Docket #0916 Date Filed: 10/28/2020

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
EXTRACTION OIL & GAS, INC., *et al.*,[1]	Case No. 20-11548 (CSS)
Debtors.	Jointly Administered
	Hearing Date: On or before November 5, 2020 (Requested) **Objections Due: 48 hours prior to the Hearing Date or as the Court otherwise orders (Requested)**

THE BOARD OF COUNTY COMMISSIONERS FOR BOULDER COUNTY'S EMERGENCY MOTION FOR RELIEF FROM THE AUTOMATIC STAY

The Board of County Commissioners for Boulder County, Colorado (the "County"), a party in interest, by and through its undersigned counsel, and pursuant to 11 U.S.C. §§ 105(a) and 362(d), Rule 4001 of the Federal Rules of Bankruptcy Procedure, and the Rule 4001-1 of the Local Rules of Bankruptcy Practice and Procedure for the District of Delaware, hereby files this Emergency Motion for Relief from the Automatic Stay (the "Motion"), and, in support hereof, respectfully states as follows:

I. PRELIMINARY STATEMENT

1. Prior to the commencement of the above-captioned debtors' (the "Debtors", collectively with the County, the "Parties") Chapter 11 bankruptcy cases, the Parties had been engaged in ongoing, presently-stayed litigation in Colorado state courts concerning, principally, the interpretation of a conservation easement and associated oil and gas leases. The Colorado state court actions are styled as Board of County Commissioners of Boulder County, Colorado v. 8 North, LLC and Extraction Oil & Gas, Inc. with a case number 2018CV030925 (the "District Court

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Debtors' principal place of business is 370 17th Street, Suite 5300, Denver, Colorado 80202.

2011548201028000000000012

Action") and Board of County Commissioners of Boulder County, Colorado v. 8 North, LLC and Extraction Oil & Gas, Inc. with a case number 2019CA1896, pending in the Colorado Court of Appeals (the "Appeal Action").[2]

2. The County brought the Appeal Action to seek finality relating to the interpretation of a conservation easement it owns that protects a high-quality agricultural property (the "CE" and the "Property") and the pooling and unitization clauses ("Clauses") in separate leases with respect to a massive drilling project ("Project") presented by the Debtors to the Colorado Oil and Gas Conservation Commission ("COGCC") and subsequently approved under the Oil and Gas Conservation Act, C.R.S. § 34-60-101 et seq., (the "Act").

3. Recently, the County was informed that a resident[3] who would be affected by the proposed Project received notice that the Debtors intend to begin construction and drilling in an area at issue in the Appeal Action as early as November 11, 2020.[4] The Debtors intend to begin such construction and drilling notwithstanding their rights to do so are subject to the pending appeal and notwithstanding that the Debtors filed a status report with the Colorado Court of Appeals on October 16, 2020 ("October Update") that said *nothing* about the Debtors' intention to commence work on the Project. Because the Debtors' commencement of construction (including scraping the surface to construct a working pad and the drilling of wells) for the Project would create permanent and irreparable harm to the property and rights of the County just two weeks from now, the County seeks emergency relief from the automatic stay so that it can (i) immediately

[2] In a related case in the Colorado District Court [2018CV33238], the Colorado Court of Appeals [2019CA1880] has determined that the appeal, having been fully briefed, is not subject to the automatic stay and the appeal has been ordered to proceed. To date, no decision has been issued.

[3] No notice was ever sent by the Debtors directly to the County, and no notice of the Debtors' intentions was provided to the Colorado Court of Appeals.

[4] The County was subsequently notified of this imminent drilling and has attached a letter from the Debtors, dated October 9, 2020, supporting the time sensitive aspect of this Motion. *See* Exhibit A.

seek injunctive relief in an appropriate Colorado court against the commencement of the Project pending the appeal,[5] and (ii) pursue and finalize the Appeal Action.[6]

II. BACKGROUND FACTS

4. The County purchased the CE over private property in a neighboring county for the purpose of restricting development of any kind. The Property is a particularly high-quality agricultural property that lies in a sensitive confluence of two rivers. The County obtained the CE to protect the Property's values, particularly as they are located close to similarly valuable lands inside the County. Currently, there are a small number of well pads on the approximately 150-acre property, each smaller than ½ an acre, and no other development.

5. In 2017, the Debtors began the permitting process to build a 13-acre pad to house 32 horizontal, hydraulic fracturing wells and a separate 10-acre processing facility on the Property. As a preliminary step, the Debtors applied to the COGCC for approval of a 2,720-acre drilling and spacing unit (the "DSU") covering the Property and four square miles across the county line in Boulder County, together with permission to drill 32 wells to drain oil and gas from the DSU (the "Application"). The Application includes areas of land subject to oil and gas leases involving the County and the Debtors. More specifically, the County is a mineral owner lessor, and the Debtors are operator lessees under five oil and gas leases lying in the DSU (the "Boulder Leases"). The County also owns the CE. The development restrictions in the CE are subject to another oil and

[5] Pursuant to Rule 62(e) of the Colorado Rules of Civil Procedure, the County is not required to post a bond for the relief sought herein:

> When an appeal is taken by the State of Colorado, or by any county or municipal corporation of this state, or of any officer or agency thereof acting in official capacity and the operation or enforcement of the judgment is stayed, no bond, obligation, or other security shall be required from the appellant unless otherwise ordered by the court.

[6] Indeed, the Opening Brief and Answering Brief have already been submitted to the Colorado Court of Appeals. The County has drafted but not yet filed its Reply Brief in light of the Colorado Court of Appeals' Order staying the Appeal Action due to the automatic stay. A copy of the Order is attached hereto as Exhibit B.

gas lease (the "Pleasant View Lease", collectively with the Boulder Lease, the "Leases"). The Leases contain almost identical Clauses that (i) grant the lessee the right to pool or unitize the minerals subject to the leases, but (ii) limit the size of units into which they can be pooled (the "Limitation"). Moreover, the Pleasant View Lease limits the use of the Property to such uses that are necessary for the development of the minerals subject to the lease.

6. Because the Leases were and remain within an area subject to the Application, the County opposed it. The Debtors, however, ultimately received approval from the COGCC for the Application.

7. Shortly thereafter, in 2018, the County filed the District Court Action, alleging (i) the DSU breached the Limitation in the Leases and that the Limitation in the Boulder Leases prohibited any pooling of minerals into the DSU; (ii) under Section 38-30.5-108 Colorado Revised Statutes, the County is entitled to seek injunctive relief to prevent actual or threatened injury to the CE rights and Property; and (iii) the Debtors intentionally interfered with the CE by inducing the landowner to agree to the massive development proposal on the Property. The District Court granted summary judgment in the Debtors' favor on all of the County's claims.

8. On October 17, 2019, the County commenced the Appeal Action asserting that the District Court's grant of summary judgment was improper.

9. On March 3, 2020, the County filed its Opening Brief in the Appeal Action.

10. On May 19, 2020, the Debtors filed their Answering Brief in the Appeal Action.

11. Prior to the County's filing of its Reply Brief in the Appeal Action, the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Delaware Bankruptcy Court").

12. On June 16, 2020, the Debtors filed a "Suggestion of Bankruptcy" in the Appeal

Action, notifying the Colorado Court of Appeals of the bankruptcy and the imposition of the automatic stay.

13. On July 27, 2020, the Colorado Court of Appeals issued an order staying the Appeal Action and granting an extension for the County to file a Reply Brief 14 days following the lifting of the automatic stay (the "Stay Order").[7]

14. Due to the commencement of the Debtors' bankruptcy cases and the automatic stay, as well as issuance of the Stay Order, the Appeal Action has not continued.

15. Despite the County's respect for the automatic stay and in the face of the Stay Order, on or about October 14, 2020, the County indirectly received notice of the Debtors intention to begin drilling in the DSU as early as November 11, 2020. Upon becoming aware of this, the County worked to reach a resolution with the Debtors. The Parties were, however, unable to resolve the dispute. The Debtors made clear that they intend to move forward with the Project notwithstanding the Appeal Action and that the automatic stay issued by the Delaware Bankruptcy Court and the Stay Order issued by the Colorado Court of Appeals impeded the County's right to oppose their actions. Subsequently, Debtors' bankruptcy counsel has confirmed that the Debtors will not consent to relief from the automatic stay.

