IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
EXTRACTION OIL & GAS, INC., et al., 1)	Case No. 20-11548 (CSS)
Reorganized Debtors.)	(Jointly Administered)
)	Hearing Date: November 5, 2021 at 11:00 a.m. (ET) Response Deadline: October 15, 2021 at 4:00 p.m. (ET)

REORGANIZED DEBTORS' OBJECTION TO PROOF OF CLAIM NO. 2594 FILED BY BUREAU OF LAND MANAGEMENT - COLORADO STATE OFFICE

THIS IS AN OBJECTION TO YOUR CLAIM. THE OBJECTING PARTY IS ASKING THE COURT TO DISALLOW THE CLAIM THAT YOU FILED IN THESE BANKRUPTCY CASES. YOU SHOULD IMMEDIATELY CONTACT THE OBJECTING PARTY TO RESOLVE THE DISPUTE. IF YOU DO NOT REACH AN AGREEMENT, YOU MUST FILE A RESPONSE TO THIS OBJECTION AND SEND A COPY OF YOUR RESPONSE TO THE OBJECTING PARTY. YOUR RESPONSE MUST STATE WHY THE OBJECTION IS NOT VALID.

A HEARING WILL BE CONDUCTED ON THIS MATTER ON NOVEMBER 5, 2021 AT 11:00 A.M. <u>(ET)</u>.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

The above-captioned reorganized debtors (the "Reorganized Debtors") hereby object to Proof of Claim No. 2594 (the "Proof of Claim"), filed by the Bureau of Land Management – Colorado State Office ("Bureau of Land Management"). In support of this objection, the Reorganized Debtors rely upon the declaration of Thomas Behnke attached hereto as **Exhibit A**. In further support, the Reorganized Debtors respectfully represent as follows:

The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Reorganized Debtors' principal place of business is 370 17th Street, Suite 5200, Denver, Colorado 80202.



PRELIMINARY STATEMENT

1. On or about January 11, 2021, the Bureau of Land Management filed the Proof of Claim, a copy of which is attached hereto as **Exhibit B**, asserting a general unsecured claim in the amount of \$12,045,000 for certain "plugging costs." The Proof of Claim, however, also states that it is only "protective in nature." The Proof of Claim should be disallowed and expunged because, as of the Petition Date, hereinafter defined, the Debtors were not, and the Reorganized Debtors presently are not indebted to the Bureau of Land Management on account of any claims for decommissioning or permanent plugging or abandonment of any oil and gas wells of the Reorganized Debtors. There are no present claims asserted in the Proof of Claim that are owed to the Bureau of Land Management by the Reorganized Debtors.

JURISDICTION AND VENUE

- 2. The United States Bankruptcy Court for the District of Delaware (the "Court") has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. The Reorganized Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Local Rules"), to the entry of a final order by the Court in connection with this objection to the extent it is later determined that the Court, absent party consent, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.
 - 3. Venue is proper under 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief requested herein are sections 105(a) and 502(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"), Bankruptcy Rules 3003 and 3007, and Bankruptcy Local Rule 3007-1.

FACTUAL BACKGROUND

I. THE PARTIES

- 5. Extraction Oil & Gas, Inc. is one of the Reorganized Debtors.
- 6. The Bureau of Land Management is a government agency tasked with managing public lands for a variety of uses such as energy development, livestock grazing, recreation, and timber harvesting while ensuring natural, cultural, and historic resources are maintained for present and future use.

II. THE BANKRUPTCY CASES

- 7. On June 14, 2020 (the "<u>Petition Date</u>"), Extraction and the other Reorganized Debtors filed voluntary petitions for relief under the Bankruptcy Code. *See* Voluntary Petition [Docket No. 1].
- 8. On December 23, 2020, the Court entered the Findings of Fact, Conclusions of Law, and Order Confirming the Sixth Amended Joint Plan of Reorganization of Extraction Oil & Gas, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 1509] (the "Confirmation Order"), confirming the Debtors' Sixth Amended Joint Plan of Reorganization of Extraction Oil & Gas, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 1505] (the "Plan").
- 9. On January 20, 2021, the Debtors substantially consummated the Plan and emerged from chapter 11 in accordance with the terms of the Plan and the Confirmation Order. On January 21, 2021, the Reorganized Debtors filed their *Notice of (A) Entry of Findings of Fact, Conclusions of Law, and Order Confirming the Sixth Joint Plan of Reorganization of Extraction Oil & Gas,*

Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code, and (B) Occurrence of Effective Date [Docket No. 1652].

III. THE BUREAU OF LAND MANAGEMENT'S PROOF OF CLAIM

- 10. On January 11, 2021, the Bureau of Land Management filed the Proof of Claim.
- 11. The Proof of Claim asserts a claim for the plugging of wells no longer capable of producing and reclamation of the surface for each particular operation. As noted in the Proof of Claim, "[t]hese obligations are often known as decommissioning or permanent plugging and abandonment ("P&A") liabilities." A list of the wells associated with the Bureau of Land Management's claim are attached as an exhibit to Claim #2594 (the "Subject Wells").
- 12. The Proof of Claim further asserts that "Regulatory obligations of debtors, such as P&A compliance with performance of decommissioning, are mandatory injunctive obligations of the debtors for which proofs of claim need not be filed under the Bankruptcy Code. Nevertheless, this claim **is filed in a protective fashion** to protect the United States' rights with respect to such obligations of the Debtor." (emphasis added).

RELIEF REQUESTED

13. The Reorganized Debtors request that the Court enter the Proposed Order attached as **Exhibit C**, (i) sustaining this objection to the Proof of Claim, (ii) disallowing and expunging the Proof of Claim for all purposes, and (iii) authorizing the Reorganized Debtors' Court-appointed claims and noticing agent to reflect the disallowance and expungement of the Proof of Claim on the official Claims Register.

BASIS FOR OBJECTION

14. The Bureau of Land Management's Proof of Claim should be disallowed and expunged because it was only filed as a protective measure by the Bureau of Land Management and does not assert a present obligation or present claim owed by any of the Reorganized Debtors.

I. LEGAL STANDARD

15. "Not all claims have equal merit; neither will the filing of a proof of claim automatically result in payment of that claim from the estate." *Torres v. Asset Acceptance, LLC*, 96 F. Supp. 3d 541, 544 (E.D. Pa. 2015). Instead, once "a proof of claim has been filed, the court must determine whether the claim is 'allowed' under [section] 502(a) of the Bankruptcy Code." *Id.* (quoting *Travelers Cas. & Sur. Co. of Am. v. Pac. Gas & Elec. Co.*, 549 U.S. 443, 449 (2007)). "Upon objection, the bankruptcy court decides whether to allow or disallow the claim." *Id.* "One reason for disallowance is that 'such claim is unenforceable against the debtor . . . under any agreement or applicable law." *Id.* (quoting 11 U.S.C. § 502(b)(1)).

II. THE REORGANIZED DEBTORS DO NOT PRESENTLY HAVE ANY OBLIGATION TO DECOMMISSION OR PERMANENT PLUG AND ABANDONMENT ANY OIL AND GAS WELLS

- 16. The Reorganized Debtors have long term liabilities on their books and records for decommissioning or permanently plugging and abandoning the Subject Wells. Moreover, the Reorganized Debtors have obtained surety bonds in favor of, among others, the Bureau of Land Management, to secure some or all of their obligations to decommission and permanently plug and abandon the Subject Wells on a future date when the Reorganized Debtors determine that such wells are no longer producing. However, the Reorganized Debtors do not have any present obligations or presently owe any amounts for the decommissioning, permanent plugging and abandonment of any of the oil and gas wells listed on the Proof of Claim filed by the Bureau of Land Management.
- 17. The Bureau of Land Management's Proof of Claim does not assert that present obligations or present amounts are owed for the decommissioning, permanent plugging and abandonment of any of the oil and gas wells listed on the Proof of Claim filed by the Bureau of Land Management and the Proof of Claim was expressly filed "in a protective fashion." Not only

does the Bureau of Land Management's claim acknowledge that all of the Subject Wells are producing oil and gas wells, it also indicates that some of the Subject Wells are still in the process of being drilled by Reorganized Debtor. The Subject Wells are valuable assets of the Reorganized Debtors and the continued operation of the Subject Wells was contemplated in the Plan. As such, the Proof of Claim should be disallowed and any amounts ultimately owed by the Reorganized Debtors to the Bureau of Land Management should be addressed in the ordinary course of business.

RESERVATION OF RIGHTS

- 18. The Reorganized Debtors expressly reserve the right to amend, modify, or supplement this Objection, and to file additional objections to the Proof of Claim upon response from the Bureau of Land Management or any other interested party or at any other time. Should one or more of the grounds for this Objection be dismissed or overruled, the Reorganized Debtors reserve the right to object to the Proof of Claim on any other ground.
- Debtors is intended or should be construed as: (a) an admission as to the validity, priority, or amount of the Proof of Claim; (b) a waiver of the Reorganized Debtors' right to dispute the Proof of Claim on any grounds; (c) a promise or requirement to pay the Proof of Claim; (d) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (e) a waiver or limitation of the Reorganized Debtors' rights under the Confirmation Order or the Plan; (f) a waiver or limitation of the Reorganized Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Reorganized Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) are valid and the Reorganized Debtors and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection, or to seek avoidance of all such liens.

NOTICE

20. Notice of the hearing on the relief requested in this objection will be provided by the Reorganized Debtors in accordance and compliance with Bankruptcy Rules 4001 and 9014, as well as the Bankruptcy Local Rules, and is sufficient under the circumstances. Without limiting the foregoing, due notice will be afforded, by first class mail to parties-in-interest, including: (a) the Bureau of Land Management; (b) the U.S. Trustee for the District of Delaware; (c) the administrative agent under the Reorganized Debtors' prepetition senior credit facility or, in lieu thereof, counsel thereto; (d) the lenders under the Reorganized Debtors' prepetition senior credit facility or, in lieu thereof, counsel thereto; (e) the indenture trustee for the Reorganized Debtors' prepetition senior notes or, in lieu thereof, counsel thereto; (f) the holders of the Reorganized Debtors' prepetition senior notes or, in lieu thereof, counsel thereto; (g) the ad hoc group of holders of the Reorganized Debtors' preferred equity or, in lieu thereof, counsel thereto; (h) the United States Attorney's Office for the District of Delaware; (i) the Internal Revenue Service; (j) the United States Securities and Exchange Commission; (k) the state attorneys general for states in which the Reorganized Debtors conduct business; and (1) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Reorganized Debtors believe, in light of the relief requested, no other or further notice is needed.

