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Atlas Resources Inks Ch. 11 Prepack To Nix \$900M In Debt

By **Jonathan Randles**

Law360, New York (July 25, 2016, 11:46 AM ET) -- Atlas Resource Partners LP said Monday that it intends to file a prepackaged Chapter 11 plan of reorganization that would reduce its debt by about \$900 million and hand control of the oil and gas company to its lenders.

Atlas said it has entered into a restructuring support agreement that is backed by the majority of its senior noteholders, second lien lenders and lenders under the company's revolving credit facility. Atlas said it intends to convert \$668 million of its outstanding senior notes into a 90 percent equity stake in the reorganized company and through the sale in its oil and natural gas hedge positions.

To execute the restructuring plan, Atlas said it intends to file for Chapter 11 bankruptcy protection by July 27. Atlas said it intends to be soliciting votes on the plan from its creditors later today.

Upon exiting Chapter 11, the company intends to rename itself Titan Energy LLC. The plan includes \$250 million in second lien term loans and a new first lien exit facility with a \$440 million borrowing base. Aside from the debt that will be converted into equity, the plan will reduce Atlas' annual interest expenses by \$80 million, the company said.

Atlas said it plans to continue operating its oil and gas properties throughout the restructuring process and said the company's vendors, landlords and other parties will be paid in full.

Under the proposed plan, which must be approved by a bankruptcy judge, parties that own existing units in Atlas "will not be entitled to any of the equity of the restructured company," Atlas said.

With the announcement, Atlas joins several other companies who have initiated prepackaged Chapter 11 plans so far year. There have been four prepackaged Chapter 11 bankruptcies so far in 2016, according to the UCLA-LoPuki Bankruptcy Research Database. The prepacks this year include Yellow-pages publisher Dex Media Inc., Seventy Seven Energy Inc., Hercules Offshore Inc. and Fairway Group Holdings Corp.

A prepackaged Chapter 11, or prepack bankruptcy can save a debtor money by dramatically limiting the amount of time a company spends in court during a traditional restructuring. In a prepack, a debtor negotiates with creditors and agrees on plan terms and begins the plan solicitation process before a Chapter 11 petition is filed, according to The American Bankruptcy Institute.

Atlas is represented by Skadden, Arps, Slate, Meagher & Flom, LLP and Paul Hastings LLP.

--Editing by Rebecca Flanagan.

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