



ENTERED
12/14/2017

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

In re:)	
)	Chapter 11
)	
COBALT INTERNATIONAL ENERGY, INC., <i>et</i>)	Case No. 17-36709 (MI)
<i>al.</i> ¹)	
)	
Debtors.)	
)	(Jointly Administered)
)	Re: Docket No. 9

**INTERIM ORDER
AUTHORIZING THE PAYMENT OF WORKING INTEREST
EXPENDITURES, JOINT INTEREST BILLINGS, ROYALTY PAYMENTS,
DELAY RENTAL PAYMENTS, AND PRODUCTION SALE EXPENDITURES**

Upon the motion (the "Motion"),² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an interim order (this "Interim Order"), authorizing, but not directing, the Debtors to pay in the ordinary course of business all prepetition and postpetition amounts owing on account of (i) Working Interest Expenditures, (ii) Joint Interest Billings, (iii) Royalty Payments, (iv) Delay Rental Payments, and (v) Production Sale Expenditures, all as more fully set forth in the Motion; and this court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the Amended Standing Order; and this court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this court having found that it 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 proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this court having found that the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Cobalt International Energy, Inc. (1169); Cobalt International Energy GP, LLC (7374); Cobalt International Energy, L.P. (2411); Cobalt GOM LLC (7188); Cobalt GOM # 1 LLC (7262); and Cobalt GOM # 2 LLC (7316). The Debtors' service address is: 920 Memorial City Way, Suite 100, Houston, Texas 77024.

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



relief requested in the Motion is in the best 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, if any, 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 final hearing (the "Final Hearing") on the Motion shall be held on January 11, 2018 at 2:00 p.m. prevailing Central Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Central Time, on January 8, 2018. In the event no objections to entry of the Final Order on the Motion are timely received, this court may enter such Final Order without need for the Final Hearing.

2. The Debtors are authorized, but not directed, to pay prepetition Oil and Gas Obligations; *provided* that before entry of the Final Order, the Debtors shall not pay any obligations under this Interim Order unless they are due or are deemed necessary to be paid in the Debtors' business judgment to ensure ongoing provision of goods or services or otherwise to avoid an adverse effect on operations.

3. The Debtors are authorized, but not directed, to pay postpetition Oil and Gas Obligations in the ordinary course of business, in accordance with the Debtors' prepetition policies and practices, and, in the Debtors' discretion, to pay and honor postpetition amounts related thereto; provided, however, that nothing in this Interim Order shall be deemed to

authorize the payment of any amounts which are subject to section 503(c) of the Bankruptcy Code.

4. Any party that accepts payment from the Debtors on account of an Oil and Gas Obligation shall be deemed to have agreed to the terms and provisions of this Interim Order.

5. If any party accepts payment(s) on behalf of a claim for Working Interest Expenditures, Joint Interest Billings, or Production Sale Expenditures under this Interim Order, and such claim is determined by the Court after notice and a hearing (a) not to give rise to (i) a statutory, contractual, or other lien under applicable law or (ii) an enforceable right to recoupment or setoff, (b) not to constitute valid amounts due and owing by the Debtors, or (c) is not otherwise entitled to priority under the Bankruptcy Code, as applicable, the Debtors are authorized, but not directed, to take any and all appropriate steps to cause the party who had accepted such payment(s) to repay payment(s) made to it under this Interim Order to the extent the aggregate amount of such payment(s) exceeds the then-outstanding postpetition obligations due and owing on its behalf. Upon recovery of such payment(s) by the Debtors, the obligation shall be reinstated as a prepetition claim in the amount so recovered.

6. If any party accepts payment(s) on behalf of a claim for Royalty Payments under this Interim Order, and the Debtors' interest in such Royalty Payments subsequently are determined by the Court after notice and a hearing to constitute property of the Debtors' estates, then the Debtors are authorized, but not directed, to take any and all appropriate steps to cause such party to repay payment(s) made to it under this Interim Order to the extent the aggregate amount of such payment(s) exceed the then-outstanding postpetition obligations due and owing on its behalf. Upon recovery of such payment(s) by the Debtors, the obligation shall be reinstated as a prepetition claim in the amount so recovered.

7. Notwithstanding anything contained in the Motion or this Interim Order, any payment authorized to be made by the Debtor herein shall be subject to the terms and conditions contained in any orders entered by this Court authorizing the use of cash collateral (the "Cash Collateral Orders"). To the extent there is any conflict between this Interim Order and the Cash Collateral Orders, the terms of the Cash Collateral Orders shall control.

8. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim 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 Interim 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.

9. 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 and directed 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 Interim Order.

10. 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 Oil and Gas Obligation.

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

12. 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.

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

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

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

16. Notwithstanding anything in this Order to the contrary, the Debtors are not authorized to pay any amount in excess of \$25,000.00 to a provider of goods or services unless that provider agrees in writing (including by email) to provide post-petition goods and services on the same basis as has been provided prepetition. This paragraph does not apply to JIB payments.

Dated: 12/14, 2017
Houston, Texas



THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE