



**IT IS HEREBY ADJUDGED and DECREED that the below described is SO ORDERED.**

**Dated: September 10, 2019.**

  
**TONY M. DAVIS**  
**UNITED STATES BANKRUPTCY JUDGE**

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**IN THE UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND DIVISION**

In re:	§	
	§	
Remnant Oil Company, LLC and	§	Case No. 19-70106
Remnant Oil Operating, LLC,	§	Case No. 19-70107
	§	
Debtors.	§	Chapter 11
	§	
	§	(Jointly Administrated under
	§	Case No. 19-70106)

**ORDER (I) APPROVING BIDDING PROCEDURES FOR  
THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS'  
ASSETS, (II) AUTHORIZING THE SELECTION OF A STALKING  
HORSE BIDDER, (III) APPROVING BID PROTECTIONS, (IV)  
SCHEDULING AN AUCTION AND HEARING TO CONSIDER SUCH  
SALE OF ASSETS, (V) APPROVING ASSUMPTION AND ASSIGNMENT  
PROCEDURES RELATED TO SUCH SALE, AND (VI) APPROVING  
THE FORM AND MANNER OF RELATED NOTICE**

This matter coming before the Court on the motion (the “**Motion**”),<sup>1</sup> filed by Remnant Oil Company, LLC (“**Remnant Company**”) and Remnant Oil Operating, LLC (“**Remnant Operating**” and together with Remnant Company, the “**Debtors**”), debtors and debtors-in-

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<sup>1</sup> Capitalized terms not otherwise defined in this Order shall have the meanings given to them in the Motion or the Bidding Procedures, as applicable.

possession in the above-captioned cases (the “**Chapter 11 Cases**”), seeking, pursuant to sections 105, 363, 365, 503, and 507 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2002, 6004, 6006, 9007, 9008 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 2002–1 the Local Court Rules for the United States Bankruptcy Court for the Western District of Texas (the “**Local Rules**”), an order (i) authorizing and approving the procedures (the “**Bidding Procedures**”) that are attached hereto as **Annex 1** for the sale of certain of the Debtors’ assets (the “**Sale**”), (ii) authorizing the selection of a Stalking Horse Bidder (as defined herein), (iii) approving bid protections, (iv) scheduling an Auction and Sale Hearing in connection with the Sale, (v) approving the form and manner of notice of the Auction and the Sale Hearing, and (vi) granting other related relief; the Court having reviewed the Motion and conducted a hearing to consider the relief requested therein regarding the Bidding Procedures and related matters (the “**Bidding Procedures Hearing**”); upon all of the proceedings had before the Court; and any objections to the relief requested in the Motion having been withdrawn or overruled on the merits; and the Court having considered the *Declaration of E. Willard Gray II in Support of Chapter 11 Petitions and First Day Motions* and the statements of counsel and the evidence presented at the Bidding Procedures Hearing; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these Chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and after due deliberation and sufficient cause appearing therefor; and this Court having determined that the relief requested in the Motion with respect to the matters addressed herein is in the best interests of the Debtors, their estates, their creditors and

other parties-in-interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor:

**IT IS HEREBY FOUND AND DETERMINED THAT:<sup>2</sup>**

A. The Court has jurisdiction over this matter and over the property of the Debtors and their respective bankruptcy estates pursuant to 28 U.S.C. §§ 157(a) and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (M), (N), and (O). The statutory predicates for the relief sought herein are sections 105, 363, 365, 503, and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, 9007, 9008, 9014, and 9014; and Local Rule 2002-1. Venue of these cases and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The Debtors have offered good and sufficient reasons for, and the best interests of their estates will be served by, this Court granting the Motion to the extent provided in this Order, including approval of (i) the Bidding Procedures, attached hereto as **Annex 1**, (ii) the Debtors' authority, but not obligation, to designate a Stalking Horse Bidder(s), (iii) the Debtors' authority, but not obligation, to pay the Bid Protections, (iv) the procedures described below for the determination of the amounts necessary to cure defaults under the Contracts and Leases so as to permit the assumption and assignment under section 365 of the Bankruptcy Code of the Contracts and Leases (the "**Assumption and Assignment Procedures**"), and (v) the form and manner of notice of the Auction and Sale Hearing described in the Motion and this Order.

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<sup>2</sup> The findings and conclusions set forth herein constitute the 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 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. All findings of fact and conclusions of law announced by the Court at the Bidding Procedures Hearing are hereby incorporated herein to the extent not inconsistent herewith.

C. Good and sufficient notice of the Bid Procedures Hearing has been given under the circumstances, and no further notice with respect to the relief requested in the Motion is required except as set forth herein with respect to the Auction and the Sale Hearing. Subject to the immediately preceding sentence, a reasonable opportunity to object or to be heard regarding the relief requested in the Motion was afforded to all interested persons and entities.

D. The proposed form of notice of the Auction, and the Sale Hearing, attached hereto as **Annex 2** (the “**Sale Notice**”), is appropriate and sufficient, and is reasonably calculated to provide all interested parties with timely and proper notice of the Auction, the Sale Hearing, the Bidding Procedures, and all deadlines in connection therewith, and no other or further notice shall be required for the Sale.

E. If the Debtors enter into one or more stalking horse purchase agreement(s) with Stalking Horse Bidder(s) and grant to such Stalking Horse Bidder(s) the Bid Protections (including a break-up fee and expense reimbursement amount) on the conditions set forth in the Bid Procedures, such Bid Protections will be (i) an actual and necessary cost of preserving the Debtors’ estates, within the meaning of sections 503(b) and 507(a) of the Bankruptcy Code, (ii) reasonably tailored to encourage, rather than hamper, bidding for the Assets, by providing a baseline of value, increasing the likelihood of competitive bidding at the Auction, and facilitating participation of other bidders in the sale process, thereby increasing the likelihood that the Debtors will receive the best possible price and terms for the Assets, (iii) commensurate with the real and substantial benefits conferred upon the Debtors’ estates and stakeholders and all parties in interest by the Stalking Horse Bidder(s), (iv) a material inducement for, and conditions necessary to, ensure that the Stalking Horse Bidder(s) will continue to pursue its/their proposed agreement to purchase the Assets and (v) fair, reasonable and appropriate in light of the size and

nature of the sale, the commitments that have been made, the efforts that have been and will be expended by the Stalking Horse Bidder(s), and the Stalking Horse Bidder(s)'s lost opportunities resulting from the time spent pursuing such transaction.

F. The Bidding Procedures are reasonably designed to maximize the value to be achieved for the Assets.

G. The Bidding Procedures are fair, reasonable, and appropriate and are designed to maximize the recovery from the Sale.

H. The Assumption and Assignment Procedures provided for herein and the Assumption and Assignment Notice, attached hereto as **Annex 3**, are reasonable and appropriate, consistent with the provisions of section 365 of the Bankruptcy Code and Bankruptcy Rule 6006, and are reasonably calculated to provide counterparties to the Contracts and Leases with proper notice of the intended assumption and assignment of their executory contracts or unexpired leases, any Cure Amounts relating thereto and the Assumption and Assignment Procedures. The Assumption and Assignment Procedures and the Assumption and Assignment Notice have been narrowly tailored to provide an adequate opportunity for all non-debtor counterparties to the Contracts and Leases to assert any Objection.

