 911, 912, 953, and 955], the Bankruptcy Court approved the Disclosure Statement, and on November 13, 2020, the Debtors commenced solicitation of the Plan by delivering a copy of the Plan and the related Disclosure Statement (including Ballots) to Holders of Class 3-Revolving Credit Agreement Claims, Class 4-Senior Notes Claims, Class 6-General Unsecured Claims, Class 7-Existing Preferred Interests, and Class 8-Existing Common Interest, the only Classes entitled to vote to accept or reject the Plan. The Debtors established December 11, 2020, at 4:00 p.m., prevailing Eastern Time (the "Voting Deadline"), as the deadline for the receipt of votes to accept or reject the Plan from Holders of Claims and Interests entitled to vote to accept or reject the Plan.

On December 16, 2020, the Debtors filed the *Declaration of Jeffrey R. Miller Regarding the Solicitation and Tabulation of Votes on the Third Amended Joint Plan of Reorganization of Extraction Oil & Gas, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 1364] (the "Initial Voting Report"), which detailed the preliminary results of the Plan voting process, and on December 19, 2020, the Debtors filed the *Amended Declaration of Jeffrey R. Miller Regarding the Solicitation and Tabulation of Votes on the Third Amended Joint Plan of Reorganization of Extraction Oil & Gas, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 1430] (the "Amended Voting Report"), which detailed the updated results of the Plan voting process.

As evidenced by the Amended Voting Report, each of Class 3-Revolving Credit Agreement Claims, Class 4-Senior Notes Claims, Class 6-General Unsecured Claims, Class 7-Existing Preferred Interests, and Class 8-Existing Common Interests voted to accept the Plan for each Debtor.

**B. The GUC Equity Rights Offering**

The GUC Equity Rights Offering is the rights offering of New Common Shares to be issued by Reorganized XOG in exchange for the GUC Equity Rights Offering Amount on the terms and conditions set forth in the Backstop Commitment Agreement, the other Equity Rights Offering Documents, the Plan, and the Plan Supplement. The GUC Equity Rights Offering Amount is \$50 million.

As detailed in Article IV.F.4 of the Plan, the GUC Equity Rights Offering is not backstopped. Further, the GUC Equity Rights Offering Procedures will not provide for any oversubscription rights unless otherwise agreed upon by the Debtors, the Required Backstop Parties, the Required Consenting Senior Noteholders, the Creditors' Committee, and the Majority Lenders or the Majority Exit RBL Facility Lenders, as applicable, in accordance with Article I.A.64 of the Plan, each in their sole discretion. The GUC Subscription Rights are not transferable.

For more detail regarding the GUC Equity Rights Offering, see Article IV.F.4 of the Plan.

**C. The Midstream Litigation and the Midstream Settlement**

**(i) The Midstream Litigation**

As detailed in Article VII.G of the Disclosure Statement, the Debtors are party to a number of midstream contracts that the Debtors sought to reject pursuant to section 365 of the Bankruptcy Code.

Accordingly, the Debtors filed various adversary proceedings to determine, among other things, whether those agreements contain covenants that run with the land. On August 14, 2020, the Debtors filed an adversary proceeding against REP Processing, LLC (“REP”) [Adv. Pro. No. 20-50813]. On August 19, 2020, the Debtors filed an adversary proceeding against Grand Mesa Pipeline, LLC (“Grand Mesa”) [Adv. Pro. No. 20-50816]. On August 25, 2020, the Debtors filed an adversary proceeding against Platte River Midstream, LLC and DJ South Gathering, LLC (collectively, the “PRM Parties”) [Adv. Pro. No. 20-50833]. On September 4, 2020, the Debtors filed an adversary proceeding against Elevation Midstream, LLC (“Elevation” and, together with GSO EM Holdings LP, collectively, the “Elevation Parties”) [Adv. Pro. No. 20-50839]. On September 8, 2020, the Debtors filed an adversary proceeding against Rocky Mountain Midstream LLC (“RMM” and, together with Grand Mesa, collectively, the “Midstream Parties” and, together with the Elevation Parties, the PRM Parties and REP, the “Midstream Defendants”) [Adv. Pro. No. 20-50840].

