

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

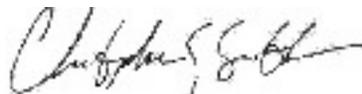
_____)	
In re:)	Chapter 11
EXTRACTION OIL & GAS, INC., <i>et al.</i> , ¹)	Case No. 20-11548 (CSS)
Reorganized Debtors.)	(Jointly Administered)
_____)	Related Docket No. 2057

**ORDER APPROVING STIPULATION REGARDING WITHDRAWAL OF CLAIMS
FILED BY SURETY, WESTCHESTER FIRE INSURANCE COMPANY**

This Court having considered the *Stipulation Regarding Withdrawal of Claims Filed by Surety, Westchester Fire Insurance Company* (the “Stipulation”) attached hereto as **Exhibit 1** and the *Certification of Counsel Regarding Stipulation Regarding Withdrawal of Claims Filed by Surety, Westchester Fire Insurance Company*; the Court having determined that good and adequate cause exists for approval of the Stipulation; and the Court having determined that no further notice of the Stipulation must be given; it is hereby

ORDERED that the Stipulation is APPROVED.

Dated: October 8th, 2021
Wilmington, Delaware



CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE



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EXHIBIT 1

(Stipulation)

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

In re: EXTRACTION OIL & GAS, INC., <i>et al.</i> , ¹ Reorganized Debtors.	Chapter 11 Case No. 20-11548 (CSS) (Jointly Administered)
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**STIPULATION REGARDING WITHDRAWAL OF CLAIMS FILED BY
SURETY, WESTCHESTER FIRE INSURANCE COMPANY**

This stipulation and agreement (the “Stipulation”) is entered into by and between the above referenced reorganized debtors (the “Reorganized Debtors”) and Westchester Fire Insurance Company (the “Surety”), by and through their respective counsel, by and through their undersigned representative:

RECITALS

A. Prior to the Petition Date (defined below), the Surety issued certain surety bonds in connection with the business operations of the Debtors and/or non-debtor affiliate(s) (collectively, the “Bonds” as further defined in the Indemnity Agreements below).

B. In consideration of the Surety’s execution of the bonds, including the Bonds, (i) Debtor Extraction Oil & Gas, Inc. (“Extraction”) executed that certain General Agreement of Indemnity dated November 8, 2016, as may be amended and/or supplemented (the “Extraction Indemnity Agreement”) and (ii) Extraction’s non-debtor affiliate, Elevation Midstream, LLC (“Elevation”), executed that certain General Agreement of Indemnity dated March 16, 2018, as

¹ 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.

may be amended and/or supplemented (the “Elevation Indemnity Agreement” and together with the Extraction Indemnity Agreement, the “Indemnity Agreements”).

C. In addition, Extraction and the Surety executed that Cash Collateral Escrow Agreement dated May 29, 2020 (the “Cash Collateral Agreement”), pursuant to which Extraction agreed to deposit certain cash collateral with Surety in order, among other things, to secure the Surety and to protect the Surety against any and all “loss, cost, expense, liability, and/or harm which Surety may sustain or incur in connection with any Bonds.”

D. On June 14, 2020 (the “Petition Date”), the Debtors filed petitions for relief under Chapter 11 of Title 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

E. On July 16, 2020, the Bankruptcy Court entered the *Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Claims Arising under Section 503(b)(9) of the Bankruptcy Code, (II) Setting a Bar Date for the Filing of Proofs of Claim by Governmental Units, (III) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (IV) Approving the Form of and Manner for Filing Proofs of Claim, and (V) Approving Notice of Bar Dates* [D.I. #279] (the “Bar Date Order”)

F. In accordance with the Bar Date Order, on August 14, 2020, Surety timely filed claims against each of the three Debtors (Claim Nos. 1535, 1539, and 1548).

G. On December 23, 2020, the Bankruptcy Court entered an 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* [D.I. #1509] (the “Confirmation Order”). The Confirmation Order permits Surety’s rights, remedies, and claims to flow through,

and not otherwise be impaired by, the chapter 11 cases. *See* Confirmation Order, ¶ 138. The Reorganized Debtor further agreed to assume the Extraction Indemnity Agreement. *Id.*

H. The Effective Date of the Sixth Amended Plan occurred on January 20, 2021. *See Notice of (A) Entry of 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, and (B) Occurrence of Effective Date* [D.I. # 1652] (the “Plan”).

I. After the Effective Date, the Reorganized Debtors, on or about March 16, 2021, filed the *Reorganized Debtors’ Eighth Omnibus (Substantive) Objection to Certain (A) Overstated Claims; (B) Misclassified Claims; (C) Wrong Debtor Claims; (D) Substantive Duplicate Claims; (E) No Liability Claims; and (F) No Liability Royalty Claims, Pursuant to Section 502(b) of the Bankruptcy Code, Bankruptcy Rules 3003 and 3007, and Bankruptcy Local Rule 3007-1* [D.I. # 1839] (the “Objection”), objecting to the Claims.

J. The Reorganized Debtors and the Surety have agreed to resolve the Objection as provided herein.

STIPULATION AND AGREEMENT

NOW, THEREFORE in consideration of the representations, warranties, covenants and other terms and conditions contained in this Stipulation, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The above recitals are incorporated as if fully set forth herein.
2. This Stipulation shall be effective upon the date the order approving this Stipulation becomes a final order that is not subject to an appeal (the “Stipulation Effective Date”).

3. Pursuant to and in accordance with the terms and conditions of the Sixth Amended Plan and Confirmation Order, the rights, remedies, and claims of Surety against the Debtors and/or Reorganized Debtors pursuant to the terms and conditions of the Indemnity Agreements and the Cash Collateral Agreement are fully preserved and shall not be deemed discharged or released by the Plan, the Confirmation Order, this Stipulation or otherwise (the “Preserved Indemnity/Collateral Rights”), and nothing in the Sixth Amended Plan, the Confirmation Order, or this Stipulation shall prejudice the Surety’s common law rights (together with the Preserved Indemnity/Collateral Rights, the “Preserved Rights”). The obligations of the Debtors and/or the Reorganized Debtors in connection with the Preserved Rights shall be due and/or payable (i) in accordance with the terms of the Indemnity Agreements and/or Cash Collateral Agreement, and (ii) without the need or requirement for Surety to file additional claims. The obligations of the Debtors and/or the Reorganized Debtors in connection with the Preserved Rights shall not be deemed discharged or released by the Sixth Amended Plan, the Confirmation Order, or this Stipulation.

4. In light of the foregoing, upon the Stipulation Effective Date, the Proofs of Claim shall be deemed withdrawn (the “Stipulated Withdrawal”). The Claims and Noticing Agent is hereby authorized to reflect the Stipulated Withdrawal on the claims register for the above-referenced cases on the Stipulation Effective Date.

5. Subject to the terms and conditions of the Sixth Amended Plan, Confirmation Order, and this Stipulation, the Parties shall take, or cause to be taken, all actions and do, or cause to be done, all things reasonably necessary or desirable, under applicable law or otherwise, to fully effectuate this Stipulation. Nothing herein is intended to or shall be deemed to amend or otherwise alter the terms and conditions of the Sixth Amended Plan, the Confirmation Order, the

Indemnity Agreements, or the Cash Collateral Agreement. For the avoidance of doubt, the Stipulation Withdrawal shall in no way affect Surety's rights under the Sixth Amended Plan, the Confirmation Order, the Indemnity Agreements or the Cash Collateral Agreement.

6. Notwithstanding anything herein to the contrary, the Surety shall have the right, but not the obligation, to use and/or apply, at any time, any collateral the Surety has (inclusive of any cash collateral deposited with Surety pursuant to the Cash Collateral Agreement) to satisfy any obligations of any and all principals and/or indemnitors under the Bonds and/or Indemnity Agreements and to request that new indemnity agreements be signed by any of the Reorganized Debtors and/or their affiliates.

7. This Stipulation contains the entire agreement by and between the Parties with respect to the subject matter hereof.

8. This Stipulation shall be construed and interpreted in accordance with the laws of the State of Delaware, and without regard to the choice of law principles of the State of Delaware. For the purpose of construing this Stipulation, no single Party shall be deemed to have been the drafter of this Agreement.

9. This Stipulation shall be binding upon and shall inure to the benefit of the Parties, and their successors and assigns.

10. Each person signing this Stipulation represents and warrants that he or she has been duly authorized and has the requisite authority to execute and deliver this Stipulation on behalf of such Party and to bind his or her respective Party to the terms and conditions of the Stipulation.

11. No waiver or modification of any term or condition contained herein shall be valid or binding unless in writing and executed by the Parties hereto.

12. This Stipulation may be executed and delivered in any number of original, electronic, or facsimile counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

13. The Bankruptcy Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

[Remainder of the page intentionally left blank.]

Date: October 8, 2021

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