CONCLUSION

21. The Bureau of Land Management's Proof of Claim should be disallowed and expunged because it was only filed as a protective measure and does not assert a present obligation or present claim owed by any of the Reorganized Debtors to the Bureau of Land Management. For the reasons stated, the Reorganized Debtors respectfully request that the Court disallow and expunge the Proof of Claim.

Dated: October 1, 2021 Wilmington, Delaware

/s/ Richard W. Riley

WHITEFORD, TAYLOR & PRESTON LLC²

Marc R. Abrams (DE No. 955) Richard W. Riley (DE No. 4052) Stephen B. Gerald (DE No. 5857)

The Renaissance Centre

405 North King Street, Suite 500 Wilmington, Delaware 19801

Telephone: (302) 353-4144 Facsimile: (302) 661-7950

Email: mabrams@wtplaw.com

rriley@wtplaw.com sgerald@wtplaw.com

Co-Counsel to Reorganized Debtors

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

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
EXTRACTION OIL & GAS, INC., et al., 1) Case No. 20-11548 (CSS)
Reorganized Debtors.) (Jointly Administered)
	Hearing Date: November 5, 2021 at 11:00 a.m. (ET)
	Response Deadline: October 15, 2021 at 4:00 p.m. (ET)

NOTICE OF REORGANIZED DEBTORS' OBJECTION TO PROOF OF CLAIM NO. 2459 FILED BY WILDGRASS OIL AND GAS COMMITTEE

TO: Bureau of Land Management - Colorado State Office c/o Phyllisina Leslie Attorney-Advisor US DOI 1849 C St. NW MS 5358 Washington, DC 20240

PLEASE TAKE NOTICE that the Reorganized Debtors have filed the Reorganized Debtors' Objection To Proof Of Claim No. 2594 Filed By Bureau Of Land Management-Colorado State Office (the "Objection") with the United States Bankruptcy Court for the District of Delaware (the "Court"). The Objection seeks to alter your rights by disallowing and expunging your claim.

PLEASE TAKE FURTHER NOTICE that you are required to file a response to the Objection on or before <u>October 15, 2021 at 4:00 p.m. (ET)</u> with the Clerk of the Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must also serve a copy of the response upon the undersigned counsel for the Reorganized Debtors.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED BY THE OBJECTION WITHOUT FURTHER NOTICE OR HEARING.

PLEASE TAKE FURTHER NOTICE, IF A RESPONSE IS FILED, A HEARING (THE "HEARING") ON THE OBJECTION WILL BE HELD ON NOVEMBER 5, 2021 AT

The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Reorganized Debtors' principal place of business is 370 17th Street, Suite 5200, Denver, Colorado 80202.

<u>11:00 A.M. (ET)</u> BEFORE THE HONORABLE CHRISTOPHER S. SONTCHI, UNITED STATES BANKRUPTCY JUDGE, UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 NORTH MARKET STREET, 5TH FLOOR, COURTROOM NO. 6, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FILE A RESPONSE TO THE OBJECTION, YOU SHOULD BE PREPARED TO ARGUE THAT RESPONSE AT THE HEARING. YOU NEED NOT APPEAR AT THE HEARING IF YOU DO NOT OBJECT TO THE RELIEF REQUESTED.

PLEASE TAKE FURTHER NOTICE THAT THE HEARING MAY BE CONTINUED FROM TIME TO TIME UPON WRITTEN NOTICE TO YOU OR AS DECLARED ORALLY AT THE HEARING.

Dated: October 1, 2021 Wilmington, Delaware /s/ Richard W. Riley

WHITEFORD, TAYLOR & PRESTON LLC²

Marc R. Abrams (DE No. 955) Richard W. Riley (DE No. 4052) Stephen B. Gerald (DE No. 5857)

The Renaissance Centre

405 North King Street, Suite 500 Wilmington, Delaware 19801 Telephone: (302) 353-4144 Facsimile: (302) 661-7950

Email: mabrams@wtplaw.com

rriley@wtplaw.com sgerald@wtplaw.com

Co-Counsel to Reorganized Debtors

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

EXHIBIT A

(Declaration)

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

)	
In re:)	Chapter 11
ENTER A CITION OIL O CAG INC)	G N 00 11540 (GGG)
EXTRACTION OIL & GAS, INC., et al., ¹)	Case No. 20-11548 (CSS)
Reorganized Debtors.)	(Jointly Administered)
)	

DECLARATION OF THOMAS BEHNKE IN SUPPORT OF REORGANIZED DEBTORS' OBJECTION TO PROOF OF CLAIM NO. 2594 FILED BY BUREAU OF LAND MANAGEMENT - COLORADO STATE OFFICE

I, Thomas Behnke, pursuant to 28 U.S.C. § 1746, declare:

- 1. I am a Managing Director at Alvarez & Marsal North America, LLC ("<u>A&M</u>"), restructuring advisors to the above-captioned reorganized debtors (the "<u>Reorganized Debtors</u>"). I, along with my colleagues at A&M, have been engaged by the Reorganized Debtors to provide various restructuring and financial services.
- 2. As part of my current position, I am responsible for certain claims management and reconciliation matters. I am generally familiar with the Reorganized Debtors' day-to-day operations, financing arrangements, business affairs, and books and records that reflect, among other things, the Reorganized Debtors' liabilities and the amount thereof owed to their creditors as of the Petition Date.