On October 14, 2020, the Bankruptcy Court published the *Findings of Fact and Conclusions of Law on Plaintiff’s Motion for Summary Judgment against Platte River Midstream, LLC and DJ South Gathering, LLC* [Docket No. 833], which determined that the applicable agreements at issue did not contain covenants that run with the land and thus, that those agreements are eligible for rejection under section 365 of the Bankruptcy Code. On October 14, 2020, the Bankruptcy Court published the *Findings of Fact and Conclusions of Law on Plaintiff’s Motion for Summary Judgment against Defendant, Grand Mesa Pipeline, LLC; and Defendant’s Motion for Permissive Abstention* [Docket No. 834], which determined that the applicable agreements at issue did not contain covenants that run with the land and thus, that those agreements are eligible for rejection under section 365 of the Bankruptcy Code. On October 14, 2020, the Bankruptcy Court published the *Findings of Fact and Conclusions of Law on Plaintiff’s Motion for Summary Judgment Against Elevation Midstream, LLC. See Extraction Oil & Gas, Inc. v. Elevation Midstream, LLC*, Adv. Proc. No. 20-50839 (Bankr. D. Del. Sept. 4, 2020) [Adv. Pro. Docket No. 51], which determined that the applicable agreements at issue did not contain covenants that run with the land and thus, that those agreements are eligible for rejection under section 365 of the Bankruptcy Code, and entered an order granting the Debtors’ motion for summary judgment and dismissing Elevation’s cross motion for summary judgment [Adv. Pro. Docket No. 52] (the foregoing findings of fact and conclusions of law, collectively, the “Adversary Proceeding Rulings,” and, the foregoing orders granting the Debtors’ motions for summary judgment, collectively, the “Adversary Proceeding Orders”).

Certain of the Midstream Defendants thereafter appealed the Adversary Proceeding Rulings. On October 28, 2020, Grand Mesa filed the *Notice of Appeal* [Adv. Docket No. 55-1]. On October 20, 2020, the Federal Energy Regulatory Commission (“FERC”) filed the *Notice of Appeal and Statement of Election*, appealing the Bankruptcy Court’s decision with respect to Grand Mesa. On October 27, 2020, Elevation filed the *Notice of Appeal of Elevation Midstream, LLC. See Elevation Midstream, LLC v. Extraction Oil & Gas, Inc.*, Civil Action No. 20-1546 (CFC) (D. Del. 2020).

In parallel with the Adversary Proceedings, the Debtors simultaneously litigated their determinations to pursue rejection of various agreements with the Midstream Defendants in the Bankruptcy Court. Specifically, the Debtors and the Midstream Defendants litigated the following, as applicable: (a) 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 “Rejection Motion”); (b) *Notice of Rejection of Certain Executory Contracts and/or Unexpired Leases* [Docket No. 377] (the “Rejection Notice”); and (c) the Debtors’ *Second 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. 412] (the “Second Rejection Motion,” and, together with the Rejection Motion and the Rejection Notice, the “Rejection Motions”).

The Debtors and the Midstream Defendants engaged in extensive briefing in advance of what was a four-day trial (the “Rejection Trial”) in the Bankruptcy Court to determine whether the Debtors were authorized to reject certain agreements pursuant to section 365 of the Bankruptcy Code. The Rejection Trial involved various fact witnesses and multi-party discovery and spanned October 7 to November 2, 2020. In light of the Bankruptcy Court’s findings, and rulings issued, in connection with the Adversary Proceedings [Docket Nos. 833, 834, and 864], on November 2, 2020, the Bankruptcy Court ruled in favor of the Debtors rejecting certain contracts pursuant to section 365 of the Bankruptcy Code [Docket No. 942] (the “Rejection Ruling”). On November 10, 2020, the Bankruptcy Court entered an order granting the Debtors’ motions to reject certain executory contracts [Docket No. 1038] (the “Rejection Order”), reflecting the Rejection Ruling.

