

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE:

ROCKDALE MARCELLUS HOLDINGS,
LLC and ROCKDALE MARCELLUS, LLC,¹

Debtors.

Chapter 11

Case No. 21-22080-GLT

(Joint Administration Requested)

ROCKDALE MARCELLUS HOLDINGS,
LLC and ROCKDALE MARCELLUS, LLC,

Movants,

Document No. _____

v.

NO RESPONDENT.

DEBTORS’ MOTION FOR ENTRY OF: (A) AN ORDER (I) APPROVING BIDDING PROCEDURES IN CONNECTION WITH THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS’ ASSETS, (II) SCHEDULING AN AUCTION FOR AND HEARING TO APPROVE THE SALE, (III) APPROVING NOTICE OF RESPECTIVE DATE, TIME AND PLACE FOR AUCTION AND FOR HEARING ON APPROVAL OF SALE, (IV) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, (V) APPROVING FORM AND MANNER OF NOTICE THEREOF, AND (VI) GRANTING RELATED RELIEF; AND (B) AN ORDER AUTHORIZING AND APPROVING (I) THE SALE FREE AND CLEAR OF LIENS, CLAIMS, RIGHTS, ENCUMBRANCES, AND OTHER INTERESTS, (II) THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (III) RELATED RELIEF

Rockdale Marcellus Holdings, LLC (“RMH”) and Rockdale Marcellus, LLC (“Rockdale” and, together with RMH, the “Debtors”), the debtors and debtors-in-possession in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), through their undersigned counsel,

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Rockdale Marcellus Holdings, LLC (7117); and Rockdale Marcellus, LLC (8767). The Debtors’ address is 4600 J. Barry Ct., Suite 220, Canonsburg, PA 15317.

submit this motion (this “Motion”), pursuant to sections 105(a), 363, 365, and 503 of title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (the “Bankruptcy Code”), and Rules 2002, 6004, 6006, 9006, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for entry of: (a) an order, substantially in the form attached as **Exhibit A** (the “Bidding Procedures Order”), (i) authorizing and approving the proposed bidding procedures (the “Bidding Procedures”) to be used in connection with the sale free and clear of all liens, claims, interests, and encumbrances (the “Sale”) of all or substantially all of the Debtors’ assets (the “Assets”); (ii) setting the dates for the Bid Deadline (as defined below), the auction of the Assets (the “Auction”), and the hearing for approving the Sale (the “Sale Hearing”), (iii) approving all forms of notice and notice procedures related thereto (the “Notice Procedures”), (iv) authorizing certain procedures (the “Assignment Procedures”) related to the assumption and assignment of certain executory contracts and unexpired leases (the “Designated Contracts”), and (v) granting related relief; and (b) an order (the “Sale Order”), (i) authorizing the Sale free and clear of all liens, claims, interests, and encumbrances (except for any permitted liens and encumbrances), (ii) authorizing the assumption and assignment of the Designated Contracts, and (iii) granting related relief. In support of this Motion, the Debtors respectfully represent as follows:

INTRODUCTION

1. The Debtors and their advisors are ready to commence a robust marketing process for plan sponsors or purchasers to facilitate the Debtors’ emergence from the Chapter 11 Cases. Building upon the Debtors’ pre-petition marketing and restructuring efforts, the Debtors are pursuing dual tracks to maximize the value of the estates, which will result in an asset sale restructuring, which allows the Debtors to enter into a sale transaction for the sale or disposition of the Debtors’ assets, or a standalone plan of reorganization. Pursuing dual tracks provides the Debtors with the latitude necessary to negotiate the precise terms of their ultimate emergence from

chapter 11 in order to maximize the value of the estates. This Motion lays the groundwork for the first of these possible restructuring outcomes: an asset sale restructuring.

2. Through this Motion, the Debtors seek to establish Bidding Procedures for the Auction of their Assets that build upon the pre-petition marketing process conducted by the Debtors and their advisors earlier this year. The Debtors believe that the Bidding Procedures will best facilitate a potential Auction, thereby maximizing recoveries for all creditors. The Bidding Procedures provide for substantial flexibility with respect to the structure of any transaction. As an example, the Debtors may select a stalking horse bidder and provide bid protections on the terms described in the Bidding Procedures if the Debtors believe, in the exercise of their business judgment, that doing so will maximize the value of the estates.

3. Consistent with this goal, the Debtors' new investment banker, Houlihan Lokey Capital, Inc. ("Houlihan Lokey"), began a new marketing process on the Petition Date. The Debtors developed an extensive list of parties whom they believe may be interested in, and whom the Debtors reasonably believe would have the financial resources to consummate, a Sale. Within several weeks of the Petition Date, the Debtors will distribute a teaser to the prospective purchasers and expect to execute confidentiality agreements with certain prospective purchasers shortly thereafter. Houlihan Lokey and the Debtors will work with all interested parties and any additional parties to provide all diligence and will continue to actively seek potential interested purchasers.

4. The marketing process and the Bidding Procedures proposed in this Motion provide appropriate time for the Debtors to finish marketing the assets, receive and evaluate bids, execute a stalking horse agreement, and hold an Auction (if necessary) to determine the highest or otherwise best bid, particularly in light of the pre-petition marketing process already conducted by the Debtors and their former investment banker. Specifically, the timeline of the Bidding

Procedures is aligned with the milestones set forth in the Debtors' post-petition credit agreement, which provide a roadmap through the Chapter 11 Cases supported by the Debtors' senior secured lenders. Among other things, the case milestones required the Debtors to file this Motion on the Petition Date.

5. As described above, at the same time that the Debtors are marketing the Assets for Sale, the Debtors and Houlihan Lokey also will be soliciting parties' interest in acting as a plan sponsor for a stand-alone reorganization. This dual-track approach offers the Debtors maximum flexibility in determining whether a sale or a stand-alone plan of reorganization offers the estates the best value-maximizing proposition. Depending upon the outcome of the marketing process for potential purchasers, investors, or lenders, the Debtors retain flexibility to pivot and pursue the transaction that offers the highest and best value for the estates.

6. Accordingly, the Debtors respectfully request that the Court grant the relief requested in this Motion.

JURISDICTION AND VENUE

7. The United States Bankruptcy Court for the Western District of Pennsylvania (the "Court") has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

8. The statutory and legal predicates for the relief requested herein are sections 105(a), 363, 365, and 503, and 507 of the Bankruptcy Code, as complemented by Bankruptcy Rules 2002, 6004, 6006, 9006, and 9014.

BACKGROUND

9. On September 21, 2021 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Court.

10. The Debtors continue in the management and operation of their businesses and properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or creditors' committee has been appointed in the Chapter 11 Cases.

11. Together, the Debtors comprise an independent exploration and production company with a natural gas focused asset base. The Debtors' primary production and development activities are located in the Marcellus Shale in Pennsylvania with many administrative functions relating to such activities being performed from the Debtors' offices in Canonsburg, Pennsylvania. The Debtors' Assets consist of, among other things, more than 49,000 net leasehold acres, including 68 currently producing horizontal natural gas wells in the northeastern Pennsylvania counties of Lycoming, Bradford, and Tioga. The Debtors are organized as limited liability companies under Title 3 of the Texas Business Organizations Code.

12. Additional information regarding the Debtors and the Chapter 11 Cases, including the Debtors' business, corporate structure, financial condition, and the reasons for and objectives of the Chapter 11 Cases, is set forth in the *Declaration of John C. DiDonato, Chief Restructuring Officer of the Debtors, in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"), filed on the Petition Date, and fully incorporated herein by reference.²

THE SALE PROCESS

A. The Debtors' Prepetition Sale Activities

13. In connection with the Debtors' obligations under agreements with certain prepetition secured lenders, the Debtors engaged Intrepid Partners, LLC ("Intrepid") on January 15, 2021, to market and sell substantially all of the Debtors' assets. Intrepid established a virtual

² Capitalized terms used but not defined in this Motion have the meanings given in the First Day Declaration.

data room that was populated with data from the Debtors, prepared the data room for marketing, and developed marketing materials. Intrepid initially targeted and provided marketing materials to roughly 70 potential parties, and ultimately contacted approximately 95 parties, to gauge interest in acquiring the Assets. Intrepid facilitated the execution of non-disclosure agreements with approximately 30 parties before providing each of them with access into the data room. Intrepid also provided detailed technical and financial presentations to approximately 20 parties as part of the marketing and diligence process.

14. All prospective parties that Intrepid identified were encouraged and permitted to submit proposals to acquire the Debtors' assets. The data room allowed the Debtors to facilitate information sharing on a confidential basis with prospective buyers. The data room included detailed information regarding the Assets and the Debtors' businesses, as well as other information sufficient to allow prospective buyers to submit non-binding indications of interest ("IOIs"). The initial deadline to submit non-binding IOIs was March 16, 2021. The initial deadline to submit binding bids was March 30, 2021; however, the parties agreed to extend that deadline to April 13, 2021, providing prospective buyers approximately five (5) weeks to perform their initial diligence. Ultimately, ten (10) prospective buyers submitted IOIs, and three (3) prospective buyers submitted binding bids. All price indications were below the balance of the Debtors' first lien secured debt.

15. In May 2021, funds managed by Alta Fundamental Advisers LLC (collectively, "Alta") acquired 100% of the loans and commitments under the Debtors' first lien credit facility. When Alta purchased the Debtors' first lien debt, the immediate pressure to consummate a sale transaction from the preceding first lien lender subsided. Given that breathing space, the Debtors, in consultation with Alta, decided to pause the sale process to make a

considered determination as to whether viable alternative restructuring paths existed that might yield more value for the Debtors and their creditors.

16. In the months that followed, the Debtors and Alta explored a variety of alternative restructuring paths, including an equity recapitalization, restructuring the Debtors' second lien debt, and negotiating more favorable terms under their gas gathering agreement with UGI Texas Creek, LLC. Unfortunately, none of these paths proved viable within the time available to the Debtors.

B. Agreement to Engage In Post-Petition Sale Process

17. On September 11, 2021, the Debtors, the Debtors' prepetition first lien agent, and Alta entered into the Eleventh Amendment to Forbearance Agreement and Nineteenth Amendment to Credit Agreement (the "Eleventh Forbearance Amendment"). In connection with the Eleventh Forbearance Amendment, the Debtors informed Alta that they were contemplating filing chapter 11 petitions in the Court and requested that Alta negotiate certain matters relating to a filing with the Debtors. Among other things, the Debtors and Alta agreed to discuss and negotiate the terms of a process under section 363 of the Bankruptcy Code to sell substantially all of the Debtors' assets, provided that the Debtors may contemporaneously with that sale process also pursue a standalone restructuring that could include a plan sponsor to fund a plan of reorganization. The Debtors also agreed that they would use commercially reasonable efforts to engage an investment banker in connection with the Chapter 11 Cases.

C. Retention of New Investment Banker

18. Immediately preceding the Petition Date, the Debtors and their advisors communicated with numerous investment banking firms regarding a potential engagement with the Debtors to assist with the marketing process. Ultimately, several investment banking firms provided the Debtors and their advisors with their proposed material terms of conducting such a

marketing process. After an interview process, the Debtors ultimately engaged Houlihan Lokey as their new investment banker on September 16, 2021.

D. Proposed Sale Process and Selection of Stalking Horse Bidder

19. The Debtors are seeking approval of the Bidding Procedures to establish an open process for the solicitation, receipt, and evaluation of bids on a timeline that is aligned with the milestones set forth in the Debtors' post-petition credit agreement. As discussed above, the current efforts to market the Debtors' assets for sale have commenced. Within several weeks of the Petition Date, the Debtors will distribute a teaser to the prospective purchasers and expect to execute confidentiality agreements with certain prospective purchasers shortly thereafter. The Bidding Procedures contemplate that all parties that execute confidentiality agreements in accordance with the Bidding Procedures will continue to have access to the data room throughout the sale process. The timeline set forth in the Bidding Procedures was calculated to balance the need to provide adequate notice to parties in interest and potential bidders (understanding that many parties already are familiar with the Debtors due to the pre-petition marketing process) with the desire to run an expeditious and efficient sale process. The Bidding Procedures are designed to generate the highest or otherwise best available recoveries to the Debtors' stakeholders by encouraging prospective bidders to submit competitive, value-maximizing bids for the Assets.

20. More specifically, the Debtors propose the following timeline for the Sale (the "Sale Timeline"):

Event	Date
Sale Objection Deadline	December 15, 2021
Cure Cost/Assignment Objection Deadline	December 17, 2021
Bid Deadline	December 13, 2021 at 5:00 (ET)

Event	Date
Bid Qualification Deadline	December 15, 2021 at 5:00 (ET)
Auction	December 16, 2021
Post-Auction Objection Deadline	December 20, 2021 at 5:00 (ET)
Sale Hearing	December 22, 2021 ³

21. The proposed Bidding Procedures and the Sale Timeline will allow the Debtors to obtain the highest or otherwise best value for the Assets under the circumstances of the Chapter 11 Cases. The Debtors already conducted a robust marketing process, having reached out to approximately 95 potential buyers earlier this year. Nevertheless, the Debtors seek to ensure that the ultimate successful bid will represent the highest and best price for the Assets. The proposed Bidding Procedures make clear that the Debtors will run a comprehensive marketing process. Establishing a Bid Deadline approximately 50 days after the Bid Procedures Hearing will provide more than ample time for potential buyers—who already should be familiar with the Assets from the earlier sale process—to review the Debtors’ Assets and formulate a bid. The Debtors’ Assets do not require extensive diligence, and such diligence generally can be performed remotely.

22. As part of the Sale process, the Debtors seek authority to (i) select one or more bidders to act as stalking horse bidders (each, a “Stalking Horse Bidder”) and enter into a purchase agreement with such Stalking Horse Bidder (each such agreement, a “Stalking Horse Agreement”) and (ii) in connection with any Stalking Horse Agreement, provide (A) a break-up fee of up to 3% of the purchase price contemplated by the Stalking Horse Agreement (the “Break-up Fee”) and/or (B) an expense reimbursement of up to \$550,000 (the “Expense Reimbursement”

³ Subject to the Court’s availability.

and, together with the Break-up Fee, the “Bid Protections”), in each case payable from the proceeds of a Successful Bid (as defined herein) to the extent the Debtors determine that provision of such Bid Protections would be an actual and necessary cost of preserving the value of the Debtors’ estates

23. If the Debtors select a Stalking Horse Bidder, and if the Break-Up Fee, if any, contemplated by the Stalking Horse Agreement is less than or equal to 3% of the purchase price contemplated by the Stalking Horse Agreement and Expense Reimbursement is less than or equal to \$550,000, the Debtors will file with the Court and cause to be published on the case website a notice that contains information about the Stalking Horse Bidder, including the identity of the Stalking Horse Bidder, key terms of the Stalking Horse Bidder’s bid, and the proposed Stalking Horse Agreement (the “Stalking Horse Selection Notice”). If the Stalking Horse Agreement satisfies the following conditions—(a) the Break-Up Fee does not exceed three percent 3% of the purchase price; (b) the Expense Reimbursement does not exceed \$550,000; and (c) the Stalking Horse Bidder is not an insider (as defined in section 101(31) of the Bankruptcy Code)—the Debtors may submit an order under certification of counsel approving the designation of the Stalking Horse Bidder and Stalking Horse Agreement as a stalking horse without the need for further hearing. If a Stalking Horse Bidder and Stalking Horse Agreement are designated that do not satisfy each of the conditions (a) through (c) in the prior sentence, the Court shall hold a hearing to consider approval of the designation of the Stalking Horse Bidder and Stalking Horse Agreement as a stalking horse.

24. Having the flexibility to designate a Stalking Horse Bidder and provide Bid Protections will provide the Debtors with the ability to maximize the value of the Assets. Given the Debtors’ need to maximize value for creditors and other stakeholders through a timely and

efficient marketing and sale process, the ability to designate a Stalking Horse Bidder and offer Bid Protections to such bidder (although the Debtors ultimately may, in the exercise of their business judgment, not designate a Stalking Horse Bidder at all) is a reasonable and sound exercise of the Debtors' business judgment and provides an actual benefit to the Debtors' estates.

RELIEF REQUESTED

25. By this Motion, the Debtors seek entry of the Bidding Procedures Order:

- a. authorizing and approving the Bidding Procedures in connection with the receipt and analysis of competing bids for the Assets, substantially in the form attached as **Exhibit 1** to the Bidding Procedures Order;
- b. approving the form and manner of notice of the Auction and Sale and hearing thereon, substantially in the form attached to the Bidding Procedures Order as **Exhibit 2** (the "Notice of Auction and Sale Hearing");
- c. authorizing and approving the Assignment Procedures for the assumption and assignment of the Designated Contracts, as applicable, in connection with the Sale;
- d. approving the form and manner of notice of the potential assumption and assignment of Designated Contracts, substantially in the form attached to the Bidding Procedures Order as **Exhibit 3** (the "Notice of Assumption and Assignment");
- e. authorizing the Debtors in their discretion to (i) select one or more Stalking Horse Bidders and enter into a Stalking Horse Agreement and (ii) in connection with any Stalking Horse Agreement, provide the Bid Protections to the extent the Debtors determine that provision of such Bid Protections would be an actual and necessary cost of preserving the value of the Debtors' estates; and
- f. establishing the following dates and deadlines, subject to modification as needed, relating to competitive bidding and approval of the Sale:
 - **Bid Deadline:** December 13, 2021; approximately 50 days after the hearing to consider the Bid Procedures (the "Bid Procedures Hearing"), as the deadline by which all binding bids must be actually received pursuant to the Bidding Procedures (the "Bid Deadline");
 - **Auction:** December 16, 2021 as the date and time of the Auction if more than one competing Qualified Bid (as defined in the Bidding Procedures) is received with respect to the Assets, which will be held telephonically, by videoconference, or at the offices of Reed Smith LLP, 225 Fifth Avenue, Pittsburgh, PA 15222;

- **Sale Objection:** December 15, 2021 as the deadline to object to the Sale (the “Sale Objection Deadline”);
- **Cure Cost/Assignment Objection Deadline:** December 17, 2021 as the deadline to object to the assumption and assignment of Designated Contracts or cure amounts related thereto, other than objections related to the specific identity of the Successful Bidder with respect to the applicable Designated Contract (the “Cure Cost/Assignment Objection Deadline”);
- **Post-Auction Objection Deadline:** December 20, 2021 shall be the deadline to object solely with respect to the Non-Debtor Counterparties (defined below) to the Designated Contracts, to the specific identity of and adequate assurance of future performance provided by the Successful Bidder with respect to the applicable Designated Contract; and
- **Sale Hearing:** December 22, 2021, which is approximately 60 days after the Bid Procedures Hearing, as the date of the sale hearing (the “Sale Hearing”) to be held before the Court.

