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AND AFFILIATED PARTNERSHIPS

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December 24, 2019

Chambers of Judge Marvin Isgur
Courtroom 404, 4th Floor
United States Bankruptcy Court for the
Southern District of Texas
515 Rusk Avenue
Houston, Texas, 77002

Re: *In re EXCO Services, Inc., et al.*, Case No. 18-30167 (Formerly Jointly
Administered under Lease Case: EXCO Resources, Inc., 18-30155)

Dear Your Honor:

We are writing to represent to Your Honor that EXCO Resources, Inc. and certain affiliates (before June 28, 2019, the “Debtors,” and after June 28, 2019, the “Reorganized Debtors”) and the Commonwealth of Pennsylvania Department of Conservation and Natural Resources (the “PA DCNR”) have reached an agreement in principle to settle and disallow claim number 1048 on the bankruptcy docket (the “PA DCNR Claim”) for \$34,876.72 (the “Settlement Amount”).

As Your Honor is aware, on January 15, 2018, the Debtors filed petitions in the United States Bankruptcy Court for the Southern District of Texas Houston Division (the “Court”) for relief under chapter 11 of title 11 of the United States Code, commencing the above-captioned bankruptcy cases.

Prior to commencing the bankruptcy cases, the Debtors, a certain non-Debtor affiliate, and the PA DCNR executed four oil and gas leases (collectively, the “PA Oil and Gas Leases”). On August 30, 2018, the PA DCNR timely filed the PA DCNR Claim against the Debtors in the amount of at least \$17,872.82 based on a preliminary estimate of the Debtors’ liabilities under the PA Oil and Gas Leases.

On June 18, 2019, Your Honor entered an order (the “Confirmation Order”) confirming the Debtors’ plan of reorganization (the “Plan”), which provided that, among other things, the Reorganized Debtors and the PA DCNR would endeavor in good faith to reach an agreement as

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to amounts owed under the PA Oil and Gas Leases within one hundred eighty days following the effective date of the Plan. The effective date of the Plan occurred on June 28, 2019.

After a thorough review of the Debtors' books and records, and after good faith, arm's-length negotiations between the Reorganized Debtors and the PA DCNR, the parties have agreed to settle the PA DCNR Claim, disallowing it in its entirety in return for the Reorganized Debtors' payment of the Settlement Amount.

The Reorganized Debtors and the PA DCNR are in the process of executing a formal settlement agreement and stipulation commemorating the payment of the Settlement Amount and disallowance of the PA DCNR Claim. However, the parties wanted to inform Your Honor of their agreement in principle and the PA DCNR's intention to withdraw the PA DCNR Claim upon formal execution thereof.

If Your Honor has any questions the terms of the settlement, including the Settlement Amount, the Reorganized Debtors are available at Your Honor's convenience at the number list above.

Sincerely,

Ameneh M. Bordi