IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	:	Chapter 11
ASCENT RESOURCES MARCELLUS HOLDINGS, LLC, *et al.*,[1]	:	Case No. (18-10265) (__)
	:	Joint Administration Pending
Debtors.	:	

DECLARATION OF ROBERT W. KELLY II IN SUPPORT OF THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS AND APPLICATIONS

I, Robert W. Kelly II, hereby declare as follows:

1. I currently serve as the General Counsel and Secretary of Debtor Ascent Resources Marcellus Holdings, LLC and Debtor Ascent Resources - Marcellus, LLC. Additionally, I also currently serve in the same role for non-Debtor direct parent Ascent Resources Operating, LLC and non-Debtor ultimate parent Ascent Resources, LLC. I have been in this role since November 11, 2015. Previously, I served as the General Counsel for American Energy Partners, LP. Prior to joining American Energy Partners, LP, I served in various legal, land and acquisition roles, including as the Senior Vice President and General Counsel for Chaparral Energy, LLC.

2. I am an attorney and admitted to practice law in Oklahoma.

3. I am generally familiar with the Debtors' day-to-day operations, financial affairs, business affairs, and books and records. Except as otherwise indicated, all facts set forth

[1] The Debtors in these chapter 11 cases (the "Chapter 11 Cases"), and the last four digits of their U.S. taxpayer identification numbers are: Ascent Resources Marcellus Holdings, LLC (3495) ("ARM Holdings"), Ascent Resources - Marcellus, LLC (0354) ("ARM") and Ascent Resources Marcellus Minerals, LLC (5418) ("ARM Minerals" and together with ARM Holdings and ARM, the "Debtors"). The Debtors' corporate headquarters is located at 3501 NW 63rd Street, Oklahoma City, Oklahoma 73116.

in this declaration (the "Declaration") are based on my personal knowledge, my review of relevant materials, or my opinion based on my experience, knowledge, and information concerning the Debtors' operations and financial affairs. I am over the age of 18 and authorized to submit this Declaration on behalf of each of the Debtors.

4. On the date hereof (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). In order to enable the Debtors to minimize the adverse effects of the commencement of these Chapter 11 Cases on their business operations, the Debtors request various first day relief (collectively, the "First Day Operational Motions"). The First Day Operational Motions seek relief aimed at, among other goals, (i) preserving the Debtors' assets and operations, (ii) continuing the Debtors' cash management systems and other business operations and (iii) establishing certain administrative procedures to facilitate a smooth transition into chapter 11. The requested relief is essential to the success of these Chapter 11 Cases and the Debtors' reorganization efforts.

5. In addition to the First Day Operational Motions, the Debtors also filed a motion (together with the First Day Operational Motions, the "First Day Motions") to establish a timeline for the confirmation of the *Debtors' Joint Prepackaged Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (including all exhibits and schedules attached thereto and as may be amended, modified or supplemented from time to time, the "Plan"), as well as approval of the *Disclosure Statement for Debtors' Joint Prepackaged Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (including all exhibits and schedules attached thereto and as may be amended, modified or supplemented from time to time, the "Disclosure Statement"), which dates and deadlines comply with the terms of the Restructuring Support Agreement (as

defined below). As discussed in greater detail below, pursuant to the Restructuring Support Agreement, the Supporting Creditors have agreed to support a deleveraging transaction, consisting of the restructuring of the Debtors' existing debt obligations in chapter 11 through the Plan.

6. As discussed in greater detail below, the Debtors had been in discussions with certain First and Second Lien Lenders, Moelis and Davis Polk (each as defined below) regarding a potential restructuring pursuant to which the existing management team would continue to manage the business and the Debtors would continue as a going-concern. After extensive negotiations and good faith efforts, the parties reached a process for consensual resolution and, on September 5, 2017, executed a Restructuring Support Agreement (the "Restructuring Support Agreement") with a group of supporting creditors (the "Supporting Creditors"). The Restructuring Support Agreement established a dual-path consensual resolution. First, the parties agreed to a timeline for the Debtors and the Supporting Creditors to pursue a marketing process for the sale of all or substantially all of the Debtors' assets. Second, simultaneously with the marketing process, the parties agreed to pursue a consensual reorganization pursuant to which the First and Second Lien Lenders would convert their debt to equity, all general unsecured creditors would be unimpaired and the existing management team would continue to manage the business in exchange for equity in the reorganized Debtors.

7. I submit this Declaration in support of the First Day Motions. I am familiar with the contents of each motion, including the relevant exhibits attached thereto, and believe that the relief sought is necessary to preserve the value and productivity of the Debtors' operations, is integral to the successful reorganization of the Debtors and serves the best interest of the Debtors' estates, their creditors, and other parties in interest.

I. The Debtors' Business

A. The Debtors' Corporate History

8. Debtor ARM Holdings, a Delaware limited liability company, is the direct parent company of and owns 100% of the equity of Debtor ARM, an Oklahoma limited liability company. Debtor ARM is the direct parent company of and owns 100% of the equity of Debtor ARM Minerals, an Oklahoma limited liability company.

9. Debtor ARM Holdings and Debtor ARM were formed in April 2014 and July 2013, respectively, to acquire, explore for, develop, produce and operate natural gas and oil properties in the Marcellus Shale basin in the eastern U.S. The Debtors were initially managed by a wholly-owned subsidiary of American Energy Management Services, LLC, an entity created to provide management services, through its wholly-owned subsidiaries, to several independently organized, capitalized and financed natural gas and oil companies pursuant to separate and distinct management services agreements.

10. On May 5, 2014, ARM Holdings obtained initial equity commitments of up to $470 million (the "Initial Commitment") from certain private equity sponsors (the "Initial Sponsors") and entered into a purchase and sale agreement for certain leasehold and fee ownership rights to natural gas, oil and other minerals, excluding coal (the "Mineral Rights"), in the Marcellus Shale in northern West Virginia (the "Initial Transaction").

11. On August 4, 2014, ARM Holdings and ARM entered into the First and Second Lien Credit Facilities (as defined below) and ARM Holdings obtained a further equity commitment of up to $150 million (together with the Initial Commitment, the "Commitments") from an additional private equity sponsor (together with the Initial Sponsors, the "Sponsors"). Simultaneously, ARM closed on the Initial Transaction for approximately $1.2 billion using a portion of the Commitments and proceeds from the First and Second Lien Credit Facilities.

Members of the founding management team of Ascent (as defined below), and individuals and entities associated with the founding management team, participated in the equity investment in ARM Holdings at this time.

12. In October 2014, the owners of ARM Holdings and non-Debtor Ascent Resources Utica Holdings, LLC ("ARU Holdings"), a separately capitalized, financed and managed investment vehicle formed on September 6, 2013 to acquire, explore for, develop, produce and operate natural gas and oil properties in the Utica shale basin in Ohio, formed a new holding company, Ascent Resources, LLC ("Ascent") to become a common parent company for ARM Holdings and ARU Holdings. On December 31, 2014, these owners contributed their equity in ARM Holdings and ARU Holdings to Ascent Resources Operating, LLC ("ARO"), an Oklahoma limited liability company and subsidiary of Ascent, in exchange for equity in Ascent. Additionally, following the formation of Ascent, ARM entered into a management services agreement with ARO in August 2015. While ARU Holdings and ARM Holdings are sister entities, each has retained its separate debt capital structure with no cross-guarantees between them.

13. Debtor ARM Minerals was formed in 2015 and joined as a credit party and guarantor to both the First and Second Lien Credit Facilities on February 10, 2016. ARM created ARM Minerals to hold certain Mineral Rights acquired in West Virginia. ARM transferred the Mineral Rights to ARM Minerals to avoid West Virginia's merger of interest doctrine and to increase flexibility for acreage trades, unitization efforts and other business activities. ARM Minerals leases a portion of the Mineral Rights to ARM to aide in the development of ARM's leasehold position and leases other Mineral Rights to third-party oil and natural gas operators.

B. The Debtors' Operations

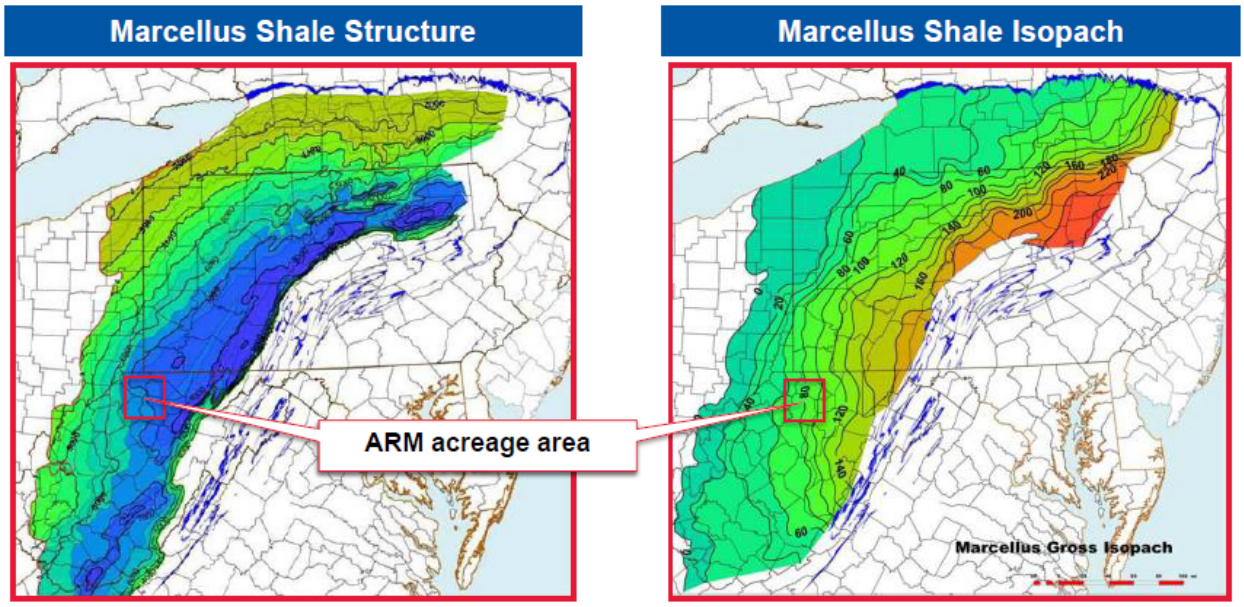
i. Management Services

14. The Debtors engage in the acquisition, exploration, development, production and operation of natural gas and oil properties located primarily in the Marcellus Shale in West Virginia, a rock formation spanning portions of New York, Pennsylvania, Ohio and West Virginia, formerly through a management services arrangement with ARO. As of January 1, 2018, ARO assigned the management services agreement to Ascent Resources Management Services, LLC ("ARMS"), a subsidiary of ARU Holdings. The Debtors intend to continue utilizing the services of ARMS under the management services agreement and to pay ARMS the associated costs in the ordinary course of business during the pendency of these Chapter 11 Cases.

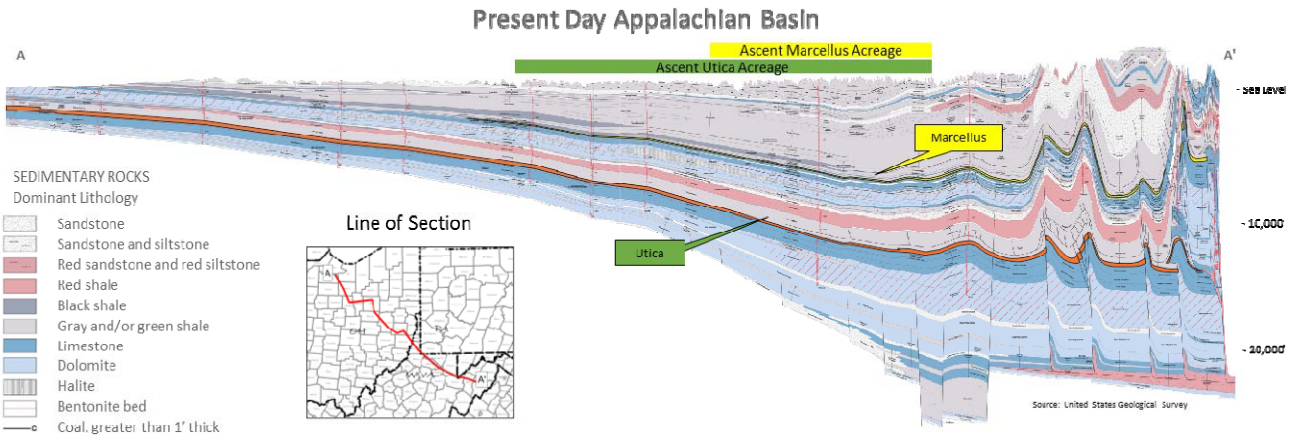
15. Under the management services agreement, ARMS performs any and all operational, administrative and management services requested by and at the direction of ARM. ARMS provides the Debtors with field employees as well as back office support and officers that are shared by the Debtors and other entities that receive services from ARMS. ARMS then periodically invoices ARM for costs expended on behalf of ARM for such services. All overhead costs are allocated proportionally between the Debtors and the other recipients of ARMS's services. Importantly, ARMS does not earn a profit from the management services agreement—all services are at cost. During the years ended December 31, 2016 and December 31, 2017, ARM incurred costs of $10.6 million and $6.8 million, respectively, for services performed under the management services agreement with ARO, of which $5.1 million and $4.5 million, respectively, related to direct labor and were recognized in lease operating expense, exploration or natural gas and oil properties, as applicable.

16. The Debtors intend to continue utilizing the services of ARMS under the management services agreement and to pay ARMS the associated costs in the ordinary course of business during the pendency of these Chapter 11 Cases.

ii. Marcellus Shale



17. The Marcellus Shale is one of the largest shale plays in the United States and encompasses over 30 million acres across four states. The region, located to the west of the Appalachian Mountains, has been producing natural gas, oil and other products for over 100 years and is home to the first oil well in the United States. The high Btu "wet" natural gas window of the play stretches from western Pennsylvania to northern West Virginia and is situated between low Btu content "dry" natural gas windows to the southeast and northwest. The Debtors' portfolio includes both wet and dry natural gas acreage in this region.

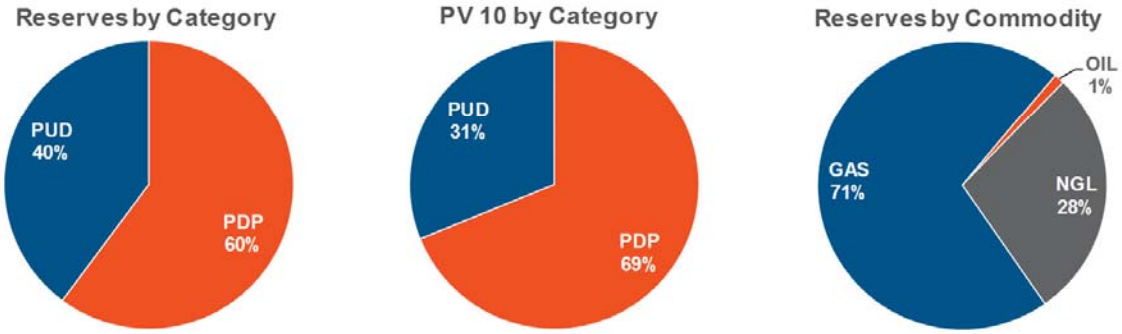


18. The Debtors believe that some of the more attractive areas in the Marcellus Shale are in northern West Virginia, specifically in Wetzel County and Tyler County. Economic production of natural gas depends in large part on reservoir pressure. Wet natural gas acreage in both of these counties falls within an overpressured window of the play with pressure gradients ranging from 0.50 to 0.65 psi/ft. This has led to robust results for competitors in the region such as Noble and Antero Resources, which have achieved flow rates as high as 24 MMcfe/d and 22 MMcfe/d, respectively. In the dry natural gas window to the east, Arsenal, Antero, Northeast Natural Energy and EQT have achieved flow rates as high as 16 MMcfe/d.

19. The Debtors' leasehold position and Mineral Rights were primarily purchased by ARM in the Initial Transaction, which covered approximately 53,000 net acres concentrated in the Marcellus wet and dry natural gas windows in northern West Virginia. After accounting for additional leasing activity and dispositions, ARM currently owns or has the right to develop approximately 43,030 net acres in northern West Virginia. The following chart illustrates the net proved reserves of ARM as of December 31, 2017:

ARM Proved Reserves (as of 12/31/2017)

Reserve Category	Gross Locations[1]	Oil (mbbls)	NGL (mbbls)	Gas (mmcf)	Total (mmcfe)	% of Total	Pre-Tax PV 10 ($m)[2]
PDP	91	77	11,345	173,846	242,379	60%	$87,085
PDNP	0	0	0	0	0	0%	$0
PUD	6	713	7,458	111,260	160,285	40%	$39,370
Total Proved	**97**	**790**	**18,804**	**285,106**	**402,665**	**100%**	**$126,454**



1) Gross locations include only unconventional wells with a positive PV 10
2) SEC Prices as of 12/1/2017: $51.34, $2.98

20. On February 10, 2016, ARM transferred ownership rights and record title in all of the Mineral Rights along with certain other assets with an aggregate value of approximately $250 million to its wholly-owned subsidiary, ARM Minerals. At the same time, ARM Minerals was joined as a credit party and guarantor under both the First and Second Lien Credit Facilities. ARM Minerals subsequently leased some of the Mineral Rights back to ARM for development purposes. ARM transferred the Mineral Rights to ARM Minerals to avoid West Virginia's merger of interest doctrine and to increase flexibility for acreage trades, unitization efforts and other business activities.

21. ARM operates 547 wells in West Virginia comprised of 225 producing shallow wells, 42 producing horizontal wells, 111 injection wells, 143 shut in wells and 26 wells in various stages of observation or work in progress. ARM has a diversified marketing portfolio with the ability to sell to multiple markets, providing varied pricing. ARM has contracts with counterparties to gather, treat, process, dehydrate, compress, fractionate, store, transport, market

and purchase the natural gas, oil and natural gas liquids ("NGL") produced by ARM. Pursuant to the gathering, processing, fractionation and transportation contracts (the "Midstream Arrangements"), the counterparties receive and process ARM's products and either then sell the produced products on behalf of ARM or return custody of the products to ARM for ultimate sale.

22. ARM continues to control a significant mineral and leasehold position in the Marcellus Shale in West Virginia; however, due to the decline in commodity prices and ARM's financial condition, ARM ceased new drilling and completion operations in June 2015 and has not resumed such activities as of the date hereof.

II. The Debtors' Organizational Structure, Financial Performance and Prepetition Indebtedness

A. Organizational Structure

23. The corporate structure chart, attached hereto as Exhibit A, provides a general overview of the relationship of the Debtors and their non-Debtor affiliates.

B. Financial Performance and Cash Position

24. The Debtors' net loss for 2016 was $677 million, representing an increase in the Debtors' net loss of $513 million from fiscal year 2015. Additionally, the Debtors' unaudited net loss for the year ended December 31, 2017 was $98 million.

25. As of the date hereof, ARM had an unrestricted cash balance of approximately $10 million and restricted cash of $192 million (net of all outstanding checks).

C. The Debtors' Prepetition Indebtedness

a. The First Lien Term Loan

26. The Debtors are party to a $750 million senior first lien secured term loan facility, dated as of August 4, 2014 (the "First Lien Credit Facility"), with Cortland Capital Market Services LLC ("Cortland") as successor administrative and collateral agent to Citibank,

N.A. ("Citi") and certain lenders party thereto (the "First Lien Lenders").[2] The First Lien Credit Facility was fully drawn on August 4, 2014 and matures on August 4, 2020. As of the date hereof, approximately $708 million remains outstanding in principal under the First Lien Credit Facility.

27. In connection with the First Lien Credit Facility, the Debtors established a capital expenditures reserve account (the "CapEx Account"), initially funded by $300 million of the First Lien Credit Facility proceeds. If certain conditions are satisfied, the Debtors are entitled to withdraw funds from the CapEx Account for a number of purposes, including the development of certain acreage, the acquisition of certain properties to address title and environmental defects subsequent to the initial acquisition of properties in August 2014, and for general corporate purposes, including debt service. As of the date hereof, the balance of the CapEx Account is $106 million.

b. The Second Lien Term Loan

28. The Debtors also are party to a $450 million senior second lien secured term loan facility, dated as of August 4, 2014 (the "Second Lien Credit Facility" and together with the First Lien Credit Facility, the "First and Second Lien Credit Facilities"), with Cortland as successor administrative and collateral agent to Citi and certain lenders party thereto (the "Second Lien Lenders").[3] The Second Lien Credit Facility was fully drawn on August 4, 2014 and matures on August 4, 2021. In April and May 2016, ARO repurchased approximately $102

[2] On February 10, 2016, ARM Minerals was joined as a credit party and guarantor under the First Lien Credit Facility. On April 28, 2016, Cortland replaced Citi as administrative agent under the First Lien Credit Facility. Additionally, on January 6, 2017, Cortland replaced Citi as collateral agent under the First Lien Credit Facility.

[3] On February 10, 2016, ARM Minerals was joined as a credit party and guarantor under the Second Lien Credit Facility. On April 28, 2016, Cortland replaced Citi as administrative agent under the Second Lien Credit Facility. Additionally, on January 6, 2017, Cortland replaced Citi as collateral agent under the Second Lien Credit Facility.

million principal amount of the Second Lien Term Loans in the open market. ARO contributed these repurchased loans to ARM Holdings and they were subsequently cancelled and extinguished. As of the date hereof, approximately $348 million remains outstanding in principal under the Second Lien Credit Facility.

III. Events Leading to the Commencement of the Debtors' Chapter 11 Cases

A. Adverse Market Conditions

29. The Debtors' natural gas and oil operations, including their exploration, drilling and production operations, are capital-intensive activities that require access to significant capital. Historically, the Debtors' primary sources of liquidity to fund ongoing operations have been equity contributions from the Sponsors, proceeds from borrowings under the First and Second Lien Credit Facilities, and, to a modest degree, cash flows from operations.

30. In late 2014, natural gas, oil and NGL prices began declining as a result of several factors, including increased supplies, relatively mild weather in the United States and weak global economic growth. Natural gas, oil and NGL prices continued to decline throughout 2015 and remained suppressed throughout 2016 and 2017. Specifically, Henry Hub natural gas prices declined from approximately $5.56/MMBtu in February 2014 to as low as $1.71/MMBtu in March 2016, and only averaged $2.66/MMBtu and $2.46/MMBtu in calendar years 2015 and 2016, respectively. Henry Hub natural gas prices increased somewhat to average $3.11/MMBtu in 2017. However, regional natural gas prices remained depressed and averaged $1.44/MMBtu, $1.37/MMBtu and $2.23/MMBtu, over 2015, 2016 and 2017, respectively. Domestic oil prices also fell significantly from $105.15/Bbl in June 2014 to as low as $30.62/Bbl in February 2016, and only averaged $50.95/Bbl in 2017. Additionally, OPIS NGL prices dropped from $42.19/Bbl in February 2014 to as low as $12.68/Bbl in January 2016, and as low as $20.06/Bbl through September 2017. Regional prices realized by ARM were $11.28/Bbl for 2016 and

$15.55/Bbl year-to-date through September 2017 due to regional oversupply and lack of NGL infrastructure. Finally, it is important to note that the prices set forth above for natural gas, oil and NGL do not include any deductions for gathering, processing or transportation charges or other applicable price adjustments.

31. The relative downturn in natural gas and oil prices beginning in the third quarter of 2014 and continuing to date, combined with the decline in ARM's production volume, has significantly decreased the Debtors' revenues from product sales and the amount of internally generated cash available for operating expenses. Even after accounting for the recent uptick in natural gas, oil and NGL prices, revenue generated from product sales is insufficient to cover the Debtors' expenses and production volume is insufficient to satisfy contractual commitments. The Debtors continue to incur monthly contractual obligations under the Midstream Arrangements regardless of whether they are utilizing the services.

32. The First and Second Lien Credit Facilities are fully drawn, aside from the restricted CapEx Account, and the Debtors do not have a revolving credit facility. In addition to normal ordinary operating expenses, the Debtors are required to make periodic interest payments on account of the First and Second Lien Credit Facilities. Failure to make such interest payments before the expiration of the thirty-day grace period resulted, or will result, in events of default (the "Interest Payments Defaults") under the First and Second Lien Credit Facilities.[4] While the Debtors have cash available from the EQT sale, as discussed in greater detail below, the Debtors determined that using the cash proceeds to make the interest payments was not prudent and not in the best interests of the Debtors and the Debtors' stakeholders.

[4] See § 7.01(a) of First Lien Credit Facility; § 7.01(a) of Second Lien Credit Facility.

B. EQT Sale

33. In late 2016, the Debtors were approached by EQT Production Company ("EQT") regarding a potential sale of certain of the Debtors' natural gas and oil leases and mineral interests predominantly in Marion and Monongalia counties in West Virginia. After extensive negotiations with EQT, and another unaffiliated potential buyer, and in consultation with counsel and financial advisors to Cortland, on February 1, 2017, the Debtors sold approximately 14,350 net acres, including leasehold and fee mineral acres, and approximately 46 operated shallow conventional wells and the associated infrastructure and gathering lines to EQT. The acreage was predominantly non-core acreage in the dry natural gas window for which ARM had no near-term development plans. In exchange, EQT paid the Debtors a purchase price of approximately $130 million (approximately $9,059 per acre), subject to certain closing adjustments. The Debtors earned an additional $2.9 million subsequent to the closing of this sale for providing EQT with curative information pertaining to production and payment information for certain third-party operated shallow wells.

34. As a result of the sale to EQT, after certain operating expenses and pay downs in accordance with the First and Second Lien Credit Facilities, the Debtors currently have approximately $96 million (net of all outstanding checks) of cash outside of the CapEx Account. Of this amount, $86 million (net of all outstanding checks) is subject to an account control agreement with the Term Loan Agents. The final $10 million is also subject to an account control agreement with the Term Loan Agents but can be used by ARM for ordinary course payments and is not restricted.

C. Appointment of Independent Co-Manager to ARM Holdings

35. In anticipation of a potential restructuring, the Debtors appointed an independent manager (the "Independent Co-Manager") to advise on and act for the Debtors on

matters related to a potential restructuring. After interviewing and reviewing the qualifications of the candidates, on February 14, 2017, the sole member of ARM Holdings executed a written consent appointing Alan J. Carr as the Independent Co-Manager of ARM Holdings. The responsibilities of the Independent Co-Manager include: (i) negotiating the Restructuring Support Agreement; (ii) reviewing the terms of any plan of reorganization or liquidation, any sale or offering of equity interests in the Debtors, and any pre- or post-petition asset purchase agreement to which any affiliate of ARO is proposed to act as sponsor or party thereto and (iii) supervising the structuring of a plan of reorganization or liquidation for the Debtors. Since his appointment, the Independent Co-Manager has been involved with the prepetition negotiations with the Creditors, the negotiations and finalization of the Restructuring Support Agreement and the preparation for these Chapter 11 Cases.

D. Prepetition Negotiations with the Creditors

36. In April 2016, in anticipation of a potential restructuring of the Debtors, Cortland, in its capacity as administrative agent for the First Lien Credit Facility, engaged Davis Polk & Wardwell LLP ("Davis Polk") as counsel, and in December 2016, engaged Moelis & Company ("Moelis") as financial advisors. In light of the continuing adverse market conditions, in the fall of 2016, the Debtors commenced negotiations with Davis Polk, Moelis and certain Holders of the First Lien Term Loans and Second Lien Term Loans. In January 2017 and at various points thereafter, certain of these lenders executed confidentiality agreements with the Debtors to advance these discussions.

37. These negotiations revolved around a restructuring pursuant to which the existing management team would remain in place and implement a new business plan and the Debtors would continue as a going concern. The parties exchanged eighteen proposals, revised proposals and counteroffers between the months of January and July 2017.

38. In furtherance of the negotiations, on June 1, 2017, Holders of First Lien Term Loans and Holders of Second Lien Term Loans holding in excess of a majority of the outstanding principal amount of each of the First and Second Lien Credit Facilities and the Debtors executed forbearance agreements pursuant to which such lenders agreed, subject to certain conditions, to temporarily forbear from accelerating the outstanding obligations under the First and Second Lien Credit Facilities or otherwise exercising any of their rights and remedies on account of, among other things, the Interest Payments Defaults.

E. Restructuring Support Agreement

39. On September 5, 2017, the Debtors entered into the Restructuring Support Agreement, a copy of which is attached to the Disclosure Statement as Exhibit 1, with the Supporting Creditors that own or manage, with the authority to act on behalf of, the beneficial owners of 62% in principal amount of the First Lien Term Loan and 68% in principal amount of the Second Lien Term Loan and the Term Loan Agents. To reach this outcome, the Debtors engaged in extensive negotiations with the Supporting Creditors over the terms of the Restructuring Support Agreement, as well as the various term sheets attached thereto, which form the basis for the Plan.

40. The Restructuring Support Agreement provides, among other things, that additional Holders of First Lien Term Loans and Second Lien Term Loans may execute joinders and become party to the Restructuring Support Agreement. Following execution of the Restructuring Support Agreement, additional creditors executed joinders to the Restructuring Support Agreement. As of the date hereof, Supporting Creditors that own or manage, with the authority to act on behalf of, the beneficial owners account for approximately 78% of the outstanding principal amount of First Lien Term Loans and 79% of the outstanding principal amount of the Second Lien Term Loans.

41. The framework of the reorganization has been formulated not only to reduce debt, but to maintain the underlying value of the Debtors' businesses and to position the Debtors for future growth. This contemplated process was designed to save the Debtors significant administrative costs and prevent any potential drag on their businesses, and will result in a far better outcome for the estates than a potential free-fall bankruptcy that could be necessary without the Restructuring Support Agreement. The Debtors believe that a protracted bankruptcy could, among other things, have a significant and negative impact on their business, and ultimately threaten their ability to reorganize.

42. The Restructuring Support Agreement represents a significant step forward in resolving the Debtors' financial difficulties by right-sizing their balance sheet through a consensual and swift restructuring process. In addition to reducing funded debt, the Restructuring Support Agreement negotiations resulted in binding term sheets (incorporated therein) that set forth the materials terms of the Plan, including with respect to certain corporate governance matters and management services. The Restructuring Support Agreement also mitigates the risk and expense of a contested bankruptcy process, including related to cash collateral, treatment of claims and valuation. The Debtors believe that the Restructuring Support Agreement, the Plan and the various ancillary documents represent a compromise that is in the best interest of the Debtors, their estates and their various constituents.

F. Sale Process

43. The Restructuring Support Agreement established a timeline for the Debtors and the Supporting Creditors to pursue a marketing process for the sale of all or substantially all of the Debtors' assets. The Debtors, with the support of the Supporting Creditors, engaged Tudor Pickering Holt & Co. to run a marketing process for the sale of all of the Debtors' assets beginning in September 2017. After an extensive process, the Debtors

received a number of bids for some or all of the Debtors' assets. However, after reviewing the bids and further discussions with potential purchasers, the Debtors and Supporting Creditors determined that a sale at this time is not in the best interest of all stakeholders and agreed to pursue a reorganization.

