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

| | | |
|---|---|---|
| In re: | § | Chapter 11 |
| GASTAR EXPLORATION INC., *et al.*,[1] | § | Case No. 18-36057 (MI) |
| Debtors. | § | (Joint Administration Requested) |
| | § | (Emergency Hearing Requested) |

**DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER (A) AUTHORIZING THE DEBTORS TO (I) CONTINUE INSURANCE COVERAGE ENTERED INTO PREPETITION AND SATISFY PREPETITION OBLIGATIONS RELATED THERETO, (II) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE INSURANCE POLICIES, (III) CONTINUE THE SURETY BOND PROGRAM, AND (B) GRANTING RELATED RELIEF**

**THIS MOTION SEEKS ENTRY OF AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.**

**EMERGENCY RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EMERGENCY BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE. A HEARING WILL BE HELD ON THIS MATTER FOR NOVEMBER 1, 2018, AT 2:30 P.M. (CT) BEFORE THE HONORABLE MARVIN ISGUR, 515 RUSK STREET, COURTROOM 404, HOUSTON, TEXAS 77002.**

**REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.**

The above-captioned debtors and debtors in possession (collectively, the "Debtors")[2] respectfully state the following in support of this motion:

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Gastar Exploration Inc. (1640), and Northwest Property Ventures LLC (8685). The location of the Debtors' service address is: 1331 Lamar Street, Suite 650, Houston, Texas 77010.

[2] A detailed description of the Debtors and their businesses, and the facts and circumstances supporting this motion and the Debtors' chapter 11 cases, are set forth in greater detail in the *Declaration of Michael A. Gerlich, Chief Financial Officer and Senior Vice President of Gastar Exploration Inc., in Support of Chapter 11 Petitions and First Day Motions,* (the "First Day Declaration"), filed contemporaneously with the Debtors' voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), on October 31, 2018 (the "Petition Date"). Capitalized terms used but not otherwise defined herein shall have the meanings

## Relief Requested

1. The Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Order"): (a) authorizing the Debtors to (i) continue insurance coverage entered into prepetition and satisfy prepetition obligations related thereto in the ordinary course of business, (ii) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business, and (iii) continue and renew their surety bond program on an uninterrupted basis; and (b) granting related relief.

## Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of Texas (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of Texas*, dated May 24, 2012 (the "Amended Standing Order"). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), to the entry of an order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief requested herein are sections 105(a), 363(b), 364(c), and 1107 of the Bankruptcy Code, and Bankruptcy Rule 6004, and rules 4002-1 and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the "Bankruptcy Local Rules").

## The Insurance Policies and Related Payment Obligations

5. In the ordinary course of business, the Debtors maintain approximately

ascribed to them in the First Day Declaration.

12 insurance policies that are administered by various third-party insurance carriers (collectively, the "Insurance Carriers"). These policies provide coverage for, among other things, the Debtors' property, general liability, automobile liability, excess umbrella liability, directors and officers liability, employment practices liability, fiduciary liability, well policy insurance, and pollution and environmental legal liability (collectively, the "Insurance Policies"). A schedule of the Insurance Policies is attached hereto as **Exhibit B**.[3]

6. The aggregate annual premium for the Insurance Policies is approximately $1.0 million, not including applicable taxes and surcharges, deductibles, broker and consulting fees, and commissions. The Insurance Policies generally are one year in length (although certain policies may be longer than one year based on market conditions and availability at the time) and renew at various times throughout the year. The Debtors estimate that, as of the Petition Date, there are no outstanding premiums due on account of the Insurance Policies. While none of the premiums for the Insurance Policies are financed pursuant to a premium financing agreement as of the Petition Date, the Debtors seek authority to enter into new premium financing agreements as necessary or appropriate in the course of their business, without further Court approval.

7. Continuation of the Insurance Policies and entry into new insurance policies is essential to the preservation of the value of the Debtors' businesses and operations. Moreover, in many instances, insurance coverage is required by the regulations, laws, and contracts that govern

[3] The descriptions of the Insurance Policies set forth in this motion constitute a summary only. The actual terms of the Insurance Policies and related agreements will govern in the event of any inconsistency with the description in this motion. The Debtors request authority to honor obligations and renew all insurance policies, as applicable, regardless of whether the Debtors inadvertently fail to include a particular insurance policy on **Exhibit B**, and any such omitted insurance policy is hereby included in the defined term "Insurance Policies" as used herein and in the Order. Moreover, and in addition to the Insurance Policies listed on **Exhibit B**, the Debtors maintain numerous insurance policies with respect to, among other things, workers' compensation, employee health, disability, and life insurance benefits. These programs are described, and relief is requested with respect to such programs, in the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses, and (B) Continue Employee Benefits Programs and (II) Granting Related Relief*, filed contemporaneously herewith.

the Debtors' commercial activities, including the requirement by the Office of the United States Trustee (the "U.S. Trustee") that a debtor maintain adequate coverage given the circumstances of its chapter 11 case. Accordingly, the Debtors request authority to maintain their existing Insurance Policies, pay prepetition obligations related thereto, and enter into new insurance policies and premium financing agreements, as applicable, in the ordinary course of business.

**The Debtors' Insurance Brokers**

8. The Debtors obtain the Insurance Policies primarily through their insurance brokers, BXS Insurance, EWI Specialty Casualty Insurance E&S, Risk Consulting Partners, and any wholesale brokers used in connection with the procurement of such Insurance Policies (the "Brokers"). The Brokers assist the Debtors in obtaining comprehensive insurance coverage for their operations in the most cost-effective manner, negotiating policy terms, provisions, and premiums, assisting the Debtors with claims, and providing ongoing support throughout the applicable policy periods. The Brokers collect commission payments for services rendered in addition to or as part of the premiums paid on the Insurance Policies (the "Broker Fees"). As of the Petition Date, the Debtors do not believe they owe any amounts to the Brokers on account of prepetition Broker Fees. To the extent any such prepetition amounts are determined to remain outstanding, the Debtors seek authority to honor any Broker Fees in full, in cash to ensure uninterrupted coverage under their Insurance Policies.

**The Debtors' Surety Bond Program**

9. In the ordinary course of business, the Debtors are required to provide surety bonds to certain third parties, often governmental units or other public agencies, to secure the Debtors' payment or performance of certain obligations (the "Surety Bond Program"). These obligations include, among others, reclamation, plugging, and abandonment obligations. More specifically, certain statutes or ordinances require the Debtors to post surety bonds to secure these obligations.

10. Argo Group Insurance Company (the "Surety") has historically issued surety bonds to the Debtors. As of the Petition Date, the Debtors have 4 surety bonds totaling $135,000 outstanding. The premiums for the surety bonds generally are determined on an annual basis and are paid by the Debtors when the bonds are issued and annually upon renewal. The annual premiums for the Debtors' bonds total approximately $1,890. Failing to provide, maintain, or timely replace their surety bonds will prevent the Debtors from complying with their state and federal law obligations and undertaking essential functions related to their operations. A schedule of the surety bonds currently maintained by the Debtors is attached hereto as **Exhibit C**.[4]

11. To continue their business operations during the reorganization process, the Debtors must be able to provide financial assurance to state governments, regulatory agencies, and other third parties. This, in turn, requires the Debtors to maintain the existing Surety Bond Program, including paying bond premiums as they come due, providing collateral, renewing or potentially acquiring additional bonding capacity as needed in the ordinary course of business, and executing other agreements, as needed, in connection with the Surety Bond Program. The issuance of a surety bond shifts the risk of the Debtors' nonperformance or nonpayment from the Debtors to a surety. Unlike an insurance policy, if a surety incurs a loss on a surety bond, it is entitled to recover the full amount of that loss from the principal. As of the Petition Date, the Debtors do not believe that they owe any amounts to the Surety on account of the annual premiums or any other prepetition obligations. Out of an abundance of caution, however, the Debtors seek authority to honor any amounts owed to the Surety in the ordinary course of their business to ensure the Surety Bond Program remains uninterrupted. Further, the relief requested herein will ensure the Debtors have the authority to deposit additional cash collateral into the Texas Capital Bank restricted cash

[4] The Debtors request authority to honor obligations and renew all surety bonds, as applicable, regardless of whether the Debtors inadvertently fail to include a particular surety bond on **Exhibit C**.

accounts should Argo make such a request.

## Basis for Relief

### I. Continuation of the Insurance Policies Is Required by the Bankruptcy Code and U.S. Trustee Operating Guidelines.

12. Section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). In addition, in many instances, the coverage provided under the Insurance Policies is required by the regulations, laws, and contracts that govern the Debtors' commercial activities, including the operating guidelines issued by the Office of the United States Trustee for Region 7 (the "U.S. Trustee Operating Guidelines"). Given this backdrop, the Debtors believe it is essential to their estates, and consistent with the Bankruptcy Code and the U.S. Trustee Operating Guidelines, that they (a) maintain and continue to make all payments required under their Insurance Policies, and (b) have the authority to supplement, amend, extend, renew, or replace their Insurance Policies as needed, in their judgment, without further order of the Court.[5]

### II. Paying Obligations Under the Insurance Policies and the Surety Bond Program Is Warranted.

13. The Debtors are unaware of any outstanding prepetition obligations under the Insurance Policies or the Surety Bond Program. Out of an abundance of caution, however, given the importance of the Insurance Policies and the Surety Bond Program to the continued operation of the Debtors' businesses, the Debtors request authority to pay any prepetition amounts due on account of the Insurance Policies, the Broker Fees, and the Surety Bond Program.

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[5] The Debtors believe that continuation of the Insurance Policies and the Surety Bond Program and the ability to supplement, amend, extend, renew, or replace such Insurance Policies and the Surety Bond Program is authorized in the ordinary course. 11 U.S.C. § 363(c)(1). The Debtors therefore seek such relief out of an abundance of caution given the importance of the Insurance Policies and the Surety Bond Program to the protection of their estates.

14. Courts in the Fifth Circuit have recognized that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value. *See, e.g.*, *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); *see also In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept."); *Armstrong World Indus., Inc. v. James A. Phillips, Inc., (In re James A. Phillips, Inc.)*, 29 B.R. 391, 398 (S.D.N.Y. 1983) (affirming bankruptcy court order authorizing payments by debtor in possession to prepetition creditors because payments were essential to the debtor in possession's survival). In doing so, these courts acknowledge that several legal theories rooted in sections 105(a), 363(b), and 1107(a) of the Bankruptcy Code support the payment of prepetition claims as provided herein.

15. Section 363(b) of the Bankruptcy Code permits a debtor, subject to court approval, to pay prepetition obligations where a sound business purpose exists for doing so. *See Ionosphere Clubs*, 98 B.R. at 175 (noting that section 363(b) of the Bankruptcy Code provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification). In addition, under section 1107(a) of the Bankruptcy Code, a debtor in possession has, among other things, the "implied duty of the debtor-in-possession to 'protect and preserve the estate, including an operating business' going-concern value.'" *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. at 497). Moreover, under section 105(a) of the Bankruptcy Code, "the Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code." 11 U.S.C. § 105(a); *see also In re CoServ, L.L.C.*, 273 B.R. at 497 (holding that the "Court has inherent authority, through section 105(a) of the Bankruptcy Code to grant this motion, in the interest of preservation of Debtors' bankruptcy estate."); *In re Mirant Corp.*, 296 B.R. 427, 429

(Bankr. N.D. Tex. 2003) (noting that non-payment of prepetition claims may seriously damage a debtor's business). The above-referenced sections of the Bankruptcy Code therefore authorize the postpetition payment of prepetition claims when the payments are critical to preserving the going-concern value of the debtor's estate, as is the case here. *See, e.g.*, *In re CoServ, L.L.C.*, 273 B.R. at 497 (noting that "it is only logical that the bankruptcy court be able to use section 105(a) of the [Bankruptcy] Code to authorize satisfaction of the pre-petition claim in aid of preservation or enhancement of the estate.").

16. Here, the Debtors seek to continue, amend, supplement, and extend their existing Insurance Policies, purchase new policies, and continue the Surety Bond Program, as is required by applicable law, in the ordinary course of business. The Debtors believe that failure to timely honor any outstanding prepetition obligations on account of the Insurance Policies and the Surety Bond Program could negatively affect the Debtors' ability to enter into such amendments, supplements, extensions, or new policies. As described above, continuation of the Insurance Policies and the Surety Bond Program is essential to preserving the value of the Debtors' assets and minimizing exposure to risk during the pendency of these chapter 11 cases. Therefore, continuation of the Insurance Policies and the Surety Bond Program during these chapter 11 cases is an essential part of preserving the value of the Debtors' estates, and the Debtors should be authorized to pay any prepetition obligations related to such Insurance Policies and the Surety Bond Program.

17. Courts in this district routinely grant similar relief to that requested herein. *See, e.g.*, *In re iHeartMedia, Inc.* No. 18-31274 (MI) (Bankr. S.D. Tex. Apr. 12, 2018) (authorizing debtors to pay prepetition or postpetition obligations related to insurance policies); *In re EXCO Res., Inc.,* No. 1830155 (MI) (Bankr. S.D. Tex. Jan 16, 2018) (same); *In re Seadrill Ltd.*, No. 17-60079 (DRJ) (Bankr. S.D. Tex. Sept. 13, 2017) (authorizing debtors to pay the prepetition

insurance claims and continue all insurance policies); *In re GenOn Energy, Inc.*, No. 17-33695 (DRJ) (Bankr. S.D. Tex. July 13, 2017) (authorizing debtors to pay any prepetition insurance claims); *In re Ameriforge Grp. Inc.*, No. 17-32660 (DRJ) (Bankr. S.D. Tex. May 2, 2017) (authorizing debtors to pay prepetition insurance policy premiums and enter into new insurance policies in the ordinary course); *In re CJ Holdings Co.*, No. 16-33590 (DRJ) (Bankr. S.D. Tex. Sept. 12, 2016) (same). [6]