26. Additionally, by this Motion, the Debtors seek entry of the Sale Order authorizing: (a) the sale of the Assets free and clear of all claims, liens, liabilities, rights, interests, and encumbrances (except for any permitted liens and encumbrances); (b) the Debtors to assume and assign the Designated Contracts; and (c) any and all related relief requested herein. The Debtors will file a proposed form of the Sale Order no later than fourteen (14) days prior to the Sale Hearing, subject to modifications by the Debtors and the Successful Bidder following the Auction.

**OVERVIEW OF BIDDING PROCEDURES,
NOTICE PROCEDURES, AND ASSIGNMENT PROCEDURES**

A. The Bidding Procedures⁴

27. The Bidding Procedures set forth the process by which the Debtors will solicit and select the highest or best offer for the sale of the Assets, including, without limitation,

⁴ To the extent that there is any conflict between this summary and the Bidding Procedures, the latter governs in all respects. Capitalized terms used but not defined in this paragraph shall have the meanings set forth in the Bidding Procedures.

either through (i) sale(s) to a Successful Bidder (defined below) (a “Sale Transaction”) or (ii) a transaction in the form of a reorganization under a plan (a “Restructuring Transaction”) (each of a Sale Transaction and a Restructuring Transaction, a “Transaction”).

28. Toward that end, and for the avoidance of doubt, a Qualified Bid and/or a Successful Bid may take the form of a Sale Transaction to be consummated either through a section 363 sale of all or substantially all of the Assets or a Restructuring Transaction. Nothing in the Bidding procedures precludes a Bidder from submitting a Bid in the form of a Restructuring Transaction, it being understood that the Debtors reserve the right to modify the Bidding Procedures, including, without limitation, Qualified Bid requirements, as necessary or appropriate to reflect the submission and the Debtors’ consideration of one or more Bids in the form of a Restructuring Transaction. In order for a Bid in the form of a Restructuring Transaction to constitute a Qualified Bid, the Debtors must determine in good faith that such Bid is capable of satisfying the requirements of section 1129 of the Bankruptcy Code and being consummated. Any Bid in the form of a Restructuring Transaction satisfying the requirement of this paragraph may be determined by the Debtors to be a Qualified Bid, Successful Bid, Stalking Horse Bid, or Backup Bid.

29. The Bidding Procedures are intended to permit a fair and efficient competitive process, and to promptly identify the bid that constitutes the highest or otherwise best offer for the Assets. The Sale may be for all of the Assets or for a portion thereof, as potential purchasers direct. The Bidding Procedures establish, among other things:

- the requirements a Potential Bidder must satisfy to be entitled to participate in the bidding process and become a Qualified Bidder;
- the requirements for submitting bids and the method and criteria by which such bids become entitled to be a Qualified Bid;
- the availability of, access to, and conduct during due diligence by Potential Bidders;

- the deadline by which bids must be submitted;
- the selection of a Stalking Horse Bidder and provision of Bid Protections;
- the procedures for conducting the Auction;
- the criteria by which a Successful Bidder will be selected by the Debtors; and
- various other matters relating to the sale process generally, the Sale Hearing, the return of any Good Faith Deposits, and the designation of Next-Highest Bidders.

30. Importantly, the Bidding Procedures recognize the Debtors' fiduciary obligations to maximize sale value, and, as such, do not impair the Debtors' ability to consider all Qualified Bid proposals and preserve the Debtors' right to modify the Bidding Procedures as necessary or appropriate to maximize value for the estates.

31. The Bidding Procedures contain the following provisions which are more fully described in the Bidding Procedures and the proposed Bidding Procedures Order:

- a. **Form of Purchase and Sale Agreement.** The Debtors have drafted a form of Purchase and Sale Agreement (together with all ancillary documents and agreements, the "PSA") for parties interested in acquiring the Assets. The Debtors intend to provide copies of the form of PSA to all parties who express interest in submitting a Bid in the form of a section 363 sale and will also make such form of PSA available in the electronic data room established by the Debtors in connection with their sale process. Pursuant to the form of PSA, the Successful Bidder shall acquire the Assets free and clear of any and all interests to the maximum extent permitted by section 363 of the Bankruptcy Code subject to certain other conditions, with such interests to attach to the net proceeds of the sale of the Assets with the same validity and priority as such interests applied against the Assets.
- b. **Provisions Governing Qualification of Bidders.** To become a "Potential Bidder," each person or entity (other than any Stalking Horse Bidder) must deliver to the Debtors, on or before the Bid Deadline, an executed confidentiality agreement in form and substance satisfactory to the Debtors. Each Potential Bidder must, on or before the Bid Deadline, satisfy the "Bid Requirements" by submitting to the Debtors certain documents, including, among others, a duly executed binding agreement for the Sale of the Assets (and in the case of an Auction with a Stalking Horse Bidder, a markup of the Stalking Horse Agreement) and information about the Potential Bidder's financial condition evidencing the financial wherewithal of the Potential Bidder to consummate the Sale.

- c. **Provisions Governing Qualified Bids.** To participate in the Auction, each Potential Bidder (other than any Stalking Horse Bidder, which shall be deemed to be a Qualified Bidder) must:
- i. deliver to the Debtors by the Bid Deadline an irrevocable, good faith, and bona fide offer to purchase the Assets, which Bid is accompanied by a letter: (A) disclosing the identity of the person or entity submitting the bid; (B) stating with specificity the Assets such Potential Bidder wishes to bid on, the liabilities and obligations to be assumed by the Potential Bidder, and the amount of the cash consideration included in the bid and the value the Potential Bidder ascribes to any non-cash consideration; (C) acknowledging and representing that the Potential Bidder (I) has had an opportunity to conduct any and all due diligence regarding the Assets prior to submitting the Bid; (II) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Assets in making its Bid; and (III) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, regarding the Assets or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Bid; (D) agreeing that the Potential Bidder's offer is binding and irrevocable until the later of (x) the Closing Date, or (y) the date that is twenty (20) days after entry of the Sale Order (unless it is the Next Highest Bid in which case such offer will remain open until the Closing Date); (E) providing for a Closing Date that is consistent with the schedule contemplated in the Bidding Procedures; (F) providing that such Bid is not subject to or conditioned on (x) obtaining any financing, (y) shareholder, board of directors, or other internal approval, or (z) the outcome or completion of a due diligence review by the Potential Bidder; (G) providing that the Potential Bidder agrees to serve as a backup bidder (the "Next-Highest Bidder") if the Potential Bidder's Qualified Bid is the next highest or otherwise best bid after the Successful Bid (the "Next-Highest Bid") with respect to the relevant Assets; and (H) providing that the Potential Bidder submits to the jurisdiction of the Court and waives any right to a jury trial in connection with any disputes relating to Debtors' qualification of Bids, the Auction, the construction and enforcement of these Bidding Procedures, the Sale documents, and the closing of the Sale, as applicable.
 - ii. provide adequate assurance of future performance information (the "Adequate Assurance Information"), including (A) information about the Potential Bidder's financial condition, such as federal tax returns, a current financial statement, bank account statements, and equity and financing commitment letters; (B) information demonstrating (in the Debtors' reasonable business judgment) that the Potential Bidder has the financial capacity to consummate the proposed Sale, and (C) such additional information regarding the Potential Bidder as the Potential Bidder may elect to include, or that the Debtors, in their sole discretion, require. By

submitting a bid, Potential Bidders agree that the Debtors may disseminate their Adequate Assurance Information to contract counterparties, as applicable, in the event that the Debtors determine such bid to be a Qualified Bid; and

- iii. deliver (A) a Good Faith Deposit in the form of a certified check or wire transfer, payable to the order of the Debtors, in an amount equal to ten percent (10%) of the total cash and non-cash consideration of the Bid, which funds will be deposited into an escrow account to be identified and established by the Debtors;⁵ (B) written evidence, documented to the Debtors' satisfaction, that demonstrates the Potential Bidder has available cash, a commitment for financing if selected as the Successful Bidder (as defined below) with respect to the Assets, and such other evidence of ability to consummate the transaction satisfactory to the Debtors, including proof that such funding commitments or other financing are not subject to any internal approvals, syndication requirements, diligence or credit committee approvals (provided that such commitments may have covenants and conditions acceptable to the Debtors); and (C) evidence that the Potential Bidder has obtained all required organizational authorization and approval with respect to the submission of its Bid.

- d. **Credit Bidding.** Any Qualified Bidder that has a valid and perfected lien on any assets of the Debtors' estates (a "Secured Creditor") shall have the right to credit bid all or a portion of the value of such Secured Creditor's claims within the meaning of section 363(k) of the Bankruptcy Code; *provided* that a Secured Creditor shall have the right to credit bid its claim only with respect to the collateral by which such Secured Creditor is secured; and *provided further* that any credit bid by a junior Secured Creditor shall contain a cash component sufficient to repay in full the secured claims of a senior Secured Creditor. Without limiting the generality of the foregoing, (i) the Prepetition RBL Lenders and the DIP Lenders (each as defined in the First Day Declaration) or their respective designees or administrative agents, as applicable, have the right, but not the requirement, to credit bid up to the full amount of the Prepetition RBL Obligations and the DIP Obligations (each as defined in the First Day Declaration), as applicable, at or before the Auction in accordance with the terms thereof and pursuant to section 363(k) of the Bankruptcy Code, and (ii) any credit bid submitted by the Prepetition RBL Lenders and/or the DIP Lenders or their respective designees or administrative agents, whether as a Stalking Horse Bidder or otherwise, shall be deemed a Qualified Bid and shall not be subject to the bidding requirements set forth in section IX.d., IX.e., and IX.f. of the Bidding Procedures.

⁵ The Successful Bidder and Next-Highest Bidder (as such terms are defined Bidding Procedures) shall be required to supplement their Good Faith Deposits, if necessary, within one (1) business day of the close of the Auction so that such Good Faith Deposits shall be equal to an amount that is ten percent (10%) of the Successful Bid or Next-Highest Bid, as applicable. The Debtors reserve the right to increase or decrease the Good Faith Deposit for one or more Qualified Bidders (as defined Bidding Procedures) in their sole discretion.

- e. **Stalking Horse Bidders and Bid Protections.** To the extent provided for in the Bidding Procedures Order, the Debtors shall be authorized, but not obligated, in an exercise of their business judgment, to: (i) select one or more Qualified Bidders to act as Stalking Horse Bidders in connection with the Sale and enter into a Stalking Horse Agreement; and (ii) provide such Stalking Horse Bidder with Bid Protections. The Stalking Horse Bidder (if any) will be considered a Qualified Bidder and the bid reflected in the Stalking Horse Bid (including as many be increased at the Auction (if any)) will be considered a Qualified Bidder, as more fully set forth in the Bid Procedures. Subject to the terms of the Bidding Procedures, in the event of a competing Qualified Bid, the Stalking Horse Bidder (if any) will be entitled, but not obligated, to submit overbids and will be entitled in any such overbids to credit bid all of its claims for Bid Protections pursuant to section 363(k) of the Bankruptcy Code.

- f. **Modification of Bid and Auction Procedures.** The Debtors may announce at the Auction additional procedural rules (*e.g.*, the amount of time to make Subsequent Bids or the requirement that parties submit “best and final” Bids) for conducting the Auction or otherwise modify the Bidding Procedures; provided that such rules (1) are not materially inconsistent with the Bidding Procedures, the Bankruptcy Code, or any order of the Court, and (2) are disclosed to each Qualified Bidder at the Auction. The Debtors and their estates reserve the right to modify the Bidding Procedures at or prior to the Auction, including, without limitation, to extend the deadlines set forth in the Bidding Procedures, modify bidding increments, waive terms and conditions set forth herein with respect to any or all Potential Bidders (including, without limitation, the Bid Requirements), impose additional terms and conditions with respect to any or all potential bidders, adjourn, postpone, or cancel the Auction at or prior to the Auction, and adjourn the Sale Hearing.

- g. **Closing with Alternative Backup Bidders.** At the Auction, the Debtors may designate the Next-Highest Bid (and the corresponding Next-Highest Bidder) in the event that a Successful Bidder does not close the Sale. In the event that a Successful Bidder fails to close prior to the date designated in the applicable Purchase Agreement (or such date as may be extended by the Debtors), the Debtors, upon written notice to the Next-Highest Bidder, may designate the applicable Next-Highest Bid as the Successful Bid for the Assets, the Next-Highest Bidder will be deemed to be a Successful Bidder for such Assets, and the Debtors will be authorized, but not directed, to close with the Next-Highest Bidder subject to the terms of the Next-Highest Bid without the need for further order of the Court and without the need for further notice to any interested parties.

- h. **Provisions Governing the Auction.** If more than one Qualified Bid is submitted by the Bid Deadline with regard to the Assets, the Debtors will conduct an auction telephonically, by videoconference, or at the offices of proposed counsel to the Debtors, Reed Smith LLP, 225 Fifth Avenue, Pittsburgh, PA 15222, on December 16, 2021, which is three Business Days after the Bid Deadline (or such later time or such other place as the Debtors shall designate and notify all Qualified Bidders who have submitted Qualified Bids) for consideration of the Qualified Bids, each

as may be increased at such Auction. For the avoidance of doubt, the Debtors reserve the right to conduct the Auction telephonically.

B. Notice Procedures for the Sale, Auction, and Sale Hearing

32. The Debtors request approval of the Notice of Auction and Sale Hearing, substantially in the form attached to the Bidding Procedures Order as **Exhibit 2**. Within two (2) business days of entry of the Bidding Procedures Order, the Debtors will serve the Notice of Auction and Sale Hearing by first-class mail upon: (i) the Office of the United States Trustee; (ii) counsel for the Prepetition RBL Agent, Seward & Kissel LLP, One Battery Park Plaza, New York, NY 10004, Attn: Gregg S. Bateman (bateman@sewkis.com); (iii) counsel for the Prepetition RBL Lenders, Brown Rudnick, LLP, 7 Times Square, New York, NY 10036, Attn: Robert J. Stark (rstark@brownrudnick.com) and Steven B. Levine (slevine@brownrudnick.com); (iv) counsel for the Prepetition Second Lien Agent, (a) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Darren S. Klein (darren.klein@davispolk.com) and Adam L. Shpeen (adam.shpeen@davispolk.com) and (b) Bowles Rice LLP, 1800 Main Street, Suite 200, Canonsburg, PA 15317, Attn: Mike Proctor (mproctor@bowlesrice.com); (v) the Designated Third Party Hedge Providers: (a) Shell Trading Risk Management, 1000 Main St. 12th Floor, Houston, TX 77002; (b) Shell Western E&P, LP, 1616 S. Voss Road, Suite 1000, Houston, TX 77057; (c) Alta Fundamental Advisers LLC, 1500 Broadway Suite 704, New York, NY 10036; and (d) J. Aron & Company LLC, c/o Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019-6099, Attn: Ana Alfonso (aalfonso@willkie.com); (vi) those persons who have formally appeared and requested notice and service in these proceedings pursuant to Bankruptcy Rules 2002 and 3017; (vii) counsel for any official committees appointed by this Court; (viii) except to the extent an official committee of unsecured creditors has been appointed, the lists of the 20 largest unsecured creditors of the

Debtors; and (ix) the following governmental agencies having a regulatory or statutory interest in these cases: (a) Internal Revenue Service, PO Box 7346, Philadelphia, PA 19101-7346; (b) United States Attorney's Office for the Western District of Pennsylvania, Attn: Stephen R. Kaufman, Joseph F. Weis, Jr. United States Courthouse 700 Grant Street, Suite 4000, Pittsburgh, PA 15219; and (c) State of Pennsylvania Attorney General, Attn: Josh Shapiro, 16th Floor, Strawberry Square, Harrisburg, PA 17120 (collectively, the "Notice Parties").

33. The Debtors shall also post the Notice of Auction and Sale Hearing and the Bidding Procedures Order on the website of the Debtors' claims and noticing agent.

34. As soon as reasonably practicable following conclusion of the Auction, the Debtors propose to file a notice on the Court's docket identifying the Successful Bidder(s) for the Assets and any applicable Next-Highest Bidder(s).

C. Assumption and Assignment Procedures

35. To facilitate the Sale, the Debtors seek authority to assume and assign to the Successful Bidder certain executory contracts and unexpired leases, as selected by such Successful Bidder in its Successful Bid, in accordance with the Assignment Procedures. The proposed Assignment Procedures are as follows:

- a. On December 3, 2021, the Debtors shall file with the Court and serve on each Non-Debtor counterparty to any existing contract with the Debtor (each, a "Non-Debtor Counterparty"), the Notice of Assumption and Assignment, regardless of whether the contract has been listed as a Designated Contract. In the event that the Debtors identify any Non-Debtor Counterparties which were not served with the Notice of Assumption and Assignment, the Debtors may subsequently serve (by overnight mail) such Non-Debtor Counterparty with a Notice of Assumption and Assignment, and the following procedures will nevertheless apply to such Non-Debtor Counterparty; provided, however, that the Cure Cost/Assignment Objection Deadline with respect to such Non-Debtor Counterparty shall be December 17, 2021.
- b. The Notice of Assumption and Assignment served on each Non-Debtor Counterparty shall: (i) identify each Designated Contract; (ii) list the proposed calculation of the cure amounts that the Debtors believe must be paid to cure all

defaults outstanding under the Designated Contract as of such date (the “Cure Costs”); (iii) include a statement that assumption and assignment of such Designated Contract is not required or guaranteed; and (iv) inform such Non-Debtor Counterparty of the requirement to file any Cure Cost/Assignment Objections by the Cure Cost/Assignment Objection Deadline. Service of a Notice of Assumption and Assignment does not constitute an admission that a particular Designated Contract is an executory contract or unexpired lease of property, or confirm that the Debtors are required to or will assume and/or assign such Designated Contract as a part of any transaction.

