

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

In re:

PetroQuest Energy, Inc., *et al.*,

Debtors.¹

Chapter 11

Case No. 24-12609 (CTG)

(Jointly Administered)

Re: Docket No. 12

**INTERIM ORDER (I) AUTHORIZING PAYMENT OF (A) ROYALTY PAYMENTS,
(B) REVENUE INTEREST DISBURSEMENTS, AND (C) OTHER OBLIGATIONS IN
THE ORDINARY COURSE OF BUSINESS, (II) AUTHORIZING FINANCIAL
INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS
AND TRANSFERS, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”), (i) authorizing, but not directing, the Debtors to pay in the ordinary course of business, whether such obligations were incurred prepetition or will be incurred postpetition, (a) Royalty Payments, (b) Revenue Interest Disbursements, and (c) Other Obligations, (ii) authorizing applicable banks and other financial institutions to honor and process related checks and transfers, and (iii) granting related relief, all as more fully set forth in the Motion, and upon consideration of the First Day Declaration; and the United States District Court for the District of Delaware having jurisdiction to consider this Motion under 28 U.S.C. § 1334, which was referred to this Court under 28 U.S.C. § 157 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PetroQuest Energy, Inc. (0714), PetroQuest Energy, L.L.C. (2439), PetroQuest Oil & Gas, L.L.C. (1170), and PQ Holdings LLC, (7576). The location of the Debtors’ corporate headquarters and the Debtors’ service address in these chapter 11 cases is 400 E. Kaliste Saloom Road, Suite 5200, Lafayette, LA 70508.

² All capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Motion.

the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.
2. The Final Hearing on the Motion shall be held on December 12, 2024, at 11:30 a.m., (prevailing Eastern Time). Any objections or responses to entry of a final order on the Motion shall be filed with the Court on or before **4:00 p.m. (prevailing Eastern Time) on December 5, 2024**, and shall be served on: (a) proposed counsel for the Debtors, Cole Schotz P.C., (i) 500 Delaware Avenue, Suite 1410, Wilmington, Delaware 19801, Attn: Patrick J. Reilley (preilley@coleschotz.com) and Melissa M. Hartlipp (mhartlipp@coleschotz.com), (ii) 1325 Avenue of the Americas, 19th Floor, New York, NY 10019, Attn: Jacob S. Frumkin (jfrumkin@coleschotz.com) and Daniel F.X. Geoghan (dgeoghan@coleschotz.com); (b) counsel to the Debtors' prepetition and DIP lenders, Faegre Drinker Biddle & Reath LLP, 1177 Avenue of the Americas, 41st Floor, New York, New York 10036, Attn: James H. Millar (james.millar@faegredrinker.com) and Laura E. Appleby (laura.appleby@faegredrinker.com); (c) the United States Trustee for the District of Delaware, 844 King Street, Suite 2207,

Lockbox 35, Wilmington, Delaware 19801, Attn: Benjamin A. Hackman (benjamin.a.hackman@usdoj.gov); and (d) counsel to any statutory committee appointed in the Chapter 11 Cases. In the event no objections to entry of a final order on the Motion are timely filed and served, this Court may enter such final order without further notice or hearing.

3. The Debtors are authorized, but not directed, in the reasonable exercise of their business judgment to pay the Royalty Interest Owners, in the ordinary course of business, the Royalty Payments, and to take and apply such setoff rights as the Debtors are entitled to take against such Royalty Payments prior to paying such amounts; *provided, however*, that payments on account of prepetition Royalty Payments shall not exceed \$200,000.00 in the aggregate pursuant to this Interim Order.

4. The Debtors are authorized, but not directed, in the reasonable exercise of their business judgment, to make Revenue Interest Disbursements to Non-Operating Working Interest Owners in accordance with such parties' respective interests in the Oil and Gas Leases covered by Joint Operating Agreements, and to take and apply such setoff rights as the Debtors are entitled to take against such Revenue Interest Disbursements prior to paying such amounts; *provided, however*, that payments on account of prepetition Revenue Interest Disbursements shall not exceed \$280,000.00 in the aggregate pursuant to this Interim Order.

5. The Debtors are authorized, but not directed, in the reasonable exercise of their business judgment to make Other Obligation payments, on behalf of each holder of a Non-Operating Working Interest in accordance with such parties' respective interests in the Oil and Gas Leases covered by Joint Operating Agreements, and to take and apply such setoff rights as the Debtors are entitled to take against such Other Obligations prior to paying such amounts; *provided*,

however, that payments on account of prepetition Other Obligations shall not exceed \$10,000.00 in the aggregate pursuant to this Interim Order.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition electronic fund transfers, in replacement of any checks or electronic fund transfers in respect of payments authorized by this Interim Order that are dishonored or rejected after the Petition Date.

7. Subject to the terms of this Court's Order approving the Debtors' continued use of their cash management system, the Banks are authorized, when requested by the Debtors, in the Debtors' discretion, to honor and process checks or electronic fund transfers drawn on the Debtors' bank accounts to pay obligations authorized to be paid hereunder, whether such checks or other requests were submitted prior to, or after, the Petition Date, provided that sufficient funds are available in the applicable bank accounts to make such payments. The Banks may rely on the representations of the Debtors with respect to whether any check or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this Final Order, and Banks shall not be liable to any party on account of: (a) following the Debtors' instructions or representations as to any order of this Court; (b) the honoring of any prepetition check or other item drawn on any account that is the subject of this Final Order in a good faith belief that the Court has authorized such prepetition check or item to be honored; and (c) an innocent mistake made despite implementation of reasonable item handling procedures.

8. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in

this Interim Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, perfection, or priority of such liens and to seek subordination and/or avoidance of all such liens.

9. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b) because the relief granted in this Interim Order is necessary to avoid immediate and irreparable harm to the Debtors' estates.

10. The requirements of Bankruptcy Rule 6004(a) and the Local Rules with respect to notice of the Motion have been satisfied.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

13. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation and enforcement of this Interim Order.



Dated: November 15th, 2024
Wilmington, Delaware

CRAIG T. GOLDBLATT
UNITED STATES BANKRUPTCY JUDGE