44. Although the marketing process has concluded and the Debtors do not expect to pursue a sale, the Plan contemplates the option of consummating a sale on or prior to the Effective Date. The Debtors may, with consent of the Supermajority Consenting First Lien Term Lenders, consummate a sale on or prior to the Effective Date pursuant to the Plan in which case proceeds of such sale shall be distributed in accordance with the Plan.

G. Reorganization

45. The Restructuring Support Agreement contemplates a consensual reorganization to be implemented through the Chapter 11 Cases. This consensual reorganization contemplates, among other transactions, a debt for equity conversion of the Term Loans and the Debtors entering into a new management services agreement with ARMS to provide services post-reorganization in exchange for equity in the reorganized Debtors.

H. Plan and Solicitation

46. The Debtors commenced solicitation of votes on the Plan from Holders of Class 3A First Lien Term Loan Claims and Holders of Class 3B Second Lien Term Loan Claims on February 2, 2018. The Voting Deadline for submitting votes on the Plan is March 1, 2018.

IV. The Debtors' Chapter 11 Cases

47. The Debtors intend to continue to operate their businesses in the ordinary course during the pendency of the Chapter 11 Cases. To facilitate the efficient and expeditious implementation of the Plan through the Chapter 11 Cases, and to minimize disruptions to the Debtors' operations on the Petition Date, the Debtors intend to seek to have all of the Chapter 11

Cases assigned to the same bankruptcy judge and administered jointly and to file various motions seeking important and urgent relief from the Bankruptcy Court.

V. The Debtors Require Relief to Avoid Immediate and Irreparable Harm

48. The Debtors request various forms of relief in their First Day Motions to enable them to continue business operations without disruption and promote a smooth transition to chapter 11. The First Day Motions seek authority to, among other things, ensure the continuation of the Debtors' cash management systems and other business operations without interruption. Receiving court approval of the relief sought in the First Day Motions is essential to giving the Debtors an opportunity to work towards a successful restructuring that will benefit all of the Debtors' stakeholders.

49. Several of the First Day Motions request authority to pay certain prepetition claims which have not yet been invoiced. It is my understanding that Bankruptcy Rule 6003 provides that to the extent "relief is necessary to avoid immediate and irreparable harm," a Bankruptcy Court may approve a motion to pay all or part of a claim that arose prior to the filing of these Chapter 11 Cases within 21 days after the Petition Date. The Debtors' request for authority to pay prepetition claims has been tailored accordingly. Despite their relatively small amount, a failure to pay these prepetition claims would cause immediate and irreparable harm to the Debtors.

A. Administrative Motions

i. Debtors' Motion for an Order Authorizing Joint Administration of the Debtors' Chapter 11 Cases

50. The Debtors are "affiliates" as defined in section 101(2) of the Bankruptcy Code. The Debtors therefore request that the Court jointly administer these Chapter 11 Cases. Joint administration will obviate the need for duplicative notices, motions, applications and

orders, thereby saving considerable time for the Court and time and expense for the Debtors and their estates. Joint administration will promote the fair and efficient administration of these Chapter 11 Cases.

ii. Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to File (a) a Consolidated List of Creditors in Lieu of Submitting a Separate Matrix for each Debtor and (b) a Consolidated List of Debtors' Top Thirty Creditors, (II) Extending Time for Debtors to File Schedules of Assets and Liabilities and Statements of Financial Affairs and Permanently Waiving Requirement to File Same Upon Confirmation of the Debtors' Prepackaged Plan and (III) Directing the United States Trustee Not to Convene a Section 341(a) Meeting

51. The Debtors request that the Court authorize the Debtors to file a consolidated list of the top thirty unsecured creditors and to file and maintain a consolidated creditor matrix in lieu of separate matrices for each Debtor. Because the Debtors operate as a single business enterprise, granting the Debtors authority to file a single, consolidated list of their thirty largest general unsecured creditors and maintain a single consolidated creditor matrix is appropriate under the circumstances.

52. The Debtors also request that the time for filing their Schedules of Assets and Liabilities ("Schedules") and Schedules of Financial Affairs ("SOFAs") be extended for an additional thirty days because requiring the Debtors to file Schedules and SOFAs during the first thirty days of these Chapter 11 Cases would distract the Debtors' management and advisors from focusing on ensuring a smooth transition into these Chapter 11 Cases. The minimal benefit of requiring the Debtors to prepare the Schedules and SOFAs by the thirtieth day following the Petition Date will be significantly outweighed by the substantial expenditure of time and resources the Debtors will be required to devote to the preparation and filing of the documents. Moreover, it is appropriate to waive the Debtors' Schedules and SOFAs filing requirement effective upon confirmation of the Plan if confirmation occurs on or before the requested

extension deadline. The Schedules and SOFAs would be of little benefit to most parties-in-interest in these Chapter 11 Cases after confirmation of the Plan, while requiring a substantial expenditure of time and resources by the Debtors to prepare and file.

53. Additionally, the Debtors seek a waiver of the section 341(a) meeting. The Debtors began solicitation of acceptances of the Plan prior to the Petition Date. The Debtors intend to complete the plan confirmation process and emerge from chapter 11 within sixty days after the Petition Date. Furthermore, creditors will not be prejudiced because all creditors either have the opportunity to vote to accept the Plan or are unimpaired under the Plan. Accordingly, the Debtors submit that the requirement under section 341 of the Bankruptcy Code to hold a meeting of creditors should be waived.

iii. Application for an Order Appointing Prime Clerk LLC as Claims and Noticing Agent for the Debtors *Nunc Pro Tunc* to the Petition Date

54. I have also reviewed Prime Clerk's Engagement Agreement, which is attached as Exhibit C to the claims agent retention application, and the description of services that Prime Clerk has agreed to provide and the compensation and other terms of the engagement as provided in the retention application. Based on that review, I believe that the Debtors' estates, creditors, parties in interest and the Court will benefit from Prime Clerk's experience and cost-effective methods. Prior to retaining Prime Clerk, the Debtors also solicited and reviewed engagement proposals from two other potential claims and noticing agents. The Debtors believe, and I agree, that Prime Clerk's rates are competitive and reasonable given Prime Clerk's quality of services and expertise, and that the appointment of Prime Clerk as claims and noticing agent is the most effective and efficient manner by which to provide noticing and claims processing services in the Chapter 11 Cases and is necessary and in the best interest of the Debtors and their estates.

B. Operational Motions

i. Debtors' Motion for an Order (I) Authorizing the Debtors to (A) Continue Their Existing Cash Management System, (B) Honor Certain Related Obligations and (C) Maintain Existing Bank Accounts and Utilize Existing Check Stock, (II) Waiving the Requirements of 11 U.S.C. § 345(b) and (III) Granting Related Relief

55. In furtherance of the Debtors' business operations, the Debtors use a cash management system (the "Cash Management System") to collect, process, transfer and distribute funds generated by the Debtors' operations and to accurately record such collections, transfers and disbursements as they are made. The Cash Management System comprises a total of eight active bank accounts (collectively, the "Bank Accounts"). Six of the Bank Accounts are maintained at Bank of Oklahoma ("BOK"), one account at Citibank, N.A. ("Citi"), and one account at BOKF, N.A. (f/k/a BOSC, Inc.), an affiliate of BOK ("BOK Financial" and together with BOK and Citi, the "Cash Management Banks"). The Citi account, two of the BOK accounts and the BOK Financial account are subject to various account control agreements.

56. Debtor ARM has a pending credit card application on file with BOK for a Visa company card (the "Visa Card"). In the ordinary course, if the application is approved, ARM will pay the balance on the Visa Card monthly, for costs and expenses incurred by ARMS's employees while rendering services to ARM. The Debtors also utilize gas cards issued by WEX Bank (the "Gas Cards" and together with the Visa Card, the "Credit Cards") maintained in ARM's name for use by ARMS's employees when rendering services for the Debtors. Gas Cards are only used for the purchase of fuel for vehicles. In the ordinary course, ARM pays the balance on the Gas Cards monthly. The Debtors monitor the expenses charged to the Credit Cards to ensure compliance with company policies and to ensure that only those expenses that relate directly to services incurred and goods purchased for the benefit of the Debtors are paid by the Debtors.

57. The Cash Management System has been utilized continuously by the Debtors. The Debtors' corporate and financial structure makes it difficult and unduly burdensome for the Debtors to establish an entirely new system of accounts and a new cash management system. Thus, under the circumstances, maintenance of the Cash Management System is not only essential, but also in the best interests of the Debtors' estates and creditors.

58. Furthermore, preserving "business as usual" conditions and avoiding the enormous difficulties inevitably triggered by disruptions to the Cash Management System will facilitate the Debtors' stabilization of their post-petition business operations and assist the Debtors in their reorganization efforts. The Debtors will continue to maintain accurate and current records with respect to all transactions, whether transfers of cash, setoffs or otherwise, so that all transactions can be readily ascertained, traced and properly recorded.

59. In addition to seeking authority to maintain their existing Cash Management System, the Debtors also seek certain waivers from the requirements set forth in the *United States Trustee Operating Guidelines for Chapter 11 Cases* (the "U.S. Trustee Guidelines"). The Debtors conduct transactions in the ordinary course by ACH transfers, the Credit Cards and other similar methods. In addition, a certain percentage of the Debtors' customer receipts are received through ACH and wire transfer payments. If the Debtors' ability to conduct transactions by debit, the Credit Cards, wire, ACH transfer or other similar methods is impaired, the Debtors may be unable to perform under certain contracts, their business operations may be unnecessarily disrupted, and their estates will incur additional costs. In addition, the Debtors request authority to preserve various reporting and accounting mechanisms, such as signatory authorizations and accounting systems central to the maintenance of the Bank Accounts. In accordance with existing practices, the Debtors will maintain strict records of all

receipts and disbursements from the Bank Accounts during the pendency of these Chapter 11 Cases and will ensure that their records properly distinguish between pre and post-petition transactions. The Debtors also request authorization to use their existing checks.

60. Finally, the Debtors also request that the Court waive the requirements of section 345(b) of the Bankruptcy Code and permit them to maintain their deposits in the Bank Accounts in accordance with their existing deposit practices. Requiring the Debtors to change their deposits and other procedures abruptly could result in harm to the Debtors, their estates and their creditors due to the disruption of their Cash Management System. If granted a waiver, the Debtors will not be burdened with the significant administrative difficulties and expenses relating to opening new accounts in a manner that ensures all of their funds are insured or invested strictly in accordance with the restrictions established by section 345 of the Bankruptcy Code.

ii. Debtors' Motion for Interim and Final Orders (I) Authorizing But Not Directing Debtors to Pay or Honor Oil and Gas Interests, (II) Authorizing Financial Institutions to Honor Related Payment Requests and (III) Granting Related Relief

61. The Debtors are party to a number of oil and gas leases (the "Oil and Gas Leases") pursuant to which they are granted real property interests in the oil, natural gas and certain other minerals under a parcel of property and the exclusive right to explore, drill and produce such minerals from the property. In exchange, at the time of execution of the Oil and Gas Leases, the Debtors pay the property owners a lump-sum payment and for the duration of the term of the Lease and provide the property owners with either a share of the production or royalty payments in lieu of a share of production (the "Royalty Interests").

62. From time to time, the Debtors hold *de minimis* amounts in minimum suspense (the "Minimum Suspense Obligations") on account of accrued Royalty Interests.

Additionally, the Debtors have certain funds on hand that are subject to various disputes or other open commercial issues, including, without limitation, disputes over titles, incomplete documentation and inability to locate the party owed the Royalty Interest. As of the Petition Date, the Debtors hold approximately $1,400,000 in legal suspense (the "Legal Suspense Obligations" and together with the Minimum Suspense Obligations, the "Suspense Obligations"). Suspense Obligations are held in suspense until the dispute is resolved. The Suspense Obligations are accrued but unpaid liabilities of the Debtors. As of the Petition Date, the Debtors estimate that they hold approximately $1,500,000 in Suspense Obligations accrued prepetition, of which approximately $70,000 will come due within the first thirty days of these Chapter 11 Cases.

63. In addition to the Royalty Interests, the Debtors are sometimes obligated to pay other fees to maintain the Oil and Gas Leases, including shut-in rental payments, overriding royalty interests, non-participating royalty interests, net profits interests, production payments and unleased mineral interests (collectively, with the Royalty Interests and the Suspense Obligations, the "Mineral Payments"). As of the Petition Date, the Debtors estimate that they owe approximately $4,600,000 in Mineral Payments accrued prepetition, of which approximately $1,400,000 will come due within the first thirty days of these Chapter 11 Cases.

64. Oil and natural gas resources deplete through extraction and use. Accordingly, in the ordinary course, the Debtors acquire new oil and gas leases (a "New Lease") to maintain and develop their asset base. The Debtors also regularly engage in land swaps (a "Land Swap" together with the New Leases, a "Land Acquisition") whereby the Debtors exchange oil and gas leases with neighboring lessees. The Debtors rely on a number of contractors (the "Land Acquisition Vendors") in connection with such Land Acquisitions. These

Land Acquisition Vendors assist with the acquisition of mineral rights, conduct lease availability checks and undertake title research to facilitate the continued development of the Debtors' business. The Debtors pay the Land Acquisition Vendors directly. In the ordinary course, Land Acquisition Vendors are usually compensated by receiving a per diem rate for their time and efforts. The Debtors estimate that, as of the Petition Date, they owe approximately $80,000 on account of Land Acquisition related expenses, including closing costs owed to Land Acquisition Vendors (the "Land Acquisition Expenses") accrued prepetition, of which approximately $80,000 will come due within the first thirty days of these Chapter 11 Cases.

65. In addition, the Debtors contract with certain midstream vendors (the "Midstream Vendors") to market their mineral production by gathering, treating, processing, dehydrating, compressing, fractionating, storing and transporting the production through a network of gathering systems, storage tanks, processing facilities, pipelines and trucks (the "Marketing Expenses"). The amount of Marketing Expenses are based on the Debtors' production, which under some contracts is not meeting the contractual volume commitment and incurring additional Marketing Expenses. The Debtors either pay the Marketing Expenses directly or through the purchasers of production (in which case, the Debtors reimburse the purchasers either by direct payment or by netting the cost of Marketing Expenses against the proceeds of the sold production). As of the Petition Date, after netting, the Debtors estimate that they owe approximately $500,000 on account of Marketing Expenses accrued prepetition, of which approximately $350,000 will come due within the first thirty days of these Chapter 11 Cases.

66. For each of the Oil and Gas Leases, the Debtors either explore, drill and produce the minerals directly or hire a third-party operator to explore, drill and operate on their

behalf. With respect to the Debtor-operated properties, the Debtors incur lease operating expenses, general expenses related to operating field offices and other exploration and production-related obligations (collectively, the "Lease Operating Expenses" and together with the Land Acquisition Expenses and the Marketing Expenses, the "Vendor Expenses") to third parties ("Lease Operating Vendors" and together with the Land Acquisition Vendors and the Midstream Vendors, the "Vendors"). The Lease Operating Vendors provide services and materials in connection with drilling, equipping and operating the wells to facilitate the continued operation of Debtors' business, such as salt water disposal, equipment rentals, and chemicals used for production. The Lease Operating Vendors also provide services that enable the Debtors to maintain their local field offices that oversee the active wells. As of the Petition Date, the Debtors estimate that they owe approximately $1,250,000 on account of Lease Operating Expenses accrued prepetition, of which approximately $50,000 will come due within the first thirty days of these Chapter 11 Cases.

67. With respect to the Debtors' Oil and Gas Leases that the Debtors do not operate themselves, the Debtors enter into joint operating agreements (the "JOAs") pursuant to which a third-party operator (an "Operator") explores, drills and produces minerals for the Debtors and others that possess exclusive rights to the underlying minerals in the area but likewise do not produce the minerals themselves. The Debtors receive their share of revenue from the Operators and reimburse the Operators for their share of the production costs (the "Joint-Interest Billings Payments" and together with the Mineral Payments and Vendor Expenses, the "Oil and Gas Payments"). In the event that the Debtors fail to timely make Joint-Interest Billings Payments, the Operator may assert contractual or statutory lien rights against the

Debtors' interest in a well or the underlying Oil and Gas Lease. As of the Petition Date, the Debtors do not owe any Joint-Interest Billings Payments.

68. Payment of the Oil and Gas Payments is in the best interest of the Debtors' estates. Payment of the Mineral Payments in the ordinary course is necessary for the Debtors to maintain their property interests in the Oil and Gas Leases. Failure to pay the Mineral Payments will negatively impact the Debtors' operations, damage their market reputation, and may result in the termination of valuable Oil and Gas Leases. Maintaining the Debtors' rights under the Oil and Gas Leases is of paramount importance as the revenues derived from the lands leased by the Debtors represent the majority of the Debtors' operating income.

69. Payment of the Vendor Payments also is critical to maintaining the value of the Debtors' estates. Failure to pay the Land Acquisition Vendors may adversely impact the Debtors' ability to identify new resources to replenish their assets and failure to pay the Marketing Expenses may result in the Debtors being forced to shut in, or close, certain affected wells. Shutting in any wells may have economic consequences to the Debtors beyond temporary cessation of production and revenue therefrom.

70. Payment of the Lease Operating Expenses and Joint-Interest Billings is also critical to maintaining the value of the Debtors' estates. Failure to make such payments may result in statutory or contractual liens that could encumber Debtors' Oil and Gas Leases. Such liens would compromise the estates' most valuable assets.

71. The Debtors are requesting authority to pay the Oil and Gas Payments up to the amount of $2,200,000 upon entry of the interim order and $7,200,000 upon entry of the final order.

iii. Debtors' Motion for Interim and Final Orders (I) Authorizing But Not Directing Debtors to Pay Certain Prepetition Taxes and Assessments, (II) Authorizing Financial Institutions to Honor Related Payment Requests and (III) Granting Related Relief

72. In the ordinary course of business, the Debtors incur certain taxes and fees relating to their operations in West Virginia. These include ad valorem taxes, oil and natural gas severance taxes, conservation taxes and sales and use taxes and amounts withheld and remitted to the Federal government on behalf of the owners of oil and natural gas properties (collectively, the "Taxes") that are payable directly to different federal, state and local authorities (the "Taxing Authorities"). The Debtors estimate that their liabilities for Taxes coming due in 2018, not including Taxes paid as of the Petition Date, total approximately $2,100,000.

73. Although the Debtors believe that they are current on all of their Taxes that have become due as of the Petition Date, a lag between the time when the Debtors incur an obligation to pay the Taxes and the date such Taxes become due and payable may exist. As a result, some Taxing Authorities may have claims against the Debtors for Taxes that have accrued but remain unpaid as of the Petition Date (the "Prepetition Taxes"). Based upon the Debtors' historical tax liabilities, the Debtors' best faith estimates and the projected timing of when the Prepetition Taxes are likely to come due, the Debtors are requesting authority to pay Prepetition Taxes up to the amount of $550,000 upon entry of the interim order and $2,300,000 upon entry of the final order.

74. Granting the Debtors authority to pay Prepetition Taxes is in the best interest of the Debtors' estates. In any event, the Debtors' failure to pay the Prepetition Taxes as they come due would ultimately increase the amount of priority claims held by the Taxing Authorities against the Debtors' estates. Additionally, with respect to any unpaid Prepetition Taxes, the Taxing Authorities may seek to attach liens to real or personal property or assert that

certain of the unpaid Prepetition Taxes are so-called "trust fund" taxes that the Debtors are required to collect from third parties and hold in trust for the benefit of the Taxing Authorities. Finally, eliminating the administrative burden of resolving any Prepetition Taxes would be beneficial for the Debtors and their estates.

iv. Debtors' Motion for Interim and Final Orders (I) Approving Form of Adequate Assurance of Payment to Utility Companies, (II) Establishing Procedures for Resolving Objections by Utility Companies, (III) Prohibiting Utility Companies from Altering, Refusing or Discontinuing Service and (IV) Granting Related Relief

75. To operate their business and manage their properties, the Debtors obtain telecommunications, waste disposal, water, gas, electricity and other utility services (collectively, the "Utility Services") from a number of utility companies (collectively, the "Utility Companies"). Based on their monthly average for the twelve months prior to the Petition Date, the Debtors estimate that their cost of Utility Services for the next thirty days will be approximately $33,000.

76. The Debtors intend to pay all post-petition obligations owed to the Utility Companies in a timely manner and anticipate having sufficient funds to do so. Nevertheless, to provide the Utility Companies with adequate assurance pursuant to sections 366(b) and 366(c) of the Bankruptcy Code, the Debtors propose to deposit cash in an amount equal to two weeks' payment for Utility Services—approximately $16,500—into a newly created, segregated account for the benefit of the Utility Companies. The Debtors are requesting Interim and Final Orders approving this proposed form of adequate assurance, approving the procedures for resolving objections by the Utility Companies and prohibiting the Utility Companies from altering or discontinuing their services to the Debtors.

77. Uninterrupted Utility Services are essential to the Debtors' ongoing operations and, therefore, the success of the Debtors' reorganization. The Debtors' businesses

involve the acquisition, production, exploration and development of onshore liquids-rich oil and natural gas assets in the United States. To successfully locate, develop and extract natural gas, oil and natural gas liquids, the Debtors require electricity and gas to operate their exploration and production equipment at their numerous oil and natural gas well sites. In addition, the Debtors maintain field offices primarily responsible for managing the day-to-day operations of the Debtors' oil and natural gas wells in a particular region. Should any Utility Company refuse or discontinue service, even for a brief period, the Debtors' business operations could be severely disrupted, and such disruption would jeopardize the Debtors' ability to manage their reorganization efforts.

v. Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to use Cash Collateral Pursuant to 11 U.S.C. § 363, (II) Granting Adequate Protection to the Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 503, 507, and 552 (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b) and (IV) Granting Related Relief

78. As discussed above, on September 5, 2017, the Debtors entered into the Restructuring Support Agreement with the Supporting Creditors. As of the Petition Date, Supporting Creditors own or manage, with the authority to act on behalf of, the beneficial owners of approximately 78% of the outstanding principal amount of the First Lien Credit Facility and 79% of the outstanding principal amount of the Second Lien Credit Facility. Pursuant to the Restructuring Support Agreement, the parties agreed, among other things, to pursue a consensual reorganization pursuant to the Plan.

79. In connection with the consensual reorganization, the Debtors agreed to seek entry of an interim order and a final order permitting their use of cash collateral. Failure to obtain such orders by the deadlines set forth in the Restructuring Support Agreement may give rise to a termination right under the Restructuring Support Agreement. Accordingly, the Debtors

submit that the Debtors' access to cash collateral is critical to effectuate this consensual restructuring. Without access to cash collateral, the Debtors would be incapable of operating their businesses and these estates (and all stakeholders) would be immediately and irreparably harmed.

80. To satisfy the requirements of the Restructuring Support Agreement, on the Petition Date, the Debtors filed a motion seeking authority to use the prepetition collateral (the "Collateral"), granted by the Debtors to the First Lien Lenders, the Second Lien Lenders and the Agents (collectively, the "Prepetition Secured Parties"), including any cash of the Debtors pledged to the Prepetition Secured Parties or constituting cash proceeds of Collateral, if any (the "Cash Collateral") and in exchange, to provide adequate protection to the Prepetition Secured Parties. The Debtors request authorization to provide the Prepetition Secured Parties with: (i) allowed superpriority administrative claims pursuant to section 507(b) of the Bankruptcy Code, (ii) adequate protection liens, (iii) fees and expenses incurred by the Term Loan Agents, including the reasonable and documented fees, expenses, and disbursements (of counsel and other third-party consultants for the First Lien Term Loan Agent) and (iv) the Debtors' compliance with the Interim Budget and other financial reporting.

81. As of the Petition Date, the Debtors have approximately $96 million (net of all outstanding checks) in cash on hand, all of which constitutes Cash Collateral. I believe that if the Debtors were unable to use Cash Collateral, the Debtors would not have sufficient working capital to: (i) make payments to vendors or suppliers, (ii) satisfy ordinary operating costs or (iii) fund the administrative costs of the Chapter 11 Cases. I believe that without access to Cash Collateral, the Debtors' ability to restructure as contemplated under the Restructuring Support Agreement and the Plan will be jeopardized. In such a scenario, I believe that the value

available for distribution to stakeholders in the Chapter 11 Cases would be significantly reduced. Accordingly, I believe that the Debtors have an immediate need to use Cash Collateral to ensure sufficient liquidity throughout the pendency of the Chapter 11 Cases to enable them to confirm and consummate the Plan.

C. Motions Related to the Restructuring

i. Debtors' Motion for Entry of an Order (I) Scheduling an Objection Deadline and Combined Hearing on the Disclosure Statement and Plan Confirmation, (II) Approving Form and Manner of Notice of Combined Haring and Commencement, (III) Establishing Procedures for Objecting to the Disclosure Statement and the Plan, (IV) Approving Solicitation Procedures, (V) Approving the Disclosure Statement and (VI) Granting Related Relief

82. To capitalize on the efficiencies of the prepackaged plan process and minimize both the administrative costs and potential operational impact of the Chapter 11 Cases, the Debtors are pursuing an expedited plan confirmation process. To that end, the Debtors are requesting that the Court approve and/or schedule certain confirmation-related dates and deadlines on the following timeline:

Proposed Schedule	
Voting Record Date	January 31, 2018
Distribution of Solicitation Package	February 2, 2018
Petition Date	February 6, 2018
Distribution of the Combined Hearing Notice	no later than February 9, 2018
Distribution of Notice of Non-Voting Status	no later than February 9, 2018
Publication of the Publication Combined Hearing Notice	as soon as practicable after entry of the proposed order
Voting Deadline	March 1, 2018
Service of Cure Notices and Rejection Notices	March 2, 2018
Contract Objection Deadline	March 9, 2018
Objection Deadline	March 9, 2018
Reply Deadline	March 13, 2018
Combined Hearing	March 16, 2018

83. In addition to proposing the foregoing timeline of events, the Debtors request the Court: (i) set a hearing (the "Combined Hearing") to consider the adequacy of the

Disclosure Statement and confirmation of the Plan, (ii) approve form and manner of notice of the commencement of the Chapter 11 Cases and Combined Hearing, (iii) establish procedures for objecting to the Disclosure Statement or the Plan (including objections related to the assumption of executory contracts and associated cure costs), (iv) approve the prepetition solicitation procedures utilized by the Debtors and (v) approve the Disclosure Statement.

84. I believe that the proposed schedule of confirmation-related dates is fair to all parties-in-interest and is consistent with the Debtors' need to comply with the restructuring timeline set forth in the Restructuring Support Agreement. Similarly, the request for approval, on a first-day basis, of the form and manner of notice of the commencement of the Chapter 11 Cases and Combined Hearing, objection procedures and approval of the prepetition solicitation procedures will permit the Debtors to proceed expeditiously towards confirmation without unnecessary delays or distractions.

I declare under penalty of perjury that the foregoing is true and correct.

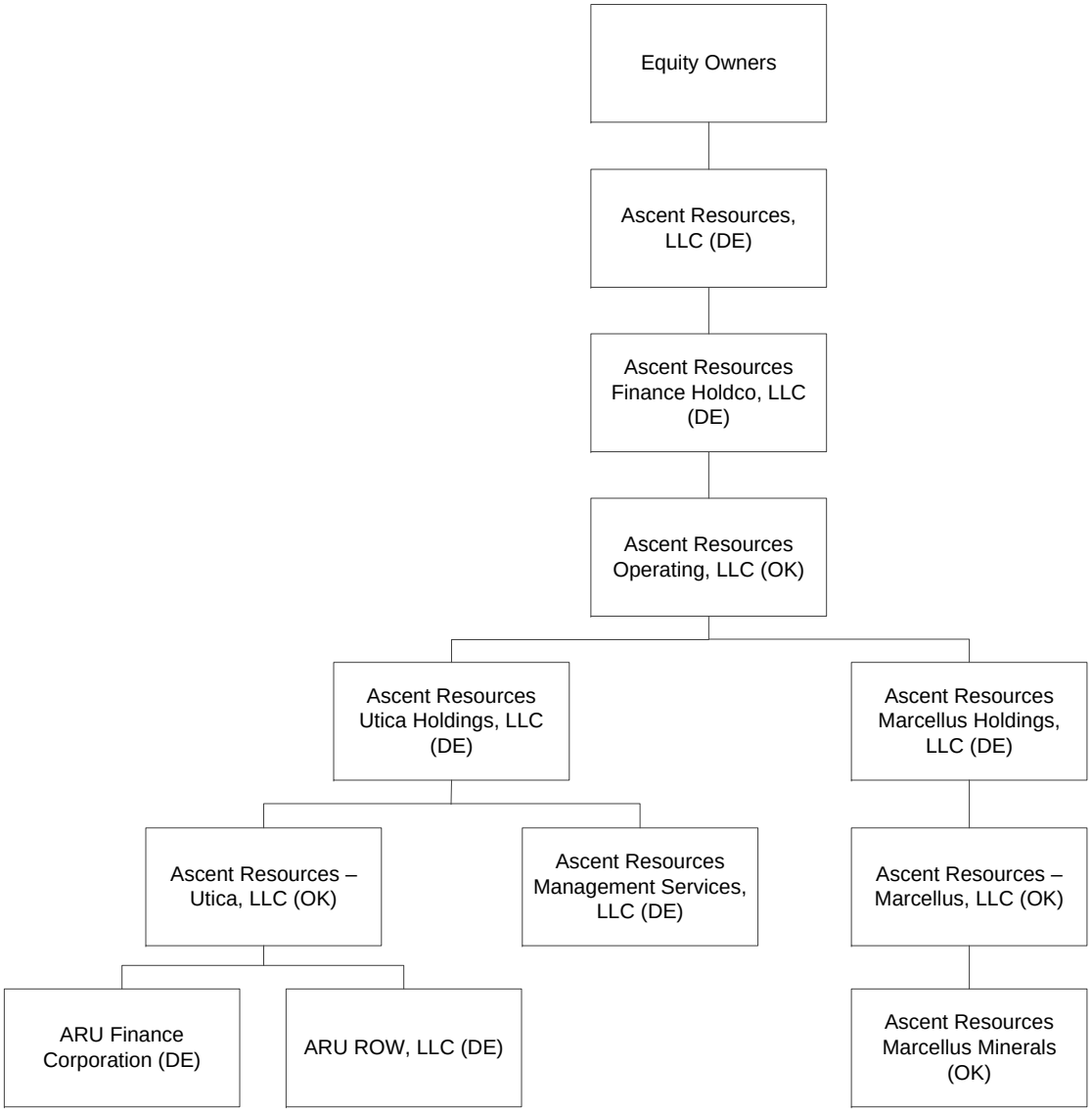
Date: February 6, 2018

/s/ Robert W. Kelly II
Name: Robert W. Kelly II
Title: General Counsel and Secretary

Exhibit A

Corporate Structure Chart

Ascent Resources, LLC



As of 2-2-18