The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Reorganized Debtors' principal place of business is 370 17th Street, Suite 5200, Denver, Colorado 80202.

- 3. I am authorized to submit this declaration (the "Declaration") in support of the Reorganized Debtors' Objection To Proof Of Claim No. 2594 Filed By Bureau Of Land Management-Colorado State Office (the "Objection")². All matters set forth in this Declaration are based on: (a) my personal knowledge; (b) my review of relevant documents or the review by the Reorganized Debtors or my A&M team members of such documents; (c) my view, based on my experience and knowledge of the Reorganized Debtors and the Reorganized Debtors' operations, books and records, and personnel; (d) information supplied to me by the Reorganized Debtors and by others at the Reorganized Debtors' request; or (e) as to matters involving United States bankruptcy law or rules or other applicable laws, my reliance on the advice of counsel or other advisors to the Reorganized Debtors. If called upon to testify, I could and would testify competently to the facts set forth herein and in the Objection.
- 4. I have reviewed the Proof of Claim (Claim No. 2594) filed by the Bureau of Land Management-Colorado State Office.
- 5. I have also reviewed the Objection and am directly, or by and through other personnel or representatives of A&M or personnel or representatives of the Reorganized Debtors, familiar with the information contained therein.
- 6. The information contained in the Objection is true and correct to the best of my knowledge.
- 7. The Proof of Claim attached as Exhibit B to the Objection is a true and correct copy of the Proof of Claim filed in the bankruptcy cases.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief.

2

² All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Objection.

Executed on October 1, 2021

/s/ Thomas Behnke

Thomas Behnke Managing Director Alvarez and Marsal North America, LLC

EXHIBIT B

(Proof of Claim)

Fill in this in	oformation to identify the case:
Debtor 1	Extraction Oil & Gas, Inc. et al
Debtor 2 (Spouse, if filing)	
United States	Bankruptcy Court for the: District of Delaware
Case number	20-11548

Official Form 410

Proof of Claim

12/15

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

be sent? (if		
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different) Ryan Lamb Attorney-Advisor US DOI		
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6.	Do you have any number you use to identify the debtor?	 ✓ No ☐ Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor:
7.	How much is the claim?	\$12,045,000.00 Does this amount include interest or other charges?
		Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
3.	What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.
	Cidili :	Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).
		Limit disclosing information that is entitled to privacy, such as health care information.
		Plugging costs
).	Is all or part of the claim secured?	☑ No
	scoureu:	Yes. The claim is secured by a lien on property.
		Nature of property: Real estate. If the claim is secured by the debtor's principal residence, file a <i>Mortgage Proof of Claim</i>
		Attachment (Official Form 410-A) with this Proof of Claim. Motor vehicle Other. Describe:
		Uther. Describe:
		Basis for perfection:
		Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)
		Value of property: \$
		Amount of the claim that is secured: \$
		Amount of the claim that is unsecured: \$(The sum of the secured and unsecured amounts should match the amount in line 7.
	RECEIVED	Amount necessary to cure any default as of the date of the petition: \$
	JAN 1 1 2021	
	0/114 1 2021	Annual Interest Rate (when case was filed)% □ Fixed
	KURTZMAN CARSON CONSULT	WIS Variable
0.	Is this claim based on a lease?	☑ No
	rease:	Yes. Amount necessary to cure any default as of the date of the petition.
1.	Is this claim subject to a	□ No
	right of setoff?	Yes. Identify the property:

12. Is all or part of the claim entitled to priority under	☑ No					
11 U.S.C. § 507(a)?	Yes. Check			Amount entitled to priorit		
A claim may be partly priority and partly	Domes 11 U.S.	ic support obligations (including alimony a C. § 507(a)(1)(A) or (a)(1)(B).	and child support) under	\$		
nonpriority. For example, in some categories, the law limits the amount entitled to priority.	Up to \$ persona	2,775* of deposits toward purchase, lease al, family, or household use. 11 U.S.C. § 5	e, or rental of property or service 07(a)(7).	es for \$		
onnied to priority.	bankruj	salaries, or commissions (up to \$12,475* otcy petition is filed or the debtor's busines C. § 507(a)(4).) earned within 180 days befores s ends, whichever is earlier.	e the \$		
	☐ Taxes o	or penalties owed to governmental units. 1	1 U.S.C. § 507(a)(8).	\$		
	Contrib	utions to an employee benefit plan. 11 U.S	S.C. § 507(a)(5).	\$		
	Other.	Specify subsection of 11 U.S.C. § 507(a)(_	_) that applies.	\$		
	* Amounts	are subject to adjustment on 4/01/16 and every	3 years after that for cases begun o	on or after the date of adjustment.		
Part 3: Sign Below						
The person completing	Check the appro	ppriate box:		<u> </u>		
this proof of claim must sign and date it.	I am the cre	editor.				
FRBP 9011(b).	I am the creditor's attorney or authorized agent.					
If you file this claim	☐ I am the creditor's attorney or authorized agent. ☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.					
electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is. A person who files a	☐ I am a guai	antor, surety, endorser, or other codebtor	Bankruptcy Rule 3005.			
		t an authorized signature on this <i>Proof of</i> aim, the creditor gave the debtor credit for				
fraudulent claim could be fined up to \$500,000, imprisoned for up to 5	I have examined and correct.	the information in this Proof of Claim and	have a reasonable belief that	the information is true		
years, or both. 18 U.S.C. §§ 152, 157, and	I declare under	penalty of perjury that the foregoing is true	and correct.			
3571.	Executed on da	Te 12/11/2020				
	BENJA	MIN GRUBER Digitally signed Date: 2020.12.1	by BENJAMIN GRUBER 1 11:36:23 -07'00'			
	Signature					
RECEIVED	Print the name	of the person who is completing and s	igning this claim:			
JAN 1 1 2021	Name	Benjamin E. Gruber First name Middle r	ame Last r	name		
	Title	Deputy State Director - Energy		iame		
MAN CARSON CONSULTANTS	Company	Bureau of Land Management -				
		Identify the corporate servicer as the compar	iy ii the authorized agent is a servio	cer,		
	Addross	2850 Youngfield Street				
	Address	2850 Youngfield Street Number Street				
	Address	-	CO 80	215		
	Address	Number Street	CO 80 State ZIP C			

Attachment to the United States' Proof of Claim filed on behalf of the Bureau of Land Management, Colorado State Office, in regard to Chapter 11 bankruptcy, United States Bankruptcy Court for the District of Delaware, Extraction Oil & Gas, Inc., Case No. 20-11548.

The Debtor, Extraction Oil & Gas, is the operator for oil and gas wells listed on the attached Exhibit A. Pursuant to the 43 CFR § 3160, other standards and procedures as set forth in applicable laws, regulations, lease terms and conditions, applicable orders and notices, and applicable provisions of law, the Debtor is obligated to conduct operations in a manner which protects the mineral resources, other natural resources and environmental quality. These obligations include, but are not limited to:

- 1) The plugging of wells no longer capable of producing.
- 2) Reclamation of the surface for each particular operation.

These obligations are often known as decommissioning or permanent plugging and abandonment ("P&A") liabilities.

- 1. Basis: This proof of claim is protective in nature. Regulatory obligations of debtors, such as P&A compliance with performance of decommissioning, are mandatory injunctive obligations of the debtors for which proofs of claim need not be filed under the Bankruptcy Code. Nevertheless, this claim is filed in a protective fashion to protect the United States' rights with respect to such obligations of the Debtor, and to the extent the statutory, regulatory, and/or lease obligations that are the subject of this Protective Proof of Claim are determined to be "claims" within the meaning of the Bankruptcy Code and, therefore, dischargeable. The United States does not concede that such obligations do give rise to "claims" that are dischargeable in bankruptcy. The United States reserves the right to take future actions to enforce any such obligations of the Debtor. Nothing in this Proof of Claim constitutes a waiver of any rights of the United States or an election of remedies. In the event that it is determined that any or all of the obligations imposed by the statutory, regulatory, and contractual lease provisions give rise to "claims" as defined in the Bankruptcy Code, this Proof of Claim is filed for such claims with respect to the oil and gas wells listed on Exhibit A, and for all other obligations giving rise to "claims" within the meaning of the Bankruptcy Code with respect to the foregoing well sites. Additionally this proof of claim does not reflect Extraction Oil & Gas Inc. obligations pursuant to federal statutes and regulations to pay penalties for failure to comply with these obligations, nor does it reflect any other obligations of the Debtor in connection with their federal oil and gas lease interests. The United States reserves all rights to file application(s) for administrative expenses in connection with P&A and any other lease and regulatory liabilities at the appropriate time. See paragraph 3 (Amount of Claim) for the estimated cost of performance to decommission the oil and gas wells listed on Exhibit A.
- 2. <u>Justification:</u> The debtor presently is the approved operator for the oil and gas wells listed on Exhibit A.
- 3. Amount of Claim: With respect to the Debtor's unperformed P&A obligations and to the extent that these are considered a "claim", the cost of performance for Debtor's compliance is estimated to be \$12,045,000.00, for liabilities already incurred as of the petition date.

The calculation of the cost is reflected on the attached Exhibit A. The United States reserves the right to amend this claim to assert subsequently discovered compliance obligations.

4. <u>Credits and Setoffs:</u> This claim reflects the estimated liability of the Debtor. The identification of any sums held subject to set off is without prejudice to any other right under 11 U.S.C. § 553 to set off, against a claim/debt owed to Debtor by this or any other Federal Agency.

The United States is a unitary creditor for purposes of set off and expressly reserves its setoff rights with respect to the Debtors in this bankruptcy.

Royal Gorge Field Office	Extraction Oil & Gas LLC & AL	Protective Liabilities

	Plugging Cost	Reclamtion Cost	Status	API Number	Well Name	Well Number	SME
\$85,000		0\$	*PGW	05123258970051	BALLFIELD Y6	7-7-31	FEE
\$85,000		0\$	PGW	05123154430052	CINQUE	7-31	FEE
\$85,000		\$0	esi	05123155580052	CINQUE	9-31	FEE
\$85,000		\$0 \$	PGW	05123267120051	COMMONS Z2	2-2-6	FEE
\$85,000		\$0	PGW	05123259010051	ELLIS Y1	5-1-6	FEE
\$85,000		0\$ 0\$	PGW	05123258990051	GOODNER 74	7-1-6	3 4
\$85,000		\$0	PGW	05123259000051	HUMAN BEAN Y2	5-7-31	FEE
\$85,000		\$0	POW	05123354630051	ISLAND GROVE	2-32	FEE
\$85,000		\$0	POW	05123423550051	JANSSEN	T	FEE
\$85,000		\$0	**POW	05123423580051	JANSSEN	10	FEE
\$85,000		\$0	POW	05123423630051	JANSSEN	11	FEE
\$85,000		\$0	POW	05123423650051	JANSSEN	12	Æ
\$85,000		\$0	Pow	05123423590051	JANSSEN	2	FEE
\$85,000		0,50	2 2	05123423600051	JANSSEN	m •	FEE
\$85,000		S &	¥ 04	05123423660031	IANSSEN	ֆ ւ	1 1 1
\$85,000		\$0	POW	05123423560051	JANSSEN	ם נו	EE
\$85,000		\$0	POW	051234236100S1	JANSSEN	7	1 33
\$85,000		\$0	POW	051234235700S1	JANSSEN	∞	FEE
\$85,000		\$0	POW	05123423640051	JANSSEN	6	FEE
\$85,000		\$0	PGW	05123267160051	JOHNSON X1	1-1-6	FEE
\$85,000		\$0	PGW	05123126090051	KAISER	14-28	FEE
\$85,000		\$0	PGW	051232589800S1	LASALLE PARK Y5	5-5-31	FEE
\$85,000		\$0	OSI	051232905800S1	MATRIX	11-29	FEE
\$85,000		\$0	POW	05123260950051	MATRIX	13-29	FEE
\$85,000		\$0	POW	05123260940051	MATRIX	14-29	FEE
\$85,000		\$0	PGW	05123338240051	MATRIX	24-29-17	FEE
\$85,000		\$0	POW	05123406920051	MATRIX	A-29HN	FEE
\$85,000		\$0	POW	051234069700S1	MATRIX	B-29HN	FEE
\$85,000		\$0	POW	05123408940051	MATRIX	C-29HN	FEE
\$85,000		\$0	POW	051234089500S1	MATRIX	D-29HC	FEE
\$85,000		\$0	POW	05123407050051	MATRIX	E-29HN	FEE
\$85,000		\$0	POW	05123406940051	MATRIX	F-29HN	FEE
\$85,000		0\$	POW	05123406930151	MATRIX	G-29HN	FEE
\$85,000		05 05	PGW	05123258950051	MCCOUTCHEONS Y8	7-5-31	FEE .
\$85,000		\$0	POW	05123421810051	MT FED GLENFAIR	8W-20-18	
\$85,000		\$0	POW	05123421860051	MT FED GLENFAIR	8W-20-19	FEE
\$85,000		\$0	POW	05123421620051	MT FED GLENFAIR	8W-20-20	FEE
\$85,000		\$0	POW	05123421680051	MT FED GLENFAIR	8W-20-21	FEE
\$85,000		\$0	POW	05123421690051	MT FED GLENFAIR	8W-20-22	FEE
\$85,000		\$0	POW	05123421720051	MT FED GLENMERE	8W-20-24	FEE
\$85,000		\$0	POW	05123421710051	MT FED GLENMERE	8W-20-25	FEE
\$85,000		\$0	POW	05123421660051	MT FED HEATH	8W-20-12	FEE
\$85,000		\$0	POW	05123421730051	MT FED HEATH	8W-20-13	FEE
\$85,000		\$0	POW	05123421840051	MT FED HEATH	8W-20-14	FEE
\$85,000		\$0	POW	05123421780051	MT FED HEATH	8W-20-15	FEE
\$85,000		\$0	POW	05123421850051	MT FED LUTHER	8W-20-1	FEE
\$85,000		\$0	POW	05123421740051	MT FED LUTHER	8W-20-2	FEE
\$85,000		\$0	POW	051234217900S1	MT FED LUTHER	8W-20-3	FEE

	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	WAAG WAAG WAAG WAAG WAAG WAAG WAAG WAAG	0512340343001 05123403400051 05123403400051 05123403490051 05123403470051 05123403470051 05123403430051 0512340340051 0512340350051 0512340350051 0512340350051 0512340350051 0512340350051 05123477670051 05123383970051 05123383970051	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	\$85,000 \$85,000	COC80123 COC80130 COC80130 COC80131 COC80131 COC80131 COC80132 COC80126 COC80127 COC
	22 23 24 25	WAAG WAAG WAAG	05123403480051 05123403490051 05123403520051 05123403470051	90 9 90 W	%	\$85,000 \$85,000 \$85,000 \$85,000	C80131
	2 20 21 23	WAAG WAAG WAAG	051234034300S1 051234034600S1 051234035000S1 051234034800S1	Pow Wod Wod	05 05 05 05 05 05	\$85,000 \$85,000 \$85,000 \$85,000	COC80128 COC80128 COC80130 COC80128
	1/ 18 19	WAAG WAAG WAAG	05123403550051 05123403540051 05123403510151	WOY YOW	0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0	\$85,000	COC80128 COC80129 COC80135
H H	15 16	WAAG WAAG	05123403580051 05123403630051	Pow Pow	\$ \$ \$	\$85,000 \$85,000	COC80128 COC80128
HE HE	13	WAAG	051234035500S1 051234035900S1	POW POW	\$0\$	\$85,000	COC80127 COC80127
	10 11 12	WAAG WAAG WAAG	05123403620151 05123403600051 05123403610051	P P W W	0\$ 0\$ 0\$ \$	\$85,000 \$85,000 \$85,000	COC80126 COC80126 COC80127
FEE	C4-16-18 1	VT-LDS WAAG	051234441400S1 051234034200S1	Pow	\$ \$	\$85,000	COC80109 COC80125
FEE	C2-16-18 C3-16-18	VT-LDS VT-LDS	051234442200S1 051234441800S1	Pow	\$0\$	\$85,000 \$85,000	COC80109 COC80109
FEE	4-16-18 5-16-18	VT-LDS VT-LDS	05123444200051 05123444160051	Pow	\$0\$	\$85,000	COC80109 COC80109
# # #	1-15-18 2-16-18 3-16-18	VT-LDS VT-LDS VT-LDS	05123444210051 05123444190051 05123444170051	P P WO	os os	\$85,000	COC80109 COC80109
33 39	3-16-18 C1-16-18	VT-GLENMERE VT-GLENMERE	05123444230051 051234442400S1	Pow	8 8	\$85,000	COC80110 COC80110
3 3	6-2-6 1-16-18	STEWARTS Z4 VT-ALLES	0512326/110151 051234441500S1	Pow	7, 5,	\$85,000	COC80111
H	4-6-31 3-1-6	KE-1 X / SANDAU X4	0512334630051	PGW	Q Q .	\$85,000	COC74869
FEE	8W-20-9	MT FED MAPLEWOOD	05123421700051	POW	\$ 5	\$85,000	COC80114
3 3	8W-20-7 8W-20-8	MT FED MAPLEWOOD MT FED MAPLEWOOD	051234216300S1 051234216500S1	Pow	\$ \$	\$85,000 \$85,000	COC80114 COC80114
FEE	8W-20-4 8W-20-6	MT FED MAPLEWOOD MT FED MAPLEWOOD	051234216700S1 051234218200S1	Pow	S S	\$85,000 \$85,000	COC80114 COC80114
FEE	8W-20-10 8W-20-11	MT FED MAPLEWOOD MT FED MAPLEWOOD	05123421800051 051234217500S1	Pow	\$0 \$0	\$85,000 \$85,000	COC80114 COC80114
					-	:	

Agreement Number	Plugging Cost	Reclamtion Cost	Status	API Number	Well Name	Well Number	SMF
COC80183	\$75,000	\$0	***DRG	051234503200X1	AD FED DAIRY	20W-25-10	FFF
COC80183	\$75,000	\$0	DRG	051234114600X1	AD FED DAIRY	20W-25-11	E E
COC80183	\$75,000	\$0	DRG	051234031400X1	AD FED DAIRY	20W-25-12	33
COC80183	\$75,000	\$0	DRG	051234503400X1	AD FED DAIRY	20W-25-13	H H
COC80183	\$75,000	\$0	DRG	051234113800X1	AD FED DAIRY	20W-25-14	FEE
COC80183	\$75,000	\$0	DRG	051234114000X1	AD FED DAIRY	20W-25-15	FEE
COC80183	\$75,000	\$0	DRG	051234593700X1	AD FED DAIRY	20W-25-16	FEE
COC80184	\$75,000	\$0	DRG	051234504000X1	AD FED DOUBLE CLUTCH	20W-25-6	FEE
COC80184	\$75,000	\$0	DRG	051234503600X1	AD FED DOUBLE CLUTCH	20W-25-7	FEE
COC80184	\$75,000	\$0	DRG	051234503500X1	AD FED DOUBLE CLUTCH	20W-25-8	FEE
COC80184	\$75,000	\$0	DRG	051234503900X1	AD FED DOUBLE CLUTCH	20W-25-9	FEE
COC80185	\$75,000	\$0	DRG	051234113700X1	AD FED J EVANS	20W-25-1	FEE
COC80185	\$75,000	\$0	DRG	051234504100X1	AD FED J EVANS	20W-25-2	FEE
COC80185	\$75,000	\$0	DRG	051234113300X1	AD FED J EVANS	20W-25-3	FEE
COC80185	\$75,000	\$0	DRG	051234113500X1	AD FED J EVANS	20W-25-4	FEE
COC80185	\$75,000	\$0	DRG	051234503800X1	AD FED J EVANS	20W-25-5	FEE
COC80186	\$75,000	\$0	DRG	051234503300X1	AD FED LIBRARY	20W-25-17	FEE
COC80186	\$75,000	\$0	DRG	051234503700X1	AD FED LIBRARY	20W-25-18	FEE
COC80115	\$75,000	\$0	DRG	051234218300X1	MT FED GLENFAIR	8W-20-17	FEE
COC78153	\$75,000	\$0	DRG	05123450260051	WAKE NORTH FED	33W-20-01	FEE
COC78153	\$75,000	\$0	DRG	051234502900S1	WAKE NORTH FED	33W-20-02	FEE
COC78153	\$75,000	\$0	DRG	05123450200051	WAKE NORTH FED	33W-20-03	FEE
COC78153	\$75,000	\$0	DRG	051234503100S1	WAKE NORTH FED	33W-20-04	FEE
COC78153	\$75,000	\$0	DRG	05123450190051	WAKE NORTH FED	33W-20-05	FEE
COC78153	\$75,000	\$0	DRG	05123450220051	WAKE NORTH FED	33W-20-06	FEE
COC78153	\$75,000	\$0	DRG	05123450270051	WAKE NORTH FED	33W-20-07	FEE
COC78153	\$75,000	\$0	DRG	05123450170051	WAKE NORTH FED	33W-20-08	FEE
COC78153	\$75,000	\$0	DRG	05123450120051	WAKE NORTH FED	33W-20-09	FEE
COC78153	\$75,000	\$0	DRG	05123450130051	WAKE NORTH FED	33W-20-10	FEE
COC78153	\$75,000	\$0	DRG	05123450230051	WAKE NORTH FED	33W-20-11	FEE
COC78153	\$75,000	\$0	DRG	05123450240051	WAKE NORTH FED	33W-20-12	FEE
COC78153	\$75,000	\$0	DRG	05123450180051	WAKE NORTH FED	33W-20-13	FEE
COC78153	\$75,000	\$0	DRG	05123450280051	WAKE NORTH FED	33W-20-14	FEE
COC78153	\$75,000	\$0	DRG	05123450140051	WAKE NORTH FED	33W-25-15	FEE
COC78153	\$75,000	\$0	DRG	05123450110051	WAKE NORTH FED	33W-25-16	FEE
COC78153	\$75,000	\$0	DRG	05123450160051	WAKE NORTH FED	33W-25-17	FEE
COC78153	\$75,000	\$0	DRG	05123450250051	WAKE NORTH FED	33W-25-18	FEE
COC78153	\$75,000	\$0	DRG	05123450150051	WAKE NORTH FED	33W-25-19	FEE
COC78153	\$75,000	\$0	DRG	05123450080051	WAKE NORTH FED	33W-25-20	FEE
COC78153	\$75,000	\$0	DRG	05123450090051	WAKE NORTH FED	33W-25-21	FEE
COC78153	\$75,000	\$0	DRG	05123450210051	WAKE NORTH FED	33W-25-22	FEE
COC78153	\$75,000	\$0	DRG	05123450300051	WAKE NORTH FED	33W-25-23	FEE
COC78153	\$75,000	\$0	DRG	051234501000S1	WAKE NORTH FED	33W-25-24	FEE
COC77865	\$75,000	\$0	DRG	051234217600X1	MT-GLENFAIR	8W-20-23	FEE
COC80114	\$75,000	\$0	DRG	051234216400X1	MT FED MAPLEWOOD	8W-20-5	FEE

Actual Liabilities

*PGW - Producing Gas Wells **POW - Producing Oil Wells ***DRG - Drilling

\$0

\$3,375,000

Total

EXHIBIT C

(Proposed Order)

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

)	
In re:) Chapte	er 11
)	
EXTRACTION OIL & GAS, INC., et al., 1) Case N	No. 20-11548 (CSS)
)	
Reorganized Debtors.) (Jointl	y Administered)
-) Re: Do	cket No

ORDER GRANTING REORGANIZED DEBTORS' OBJECTION TO PROOF OF CLAIM NO. 2594 FILED BY BUREAU OF LAND MANAGEMENT-COLORADO STATE OFFICE

This matter having come before this Court on *Reorganized Debtors' Objection To Proof*Of Claim No. 2594 Filed By Bureau Of Land Management-Colorado State Office (the
"Objection"); this Court having reviewed the Objection; this Court having jurisdiction over this
matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference,
dated February 29, 2012; this Court having found this is a core proceeding under 28 U.S.C. §
157(b)(2); this Court having found it may enter a final order consistent with Article III of the
United States Constitution; this Court having found that venue of this proceeding and the Objection
in this district is proper under 28 U.S.C. §§ 1408 and 1409; this Court having found that the
Reorganized Debtors' notice of the Objection and opportunity for a hearing on the Objection were
appropriate under the circumstances and no other notice need be provided; this Court having
reviewed the Objection and all other related materials, and having heard any argument in support
or in opposition to the relief requested therein at a hearing before this Court; this Court having

The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Reorganized Debtors' principal place of business is 370 17th Street, Suite 5200, Denver, Colorado 80202.

determined that the legal and factual bases set forth in the Objection and at the hearing establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

- 1. The Reorganized Debtors' Objection is SUSTAINED.
- 2. Proof of Claim No. 2594 filed by the Bureau of Land Management Colorado State Office is disallowed and expunged for all purposes.
- 3. The Court-appointed claims agent is authorized to, and shall, reflect the disallowance and expungement of the aforesaid Proof of Claim No. 2594 on the Official Claims Register.
- 4. This Court shall retain jurisdiction with respect to all matters arising from or relating to the implementation of this Order.