

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

In re:

DENBURY RESOURCES INC., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 20-33801 (DRJ)
)
) (Jointly Administered)
)

STIPULATION AND ORDER GRANTING RELIEF FROM THE AUTOMATIC STAY

This Stipulation and Agreed Order (this “Stipulation”) is entered into this 26th day of August, 2020, between AXIS Surplus Insurance Company (“AXIS”) and the above-captioned debtors and debtors-in-possession (collectively, the “Debtors” and together with AXIS, the “Parties”), by their respective undersigned counsel, who hereby stipulate and agree as follows:

WHEREAS, prior to the Petition Date, AXIS timely filed its pre-petition counter-claim against two of the Debtors, Denbury Resources Inc. and Denbury Onshore, LLC, in Cause No. 2015-09546; *Denbury Resources, Inc. and Denbury Onshore, LLC v. Ironshore Specialty Insurance Company, et al.*; In the 157th Judicial District Court for Harris County, Texas (the “Action”);

WHEREAS, on July 30, 2020 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Denbury Resources Inc. (7835); Denbury Air, LLC (7621); Denbury Brookhaven Pipeline Partnership, LP (6322); Denbury Brookhaven Pipeline, LLC (6471); Denbury Gathering & Marketing, Inc. (6150); Denbury Green Pipeline-Montana, LLC (6443); Denbury Green Pipeline-North Dakota, LLC (7725); Denbury Green Pipeline-Riley Ridge, LLC (2859); Denbury Green Pipeline-Texas, LLC (2301); Denbury Gulf Coast Pipelines, LLC (0892); Denbury Holdings, Inc. (1216); Denbury Onshore, LLC (7798); Denbury Operating Company (7620); Denbury Pipeline Holdings, LLC (0190); Denbury Thompson Pipeline, LLC (0976); Encore Partners GP Holdings, LLC (N/A); Greencore Pipeline Company, LLC (9605); Plain Energy Holdings, LLC (0543). The location of Debtor Denbury Resources Inc.’s principal place of business and the Debtors’ service address in these chapter 11 cases is 5320 Legacy Drive, Plano, Texas 75024.

in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”). The Debtors' chapter 11 cases are being jointly administered pursuant to Rule 1015 of the Federal Rules of Bankruptcy Procedure; and

WHEREAS, Parties are seeking an order from the Bankruptcy Court granting relief from the automatic stay.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, AND UPON APPROVAL BY THE COURT OF THIS STIPULATION, IT IS ORDERED THAT:

1. The automatic stay provisions of section 362 of the Bankruptcy Code in the above-captioned chapter 11 cases, are hereby modified so as to permit AXIS to proceed with the Action against Denbury Resources Inc. and Denbury Onshore, LLC, (together, the “Debtor Defendant(s)”), among others, through and including settlement of any crossclaims, counterclaims, direct claims or actions, or summary judgement or dispositive motions or judgment and execution or appeal as hereafter set forth.

2. AXIS may recover on any judgment in the Action, including without limitation any appeal thereof, from any Debtor Defendant party without requirement of any further stay relief (including but not limited to insurance proceeds, letters of credit, or supersedeas bonds, if any); *provided* that if any such judgment is issued prior to the effective date of any chapter 11 plan confirmed in the above-captioned cases, any monetary amounts owed to AXIS by a Debtor Defendant shall be paid in accordance with the treatment of claims provided in such chapter 11 plan.

3. If the Effective Date² of the *Joint Chapter 11 Plan of Reorganization of Denbury Resources Inc. and its Debtor Affiliates* [Docket No. 16] (the “Plan”) shall not have occurred upon the date that AXIS seeks to execute on any judgment entered in connection with the Action against the Debtor Defendants, AXIS shall be deemed to have an allowed general unsecured claim, not subject to disallowance, subordination, or other challenge, against each of the Debtor Defendants in the amount of the judgment entered in connection with the Action or any appeal thereof, less any amount collected from insurance proceeds without prejudice to AXIS’ rights to seek recovery of the full claim against insurance proceeds, letters of credit, or supersedeas bonds, if any.

4. This Stipulation sets forth the entire understanding of the Parties regarding the subject matter hereof and supersedes all prior oral or written agreements between them. This Stipulation shall not be modified, altered, amended or vacated without written consent of the Parties. Any such modification, alteration, amendment or vacation, in whole or in part, shall be subject to the approval of the Court.

5. Neither this Stipulation, nor any terms contained herein shall be offered or received in evidence or in any way referred to in any legal action or administrative proceeding among or between the Parties, other than as may be necessary: (a) to obtain approval and to enforce this Stipulation and (b) to seek damages or injunctive relief in connection therewith.

6. Neither this Stipulation nor any negotiations and writings in connection with this Stipulation will in any way be construed as or deemed to be evidence of or an admission on behalf of any party regarding any claim or right that such party may have against the other party.

² As defined in the Plan.

7. Each of the Parties hereto represents and warrants it is duly authorized to enter into and be bound by this Stipulation.

8. The terms and conditions of this Stipulation will be immediately effective and enforceable upon its entry.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Stipulation.

10. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Stipulation, and the Parties hereby consent to such jurisdiction to resolve any disputes or controversies arising from or related to this Stipulation. Any motion or application brought before this Court to resolve a dispute arising from or related to this Stipulation shall be brought on notice as provided by and in accordance with the Federal Rules of Bankruptcy Procedure and the Bankruptcy Local Rules for the United States Bankruptcy Court for the Southern District of Texas.

IT IS SO ORDERED.

Signed: _____, 2020

Houston, Texas

DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

Dated: August 26, 2020

/s/ Matthew D. Cavanaugh

JACKSON WALKER L.L.P.

Matthew D. Cavanaugh (TX Bar No. 24062656)
Vienna F. Anaya (TX Bar No. 24091225)
Victoria Argeroplos (TX Bar No. 24105799)
1401 McKinney Street, Suite 1900
Houston, Texas 77010
Telephone: (713) 752-4200
Facsimile: (713) 752-4221
Email: mcavanaugh@jw.com
vanaya@jw.com
vargeroplos@jw.com

-and-

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

Joshua A. Sussberg, P.C. (admitted *pro hac vice*)
Christopher Marcus, P.C. (admitted *pro hac vice*)
Rebecca Blake Chaikin (admitted *pro hac vice*)
601 Lexington Avenue

New York, New York 10022

Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Email: joshua.sussberg@kirkland.com
christopher.marcus@kirkland.com
rebecca.chaikin@kirkland.com

-and-

David L. Eaton (admitted *pro hac vice*)

300 North LaSalle Street
Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200
Email: david.eaton@kirkland.com

*Proposed Co-Counsel to the Debtors
and Debtors in Possession*

/s/ Jacqueline M. Brettner

BRETTNER CVITANOVIC, LLC

Jacqueline Brettner, T.A. (TX Bar No. 24099084)
Dominik Cvitanovic (TX Bar No. 24117255)
400 Poydras Street, Suite 900
New Orleans, Louisiana 70130
Telephone: (504) 782-1166
Email: brettner@bcfirm.law
cvitanovic@bcfirm.law
*Attorneys for Plaintiffs, Denbury Resources
Inc. & Denbury Onshore, LLC in Action*

-and-

/s/ Sarah Russell Smith

Ms. Sarah Russell Smith (TX Bar No. 24056346)
Ms. Suzanne A. Schlicher (TX Bar No. 02601800)

LEWIS BRISBOIS BISGAARD & SMITH, LLP

24 Greenway Plaza, Ste. 1400
Houston, TX 77046
Telephone: (713) 659-6767
sarah.smith@lewisbrisbois.com
suzanne.schlicher@lewisbrisbois.com

-and-

Ms. Jessica Z. Barger (TX Bar No. 24032706)
Ms. Natasha N. Taylor (TX Bar No. 24071117)

WRIGHT, CLOSE & BARGER, LLP

One Riverway, Suite 2200
Houston, TX 77056
Telephone: (713) 572-4321
barger@wrightclosebarger.com
taylor@wrightclosebarger.com

*Attorneys for AXIS Surplus Insurance Company
in Action*