

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., *et al.*,<sup>1</sup> : Case No. 17-36709 (MI)  
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 Debtors. : (Jointly Administered)  
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 Related Dkt. No. 275

**AD HOC COMMITTEE OF UNSECURED NOTEHOLDERS’ OBJECTION TO SOLICITATION MOTION, PRELIMINARY OBJECTION TO PLAN CONFIRMATION AND EMERGENCY MOTION FOR EXPEDITED DISCOVERY**

**THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WIHTOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.**

**REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.**

**EMERGENCY RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EMERGENCY BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO**

<sup>1</sup> 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”); 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.



**THE RELIEF OR IF YOU BELIEVE THAT THE EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE.**

**THE COURT IS SCHEDULED TO CONDUCT A HEARING IN THIS CASE ON MARCH 8, 2018 AT 9:00 A.M. IN COURTROOM 404, 515 RUSK STREET, HOUSTON, TEXAS 77002, AND THIS MOTION REQUESTS CONCURRENT CONSIDERATION AT SUCH HEARING.**

The Ad Hoc Committee of Unsecured Noteholders (the “Ad Hoc Committee”), whose members are the beneficial holders of, or are investment managers or advisors to funds or accounts that are the beneficial holders of, the 2.625% Convertible Senior Notes due 2019 and 3.125% Convertible Senior Notes due 2023 issued by Cobalt, hereby submits the following objection to the *Debtors’ Motion For Entry Of An Order (I) Approving The Adequacy Of The Disclosure Statement, (II) Approving The Solicitation And Notice Procedures With Respect To Confirmation Of The Debtors’ Proposed Joint Chapter 11 Plan, (III) Approving The Forms Of Ballots And Notices In Connection Therewith, (IV) Scheduling Certain Dates With Respect Thereto, And (V) Granting Related Relief* [Docket No. 275] (the “Debtors’ Motion”)<sup>2</sup> and preliminary objection (together, this “Objection”) to the confirmation of the Plan, and motion (the “Motion”) for expedited discovery, and respectfully states as follows:

**OBJECTION AND MOTION**

1. The Ad Hoc Committee files this Objection and the Motion to apprise the Court of its concerns regarding the outcome of the Auction and to request that, if the Court determines to enter an order approving the Debtors’ proposed solicitation procedures with respect to confirmation of the Plan, the Court also enter an order establishing an expedited discovery schedule.

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<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Debtors’ Motion.

2. Throughout these chapter 11 cases, the Ad Hoc Committee has expressed its support of the Debtors' efforts to market their assets in connection with a potential sale, and to confirm a plan of reorganization, on an expedited basis. The Ad Hoc Committee's support, however, has been given subject to several important caveats and assumptions, including that there would be a robust and fair auction. The Auction conducted pursuant to the Bidding Procedures was not robust and the Ad Hoc Committee has significant concerns regarding the fairness of the Auction. The Ad Hoc Committee has previously indicated that unlike its support of the Debtors' chosen timeline in these chapter 11 cases, its support for a sale of the Debtors' assets would be forthcoming only if the proceeds of such sale represented fair value for the assets being sold.<sup>3</sup> Here, the results of the Auction do not appropriately value the Debtors' assets.

3. All reasonable expectations in these chapter 11 cases have been that the value available for distribution to creditors would exceed the aggregate amount of the Debtors' secured obligations, resulting in holders of Cobalt General Unsecured Claims being meaningfully—and likely substantially—in-the-money. If, however, the Debtors are permitted to sell their assets at the prices received at the Auction, holders of Cobalt General Unsecured Claims (*i.e.*, parent company unsecured claims) will receive no distribution.

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<sup>3</sup> See generally *The Ad Hoc Committee Of Unsecured Noteholders' (A) Statement In Support Of The Debtors' Motion For Entry Of An Order (I) Approving Bidding Procedures For The Sale Of The Debtors' Assets, (II) Scheduling An Auction, (III) Approving The Form And Manner Of Notice Thereof, (IV) Scheduling Hearings And Objection Deadlines With Respect To The Debtors' Disclosure Statement And Plan Confirmation, And (V) Granting Related Relief And (B) Joinder To The Debtors' Omnibus Reply In Support Of Debtors' Motion For Entry Of An Order (I) Approving Bidding Procedures For The Sale Of The Debtors' Assets, (II) Scheduling An Auction, (III) Approving The Form And Manner Of Notice Thereof, (IV) Scheduling Hearings And Objections With Respect To The Debtors' Disclosure Statement And Plan Confirmation, And (V) Granting Related Relief* [Docket No. 287] at ¶¶ 1-2; *Limited Objection Of Ad Hoc Committee Of Unsecured Noteholders To Debtors' Motion For Entry Of An Order (I) Approving The Adequacy Of The Disclosure Statement, (II) Approving The Solicitation And Notice Procedures With Respect To Confirmation Of The Debtors' Proposed Joint Chapter 11 Plan, (III) Approving The Forms Of Ballots And Notices In Connection Therewith, (IV) Scheduling Certain Dates With Respect Thereto, And (V) Granting Related Relief* [Docket No. 487] at ¶¶ 1-2.

4. The dismal results of the Auction can be explained, in part, by a marketing process that elicited little to no competitive bidding for the Debtors' assets. Indeed, the Debtors' two largest assets—North Platte and Anchor—received only one third-party bid each.<sup>4</sup> The one third-party bid submitted for North Platte was a joint bid submitted, upon information and belief, without the Debtors' prior consent by Statoil Gulf of Mexico LLC ("Statoil") and TOTAL E&P USA, INC. ("Total"), two of the most natural buyers of the North Platte assets. The one third-party bid submitted for Anchor was submitted by Total. The Ad Hoc Committee has concerns regarding the circumstances that led to the joint bid and the failure of other potential bidders to bid on either of the two assets, including whether such circumstances chilled bidding. To that end, the Ad Hoc Committee is concurrently serving discovery requests on the Debtors, Statoil and Total. Given the need to fully investigate these issues, the Ad Hoc Committee respectfully requests that, if the Court permits the Debtors' to solicit votes on the Plan and pursue confirmation thereof on the Debtors' proposed expedited timeline, it should do so only if it simultaneously enters an expedited discovery scheduling order, substantially in the form attached as Exhibit A, that provides for all document production to be completed by March 14, 2018, and all depositions to be completed by March 23, 2018, or such other schedule that the Court determines is fair and just. The Ad Hoc Committee is prepared to work with all parties in interest to ensure that discovery is completed expeditiously.

5. As a final matter, one of the reasons the Ad Hoc Committee has supported the expedited timeline advanced by the Debtors in these chapter 11 cases is that it provides a sufficient period of time between the date of the Auction (March 6, 2018) and the date of the Confirmation Hearing (March 30, 2018) for parties in interest to evaluate the results of the

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<sup>4</sup> In addition, a credit bid for all of the Debtors' assets, including North Platte and Anchor assets was submitted by GOM Offshore Holdings, LLC, an entity formed by certain holders of the Second Lien Notes.

Auction and, if a proposed sale does not appropriately value the Debtors' assets, to pursue an alternative transaction that does so. The Ad Hoc Committee believes that such alternative transactions exist. Accordingly, the Ad Hoc Committee reserves its right to request that the Confirmation Hearing be adjourned for cause to the extent that value-accretive alternative transactions materialize post-Auction.

**BASIS FOR EXPEDITED RELIEF**

6. The Ad Hoc Committee is seeking expedited relief regarding its request for entry of an order requiring expedited discovery due to the existing schedule regarding Plan confirmation in these cases. Currently, objections to confirmation of the Plan and votes regarding the Plan are due March 26, 2018. *See* Dkt. No. 299 at ¶ 9-10. The Confirmation Hearing regarding the Plan is scheduled for March 30, 2018 at 9:30 a.m. *Id.* at ¶ 11. The Ad Hoc Committee requires the information sought through discovery to adequately prepare its objection to confirmation of the Plan and to present evidence at the Confirmation Hearing.

**CONCLUSION**

WHEREFORE, the Ad Hoc Committee respectfully requests that the Court (a) condition any entry of an order approving the Debtors' proposed expedited timeline to confirm a plan of reorganization on the simultaneous entry of an expedited discovery scheduling order, substantially in the form attached as Exhibit A and (b) grant the Ad Hoc Committee such other and further relief as the Court may deem just and proper.

*[Signature Page to Follow]*

Dated: March 7, 2018

Respectfully submitted

**COLE SCHOTZ P.C.**

By:       /s/ Michael D. Warner        
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- and -

MILBANK, TWEED, HADLEY & M<sup>c</sup>CLOY LLP  
(with respect to all matters herein other than the  
request for discovery from Total)

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*Counsel to the Ad Hoc Committee of Unsecured  
Noteholders*

**CERTIFICATE OF SERVICE**

I hereby certify that on March 7, 2018, a copy of the foregoing Motion was served on parties that are registered to receive electronic notice through this Court's ECF notice system.

*/s Michael D. Warner* \_\_\_\_\_

Michael D. Warner

**EXHIBIT A**



**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> , <sup>1</sup>	:	Case No. 17-36709 (MI)
	:	
Debtors.	:	(Jointly Administered)
	:	
	X	

**EXPEDITED DISCOVERY SCHEDULING ORDER**

Upon the Motion<sup>2</sup> of the Ad Hoc Committee, and under authority of the Court’s broad powers under section 105(a) of the Bankruptcy Code and the Court’s inherent authority to manage its own docket, it is **HEREBY ORDERED THAT:**

1. The deadline for the Debtors, Statoil and Total to complete their production of documents in response to the March 7, 2018 discovery requests served by the Ad Hoc Committee shall be **March 14, 2018**.

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<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the *Ad Hoc Committee’s Objection and Motion for Expedited Discovery and Emergency Status Conference*.

2. The deadline for the Debtors, Statoil and Total to each make a witness available for examination in accordance with the March 7, 2018 discovery requests served by the Ad Hoc Committee shall be **March 23, 2018**.

Dated: \_\_\_\_\_, 2018  
Houston, Texas

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THE HONORABLE MARVIN ISGUR  
UNITED STATES BANKRUPTCY JUDGE