I. Entry of this Order is in the best interests of the Debtors, their estates and creditors, and all other parties in interest.

**THEREFORE, IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED to the extent provided herein.

**I. Bidding Procedures and Related Relief**

2. All objections to the relief requested in the Motion that have not been withdrawn, waived, or settled, as announced to the Court at the Bidding Procedures Hearing or by stipulation filed with the Court, are overruled.

3. The Bidding Procedures are hereby approved, are incorporated herein by reference, and shall govern all bids and bid proceedings relating to the Assets. The Debtors and their claims and noticing agent are authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures.

4. Up until and including September 20, 2019, the Debtors are authorized to designate Stalking Horse Bidder(s) and to agree to pay such Stalking Horse Bidder a cash break-up fee equal to up to 3.0% of the value of the consideration to be paid by the Stalking Horse Bidder and may further agree to reimburse the reasonable expenses of the Stalking Horse Bidder in an amount up to \$75,000 (together, the “**Bid Protections**”); provided that if the Stalking Horse Bid has not been approved by the Official Committee of Unsecured Creditors (the “**Committee**”), the Committee may object to such Bid Protections within three business days after notice of the selection of the Stalking Horse Bid. If such a timely objection to the Bid Protections is filed, the Debtors shall schedule a hearing as soon as reasonably practical seeking approval of the Bid Protections. If there is no such objection to the Bid Protections prior to such objection deadline, the Bid Protections will be authorized hereby, and may be paid, without further action or order by the Court. Any such Bid Protections which are agreed for the benefit of a Stalking Horse Bidder in accordance herewith shall constitute allowed superpriority administrative expense claims arising in the Debtors’ Chapter 11 Cases under sections 503(b), 507(a)(2) and 507(b) of the Bankruptcy Code.

5. The deadline by which a Qualified Bid of a Potential Bidder must be actually received shall be October 14, 2019 at 4:00 p.m. prevailing Central Time (the “**Bid Deadline**”). The Debtors shall have the exclusive right to determine whether a bid is a Qualified Bid and whether a Potential Bidder is a Qualified Bidder and shall notify Potential Bidders whether their bids have been recognized as Qualified Bids as promptly as practicable after a Potential Bidder delivers all of the materials required by the Bidding Procedures.

6. Provided that no formal challenge is raised to the validity of the Secured Lenders’ liens prior to the Auction, the Secured Lenders’ are deemed Qualified Bidders, without the need to post a Deposit, with respect to their Collateral. The Secured Lenders shall have the right to, but shall not be required to, submit a credit bid on their Collateral at the Auction, in an amount up to the value of their respective Loans as set forth in the Sale Motion. The Secured Lenders’ credit bid rights shall be subject to the Debtors’ right to exercise their business judgment not to sell such assets. The Debtors shall provide the Secured Lenders with all Qualifying Bids on the assets at least three (3) business days prior to the Auction so that the Secured Lenders can make a determination on whether or not to exercise their credit bid rights.

7. In the event that only one Qualified Bid is received for any portion of the Assets, the Debtor shall declare that bid to be the Successful Bid for those Assets and the Auction of those Assets will be cancelled; provided that, notwithstanding anything to the contrary in this Order, the Debtors shall have the right, in their sole and absolute discretion, to determine not to sell any Asset, which right shall exist under all circumstances, even if the Debtors receive a bid from a Potential Bidder for such Asset(s) that would otherwise constitute a Qualifying Bid.

8. The Debtors will conduct the Auction if, by the Bid Deadline, (1) more than one Qualified Bid is received for all of the Assets; or (2) more than one Qualified Bid is received for

any portion of the Assets, in each case subject to the Debtors' right not to accept any bid of any kind for the Assets. The Auction will take place at the Homer J. Thornberry Federal Judicial Building, 903 San Jacinto Blvd., Courtroom #1, Austin, Texas 78701 on the Auction Date of October 17, 2019 starting at 10:00 a.m., or such other time or place as the Debtors, in their sole discretion shall determine. Only a Qualified Bidder that has submitted a Qualified Bid that has been deemed a Qualified Bid by the Debtors will be eligible to participate at the Auction, subject to such limitations as the Debtors may impose in accordance with the Bidding Procedures. A reasonable number (as determined by the Debtors) of representatives of the Qualified Bidders will be permitted to attend and observe the Auction.

9. Each bidder participating at the Auction will be required to confirm in writing, that (a) it has not engaged in any collusion with respect to the bidding process, and (b) its bid is a good faith *bona fide* offer that it intends to consummate if selected as a Successful Bidder. Each bidder shall be required to comply with the requirements of the Bidding Procedures.

10. The Auction will be conducted openly and shall be transcribed or recorded at the Debtors' option.

## **II. Dates and Deadlines for Sale Objections**

11. **Sale Hearing:** The Court shall convene the Sale Hearing on October 23 at 1:30 p.m. (prevailing Central Time) or as soon thereafter as counsel and interested parties may be heard, at which time the Court will consider approval of the Sale to the Successful Bidder(s) and the entry of a Sale Order. Any obligations of the Debtors set forth in such Purchase Agreement that are intended to be performed prior to the Sale Hearing and/or entry of a Sale Order pursuant to such Purchase Agreement are authorized as set forth herein and shall be fully enforceable as of the date of entry of this Order. The Debtors in their sole discretion may adjourn the Sale Hearing



from time to time without further notice to creditors or other parties in interest other than by announcement of said adjournment at the Sale Hearing.

12. **Sale Objection Deadline:** Except as set forth below, objections to approval of the Sale, including the sale of the Debtors' assets free and clear of liens, claims, encumbrances and interests pursuant to section 363(f) of the Bankruptcy Code, must be in writing, state the basis of such objection with specificity, and be filed with this Court and served so as to be received on or before October 22, 2019 at 12:00 p.m. (prevailing Central Time) (the "**Objection Deadline**"). Objections, if any, **must:** (i) be in writing; (ii) conform to the applicable provisions of the Bankruptcy Rules and the Local Rules; (iii) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (iv) be filed with this Court and served as to be *actually received* no later than the Sale Objection Deadline by (such parties, the "**Objection Notice Parties**");

- a. counsel to the Debtors, (i) Loeb & Loeb LLP, 10100 Santa Monica Blvd., Suite 2200, Los Angeles, CA 90067 (Attn: Bernard R. Given II) and (ii) Loeb & Loeb LLP, 345 Park Avenue, New York, NY 10154 (Attn: Daniel B. Besikof and Bethany D. Simmons);
- b. the Office of the United States Trustee for the Western District of Texas, 615 E. Houston Street, Suite 533, San Antonio, TX 78205 (Attn: James Rose);
- c. proposed counsel to the Committee, Brinkman Portillo Ronk, APC, 4333 Park Terrace Dr., Ste 205, Westlake Village, CA 91361 (Attn: Daren Brinkman); and
- d. those parties who have formally filed requests for notice in the Chapter 11 Cases pursuant to Bankruptcy Rule 2002.

13. Failure to timely file an objection in accordance with this Order shall forever bar the assertion of any objection to the Motion, entry of any Sale Order, or consummation of any Sale, and shall be deemed to constitute consent to entry of each Sale Order and consummation of

the Sale and all transactions related thereto including, without limitation, for purposes of section 363(f) of the Bankruptcy Code.

### **III. Assumption and Assignment Procedures**

14. By no later than seven (7) days after entry of the Bidding Procedures Order, the Debtors will file a schedule of cure obligations (the “**Executory Contract List**”)<sup>3</sup> for the Contracts and Leases. The Executory Contract List will include a description of each of the Contracts and Leases potentially to be assumed and assigned to Successful Bidder and, if any, the amount the Debtors believe is necessary to cure such agreements pursuant to section 365 of the Bankruptcy Code (the “**Cure Costs**”). A copy of the Executory Contract List, together with the Assumption and Assignment Notice, will be served on each of the non-debtor parties listed on the Executory Contract List electronically, if available, and by first class mail on the date that the Executory Contract List is filed with the Court. For the avoidance of doubt, the presence of a Contract or Lease on the Executory Contract List (a) does not constitute an admission that such Contract or Lease is an executory contract or unexpired lease, and/or (b) shall not prevent the Debtors or the Successful Bidder from subsequently determining either (i) not to assume such Contract or Lease at any time before such Contract or Lease is actually assumed and assigned pursuant to an Order of the Court or (ii) to assume an agreement that was initially designated for rejection.

15. Objections to the Cure Costs set forth in the Executory Contract List must be in writing, state the basis of such objection with specificity, and be filed with the Court and actually received on or before **October 11, 2019 at 4:00 p.m. Prevailing Central Time** by the Objection Notice Parties.

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<sup>3</sup> The inclusion of any of the Contracts and Leases shall not constitute an admission by the Debtors that any such contract is in fact an executory contract capable of assumption or that such Contract is necessarily a binding and enforceable agreement.

16. Objections to the assumption and assignment of any executory contract or unexpired lease identified in the Executory Contract List, on any basis permitted under the Bankruptcy Code or any other applicable law, must be in writing, state the basis of such objection with specificity, and be filed with the Court and actually received on or before **October 11, 2019 at 4:00 p.m. Prevailing Central Time** by the Objection Notice Parties.

17. As soon as practicable following the conclusion of the Auction, the Debtors shall file a notice identifying the Successful Bidder(s) and the Back-Up Bids, if any, with the Court and serve such notice upon each party identified in the Executory Contract List. Notice of the Successful Bidder will be sent via email, fax, or overnight mail to the Counterparties to assure proper notice. The deadline for objecting to the assumption and assignment of the Contracts and Leases to such Successful Bidder on the basis of adequate assurance of future performance shall be the commencement of the Sale Hearing.

18. Any Successful Bidder shall provide adequate assurance information to the non-Debtor counterparties to each Contract or Lease that may be assumed and assigned to it under the Purchase Agreement as soon as practicable to the extent requested by such non-Debtor Counterparty. Each of the non-Debtor counterparties to the Contract or Lease who receive adequate assurance information in the form of voluntary disclosures or discovery from the Debtors or a proposed assignee regarding a proposed assignment and/or assignee shall keep the adequate assurance information confidential and only use or disclose the information as may be necessary to conduct due diligence on the proposed assignee and/or object to a proposed assignment of the Contract or Lease.

19. Unless a non-Debtor party to a Contract or Lease has timely and properly filed and served an objection to the assumption and assignment of its Contract or Lease, including

with respect to the Cure Costs related thereto, such counterparty to that Contract or Lease shall:

(a) be forever barred from objecting to the Cure Costs (if any) and from asserting any additional cure or other amounts with respect to its Contract or Lease, and the Debtors and the Successful Bidder shall be entitled to rely solely upon the Cure Costs set forth in the Executory Contract List; (b) be forever barred from asserting that any conditions to the assumption and assignment of any Contract or Lease must be (or cannot be) satisfied under such Contract or Lease before such agreement may be assumed and assigned, or that any required consent to any such assignment has not been given or must be provided, whether under section 365(c) of the Bankruptcy Code or otherwise; (c) be deemed to have consented to the assumption and assignment; (d) be deemed to have agreed that all defaults under the applicable Contract or Lease arising or continuing prior to the effective date of the assignment have been cured; (e) be forever barred and estopped from asserting that the Successful Bidder failed to provide adequate assurance of future performance; (f) be forever barred from asserting that such Contract or Lease was not capable of being assigned, and (g) be forever barred, estopped, and permanently enjoined from asserting or claiming against the Debtors, the Successful Bidder, or their respective property that any additional amounts are due or other defaults exist, that conditions to assignment must be satisfied under such Contract or Lease or that there is any objection or defense to the assumption and assignment of such Contract or Lease. In addition, the Cure Costs set forth in the Executory Contract List shall be binding upon the non-Debtor parties to the Contract or Lease for all purposes in these Chapter 11 Cases and otherwise, and will constitute a final determination of the total Cure Costs required to be paid by the Debtors in connection with the assumption and assignment of the Contract or Lease; *provided, however*, that the Cure Costs

set forth in the Executory Contract List may be reduced by any amounts Debtors pay under a Contract or Lease on or after the Petition Date.

20. Where a non-Debtor counterparty to a Contract or Lease files a timely objection asserting a cure amount higher than the proposed Cure Amounts (the “**Disputed Cure Amounts**”), then (a) to the extent that the parties are able to consensually resolve the Disputed Cure Amounts prior to the Sale Hearing, and subject in all respects to the Successful Bidder’s consent to such resolution, the Debtors shall promptly provide the Committee notice and an opportunity to object to such proposed resolution, or (b) to the extent the parties are unable to consensually resolve the dispute prior to the Sale Hearing, then such objection will be heard at the Sale Hearing or, at the sole discretion of the Debtors (with the consent of the Successful Bidder), at such other date and time as may be fixed by this Court. All other objections to the proposed assumption and assignment of a Contract or Lease will be heard at the Sale Hearing.

#### **IV. Sale Hearing Notice and Related Relief**

21. The form of the Sale Notice, substantially in the form attached hereto as **Annex 2**, and the Assumption and Assignment Notice, substantially in the form attached hereto as **Annex 3**, are hereby approved and appropriate and sufficient for all purposes and no other or further notice shall be required if the Debtors serve such notices in the manner provided in the Motion and this Order. No finding or ruling is made in this Order as to the merits of any motion for approval of the Sale. Within one (1) business days of the entry of this Order, the Debtors shall cause the Sale Notice to be (a) made available upon the Debtors’ case information website of Donlin Recano & Co. at <https://www.donlinrecano.com/Clients/roc/Index>, and (b) served upon the following parties: (i) the U.S. Trustee; (ii) proposed counsel to the Committee; (iii) the attorneys general for each of the States in which the Debtors conduct operations; (iv) all taxing

authorities having jurisdiction over any of the Assets, including the Internal Revenue Service; (v) the United States Environmental Protection Agency and similar state agencies in states in which the Debtors conduct operations; (vi) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002(i); (vii) all parties that are known or reasonably believed to have expressed an interest in acquiring any of the Assets; (viii) all parties that are known or reasonably believed by the Debtors to have asserted any lien, encumbrance, claim, or other interest in the Assets; (ix) all governmental agencies that are known or reasonably believed by the Debtors to be an interested party with respect to the Sale and the related transactions; (x) all non-Debtor parties to the Assumed Contracts; and (xi) all other known creditors of the Debtors.

22. Compliance with the foregoing notice provisions shall constitute sufficient notice to all parties in interest, including those whose identities are unknown to the Debtors, of the Sale of the Assets, the contemplated assumption and assignment of the Contracts and Leases and the Cure Amounts, and no additional notice of such contemplated transactions need be given.

## **V. Bonding Obligations**

23. Any proposed Purchase Agreement must specifically provide for the performance of all of the existing bonding obligations for each of the assets to be acquired, and further must confirm the Bid (i) contemplates that the Potential Bidder, will (A) take transfer of, or obtain overlapping permits with respect to, the Debtors' applicable permits, and (B) replace the Debtors' financial assurance/surety bonds that are associated with such permits, and (ii) provides evidence demonstrating to the Debtors that the Potential Bidder (A) is capable of taking transfer of such permits or obtaining such overlapping permits and (B) has or will have sufficient financial

resources necessary to obtain or replace any financial assurance/reclamation surety bonds that are associated with such permits (the “**Bonding Assurance Documents**”);

24. By submitting a bid, a Potential Bidder authorizes the Debtors to provide the Bonding Assurance Documents to any sureties providing bonding for any permits proposed to be transferred (the “**Sureties**”), provided that such information may be provided to the Sureties on a confidential basis at the request of the Potential Bidder and upon the Potential Bidder providing a copy of an acceptable confidentiality agreement with its Bid Materials; provided, further, that the Debtors may request that the Potential Bidders provide copies of the Bonding Assurance Documents in a form that may be presented to the Bankruptcy Court at any sale hearing.

25. If the potential bidder wishes to request the current surety, Lexon, to provide replacement bonds, Lexon would consent to conduct the necessary underwriting to attempt to qualify the bidder to be eligible to receive replacement bonds in the same penal sum amount. Alternatively, if the potential bidder already has a surety to replace all existing bonds then Lexon will work with the bidder and the replacement surety in any interim periods between closing of the sale with the Debtors and the actual transfer of the underlying permits.

26. Within one day of any bid being designated as a Qualified Bid, the Debtors shall give written notice (by electronic mail where possible) to the Sureties (or their respective counsel of record in these cases) of (a) the identity of any Qualified Bidder seeking to take transfer of applicable permits; and (b) copies of the Bonding Assurance Documents, which shall include, to the fullest extent possible, all information received by the Debtors constituting the Bonding Assurance Documents, subject to any confidentiality restrictions reasonably requested by a Potential Bidder. Nothing in the Bidding Procedures Order or these Bidding Procedures shall

prejudice the rights of any of the Sureties to request additional information from the Debtors following receipt of the Bonding Assurance Documents.

27. Debtors may not (a) amend these Bidding Procedures or the Bidding Process to reduce or modify their obligations to provide Bonding Assurance Documents to the Sureties without the consent of such Sureties or further Bankruptcy Court order, (b) reduce the amount of time available to parties to object under the Bidding Procedures without the consent of the affected parties or a further Bankruptcy Court order or (c) delete or otherwise remove this provision from the Bidding Procedures.

28. Nothing in this Order or the Bidding Procedures shall be deemed a waiver of any rights, remedies or defenses that any surety has or may have under applicable bankruptcy and non-bankruptcy law under any indemnity agreements, surety bonds or related agreements or any letters of credit or financial assurances relating thereto, or any rights, remedies or defenses of the Debtor with respect thereto.

## **VI. Miscellaneous**

29. No Potential Bidder, other than a Stalking Horse Bidder, if any, shall be entitled to any expense reimbursement, break-up fee, termination fee or other similar fee or payment in connection with the sale or any other form of bid protections. No Potential Bidder, in such capacity, shall be a beneficiary of or have a right to enforce the Bid Procedures or this Bid Procedures Order, except, in each case, as the Debtors may agree in writing in connection with a Stalking Horse Bid.

30. All Potential Bidders (whether or not Qualified Bidders) that participate in the Bidding Process shall be deemed to have knowingly and voluntarily (a) consented to the entry of a final order by this Court in connection with the Motion (including any disputes relating to the



Bidding Process, the Auction, and/or the Sale) to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution, and (b) waived any right to jury trial in connection with any disputes relating to any of the foregoing matters.

31. The consent of Kodiak Gas Services, LLC shall be required with respect to any proposed sale of the gas compression unit on location at the Caprock Assets.

32. In the event of any inconsistencies between this Order, the Motion, and the Bidding Procedures, this Order shall govern in all respects.

33. Notwithstanding any applicability of Bankruptcy Rule 6004(h), 6006(d), 7062, or 9014, this Order shall be immediately effective and enforceable upon its entry. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

34. The Court shall retain jurisdiction over any matter or dispute arising from or relating to the implementation of this Order.

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**Submitted by:**

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**ANNEX 1**

**BIDDING PROCEDURES**

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND DIVISION**

In re:	§
	§
Remnant Oil Company, LLC and	§ Case No. 19-70106
Remnant Oil Operating, LLC,	§ Case No. 19-70107
	§
Debtors.	§ Chapter 11
	§
	§ (Jointly Administrated under
	§ Case No. 19-70106)

**BIDDING PROCEDURES**

Set forth below are the bid procedures (the “**Bid Procedures**”) to be employed by Remnant Oil Company, LLC and Remnant Oil Operating, LLC (the “**Debtors**”) in connection with sale of the Debtors’ assets, free and clear of liens and interests, pursuant to and in accordance with the terms and conditions specified herein.

On September 6, 2019, the United States Bankruptcy Court for the Western District of Texas (the “**Bankruptcy Court**”) entered an order which, among other things (a) approved these Bidding Procedures, (b) authorized, but did not obligate the Debtors to designate a Stalking Horse Bidder(s) and pay certain bid protections, (c) approved the form and manner of the sale notice and bidding procedures notice, (d) scheduled a sale hearing date, and (e) approved the procedures for the assumption and assignment of executory contracts and unexpired leases (the “**Bidding Procedures Order**”).<sup>1</sup>

1. **Key Dates.** The Bidding Procedures provide interested parties with the opportunity to complete diligence, to submit competing bids for all or a portion of the Assets, and to participate in an auction to be conducted by the Debtors (the “**Auction**”). The key dates for the sale process are as follows:

September 20, 2019	Stalking Horse Bidder(s) Designation Deadline
October 11, 2019 at 4:00 p.m.	Cure and Assumption Objection Deadline
October 14, 2019 at 4:00 p.m.	Bid Deadline
October 17, 2019 at 10:00 p.m.	Auction
October 22, 2019 at 12:00 p.m.	Auction and Sale Objection Deadline
October 23, 2019 at 1:30 p.m.	Sale Hearing

2. **Assets to Be Sold.** The Debtors are selling substantially all of their assets (the “**Assets**”). A bidder may offer to purchase all of the Assets, or a portion thereof, including (1) the Caprock Properties, including oil and gas leases, related inventory and equipment, and

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<sup>1</sup> Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the motion filed at Docket No. 95 (the “**Sale Motion**”).

various personal property, (2) the Non-Caprock Properties, including oil and gas leases, related inventory and equipment, and various personal property, (3) the Wind Rights, and/or (4) the Water Rights, all as more fully described in the Sale Motion. Notwithstanding anything to the contrary in these Bidding Procedures or the Bid Procedures Order, the Debtors shall have the right, in their sole and absolute discretion, to determine not to sell any Asset. This right not to sell any Asset pursuant hereto shall exist under all circumstances, even if the Debtors receive a bid from a Potential Bidder for such Asset(s) that would otherwise constitute a Qualifying Bid.

3. **Participation Requirements.** Any person or entity seeking to conduct due diligence on any of the Assets and participate in the bidding process must become a “**Potential Bidder**.” Unless otherwise ordered by the Court, to become a Potential Bidder and participate in the bidding process, each person or entity will be required to deliver (unless previously delivered) the following materials to the Debtors: (a) an executed confidentiality agreement in form and substance satisfactory to the Debtors; (b) a statement and other factual support demonstrating, to the Debtors’ satisfaction, a bona fide interest in purchasing any portion of the Debtors’ Assets; and (c) sufficient information, as determined by the Debtors, to allow the Debtors to determine that the person or entity has the financial wherewithal, which may include financial statements (or such other form of financial disclosure acceptable to the Debtors in their discretion).

4. **Due Diligence.** The Debtors have created an electronic data room (“**Data Room**”) into which substantial information about the Debtors and their businesses has been deposited in connection with the Debtors’ prepetition and post-Petition Date marketing efforts. The Debtors may supplement the Data Room with additional materials on an ongoing basis as part of the post-petition sale efforts. Due diligence may include access to the Data Room, on-site inspections, and such other matters which a Potential Bidder may reasonably request and as to which the Debtors in their sole discretion, may agree. The Debtors and their professionals will coordinate all reasonable requests for additional information and due diligence access from Potential Bidders. The Debtors may, in their discretion, coordinate diligence efforts such that multiple Potential Bidders will have simultaneous access to due diligence materials or simultaneous attendance at site inspections. Neither the Debtors nor any of their representatives are obligated to furnish any information relating to their Assets to any person other than Potential Bidders. The Debtors reserve the right to refuse any Potential Bidder access to due diligence materials if such Potential Bidder’s access is determined to be harmful to the Debtors’ estates. Except as provided above with respect to access to the Data Room, neither the Debtors nor their representatives will be obligated to furnish any information of any kind whatsoever relating to the Assets to any party.

5. **Required Bid Materials, Deposit and Minimum Overbid.** The Debtors encourage Potential Bidders that wish to bid on less than all the Assets to submit a bid(s) on the relevant Assets. Unless otherwise ordered by the Court, a “**Qualified Bid**” (and each person submitting a qualified bid being a “**Qualified Bidder**”), is a proposal that, at a minimum:

- a. is submitted on or before the **Bid Deadline of October 14, 2019 at 4:00 (prevailing Central Time)** by delivering an electronic copy of the bid to counsel for the Debtors, Loeb & Loeb LLP, Bernard R. Given II ([bgiven@loeb.com](mailto:bgiven@loeb.com)), Daniel B. Besikof ([dbesikof@loeb.com](mailto:dbesikof@loeb.com)), and Bethany D. Simmons

([bsimmons@loeb.com](mailto:bsimmons@loeb.com)) (counsel to the Debtors will then promptly transmit such Bid Materials to the Committee, and to the extent the Bid is for FirstCapital's Collateral or 3-2-1's Collateral, to the respective Secured Lender);

- b. is a firm, unconditional bid to purchase Assets that are the subject of the bid, and not subject to any contingencies as to the validity, effectiveness, and/or binding nature of the offer, including, without limitation, further due diligence review or financing;
- c. to the extent the bid includes any Assets subject to a Stalking Horse Bid, is a firm bid which is not less than the Stalking Horse Bid *plus* the Break-Up Fee *plus* the Expense Reimbursement (collectively, the "**Minimum Overbid**");
- d. identifies the cash consideration to be paid for the relevant Assets (the "**Purchase Price**");
- e. designates each and every contract and unexpired lease, the assumption and assignment of which is a condition to closing; provided that the Qualified Bidder may identify additional contracts prior to closing or at such other date as agreed by the Debtor;
- f. is accompanied by sufficient information to demonstrate that the Potential Bidder has the financial wherewithal and ability to timely consummate the acquisition of the relevant Assets on terms and conditions substantially the same as in the Purchase Agreement and evidence to provide adequate assurance of future performance of all obligations to be assumed, including evidence of adequate financing, if applicable;
- g. is accompanied by a signed proposed Purchase Agreement, which must specifically provide for the performance of all of the existing bonding obligations for each of the assets to be acquired; in addition to the Potential Bidder (i) confirming that it will (A) take transfer of, or obtain overlapping permits with respect to, the Debtors' applicable permits, and (B) replace the Debtors' financial assurance/surety bonds that are associated with such permits, and (ii) providing evidence demonstrating to the Debtors that the Potential Bidder (A) is capable of taking transfer of such permits or obtaining such overlapping permits and (B) has or will have sufficient financial resources necessary to obtain or replace any financial assurance/reclamation surety bonds that are associated with such permits; and
- h. is accompanied by a good faith cash deposit ("**Deposit**") in the form of a wire transfer, certified check, or such other form acceptable to the Debtors, in an amount equal to ten percent (10%) of the Purchase Price.

The Debtors, in consultation with the Committee, may make any modifications to the Bidding Procedures, including the bid requirements described above, as necessary to accommodate a piecemeal bid they determine is in the best interests of the Debtors' estates.

Persons or entities who collectively are referred to as a “Qualified Bidder” need not be affiliates and need not act in concert with one another, and the Debtors may aggregate separate bids from unaffiliated persons to create one “bid” from a “Qualified Bidder”; *provided*, however, that all bidders shall remain subject to the provisions of section 363(n) of the Bankruptcy Code regarding collusive bidding. Nothing contained herein shall prevent the consideration of bids for less than all Assets, and the Debtors, in consultation with the Committee, may make any modifications to the Bidding Procedures as necessary to accommodate such a bid as they determine in the best interests of the estates.