Thereafter, certain of the Midstream Defendants, whose contracts were deemed rejected pursuant to the Rejection Ruling and the Rejection Order, appealed the Rejection Ruling and the Rejection Order. Indeed, Grand Mesa appealed the Rejection Ruling and the Rejection Order to the United States District Court for the District of Delaware [Docket 1048], and also filed a motion for entry of an order staying the Rejection Ruling and the Rejection Order, pending its appeal of the Rejection Order [Docket No. 1158]; the PRM Parties filed their *Notice of Appeal* [Docket No. 1084]; and FERC filed its *Notice of Appeal and Statement of Election* [Docket No. 1138].

#### (ii) The Midstream Settlement

Following solicitation of the Plan and the Disclosure Statement, and in light of the foregoing disputed rejection-related issues, the Debtors and the Midstream Defendants engaged in extensive, arm’s-length, and good-faith negotiations to address the aforementioned disputed rejection-related issues, including the concerns raised by the Debtors in their determinations to proceed with the rejection of certain contracts. These negotiations proved fruitful. Indeed, such negotiations culminated in the execution of commercial settlement term sheets by and among the Debtors and the Midstream Defendants (collectively, the “Midstream Commercial Settlement Term Sheets”), which, in certain circumstances, provided for the amendment and restatement of certain contracts that the Debtors sought to, or did, reject pursuant to section 365 of the Bankruptcy Code.

Specifically, the Debtors entered into the following Midstream Commercial Settlement Term Sheets:

- that certain Settlement Term Sheet, dated as of November 16, 2020, by and among the Debtors, on one hand, and Elevation Midstream, LLC and GSO EM Holdings, LP, on the other hand (the “Elevation Settlement”);
- that certain First Amendment to Gas Gathering and Processing Agreement, dated as of December 2, 2020, by and among the Debtors and REP Processing, LLC (the “REP Settlement”);
- that certain Settlement Term Sheet, dated as of December 15, 2020, by and among the Debtors and Rocky Mountain Midstream LLC (the “RMM Settlement”);
- that certain Settlement Term Sheet, dated as of December 19, 2020, by and among the Debtors and Grand Mesa Pipeline, LLC (the “Grand Mesa Settlement”); and
- that certain Settlement Term Sheet, dated as of December 22, 2020, by and among the Debtors, on one hand, and the PRM Parties on the other hand (the “PRM Parties Settlement”);

The material terms of the Midstream Commercial Settlement Term Sheets and the exhibits thereto contain highly confidential commercially sensitive information. A summary of the background and circumstances of each Midstream Commercial Settlement Term may be found in each Midstream 9019 Motion. Pursuant to certain of the Midstream Commercial Settlement Term Sheets, the Debtors have agreed to provide each Midstream Party, the Elevation Parties, and the PRM Parties an Allowed Class 6-General Unsecured Claim in an undisclosed amount as consideration for the concessions provided by each Midstream Party, Elevation Party, and PRM Party to the Debtors under each Midstream Commercial Settlement Term Sheet and related agreements. The aggregate amount of Allowed Class 6-General Unsecured Claims provided by the Debtors to the Midstream Parties, the Elevation Parties, and the PRM Parties pursuant to the Midstream Commercial Settlement Term Sheets totals approximately \$540 million. The Debtors estimate the aggregate amount of Allowed Class 6-General Unsecured Claims to be approximately \$571 million.<sup>3</sup>

Upon entry into the Midstream Commercial Settlement Term Sheets and, in certain circumstances, related agreements, the Debtors filed the following motions with the Bankruptcy Court, pursuant to Bankruptcy Rule 9019, seeking approval of, among other things, the Midstream Commercial Settlement Term Sheets (collectively, the “Midstream 9019 Motions”):

