

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)
)	
Reorganized Debtors.)	(Jointly Administered)
)	
)	

MOTION OF NADER TAVAKOLI, ACTING SOLELY AS PLAN ADMINISTRATOR, FOR ENTRY OF AN ORDER AUTHORIZING PLAN ADMINISTRATOR TO TRANSFER FUNDS

A HEARING WILL BE CONDUCTED ON THIS MATTER ON FEBRUARY 5, 2020 AT 9:00 A.M. (PREVAILING CENTRAL TIME) BEFORE THE HONORABLE MARVIN ISGUR, BOB CASEY UNITED STATES COURTHOUSE, 515 RUSK STREET, COURTROOM 404, HOUSTON, TEXAS 77002.

IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN TWENTY-ONE DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

Nader Tavakoli, solely in his capacity as Lead Member and Chairman of the Plan Administrator Committee of Cobalt International Energy, Inc., *et al.* (the “Plan Administrator”), files this *Motion of Nader Tavakoli, Acting Solely as Plan Administrator, for Entry of an Order*

¹ The Reorganized Debtors in the Chapter 11 Cases, along with the last four digits of each Reorganized 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).



Authorizing Plan Administrator to Transfer Funds (the “Motion”), and in support thereof, respectfully moves as follows:

Preliminary Statement

1. After months of litigating an arbitration proceeding (the “Arbitration”) initiated by Halliburton Atlantic Limited and Halliburton Overseas Limited-Sucursal de Angola (collectively, the “Halliburton Entities”) against non-Debtor subsidiaries CIE Angola Block 20 Ltd. and CIE Angola Block 21 Ltd. (collectively, the “Cobalt Parties”), the Plan Administrator recently executed a settlement with the Halliburton Entities that fully and finally resolves the Arbitration in favor of the Cobalt Parties. By this Motion, the Plan Administrator requests authorization to transfer all Remaining Funds held in the Segregated Account to the Plan Administrator Account (each as defined below).²

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has subject matter jurisdiction over this matter under 28 U.S.C. § 1334. This matter is a core proceeding under 28 U.S.C. § 157(b)(2), and this Court has exclusive jurisdiction over the Confirmation Order. *See* Confirmation Order, at ¶ 121. Venue is also proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. This Court retains post-confirmation jurisdiction to interpret, implement, and enforce its own orders, including the Confirmation Order and the Sonangol Settlement Order (defined below). *See* Confirmation Order, at ¶ 121; Plan § XI(17); Sonangol Settlement Order, at ¶ 13.

² Unless otherwise indicated, all capitalized terms in this Motion shall have the same meaning as ascribed to them in the *Order (I) Confirming the Fourth Amended Joint Chapter 11 Plan of Cobalt International Energy, Inc. and Its Debtor Affiliates and (II) Approving the Sale Transaction* [Docket No. 784] (the “Confirmation Order”), including the *Fourth Amended Joint Chapter 11 Plan of Cobalt International Energy, Inc. and Its Debtor Affiliates* [Docket No. 784-1] (the “Plan”) attached to the Confirmation Order as “Exhibit A.”

Background

4. On December 14, 2017, Cobalt International Energy Inc. (“Cobalt Inc.”) and certain of its affiliates filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. 101 *et seq.* in this Court.

5. During these chapter 11 cases, but prior to confirmation of the Plan, Cobalt Inc. resolved its three-year dispute with Sociedade Nacional de Combustíveis de Angola—Empresa Pública and Sonangol Pesquisa e Produção, S.A. (collectively, “Sonangol”) (the “Sonangol Settlement”). The settlement approved by the Court provided for Sonangol to make a settlement payment of \$500 million in two installments (together with interest that has accrued on the settlement proceeds, the “Sonangol Settlement Proceeds”), each of which has occurred. *See* Order Approving the Sonangol Settlement [Docket No. 300] (the “Sonangol Settlement Order”).

6. Pursuant to the Sonangol Settlement Order, the Sonangol Settlement Proceeds were deposited into a segregated depository account (the “Segregated Account”) and were to be distributed or transferred upon further Court order. *See* Sonangol Settlement Order, at ¶ 9.³

7. The Sonangol Settlement Proceeds constitute Net Cash⁴ under the Plan. “Net Cash” means:

The Debtors’ Cash or Cash equivalents on hand (including any Cash, securities, other Sale Transaction Proceeds, any Cash proceeds of the collateral of the First Lien Noteholders and Second Lien Noteholders, or any ***Cash proceeds from the Sonangol Settlement ultimately received by the Debtors***) less any Cash or Cash equivalents to be paid or reserved pursuant to and in accordance with the Plan on account of the Wind Down Budget or otherwise, but excluding Cash recoveries (if any) on account of unencumbered assets (if any) not subject to adequate protection claims (if any) under the Cash Collateral Order.

³ Under the settlement, Sonangol assumed all liabilities and obligations, whether known or unknown, relating to Cobalt International Energy L.P.’s (“Cobalt L.P.”) Angolan assets, regardless of when such liabilities or obligations arose. *See* Settlement Implementation Agreement [Docket No. 988-1] ¶ 5.

⁴ The Plan Administrator maintains an account to administer funds, including Net Cash (the “Plan Administrator Account”).

See Plan § I.A.85 (emphasis added).

8. The Plan Administrator filed three prior motions to transfer and disburse funds from the Segregated Account, which were granted by this Court on September 25, 2018 [Docket No. 1077], November 1, 2018 [Docket No. 1157], and December 21, 2018 [Docket No. 1219], respectively.

9. As of December 31, 2019, a total of approximately \$4,227,629.18 (including accrued interest, the “Remaining Funds”) remains in the Segregated Account and may only be disbursed or transferred upon further order of this Court. *See* Sonangol Settlement Order, at ¶ 9, and Docket Nos. 1077, 1157, and 1219. Two (2) million of the Remaining Funds were earmarked for any potential payment by the Cobalt Parties to the Halliburton Entities in the Arbitration. *See* Docket No. 1219, at ¶ 4.

10. On July 31, 2019, a partial final award dismissing the Halliburton Entities’ claims against the Cobalt Parties and allowing the Cobalt Parties’ counterclaim against the Halliburton Entities was published in the Arbitration (the “Award”). The Halliburton Entities have paid the Award to the Cobalt Parties inclusive of interest.

11. Pursuant to the Award, the arbitrator reserved the allocation of the costs of the Arbitration for a later date.

12. The Halliburton Entities and the Plan Administrator, on behalf of the Cobalt Parties, have since executed a settlement agreement that fully and finally resolves any and all matters in the Arbitration, including without limitation, the allocation of the costs of the Arbitration.

13. Because the claims asserted by the Halliburton Entities have been finally resolved in favor of the Cobalt Parties, and all pending matters in the Arbitration have either been adjudicated or settled, it is no longer necessary for the Remaining Funds (including the \$2 million earmarked for any potential payment by the Cobalt Parties to the Halliburton Entities) to remain

in the Segregated Account. The \$2 million was reserved in the Segregated Account solely for the potential payment by the Cobalt Parties of a settlement or award, if any, to the Halliburton Entities in the Arbitration. See Docket No. 1219, at ¶ 4. No payment by the Cobalt Parties to the Halliburton Entities is necessary in the Arbitration. Further, the Plan Administrator is not aware of any asserted, or potential, claim to the Remaining Funds.

14. Accordingly, the Court should authorize the Plan Administrator to transfer all Remaining Funds being held in the Segregated Account to the Plan Administrator Account.

NOTICE

15. The Plan Administrator provided notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of Texas; (b) the Halliburton Entities; (c) the Second Lien Indenture Trustee; and (d) any party that has requested post-Effective Date notice pursuant to Bankruptcy Rule 2002. The Plan Administrator submits that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of Page Intentionally Left Blank]

WHEREFORE, for the reasons stated herein, the Plan Administrator respectfully requests that the Bankruptcy Court enter an Order in substantially the same form attached hereto as **Exhibit A** granting the Motion and such other and further relief as the Court deems just and equitable.

Respectfully submitted this 9th day of January, 2020.

GREENBERG TRAUIG, LLP

/s/ Shari L. Heyen

Shari L. Heyen

Texas State Bar No. 09564750

HeyenS@gtlaw.com

David R. Eastlake

Texas State Bar No. 24074165

EastlakeD@gtlaw.com

1000 Louisiana Street, Suite 1700

Houston, Texas 77002

Telephone: (713) 374-3500

Facsimile: (713) 374-3505

Counsel for Nader Tavakoli, solely in his capacity as Lead Member and Chairman of the Plan Administrator Committee of Cobalt International Energy, Inc., et al.

Certificate of Service

I hereby certify that a true and correct copy of the foregoing Motion has been served upon the parties eligible to receive notice through the Court's ECF facilities by electronic mail on January 9, 2020.

/s/ Shari L. Heyen

Shari L. Heyen

EXHIBIT A

Proposed Order

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

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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Reorganized Debtors.)	(Jointly Administered)
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ORDER GRANTING MOTION OF NADER TAVAKOLI, ACTING SOLELY AS PLAN ADMINISTRATOR, FOR ENTRY OF AN ORDER AUTHORIZING PLAN ADMINISTRATOR TO TRANSFER FUNDS

[Relates to Docket No. ____]

Upon the *Motion of Nader Tavakoli, Acting Solely as Plan Administrator, for Entry of an Order Authorizing Plan Administrator to Transfer Funds* (the “Motion”);² and upon consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157; and this Court having jurisdiction pursuant to 28 U.S.C. § 1334; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and it appearing that no other or further notice need be provided; and the Court having determined that there exists just cause for the relief granted herein; and upon the record of the hearing before the Court, and any responses to the Motion having been withdrawn, resolved, or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is

HEREBY ORDERED that:

¹ The Reorganized Debtors in the Chapter 11 Cases, along with the last four digits of each Reorganized 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).

² Unless otherwise indicated, all capitalized terms in this Order shall have the same meaning as ascribed to them in the Motion.

1. The Motion is **GRANTED** as set forth herein.
2. The Plan Administrator is authorized to transfer all Remaining Funds in the Segregated Account to the Plan Administrator Account.
3. This Order shall not alter, amend, modify, or otherwise affect the rights and obligations of any other party in interest under the Plan.
4. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

Dated: _____, 2020.
Houston, Texas

THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE