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

| | |
|---|---|
| In re: | Chapter 11 |
| EXTRACTION OIL & GAS, INC., *et al.*,[1] | Case No. 20-11548 (CSS) |
| Debtors. | (Jointly Administered) |
| EXTRACTION OIL & GAS, INC., | |
| Plaintiff, | |
| v. | Adv. Proc. No. 20-50833 (CSS) |
| PLATTE RIVER MIDSTREAM, LLC AND DJ SOUTH GATHERING, LLC, | **RE: Adv. D.I. 24 & 33** |
| Defendants. | |

**NOTICE OF FILING OF PROPOSED REDACTED VERSION OF DEFENDANTS' ANSWER TO COMPLAINT AND COUNTERCLAIMS**

PLEASE TAKE NOTICE that, on September 28, 2020, Platte River Midstream, LLC ("PRM"), and DJ South Gathering, LLC ("DJ South", and with PRM, the "Companies"), creditors and parties-in-interest in the above-captioned cases of the above-captioned debtors and debtors in possession (collectively, the "Debtors" or the "Plaintiffs") and defendants (individually, a "Defendant" and collectively, the "Defendants") in the above-captioned adversary proceeding brought by the Debtors (the "Adversary Proceeding"), filed the *Motion to File Under Seal*

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: MTE Holdings LLC (7894); MTE Partners LLC (1158); Olam Energy Resources I LLC (0770); MDC Energy LLC (9140); MDC Texas Operator LLC (1087); Ward I, LLC (6817); and MDC Reeves Energy LLC (3644). The Debtors' address is 280 East 96th Street, Suite 210, Indianapolis, Indiana 46240.

*Defendants' Answer to Complaint and Counterclaims* [Adv. D.I. 33] (the "Motion to Seal"),[2] seeking, among other relief, authority to file the Answer under seal.

PLEASE TAKE FURTHER NOTICE that, consistent with the relief requested in the Motion to Seal and pursuant to Local Rule 9018-1(d)(ii), the Companies hereby file the attached proposed redacted version of the Answer, attached hereto as **Exhibit 1**.

*[Remainder of Page Intentionally Left Blank]*

[2] Capitalized terms not defined herein are used as in the Motion to Seal.

Dated: September 28, 2020
Wilmington, Delaware

*/s/ Brett S. Turlington*

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**EXHIBIT 1**

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

| | |
|---|---|
| In re:<br><br>EXTRACTION OIL & GAS, INC., *et al.*,[1]<br><br>Debtors. | Chapter 11<br><br>Case No. 20-11548 (CSS)<br><br>(Jointly Administered) |
| EXTRACTION OIL & GAS, INC.,<br><br>Plaintiff,<br><br>v.<br><br>PLATTE RIVER MIDSTREAM, LLC AND DJ SOUTH GATHERING, LLC,<br><br>Defendants. | Adversary Proceeding<br><br>Adv. Proc. No. 20-50833(CSS) |

**DEFENDANTS' ANSWER TO COMPLAINT AND COUNTERCLAIMS**

Defendants DJ South Gathering, LLC ("DJ South") and Platte River Midstream, LLC ("Platte River") submit the following Answer and Counterclaim in response to Complaint for Declaratory Judgment filed by Extraction Oil & Gas, Inc. ("Extraction") [Dkt. #1].

**NATURE OF THE ACTION**

1. Admitted.

[1] The Debtors in the 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. The referenced document in paragraph 2 speaks for itself. To the extent that Extraction's allegations are inconsistent with the referenced document, Defendants deny the allegations set forth in paragraph 2.

3. Admitted.

**JURISDICTION AND VENUE**

4. Defendants admit that "the United States Bankruptcy Court for the District of Delaware has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157, 1334, and 2201." Defendants also admit that this proceeding "arises from the above-captioned chapter 11 cases and seeks a declaratory judgment that certain covenants (if any) contained in the Transportation Agreements between Defendants and certain of the Debtors do not run with the land." The rest of paragraph 4 states a legal conclusion to which no response is required. To the extent a response is required, Defendants deny the remaining allegation in paragraph 4.

