

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re: § Chapter 11
APPROACH RESOURCES INC., et al., § Case No. 19-36444 (MI)
§ (Jointly Administered)
Debtors.¹ § Re: Dkt. Nos. 110, 184, 303, 318, 387

NOTICE OF FOURTH EXTENSION OF MILESTONES PURSUANT TO FINAL ORDER (I) AUTHORIZING THE DEBTORS TO (A) OBTAIN POSTPETITION FINANCING SECURED BY SENIOR PRIMING LIENS AND (B) USE CASH COLLATERAL, (II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) GRANTING ADEQUATE PROTECTION, (IV) MODIFYING THE AUTOMATIC STAY, (V) SCHEDULING A FINAL HEARING, AND (VI) GRANTING RELATED RELIEF

PLEASE TAKE NOTICE THAT on November 18, 2019, Approach Resources Inc. and its debtor-affiliates (the “Debtors”) each commenced a bankruptcy case in the United States Bankruptcy Court for the Southern District of Texas, Houston Division, by filing a voluntary petition under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

PLEASE TAKE FURTHER NOTICE THAT on December 13, 2019, the Bankruptcy Court entered the *Final Order (i) Authorizing the Debtors to (a) Obtain Postpetition Financing Secured by Senior Priming Liens and (b) Use Cash Collateral, (ii) Granting Liens and Providing Superpriority Administrative Expense Status, (iii) Granting Adequate Protection, (iv) Modifying*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 900, Fort Worth, Texas 76116.

the Automatic Stay, (v) Scheduling a Final Hearing, and (vi) Granting Related Relief [Dkt. No. 110] (the “Financing Order”).²

PLEASE TAKE FURTHER NOTICE THAT paragraph 55 of the Financing Order, as amended by the *Order Approving (a) Bid Procedures; (b) the Form and Manner of Notice; (c) the Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases; and (d) Granting Related Relief* [Dkt. No. 184]; as further amended by the *Notice of Extension of Milestones Pursuant to Final Order (i) Authorizing the Debtors to (a) Obtain Postpetition Financing Secured by Senior Priming Liens and (b) Use Cash Collateral, (ii) Granting Liens and Providing Superpriority Administrative Expense Status, (iii) Granting Adequate Protection, (iv) Modifying the Automatic Stay, (v) Scheduling a Final Hearing, and (vi) Granting Related Relief* [Dkt. No. 303]; as further amended by the *Notice of Extension of Milestones Pursuant to Final Order (i) Authorizing the Debtors to (a) Obtain Postpetition Financing Secured by Senior Priming Liens and (b) Use Cash Collateral, (ii) Granting Liens and Providing Superpriority Administrative Expense Status, (iii) Granting Adequate Protection, (iv) Modifying the Automatic Stay, (v) Scheduling a Final Hearing, and (vi) Granting Related Relief* [Dkt. No. 318]; and as further amended by the *Notice of Extension of Milestones Pursuant to Final Order (i) Authorizing the Debtors to (a) Obtain Postpetition Financing Secured by Senior Priming Liens and (b) Use Cash Collateral, (ii) Granting Liens and Providing Superpriority Administrative Expense Status, (iii) Granting Adequate Protection, (iv) Modifying the Automatic Stay, (v) Scheduling a Final Hearing, and (vi) Granting Related Relief* [Dkt. No. 337], provides in pertinent part as follows:

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Financing Order.

On or before April 2, 2020 at 5:00 p.m. (prevailing Central Time), the Debtors shall have filed with the Bankruptcy Court a chapter 11 plan (the “Plan”) and corresponding disclosure statement (the “Disclosure Statement”), and a motion seeking approval of the Disclosure Statement, in each case other than the Plan as set forth above, in form and substance reasonably acceptable to the Agent.

...

Unless the Plan is being pursued in accordance with the foregoing clauses (b)-(e) above, on or before April 2, 2020 at 5:00 p.m. (prevailing Central Time), the Debtors shall indefeasibly pay the DIP Obligations in full in cash or such other treatment as may be agreed to by the DIP Secured Parties and the Debtors.

PLEASE TAKE FURTHER NOTICE THAT paragraph 56 of the Financing Order provides, *inter alia*, that each of the Milestones may be extended or waived in writing by the Agent, as reasonably determined by the Agent. The Agent has agreed to extend certain Milestones set forth in paragraph 55 of the Financing Order such that paragraph 55 of the Financing Order shall read in full as follows:

(a) On or before July 15, 2020, the Debtors shall have filed with the Bankruptcy Court a chapter 11 plan (the “Plan”) and corresponding disclosure statement (the “Disclosure Statement”), and a motion seeking approval of the Disclosure Statement, in each case other than the Plan as set forth above, in form and substance reasonably acceptable to the Agent.

(b) On or before July 22, 2020, the Debtors shall have obtained entry by the Bankruptcy Court of an order approving the Disclosure Statement in form and substance reasonably acceptable to the Agent.

(c) On or before August 21, 2020, the Debtors shall have obtained entry by the Bankruptcy Court of an order confirming the Plan (the “Confirmation Order”), in form and substance reasonably acceptable to the Agent.

(d) On or before September 4, 2020, the effective date of the Plan shall have occurred, as well as the discharge of the DIP Obligations by indefeasible payment in full in cash to the DIP Secured Parties or such other treatment as may be agreed to by the DIP Secured Parties and the Debtors.

PLEASE TAKE FURTHER NOTICE THAT,

(a) As a continuation of the Bid Procedures and Sale Motion, on or before July 15, 2020, the Debtors shall have filed a motion with the Bankruptcy Court, in form and substance reasonably acceptable to the Agent, seeking approval of a potential sale (the

“Sale Transaction”) of substantially all assets of the Debtors (the “Sale Motion”).

(b) To the extent the Agent elects to toggle to a sale transaction pursuant to the Sale Motion, on or before August 21, 2020, the Debtors shall have obtained entry by the Bankruptcy Court of an order in form and substance acceptable to the Agent, approving the Sale Transaction (the “Sale Order”).

(c) On or before September 4, 2020, the Debtors shall indefeasibly pay the DIP Obligations in full in cash or such other treatment as may be agreed to by the DIP Secured Parties and the Debtors.

PLEASE TAKE FURTHER NOTICE THAT, except as otherwise set forth herein, the Financing Order, as entered, shall remain in full force and effect, and the Agent has expressly reserved all rights and remedies thereunder.

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DATED: June 24, 2020
Houston, Texas

Respectfully submitted,

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