

Jason S. Brookner
Texas Bar No. 24033684
Lydia R. Webb
Texas Bar No. 24083758
Amber M. Carson
Texas Bar No. 24075610
GRAY REED & McGRAW LLP
1601 Elm Street, Suite 4600
Dallas, TX 75201
Telephone: (214) 954-4135
Facsimile: (214) 953-1332

PROPOSED COUNSEL TO THE DEBTORS

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	Chapter 11
	§	
ROCKIES REGION 2006 LIMITED PARTNERSHIP,	§	Case No. 18-33513-sgj-11
	§	
Debtor.	§	
<hr/>		
In re:	§	Chapter 11
	§	
ROCKIES REGION 2007 LIMITED PARTNERSHIP,	§	Case No. 18-33514-sgj-11
	§	
Debtor.	§	(Request for Joint Administration Pending)
	§	

DEBTORS' MOTION FOR ORDER PURSUANT TO SECTIONS 345, 363, 1107 AND 1108 OF THE BANKRUPTCY CODE AUTHORIZING THE CONTINUED USE OF EXISTING (I) CASH MANAGEMENT SYSTEM, (II) BANK ACCOUNTS AND (III) BUSINESS FORMS

Rockies Region 2006 Limited Partnership and Rockies Region 2007 Limited Partnership, the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for their Motion (the "Motion") for Order Pursuant to Sections 345, 363, 1107 and 1108 of title 11 of the United States Code (the "Bankruptcy Code") Authorizing the Continued Use of Existing (I) Cash Management System, (II) Bank Accounts and (III) Business Forms, respectfully represent:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334.

This matter is core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

INTRODUCTION

3. On October 30, 2018 (the "Petition Date"), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession, pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. No official committee, trustee, or examiner has been appointed.

BACKGROUND

5. As set forth more fully in the *Declaration of Karen Nicolaou in Support of Chapter 11 Petitions and First Day Motions* (the "Nicolaou Declaration"), filed contemporaneously herewith, the Debtors are West Virginia limited partnerships that own undivided working interests in oil and natural gas wells. PDC Energy, Inc. (f/k/a Petroleum Development Corp.) ("PDC"), a Delaware corporation, is the managing general partner of each of the Debtors and owns approximately 39% of the Debtors' equity interests. In the aggregate, the Debtors have over 3,700 limited partnership unit holders (collectively with PDC, the "Partners").

6. The primary business of the Debtors is the operation and development of properties producing oil, gas, and natural gas liquids and the appropriate allocation of cash proceeds, costs, and tax benefits among the Partners.

RELIEF REQUESTED

7. By this Motion, the Debtors seek entry of an Order authorizing the continued use of their existing (i) cash management system, (ii) bank accounts, and (iii) business forms. As set forth more fully below, granting this relief will be economical for the estates, will make the transition to chapter 11 much easier, and will allow operations to run smoothly.

A. The Cash Management System

8. The Debtors, in the ordinary course of their businesses, each maintain one (1) bank account. As set forth above and in the Nicolaou Declaration, PDC, as the managing general partner of each Debtor, acts as operator and paying agent for each Debtor. PDC operates all of the Debtors' wells, markets and sells the hydrocarbons produced by the wells, collects the sales revenues, pays operating expenses, pays royalty owners, nets out the costs and expenses incurred as operator of the wells, and then distributes the remaining net income to the Debtors' over 3,700 limited partnership unit holders — as well as other non-Debtor working interest holders — to the extent there is distributable income and to the extent it is cost-effective to do so. This cash management system (the "Cash Management System") is managed by Darwin L. Stump, Vice President of Accounting Operations for PDC. Attached hereto as **Exhibit A** is a list of the two (2) bank accounts maintained by the Debtors at Texas Capital Bank, N.A. in Richardson, Texas (collectively, the "Bank Accounts").

B. The Continued Use of the Cash Management System Is Essential to the Debtors' Ongoing Business and Is in the Best Interests of the Debtors' Estates.

9. The Debtors respectfully submit that, under the circumstances, maintenance of the existing Cash Management System without disruption is essential to their ongoing operations and is in the best interests of the Debtors' estates. The Cash Management System is integral to the

Debtors' business, as well as PDC's own cash management "network" across its entire business, which also encompasses non-Debtor entities and partners.

10. Although electronic records are maintained on a Debtor-by-Debtor basis, PDC does not maintain separate or individual "revenue distribution systems" for each Debtor or other working owners, including PDC's interest in non-partnership wells. Thus, absent authorization to maintain the Cash Management System, the Debtors would be faced with the insurmountable hurdle of having to implement a heretofore non-existent cash distribution system to cut over 3,700 checks and incur the expense associated therewith.¹ In addition, the negative effects would ripple through the PDC system and be felt by multiple other non-Debtor entities, which would potentially cripple the Debtors' ability to pay their Partners and PDC's cash flow system in general. Accordingly, it is imperative that the Court authorize the Debtors' continued use of the existing Cash Management System administered by PDC.

C. The Debtors Should Be Authorized to Use Existing Bank Accounts and Business Forms

11. The United States Trustee of the Northern District of Texas (the "U.S. Trustee") has established certain operating guidelines for debtors in possession in order to supervise the administration of chapter 11 cases. These guidelines require chapter 11 debtors, among other things, to: (i) close all bank accounts and open new debtor in possession bank accounts, (ii) establish at least one new debtor in possession account, and (iii) obtain checks for all debtor in possession accounts which bear the designation "Debtor in Possession," the bankruptcy case

¹ RR 2006 and RR 2007 have not made distributions to their Partners since March 26, 2015 and December 27, 2016, respectively, due to minimal net distributable income from decreased production and its associated costs. Although the Debtors do not expect to make any "interim" distributions to their Partners while these chapter 11 cases are pending, the Debtors' wells continue to produce and PDC continues to incur costs and expenses in connection with the production of hydrocarbons. The Debtors request that they be allowed to continue to reimburse PDC in the normal course of business for these ordinary course expenses through a netting out of such expenses from the proceeds of sale of hydrocarbons, as has been the normal business practice from the time of inception of the Debtors.

number, and the type of accounts. This requirement is designed to provide a clear line of demarcation between prepetition and postpetition transactions and operations and prevent the inadvertent postpetition payment of prepetition claims.

12. As described above, prior to the commencement of their chapter 11 cases, the Debtors maintained, in the ordinary course of business, one bank account per partnership. The Debtors believe the Bank Accounts are in a financially stable banking institution – Texas Capital Bank, N.A. – with FDIC insurance, and, upon information and belief, the bank is an “authorized depository institution” under the U.S. Trustee’s local guidelines for Region 6, and the Northern and Eastern Districts of Texas.

13. The Debtors seek a waiver of the U.S. Trustee’s requirement that the Bank Accounts be closed and that new postpetition bank accounts be opened. If enforced in these chapter 11 cases, such requirements would cause disruption in the Cash Management System and would potentially impair the Debtors’ chapter 11 efforts and cause unnecessary time and expense to be incurred.

14. The Debtors, in the ordinary course of business, use checks, letterhead, and other business forms. By virtue of the nature and scope of the Debtors’ business operations and the large number of persons and other entities with whom they deal on a regular basis, it would be beneficial to the estates for the Debtors to be permitted to continue using their existing checks and other business forms without alteration or change, except for the addition of “debtor in possession,” which notation the Debtors will add to their check stock.

NOTICE

15. Notice of this Motion has been provided to: (i) the office of the United States Trustee for the Northern District of Texas and (ii) certain other parties appearing on the attached

Certificate of Service. The Debtors respectfully submit that no other or further notice need be provided.

WHEREFORE, the Debtors respectfully request that the Court enter an Order: (i) authorizing the Debtors to continue to use their existing (a) Cash Management System, (b) bank accounts, and (c) business forms; and (ii) granting such other and further relief as may be just and proper.

Respectfully submitted this 30th day of October, 2018.

GRAY REED & McGRAW LLP

By: /s/ Jason S. Brookner

Jason S. Brookner

Texas Bar No. 24033684

Lydia R. Webb

Texas Bar No. 24083758

Amber M. Carson

Texas Bar No. 24075610

1601 Elm Street, Suite 4600

Dallas, Texas 75201

Telephone: (214) 954-4135

Facsimile: (214) 953-1332

Email: jbrookner@grayreed.com

lwebb@grayreed.com

acarson@grayreed.com

PROPOSED COUNSEL TO THE DEBTORS

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 30th day of October, 2018, he caused a true and correct copy of the foregoing document to be served on the parties appearing below via first class United States mail, postage prepaid and, where possible, via electronic mail.

Hunton Andrews Kurth
Attn: Robin Russell
600 Travis, Suite 4200
Houston, TX 77002

Securities and Exchange
Commission
Attn: Sonia Chae
175 W. Jackson Blvd.
Suite 900
Chicago, IL 60604

PDC Energy, Inc.
Attn: Daniel W. Amidon, GC
1775 Sherman St.
Suite 3000
Denver, CO 80203

Internal Revenue Service
Special Procedures-Insolvency
P.O. Box 7346
Philadelphia, PA 19101-7346

Office of the U.S. Trustee,
Northern District of Texas
1100 Commerce St., Rm 976
Dallas, TX 75242

Foley Bezek Behle & Curtis, LLP
Attn: Thomas G. Foley, Kevin D.
Gamarnik, and Aaron L. Arndt
15 West Carrillo Street
Santa Barbara, CA 93101

/s/ Jason S. Brookner

Jason S. Brookner

EXHIBIT A

DEBTORS' PREPETITION BANK ACCOUNTS

Debtor	Name of Financial Institution	Account No. (Last 4 digits only)
Rockies Region 2006 L.P.	Texas Capital Bank, N.A.	5120
Rockies Region 2007 L.P.	Texas Capital Bank, N.A.	5138

EXHIBIT B

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§ Chapter 11
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ROCKIES REGION 2006 LIMITED PARTNERSHIP,	§ Case No. 18-33513-sgj-11
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Debtor.	§
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In re:	§ Chapter 11
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ROCKIES REGION 2007 LIMITED PARTNERSHIP,	§ Case No. 18-33514-sgj-11
	§
Debtor.	§ (Request for Joint Administration Pending)
	§

**INTERIM ORDER PURSUANT TO SECTIONS 345, 363, 1107 AND 1108 OF THE
BANKRUPTCY CODE AUTHORIZING CONTINUED USE OF EXISTING (I) CASH
MANAGEMENT SYSTEM, (II) BANK ACCOUNTS, AND (III) BUSINESS FORMS**

Upon the Motion of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of an Order Pursuant to Sections 345, 363, 1107, and 1108 Authorizing the Continued Use of Existing (i) Cash Management System, (ii) Bank Accounts, and

(iii) Business Forms (the “Motion”);¹ and the Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157(a) and 1334; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A); and the Court being satisfied that the relief requested in the Motion is appropriate and is in the best interests of the Debtors and their respective estates; and it appearing that sufficient notice of the Motion has been given, and that no other or further notice is required; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that Motion is **GRANTED** as set forth herein; it is further

ORDERED that the Debtors are authorized to continue using their existing Cash Management System, as described in the Motion and as such system has been operated in the ordinary course of the Debtors’ business; it is further

ORDERED that the Debtors are authorized to use their existing Bank Accounts, as set forth on **Exhibit A** to the Motion; it is further

ORDERED that the Debtors are authorized to use their existing business forms, letterhead and check stock, provided that the notation “debtor in possession” is added to the check stock; and it is further

ORDERED that this Order shall be an interim order until the date that is seven (7) calendar days following the initial debtor interview. If the Office of the U.S. Trustee has not filed an objection to the Motion by such date, this Order shall automatically become final without any further action.

END OF ORDER

¹ Capitalized terms not otherwise defined herein shall have the same meaning as ascribed to them in the Motion.

Submitted by:

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