5. Admitted.

6. Defendants admit that Extraction consents to the entry of a final order or judgment by this Court. Pursuant to Local Rule 7012-1, Defendants do not consent to the entry of a final order or judgment by this Court.

**PARTIES**

7. Admitted.

8. Admitted.

9. Admitted.

## FACTUAL ALLEGATIONS

### A. The Transportation Agreements

10. Admitted.

11. Admitted.

12. Defendants admit that they are managed by ARB Midstream, LLC and ARB Platte River, LLC (together, "ARB"). Defendants further admit that ARB is the majority owner of Platte River Holdings, LLC, which is the owner of Defendants. Except as expressly admitted, Defendants deny the allegations set forth in paragraph 12 of the Complaint.

13. Paragraph 13 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 13 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

14. Paragraph 14 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 14 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

15. Paragraph 15 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 15 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

16. Defendants admit that Extraction attached "a true and correct copy of the Tariff referenced by the DJ South Contract as Exhibit C." The remainder of the allegations set forth in

paragraph 16 of the Complaint purport to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 16 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

17. Paragraph 17 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 17 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

18. Paragraph 18 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 18 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

19. Paragraph 19 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 19 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

20. Paragraph 20 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself.

21. Paragraph 21 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 21 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

22. Paragraph 22 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 22 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

23. Paragraph 23 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 23 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

24. Denied.

25. Paragraph 25 of the Complaint purports to quote the contents of the parties' contract, the language of which speaks for itself. To the extent a response is required, Defendants deny that paragraph 25 of the Complaint accurately and/or completely quotes the relevant language of the parties' contract.

26. Denied

27. Admitted.

**CLAIMS FOR RELIEF**

28. Defendants incorporate their responses to paragraphs 1-27 of the Complaint as set forth above.

29. Paragraph 29 of the Complaint sets forth only legal conclusions to which no response is required. To the extent a response is required, Defendants deny that paragraph 29 of the Complaint accurately describes Colorado law.

30. Paragraph 30 of the Complaint sets forth only legal conclusions to which no response is required. To the extent a response is required, Defendants deny that paragraph 30 of the Complaint accurately describes Colorado law.

**COUNT I**
**(Platte River Contract – Declaratory Judgment under 28 U.S.C. § 2201(a))**

31. Defendants incorporate their responses to paragraphs 1-30 of the Complaint as set forth above.

32. Admitted.

33. Denied.

34. Paragraph 34 of the Complaint sets forth only legal conclusions to which no response is required. To the extent a response is required, Defendants deny that paragraph 34 of the Complaint accurately describes Colorado law and the parties' contract.

35. Paragraph 35 of the Complaint sets forth only legal conclusions to which no response is required. To the extent a response is required, Defendants deny that paragraph 35 of the Complaint accurately describes Colorado law and the parties' contract.

36. Paragraph 36 of the Complaint sets forth only legal conclusions to which no response is required. To the extent a response is required, Defendants deny that paragraph 36 of the Complaint accurately describes Colorado law and the parties' contract.

37. Paragraph 37 of the Complaint sets forth only legal conclusions to which no response is required.

38. Denied.

39. Denied.

40. Denied.

**COUNT II**
**(DJ South Contract – Declaratory Judgment under 28 U.S.C. § 2201(a))**

41. Defendants incorporate by reference their responses set forth in paragraphs 1 through 40 above.

42. Admitted.

43. Denied.

44. Paragraph 44 of the Complaint sets forth only legal conclusions to which no response is required. To the extent a response is required, Defendants deny that paragraph 44 of the Complaint accurately describes Colorado law and the parties' contract.

45. Paragraph 45 of the Complaint sets forth only legal conclusions to which no response is required. To the extent a response is required, Defendants deny that paragraph 45 of the Complaint accurately describes Colorado law and the parties' contract.

46. Paragraph 46 of the Complaint sets forth only legal conclusions to which no response is required.

47. Denied.

48. Denied.

49. Denied.

**PRAYER FOR RELIEF**

Defendants admit that Extraction seeks the relief set forth in its Prayer for Relief, but denies that Extraction is entitled to any such relief.