- *Debtors’ Motion for Entry of an Order (I) Approving the Settlement By and Among the Debtors and Elevation Midstream, LLC and GSO EM Holdings LP, (II) Authorizing Extraction Oil & Gas, Inc. to Assume Certain Executory Contracts, as Amended and Restated, with Elevation Midstream, LLC, and (III) Granting Related Relief* [Docket No. 1109] (the “Elevation 9019 Motion”);
- *Debtors’ Motion for Entry of an Order (I) Approving the Settlement By and Among the Debtors and REP Processing, LLC, (II) Authorizing Extraction Oil & Gas, Inc. to Enter Into that Certain Midstream Contract, as Amended, with REP Processing, LLC and Perform Thereunder, and (III) Granting Related Relief* [Docket No. 1335] (“REP 9019 Motion”);
- *Debtors’ Motion for Entry of an Order (I) Approving the Settlement By and Among the Debtors and Rocky Mountain Midstream LLC, (II) Authorizing the Assumption of Certain Executory Contracts, as Amended and Restated, with Rocky Mountain Midstream LLC, and (III) Granting Related Relief Filed by Extraction Oil & Gas, Inc.* [Docket No. 1365] (“RMM 9019 Motion”); and
- *Debtors’ Motion for Entry of an Order (I) Approving the Settlement By and Among the Debtors and Grand Mesa Pipeline, LLC, (II) Authorizing the Debtors to Enter into and Assume the Supply Agreement with NGL Crude Logistics, LLC, and (III) Granting Related Relief* [Docket No. 1427] (“Grand Mesa 9019 Motion”); and
- a motion for entry of an order approving the commercial settlement term sheet by and among the Debtors and the PRM Parties pursuant to Bankruptcy Rule 9019 (“PRM Parties 9019 Motion”), which shall be filed with the Court at a later date.

On December 5, 2020, the Bankruptcy Court entered an order approving the Elevation 9019 Motion [Docket No. 1274]. On December 21, 2020, the Bankruptcy Court entered orders approving the REP 9019

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<sup>3</sup> This reflects the Debtors’ estimation of Allowed Class 6-General Claims at this time and is subject to ongoing review and material change and is not final.

Motion [Docket No. 1462], the RMM 9019 Motion [Docket No. 1463], and the Grand Mesa 9019 Motion [Docket No. 1464].

In connection with entry into the Midstream Commercial Settlement Term Sheets, the Midstream Parties, the Participating AHG Members, and the Debtors also entered into the Midstream Settlement Transaction Term Sheets, which provides for, among other things, the Allowed Midstream Claim and the Midstream Settlement Payment. In consideration for the Midstream Settlement Payment, each Midstream Party that executes a Midstream Settlement Transaction Term Sheet agrees to waive the right to any other distributions under the Plan, including pursuant to Article III.B.6.b of the Plan, on account of the Allowed Midstream Claims and agrees to waive the right to participate in the GUC Equity Rights Offering or the GUC Cash Out Election on account of such Allowed Midstream Claims. All other material terms of the Midstream Settlement Transaction Term Sheets contain highly confidential commercially sensitive information.

In consideration of the foregoing negotiated resolutions, the Debtors, the Midstream Parties, the Elevation Parties, the PRM Parties, the Participating AHG Members, the Consenting Noteholders, the Backstop Parties, the Creditors' Committee, and the Debtors reached a global settlement on the terms set forth in the Plan, which are described herein. The Plan, as amended to incorporate the terms of the global settlement, is now supported by all classes of impaired Claims and Interests entitled to vote to accept or reject the Plan.<sup>4</sup>

## **ARTICLE II SUMMARY OF PLAN MODIFICATIONS**

This section provides a summary of the material modifications to the structure, means for implementation of, and treatment of Claims under the Plan.

The statements contained in this Disclosure Statement Supplement include summaries of the provisions contained in the Plan and in the documents referred to therein. The statements contained in this Disclosure Statement Supplement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statement of such terms and provisions of the Plan or documents referred to therein.

The Plan controls the actual treatment of Claims against the Debtors under the Plan and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims and Interests against, the Debtors, the Debtors' Estates, the Reorganized Debtors, all parties receiving property under the Plan, and other parties in interest. In the event of any conflict between this Disclosure Statement Supplement, the Disclosure Statement, and the Plan or any other operative document, the terms of the Plan (or such other operative document) shall control.