16. At no time since the Application was approved by the COGCC, the decision was upheld by the District Court, or while the Appeal Action has been pending have the Debtors taken any steps to begin construction of the Project. Only now, while the Appeal Action has been stayed at their request, have the Debtors surreptitiously indicated their intention to proceed with the

[7] The Stay Order also required the Debtors to submit bankruptcy status updates within 42 days of entry of the Stay Order and every 42 days thereafter. The Debtors submitted an initial status update on September 4, 2020, alerting the Colorado Court of Appeals of milestones in the bankruptcy. Noticeably absent from the Debtors' October Update was any reference to the imminent actions the Debtors intend to take with respect to the underlying issues in the Appeal Action—drilling in the DSU and the irreparable harm such actions will cause if, after being fully briefed and decided, the Colorado Court of Appeals finds in the County's favor.

Project notwithstanding the pending appeal.

17. Pursuant to 11 U.S.C. § 362(d)(1), Bankruptcy Rule 4001, and Del. Bankr. L.R. 4001-1, the County seeks emergency relief from the automatic stay for "cause": (i) to immediately seek injunctive relief from the appropriate court in Colorado to prevent the Debtors from proceeding with the Project pending the outcome of the appeal; and (ii) to continue and finalize the Appeal Action.

III. CAUSE EXISTS TO GRANT THE COUNTY RELIEF FROM THE AUTOMATIC STAY

A. The Legal Principles Governing Motions For Relief From Stay

18. Except for lack of adequate protection, "cause" is not defined by § 362(d)(1), and it is a flexible concept for which courts often conduct a fact intensive, case-by-case balancing test, examining the totality of the circumstances to determine whether sufficient cause exists to lift the automatic stay. See Baldino v. Wilson (In re Wilson), 116 F.3d 87, 90 (3d Cir. 1997); In re The SCO Group, Inc., 395 B.R. 852, 856 (Bankr. D. Del. 2007).

19. Section 362(d)(1)'s legislative history emphasizes the section's applicability to proceedings in another tribunal. In pertinent part, it provides: "[i]t will often be more appropriate to permit proceedings to continue in their place of origin, when no great prejudice to the bankruptcy estate would result, . . . to leave the parties to their chosen forum and to relieve the bankruptcy court from any duties that may be handled elsewhere." See SCO Group, 395 B.R. at 856, citing H.R. Rep. No. 595, 95th Cong., 1st Sess., 341 (1977), U.S. Code Cong. & Admin. News 1978, pp. 5787, 6297. Indeed, bankruptcy courts routinely grant parties in interest relief from the automatic stay to proceed with pending state court actions against a debtor for purposes of continuing litigation and seeking injunctive relief. See e.g., In re Rabin, 53 B.R. 529, 531 (Bankr. D. N.J. 1985) (lifting the automatic stay to allow continuation of two state court actions

pending against Chapter 11 debtor); Brodsky v. Philadelphia Athletic Club, Inc., 9 B.R. 280, 283 (Bankr. E.D. Pa. 1981) (modifying the automatic stay to permit plaintiff to continue with state court action against the debtor).

20. In Izzarelli v. Rexene (In re Rexene Prods. Co.), 141 B.R. 574, 577-78 (Bankr. D. Del. 1992) the Delaware Bankruptcy Court developed a three-prong balancing test to determine whether there is "cause" to grant relief from the automatic stay to allow pending litigation in another court to proceed forward. This test is:

a. Whether any great prejudice to either the bankrupt estate or the debtor will result from continuation of the civil suit;

b. Whether the hardship to the non-bankrupt party by maintenance of the stay considerably outweighs the hardship to the debtor; and

c. Whether the creditor has a probability of prevailing on the merits.

Id.; see also In re Abeinsa Holding, Inc., No. 16-10790 (KJC), 2016 WL 5867039, at *2-5 (Bankr. D. Del. Oct. 6, 2016) (applying the Rexene factors and granting relief from the automatic stay).

21. Further, this Court has also considered general policies underlying the automatic stay when deciding whether to grant stay relief including: (i) whether relief would result in a partial or complete resolution of the issues; (ii) lack of any connection with or interference with the bankruptcy case; (iii) whether the other proceeding involves the debtor as a fiduciary; (iv) whether a specialized tribunal with the necessary expertise has been established to hear the cause of action; (v) whether the debtor's insurer has assumed full responsibility for defending it; (vi) whether the action primarily involves third parties; (vi) whether litigation in another forum would prejudice the interest of other creditors; (viii) whether the judgment claims arising from the other action is subject to equitable subordination; (ix) whether the moving party's success in the other proceeding would result in a judicial lien avoidable by the debtor; (x) the interest of judicial economy and the expeditious and economical resolution of litigation; (xi) whether the parties are ready for trial in

the other proceeding; and (xii) impact of the stay on the parties and the balance of harm. SCO Group, 395 B.R. at 857, citing In re Sonnax Indus., Inc. v. Tri Component Prods. Corp., 907 F.2d 1280, 1287 (2d Cir. 1990).

22. Once the movant makes a prima facie case for relief from the automatic stay, the burden of going forward and the burden of persuasion shifts to the party opposing relief on all issues, except for the issue of whether the debtor has equity in the subject property, if applicable. 11 U.S.C. § 362(g); see also Save Power Ltd. v. Pursuit Athletic Footwear, Inc. (In re Pursuit Athletic Footwear, Inc.), 193 B.R. 713, 718 (Bankr. D. Del. 1996). Applying these principles, the Delaware Bankruptcy Court should modify the automatic stay to allow the County to seek injunctive relief against the Debtors to stop commencement of the Project and to continue and finalize the Appeal Action.

B. No Great Prejudice to Either the Bankrupt Estate or the Debtors Will Result from Continuance of the Appeal Action

23. There exists no great prejudice to the Debtors or their estates by allowing the County to continue and finalize the Appeal Action and seek injunctive relief from the appropriate Colorado Court relating to the commencement of the Project. Moreover, the mere fact that a debtor might have to defend or incur related litigation expenses has been held an insufficient reason to deny a motion for relief from the stay. In re Keen Corp., 171 B.R. 180, 185 (Bankr. S.D.N.Y. 1994) (". . . increased litigation costs do not rise to the level of 'great prejudice'"); In re Anton, 145 B.R. 767, 770 (Bankr. E.D.N.Y. 1992) ("The cost of defending litigation, by itself, has not been regarded as constituting 'great prejudice,' precluding relief from the automatic stay."). Where, as here, the Appeal Action has been nearly fully briefed but, at the request of the Debtors, been stayed pending the bankruptcy, there is simply no prejudice to the Debtors in allowing the County to achieve a final decision in the Appeal Action and allowing the County to seek immediate

injunctive relief for purposes of maintaining the status quo and restraining the Debtors from commencing the Project, including commencing construction and drilling that will cause irreparable harm to the County's rights and property while the Appeal Action is pending.

C. The Hardship to the County by Maintenance of the Stay Considerably Outweighs the Hardship to the Debtors

24. The hardship to the County by maintenance of the stay considerably outweighs the hardship to the Debtors. First, absent the relief from the Delaware Bankruptcy Court, the subject matter at issue in the Appeal Action, i.e., the Property, will be irreparably harmed, effectively rendering the County's appeal moot.[8] Under well-established real property principles, any given piece of property is considered unique. See e.g., United Church of the Medical Center v. Medical Center Comm'n, 689 F.2d 693, 701 (7th Cir. 1982). Indeed, in the context of a preliminary injunction request, loss of real property is per se irreparable injury. Id.; Bean v. Independent American Sav. Ass'n, 838 F.2d 739, 743 (5th Cir. 1988) (finding injunctive relief appropriate where movant stands to lose interests in real property which is presumed to be unique). Second, the Debtors have known that the County was opposing the Project and had timely pursued an appeal. Indeed, the parties had completed briefing with the exception of the County filing its reply brief, which the County is prepared to do immediately. Third, the Debtors have employed counsel to handle this very issue. The Debtors' counsel in the District Court Action and Appeal Action, Brownstein Hyatt Farber Schreck, LLP ("Brownstein"), were retained as ordinary course professionals in the Debtors' bankruptcy. See D.I.s 271-4 and 422 (detailing the Debtors have requested continued representation "in real estate transactional and land use matters, pre-petition

[8] In addition to the obvious soil movement and removal associated with the construction of well pads and well drilling, such activities encourage additional soil erosion and compaction of soil all to the detriment of the site. Such soil damage can *never* be fully repaired. In addition, the negative impact of hydraulic fracturing compounds and chemicals, water production, and flowback production cannot be understated. That risk of such effects should not be allowed without the Appeal Action being fully and finally determined in Colorado.

pending litigation[, such as the Appeal Action], . . . and related services. . ."). The Debtors provided notice to the resident, but not to the County; Brownstein has conveyed the Debtors' intention to proceed with the Project notwithstanding the pending appeal. The Debtors cannot reasonably claim *any* hardship in obtaining counsel for the continuation and finality of the Appeal Action; the Debtors already have counsel and briefing on the matter is essentially complete.[9]

25. This Court should modify the automatic stay so that the County can seek to enjoin the Debtors from commencing the Project, and thus maintain the status quo, until the Appeal Action is decided.

D. The County Has a Probability of Prevailing on the Merits

26. The issues briefed in the County's Appeal Action have merit well in excess of the minimal threshold required to obtain stay relief under these circumstances. In that regard, it is well-established that "[e]ven a slight probability of success on the merits may be sufficient to warrant stay relief in the appropriate case." American Airlines, Inc. v. Continental Airlines, Inc. (In re Continental Airlines, Inc.) 152 B.R. 420, 426 (D. Del. 1993). Indeed, "[t]he required showing is very slight." Rexene, 141 B.R. at 578.[10]

27. In the Appeal Action, the County alleges that the District Court erred in two essential ways when wrestling with the Limitation by holding (i) that the Limitation does not apply to the creation of "drilling and spacing units" such as the DSU; and (ii) that, even if the Limitation applied to the DSU, the Debtors complied with the lease language in establishing the 2,720-acre DSU for 32 wells and pooling the leased lands into the DSU is permissible under the Leases.

[9] That the Debtor is using the stay as a sword and will not be prejudiced by lifting the stay is evidenced by the Debtors' willingness to litigate in Colorado solely when it suits them. Just one month ago, one of the Debtors filed suit against the County and County of Broomfield, Colorado in the United States District Court for the District of Colorado [20-cv-02779].

[10] "'Only strong defenses to state court proceedings can prevent a bankruptcy court from granting relief from the stay in cases where, as here, we believe that the decision-making process should be relegated to bodies other than this court.'" Id. quoting Peterson v. Cundy (In re Peterson), 116 B.R. 247, 250 (D. Colo. 1990).

While the County concedes that the Debtors won their summary judgment motion in the District Court Action, the mere probability of success in the Appeal Action is precisely the reason a hierarchy of courts exists—to achieve a review of the underlying decision and ensure fairness in interpretation of the issues. The probability of the Colorado Court of Appeals ruling in favor of the County is, therefore, reason enough to grant relief to pursue the Appeal Action.

E. The General Policies Underlying the Automatic Stay Also Favor Granting Relief to the County

28. A brief examination of the general policies underlying the automatic stay also supports granting stay relief to the County. First, granting relief will allow for complete resolution of the issues in a single forum and avoid duplication and the risk of inconsistent results. Second, granting relief will not interfere with the bankruptcy case. The Debtors have filed an amended plan and disclosure statement, which makes no mention of the Appeal Action or the effect of the litigation on the Debtors' estates. See D.I. 883. Third, the underlying action is already pending in an appropriate court, with parties over whom the Delaware Bankruptcy Court has no jurisdiction.

29. In addition, as mentioned above, the Debtors have maintained Brownstein as its counsel since filing bankruptcy. Brownstein remains an active participant in both the Appeal Action and the bankruptcy, as evidenced by the October Update. Additionally, permitting the Appeal Action to continue will not prejudice creditors or other parties in interest in the Debtors' bankruptcy. The dispute at issue in this Motion is squarely between the Parties, not the greater bankruptcy estates or the stakeholders. Similarly, resolving the Appeal Action in the forum that (i) is already familiar with the Appeal Action (and procedural history) and the Parties and (ii) has jurisdiction over the Parties is in the interest of judicial economy and economical resolution of litigation.

30. With respect to the remaining policy considerations, it makes sense to allow the Appeal Action and related injunction proceedings to be pursued in Colorado. First, the dispute involves a Colorado entity, the County, Colorado residents, Colorado land and leases, the risk of irreparable harm to Colorado land, and challenges to decisions by Colorado Courts on issues of Colorado law. The Colorado courts should be the one to consider the County's request for an injunction against the Project. The State of Colorado has the most compelling interest in resolving the Parties' dispute, and the stay should be modified to allow those actions to occur. Second, there is no risk of delay. Briefing in the Appeal Action is nearly complete, and a "trial" or a resolution, depending on the Colorado Court of Appeals' schedule, is anticipated immediately. Third, there is no argument in the Appeal Action that the Debtors were a fiduciary, that the claims made in the Appeal Action might be subject to equitable subordination, or that the County's success against the Debtors in the Appeal Action would result in a judicial lien avoidable by the Debtors. Policy considerations weigh overwhelmingly in favor of granting the County relief.

31. The Debtors' attempts to proceed with the Project in the face of the Appeal Action and despite the automatic stay and the Stay Order is anathema to the principles behind the automatic stay. It is axiomatic that a debtor may not use the automatic stay as both a shield and a sword. In re Scarborough-St. James Corp., 535 B.R. 60, 67 (Bankr. D. Del. 2015) ("[T]he stay is a shield, not a sword that should help the debtor deal with his bankruptcy for the benefit of himself and his creditors."), quoting In re Residential Capital, LLC, 2012 WL 3249641 (Bankr. S.D.N.Y., Aug. 7, 2012). It is an illusion to believe that the Debtors are engaged in any other tactic. The Debtors would have the Colorado Court of Appeals believe that the automatic stay is a shield for a necessary "breathing spell" to successfully reorganize, yet, at the same time, the Debtors have the gall to hide the true nature of their actions—using the so-called shield as a sword to commence

the Project and irreparably harm the County, the land at issue, and those Colorado citizens affected by such actions. Surely, the policies underlying the automatic stay cannot condone such calculated behavior.

IV. REQUEST FOR WAIVER OF BANKRUPTCY RULE 4001(A)(3)

32. Given the exigent circumstances and the need to implement the foregoing effectively, the County seeks a waiver of the 14-day stay of an order authorizing relief from the automatic stay under Bankruptcy Rule 4001(a)(3).

V. NOTICE

33. This Motion is being served on the following: (a) counsel to the Debtors; (b) the Office of the United States Trustee; (c) the Official Committee of Unsecured Creditors; and (i) all parties who have requested notice pursuant to Bankruptcy Rule 2002.

VI. CONCLUSION

Based on the foregoing discussion and authorities, the County requests that the Delaware Bankruptcy Court enter the Order attached hereto as Exhibit C, (A) granting the County immediate relief from the automatic stay and modifying the automatic stay to (i) seek injunctive relief from the appropriate court in Colorado to prevent the Debtors from proceeding with the Project pending the outcome of the Appeal Action; and (ii) to continue and finalize the Appeal Action; (B) granting the waiver of Bankruptcy Rule 4001(a)(3), making the Order immediately effective; and (C) granting the County such other relief as is just, equitable, and proper.

Dated: October 28, 2020

MORRIS JAMES LLP

/s/ Jason S. Levin

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Counsel for the Board of County Commissioners of Boulder County, Colorado

