

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

In re:)) Chapter 11
))
COBALT INTERNATIONAL ENERGY, INC., <i>et al.</i> , ¹)) Case No. 17-36709 (MI)
))
Debtors.)) (Jointly Administered)
)) Re: Docket Nos. 9, 60

**NOTICE OF FILING OF REVISED PROPOSED FINAL
ORDER AUTHORIZING THE PAYMENT OF WORKING INTEREST
EXPENDITURES, JOINT INTEREST BILLINGS, ROYALTY PAYMENTS,
DELAY RENTAL PAYMENTS, AND PRODUCTION SALE EXPENDITURES**

PLEASE TAKE NOTICE that on December 14, 2017, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Emergency Motion for Entry of Interim and Final Orders Authorizing the Payment of Working Interest Expenditures, Joint Interest Billings, Royalty Payments, Delay Rental Payments, and Production Sale Expenditures* [Docket No. 9] [(the “Motion”)] with the United States Bankruptcy Court for the Southern District of Texas (the “Court”).

PLEASE TAKE FURTHER NOTICE that on December 14, 2017, the Court entered the *Interim Order Authorizing the Payment of Working Interest Expenditures, Joint Interest Billings, Royalty Payments, Delay Rental Payments, and Production Sale Expenditures* [Docket No. 60] (the “Interim Order”).

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file a revised proposed *Final Order Authorizing the Payment of Working Interest Expenditures, Joint Interest Billings, Royalty Payments, Delay Rental Payments, and Production Sale Expenditures* (the “Revised Proposed Order”).

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, LP (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.

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit B** is a redline of the Revised Proposed Order reflecting changes from the proposed form of order attached to the Motion.

PLEASE TAKE FURTHER NOTICE that the Debtors will appear on **January 25, 2018, at 2:00 p.m. (prevailing Central Time)** or as soon thereafter as counsel may be heard before the Honorable Marvin Isgur or any other judge who may be sitting in his place and stead, in Courtroom 404 in the United States Courthouse, 515 Rusk, Houston, Texas 77002, to present the Motion to the Court and request entry of the Proposed Final Order.

PLEASE TAKE FURTHER NOTICE THAT that parties desiring to appear telephonically may do so pursuant to the Court's instructions for telephonic appearances, available for viewing at <http://www.txs.uscourts.gov/sites/txs/files/mi.pdf>.

PLEASE TAKE FURTHER NOTICE that copies of the Motion, the Revised Proposed Order, and all other documents filed in these chapter 11 cases are available free of charge by visiting the case website maintained by Debtors' notice and claims agent, Kurtzman Carson Consultants LLC, available at <http://www.kccllc.net/cobalt> or by calling (866) 967-1782 (toll free) or (310) 751-2682 (international). You may also obtain copies of any pleadings by visiting the Court's website at <http://www.txs.uscourts.gov> in accordance with the procedures and fees set forth therein.

Houston, Texas
Dated: January 24, 2018

/s/ Zack A. Clement

Zack A. Clement (Texas Bar No. 04361550)

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Houston, Texas 77025

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-and-

James H.M. Sprayregen, P.C. (admitted *pro hac vice*)

Marc Kieselstein, P.C. (admitted *pro hac vice*)

Chad J. Husnick, P.C. (admitted *pro hac vice*)

Brad Weiland (admitted *pro hac vice*)

W. Benjamin Winger (admitted *pro hac vice*)

Laura Krucks (admitted *pro hac vice*)

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

300 North LaSalle Street

Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200

Co-Counsel to the Debtors and Debtors in Possession

Certificate of Service

I certify that on January 24, 2018, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Zack A. Clement

Zack A. Clement

Exhibit A

Revised Proposed Order

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

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In re:)	Chapter 11
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COBALT INTERNATIONAL ENERGY, INC., <i>et al.</i> , ¹)	Case No. 17-36709 (MI)
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Debtors.)	(Jointly Administered)
)	Re: Docket Nos. 9, 60

**FINAL 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 a final order (this “Final 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 this court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and that this court 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 relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and

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.

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 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 Motion is granted on a final basis as set forth in this Final Order.
2. The Debtors are authorized, but not directed, to pay prepetition Oil and Gas Obligations, provided however, that (i) the Debtors shall provide (a) the U.S. Trustee; (b) the Committee; (c) counsel to the ad hoc group of first lien noteholders; (d) counsel to the ad hoc group of second lien noteholders; (e) counsel to the ad hoc committee of unsecured noteholders; and (f) counsel to the indenture trustee for the Debtors' first lien notes (collectively, the "Notice Parties") with five days' notice prior to execution or payment of any AFE that the Debtors enter into after entry of this Final Order; and (ii) the Debtors shall provide the Notice Parties with five days' notice prior to executing any AFE or any payment with respect to any amounts relating to the Shenandoah field in excess of either (x) \$1 million net pursuant to any individual AFE (whether executed prepetition or postpetition), or (y) \$1 million net in aggregate monthly payments.
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 Final Order shall be deemed to authorize the payment of any amounts which are subject to section 503(c) of the Bankruptcy Code.

4. If any party accepts payment(s) on behalf of a claim for Working Interest Expenditures, Joint Interest Billings, or Production Sale Expenditures under this Final 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 Final 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.

5. If any party accepts payment(s) on behalf of a claim for Royalty Payments under this Final 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 Final 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.

6. 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 Final Order.

7. Notwithstanding anything contained in the Motion or this Final 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 Final and the Cash Collateral Orders, the terms of the Cash Collateral Orders shall control.

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

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

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

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

Dated: _____, 2018
Houston, Texas

THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Redline

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

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In re:)	Chapter 11
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COBALT INTERNATIONAL ENERGY, INC., <i>et al.</i> , ¹)	Case No. 17-36709 (MI)
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Debtors.)	(Jointly Administered)
)	Re: Docket No. <u>9,60</u>

**FINAL ORDER
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Upon the motion (the “Motion”),² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of a final order (this “Final 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. ~~§§ 157 and~~ § 1334; and this court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and that this court 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 relief requested in the Motion is in the best interests of the Debtors’ estates, their

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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 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:

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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~~Final Order shall be deemed to authorize the payment of any amounts which are subject to section 503(c) of the Bankruptcy Code.

4. If any party accepts payment(s) on behalf of a claim for Working Interest Expenditures, Joint Interest Billings, or Production Sale Expenditures under this Final 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 Final 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.

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as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Oil and Gas Obligation.

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

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

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

Dated: _____, 2017~~7~~⁸
Houston, Texas

THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE