

Emerald Oil Proposes to Sell Assets through Chapter 11 Proceedings

March 29, 2016 Brian Barnard

PRACTICES Energy Finance, Energy, Power and Natural Resources, Oil and Gas, Restructuring

This alert describes certain information regarding the recently filed bankruptcy case of Emerald Oil, Inc. and is an example of current developments in the energy industry.

Emerald Oil, Inc. and its subsidiaries (collectively referred to as the “**Debtors**”) filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code on March 22, 2016 in the District of Delaware, pursuant to which the Debtors plan to sell substantially all of their assets (the “**Assets**”) in a possible auction in July 2016.

The Assets consist of approximately 76,000 net acres in the Williston Basin in North Dakota. The Debtors operated approximately 100 percent of this total net acreage in the Low Rider and Lewis & Clark areas of McKenzie County and the Pronghorn Sand formation in Stark and Billings Counties. As of December 31, 2015, the Debtors estimated the value of the Assets at approximately \$291 million.

The Debtors have entered into a non-binding term sheet with The Latium Group (“**Latium**”) to initiate negotiations that could lead to the sale of the Assets, with Latium acting as a potential stalking horse bidder in the sale process under section 363 of the U.S. Bankruptcy Code. As soon as reasonably practicable, the Debtors will file a motion to approve bidding procedures and other relief, which may include certain customary protections for Latium or another third-party purchaser acting in the role as stalking horse. The Debtors intend to conduct an auction process to maximize the value of the Assets.

The Debtors expect to maintain their operations during the bankruptcy proceedings with post-petition debtor-in-possession financing from certain of their prepetition lenders (the “**Proposed DIP Financing**”). The Proposed DIP Financing includes the following timeline regarding the sale of the Assets.

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| April 1-15, 2016 | The Debtors shall have opened and populated a virtual data room with documents and other information for the sale process and solicited target parties for non-binding indications of interest for the sale transaction. |
| April 29, 2016 | The Debtors’ management shall conduct presentations regarding the Debtors’ business and assets to interested parties. |
| May 13, 2016 | The Debtors shall have solicited final bid letters and proposed asset purchase agreements and any requisite financial commitment materials from the most promising bidders. |
| May 20, 2016 | The Debtors shall have filed a motion to approve sale and bid procedures. |
| June 10, 2016 | The Debtors shall have obtained entry of an order by the bankruptcy court approving the bid procedures motion. |
| July 11, 2016 | An auction of the Assets shall be conducted. |

- July 15, 2016 The Debtors shall have obtained entry of an order by the bankruptcy court approving the sale of the Assets.
- July 22, 2016 The Debtors shall have closed and consummated the sale of the Assets.

Emerald is an NYSE MKT listed company and files public disclosures with the Securities and Exchange Commission. Additional information regarding Emerald may be found at www.sec.gov.

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