Except as expressly admitted, Defendants deny each and every allegation set forth in the Complaint.

## AFFIRMATIVE DEFENSES

1. The Complaint fails to state a claim for which relief can be granted.

2. Extraction's claims are barred, in whole or in part, by the doctrine of promissory estoppel.

3. Extraction's claims are barred, in whole or in part, by the doctrine of waiver.

4. Extraction's claims are barred, in whole or in part, by the applicable statute of limitations or, alternatively, by the doctrine of laches.

5. Extraction's claims are barred, in whole or in part, by the doctrines of consent and ratification.

## DEFENDANTS' COUNTERCLAIM

Defendants file this Counterclaim for Declaratory Relief pursuant to 28 U.S.C. § 2201, Rules 7001(2) and 7001(9) of the Federal Rules of Bankruptcy Procedure, and Rule 13 of the Federal Rules of Civil Procedure. For its counterclaims against Extraction, Defendants allege as follows:

1. Defendants bring these counterclaims to seek judicial declarations concerning Extraction's obligation under the parties' contracts to transport all crude oil produced within the dedication areas on Defendants' pipeline transportation systems. Defendants seek a declaration that Extraction is obligated to deliver all of its crude oil produced within the contractually-defined dedication areas for transportation in Defendants' pipelines. Consequently, Defendants cannot divert this production from Defendants' pipelines, either by transporting the production with tanker trucks or by using another party's pipeline. Defendants also seek a declaration that Extraction's obligation extends to its crude oil produced from well pads known as Rinn Valley East and Rinn

Valley West (the "Rinn Valley Wells"), and that Extraction cannot transport production from these wells by using tanker trucks.

## GENERAL ALLEGATIONS

### The Parties' Contracts and Relevant Lands

2. Platte River and Extraction are parties to a First Amended and Restated Transportation Agreement dated April 14, 2017 (the "PRM TSA"). A true and correct copy of the PRM TSA is attached as Exhibit A.

3. DJ South and Extraction are parties to a Transportation Services Agreement dated May 16, 2018 (the "DJ South TSA"). The PRM TSA and the DJ South TSA are referred to collectively as the "TSAs." A true and correct copy of the DJ South TSA is attached as Exhibit B.

4. Pursuant to the TSAs, Extraction agreed to transport crude oil produced from its wells in certain geographically defined areas on Defendants' transportation systems (the "Transportation Systems").

5. Section 2.1 of the PRM TSA provides that, other than certain inapplicable exceptions, Extraction [redacted] Exhibit A at §§ 1.1(bb), 2.1. The "Dedication Area," in turn, is defined to include certain locations in Larimer and Weld Counties, Colorado. *Id.*at § 1.1(t). These locations,

and Extraction's dedication of the crude oil produced from these locations, are referred to herein as the "PRM Dedication Area."

6. Section 2.1 of the DJ South TSA provides that Extraction, other than certain inapplicable exceptions, Extraction [redacted] Exhibit B at §§ 1.1(dd), 2.1, 2.4. The Dedication Area, in turn, is defined to include certain locations in City and County of Broomfield, Colorado, and Adams, Arapahoe, Boulder, and Weld Counties, Colorado. *Id.* at § 1.1(u). These locations, and Extraction's dedication of the crude oil produced from these locations, are referred to herein as the "DJ South Dedication Area." The PRM Dedication Area and the DJ South Dedication Area are referred to collectively as the "Dedication Areas."

7. Pursuant to the TSAs, unless expressly stated otherwise, Extraction expressly committed to deliver all of its crude oil produced within the Dedication Areas to Defendants for transportation on the Transportation Systems. Exhibit A at § 2.1; Exhibit B at §§ 2.1, 2.4.

8. Section 11.3 of the PRM TSA provides that a non-defaulting party may exercise certain self-help remedies only [redacted] Exhibit A at § 11.3.

9. An "Event of Default" is defined in Section 11.1 of the PRM TSA as either insolvency, a material breach of the TSA, non-payment or failure to provide priority capacity, or merger or consolidation. *Id.* at § 11.1.

10. In addition, Section 11.2 of the PRM TSA provides that no Event of Default can occur until after the expiration of a contractually-defined cure period. *Id.* at § 11.2. For a non-monetary default, the cure period is at least 30 days after the delivery of written notice by the non-defaulting party. *Id.* If additional time is necessary, the PRM TSA provides an additional 90 days to cure the alleged non-monetary default. *Id.*

11. Thus, under Sections 11.2 and 11.3 of the PRM TSA, no remedy can be exercised until after the expiration of the cure period, and upon additional written notice of an Event of Default to the defaulting party. *Id.* at §§ 11.2-3.

12. Section 11.4 of the PRM TSA further provides for a dispute-resolution procedure (the "Bona Fide Dispute Procedure"). *Id.* at § 11.4. The parties agreed that, in the event of a bona fide dispute as to whether there has been a breach of any obligation under the PRM TSA, then the parties' executives will meet with 14 days of such notice before pursuing any remedies for default. *Id.*

13. The DJ South TSA contains similar provisions. Section 12.3 of the DJ South TSA provides that a non-defaulting party may exercise certain self-help remedies only [redacted] Exhibit B at § 12.3.

14. An "Event of the Default" is defined in Section 12.1 of the DJ South TSA as either insolvency, a material breach of the TSA, non-payment or failure to provide priority capacity, or merger or consolidation. *Id.* at § 12.1.

15. In addition, Section 12.2 of the DJ South TSA provides that no Event of Default can occur until after the expiration of a contractually-defined cure period. *Id.* at § 12.2. For a non-monetary default, the cure period is at least 30 days after the delivery of written notice by the non-

defaulting party. *Id.* If additional time is necessary, the DJ South TSA provides an additional 90 days to cure the alleged non-monetary default. *Id.*

16. Thus, under Sections 12.2 and 12.3 of the DJ South TSA, no remedy can be exercised until after the expiration of the cure period, and upon additional written notice of an Event of Default to the defaulting party. *Id.* at § 12.2-3

17. Section 12.4 of the DJ South TSA further provides for a dispute-resolution procedure (the "Bona Fide Dispute Procedure"). *Id*. at § 12.4. The parties agreed that, in the event of a bona fide dispute as to whether there has been a breach of any obligation under the DJ South TSA, then the parties' executives will meet with 14 days of such notice before pursuing any remedies for default. *Id.*

18. On August 28, 2020, Extraction verbally notified Defendants that Extraction intended to begin diverting its production away from Defendants' transportation systems beginning on September 1, 2020. Extraction stated that it would continue to ramp up the amount of its production that it would transport by truck two-to-three times the initial amount by October 2020. Extraction stated that it would follow up on its intent to truck around Defendants' transportation systems in writing.

19. On August 31, 2020, Extraction sent a notice by e-mail to Defendants (the "Notice"). A copy of the Notice is attached as Exhibit C. In the Notice, Extraction asserted that because Extraction is "confident the … contracts can be rejected," effective September 1, 2020, it would begin transporting its crude oil production from the PRM Dedication Area by tanker truck, rather than using the PRM Transportation System. Extraction claimed that it would transport at

least 60 percent of its crude oil production by means other than the PRM Transportation System by the end of 2020.

20. Extraction has confirmed that it began diverting production from the PRM Transportation System effective September 1, 2020, and is continuing to do so by using tanker trucks and a third party's pipeline. Extraction's actions create uncertainty as to whether Extraction is obligated to deliver all production from the Dedication Areas into the Transportation Systems for transportation.

**The DJ South Transportation System and the Badger Central Gathering Facility**

21. The DJ South TSA contains specific provisions relating to Extraction's wells, along with production from those wells, served by a particular facility owned and operated by Elevation, known as the Badger Central Gathering Facility (the "Badger CGF"). Exhibit B at § 1.1(g).

22. When the DJ South TSA was executed in May 2018, Elevation had not yet completed the construction of the Badger CGF. The DJ South TSA therefore provided that DJ South [redacted] *Id.* at § 2.1. The Badger Commencement Date is defined as [redacted] Extraction's crude oil production and redelivering the production into DJ South's pipeline system. *Id.* at § 1.1(h). The DJ South TSA confers no discretion to Extraction as to whether it connects its wells to the Badger CGF, nor does it allow Extraction to avoid its dedication requirements by avoiding connecting its wells to the Badger CGF after the Badger Commencement Date.

23. The Badger CGF became operationally capable of receiving Extraction's crude oil production, and redelivering the production into DJ South's pipeline system, on November 11, 2019.

24. Extraction informed DJ South that the Badger CGF became operationally capable of receiving crude oil production, and redelivering the production into DJ South's pipeline system effective November 11, 2019.

25. On or about December 6, 2019, DJ South learned that Extraction was using tanker trucks to transport crude oil produced from the Rinn Valley Wells, which are located within the Dedication Area and would be served by the Badger CGF after the Badger Commencement Date.

26. DJ South sent Extraction a notice of default on May 14, 2020, advising that Extraction's transportation crude oil produced from wells located within the Dedication Area without use of the DJ South's crude oil transportation system was a breach of the DJ South TSA. Extraction responded by letter on June 12, 2020, refusing to cure its default.

27. More than thirty days have lapsed since DJ South sent its notice of default to Extraction.

28. Extraction's continuing refusal to honor the DJ South Dedication Area creates uncertainty as to whether Extraction has breached the DJ South TSA. Extraction's conduct also creates uncertainty as to whether Extraction can continue to transport crude oil produced within the DJ South Dedication Area by tanker trunk instead of delivering that production into the DJ South Transportation System.

**FIRST COUNTERCLAIM FOR RELIEF**
**(Declaratory Judgment Regarding Extraction's Obligation to Transport Crude Oil Using the Transportation Systems)**

29. Defendants incorporate by reference the allegations set forth in paragraphs 1-28 above.

30. Defendants and Extraction are parties to the TSAs.

31. Upon information and belief, a dispute exists between Defendants and Extraction regarding whether the TSAs require Extraction to deliver all production from the Dedication Areas into the Transportation Systems for transportation.

32. Pursuant to the Declaratory Judgment Act, 28 U.S.C. § 2201, and Bankruptcy Rule 7001(9), Defendants seek a declaration from the Court that resolves the parties' dispute by declaring that, under the TSAs, Extraction is obligated to deliver all crude oil produced from the Dedication Areas into the Transportation Systems for transportation.

33. Defendants have satisfied all requirements and conditions precedent necessary for the Court to provide declaratory relief in the manner described above.

**SECOND COUNTERCLAIM FOR RELIEF**
**(Declaratory Judgment Regarding Extraction's Obligation to Transport Crude Oil Produced from the Rinn Valley Wells on the DJ South Transportation System)**

34. Defendants incorporate by reference the allegations set forth in paragraphs 1-33 above.

35. DJ South and Extraction are parties to the DJ South TSA.

36. The DJ South TSA requires Extraction to deliver into DJ South's crude oil transportation system any crude oil produced within the Dedication Area and that would be served by the Badger CGF after the Badger Commencement Date. *See* Exhibit B § 2.1.

37. The Badger Commencement Date was November 11, 2019.

38. Since the Badger Commencement Date, Extraction has failed to deliver into DJ South's crude oil transportation system crude oil produced from the Rinn Valley Wells, which are located within the DJ South Dedication Area, for transportation on the DJ South Transportation System. Instead, Extraction has transported such crude oil production using tanker trucks.

39. Upon information and belief, a dispute exists between DJ South and Extraction concerning whether the DJ South TSA requires Extraction to deliver crude oil produced from the Rinn Valley Wells into the DJ South Transportation System for transportation.

40. Pursuant to the Declaratory Judgment Act, 28 U.S.C. § 2201, and Federal Rule of Bankruptcy Procedure 7001(9), DJ South seeks a declaration from the Court that resolves the parties' dispute by declaring that the DJ South TSA requires Extraction to deliver crude oil produced from the Rinn Valley Wells into the DJ South Transportation System for transportation.

41. DJ South has satisfied all requirements and conditions precedent necessary for the Court to provide declaratory relief in the manner described above.