- c. Objections (a “Cure Cost/Assignment Objection”), if any, to (i) the scheduled Cure Costs, and/or (ii) the potential assumption, assignment, and/or transfer of such Designated Contract (including the transfer of any related rights or benefits thereunder), other than objections that relate specifically to the identity of the Successful Bidder, must (x) be in writing, (y) state with specificity the nature of such objection, including the amount of Cure Costs in dispute, and (z) be filed with the Court and properly served on the Notice Parties (as defined in the Bidding Procedures Order) so as to be received no later than December 17, 2021 (the “Cure Cost/Assignment Objection Deadline”).
- d. Objections (a “Post-Auction Objection”) of any Non-Debtor Counterparty related solely to the identity of and adequate assurance of future performance provided by the Successful Bidder must (x) be in writing, (y) state with specificity the nature of such objection, and (z) be filed with the Court and properly served on the Notice Parties so as to be received no later than December 20, 2021, which is two Business Days after the Auction (the “Post-Auction Objection Deadline”).
- e. Any Non-Debtor Counterparty to a Designated Contract who fails to timely file and properly serve a Cure Cost/Assignment Objection or Post-Auction Objection as provided herein will (i) be forever barred from objecting to the Cure Costs and from asserting any additional cure or other amounts with respect to such Designated Contract in the event it is assumed and/or assigned by the Debtors and the Debtors and any successor to the Debtors on any such Designated Contract shall be entitled to rely solely upon the Cure Costs, and (ii) be deemed to have consented to the assumption, assignment and/or transfer of such Designated Contract (including the transfer of any related rights and benefits thereunder) to the relevant Successful Bidder and shall be forever barred and estopped from asserting or claiming against the Debtors or such Successful Bidder that any additional amounts are due or defaults exist, or conditions to assumption, assignment, and/or transfer must be satisfied under such Designated Contract, or that any related right or benefit under such Designated Contract cannot or will not be available to the Successful Bidder.
- f. Consideration of unresolved Cure Cost/Assignment Objections and Post-Auction Objections relating to all Designated Contracts, if any, will be held at the Sale Hearing, provided, however, that (i) any Designated Contract that is the subject of a Cure Cost/Assignment Objection with respect solely to the amount of the Cure

Cost may be assumed and assigned prior to resolution of such objection and (ii) the Debtors may adjourn a Cure Cost/Assignment Objection in their discretion.

- g. A timely filed and properly served Cure Cost/Assignment Objection or Post-Auction Objection will reserve the filing Non-Debtor Counterparty's rights relating to the Designated Contract, but will not be deemed to constitute an objection to the relief generally requested in the Motion with respect to the approval of the Sale.
- h. The inclusion of a Designated Contract or Cure Costs with respect thereto on the Notice of Assumption and Assignment or the notice of Auction results shall not constitute or be deemed a determination or admission by the Debtors, the Stalking Horse Bidder, a Successful Bidder, or any other party in interest that such contract is an executory contract or an unexpired lease within the meaning of the Bankruptcy Code. The Debtors reserve all of their rights, claims, and causes of action with respect to each Designated Contract. The Debtors' inclusion of any Designated Contract on the Notice of Assumption and Assignment or the notice of Auction results shall not be a guarantee that such contract ultimately will be assumed or assumed and assigned. The initial Notice of Assumption and Assignment and any subsequent notice shall be without prejudice to a Stalking Horse Bidder's or Successful Bidder's rights under the applicable purchase agreement to subsequently (1) exclude a contract from the schedule of Designated Contracts previously included on such notice or (2) include additional contracts for assumption and assignment in accordance with the applicable Stalking Horse Bidder's or Successful Bidder's purchase agreement.
- i. The Debtors' decision to assume and assign the Designated Contracts to the relevant Successful Bidder is subject to the Court's approval and the closing of the Sale. Accordingly, absent the Court's approval and the closing of the Sale, the Designated Contracts shall not be deemed assumed or assumed and assigned, and shall in all respects be subject to further administration by the Debtors and their estates under the Bankruptcy Code in connection with the Chapter 11 Cases.

BASIS FOR RELIEF REQUESTED

I. The Bidding Procedures Are Appropriate and in the Best Interests of the Debtors, Their Estates, and Creditors.

A. *The Bidding Procedures Are Reasonable, Appropriate, and Will Maximize Value.*

36. The paramount goal in any proposed sale of property of the estate is to maximize the proceeds received by the estate. See In re Mushroom Transp. Co., 382 F.3d 325, 339 (3d Cir. 2004) (noting debtor in possession "had a fiduciary duty to protect and maximize the estate's assets"); Official Comm. of Unsecured Creditors of Cybergenics, Corp v. Chinery, 330

F.3d 548, 573 (3d Cir. 2003) (same); Four B. Corp. v. Food Barn Stores, Inc. (In re Barn Stores, Inc.), 107 F.3d 558, 564–65 (8th Cir. 1997) (observing in bankruptcy sales, “a primary objective of the Code [is] to enhance the value of the estate at hand”).

37. To that end, courts uniformly recognize that procedures to enhance competitive bidding are consistent with the goal of maximizing the value received by the estate and therefore are appropriate in the context of bankruptcy transactions. See In re O’Brien Env’tl. Energy, Inc., 181 F.3d 527, 537 (3d Cir. 1999); see also Official Comm. of Subordinated Bondholders v. Integrated Res. Inc. (In re Integrated Res. Inc.), 147 B.R. 650, 659 (S.D.N.Y. 1992) (stating bidding procedures “encourage bidding and . . . maximize the value of the Debtors’ assets”).

38. The Debtors believe that the Bidding Procedures will provide an orderly and uniform mechanism by which interested buyers and investors can submit offers for the Assets, and will ensure a competitive and fair bidding process. The Debtors also believe that the Bidding Procedures will promote active bidding from seriously interested parties and will confirm the best and highest offer reasonably available for such Assets. The Bidding Procedures will allow the Debtors to conduct the Auction, subject to the terms of the Bidding Procedures, in a controlled, fair, and open manner that will encourage participation by financially capable bidders that demonstrate the ability to close a transaction. The Debtors believe that the Bidding Procedures will encourage bidding, are consistent with other procedures routinely approved by courts in this and other districts, and are appropriate under the relevant standards governing auction proceedings and bidding incentives in bankruptcy proceedings.

B. *The Qualified Bid Requirements Are Reasonable and Appropriate.*

39. The Bidding Procedures recognize and comply with the Debtors’ fiduciary obligations to maximize sale value because they do not impair the Debtors’ ability to consider all

Qualified Bids made at or prior to the Auction, and they preserve the Debtors' right to modify the Bidding Procedures as necessary or appropriate to maximize value for the Debtors' estates.

40. In the event that the Debtors obtain more than one competing Qualified Bid with respect to the Assets and the Auction is held, bidding shall commence at the amount of the highest or otherwise best bid received for such assets, which determination will be communicated to Qualified Bidders prior to the commencement of the Auction, and the relevant Qualified Bidders may submit successive bids in higher increments (in amounts to be determined at or prior to the Auction).

C. *The Bid Protections Have a Sound Business Purpose and Should Be Approved.*

41. The Debtors are also seeking authority to designate one or more Stalking Horse Bidders and offer Bid Protections to each such Stalking Horse Bidder. The use of a stalking horse in a public auction process for sales is a customary practice in chapter 11 cases, as the use of a stalking horse bid is, in many circumstances, the best way to maximize value in an auction process by “establish[ing] a framework for competitive bidding and facilitat[ing] a realization of that value.” Interforum Holding LLC, 2011 WL 2671254 at *1 n.1 (E.D. Wis. July 7, 2011). As a result, stalking horse bidders virtually always require break-up fees and, in many cases, other forms of bidding protections as an inducement for “setting the floor at auction, exposing its bid to competing bidders, and providing other bidders with access to the due diligence necessary to enter into an asset purchase agreement.” Id. (citation omitted). Thus, the use of bidding protections has become an established practice in chapter 11 cases.

42. Indeed, break-up fees and other forms of bidding protections are a normal and, in many cases, necessary component of significant sales conducted in chapter 11: “Break-up fees are important tools to encourage bidding and to maximize the value of the debtor’s assets . . . In fact, because the directors of a corporation have a duty to encourage bidding, break-up fees can

be *necessary* to discharge the directors' duties to maximize value." Integrated Res., 147 B.R. at 659 – 60 (emphasis in original). Specifically, bid protections "may be legitimately necessary to convince a 'white knight' to enter the bidding by providing some form of compensation for the risks it is undertaking." In re 995 Fifth Ave. Assocs., L.P., 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1989) (citation and quotations omitted); see also Integrated Res., 147 B.R. at 660–61 (noting bid protections can prompt bidders to commence negotiations and "ensure that a bidder does not retract its bid").

43. As a result, courts in this Circuit routinely approve such bidding protections in connection with proposed bankruptcy sales where a proposed fee or reimbursement provides a benefit to the estate. See In re O'Brien Env'tl. Energy, Inc., 181 F.3d 527, 535 (3d Cir. 1999) ("In other words, the allowability of break-up fees, like that of other administrative expenses, depends upon the requesting party's ability to show that the fees were actually necessary to preserve the value of the estate."); In re Reliant Energy Channelview LP, 594 F.3d 200, 206 (3d Cir. 2010). The allowance of Bid Protections, in the event that the Debtors execute a Stalking Horse Agreement, is in the best interests of the Debtors' estates and their creditors, as any Stalking Horse Agreement will establish a floor for further bidding that may increase the consideration given in exchange for the assets, which will inure to the benefit of the Debtors' estates.

44. The Debtors believe that the Bid Protections are necessary to attract and retain a Stalking Horse Bidder. Any Bid Protections will be negotiated through back-and-forth, arm's length negotiations. By inducing the Stalking Horse Bidder to hold its offer open as a baseline from which other potential bidders can submit higher or better offers, the Bid Protections will serve to encourage more competitive bidding, which will hopefully increase the purchase price of the Assets. As such, the Bid Protections will, among other things, enable the Debtors to

maximize the value of their estates for the benefit of all economic stakeholders in the Chapter 11 Cases. See, e.g., In re PES Holdings, LLC, 19-11626 (KG) (Bankr. D. Del. Nov. 14, 2019) (pre-approving bid protections in an amount of up to 3% of the proposed purchase price).

45. If the Court does not approve the Bid Protections, the Stalking Horse Bidder, to the extent one may otherwise exist, may elect not to serve as the stalking horse, to the detriment of the Debtors' estates. Further, if the Bid Protections were to be paid, it will be because the Debtors have received higher or otherwise superior offers for the assets. In short, the proposed Bid Protections are fair and reasonable under the circumstances because they constitute a "fair and reasonable percentage of the proposed purchase price" and are "reasonably related to the risk, effort, and expenses of the prospective purchaser." Integrated Res., 147 B.R. at 662 (quoting 995 Fifth Ave., 96 B.R. at 28). Accordingly, the Bid Protections should be approved.

46. The Bid Protections are a sound exercise of the Debtors' business judgment and are in the best interests of the Debtors, their estates, and all stakeholders. Accordingly, the Court should approve Bid Protections.

D. *The Notice Procedures for the Sale, Bidding Procedures, Auction, and Sale Hearing Are Reasonable and Appropriate.*

47. Pursuant to Bankruptcy Rules 2002(a) and (c), the Debtors are required to notify creditors of the Sale, including a disclosure of the time and place of any auction, the terms and conditions of the sale, and the deadline for filing any objections. The Debtors submit that the notice procedures described above fully comply with Bankruptcy Rule 2002 and are reasonably calculated to provide timely and adequate notice of the Sale, Bidding Procedures, Auction, and Sale Hearing to the Debtors' creditors and all other parties in interest that are entitled to notice, as well as those parties that have expressed a bona fide interest in acquiring the Assets.

48. Accordingly, the Debtors respectfully request that the Court approve the notice procedures set forth in this Motion, including the form and manner of service and publication of the Notice of Auction and Sale Hearing, and that no other or further notice of the Sale, Bidding Procedures, Auction, or Sale Hearing is necessary or required.

E. *The Assignment Procedures Are Reasonable and Appropriate.*

49. As part of this Motion, the Debtors also seek authority under sections 105(a) and 365 of the Bankruptcy Code to assume and assign the Designated Contracts to the Successful Bidder. The Bidding Procedures Order specifies the process by which the Debtors will serve the Notice of Assumption and Assignment and the procedures and deadlines for Non-Debtor Counterparties to file Cure Cost/Assignment Objections and/or Post-Auction Objections.

50. The Assignment Procedures ensure that each Non-Debtor Counterparty will have sufficient notice of such potential assumption and assignment, and an opportunity to contest the Cure Amount, if any, for its Designated Contract, as well as the ability of the relevant Successful Bidder to provide adequate assurance of future performance with respect to such Designated Contract.

51. Accordingly, the Debtors submit that the Assignment Procedures are fair and reasonable, and request that the Court approve such procedures.

II. *Approval of the Sale Is Appropriate and in the Best Interests of the Debtors' Estates.*

A. *The Sale Is Authorized by Section 363 of the Bankruptcy Code as a Sound Exercise of the Debtors' Business Judgment.*

52. Section 363 of the Bankruptcy Code provides that a debtor, “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate” 11 U.S.C. § 363(b). The Debtors need only show a legitimate business justification for the proposed action as “[s]ection 363 impliedly requires the Court to find that it is good

business judgment for the Debtor to enter into the transaction.” See In re Cont’l Air Lines, Inc., 780 F.2d 1223, 1226 (5th Cir. 1986) (agreeing with Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1070 (2d Cir. 1983)) (internal quotations omitted). The business judgment standard “is flexible and encourages discretion.” ASARCO, Inc. v. Elliott Mgmt. (In re ASARCO, L.L.C.), 650 F.3d 593, 601 (5th Cir. 2011). Parties challenging a debtor’s decision must make a showing of “bad faith, self-interest or gross negligence.” See In re Think3, Inc., 529 B.R. 147, 173 (Bankr. W.D. Tex. 2015) (overcoming the presumption of business judgement requires conduct “committed with gross negligence or beyond the ‘bounds of reason.’”); Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 656 (Bankr. S.D.N.Y. 1992) (citations omitted).

53. A sound business purpose for the sale of a debtor’s assets outside the ordinary course of business may be found where such a sale is necessary to preserve the value of assets for the estate, its creditors, or interest holders. See, e.g., In re Abbotts Dairies of Pa., Inc., 788 F.2d 143 (3d Cir. 1986); In re Lionel Corp., 722 F.2d 1063 (2d Cir. 1983); see also In re Food Barn Stores, Inc., 107 F.3d 558, 564–65 (8th Cir. 1997) (stating that the paramount goal in any proposed sale of property of the estate is to maximize value).

54. Furthermore, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the Debtors’ conduct.” Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). There is a presumption that “in making a business decision the directors of a corporation acted on an informed basis, in good faith, and in the honest belief that the action was in the best interests of the company.” In re Integrated Res., Inc., 147 B.R. at 656 (quoting Smith

v. Van Gorkcom, 488 A.2d 858, 872 (Del. 1985)). Thus, if a debtor's actions satisfy the business judgment rule, then the transaction in question should be approved under section 363(b)(1) of the Bankruptcy Code. Indeed, when applying the business judgment standard, courts show great deference to a debtor's business decisions. See Pitt v. First Wellington Canyon Assocs. (In re First Wellington Canyon Assocs.), No. 89 C 593, 1989 WL 106838, at *3 (N.D. Ill. Sept. 8, 1989) (“Under this test, the debtor's business judgment . . . must be accorded deference unless shown that the bankrupt's decision was taken in bad faith or in gross abuse of the bankrupt's retained discretion.”).

55. Pursuant to the Bidding Procedures, the Debtors, in consultation with their advisors, will reserve the right to disregard and disqualify any bid that does not contain a fair and adequate price or the acceptance of which would not be in the best interests of the estates or the Auction. In addition, the value of the Assets will be tested through the Auction and Sale process provided for in the Bidding Procedures. Consequently, the fairness and reasonableness of the consideration to be paid by the Successful Bidder for the Assets ultimately will be demonstrated by adequate “market exposure” and an open and fair auction and sale process—the best means for establishing whether a fair and reasonable price is being paid. The Successful Bid will constitute the highest or best offer for the Assets, and may provide a greater recovery for the Debtors' estates than is likely to be provided by any other available alternative. As a result, the Debtors' determination to explore a sale of the Assets through an auction and sale process, as provided for in the Bidding Procedures, is a valid and sound exercise of the Debtors' business judgment. Accordingly, the Debtors respectfully request that the Sale be approved.

B. *The Sale, Free and Clear of All Encumbrances, Is Authorized by Section 363(f) of the Bankruptcy Code.*

56. In the interest of attracting the highest and best bids for the Assets, the Debtors submit that the Sale should be free and clear of all encumbrances in accordance with section 363(f) of the Bankruptcy Code, with any such encumbrances attaching to the net proceeds of the Sale.

57. Section 363(f) of the Bankruptcy Code authorizes a debtor to sell assets free and clear of liens, claims, interests, and encumbrances if:

- (1) applicable non-bankruptcy law permits sale of such property free and clear of such interests;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

58. Because section 363(f) of the Bankruptcy Code is drafted in the disjunctive, satisfaction of any one of its five requirements will suffice to permit the sale of the Assets “free and clear” of all encumbrances. In re Nature Leisure Times, LLC, 06-41357, 2007 WL 4554276, at *3 (Bankr. E.D. Tex. Dec. 19, 2007); see also Michigan Employment Sec. Comm’n v. Wolverine Radio Co. (In re Wolverine Radio Co.), 930 F.2d 1132, 1147 n.24 (6th Cir. 1991) (stating that Bankruptcy Code section 363(f) is written in the disjunctive; holding that the court may approve the sale “free and clear” provided at least one of the subsections of Bankruptcy Code section 363(f) is met); In re Dundee Equity Corp., No. 89-B-10233, 1992 WL 53743, at *4 (Bankr.

S.D. N.Y. Mar. 6, 1992) (“[S]ection 363(f) is in the disjunctive, such that the sale free of the interest concerned may occur if any one of the conditions of § 363(f) have been met.”); In re Bygaph, Inc., 56 B.R. 596, 606 n.8 (Bankr. S.D. N.Y. 1986).

59. The Court also may authorize the sale of a debtor’s assets free and clear of any liens pursuant to section 105 of the Bankruptcy Code, even if section 363(f) does not apply. See Matter of Selby Farms, 15 B.R. 372, 375 (Bankr. S.D. Miss. 1981) (“The power of the Bankruptcy Court to sell property free and clear of liens has long been recognized.” (citing Van Huffel v. Harkelrode, 284 U.S. 225, 227-28 (1931)); In re Trans World Airlines, Inc., No. 01-0056, 2001 WL 1820325, at *3 (Bankr. D. Del. Mar. 27, 2001) (“Bankruptcy courts have long had the authority to authorize the sale of estate assets free and clear even in the absence of § 363(f.”); see also Volvo White Truck Corp. v. Chambersberg Beverage, Inc. (In re White Motor Credit Corp.), 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987) (“Authority to conduct such sales [free and clear of liens] is within the court’s equitable powers when necessary to carry out the provisions of Title 11.”).

60. The Debtors submit that one or more of the conditions set forth in section 363(f) of the Bankruptcy Code will be satisfied with respect to the Sale.

61. The Debtors anticipate that trade creditors may assert statutory liens on certain of the Debtors’ properties in relation to services performed for drilling and other operations. The Debtors intend to sell the Assets free and clear of these interests, which section 363(f) of the Bankruptcy Code permits here.

62. *First*, section 363(f)(1) applies because applicable nonbankruptcy law permits a sale free and clear. Mechanic’s liens under Pennsylvania law are inchoate and relate back to and are given effect for the purposes of priority from the moment labor or material is

visibly supplied to the property;⁶ however, here the purported statutory liens against the Debtors arose after the liens of the Debtors' prepetition first lien agent and are therefore junior to it. See 42 Pa.C.S. § 8141 ("liens against real property shall have priority over each other on the following basis: ... (2) ...mortgages [other than purchase money mortgages]..., from the time they are left for record."). Thus section 363(f)(1) allows for the Assets to be sold free and clear of such purported statutory liens because Pennsylvania law provides that a foreclosure sale in favor of a senior secured party can discharge any junior security or property interest. See, e.g., Boyer v. Walker, 714 A.2d 458, 462-63 (Pa. Super. 1988) (citing Unity Savings Association v. American Urban Sciences Foundation, Inc., 487 A.2d 356 (Pa. Super. 1984)) ("It is well established in Pennsylvania that a sheriff's sale of real property divests all junior liens on that property.").

63. *Second*, to the extent lienholders consent or otherwise do not object, section 363(f)(2) allows the sale free and clear of liens. See In re Christ Hosp., 502 B.R. 158, 174 (Bankr. D.N.J. 2013) ("Given adequate notice, failure to object to a § 363 sale has been found to constitute consent per § 363(f)(2) to a 'free and clear' sale of the nonobjector's interests in property being sold."). The Debtors believe that at least section 363(f)(2) will be satisfied because each of the parties holding liens on the Assets will consent to or, absent any objection to the Sale, will be deemed to have consented to the Sale. Any lienholder also will be adequately protected by having its liens, if any, attach to the proceeds of the Sale, in the same order of priority, with the same validity, force, and effect that such creditor had prior to such sale, subject to any claims and defenses that the Debtors and their estates may possess with respect thereto. For the avoidance of doubt, nothing in this Motion, the Bidding Procedures, or the Bidding Procedures Order waives or

⁶ 49 P.S. §1508(a); Knoell v. Carey, 291 Pa. 531, 140 A. 522 (1928).

modifies any parties' right to object to any sale proposed in connection herewith, with all such rights being expressly preserved.

64. *Finally*, section 363(f)(4) permits the sale because there is a bona fide dispute as to the interest of the vendor lienholders. Depending on the value of successful bid, the Debtors may in good faith dispute the interest of the statutory lien claimants to being treated as a secured claim holder in this case.

65. Accordingly, the Debtors respectfully request that the Assets be sold free and clear of any liens, claims, interests, and other encumbrances pursuant to section 363(f) of the Bankruptcy Code.

C. *The Successful Bidder(s) Will be Entitled to the Full Protection of Section 363(m) of the Bankruptcy Code, and the Sale Does Not Violate Section 363(n) of the Bankruptcy Code.*

66. Section 363(m) of the Bankruptcy Code protects the sale of a debtor's property to a good faith purchaser. Specifically, section 363(m) provides:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m).

67. Courts in this Circuit have upheld section 363 purchase agreements “negotiated, proposed, and entered into . . . in good faith, without collusion . . . [resulting from] arm's-length bargaining with . . . parties represented by independent counsel.” In re THQ Inc., No. -12-13398 (MFW), 2013 Bankr. LEXIS 781 (Bankr. D. Del. Jan. 24, 2013); In re Gottschalks Inc., Nos. 09-10157 (KJC), 526, 603, 2009 Bankr. LEXIS 4880 (Bankr. D. Del. June 10, 2009); In re Against All Odds USA, Inc., Nos. 09-10117 (DHS), TIN: 22-3391747, 2009 Bankr. LEXIS

5234, at *1 (Bankr. D.N.J. May 28, 2009); In re Allegheny Health, Educ. & Research Found., Case Nos. 98-25773, 98-25774, 98-25775, 98-25776, 98-25777, 1998 Bankr. LEXIS 1684, at *31 (Bankr. W.D. Pa. Oct. 30, 1998). A sale to a good-faith purchaser cannot be avoided under section 363(m), unless the sale authorization was stayed pending appeal. See 11 U.S.C. § 363(m) (“The reversal or modification of an authorization under subsection (b) of this section of a sale . . . does not affect the validity of [the] sale . . . to an entity that purchased . . . the property in good faith . . .”). However, “[t]he trustee may avoid a sale . . . if the sale price was controlled by an agreement among potential bidders” Id. § 363(n). Additionally, for the sale to be considered in good-faith, consideration must: (1) be fair and reasonable; (2) be the highest and best offer for the property, and (3) constitute reasonably equivalent value, fair value, and fair consideration. In re Gottschalks Inc., 2009 Bankr. LEXIS 4880, at *5.

68. The Debtors submit, and the testimony presented at the Sale Hearing will demonstrate, that the terms and conditions of the Sale will have been negotiated by the Debtors and the Successful Bidder at arm’s length and in good faith, with the assistance of the Debtors’ professional advisors, and that the parties did not engage in any conduct that would cause or permit the Sale to be avoided under section 363(n) of the Bankruptcy Code.

69. Accordingly, the Debtors request that the Court make a finding at the Sale Hearing that the Successful Bidder purchased the Assets in good faith and that such purchase will be entitled to the full protections of section 363(m) of the Bankruptcy Code.

III. Assumption and Assignment of the Designated Contracts Is Authorized by Section 365 of the Bankruptcy Code.

A. *The Debtors’ Sound Business Judgment Supports the Assumption and Assignment of the Designated Contracts.*

70. Sections 365(a) and (b) of the Bankruptcy Code authorize a debtor in possession to assume, subject to the court’s approval, executory contracts or unexpired leases of

the debtor. Under section 365(a) of the Bankruptcy Code, a debtor, “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). Section 365(b)(1) of the Bankruptcy Code, in turn, codifies the requirements for assuming an unexpired lease or executory contract of a debtor, providing that:

- (b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee-
 - (A) cures or provides adequate assurance that the trustee will promptly cure, such default . . . ;
 - (B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and
 - (C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b)(1).

71. The standard applied by the Third Circuit in determining whether an executory contract or unexpired lease should be assumed is the “business judgment” test, which requires a debtor to determine that the requested assumption or rejection would be beneficial to its estate. See Sharon Steel Corp. v. Nat’l Fuel Gas Distrib. Corp., 872 F.2d 36, 40 (3d Cir. 1989); see also NLRB v. Bildisco & Bildisco, 465 U.S. 513, 523 (1984) (describing business judgment test as “traditional”) (superseded in part by 11 U.S.C. § 1113).

72. Courts generally will not second-guess a debtor’s business judgment concerning the assumption of an executory contract. See In re Decora Indus., Inc., No. 00-4459 (JJF), 2002 WL 32332749, at *8; Official Comm. for Unsecured Creditors v. Aust (In re Network Access Sols., Corp.), 330 B.R. 67, 75 (Bankr. D. Del. 2005) (“The standard for approving the

assumption of an executory contract is the business judgment rule”); In re Exide Techs., 340 B.R. 222, 239 (Bankr. Del. 2006) (“The propriety of a decision to reject an executory contract is governed by the business judgment standard”).

73. To determine if the business judgment standard is met, the court is “required to examine whether a reasonable business person would make a similar decision under similar circumstances.” In re AbitibiBowater Inc., 418 B.R. 815, 831 (Bankr. D. Del. 2009). “This is not a difficult standard to satisfy and requires only a showing that rejection will benefit the estate.” Id. (citations omitted). Specifically, a court should find that the assumption or rejection is elected on “an informed basis, in good faith, and with the honest belief that the assumption . . . [is] in the best interests of [the Debtors] and the estate.” Network Access Sols., 330 B.R. at 75. Under this standard, a court should approve a debtor’s business decision unless that decision is the product of bad faith or a gross abuse of discretion. See In re Federal Mogul Global, Inc., 293 B.R. 124, 126 (D. Del. 2003).

74. In the present case, the Debtors’ assumption and assignment of the Designated Contracts to the relevant Successful Bidder will meet the business judgment standard and satisfy the requirements of section 365 of the Bankruptcy Code. The assumption and assignment will likely be necessary for the Successful Bidder to conduct business going forward, and since it is anticipated that no Successful Bidder would take the Assets without certain Designated Contracts, the assumption and assignment of such agreements is essential to securing the highest or best offer for the Assets.

75. Consequently, the Debtors submit that the Assignment Procedures are fair and reasonable, and respectfully request that the Court approve such procedures and authorize the Debtors to assume and assign the Designated Contracts in the manner provided for herein.

B. *Adequate Assurance of Future Performance Will Be Demonstrated with Respect to the Designated Contracts.*

76. A debtor in possession may assign an executory contract or an unexpired lease if it assumes the agreement in accordance with section 365(a) of the Bankruptcy Code and provides adequate assurance of future performance by the assignee, whether or not there has been a default under the agreement. See 11 U.S.C. § 365(c)(2).

77. The meaning of “adequate assurance of future performance” depends on the facts and circumstances of each case but should be given “practical, pragmatic construction.” EBG Midtown South Corp. v. McLaren/Hart Env'tl. Eng'g Corp. (In re Sanshoe Worldwide Corp.), 139 B.R. 585, 592 (S.D.N.Y. 1992) (citations omitted), aff'd, 993 F.2d 300 (2d Cir. 1993); In re Prime Motor Inns Inc., 166 B.R. 993, 997 (Bankr. S.D. Fla. 1994); In re Rachels Indus. Inc., 109 B.R. 797, 803 (Bankr. W.D. Tenn. 1990); Carlisle Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.), 103 B.R. 524, 538 (Bankr. D.N.J. 1988).

78. Significantly, among other things, adequate assurance of future performance may be provided by demonstrating the assignee’s financial health and experience in managing the type of enterprise or property assigned. See, e.g., In re Bygaph, Inc., 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (stating that adequate assurance of future performance is present when the prospective assignee of a lease from the debtor has financial resources and has expressed willingness to devote sufficient funding to the business in order to give it a strong likelihood of succeeding).

79. Pursuant to the Bidding Procedures, the Potential Bidders are required to provide to the Debtors such financial and other information providing adequate assurance of future performance under any executory contracts and unexpired leases to be assumed pursuant to section 365 of the Bankruptcy Code in connection with the Sale, in a form requested by the Debtors within

one (1) business day after such receipt, such information on any Non-Debtor Counterparty that has requested, in writing, such information. Moreover, under the Assignment Procedures, the Non-Debtor Counterparties will have the opportunity to object to adequate assurance of future performance by the relevant Successful Bidder.

80. Accordingly, the Debtors submit that the assumption and assignment of the Designated Contracts as set forth herein should be approved pursuant to section 365 of the Bankruptcy Code.

RESERVATION OF RIGHTS

81. Nothing contained herein is intended, or should be construed, as an admission of the validity of any claim against the Debtors or a waiver of the Debtors' rights to dispute any claim. Nothing contained herein is intended, or should be construed, as an approval, assumption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

NOTICE

82. Notice of this Motion will be provided to the Notice Parties. Based on the nature of the relief requested herein, the Debtors respectfully submit that no further notice is required.

NO PRIOR REQUEST

83. No previous request for the relief sought herein has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter: (a) the Bidding Procedures Order (i) authorizing and approving the proposed bidding procedures to be used in connection with the Sale of the Assets; (ii) setting the dates for the Bid, the Auction, and the Sale Hearing, (iii) approving the Notice Procedures, (iv) authorizing the Assignment

Procedures for Designated Contracts, and (v) granting related relief; and (b) the Sale Order, (i) authorizing the Sale free and clear of all liens, claims, interests, and encumbrances (except for any permitted liens and encumbrances), (ii) authorizing the assumption and assignment of the Designated Contracts, and (iii) granting related relief and such other and further relief as the Court may deem just and proper.

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Dated: September 21, 2021

Respectfully submitted,

REED SMITH LLP

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*Proposed Counsel for the Debtors and
Debtors-in-Possession*

EXHIBIT A

Proposed Bidding Procedures Order

(Attached)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE:

ROCKDALE MARCELLUS HOLDINGS,
LLC and ROCKDALE MARCELLUS, LLC,¹

Debtors.

ROCKDALE MARCELLUS HOLDINGS,
LLC and ROCKDALE MARCELLUS, LLC,

Movants,

v.

NO RESPONDENT.

Chapter 11

Case No. 21-22080-GLT

(Joint Administration Requested)

Document No. _____

Related to Document No. _____

ORDER (I) APPROVING BIDDING PROCEDURES IN CONNECTION WITH THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS; (II) SCHEDULING AN AUCTION FOR AND HEARING TO APPROVE THE SALE; (III) APPROVING NOTICE OF RESPECTIVE DATE, TIME, AND PLACE FOR AUCTION AND FOR HEARING ON APPROVAL OF SALE; (IV) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES; (V) APPROVING FORM AND MANNER OF NOTICE THEREOF; AND (VI) GRANTING RELATED RELIEF

Upon the motion (the "Motion")² of the above-captioned debtors and debtors in possession (the "Debtors") for, among other relief, entry of an order authorizing or approving (a) the bidding procedures (in the form attached as **Exhibit 1**, the "Bidding Procedures") in connection with the sale or disposition (the "Sale") of the Debtors' assets (the "Assets"), (b) the notice of the Auction and Sale and hearing thereon (in the form attached as **Exhibit 2**, the "Notice of Auction and Sale Hearing"), (c) the procedures (the "Assignment Procedures"), as set forth

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Rockdale Marcellus Holdings, LLC (7117); and Rockdale Marcellus, LLC (8767). The Debtors' address is 4600 J. Barry Ct., Suite 220, Canonsburg, PA 15317.

² Capitalized terms used but not defined in this Order have the meanings given in the Motion.

below, for the assumption and assignment of certain of the Debtors' executory contracts or unexpired leases, as applicable (the "Designated Contracts"), and (d) the notice of the potential assumption and assignment of the Designated Contracts (in the form attached as **Exhibit 3**, the "Notice of Assumption and Assignment"); and this Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157; and this Court having found that venue of the Chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given except as set forth herein with respect to the Auction, the Sale Hearing, and the potential assumption and assignment of the Designated Contracts; and a reasonable opportunity to object to or be heard regarding the relief provided herein has been afforded to parties-in-interest pursuant to Bankruptcy Rule 6004(a); and this Court having considered the First Day Declaration and any other declaration submitted in support of the Motion; and this Court having found that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and this Court having found that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AS FOLLOWS:³

A. This Court has jurisdiction to hear and determine the Motion and to grant the relief requested herein pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding

³ The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that

pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory and legal predicates for the relief requested in the Motion are sections 105(a), 363, 365, 503, and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, and 9014.

C. The Debtors and their advisors engaged in a robust and extensive marketing and sale process before the commencement of these Chapter 11 Cases, which process is continuing during these Chapter 11 Cases, to solicit and develop the highest or best offer for the Assets.

D. The Bidding Procedures attached as **Exhibit 1** are fair, reasonable, and appropriate under the circumstances, and are designed to maximize the value to be achieved from the Sale, as determined by the Debtors' sound business judgment. The Bidding Procedures were negotiated in good faith and at arms-length and are reasonably designed to promote a competitive and robust bidding process to generate the greatest level of interest in the Debtors' business resulting in the highest or otherwise best offer.

E. The Assignment Procedures provided for herein are fair, reasonable, and appropriate, and are consistent with the provisions of section 365 of the Bankruptcy Code.

F. The Debtors have articulated good and sufficient business reasons for this Court to approve (i) the Bidding Procedures, including the scheduling of bid deadlines, an auction and a sale hearing with respect to the proposed Sale; and (ii) the establishment of procedures to assume and assign the Designated Contracts and fix the Cure Costs (as defined below) to be paid pursuant to section 365 of the Bankruptcy Code.

any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

G. In the Motion and at the hearing on the Motion as it pertains to the Bidding and Auction Process (the “Bidding Procedures Hearing”), the Debtors demonstrated that good and sufficient notice of the relief granted by this Order has been given and no further notice is required. A reasonable opportunity to object or be heard regarding the relief granted by this Order has been afforded to those parties entitled to notice pursuant to Bankruptcy Rule 2002 and all other interested parties.

H. The Notice of Auction and Sale Hearing, and the Debtors’ proposed publication thereof, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Auction, the Sale, the Bidding Procedures, and the Assignment Procedures to be employed in connection therewith, including, without limitation: (i) the date, time and place of the Auction (if one is held); (ii) the Bidding Procedures and the dates and deadlines related thereto; (iii) the objection deadline for the Sale and the date, time, and place of the Sale Hearing; (iv) reasonably specific identification of the Assets; and (v) representations describing the Sale as being free and clear of liens, claims, interests, and other encumbrances, with all such liens, claims, interests, and other encumbrances attaching with the same validity and priority to the proceeds of the Sale; and no other or further notice of the Sale shall be required.

I. The Notice of Assumption and Assignment is appropriate and reasonably calculated to provide each non-debtor party to any Designated Contracts (such parties, collectively, the “Non-Debtor Counterparties”) with proper notice of the Assignment Procedures. The inclusion of any Designated Contract on a Notice of Assumption and Assignment does not constitute an admission that a particular Designated Contract is an executory contract or unexpired lease of property or require, or guarantee, that such Designated Contracts will be assumed and assigned, and all rights of the Debtors with respect thereto are reserved.

J. No further notice beyond that described in the foregoing paragraphs is required in connection with the Sale.

K. The entry of this order (this “Bidding Procedures Order”) is in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. All objections to the Motion or the relief provided herein, as they pertain to the entry of this Order, that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are hereby overruled and denied on the merits.
3. The Bidding Procedures attached as **Exhibit 1** are incorporated herein and approved, and shall apply with respect to the Sale. The Debtors are authorized to take all reasonable actions necessary or appropriate to implement the Bidding Procedures. The procedures and requirements set forth in the Bidding Procedures, including those associated with submitting a “Qualified Bid” (as defined herein), are fair, reasonable and appropriate, and are designed to maximize recoveries for the benefit of the Debtors’ estates, creditors, and other parties in interest.
4. The Debtors are authorized to conduct the bidding process in accordance with the Bidding Procedures and the terms hereof, without the necessity of complying with any state or local bulk transfer laws or requirements applicable to the Debtors.
5. Pursuant to the Bidding Procedures, the Debtors are authorized, but not directed, to select one or more bidders to act as the Stalking Horse Bidder and enter into a Stalking Horse Agreement with such Stalking Horse Bidder.
6. In the event that the Debtors enter into a Stalking Horse Agreement, within two business days of entry, the Debtors shall file with the Court and serve on the Notice Parties a

notice of the same. If the Stalking Horse Agreement satisfies the following conditions—(a) the Break-Up Fee does not exceed three percent 3% of the purchase price; (b) the Expense Reimbursement does not exceed \$550,000; and (c) the Stalking Horse Bidder is not an insider (as defined in section 101(31) of the Bankruptcy Code)—the Debtors may submit an order under certification of counsel approving the designation of the Stalking Horse Bidder and Stalking Horse Agreement as a stalking horse without the need for further hearing. If a Stalking Horse Bidder and Stalking Horse Agreement are designated that do not satisfy each of the conditions (a) through (c) in the prior sentence, the Court shall hold a hearing to consider approval of the designation of the Stalking Horse Bidder and Stalking Horse Agreement as a stalking horse to be held on the first date the Court is available that is at least five (5) business days after filing the applicable Stalking Horse Notice, with objections due at 4:00 p.m. (prevailing Eastern Time) the day prior to such hearing.

7. The Stalking Horse Bidder (if any) is a Qualified Bidder and the bid reflected in the Stalking Horse Bid (including as may be increased at the Auction (if any)) is a Qualified Bid, as set forth in the Bidding Procedures.

8. Any Qualified Bidder that has a valid and perfected lien on any assets of the Debtors' estates (a "Secured Creditor") shall have the right to credit bid all or a portion of the value of such Secured Creditor's claims within the meaning of section 363(k) of the Bankruptcy Code; *provided* that a Secured Creditor shall have the right to credit bid its claim only with respect to the collateral by which such Secured Creditor is secured; and *provided further* that any credit bid by a junior Secured Creditor shall contain a cash component sufficient to repay in full in cash secured claims of a senior Secured Creditor. Notwithstanding anything to the contrary contained in this Order or the Bidding Procedures, (i) the Prepetition RBL Lenders and the DIP Lenders (as such

terms are defined in the Interim DIP Order [Docket No. ___], the “Interim DIP Order”) or their respective designees or administrative agents, as applicable, have the right, but not the requirement, to credit bid up to the full amount of the Prepetition RBL Obligations and the DIP Obligations (each as defined in the Interim DIP Order), as applicable, at or before the Auction in accordance with the terms thereof and pursuant to section 363(k) of the Bankruptcy Code, and (ii) any credit bid submitted by the Prepetition RBL Lenders and/or the DIP Lenders or their respective designees or administrative agents, whether as a Stalking Horse Bidder or otherwise, shall be deemed a Qualified Bid and shall not be subject to the bidding requirements set forth in section IX.d., IX.e., and IX.f. of the Bidding Procedures.

9. In connection with a Bid contemplating a Sale, no person or entity other than the Stalking Horse Bidder, shall be entitled to any expense reimbursement, break-up fees, “topping”, termination, or other similar fee or payment, and by submitting such a bid, such person or entity is deemed to have waived their right to request or to file with this Court any request for expense reimbursement or any fee of any nature solely in connection with such bid, whether by virtue of section 503(b) of the Bankruptcy Code or otherwise.

10. Subject to the terms of the Bidding Procedures, in the event of a competing Qualified Bid, the Stalking Horse Bidder (if any) will be entitled, but not obligated, to submit overbids and will be entitled in any such overbids to credit bid all of its claims for Bid Protections pursuant to section 363(k) of the Bankruptcy Code.

11. The following Assignment Procedures shall govern the assumption and assignment of the Designated Contracts in connection with the Sale, and any objections related thereto:

- a. On or before December 3, 2021, the Debtors shall file with the Court and serve on each Non-Debtor counterparty to any existing contract with the Debtor (each, a

“Non-Debtor Counterparty”), the Notice of Assumption and Assignment, regardless of whether the contract has been listed as a Designated Contract. In the event that the Debtors identify any Non-Debtor Counterparties which were not served with the Notice of Assumption and Assignment, the Debtors may subsequently serve (by overnight mail) such Non-Debtor Counterparty with a Notice of Assumption and Assignment, and the following procedures will nevertheless apply to such Non-Debtor Counterparty; provided, however, that the Cure Cost/Assignment Objection Deadline with respect to such Non-Debtor Counterparty shall be December 17, 2021.

- b. The Notice of Assumption and Assignment served on each Non-Debtor Counterparty shall: (i) identify each Designated Contract; (ii) list the proposed calculation of the cure amounts that the Debtors believe must be paid to cure all defaults outstanding under the Designated Contract as of such date (the “Cure Costs”); (iii) include a statement that assumption and assignment of such Designated Contract is not required or guaranteed; and (iv) inform such Non-Debtor Counterparty of the requirement to file any Cure Cost/Assignment Objections by the Cure Cost/Assignment Objection Deadline. Service of a Notice of Assumption and Assignment does not constitute an admission that a particular Designated Contract is an executory contract or unexpired lease of property, or confirm that the Debtors are required to or will assume and/or assign such Designated Contract as a part of any transaction.
- c. Objections (a “Cure Cost/Assignment Objection”), if any, to (i) the scheduled Cure Costs, and/or (ii) the potential assumption, assignment, and/or transfer of such Designated Contract (including the transfer of any related rights or benefits thereunder), other than objections that relate specifically to the identity of the Successful Bidder, must (x) be in writing, (y) state with specificity the nature of such objection, including the amount of Cure Costs in dispute, and (z) be filed with the Court and properly served on the Notice Parties (as defined in the Bidding Procedures Order) so as to be received no later than December 17, 2021 (the “Cure Cost/Assignment Objection Deadline”).
- d. Objections (a “Post-Auction Objection”) of any Non-Debtor Counterparty related solely to the identity of and adequate assurance of future performance provided by the Successful Bidder must (x) be in writing, (y) state with specificity the nature of such objection, and (z) be filed with the Court and properly served on the Notice Parties so as to be received no later than December 20, 2021, which is two Business Days after the Auction (the “Post-Auction Objection Deadline”).
- e. Any Non-Debtor Counterparty to a Designated Contract who fails to timely file and properly serve a Cure Cost/Assignment Objection or Post-Auction Objection as provided herein will (i) be forever barred from objecting to the Cure Costs and from asserting any additional cure or other amounts with respect to such Designated Contract in the event it is assumed and/or assigned by the Debtors, and the Debtors and any successor to the Debtors on any such Designated Contract shall be entitled to rely solely upon the Cure Costs, and (ii) be deemed to have consented to the

assumption, assignment and/or transfer of such Designated Contract (including the transfer of any related rights and benefits thereunder) to the relevant Successful Bidder and shall be forever barred and estopped from asserting or claiming against the Debtors or such Successful Bidder that any additional amounts are due or defaults exist, or conditions to assumption, assignment, and/or transfer must be satisfied under such Designated Contract, or that any related right or benefit under such Designated Contract cannot or will not be available to the Successful Bidder.

- f. Consideration of unresolved Cure Cost/Assignment Objections and Post-Auction Objections relating to all Designated Contracts, if any, will be held at the Sale Hearing, provided, however, that (i) any Designated Contract that is the subject of a Cure Cost/Assignment Objection with respect solely to the amount of the Cure Cost may be assumed and assigned prior to resolution of such objection and (ii) the Debtors may adjourn a Cure Cost/Assignment Objection in their discretion.
- g. A timely filed and properly served Cure Cost/Assignment Objection or Post-Auction Objection will reserve the filing Non-Debtor Counterparty's rights relating to the Designated Contract, but will not be deemed to constitute an objection to the relief generally requested in the Motion with respect to the approval of the Sale.
- h. The inclusion of a Designated Contract or Cure Costs with respect thereto on the Notice of Assumption and Assignment or the notice of Auction results shall not constitute or be deemed a determination or admission by the Debtors, the Stalking Horse Bidder, a Successful Bidder, or any other party in interest that such contract is an executory contract or an unexpired lease within the meaning of the Bankruptcy Code. The Debtors reserve all of their rights, claims, and causes of action with respect to each Designated Contract. The Debtors' inclusion of any Designated Contract on the Notice of Assumption and Assignment or the notice of Auction results shall not be a guarantee that such contract ultimately will be assumed or assumed and assigned. The initial Notice of Assumption and Assignment and any subsequent notice shall be without prejudice to a Stalking Horse Bidder's or Successful Bidder's rights under the applicable purchase agreement to subsequently (1) exclude a contract from the schedule of Designated Contracts previously included on such notice or (2) include additional contracts for assumption and assignment in accordance with the applicable Stalking Horse Bidder's or Successful Bidder's purchase agreement.
- i. The Debtors' decision to assume and assign the Designated Contracts to the relevant Successful Bidder is subject to the Court's approval and the closing of the Sale. Accordingly, absent the Court's approval and the closing of the Sale, the Designated Contracts shall not be deemed assumed or assumed and assigned, and shall in all respects be subject to further administration by the Debtors and their estates under the Bankruptcy Code in connection with the Chapter 11 Cases.

12. Service and publication of the Notice of Auction and Sale Hearing are sufficient to provide effective notice to all interested parties of, *inter alia*, the Bidding Procedures,

the Auction, the Sale Hearing, the Sale, and the Assignment Procedures in accordance with Bankruptcy Rules 2002 and 6004, as applicable, and are approved.

13. On or before two (2) business days after entry of this Bidding Procedures Order, the Debtors will cause the Notice of Auction and Sale Hearing to be sent by first-class mail postage prepaid, to: (i) the Office of the United States Trustee; (ii) counsel for the Prepetition RBL Agent, Seward & Kissel LLP, One Battery Park Plaza, New York, NY 10004, Attn: Gregg S. Bateman (bateman@sewkis.com); (iii) counsel for the Prepetition RBL Lenders, Brown Rudnick, LLP, 7 Times Square, New York, NY 10036, Attn: Robert J. Stark (rstark@brownrudnick.com) and Steven B. Levine (slevine@brownrudnick.com); (iv) counsel for the Prepetition Second Lien Agent, (a) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Darren S. Klein (darren.klein@davispolk.com) and Adam L. Shpeen (adam.shpeen@davispolk.com) and (b) Bowles Rice LLP, 1800 Main Street, Suite 200, Canonsburg, PA 15317, Attn: Mike Proctor (mproctor@bowlesrice.com); (v) the Designated Third Party Hedge Providers: (a) Shell Trading Risk Management, 1000 Main St. 12th Floor, Houston, TX 77002; (b) Shell Western E&P, LP, 1616 S. Voss Road, Suite 1000, Houston, TX 77057; (c) Alta Fundamental Advisers LLC, 1500 Broadway Suite 704, New York, NY 10036; and (d) J. Aron & Company LLC, c/o Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019-6099, Attn: Ana Alfonso (aalfonso@willkie.com); (vi) those persons who have formally appeared and requested notice and service in these proceedings pursuant to Bankruptcy Rules 2002 and 3017; (vii) counsel for any official committees appointed by this Court; (viii) except to the extent an official committee of unsecured creditors has been appointed, the lists of the 20 largest unsecured creditors of the Debtors; and (ix) the following governmental agencies having a regulatory or statutory interest in these cases: (a) Internal Revenue Service, PO Box

7346, Philadelphia, PA 19101-7346; (b) United States Attorney's Office for the Western District of Pennsylvania, Attn: Stephen R. Kaufman, Joseph F. Weis, Jr. United States Courthouse 700 Grant Street, Suite 4000, Pittsburgh, PA 15219; and (c) State of Pennsylvania Attorney General, Attn: Josh Shapiro, 16th Floor, Strawberry Square, Harrisburg, PA 17120 (collectively, the "Notice Parties").

14. In addition to the foregoing, on or before five (5) business days after entry of the Bidding Procedures Order, the Debtors shall, subject to applicable submission deadlines, publish the Notice of Auction and Sale Hearing once in the national edition of the New York Times or another nationally circulated newspaper, with any modifications necessary for ease of publication, and post the Notice of Auction and Sale Hearing and the Bidding Procedures Order on the website of the Debtors' claims and noticing agent.

15. As soon as reasonably practicable following conclusion of the Auction, the Debtors shall file a notice on this Court's docket identifying the Successful Bidder(s) for the Assets and any applicable Next-Highest Bidder(s).

16. The Notice of Assumption and Assignment, and the other Assignment Procedures set forth herein, are sufficient to provide effective notice pursuant to Bankruptcy Rules 2002(a)(2), 6004(a) and 6006(c) to the Non-Debtor Counterparties to the Designated Contracts of the Debtors' intent to potentially assume and assign some or all of the Designated Contracts and are approved.

17. The deadline for submitting bids for the Assets (the "Bid Deadline") shall be 5:00 p.m. (prevailing Eastern Time) on **December 13, 2021**. No bid shall be deemed to be a Qualified Bid unless such bid meets the requirements set forth in the Bidding Procedures or is otherwise accepted by the Debtors, after consultation with the Consultation Parties.

18. The Debtors may sell the Assets by conducting an Auction in accordance with the Bidding Procedures. If at least two Qualified Bids are received by the Bid Deadline with regard to the Assets, the Debtors will conduct an Auction in accordance with the Bidding Procedures, which Auction shall take place on December 16, 2021 telephonically, by videoconference, or at the offices of proposed counsel to the Debtors, Reed Smith LLP, 225 Fifth Avenue, Pittsburgh, PA 15222, or such later time or such other place as the Debtors shall designate upon consultation with the Consultation Parties. For the avoidance of doubt, the Debtors may, in their sole discretion, upon consultation with the Consultation Parties, conduct the Auction telephonically or by video conference.

19. Each Qualified Bidder participating in the Auction will be required to confirm, in writing, that (a) it has not engaged in any collusion with respect to the bidding process or on the record at the Auction, (b) its Qualified Bid is a good faith bona fide offer that it intends to consummate if selected as the Successful Bidder, and (c) such Qualified Bidder irrevocably agrees to serve as a Next-Highest Bidder if the Qualified Bidder's Qualified Bid is the next highest and best bid after the Successful Bid with respect to the Assets.

20. The Debtors may, after consultation with the Consultation Parties, announce at the Auction additional procedural rules (*e.g.*, the amount of time to make Subsequent Bids, the amount of the Incremental Overbid, or the requirement that parties submit "best and final" bids) for conducting the Auction or otherwise modify these Bidding Procedures; provided that such rules (1) are not materially inconsistent with these Bidding Procedures, the Bankruptcy Code, or any order of the Bankruptcy Court, and (2) are disclosed to each Qualified Bidder during the Auction. The bidding at the Auction shall be transcribed, audio recorded, and/or videotaped, and the Debtors shall maintain a transcript of all bids made at the Auction.

21. The Sale Hearing shall be held before this Court on _____, 2021 at _____ (**prevailing Eastern Time**). The Debtors shall file a form of Sale Order no later than fourteen (14) days before the Sale Hearing. At the Sale Hearing, the Debtors will seek the entry of the Sale Order approving and authorizing the Sale to the Successful Bidder and, if applicable, the Next-Highest Bidder as determined in accordance with the Bidding Procedures. The Sale Hearing (or any portion thereof) may be adjourned by this Court or the Debtors (after consultation with the Consultation Parties and the Successful Bidder) from time to time without further notice other than by announcement in open court, on this Court's calendar, or through the filing of a notice or other document on this Court's docket.

22. The deadline to object to the relief requested in the Motion, including entry of the proposed Sale Order (a "Sale Objection") is _____, 2021 at **4:00 p.m. (prevailing Eastern Time)** (the "Sale Objection Deadline"). A Sale Objection must be filed with this Court and served in the manner set forth below such that it is *actually received* no later than the Sale Objection Deadline.

23. Any party that seeks to object to the relief requested in the Motion pertaining to approval of the Sale shall file a formal written objection that complies with the objection procedures set forth herein.

24. Objections, if any, must: (i) be in writing; (ii) be signed by counsel or attested to by the objecting party; (iii) be in conformity with the applicable provisions of the Bankruptcy Rules and the Local Rules; (iv) state with particularity the legal and factual basis for the objection and the specific grounds therefor; (v) be filed with this Court; and (vi) be served on the Notice Parties.

25. Failure to file a Sale Objection on or before the Sale Objection Deadline: (a) shall forever bar the assertion, whether at any Sale Hearing or thereafter, of any objection to the Motion, to entry of the Sale Order, and/or to the consummation and performance of the Sale with a Stalking Horse Bidder or a Successful Bidder, as applicable, including the transfer of the Assets to the Stalking Horse Bidder or the Successful Bidder, free and clear of all claims and interests pursuant to section 363(f) of the Bankruptcy Code and (b) for purposes of section 363(f)(2) of the Bankruptcy Code, shall constitute “consent” to entry of the Sale Order and consummation of the Sale and all transactions related thereto.

26. Nothing in this Order or the Bidding Procedures shall be deemed to be a consent by the Prepetition RBL Agent, Prepetition RBL Lenders, DIP Agent, or DIP Lenders (each as defined in the Interim DIP Order) to any Bid chosen by the Debtors to be the Successful Bid.

27. This Order shall be binding on and inure to the benefit of the Debtors, including any chapter 7 or chapter 11 trustee or other fiduciary appointed for the estates of the Debtors.

28. Notwithstanding any provision in the Bankruptcy Rules to the contrary, this Order shall be immediately effective and enforceable upon its entry.

29. Absent an Order of this Court to the contrary, this Order shall be binding in all respects upon any trustees, examiners, “responsible persons” or other fiduciaries appointed in the Debtors’ bankruptcy cases or upon a conversion to chapter 7 under the Bankruptcy Code.

30. Nothing herein shall be deemed to or constitute the assumption, assignment, or rejection of any executory contract or unexpired lease.

31. In the event of any conflict between this Order and the Bidding Procedures, the Bidding Procedures shall govern with respect to the conduct of the Auction (if any), and otherwise this Order shall govern.

32. This Court shall retain exclusive jurisdiction over any matters related to or arising from the implementation of this Order.

Dated: _____, 2021

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Bidding Procedures

(Attached)

BIDDING PROCEDURES

Set forth below are the bidding procedures (the “Bidding Procedures”) to be used with respect to the sale or disposition (the “Sale”) of the assets (the “Assets”) of Rockdale Marcellus Holdings, LLC and Rockdale Marcellus, LLC (together, the “Debtors”).

I. Introduction

On September 21, 2021 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. § *et seq.* (the “Bankruptcy Code”), in the United States Bankruptcy Court for the Western District of Pennsylvania (the “Bankruptcy Court”). On [●], 2021, the Bankruptcy Court entered an order (the “Bidding Procedures Order”) authorizing the Debtors to market the Assets through, among other means, these Bidding Procedures. As part of the Bidding Procedures, the Bankruptcy Court has scheduled a hearing to consider approval of the sale of the Assets to the Successful Bidder (as defined below), to be conducted on [●], 2021 at [●] (ET) (the “Sale Hearing”).

These Bidding Procedures set forth the process by which the Debtors will solicit and select the highest or best offer for the sale of the Assets, including, without limitation, either through (i) sale(s) to a Successful Bidder (defined below) (a “Sale Transaction”) or (ii) a transaction in the form of a reorganization under a plan (a “Restructuring Transaction”) (each of a Sale Transaction and a Restructuring Transaction, a “Transaction”).

II. Sale Timeline

Event	Date
Sale Objection Deadline	December 15, 2021
Cure Cost/Assignment Objection Deadline	December 17, 2021
Bid Deadline	December 13, 2021 at 5:00 p.m. (ET)
Bid Qualification Deadline	December 15, 2021
Auction	December 16, 2021
Post-Auction Objection Deadline	December 20, 2021
Sale Hearing ¹	December 22, 2021

¹ To the extent the Debtors, in consultation with the Consultation Parties, reasonably determine to pursue a Restructuring Transaction, a separate hearing to consider such Transaction shall be set.

III. Purchase and Sale Agreement

The Debtors have drafted a form of Purchase and Sale Agreement (together with all ancillary documents and agreements, the “PSA”) after consultation with the Consultation Parties, for parties interested in acquiring the Assets. The Debtors intend to provide copies of the form of PSA to all parties who express interest in submitting a Bid in the form of a Section 363 sale and will also make such form of PSA available in the electronic data room established by the Debtors in connection with their sale process.² Pursuant to the form of PSA, the Successful Bidder shall acquire the Assets free and clear of any and all interests to the maximum extent permitted by section 363 of the Bankruptcy Code subject to certain other conditions, with such interests to attach to the net proceeds of the sale of the Assets with the same validity and priority as such interests applied against the Assets.

For the avoidance of doubt, a Qualified Bid and/or a Successful Bid (each as defined below) may take the form of a Sale Transaction to be consummated either through a Section 363 sale of all or substantially all of the Assets pursuant to the PSA or a Restructuring Transaction. Nothing herein shall preclude a Bidder from submitting a Bid in the form of a Restructuring Transaction, it being understood that the Debtors, in consultation with the Consultation Parties, reserve the right to modify these procedures, including, without limitation, Qualified Bid requirements, as necessary or appropriate to reflect the submission and the Debtors’ consideration of one or more Bids in the form of a Restructuring Transaction; provided that in order for a Bid in the form of a Restructuring Transaction to constitute a Qualified Bid, the Debtors, in consultation with the Consultation Parties, must determine in good faith that such Bid is capable of satisfying the requirements of section 1129 of the Bankruptcy Code and being consummated. Any Bid in the form of a Restructuring Transaction satisfying the requirement of this paragraph may be determined by the Debtors, in consultation with the Consultation Parties, to be a Qualified Bid, Successful Bid, Stalking Horse Bid, or Backup Bid (each as defined below).

IV. Confidentiality Agreement

Unless otherwise ordered by the Bankruptcy Court for cause shown, to participate in the bidding process, each person or entity must enter into (unless previously entered into) with the Debtors, on or before the Bid Deadline (as defined below), an executed confidentiality agreement in form and substance reasonably satisfactory to the Debtors (the “Confidentiality Agreement”). Each person or entity that enters into the Confidentiality Agreement with the Debtors on or before the Bid Deadline is hereinafter referred to as a “Potential Bidder.” The Debtors shall inform the Consultation Parties of any entity that becomes a Potential Bidder and shall consult with the Consultation Parties (a) with respect to any due diligence disputes that arise concerning any such entity and (b) prior to revoking due diligence access to any such entity.

After a Potential Bidder enters into the Confidentiality Agreement with the Debtors, the Debtors shall deliver or make available (unless previously delivered or made available) to each Potential Bidder certain designated information (including, if applicable, financial data) with

² For the avoidance of doubt, parties may purchase substantially all or any portion of the Assets, and the Debtors intend to provide parties interested in acquiring substantially all of the Assets or any portion thereof with a form of PSA.

respect to the Assets. To the extent the Debtors provide any material written information to a Potential Bidder that the Debtors had not previously provided to a Consultation Party, the Debtors shall make such information available to such Consultation Party.

V. Determination by the Debtors; Joint Bidding

As appropriate throughout the bidding process, the Debtors will consult with any official committee(s) appointed in the Debtors' chapter 11 cases (a "Committee"), the Prepetition RBL Lenders, the Prepetition Second Lien Lenders³ and the DIP Lenders⁴ (collectively with the Committee, and including their counsel and financial advisors, the "Consultation Parties" and, each, a "Consultation Party") and shall: (a) coordinate the efforts of Potential Bidders in conducting their respective due diligence; (b) evaluate bids from Potential Bidders on the Assets; (c) negotiate any bid made to acquire the Assets; and (d) make such other determinations as are provided in these Bidding Procedures. Neither the Debtors nor their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Assets to any party that is not a Potential Bidder or a Consultation Party.

At any time prior to the conclusion of the Auction, the Debtors may negotiate with any two or more Potential Bidders or Qualified Bidders to join them into a joint bid for purposes of submitting a joint or combined bid, including joining Qualified Bids at the Auction.

VI. Due Diligence

Up to and including the Bid Deadline (as defined below), the Debtors shall afford any Potential Bidder (including any Stalking Horse Bidder) or any Consultation Party such available due diligence access or additional information as may be reasonably requested by the Potential Bidder or Consultation Party, as applicable, that the Debtors, in their business judgment, determine to be reasonable and appropriate under the circumstances. The Debtors will provide an electronic data room to be established for these purposes, and will grant each Potential Bidder access to such data room. Notwithstanding the foregoing, the Debtors reserve the right, in their reasonable discretion and following consultation with the Consultation Parties, to withhold or limit access to any information that the Debtors determine not appropriate to disclose to any Potential Bidder. For the avoidance of doubt, the Prepetition RBL Lenders, the Prepetition Second Lien Lenders, and the DIP Lenders and/or their respective administrative agents, as applicable, are hereby deemed Potential Bidders, with no further action necessary on their part, including execution of the Confidentiality Agreement, for all purposes hereunder including without limitation for due diligence access.

³ The "Prepetition Second Lien Lenders" are the lenders party to that certain term loan agreement, dated as of July 18, 2018, among Rockdale Marcellus Holdings, LLC, Rockdale Marcellus, LLC, White Oak Global Advisors, LLC and the lenders party thereto.

⁴ Until they agree not to Bid, the Prepetition RBL Lenders, the Prepetition Second Lien Lenders, and the DIP Lenders shall not be a Consultation Party with respect to (a) any review of competing Bids or Qualified Bids; (b) any determination regarding which competing Bids constitute Qualified Bids, and (c) the selection of the Successful Bidder and Backup Bidder.

VII. Stalking Horse Bidders and Bid Protections

The Debtors shall be authorized, but not obligated, in an exercise of their business judgment and in consultation with the Consultation Parties, to: (a) select one or more Qualified Bidders to act as stalking horse bidders in connection with the Sale (each, a “Stalking Horse Bidder”), and enter into a purchase agreement, in form and substance acceptable to the Stalking Horse Bidder, subject to higher or otherwise better offers at the Auction, with respect to a Sale with such Stalking Horse Bidder (each such agreement, a “Stalking Horse Agreement”); and (b) in connection with any Stalking Horse Agreement with a Stalking Horse Bidder provide (i) a breakup fee of up to 3% of the proposed purchase price (the “Breakup Fee”), and/or (ii) an expense reimbursement of up to \$550,000 (the “Expense Reimbursement” and, together with the Breakup Fee, the “Bid Protections”), payable from the proceeds of a Successful Bid. The Breakup Fee and the Expense Reimbursement shall each be payable as provided for pursuant to the terms of the Bidding Procedures Order and the Stalking Horse Agreement from the proceeds of the Successful Bid. No later than two business days after the selection of a Stalking Horse Bidder, the Debtors shall file a notice with the Court of such selection that includes a copy of an executed and binding Stalking Horse Agreement.

The Bid Protections shall be described in detail, including the amount and calculation of such Bid Protections, in the notice of Stalking Horse Bidder.

VIII. Bid Deadline

A Potential Bidder (other than any Stalking Horse Bidder) that desires to make a Bid shall deliver no later than December 13, 2021 at 5:00 p.m. (prevailing Eastern Time) (the “Bid Deadline”) copies of its Bid, by email to the Debtors, care of: (i) the Debtors’ Investment Banker, Houlihan Lokey Capital, Inc. (“Houlihan Lokey”) (Attn: Daniel F. Crowley III (dcrowley@hl.com)); (ii) and the Debtors’ proposed counsel, Reed Smith LLP (Attn: Omar J. Alaniz (oalaniz@reedsmith.com) and Luke A. Sizemore (lsizemore@reedsmith.com)).

Subject to footnote 4 of these Bidding Procedures, the Debtors shall promptly provide to the Consultation Parties copies of all Bids received by the Debtors, but in no event later than the next business day following receipt; provided, that, the Consultation Parties must treat such Bids and any related information as confidential and shall not publicly disclose such information without the written consent of the Debtors and the applicable bidder.

IX. Bid Requirements

All bids (each hereinafter, a “Bid”), and each party submitting such a Bid (each, a “Bidder”), other than a Stalking Horse Bidder (whose Bid shall be deemed to be a Qualified Bid) must satisfy each of the conditions set forth below (collectively, the “Bid Requirements”), as determined by the Debtors in consultation with the Consultation Parties:

- a. be accompanied by a letter or email:
 - i. disclosing the identity of the person or entity submitting the Bid, as well as any party participating in or otherwise supporting the Bid, and the terms of any such participation or support (including any equity holder or other

financial backer if the Potential Bidder is an entity formed for the purpose of consummating the proposed transaction contemplated by the Bid);

- ii. stating with specificity the Assets such Potential Bidder wishes to bid on and the liabilities and obligations (including applicable cure costs) to be assumed by the Potential Bidder in the Sale, the amount of the cash consideration included in the bid, and the value the Potential Bidder ascribed to any non-cash consideration included in the Bid;
- iii. acknowledging and representing that the Potential Bidder: (a) has had an opportunity to conduct any and all due diligence regarding the Assets prior to submitting the Bid; (b) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Assets in making its Bid; and (c) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise regarding the Assets or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Bid;
- iv. agreeing that the Potential Bidder's offer is binding and irrevocable until the later of (i) the Closing Date (as defined herein), or (ii) twenty (20) days after the Sale Hearing (unless selected as the Next-Highest Bidder (as defined below) in which case such offer will remain open until the Closing Date);
- v. providing for a Closing Date that occurs on or before January 19, 2022;
- vi. providing that such Bid is not subject to or conditioned on (x) obtaining any financing, (y) shareholder, board of directors, or other internal approval, or (z) the outcome or completion of a due diligence review by the Potential Bidder. Notwithstanding the foregoing, a Bid may be subject to (a) the accuracy at the closing of the Sale of specified representations and warranties, and (b) the satisfaction at the closing of the Sale of specified conditions;
- vii. except with respect to the Stalking Horse Bidder, disclaiming any right to receive a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation. For the avoidance of doubt, no Potential Bidder (other than any Stalking Horse Bidder) will be permitted to request, nor be granted by the Debtors, at any time, whether as part of the Auction or otherwise, a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation, and by submitting its Bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis, including under section 503(b) of the Bankruptcy Code, but solely in its capacity as a Bidder and not in any other capacity;

- viii. providing that the Potential Bidder agrees to serve as a backup bidder (the “Next-Highest Bidder”) if the Potential Bidder’s Qualified Bid (as defined below) is the next highest and best bid after the Successful Bid (as defined below) (the “Next-Highest Bid”); provided, however, that the Stalking Horse Bidder is not required to serve as the Next-Highest Bidder for the Assets unless it chooses to participate in the Auction; and
 - ix. providing that the Potential Bidder submits to the jurisdiction of the Court and waives any right to a jury trial in connection with any disputes relating to Debtors’ qualification of Bids, the Auction, the construction and enforcement of these Bidding Procedures, the Sale documents, and the closing of the Sale, as applicable.
- b. must include duly executed, non-contingent transaction documents necessary to effectuate the Sale (and in the case of an Auction with a Stalking Horse Bidder, a markup of the Stalking Horse Agreement) and shall include a schedule of assumed executory contracts and/or unexpired leases;
 - c. be accompanied by adequate assurance of future performance information (the “Adequate Assurance Information”) as may be reasonably requested by the Debtors to counter any potential counterparty objection, including (i) information about the Potential Bidder’s financial condition, such as federal tax returns, a current financial statement, bank account statements and equity and financing commitment letters, to the extent available; (ii) information demonstrating (in the Debtors’ reasonable business judgment) that the Potential Bidder has the financial capacity to consummate the proposed Sale; and (iii) such additional information regarding the Potential Bidder as the Potential Bidder may elect to include, or that the Debtors, in their reasonable discretion, requires;⁵
 - d. other than as provided herein, be accompanied by a deposit in the form of a certified check or wire transfer, payable to the order of the Debtors, in an amount equal to ten percent (10%) of the total cash and non-cash consideration of the Bid, which funds will be deposited into an escrow account to be identified and established by the Debtors (a “Good Faith Deposit”). Other than as provided herein, Successful Bidder (as defined below) and Next-Highest Bidder shall be required to supplement their Good Faith Deposits, if necessary, within one (1) business day of the close of the Auction so that such Good Faith Deposits shall be equal to an amount that is ten percent (10%) of the Successful Bid or Next- Highest Bid, as applicable. The Debtors reserve the right to increase or decrease the Good Faith Deposit for one or

⁵ By submitting a Bid, Potential Bidders agree that the Debtors may disseminate their Adequate Assurance Information to affected contract counterparties and the Consultation Parties that request such information, in the event that the Debtors determine such bid to be a Qualified Bid (as defined below); provided, however, that each counterparty receiving Adequate Assurance Information shall keep such Adequate Assurance Information confidential, and shall be restricted from using or disclosing such information to any third party other than in connection with a Cure Cost/Assignment Objection, and in the event such counterparty files any such Cure Cost/Assignment Objection, it shall be permitted to file any portion of such pleading containing any Adequate Assurance Information under seal without any further order of the Court.

more Qualified Bidders (as defined below) in their sole discretion after consulting with the Consultation Parties.

- e. be accompanied by written evidence, documented to the Debtors' satisfaction, that demonstrates the Potential Bidder has available cash (if applicable), a commitment for financing if selected as the Successful Bidder (as defined below) (provided, however, that the closing shall not be contingent in any way on the Successful Bidder's financing) and such other evidence of ability to consummate the transaction that the Debtors may request, including proof that such funding commitments or other financing are not subject to any internal approvals, syndication requirements, diligence or credit committee approvals (*provided* that such commitments may have covenants and conditions acceptable to the Debtors, as determined after consultation with the Consultation Parties) ("Evidence of Financial Wherewithal"). Potential Bidders are encouraged to provide the Debtors with their Evidence of Financial Wherewithal in advance of the Bid Deadline to ensure that the Evidence of Financial Wherewithal is sufficient; and
- f. be accompanied by evidence that the Potential Bidder has obtained all required organizational authorization and approval with respect to the submission of its Bid.

The Debtors, in consultation with the Consultation Parties, will review each Bid received from a Potential Bidder to determine, in the Debtors' discretion, whether it meets the requirements set forth above. A Bid received from a Potential Bidder that meets the above requirements, and is otherwise satisfactory to the Debtors, will be considered a "Qualified Bid" and each Potential Bidder that submits a Qualified Bid will be considered a "Qualified Bidder." No later than forty-eight (48) hours after the Bid Deadline, the Debtors shall inform Qualified Bidders that their bids have been designated as Qualified Bids.

A Stalking Horse Bidder (if any) shall be deemed to be a Qualified Bidder; a Stalking Horse Bid (if any) shall be deemed a Qualified Bid; and a Stalking Horse Bidder (if any) may participate in the Auction with respect to the Debtors' Assets.

A Qualified Bid will be valued by the Debtors based upon any and all factors that the Debtors, in consultation with the Consultation Parties, reasonably deem pertinent in their business judgment, including, among others: (a) the amount of the Qualified Bid; (b) the risks and timing associated with consummating the transaction with the Qualified Bidder; (c) any excluded assets or executory contracts and leases; (d) the structure, confirmability and feasibility of any proposed chapter 11 plan including the time and costs necessary to negotiate, document, and confirm the proposed chapter 11 plan as part of any Restructuring Transaction Bid; and (e) any other factors that the Debtors (in consultation with the Consultation Parties) may reasonably deem relevant.

The Debtors, in their business judgment, and in consultation with the Consultation Parties, reserve the right to reject any Bid if such Bid, among other things:

- A. requires any indemnification of the Potential Bidder in its Purchase Agreement;
- B. is not received by the Bid Deadline;

- C. is subject to any contingencies (including representations, warranties, covenants, and timing requirements) of any kind or any other conditions precedent to such party's obligation to acquire the Assets;
- D. seeks any bid protections; or
- E. does not, in the Debtors' determination (after consultation with the Consultation Parties), include a fair and adequate price or the acceptance of which would not be in the best interests of the Debtors' estates.

Any Bid rejected pursuant to this paragraph shall not be deemed to be a Qualified Bid; *provided, however*, if a Bid submitted timely by the Bid Deadline is determined not to be a Qualified Bid, such Potential Bidder shall have the opportunity to cure the alleged defects in the Bid within forty-eight (48) hours immediately following the Bid Deadline. In the event that any Bid is so rejected and not cured to become a Qualified Bid, the Debtors shall cause the Good Faith Deposit of such Potential Bidder to be refunded to it within five (5) business days after the Bid Deadline.

X. No Qualified Bids

If no Qualified Bids other than a Stalking Horse Bid (if applicable) are received by the Bid Deadline, then the Debtors may cancel the Auction, and may decide, in the Debtors' reasonable business judgment, after consultation with the Consultation Parties, to designate the Stalking Horse Bid as the Successful Bid, and pursue entry of the Sale Order approving a Sale to the Stalking Horse Bidder pursuant to the Stalking Horse Agreement. The Debtors shall promptly file notice of any cancellation of the Auction and designation of the Stalking Horse Bid as the Successful Bid with the Bankruptcy Court.

XI. Right to Credit Bid

The Prepetition RBL Lenders, the Prepetition Second Lien Lenders, the DIP Lenders (or their respective designee or administrative agent) and any other Potential Bidder that has a valid and perfected lien on any assets of the Debtors' estates (a "Secured Creditor") shall have the right to credit bid all or a portion of the value of such Secured Creditor's claims within the meaning of section 363(k) of the Bankruptcy Code (a "Credit Bid"); provided that any Credit Bid by the Prepetition Second Lien Lenders shall (i) provide payment in cash of all Prepetition RBL Obligations and DIP Obligations (each as defined in the Interim DIP Order) other than Excess First Lien Obligations⁶ and any indemnification and other contingent obligations not yet due or for which no claim or demand for payment has been made or (ii) otherwise be permitted by the terms of the Intercreditor Agreement.

Any Credit Bid made by the Prepetition RBL Lenders, the Prepetition Second Lien Lenders or the DIP Lenders (or their respective designee or administrative agent), as applicable, will be deemed to be, and will be evaluated by the Debtors and the Consultation Parties as, a cash Bid

⁶ As used herein, the term "Excess First Lien Obligations" shall have the meaning ascribed to such term in that certain Intercreditor Agreement, dated as of July 18, 2018 among the Debtors, the Prepetition RBL Agent and the Prepetition Second Lien Agent (the "Intercreditor Agreement").

solely for purposes of evaluating Bids (including evaluating Qualified Bids and Subsequent Bids). Notwithstanding anything to the contrary contained herein or the Bidding Procedures Order, the Prepetition RBL Lenders and the DIP Lenders (or their respective designee or administrative agent), as applicable, whether as a Stalking Horse Bidder or otherwise, shall not be subject to the Good Faith Deposit requirement (whether for a Credit Bid or otherwise), are hereby deemed Qualified Bidders (and their Bids (including, for the avoidance of doubt, any Credit Bids) are hereby deemed Qualified Bids), and may participate in the Auction with respect to the Assets.

Any Credit Bid made by the Prepetition RBL Lenders and/or DIP Lenders (or their respective designee or administrative agent), as applicable, will be deemed to be, and will be evaluated by the Debtors and the Consultation Parties as a cash Bid for purposes of evaluating Bids (including evaluating Qualified Bids and Subsequent Bids). Notwithstanding anything to the contrary contained herein or the Bidding Procedures Order, the Prepetition RBL Lenders or the DIP Lenders (or a respective designee or administrative agent), as applicable, whether as a Stalking Horse Bidder or otherwise, shall not be subject to the bidding requirements set forth in section IX.d., IX.e., IX.f. of the Bidding Procedures, shall be deemed Qualified Bidders (as defined below), and may participate in the Auction with respect to the Assets.

XII. Auction

Unless otherwise ordered by the Bankruptcy Court for cause shown, only the Qualified Bidders, including any Stalking Horse Bidders, are eligible to participate at the Auction (as defined below). The Consultation Parties shall be permitted to attend the Auction.

If the Debtors obtain more than one Qualified Bid by the Bid Deadline, the Debtors will conduct an auction (the "Auction") and shall determine in their reasonable business judgment, after consultation with the Consultation Parties, which Qualified Bid is the highest or otherwise best Qualified Bid (the "Starting Bid"), which determination will be communicated to Qualified Bidders prior to the commencement of the Auction. In the event a Stalking Horse Bidder is selected, the Starting Bid shall include the amount provided for in the Stalking Horse Bid, *plus* the amount of the Bid Protections, *plus* \$500,000. The Debtors shall hold an open Auction on December 16, 2021 telephonically, by videoconference, or at the offices of proposed counsel to the Debtors, Reed Smith LLP, 225 Fifth Avenue, Pittsburgh, PA 15222 (and with other accommodations necessary to mitigate any COVID-19 related risks or concerns), or such later time or such other place as the Debtors shall designate upon consultation with the Consultation Parties in a filing with the Court and in a notice to all Qualified Bidders who have submitted Qualified Bids. For the avoidance of doubt, and upon consultation with the Consultation Parties, the Debtors reserve the right to conduct the Auction telephonically or by video conference. Professionals and principals for the Debtors, each Qualified Bidder, and the Consultation Parties shall be able to attend and observe the Auction, along with any other creditor, and any other party the Debtors deem appropriate (provided, however, that any party other than the Qualified Bidders and the Consultation Parties shall be required to provide notice to the Debtors at least five (5) days prior to the Auction by sending an email to Luke A. Sizemore, proposed counsel to the Debtors, at lsizemore@reedsmith.com).

Each Qualified Bidder participating in the Auction will be required to confirm, in writing, and on the record at the Auction, that (a) it has not engaged in any collusion with respect to the

bidding process, and (b) its Qualified Bid is a good faith bona fide offer that it intends to consummate if selected as the Successful Bidder (as defined below).

Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one Subsequent Bid (defined below) is submitted by a Qualified Bidder that (i) improves on such Qualified Bidder's immediately prior Qualified Bid (a "Subsequent Bid") and (ii) the Debtors reasonably determine, in consultation with the Consultation Parties, that such Subsequent Bid is (a) for the first round, a higher or otherwise better offer than the Starting Bid, and (b) for subsequent rounds, a higher or otherwise better offer than the Leading Bid (as defined below). Each Subsequent Bid at the Auction shall provide net value to the estates in an amount to be announced at or prior to the Auction ("Incremental Overbid") over the Starting Bid or the Leading Bid (as defined below), as the case may be, as determined by the Debtors in the exercise of their reasonable business judgment and in consultation with the Consultation Parties; *provided, however*, that any Incremental Overbids by a Stalking Horse Bidder need only exceed the then Subsequent Bid, less the amount of the Bid Protections payable to such Stalking Horse Bidder, by \$500,000. After the first round of bidding and between each subsequent round of bidding, the Debtors shall announce the bid that they determine to be the highest or otherwise best offer (the "Leading Bid"). A round of bidding will conclude after each participating Qualified Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid, subject to the Debtors' authority to revise the Auction procedures as set forth below.

The Debtors may, in consultation with the Consultation Parties, announce at the Auction additional procedural rules (*e.g.*, the amount of time to make Subsequent Bids, the amount of the Incremental Overbid, or the requirement that parties submit "best and final" bids) for conducting the Auction or otherwise modify these Bidding Procedures; provided that such rules (1) are not materially inconsistent with these Bidding Procedures, the Bankruptcy Code, or any order of the Bankruptcy Court, (2) do not purport to abrogate or modify the Stalking Horse Agreement without the prior written consent of the Stalking Horse Bidder, (3) do not in any way impair or modify the Stalking Horse Bidder's rights under the Bidding Procedures or the Stalking Horse Agreement without the prior written consent of the Stalking Horse Bidder, and (4) are disclosed to each Qualified Bidder during the Auction. The bidding at the Auction shall be transcribed or videotaped, and the Debtors shall maintain a transcript of all bids made and announced at the Auction.

Immediately prior to the conclusion of the Auction, the Debtors, in consultation with the Consultation Parties, will: (a) determine, consistent with the Bidding Procedures, which bid constitutes the highest or otherwise best bid (the "Successful Bid"); and (b) notify all Qualified Bidders at the Auction, prior to its conclusion, of the name of the maker of the Successful Bid (the "Successful Bidder"), and the amount and other material terms of the Successful Bid. The Debtors may, in consultation with the Consultation Parties, designate the Next-Highest Bid (and the corresponding Next-Highest Bidder) to close, in the event that the Successful Bidder does not close the Sale. Unless the Bankruptcy Court orders otherwise upon application by the Debtors, the Debtors shall not consider any bids or Subsequent Bids submitted after the conclusion of the Auction, and any and all such bids and Subsequent Bids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.

Within twenty-four (24) hours following conclusion of the Auction, the Debtors shall file a notice on the Bankruptcy Court's docket identifying (with specificity) the Successful Bidder for the Assets and any applicable Next-Highest Bidder. Notwithstanding the selections of the Successful Bidder and the Next-Highest Bidder (the binding and irrevocability of which is governed by Section [●] hereof) all Bids are binding and irrevocable at least until entry of the Sale Order.

XIII. Jurisdictional Consent

All bidders at the Auction will be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to jury trial in connection with any disputes relating to the Auction, the Sale, and the construction and enforcement of their bids and all documents submitted under the Bidding Procedures, and all other agreements entered into in connection with any proposed Sale transaction. Such consent and waiver shall apply to the extent that it is later determined that the Bankruptcy Court, absent consent, cannot enter final orders or judgments with regard to the foregoing matters consistent with Article III of the United States Constitution.

XIV. Acceptance of Qualified Bids

The Debtors, in consultation with the Consultation Parties, may reject at any time, before entry of an order of the Bankruptcy Court approving the Sale, any Bid that, in the Debtors' judgment, upon considering any comments of the Consultation Parties, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code or the Bidding Procedures, or (iii) contrary to the best interests of the Debtors and their estates.

The Debtors' presentation to the Bankruptcy Court for approval of a selected Qualified Bid as a Successful Bid does not constitute the Debtors' acceptance of such Bid. The Debtors will have accepted a Successful Bid only when such Successful Bid has been approved by the Bankruptcy Court at the Sale Hearing. The Debtors intend to close the Sale (the "Closing Date") on or before [●], 202_, unless another time or date, or both, are agreed to in writing by the Debtors and the Successful Bidder or (if applicable) the Next-Highest Bidder.

XV. Sale Hearing

Each Successful Bid and any Next-Highest Bid will be subject to approval by the Bankruptcy Court. The hearing to approve a Successful Bid and any Next-Highest Bid will take place on December 22, 2021 at [●] (prevailing Eastern Time) (the "Sale Hearing"). The Sale Hearing may be adjourned by the Debtors, in consultation with the Consultation Parties and the Stalking Horse Bidder, from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or by filing a notice, which may be a hearing agenda stating the adjournment, on the docket of the Debtors' chapter 11 cases.

At the Sale Hearing, the Debtors will seek entry of an order that, among other things: (i) authorizes and approves the Sale to the Successful Bidder and/or the Next-Highest Bidder, free and clear of all liens, claims, and encumbrances; and (ii) includes a finding that the Successful Bidder and/or the Next-Highest Bidder is a good faith purchaser pursuant to section 363(m) of the Bankruptcy Code.

XVI. Return of Good Faith Deposit and Reservation of Rights

The Good Faith Deposits of all Potential Bidders shall be held in escrow by the Debtors, but shall not become property of the Debtors' estates absent further order of the Bankruptcy Court. With the exception of the Good Faith Deposits of the Successful Bidder and the Next-Highest Bidder, the Good Faith Deposits of all Potential Bidders shall be returned to the Potential Bidders five (5) business days after the conclusion of the Auction; provided, however, that the Good Faith Deposit of the Next-Highest Bidder shall be retained until three (3) business days after the Closing Date, or if applicable, applied in accordance with the Next-Highest Bid. The Debtors shall retain any Good Faith Deposit submitted by the Successful Bidder. At the closing of a Sale contemplated by a Successful Bid, the applicable Successful Bidder will be entitled to a credit for the amount of its Good Faith Deposit to the extent such a deposit was provided.

If a Successful Bidder (or, if the Sale is to be closed with a Next-Highest Bidder, then the Next-Highest Bidder) fails to consummate the Sale because of a breach or failure to perform on the part of such bidder, then the Debtors and their estates shall be entitled to retain the Good Faith Deposit of such Successful Bidder (or, if the Sale is to be closed with the Next-Highest Bidder, then such Next-Highest Bidder) as part of the damages resulting to the Debtors and their estates for such breach or failure to perform, in addition to any and all other rights, remedies, or causes of action that may be available to the Debtors.

XVII. Reservation of Rights and Modifications

Notwithstanding any of the foregoing, the Debtors and their estates may, in consultation with the Consultation Parties, modify these Bidding Procedures at or prior to the Auction, including, without limitation, to extend the deadlines set forth herein, modify bidding increments, waive terms and conditions set forth herein with respect to any or all Potential Bidders (including, without limitation, the Bid Requirements), impose additional terms and conditions with respect to any or all potential bidders, adjourn or cancel the Auction at or prior to the Auction, and adjourn the Sale Hearing.

The Debtors shall consult with the Consultation Parties as explicitly provided for in these Bidding Procedures; provided, however, that the Debtors shall not be required to consult with any Consultation Party (or its advisors) that submits a Bid or has a Bid submitted on its behalf, or that has an affiliate that submits a Bid or has a Bid submitted on its behalf, for so long as such Bid remains open, if the Debtors determine, in their reasonable business judgment, that consulting with such Consultation Party regarding any issue, selection, or determination is (a) likely to have a chilling effect on the potential bidding or (b) otherwise contrary to the goal of maximizing value from the sale process for the Debtors' estates, their creditors, and all other parties in interest. Each reference in these Bidding Procedures to "consultation" (or similar phrase) with the Consultation Parties shall mean consultation in good faith.

XVIII. Next-Highest Bidder

Notwithstanding any of the foregoing, in the event that a Successful Bidder fails to close a Sale prior to such date as specified in the applicable Purchase Agreement (or such date as may be extended by the Debtors), the Debtors, upon written notice to the Next-Highest Bidder, may

designate the applicable Next-Highest Bid as the Successful Bid, the Next-Highest Bidder will be deemed to be the Successful Bidder, and the Debtors will be authorized, but not directed, to close the Sale to the Next-Highest Bidder subject to the terms of the Next-Highest Bid without the need for further order of the Bankruptcy Court and without the need for further notice to any interested parties.

EXHIBIT 2

Notice of Auction and Sale Hearing

(Attached)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE:

ROCKDALE MARCELLUS HOLDINGS,
LLC and ROCKDALE MARCELLUS, LLC,¹

Debtors.

Chapter 11

Case No. 21-[•]

(Joint Administration Requested)

NOTICE OF SALE, BIDDING PROCEDURES, AUCTION AND SALE HEARING

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On September 21, 2021, the debtors and debtors in possession in the above-captioned cases (the “Debtors”) filed with the United States Bankruptcy Court for the Western District of Pennsylvania (the “Bankruptcy Court”) their motion (the “Motion”) for the entry of: (A) an order (the “Bidding Procedures Order”),² (i) approving bidding procedures in connection with the sale of the Debtors’ assets (the “Bidding Procedures”); (ii) scheduling an auction (the “Auction”) for and hearing (the “Sale Hearing”) on the approval of the proposed sale or disposition (the “Sale”) of the Debtors’ assets (the “Assets”); (iii) approving notice of respective date, time and place for the Auction and for the Sale Hearing; (iv) approving procedures for the assumption and assignment of certain executory contracts and unexpired leases; (v) approving form and manner of notice; and (vi) granting related relief; and (B) an order authorizing and approving (i) the Sale free and clear of liens, claims, rights, encumbrances, and other interests; and (ii) the assumption and assignment of certain executory contracts and unexpired leases (collectively, the “Contracts”) and (iii) related relief.

2. For ease of reference, the following chart has been included to indicate the dates relevant to this Notice:

Event	Date
Sale Objection Deadline	December 15, 2021
Cure Cost/Assignment Objection Deadline	[Fourteen (14)] days after Service of Notice of Assumption and Assignment

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Rockdale Marcellus Holdings, LLC (7117); and Rockdale Marcellus, LLC (8767). The Debtors’ address is 4600 J. Barry Ct., Suite 220, Canonsburg, PA 15317.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Order (including the Bidding Procedures). Any summary of the Bidding Procedures and the Bidding Procedures Order contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

Event	Date
Bid Deadline	December 13, 2021 at 5:00 p.m. (ET)
Bid Qualification Deadline	December 15, 2021
Auction	December 16, 2021
Post-Auction Objection Deadline	December 20, 2021
Sale Hearing ³	December 22, 2021

3. On [●], 2021, the Bankruptcy Court entered the Bidding Procedures Order [Docket No. [●]]. Pursuant to the Bidding Procedures, bids for the Assets, or any subset thereof, must be received on or before [●], **2021 at 5:00 p.m. (prevailing Eastern Time)** (the “Bid Deadline”) and otherwise comply with the Bidding Procedures. **FAILURE TO ABIDE BY THE BIDDING PROCEDURES MAY RESULT IN A BID BEING REJECTED. ANY PARTY INTERESTED IN BIDDING ON THE ACQUIRED ASSETS SHOULD CONTACT DANIEL F. CROWLEY III OR BRAD BUCHER AT HOULIHAN LOKEY, THE DEBTORS’ INVESTMENT BANKER, AT 917-757-6639 AND DCROWLEY@HL.COM OR BBUCHER@HL.COM.**

4. Pursuant to the Bidding Procedures, in the event that the Debtors receive more than one Qualified Bid by the Bid Deadline, the Debtors will conduct the Auction, which shall take place on [●], **2021 at [●] (prevailing Eastern Time)** telephonically, by videoconference, or at the offices of proposed counsel to the Debtors, Reed Smith LLP, 225 Fifth Avenue, Pittsburgh, PA 15222, or such later time or such other place as the Debtors shall designate and provide notice of to all Qualified Bidders who have submitted Qualified Bids and by filing a notice on the docket of the Debtors’ chapter 11 cases. Only Qualified Bidders shall be entitled to participate at the Auction. For the avoidance of doubt, the Debtors may, upon consultation with the Consultation Parties, conduct the Auction telephonically or by video conference.

5. Each Successful Bid and any Next-Highest Bid will be subject to approval by the Bankruptcy Court. The Sale Hearing shall take place [●], **2021 at [●] (prevailing Eastern Time)**. The Sale Hearing may be adjourned by the Debtors, in consultation with the Consultation Parties, from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or by filing a notice, which may be a hearing agenda, stating the adjournment, on the docket of the Debtors’ chapter 11 cases.

6. Any objections to the Sale or the relief requested in connection with the Sale, including objections to entry of the proposed Sale Order (a “Sale Objection”), other than a Post-Auction Objection (as defined below) or a Cure Cost/Assignment Objection (which shall be governed by the Assignment Procedures) must: (a) be in writing; (b) be signed by counsel or

³ To the extent the Debtors, in consultation with the Consultation Parties, reasonably determine to pursue a Restructuring Transaction, a separate hearing to consider such Transaction shall be set.

attested to by the objecting party; (c) be in conformity with the applicable provisions of the Bankruptcy Rules and the Local Rules; (d) state with particularity the legal and factual basis for the objection and the specific grounds therefor; (e) be filed with the Clerk of the Court, together with proof of service, on or before **10/1, 2021 at 10:00 AM (prevailing Eastern Time)** (the “Sale Objection Deadline”); and (f) be served, so as to be actually received on or before the Sale Objection Deadline, upon: (i) proposed co-counsel to the Debtors, Reed Smith LLP, 2850 N. Harwood Street, Suite 1500 Dallas, Texas 75201, Attn: Omar J. Alaniz, Keith M. Aurzada, Lindsey L. Robin and Devan J. Dal Col and Reed Smith LLP, 225 Fifth Avenue, Suite 1200, Pittsburgh, PA 15222, Attn: Luke A. Sizemore, Jared S. Roach, and Alexis A. Leventhal; (ii) the Office of the United States Trustee; (iii) counsel for the Prepetition RBL Agent, Seward & Kissel LLP, One Battery Park Plaza, New York, NY 10004, Attn: Gregg S. Bateman (bateman@sewkis.com); (iv) counsel for the Prepetition RBL Lenders, Brown Rudnick, LLP, 7 Times Square, New York, NY 10036, Attn: Robert J. Stark (rstark@brownrudnick.com) and Steven B. Levine (slevine@brownrudnick.com); (v) counsel for the Prepetition Second Lien Agent, (a) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Darren S. Klein (darren.klein@davispolk.com) and Adam L. Shpeen (adam.shpeen@davispolk.com) and (b) Bowles Rice LLP, 1800 Main Street, Suite 200, Canonsburg, PA 15317, Attn: Mike Proctor (mproctor@bowlesrice.com); (vi) the Designated Third Party Hedge Providers: (a) Shell Trading Risk Management, 1000 Main St. 12th Floor, Houston, TX 77002; (b) Shell Western E&P, LP, 1616 S. Voss Road, Suite 1000, Houston, TX 77057; (c) Alta Fundamental Advisers LLC, 1500 Broadway Suite 704, New York, NY 10036; and (d) J. Aron & Company LLC, c/o Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019-6099, Attn: Ana Alfonso (aalfonso@willkie.com); and (vii) counsel for any official committees appointed by this Court (collectively, the “Notice Parties”).

7. Any objections solely with respect to conduct at the Auction (a “Post-Auction Objection”) must: (i) be in writing; (ii) be signed by counsel or attested to by the objecting party; (iii) be in conformity with the applicable provisions of the Bankruptcy Rules and the Local Rules; (iv) state with particularity the legal and factual basis for the objection and the specific grounds therefor; (v) be filed with the Clerk of the Court, together with proof of service, **10/1, 2021** (the “Post-Auction Objection Deadline”); and (vi) be served, so as to be actually received on or before the Post-Auction Objection Deadline, upon the Notice Parties.

8. If a Sale Objection is not filed and served on or before the Sale Objection Deadline or a Post-Auction Objection is not filed and served on or before the Post-Auction Objection Deadline in accordance with the foregoing requirements, the Court may enter the Sale Order without further notice to such party.

9. Copies of the Motion, the Bidding Procedures, and the Bidding Procedures Order may be obtained by parties in interest free of charge on the dedicated webpage related to the Debtors’ chapter 11 cases maintained by the claims and noticing agent in these cases, Epiq Corporate Restructuring, LLC (“Epiq”), at <https://dm.epiq11.com/Rockdale>. Parties may also contact Epiq by email at RockdaleInfo@epiqglobal.com or by telephone at (866) 470-6416 Toll Free (U.S. & Canada) or (503) 520-4415 (International). Copies of such documents are also available for inspection during regular business hours at the Clerk of the Bankruptcy Court, 600 Grant Street, 54th Floor, Pittsburgh PA, 15219, and may be viewed for a fee on the internet at the

Court's website (<https://www.pawb.uscourts.gov/>) by following the directions for accessing the ECF system on such website.

Dated: September [•], 2021

Respectfully submitted,

REED SMITH LLP

By: /s/ Luke A. Sizemore
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and

Keith M. Aurzada (*pro hac vice* to be requested)
Omar J. Alaniz (*pro hac vice* to be requested)
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*Proposed Counsel for the Debtors and
Debtors-in-Possession*

EXHIBIT 3

Notice of Assumption and Assignment

(Attached)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE:

ROCKDALE MARCELLUS HOLDINGS,
LLC and ROCKDALE MARCELLUS, LLC,¹

Debtors.

Chapter 11

Case No. 21-[●]

(Joint Administration Requested)

**NOTICE OF POSSIBLE ASSUMPTION AND ASSIGNMENT OF CERTAIN
EXECUTORY CONTRACTS AND UNEXPIRED LEASES
IN CONNECTION WITH SALE**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On September 21, 2021, the debtors and debtors in possession in the above-captioned cases (the “Debtors”) filed with the United States Bankruptcy Court for the Western District of Pennsylvania (the “Bankruptcy Court”) their motion (the “Motion”) for the entry of: (A) an order (the “Bidding Procedures Order”), (i) approving bidding procedures in connection with the sale of the Debtors’ assets (the “Bidding Procedures”); (ii) scheduling an auction for (the “Auction”) and hearing (the “Sale Hearing”) on the approval of the proposed sale or disposition (the “Sale”) of the Debtors’ assets (the “Assets”); (iii) approving notice of respective date, time, and place for the Auction and for the Sale Hearing; (iv) approving procedures for the assumption and assignment of certain executory contracts and unexpired leases; (v) approving form and manner of notice; and (vi) granting related relief; and (B) an order authorizing and approving (i) the Sale free and clear of liens, claims, rights, encumbrances, and other interests; and (ii) the assumption and assignment of certain executory contracts and unexpired leases (collectively, the “Designated Contracts”) and (iii) related relief.

2. On [●], 2021, the Bankruptcy Court entered the Bid Procedures Order [Doc. No. ●].

3. The Sale Hearing shall take place on [●], 2021, at [●] (**prevailing Eastern Time**). The Sale Hearing may be adjourned by the Debtors from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or by filing a notice, which may be a hearing agenda, stating the adjournment, on the docket of the Debtors’ chapter 11 cases.

4. To facilitate the Sale, the Debtors are potentially seeking to assume and assign the Designated Contracts to any Successful Bidder, in accordance with the Assignment Procedures provided for in the Bid Procedures Order. Each of the Designated Contracts subject to potential

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Rockdale Marcellus Holdings, LLC (7117); and Rockdale Marcellus, LLC (8767). The Debtors’ address is 4600 J. Barry Ct., Suite 220, Canonsburg, PA 15317.

assignment through the Sale process is identified on **Schedule 1** attached hereto. **THE INCLUSION OF ANY DESIGNATED CONTRACT ON SCHEDULE 1 DOES NOT CONSTITUTE AN ADMISSION THAT A PARTICULAR DESIGNATED CONTRACT IS AN EXECUTORY CONTRACT OR UNEXPIRED LEASE OF PROPERTY OR REQUIRE OR GUARANTEE THAT SUCH DESIGNATED CONTRACT WILL BE ASSUMED AND ASSIGNED, AND ALL RIGHTS OF THE DEBTORS WITH RESPECT THERETO ARE RESERVED.** The cure amount (each, a “Cure Cost”), if any, that the Debtors believe is required to be paid to the applicable counterparty (each, a “Non-Debtor Counterparty” and, collectively, the “Non-Debtor Counterparties”) to each of the Designated Contracts under section 365(b)(1)(A) and (B) of the Bankruptcy Code is identified on **Schedule 1** attached hereto.

5. If a Non-Debtor Counterparty objects to the Cure Cost for its Designated Contract and/or to the proposed assumption, assignment, and/or transfer of such Designated Contract (including the transfer of any related rights or benefits thereunder), other than objections that relate specifically to the identity of a Successful Bidder, the Non-Debtor Counterparty must file with the Bankruptcy Court and serve on the Notice Parties (as defined below) a written objection (a “Cure Cost/Assignment Objection”). Any Cure Cost/Assignment Objection must: (a) be in writing; (b) signed by counsel or attested to by the objecting party; (c) in conformity with the applicable provisions of the Bankruptcy Rules and the Local Rules; (d) state with particularity the legal and factual basis for the objection and the specific grounds therefor; (e) be filed with the Clerk of the Court, together with proof of service, **no later than [●], 2021, at 4:00 p.m. (prevailing Eastern Time)** (the “Sale Objection Deadline”); and (f) be served, so as to be actually received on or before the Sale Objection Deadline, upon: (i) proposed co-counsel to the Debtors, Reed Smith LLP, 2850 N. Harwood Street, Suite 1500 Dallas, Texas 75201, Attn: Omar J. Alaniz, Keith M. Aurzada, Lindsey L. Robin and Devan J. Dal Col and Reed Smith LLP, 225 Fifth Avenue, Suite 1200, Pittsburgh, PA 15222, Attn: Luke A. Sizemore, Jared S. Roach, and Alexis A. Leventhal; (ii) the Office of the United States Trustee; (iii) counsel for the Prepetition RBL Agent, Seward & Kissel LLP, One Battery Park Plaza, New York, NY 10004, Attn: Gregg S. Bateman (bateman@sewkis.com); (iv) counsel for the Prepetition RBL Lenders, Brown Rudnick, LLP, 7 Times Square, New York, NY 10036, Attn: Robert J. Stark (rstark@brownrudnick.com) and Steven B. Levine (slevine@brownrudnick.com); (v) counsel for the Prepetition Second Lien Agent, (a) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Darren S. Klein (darren.klein@davispolk.com) and Adam L. Shpeen (adam.shpeen@davispolk.com) and (b) Bowles Rice LLP, 1800 Main Street, Suite 200, Canonsburg, PA 15317, Attn: Mike Proctor (mproctor@bowlesrice.com); (vi) the Designated Third Party Hedge Providers: (a) Shell Trading Risk Management, 1000 Main St. 12th Floor, Houston, TX 77002; (b) Shell Western E&P, LP, 1616 S. Voss Road, Suite 1000, Houston, TX 77057; (c) Alta Fundamental Advisers LLC, 1500 Broadway Suite 704, New York, NY 10036; and (d) J. Aron & Company LLC, c/o Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019-6099, Attn: Ana Alfonso (aalfonso@willkie.com); and (vii) counsel for any official committees appointed by this Court (collectively, the “Notice Parties”).

6. Objections (a “Post-Auction Objection”) of any Non-Debtor Counterparty related solely to the identity of, and adequate assurance of future performance provided by, the Successful Bidder must (i) be in writing; (ii) state with specificity the nature of such objection, and (iii) be filed with the Bankruptcy Court and properly served on the Notice Parties so as to be received, **no later than [●], 2021, at [●] (prevailing Eastern Time)** (the “Post-Auction Objection Deadline”).

7. At the Sale Hearing, the Debtors may seek Bankruptcy Court approval of the assumption and assignment to any Successful Bidder of those Designated Contracts that have been selected by the Successful Bidder to be assumed and assigned. The Debtors and their estates reserve any and all rights with respect to any Designated Contracts that are not ultimately assigned to the Successful Bidder.

8. Any Non-Debtor Counterparty to a Designated Contract who fails to timely file and properly serve a Cure Cost/Assignment Objection or Post-Auction Objection as provided herein will (i) be forever barred from objecting to the Cure Cost and from asserting any additional cure or other amounts with respect to such Designated Contract in the event it is assumed and/or assigned by the Debtors and the Debtors shall be entitled to rely solely upon the Cure Cost, and (ii) be deemed to have consented to the assumption, assignment, and/or transfer of such Designated Contract (including the transfer of any related rights and benefits thereunder) to the relevant Successful Bidder and shall be forever barred and estopped from asserting or claiming against the Debtors or the Successful Bidder that any additional amounts are due or defaults exist, or conditions to assumption, assignment, and/or transfer must be satisfied under such Designated Contract, or that any related right or benefit under such Designated Contract cannot or will not be available to the relevant Successful Bidder.

9. Consideration of unresolved Cure Cost/Assignment Objections and Post-Auction Objections relating to all Designated Contracts, if any, will be held at the Sale Hearing; *provided, however*, that (i) any Designated Contract that is the subject of a Cure Cost/Assignment Objection with respect solely to the amount of the Cure Cost may be assumed and assigned prior to resolution of such objection and (ii) the Debtors, in consultation with the Consultation Parties and the parties to any Designated Contract that is subject to a Cure Cost/Assignment objection, may adjourn a Cure Cost/Assignment objection.

10. A timely filed and properly served Cure Cost/Assignment Objection or Post-Auction Objection will reserve the filing Non-Debtor Counterparty's rights relating to the Designated Contract, but will not be deemed to constitute an objection to the relief generally requested in the Motion with respect to the approval of the Sale.

11. The Debtors' assumption and/or assignment of a Designated Contract is subject to approval by the Bankruptcy Court and consummation of the Sale. Absent consummation of the Sale and entry of an order approving the assumption and/or assignment of the Designated Contracts, the Designated Contracts shall be deemed neither assumed nor assigned, and shall in all respects be subject to subsequent assumption or rejection by the Debtors.

12. Copies of the Motion, the Bidding Procedures, and the Bid Procedures Order may be obtained by parties in interest free of charge on the dedicated webpage related to these chapter 11 cases maintained by the claims and noticing agent in this case, Epiq Corporate Restructuring, LLC ("Epiq"), at <https://dm.epiq11.com/Rockdale>. Parties may also contact Epiq by email at RockdaleInfo@epiqglobal.com or by telephone at (866) 470-6416 Toll Free (U.S. & Canada) or (503) 520-4415 (International). Copies of such documents are also available for inspection during regular business hours at the Clerk of the Bankruptcy Court, 600 Grant Street, 54th Floor, Pittsburgh PA, 15219, and may be viewed for a fee on the internet at the Court's website

(<https://www.pawb.uscourts.gov/>) by following the directions for accessing the ECF system on such website.

13. Any Non-Debtor Counterparty to a Designated Contract may notify the Debtors, via an electronic mail request to the Debtors' proposed counsel, Reed Smith LLP, 225 Fifth Avenue, Pittsburgh, PA 15222 (Attn: Omar J. Alaniz (oalaniz@reedsmith.com) and Luke A. Sizemore (lsizemore@reedsmith.com)), of its desire for information about (a) the identity of the Successful Bidder and any backup bidder; and (b) adequate assurance information from the Successful Bidder and any backup bidder (if its Designated Contract is implicated by the Successful Bid or backup bid). Any such request shall include an email address whereby the requestor can receive such information, and Debtors shall provide, or shall cause their counsel and/or the claims and noticing agent to provide, such information to any requestor with respect to a Successful Bidder or Next-Highest Bidder, within the later of (i) twenty-four (24) hours after the conclusion of the Auction and (ii) twenty-four (24) hours after receipt by counsel to the Debtors of such a request.

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Dated: September [•], 2021

Respectfully submitted,

REED SMITH LLP

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*Proposed Counsel for the Debtors and
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SCHEDULE 1

Designated Contracts

(TO BE ADDED)