**III. The Court Should Allow the Debtors to Enter into Premium Financing Agreements.**

18. Flexibility to enter into premium financing agreements is appropriate and should be authorized under sections 105(a) and 363(b) of the Bankruptcy Code. Moreover, pursuant to section 364(c) of the Bankruptcy Code, a debtor may, in the exercise of its business judgment, incur secured postpetition debt if the debtor has been unable to obtain unsecured credit and the borrowing is in the best interests of the estate. In light of the Debtors' financial circumstances, insurance premium finance companies may not be willing to provide insurance premium financing to the Debtors on attractive market terms on a postpetition basis. As a result, the Debtors request the flexibility to enter into premium financing agreements in the ordinary course of business.

19. Courts in this jurisdiction have recognized the importance of a debtor entering into premium financing agreements and have granted relief similar to the relief requested in this motion. *See, e.g.*, *In re Seadrill Ltd.*, No. 17-60079 (DRJ) (Bankr. S.D. Tex. Oct. 24, 2017) (authorizing debtors to enter into premium finance and security agreement); *In re Goodrich Petrol. Corp.*, No. 16-31975 (MI) (Bankr. S.D. Tex. June 20, 2016) (same); *In re ATP Oil & Gas Corp.*, No. 12-36187 (MI) (Bankr. S.D. Tex. Aug. 21, 2012) (same); *In re Autoseis, Inc.*, No. 14-20130 (RS) (Bankr. S.D. Tex. Apr. 25, 2014) (approving post-petition insurance premium financing

[6] Because of the voluminous nature of the orders cited herein, individual orders have not been attached to this motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

agreements and modifying the automatic stay); *In re Goodman Networks Inc.*, No. 17-31575 (MI) (Bankr. S.D. Tex. Mar. 14, 2017) (authorizing debtors to honor obligations under prepetition premium financing agreements and enter into and perform under postpetition insurance financing agreements).

**Emergency Consideration**

20. Pursuant to Local Rule 9013-1(i), the Debtors respectfully request emergency consideration of this motion pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first 21 days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm." As set forth in this motion, the Debtors believe an orderly transition into chapter 11 is critical to the viability of their operations. The Debtors' Commercial Package and Excess Liability policies described in **Exhibit B** expire on November 1, 2018, thus, the Debtors will need the flexibility to enter into new policies, or extend or supplement their existing policies during the first 21 days after the commencement of these chapter 11 cases. Any delay in granting the relief requested could hinder the Debtors' operations and cause irreparable harm. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and, therefore, respectfully request that the Court approve the relief requested in this motion on an emergency basis.

**Waiver of Bankruptcy Rule 6004(a) and 6004(h)**

21. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

**Reservation of Rights**

22. Nothing contained herein is intended or shall be construed as: (a) an admission as

to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay a prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion or any order granting the relief requested by this motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law.

**Notice**

23. The Debtors will provide notice of this motion to: (a) the Office of the U.S. Trustee for the Southern District of Texas; (b) the holders of the 20 largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to Ares Management LLC and its affiliated funds; (d) the United States Attorney's Office for the Southern District of Texas; (e) the Internal Revenue Service; (f) the United States Securities and Exchange Commission; (g) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (h) the state attorneys general for states in which the Debtors conduct business; (i) the Insurance Carriers, Brokers, and (j) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

WHEREFORE, the Debtors respectfully request that the Court enter the Order, granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Dated: October 31, 2018

*/s/ Matthew D. Cavenaugh*

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

**Certificate of Service**

I certify that on October 31, 2018, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

*/s/ Matthew D. Cavenaugh*
Matthew D. Cavenaugh

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

| | | |
|---|---|---|
| In re: | § | Chapter 11 |
| GASTAR EXPLORATION INC., *et al.*,[1] | § | Case No. 18-36057 (MI) |
| Debtors. | § | (Joint Administration Requested) |
| | § | **Re: Docket No. __** |

**ORDER (A) AUTHORIZING THE DEBTORS TO (I) CONTINUE INSURANCE COVERAGE ENTERED INTO PREPETITION AND SATISFY PREPETITION OBLIGATIONS RELATED THERETO, (II) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE INSURANCE POLICIES, (III) CONTINUE THE SURETY BOND PROGRAM, AND (B) 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 order (this "Order"), authorizing the Debtors to (a) continue insurance coverage entered into prepetition and satisfy prepetition obligations related thereto, (b) renew, amend, supplement, extend, or purchase insurance policies, (c) continue and renew their surety bond program on an uninterrupted basis, and (d) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is permissible 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

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Gastar Exploration, Inc. (1640), and Northwest Property Ventures LLC (8685). The location of the Debtors' service address is: 1331 Lamar Street, Suite 650, Houston, Texas 77010.

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

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 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 as set forth herein.

2. The Debtors are authorized to continue the Insurance Policies including, without limitation, the Insurance Policies identified on **Exhibit B** to the Motion, and to pay any prepetition or postpetition obligations related to the Insurance Policies, including any amounts owed to the Brokers.

3. The Debtors are authorized, but not directed, to maintain the Surety Bond Program without interruption, including the payment of premiums, performance under the Surety Indemnity Agreement (including providing collateral security), renewal or obtainment of new surety bonds, and execution of other agreements in connection with the Surety Bond Program.

4. The Debtors are authorized to renew, amend, supplement, extend, or purchase insurance policies to the extent that the Debtors determine that such action is in the best interest of their estates.

5. The Debtors are authorized to enter into premium financing agreements in connection with their Insurance Policies.

6. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.

7. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Insurance Policies.

8. Notwithstanding anything to the contrary contained herein, any payment to be made hereunder shall be subject to the terms, conditions, requirements and budgets imposed on the Debtors under the Debtors' postpetition financing documents (the "DIP Documents") and any order governing the Debtors' use of cash collateral and entry into the DIP Documents.

9. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this 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 Final 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; or (f) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable law.

10. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

11. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

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

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

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

Dated: _____, 2018
Houston, Texas

MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

**Exhibit B**

**Insurance Policies**

| Type of Coverage | Insurance Carrier | Policy Number(s) | Policy Term | Approximate Annual Premium |
|---|---|---|---|---|
| Commercial Package | St. Paul Fire and Marine Insurance Company | 11S68148 & ZPP-11S68148-17-N4 | 11/1/17 to 11/1/18 | $ 169,430 |
| Excess Liability | Underwriters at Lloyd's | ENG00006 | 11/1/17 to 11/1/18 | $ 191,860 |
| Control of Well | Underwriters at Lloyd's | DE1703976 | 11/1/17 to 11/1/18 | $ 129,423 |
| Excess CCC | Underwriters at Lloyd's | GSRPROP10010 | 11/1/17 to 11/1/18 | $ 33,617 |
| Gradual Pollution | Zurich Insurance Group | EPC012742600 | 7/20/17 to 12/1/18 | $ 221,909 |
| Fiduciary Package | Scottsdale Indemnity Company | EKI3239506 | 12/1/17 to 12/1/18 | $ 6,852 |
| Crime | Beazley Insurance Company | V1316A170601 | 12/1/17 to 12/1/18 | $ 6,832 |
| Directors & Officers | Continental Casualty Company | 425467404 | 12/1/17 to 12/1/19 | $ 80,000 |
| Directors & Officers | Allied World National Assurance Company | 2188653 | 12/1/17 to 12/1/19 | $ 65,000 |
| Directors & Officers | Endurance American Insurance Company | DOX10010220201 | 12/1/17 to 12/1/19 | $ 85,000 |
| Directors & Officers | Hudson Insurance Company | HN03032315120117 | 12/1/17 to 12/1/19 | $ 42,500 |
| Directors & Officers | XL Specialty Insurance Company | ELU15315617 | 12/1/17 to 12/1/19 | $ 32,539 |
| **TOTAL** | | | | **$ 1,064,962** |

# Exhibit C

## Surety Bonds

| Obligee | Principal | Surety | Nature of Bond | Bond Amount | Premium | Surety Bond Number |
|---|---|---|---|---|---|---|
| US Dept. of the Interior | Gastar Exploration Inc. | Argo Group Insurance Company | MMS Oil & Gas or Geothermal Lease Bond | $25,000 | $350 | SUR0013398 |
| State of Oklahoma, Corporation Commission, Oil & Gas | Gastar Exploration Inc. | Argo Group Insurance Company | Oklahoma Reclamation Bond | $25,000 | $350 | SUR0013412 |
| US Dept. of the Interior | Gastar Exploration Inc. | Argo Group Insurance Company | Bureau of Indian Affairs Collective Bond | $75,000 | $1,050 | SUR0013413 |
| State of Oklahoma, Commissioners Land Office | Gastar Exploration Inc. | Argo Group Insurance Company | Bureau of Indian Affairs Collective Bond | $10,000 | $140 | SUR0013414 |