6. **Stalking Horse Bid Protections.** After consultation with the Committee, the Debtors may at any time up through and including September 20, 2019, designate one or more Qualified Bids as a stalking horse bid (each, a “**Stalking Horse Bid**”) and execute an asset purchase agreement with the applicable stalking horse bidder (each, a “**Stalking Horse Bidder**”). No bid may be a Stalking Horse Bid if it does not constitute a Qualified Bid. Upon execution of an asset purchase agreement with a Stalking Horse Bidder, the Debtors may grant such Stalking Horse Bidder a cash break-up fee equal to up to 3.0% of the value of the Purchase Price to be paid by the Stalking Horse Bidder and may further agree to reimburse the reasonable expenses of the Stalking Horse Bidder in an amount up to \$75,000 (together, the “**Bid Protections**”). The Debtors will provide notice of each such Stalking Horse Bidder, Bid Protections and asset purchase agreement(s) as outlined in the Bid Procedures Order. If the Stalking Horse Bid has been approved by the Committee, such Bid Protections shall be deemed approved pursuant to the Bid Procedures Order and may be paid without further action or order by the Court. If the Stalking Horse Bid has not been approved by the Committee, the Committee may object to such Bid Protections within three business days after notice of the selection of the Stalking Horse Bid. If a timely objection to the Bid Protections is filed, the Debtors shall schedule a hearing as soon as reasonably practical seeking approval of the Bid Protections. If there is no objection to the Bid Protections prior to the objection deadline, the Bid Protections shall be deemed approved by the Bid Procedures Order and may be paid without further action or order by the Court. Once approved hereby, the Bid Protections shall constitute allowed superpriority administrative expense claims arising in the Debtors’ Chapter 11 Cases under sections 503(b), 507(a)(2) and 507(b) of the Bankruptcy Code. Other than as set forth in the Bid Protections or as separately approved by the Bankruptcy Court, no party submitting a bid shall be entitled to a break-up fee or expense reimbursement. All substantial contribution claims by any bidder are deemed waived upon submission of a Qualified Bid.

7. **Right to Credit Bid.** At the Auction, FirstCapital Bank, N.A. and 3-2-1 Partners, Ltd. shall be deemed Qualified Bidders, without the need to post a Deposit, with respect to any assets upon which they hold a valid, stipulated lien (each, a “**Credit Bidder**”). Each Credit Bidder shall have the right to credit bid all or a portion of the value of such Credit Bidder’s claims within the meaning of section 363(k) of the Bankruptcy Code; *provided* that, a Credit Bidder shall have the right to credit bid its claim only with respect to the collateral by which such Credit Bidder is secured; *provided further* that, for purposes of its Qualified Bid, the Credit Bidder’s claim shall be deemed to have the value its respective Loan as set forth in the Sale Motion.

8. **Modification of Bids.** Between the date that the Debtors notify a bidder that it is a Qualified Bidder and the Auction, the Debtors may discuss, negotiate, or seek clarification of

any Qualified Bid from a Qualified Bidder. Without the written consent of the Debtors, a Qualified Bidder may not modify, amend, or withdraw its Qualified Bid, except for proposed amendments to increase the consideration contemplated by, or otherwise improve the terms of, the Qualified Bid; *provided* that any Qualified Bid may be improved at the Auction.

9. **Determination by the Debtors.** Subject to the Debtors' right not to sell any Asset(s), the Debtors, in consultation with the Committee, will (a) determine whether any person or entity is a Qualified Bidder, (b) receive bids from Qualified Bidders, (c) evaluate and negotiate such bids, and (d) conduct the Auction. Subject to the Debtors' right not to sell any Asset(s), the Debtors will (after consultation with the Committee) select what they determine to be the highest and best Qualified Bid for the relevant Assets to serve as the starting point at the Auction taking into account all relevant considerations, including the financial condition of the applicable bidder and certainty of closing (a "**Baseline Bid**").

10. **Auction.** The Debtors will conduct the Auction if, by the Bid Deadline, (1) more than one Qualified Bid is received for all of the Assets; or (2) more than one Qualified Bid is received for any portion of the Assets, in each case subject to the Debtors' right not to accept any bid of any kind for the Assets. The Auction will take place at the Homer J. Thornberry Federal Judicial Building, 903 San Jacinto Blvd., Courtroom #1, Austin, Texas 78701 on the Auction Date of **October 17, 2019 starting at 10:00 a.m.**, or such other time or place as the Debtors, in their sole discretion shall determine. Subject to the Debtors' right not to accept any bid of any kind for the Assets, in the event that only one Qualified Bid is received for any portion of the Assets, the Debtor shall declare that bid to be the Successful Bid for those Assets and the Auction of those Assets will be cancelled.

- a. Only Qualified Bidders who have made a Qualified Bid shall be entitled to make any subsequent bids at the Auction;
- b. Each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the sale;
- c. Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative;
- d. Bidding shall commence at the amount of the highest Baseline Bid for the relevant Assets;
- e. Each Qualified Bidder may then submit successive bids in increments of at least \$100,000.00 higher than the bid at which the Auction for the subject Assets commenced and then continue at minimum increments of at least \$100,000.00 higher than the previous bid; *provided* that the Debtors, in consultation with the Committee, shall retain the right to modify the bid increment requirements at the Auction;
- f. The Auction shall be conducted openly and shall be transcribed or recorded, and the Qualified Bidders will be informed of the terms of the previous bid;

- g. Qualified Bidders shall have the right to submit additional bids and make additional modifications to the Purchase Agreement at the Auction, *provided* that any such modifications on an aggregate basis and viewed in whole, shall not be less favorable to the Debtors' estates, as determined by the Debtors in consultation with the Committee, than the terms of the highest and best Qualified Bid at the time;
- h. The Auction for the Assets or any portion of the Assets shall continue until there is only one bid that the Debtors determine, in consultation with the Committee, is the highest or best from among the Qualifying Bids submitted at the Auction with respect to the subject Assets (a "**Successful Bid**"), subject to the Debtors' right not to sell any Asset.
- i. Subject to the Debtors' right not to sell any Asset, the Debtors will determine, in consultation with the Committee, which Qualifying Bid is the next highest and/or best Qualified Bid to any Successful Bid and will designate such Qualified Bid as a back-up bid (a "**Back-Up Bid**") to be consummated in the event a Successful Bid fails to consummate the contemplated transaction. There may be more than one Back-Up Bid if aggregated Qualified Bids are determined to be Back-Up Bids. A Qualified Bidder that submitted a Qualified Bid that is designated a Back-Up Bid is a "**Back-Up Bidder**". Each Back-Up Bid shall remain open and binding until thirty (30) days after the Sale Hearing (the "**Outside Back-Up Date**");
- j. At the Sale Hearing, the Debtors shall present the Successful Bid(s) and Back-Up Bid(s) to the Court for approval. The Debtors' presentation of the announced Successful Bid(s) to the Court for approval does not constitute the Debtors' acceptance of such Successful Bid(s). The Debtor shall have accepted such Successful Bid(s) only when approved by the Court;
- k. Within seven (7) days after entry of the Sale Order, each Successful Bidder and the Debtors (1) shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing the terms and conditions upon which such Successful Bid was made, and (2) shall close the sale; and
- l. The Debtors, in consultation with the Committee, may adopt such other rules for the Auction (including rules that may depart from those set forth herein) that they anticipate will result in the highest and otherwise best value for the Debtors' estates and that are not inconsistent with the Bidding Procedures and are communicated to all participants at or prior to the Auction.

11. **Sale Hearing.** The Successful Bid(s) will be subject to approval by the Bankruptcy Court at the Sale Hearing, which will take place on **October 23, 2019 at 1:30 p.m. (prevailing Central Time)**. At such time, the Debtors will seek entry of an order or orders by the Bankruptcy Court approving and authorizing the Sale to the Successful Bidder(s) on the terms and conditions of the Successful Bid(s). The Successful Bidder(s) shall appear at the Sale Hearing and be prepared to testify in support of the Successful Bid and the Successful Bidder's



ability to close in a timely manner and provide adequate assurance of future performance under any and all contracts and leases to be assumed and/or assigned as part of the proposed Sale.

12. **Return of Deposits.** Except as otherwise provided herein, all deposits shall be returned to each bidder not selected as a Successful Bidder or Back-Up Bidder no later than seven (7) days following conclusion of the Auction, except that any Back-Up Bidder shall receive its deposit no later than the third business day after the earlier to occur of (a) the closing of the sale transaction with the relevant Successful Bidder, or (b) the Outside Back-Up Date.

13. **Failure to Consummate Purchase.** Following the Sale Hearing, if any Successful Bidder fails to consummate an approved Sale because of (a) the failure of a condition precedent beyond the control of either the Debtor or the Successful Bidder or (b) a breach or failure to perform on the part of such Successful Bidder, the Back-up Bidder will be deemed to be the new Successful Bidder, and the Debtors will be authorized to consummate the Sale with the Back-Up Bidder without further order of the Court. In the case of (b) above, the defaulting Successful Bidder's deposit shall be forfeited to the Debtors.

**ANNEX 2**

**SALE NOTICE**

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND DIVISION**

In re:	§
	§ Case No. 19-70106
Remnant Oil Company, LLC and	§ Case No. 19-70107
Remnant Oil Operating, LLC,	§
	§ Chapter 11
Debtors.	§
	§ (Jointly Administrated under
	§ Case No. 19-70106)
	§

**NOTICE OF PROPOSED SALE OF ASSETS, AUCTION AND SALE HEARING**

PLEASE TAKE NOTICE that on August 29, 2019, Remnant Oil Company, LLC (“**Remnant Company**”) and Remnant Oil Operating, LLC (“**Remnant Operating**” and together with Remnant Company, the “**Debtors**”), debtors and debtors-in-possession in the above-captioned cases (the “**Chapter 11 Cases**”) filed with the Bankruptcy Court their Motion of the Debtors for Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors’ Assets, (B) Authorizing the Selection of a Stalking Horse Bidder, (C) Approving Bid Protections, (D) Scheduling an Auction and Hearing to Consider Such Sale of Assets, (E) Approving Assumption and Assignment Procedures Related to Such Sale, and (F) Approving the Form and Manner of Related Notice; and (II)(A) Authorizing the Sale of Such Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, (B) Authorizing and Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases In Connection With Such Sale and (C) Granting Related Relief (the “**Sale Motion**”) [Docket No. 95].

PLEASE TAKE FURTHER NOTICE that, on September 6, 2019, the Bankruptcy Court entered the order approving the Sale Motion (the “**Bidding Procedures Order**”), which among other things, establishes bidding procedures (the “**Bidding Procedures**”) that the manner in which the assets of the Debtors are to be sold.

PLEASE TAKE FURTHER NOTICE that a copy of the Bidding Procedures Order is being served on you concurrently with this Sale Notice.

PLEASE TAKE FURTHER NOTICE that pursuant to the Bid Procedures Order, the Debtors are, at any time up through and including **September 20, 2019**, authorized to designate one or more Qualified Bids as a stalking horse bid (each, a “**Stalking Horse Bid**”) and execute an asset purchase agreement with the applicable stalking horse bidder (each, a “**Stalking Horse Bidder**”). No bid may be a Stalking Horse Bid if it does not constitute a Qualified Bid.

PLEASE TAKE FURTHER NOTICE that Bids are due on **October 14, 2019 at 4:00 p.m. (prevailing Central Time)** (the “**Bid Deadline**”).

PLEASE TAKE FURTHER NOTICE that, in accordance with the terms of the Bidding Procedures Order, the Debtors may conduct an auction (the “**Auction**”) starting at **10:00 a.m. (prevailing Central Time) on October 17, 2019** (the “**Auction Date**”), at the Homer J. Thornberry Federal Judicial Building, 903 San Jacinto Blvd., Courtroom #1, Austin, Texas 78701 if, by the Bid Deadline, (1) more than one Qualified Bid is received for all of the Assets; or (2) more than one Qualified Bid is received for any portion of the Assets, all as set forth more fully in the Bid Procedures. Only parties that have submitted a Qualifying Bid by no later than the Bid Deadline will be permitted to participate in and/or make any statements on the record at the Auction. On or before October 10, 2019, the Debtors shall file a notice of the Successful Bidder and the Successful Bid with the Court; provided that the Debtors shall have the right, in their sole and absolute discretion, to determine not to sell any Asset(s).

PLEASE TAKE FURTHER NOTICE that at **1:30 p.m. (Prevailing Central Time) on October 23, 2019**, or as soon thereafter as counsel may be heard (the “**Sale Hearing**”), the Debtors shall appear before the Bankruptcy Court and seek entry of an order or orders:

- a. authorizing the sale of the Assets by the Debtors to the Successful Bidder(s) at the Auction;
- b. authorizing the assumption and assignment of certain executory Contracts and unexpired Leases; and
- c. granting certain related relief.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the sale of the Assets or the other relief requested in the Sale Motion must: (a) be set forth in writing describing the basis therefor; (b) comply with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules; and be filed with the Bankruptcy Court electronically so as to be received no later than **12:00 p.m. (Prevailing Central Time) on October 22, 2019** (the “**Sale Objection Deadline**”). Objections, if any, to the Successful Bidder(s), the Successful Bid(s) and the manner in which the Auction was conducted must be in writing describing the basis thereof, comply with Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules and be filed with the Bankruptcy Court electronically so as to be received no later than **12:00 p.m. (Prevailing Central Time) on October 22, 2019** (the “**Auction Objection Deadline**”).

PLEASE TAKE FURTHER NOTICE that the failure of any person or entity to file an objection before the Sale Objection Deadline and/or Auction Objection Deadline, as applicable, shall be deemed to consent to the sale of the Assets to the Successful Bidder(s) and the other relief requested in the Sale Motion, and be a bar to the assertion, at the Sale Hearing or thereafter, of any objection to the Sale Motion, the Auction, the sale of the Assets free and clear of any liens, claims and encumbrances, the Debtors’ consummation and performance of the applicable purchase and sale agreement with the Successful Bidder(s), and the assumption and assignment of the Contracts and Leases, if authorized by the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that additional information regarding the Sale, including copies of the Sale Motion, the Bidding Procedures and the Bidding Procedures Order,

is available on the website of the Debtors' claims and noticing agent, Donlin Recano & Co. at <https://www.donlinrecano.com/Clients/roc/Index>.

PLEASE TAKE FURTHER NOTICE that this Sale Notice is subject to the full terms and conditions of the Sale Motion and the Bidding Procedures Order, which shall control in the event of any conflict, and the Debtors encourage parties in interest to review such documents in their entirety.

Dated: September 6, 2019  
Los Angeles, California

**LOEB & LOEB LLP**

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*Counsel to the Debtors and Debtors in Possession*

**ANNEX 3**

**CURE NOTICE**

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
MIDLAND DIVISION**

In re:	§	
	§	
Remnant Oil Company, LLC and	§	Case No. 19-70106
Remnant Oil Operating, LLC,	§	Case No. 19-70107
	§	
Debtors.	§	Chapter 11
	§	
	§	(Jointly Administrated under
	§	Case No. 19-70106)

**NOTICE OF DEBTOR'S INTENT TO POTENTIALLY ASSUME  
AND ASSIGN CERTAIN UNEXPIRED LEASES AND EXECUTORY  
CONTRACTS AND SETTING FORTH THE CURE AMOUNTS**

PLEASE TAKE NOTICE THAT, on August 29, 2019, Remnant Oil Company, LLC (“**Remnant Company**”) and Remnant Oil Operating, LLC (“**Remnant Operating**”) and together with Remnant Company, the “**Debtors**”), debtors and debtors-in-possession in the above-captioned cases (the “**Chapter 11 Cases**”) filed with the Bankruptcy Court their Motion of the Debtors for Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors’ Assets, (B) Authorizing the Selection of a Stalking Horse Bidder, (C) Approving Bid Protections, (D) Scheduling an Auction and Hearing to Consider Such Sale of Assets, (E) Approving Assumption and Assignment Procedures Related to Such Sale, and (F) Approving the Form and Manner of Related Notice; and (II)(A) Authorizing the Sale of Such Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, (B) Authorizing and Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases In Connection With Such Sale and (C) Granting Related Relief (the “**Motion**”) [Docket No. 95].<sup>1</sup>

PLEASE TAKE FURTHER NOTICE that, on September 6, 2019, the Bankruptcy Court entered the order approving the Motion (the “**Bidding Procedures Order**”), which among other things, establishes bidding procedures (the “**Bidding Procedures**”) relating to the assumption and assignment of Contracts and Leases of the Debtors. A copy of the Bidding Procedures Order is enclosed.

PLEASE TAKE FURTHER NOTICE that at **1:30 p.m. (Prevailing Central Time) on October 23, 2019**, or as soon thereafter as counsel may be heard, there will be a hearing (the “**Sale Hearing**”), where the Debtors will seek approval and authorization of the Sale to the Successful Bidder at the Auction.

PLEASE TAKE FURTHER NOTICE that the Debtors are party to various executory contracts and unexpired leases (and, pursuant to the Bidding Procedures Order, the Debtors

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<sup>1</sup> Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Sale Motion

intend to assume and assign certain of such contracts and leases to the Successful Bidder(s) upon the closing of the Sale(s) (collectively, the “**Contracts and Leases**”).

PLEASE TAKE FURTHER NOTICE that you have been identified as a counterparty to one or more of the Contracts and Leases. The Contract or Leases with respect to which you have been identified as a counterparty, and the corresponding proposed cure amount (the “**Cure Amount**”) which the Debtors have identified as necessary to cure defaults and/or provide compensation or adequate assurance of compensation for defaults arising prior to the Petition Date are set forth on Schedule 1 annexed hereto.

PLEASE TAKE FURTHER NOTICE that the Debtors believe that any and all defaults (other than the filing of these Chapter 11 Case) and actual pecuniary losses under the Contracts and Leases can be cured by the payment of the Cure Amount.

PLEASE TAKE FURTHER NOTICE that the assumption and assignment of any Contract or Lease and payment of any Cure Amount shall result in the full release and satisfaction of any claims or defaults, whether monetary or non-monetary, upon the consummation of the relevant Sale.

PLEASE TAKE FURTHER NOTICE that objections, if any, the assumption and assignment of any Contract or Lease, or the proposed Cure Amount with respect to such Contract or Lease must: (a) be set forth in writing describing the basis therefor; (b) comply with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules; and (c) and must be filed with the Bankruptcy Court electronically so as to be actually received on or before **4:00 p.m. (prevailing Central Time) on October 11, 2019** (the “**Objection Deadline**”). Any such objection must set forth with particularity the basis for any such objection with appropriate documentation in support thereof and identify the Contract or Lease at issue.

PLEASE TAKE FURTHER NOTICE that if at any time after the entry of the Bidding Procedures Order, the Debtors identify additional prepetition executory contracts and/or leases to be assigned to the Successful Bidder, the Debtors shall serve a supplemental Cure Notice by first class mail, facsimile, electronic transmission, or overnight mail on the contract counterparty (and its attorney, if known) to each supplemental Contract or Lease by no later than ten (10) days before the proposed effective date of the assignment. Each supplemental Cure Notice shall set forth the following: (i) the name and address of the contract counterparty, (ii) notice of the proposed effective date of the assignment (subject to the right of the Debtors and the Purchaser to withdraw such request for assumption and assignment of the Contract or Lease prior to Closing), (iii) identification of the Contract or Lease, and (iv) the Cure Amount, if any.

PLEASE TAKE FURTHER NOTICE that unless the contract counterparty or any other entity properly files an objection to the supplemental Cure Notice within ten (10) days of the date of the supplemental Cure Notice, the Debtors may assume and assign the Contract or Lease subject to the occurrence of the Closing, without further order or notice of hearing. If an objection is filed and served within ten (10) days of the date of the supplemental Cure Notice, and the objection cannot be resolved consensually, such dispute shall be heard and resolved at the Sale Hearing or such other later date as may be set by the Court.



PLEASE TAKE FURTHER NOTICE that any counterparty failing to timely file an objection to a Cure Amount or the proposed assumption and assignment of a Contract or Lease shall be forever barred from objecting to the Cure Amount, from asserting any additional cure or other amounts against the Debtors, the Debtors' estates, or the Successful Bidder with respect to its Contract or Lease, from challenging the assumption and assignment of such Contract or Lease in connection with the Sale, and will be deemed to consent to the Sale and the proposed assumption and assignment of its Contract or Lease.

PLEASE TAKE FURTHER NOTICE that if a non-debtor counterparty to a Contract or Lease files an objection to assumption or assignment, whether based on Cure Amount, adequate assurance of future performance, or any other alleged cause or claim, then, to the extent the relevant parties are not able to consensually resolve the dispute prior to the Sale Hearing, such dispute shall be heard and resolved at the Sale Hearing.

PLEASE TAKE FURTHER NOTICE that if no Cure Amount is due under the Contract or Lease, and the counterparty to such Contract or Lease does not otherwise object to the assumption and assignment of such Contract or Lease, no further action needs to be taken on the part of that counterparty.

PLEASE TAKE FURTHER NOTICE that the Debtors' decision to assume and assign the Contracts and Leases is subject to Bankruptcy Court approval and consummation of the Sale. Absent consummation of the Sale, each Contract and Lease shall not be deemed assigned and shall in all respects be subject to further administration under the Bankruptcy Code. The designation of any agreement as a Contract or Lease shall not constitute or be deemed to be a determination or admission by the Debtors that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

PLEASE TAKE FURTHER NOTICE that the the Successful Bidder is not bound to accept assignment of any Contract or Lease, and may amend the schedule of Contracts and Leases at any time prior to closing.

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PLEASE TAKE FURTHER NOTICE that additional information regarding the Sale, including copies of the Sale Motion, the Bidding Procedures and the Bidding Procedures Order, is available on the website of the Debtors' claims and noticing agent, Donlin Recano & Co. at <https://www.donlinrecano.com/Clients/roc/Index>.

Dated: September 6, 2019  
Los Angeles, California

**LOEB & LOEB LLP**

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**Schedule 1**

<b>COUNTERPARTY</b>	<b>EXECUTORY CONTRACT OR UNEXPIRED LEASE</b>	<b>CURE AMOUNT</b>