WHEREFORE, Defendants request that the Court enter judgment granting their counterclaims for relief, including:

a) a declaration in connection with its First Counterclaim for Relief that, under the TSAs, Extraction is obligated to deliver all crude oil produced from the Dedication Areas into the Transportation Systems for transportation;

b) a declaration in connection with its Second Counterclaim for Relief declaring that the DJ South TSA requires Extraction to deliver crude oil produced from the Rinn Valley Wells into the DJ South Transportation System for transportation; and

c) such other and further relief that the Court deems proper.

**RESERVATION OF RIGHTS**

Defendants reserve their rights to assert additional counterclaims to the extent Extraction amends its claims and/or the TSAs are rejected and/or terminated.

Dated: September 23, 2020
Wilmington, Delaware

*/s/ Curtis S. Miller*

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*Counsel to Platte River Midstream, LLC, DJ South Gathering, LLC, and Platte River Holdings, LLC*

# EXHIBIT A

## FULLY REDACTED

# EXHIBIT B

## FULLY REDACTED

# EXHIBIT C

**From:** Matt Owens <mowens@extractionog.com>
**Date:** August 31, 2020 at 8:03:39 AM MDT
**To:** Dan Campbell <Dan.Campbell@ARBMidstream.com>
**Cc:** Rogan McGillis <Rogan.McGillis@ARBMidstream.com>, Ryan Newburn <Ryan.Newburn@ARBMidstream.com>, Eric Christ <echrist@extractionog.com>, Rod Hilt <rhilt@goldenmidstream.com>, Landon Jacobsen <ljacobsen@extractionog.com>, "Jackson, Ben" <bjackson@alvarezandmarsal.com>
**Subject: RE: ARB - Commercial Discussion**

Dan,

I presume ARB reviewed Extraction's proposed terms and, judging by the lack of a response, is not preparing a counter proposal. In my last correspondence I mentioned XOG is confident the ARB contracts can be rejected and is actively pursuing actions to execute on alternatives to move production elsewhere. Hearing nothing, Extraction must assume ARB prefers to pursue litigation to see how the contract rejection process unfolds.

In the meantime Extraction must execute plans to reduce its gathering and transportation cost structure. Beginning September 1st Extraction will implement plans to move production around Platte River to reach Platteville. As you know there is ample

gathering infrastructure and trucking capacity to enable this transition. By the end of 2020 at least 60% of forecast production (~19MBpd) will be diverted away from Platte River, with plans to divert all future (wedge) production as well. Over the next 12 months we estimate Platte River will miss ~$12MM of revenue.

We still believe the best outcome is to remain partners with ARB to reduce infield gathering and long haul transportation costs to Cushing. That said, we understand ARB is firm on not providing XOG the option to move production to Platteville via Platte River. Should ARB's perspective change between now and when contracts are rejected, we are happy to discuss terms. When the ARB contracts are rejected, XOG will move to alternative lower-cost midstream partners that have proposed creative solutions to take our production to Platteville and the opportunity to partner with ARB will likely no longer be an option.

**Matt Owens**
*Chief Executive Officer*

370 17th Street, Suite 5300
Denver, CO 80202
(720) 382-2693 – Direct
(720) 301-1463 – Mobile
www.extractionog.com

## CERTIFICATE OF SERVICE

I, Brett S. Turlington, certify that I am not less than 18 years of age, and that service of the foregoing *Defendants' Answer to Complaint and Counterclaims* was caused to be made on September 23, 2020, in the manner indicated upon the entities identified below.

**HAND DELIVERY AND ELECTRONIC MAIL**

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**FIRST-CLASS MAIL AND ELECTRONIC MAIL**

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Date: September 23, 2020

*/s/ Brett S. Turlington*
Brett S. Turlington (No. 6705)

**CERTIFICATE OF SERVICE**

I, Brett S. Turlington, certify that I am not less than 18 years of age, and that service of the foregoing *Notice of Filing of Proposed Redacted Version of Defendants' Answer to Complaint and Counterclaims* was caused to be made on September 28, 2020, in the manner indicated upon the entities identified below.

**HAND DELIVERY AND ELECTRONIC MAIL**

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Date: September 28, 2020

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