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<sup>4</sup> The Creditors' Committee takes no position with respect to the value of the Debtors' assets and businesses or any securities offered or issued under the Plan.

**A. Modifications to the Treatment of Claims**

The treatment of Claims pursuant to the Plan has been modified as set forth below.

1. Class 6 — General Unsecured Claims

- (a) *Classification:* Class 6 consists of all General Unsecured Claims.
- (b) *Treatment:* Each Holder of an Allowed General Unsecured Claim will receive in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed General Unsecured Claim, its Pro Rata share of:
  - (i) the Claims Equity Allocation; and
  - (ii) the GUC Subscription Rights, subject to Article IV.F.4 of the Plan;

*provided* that each GUC Cash Out Holder will receive, in lieu of the GUC Subscription Rights, Cash in an amount equal to 65% of the value of such Holder's GUC Subscription Rights, or such higher amount as agreed upon by the Debtors, the Required Consenting Senior Noteholders, the Required Backstop Parties, and the Creditors' Committee, each in their sole discretion and as set forth in the Plan Supplement; *provided, further,* that each Midstream Party that executes a Midstream Settlement Transaction Term Sheet shall waive its right to distributions under Article III.B.6.(b) of the Plan, including for the avoidance of doubt, any right to participate in the GUC Equity Rights Offering or the GUC Cash Out Election.
- (d) *Voting:* Class 6 is Impaired. Holders of Allowed General Unsecured Claims are entitled to vote to accept or reject the Plan.

**B. The Midstream Settlement**

Article IV of the Plan has been amended to provide for the terms of the Midstream Settlement. Pursuant to the Midstream Settlement, on the Effective Date, subject to the terms and conditions in the Share Purchase Agreement, the Participating AHG Members shall purchase the Settlement Shares from the Debtors for the Settlement Shares Purchase Price and the Debtors shall cause the Settlement Shares to be issued to the Participating AHG Members in accordance with the terms of the Share Purchase Agreement.

The Debtors shall use the proceeds of the Settlement Shares to fund the applicable Midstream Settlement Payment to each Midstream Party in full and final satisfaction, compromise, settlement, release, and discharge of each Allowed Midstream Claim. Each Midstream Party that executes a Midstream Settlement Transaction Term Sheet shall waive the right to any other distributions under the Plan, including pursuant to Article III.B.6.b of the Plan, on account of the Allowed Midstream Claims and shall waive the right to participate in the GUC Equity Rights Offering or the GUC Cash Out Election on account of such Allowed Midstream Claims. For the avoidance of doubt, any proceeds on account of the Equity Rights Offering or the Exit Facility shall in no way be used to fund the Midstream Settlement Payments.

As part of the Midstream Settlement or as otherwise agreed to between the Debtors and Reorganized Debtors, as applicable, the Participating AHG Members, and subject to each Midstream Party's receipt of the Midstream Settlement Payment, each Midstream Party shall be deemed to withdraw all pending litigation, appeals, and other proceedings against the Debtors or in connection with such Midstream Party's General Unsecured Claims (including any Allowed Midstream Claims or otherwise),



and such Midstream Parties shall be deemed to be Releasing Parties and Released Parties under the Plan notwithstanding any contrary election in such Midstream Parties' ballots cast in connection with voting on the Plan. Each Midstream Party shall use commercially reasonable efforts to coordinate with the Debtors or Reorganized Debtors, as applicable, to cause any pending appeals or other litigation subject to the Midstream Settlement to be withdrawn or otherwise dismissed with prejudice.

Entry of the Confirmation Order shall be deemed approval of the Midstream Settlement (including the Share Purchase Agreement, the other transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid in connection therewith) and, to the extent not already approved by the Bankruptcy Court, the Debtors or the Reorganized Debtors, as applicable, are authorized to negotiate, execute, and deliver those documents necessary or appropriate to effectuate the Midstream Settlement, without further notice or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as the Reorganized Debtors and the Participating AHG Members may deem to be necessary to effectuate the Midstream Settlement.

### **C. The Equity Rights Offering**

Article IV.F.4 of the Plan has been amended to provide the following changes:

- Solicitation of the GUC Equity Rights Offering Shares will commence immediately following entry of the Confirmation Order.
- Each Midstream Party that executes a Midstream Settlement Transaction Term Sheet, and each Participating AHG Member shall not be eligible to participate in the GUC Equity Rights Offering on account of any Allowed Midstream Claim or any of the Midstream Parties' Allowed General Unsecured Claim.

Article IV.F.4.a of the Plan has also been amended to provide as follows:

In lieu of receiving its Pro Rata share of GUC Subscription Rights, Holders of Allowed General Unsecured Claims may make the GUC Cash Out Election and receive Cash in an amount equal to their Pro Rata share of \$17.5 million (which represents 65% of the total value of the GUC Subscription Rights as set forth in the Disclosure Statement), or such higher amount as agreed upon by the Debtors, the Required Consenting Senior Noteholders, the Required Backstop Parties, and the Creditors' Committee in full and final satisfaction of such Allowed General Unsecured Claims. Holders of General Unsecured Claims that make the GUC Cash Out Election are still eligible to receive their Pro Rata share of the Claims Equity Allocation pursuant to Article III.B.6 of the Plan based on the Allowed amount of such Holders' General Unsecured Claims. For the avoidance of doubt, each Midstream Party that executed a Midstream Settlement Transaction Term Sheet and each Participating AHG Member shall not be eligible to make the GUC Cash Out Election on account of any Allowed Midstream Claim or any of the Midstream Parties' Allowed General Unsecured Claim.

**ARTICLE III  
PROCEDURES FOR RESOLVING CONTINGENT,  
UNLIQUIDATED, AND DISPUTED CLAIMS**

**A. Estimation of Claims**

Article VII.C.1 of the Plan has been amended to reflect that, to the extent the Debtors, in their sole discretion, determine necessary, prior to or simultaneous with the Effective Date, the Court may enter the GUC Estimation Order determining the aggregate amount of Allowed General Unsecured Claims, which amount shall constitute a maximum limitation on such Allowed General Unsecured Claims for all purposes under the Plan, including for purposes of distributions, discharge, and participation in the GUC Equity Rights Offering.

**ARTICLE IV  
CONDITIONS PRECEDENT TO THE EFFECTIVE DATE**

**A. Conditions Precedent to the Effective Date**

Article IX.B of the Plan has been amended to reflect that it shall be a condition to the Consummation of the Plan that the following additional conditions shall have been satisfied (or waived pursuant to Article IX.C of the Plan):

- (a) the Bankruptcy Court shall have entered the Midstream 9019 Orders, and such orders shall not have been reversed, stayed, amended, modified, dismissed, vacated, or reconsidered; and
- (b) the Midstream Settlement shall remain in full force and effect, all terms and conditions shall have been satisfied thereunder, and there shall be no breach of the Midstream Settlement.

**B. Waiver of Conditions Precedent**

The conditions to Confirmation of the Plan and to the Effective Date of the Plan set forth in Article IX of the Plan may be waived, in whole or in part, in writing (which may be via electronic mails) by the Debtors, the Required Consenting Senior Noteholders, and the Majority Lenders (only when the relevant condition directly affects the consent and/or consultation rights of the Majority Lenders in accordance with Article I.A.64 of the Plan), without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan; *provided* that waiver of the conditions to the Effective Date of the Plan set forth in Article IX.B.14(e) of the Plan shall also require the written consent (which may be via electronic mail) of the Creditors' Committee.

**CONCLUSION**

In the opinion of the Debtors, the Sixth Amended Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario.

Dated: December 23, 2020

Respectfully submitted,

Extraction Oil & Gas, Inc.  
on behalf of itself and each of the other Debtors

By: /s/ Matthew R. Owens

Name: Matthew R. Owens

Title: President and Chief Executive Officer

**Exhibit A**

**Plan**

**Exhibit B**

**Plan (Redline Version)**