

# Warren Resources Names Chief Restructuring Officer and Provides Update on Restructuring

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## Debt Restructuring Update

DENVER, April 06, 2016 - [Warren Resources Inc.](#) (Nasdaq:WRES) ("Warren") continues to engage in discussions with its first lien lender, second lien lender and an *ad hoc* group of unsecured noteholders, regarding a restructuring of its debt obligations, which may occur as an out-of-court restructuring or pursuant to a bankruptcy court proceeding. In either event, Warren has focused such discussions on its preference for a consensual restructuring with these stakeholders. The lender under Warren's first lien credit facility has made a proposal for a viable post-restructuring capital structure that would be acceptable to Warren because it would result in deleveraging the company by converting a substantial amount of its debt to equity. Warren has presented this proposal to the lender under its second lien credit facility and to the holders of more than 95% in principal amount of its unsecured notes. However, an agreement among all three categories of creditors has not been reached. Consequently, Warren is evaluating strategies to expedite achievement of a comprehensive restructuring of its capital structure, including the possibility and features of a voluntary bankruptcy proceeding.

Dominick D'Alleva, Chairman of Warren's board of directors, commented, "We are hopeful that Mr. Watt will be able to bring all parties together to complete an out-of-court restructuring or a prepackaged or pre-negotiated bankruptcy filing, but if our creditors fail to reach a timely agreement, we look to Jim's leadership and extensive restructuring background to guide us through a bankruptcy proceeding on terms that are acceptable to our first lien lender and that preserve and maximize value available for our stakeholders."

As of March 31, 2016, Warren's first lien creditors held debt of approximately \$235 million in principal amount, second lien creditors held debt of approximately \$52 million in principal amount, and investors held approximately \$167 million principal amount of Warren's unsecured senior notes. On March 31, 2016, Warren's cash position was \$16.85 million, of which \$10.04 million is in a restricted account under the control of the lender under its first lien credit facility.

Warren elected to not make the approximately \$7.5 million interest payment due February 1, 2016 on its unsecured senior notes. The applicable 30-day grace period for such interest payment has expired, and consequently an event of default under the indenture governing such notes has occurred and is continuing. This status gives the indenture trustee and the holders of not less than 25% in aggregate principal amount of the unsecured notes the right declare the entire principal amount of the notes plus accrued and unpaid interest due and payable. In addition, this status has resulted in events of default under Warren's first lien credit facility and its second lien credit facility, entitling the administrative agents and lead lenders thereunder to declare all obligations under those credit facilities to be immediately due and payable. However, thus far, no such acceleration of Warren's debt obligations has occurred.

Warren's advisors with respect to its debt restructuring are Andrews Kurth LLP (as restructuring counsel) and Jefferies LLC (as financial advisor).

## Chief Restructuring Officer

In light of the possible necessity of a bankruptcy proceeding, Warren's board of directors recently named James A. Watt as Warren's Chief Restructuring Officer, to serve in that position in addition to his other positions as the company's President and Chief Executive Officer.

Mr. Watt stated, "We will continue working with all parties in the hope of accomplishing an out-of-court restructuring. However, we must make a determination in the very near future as to whether this path is achievable, and if not, we will prepare to complete the restructuring process through a bankruptcy. In my estimation, a bankruptcy proceeding without the consent of both our lenders under our secured credit facilities, and the investors in our unsecured notes, will likely result in holders of our unsecured notes, and even our second lien lender, having their claims completely wiped out. Nevertheless, we remain hopeful that negotiations among our creditors can result in an expeditious solution that maximizes preservation of value for all our stakeholders."

## About Warren Resources

[Warren Resources Inc.](#) is an independent energy company engaged in the acquisition, exploration, development and production of domestic oil and natural gas reserves. Warren's activities are primarily focused on oil in the Wilmington field in the Los Angeles Basin in California, natural gas in the Marcellus Shale in Pennsylvania, and the Washakie Basin of Wyoming.

## Forward-Looking Statements

*Portions of this press release contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. A number of factors may cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release. Warren believes that its expectations are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct. Some factors that could cause actual results to differ materially from those in the forward-looking statements, include, but are not limited to: the market prices of oil and gas and hedging activities undertaken in relation thereto; financial market conditions and the availability of liquidity; lenders willingness to waive or amend financial covenants applicable to us; delisting of our stock; changes in expected levels of oil and gas reserve estimates and production estimates; the inability to drill wells on a substantial portion of our acreage due to insufficient capital, market conditions or other factors; the timing and results of drilling and other development activities; any inability to hold substantial leases; governmental and environmental regulations and permitting requirements and delays; the availability of capital and credit market conditions; unsuccessful exploratory activities; unexpected cost increases; delays in completing production, treatment and transportation facilities; the availability and cost of obtaining equipment and technical personnel; operating hazards; risks associated with the availability of acceptable transportation arrangements; unanticipated operational problems; potential liability for remedial actions under existing or future environmental regulations; changes in tax, environmental and other laws applicable to our business as well as general domestic and international economic and political conditions; concentration of customers; inability to replace reserves as they are produced; climate change; computer security breaches; and factors that may affect our common stock including the numbers of shares subject to registration rights; stock price volatility; anti-takeover measures in our organizational documents; and any failure to make appropriate assumptions or estimates in the preparation of our financial statements or to maintain adequate internal control over financial reporting. All forward-looking statements are made only as of the date hereof and, unless legally required, the Company undertakes no obligation to update any such statements, whether as a result of new information, future events or otherwise. Further information on risks and uncertainties that may affect Warren's operations and financial performance, and the forward-looking statements made herein, is available in the Company's filings with the Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)), including its Annual Report on Form 10-K under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in other public filings and press releases.*

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