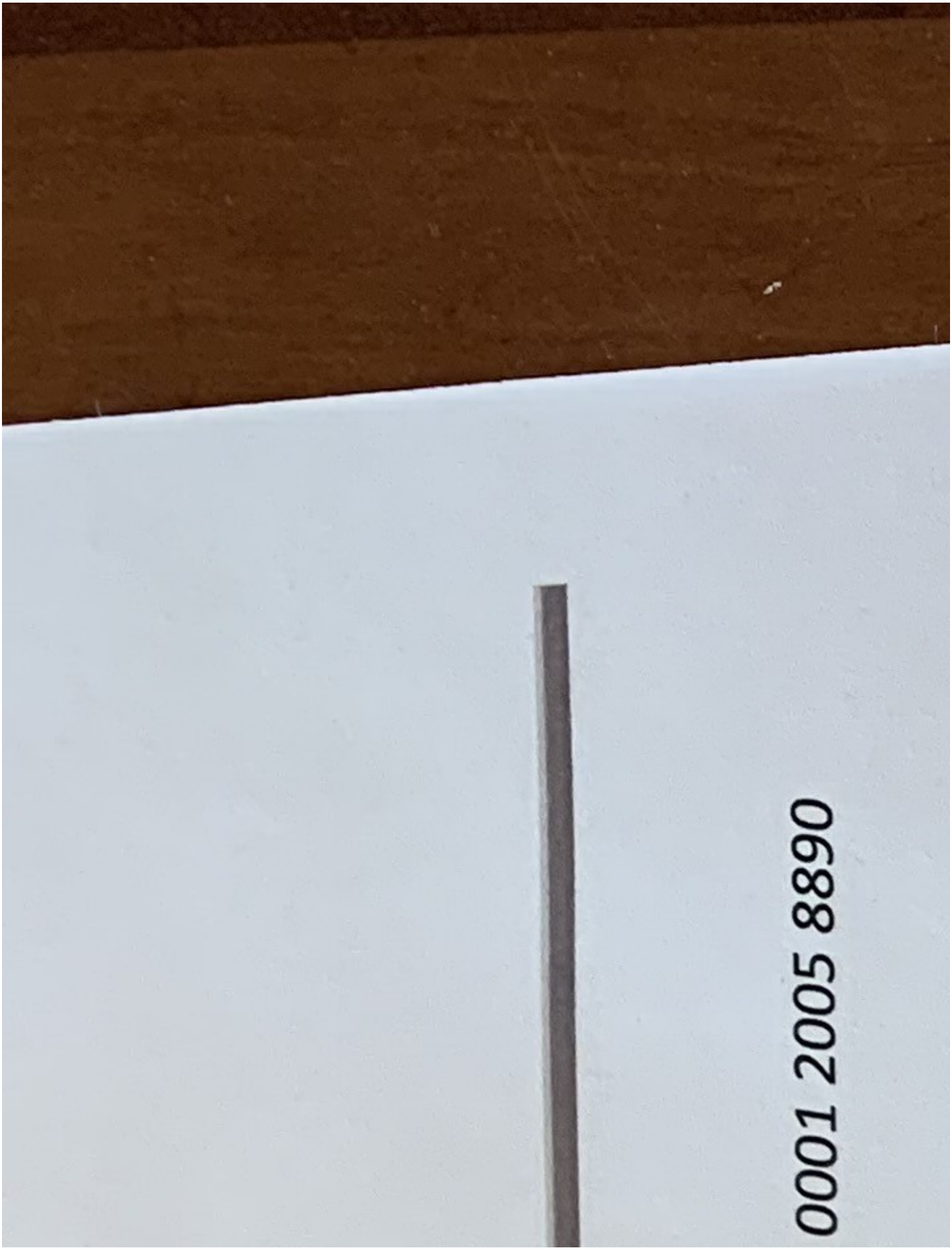
Exhibit A

Levin, Jason S.

From: Sanchez, Kimberly <ksanchez@bouldercounty.org>
Sent: Wednesday, October 14, 2020 12:31 PM
To: Pearlman, Ben; Burke, Kate A.; Hughes, David
Subject: FW: Blue paint brush

Importance: High

From: Stepehen Holley <scholleyconstruction@gmail.com>
Sent: Wednesday, October 14, 2020 8:32 AM
To: Sanchez, Kimberly <ksanchez@bouldercounty.org>
Subject: Blue paint brush


0001 2005 8890

October 9, 2020

Certified/Return Receipt: 7019 2970 0001 2005 8890

Stephen & Miriam Living Trust
8623 E County Line Rd
Longmont, CO 80504

RE: Weld County Code Sec. 21-5-355.C.1. Building Unit Owner Notice of Operations
Blue Paintbrush Pad: SWSW Section 18, Township 2 North, Range 68 West
WOGLA19-0090
Weld County, Colorado

Dear Building Unit Owner,

In accordance with the requirements of Weld County Code Sec. 21-5-355.C.1., this letter serves as Building Unit owner Notice of Operations by Extraction Oil and Gas, Inc. (Extraction). You are receiving this notice because your home is within 1000' of the referenced Oil and Gas location. Extraction, as operator, estimates construction operations to begin November 11, 2020. Extraction intends to drill 21 oil and gas wells on the referenced oil and gas location. Below is the parcel information and cross streets of the proposed Oil and Gas location:

Parcel Number: 131318300059
Parcel Legal Description: PT SW4 Section 18 Township 2 North Range 68 West, PT LOT C REC EXEMPT RE-3511
Cross Streets of Proposed Oil and Gas Location: NE Corner of WCR 1 and WCR 20

If you should have any questions or require additional information, please contact Extraction Oil & Gas, Inc. and/or the Weld County Oil and Gas Energy Department. A contact list is provided. Thank you for your consideration in this matter.

Respectfully,

eff Annable
HSR Asset Coordinator
xtraction Oil & Gas, Inc.

tachments: Location Drawing
Contact List

Exhibit B

Colorado Court of Appeals 2 East 14th Avenue Denver, CO 80203	DATE FILED: July 27, 2020 CASE NUMBER: 2019CA1896
Boulder County 2018CV30925	
Plaintiff-Appellant: Board of County Commissioners of Boulder County, Colorado, **v.** **Defendants-Appellees:** 8 North LLC. a Delaware limited liability company and Extraction Oil & Gas Inc, a Delaware corporation.	Court of Appeals Case Number: 2019CA1896
ORDER OF THE COURT	

To: The Parties

Upon consideration of the response to the order to show cause dated July 1, 2020, the Court ORDERS that the appeal is STAYED pending further orders of the bankruptcy court.

The Court FURTHER ORDERS that appellees shall notify this Court in writing of the status of the bankruptcy proceedings within 42 days of the date of this Order and every 42 days thereafter until the stay is discharged.

Finally, the Court GRANTS the motion for extension of time to file the reply brief. The Court ORDERS that the reply brief shall be due 14 days after the stay is lifted in this appeal.

BY THE COURT
Bernard, C.J.

Exhibit C

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
EXTRACTION OIL & GAS, INC., *et al.*,[1]	Case No. 20-11548 (CSS)
Debtors.	Jointly Administered
	RE D.I. ____

ORDER GRANTING THE BOARD OF COUNTY COMMISSIONERS FOR BOULDER COUNTY'S EMERGENCY MOTION FOR RELIEF FROM THE AUTOMATIC STAY

Upon the Board of County Commissioners for Boulder County, Colorado's (the "County") emergency motion (the "Motion"),[2] pursuant to 11 U.S.C. §§ 105(a) and 362(d), Bankruptcy Rules 4001, and Rule 4001-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, for entry of an order modifying the automatic stay to allow the County to (i) immediately seek injunctive relief in the appropriate court in Colorado against the commencement of the Project pending the appeal, and (ii) pursue and finalize the Appeal Action; the Court having reviewed the Motion; and it appearing that due and adequate notice was provided under the circumstances, and it appearing that no other or further notice needs to be provided; and the Court having found that (i) the Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334, and (ii) venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having determined that the legal and factual bases set forth in the

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Debtors' principal place of business is 370 17th Street, Suite 5300, Denver, Colorado 80202.
[2] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

Motion establish just cause for the relief granted herein; and after due consideration of the Motion and any responses thereto:

IT IS HEREBY ORDERED that:

1. The Motion is GRANTED as set forth herein.

2. The automatic stay of 11 U.S.C. § 362 is hereby modified to allow the County to (i) immediately seek injunctive relief in the appropriate court in Colorado against the commencement of the Project pending the appeal, and (ii) pursue and finalize the Appeal Action, styled as Board of County Commissioners of Boulder County, Colorado v. 8 North, LLC and Extraction Oil & Gas, Inc. with a case number 2019CA1896.

3. The 14-day stay imposed by Federal Rule of Bankruptcy Procedure 4001(a)(3) is hereby waived and this Order shall be effective immediately upon its entry.

4. The Court shall retain jurisdiction to interpret and enforce the terms of this Order.

Dated: October ___, 2020
Wilmington, Delaware

CHIEF JUDGE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE