

SOUTHERN AND WESTERN DISTRICTS OF TEXAS

HOUSTON DIVISION

IN RE:

COBALT INTERNATIONAL ENERGY INC.

CASE NO. 17-36709

CHAPTER 11

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§

DEBTOR

CHAPTER 11 POST-CONFIRMATION REPORT FOR  
THE QUARTER ENDING SEPTEMBER 30, 2020

1.  Quarterly or  Final (check one)

2. SUMMARY OF DISBURSEMENTS\*:

A. Disbursements made under the plan (itemize on page 3)	\$ 724,312.00
B. Disbursements not under the plan	\$ 378,765.00
Total Disbursements	\$ <u>1,103,077.00</u>

\*ALL DISBURSEMENTS MADE BY THE REORGANIZED DEBTOR, UNDER THE PLAN OR OTHERWISE, MUST BE ACCOUNTED FOR AND REPORTED HEREIN FOR THE PURPOSE OF CALCULATING THE QUARTERLY FEES.

3. Has the order confirming plan become final?  Yes  No

4. Are Plan payments being made as required under the Plan?  Yes  No

5. If "No", what Plan payments have not been made and why?  
Please explain: N/A

6. If plan payments have not yet begun, when will the first plan payment be made? N/A (Date)

7. What date did the reorganized debtor or successor of the debtor under the plan assume the business or management of the property treated under the plan? APRIL 10, 2018 (Date)

8. Please describe any factors which may materially affect your ability to obtain a final decree at this time.  
N/A

9. Complete the form for Plan Disbursements attached.

10. CONSUMMATION OF PLAN:

A. If this is a final report, has an application for Final Decree been submitted\*?

Yes Date application was submitted \_\_\_\_\_  
 No Date when application will be submitted \_\_\_\_\_

\*(if required by Local Rule)

B. Estimated Date of Final Payment Under Plan \_\_\_\_\_

INITIALS _____
DATE _____
UST USE ONLY

I CERTIFY UNDER PENALTY OF PERJURY THAT THE ABOVE INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

SIGNED: Nader Tavakoli  
Nader Tavakoli  
(PRINT NAME)

Date: 10/13/2020



<b>Q3 2020 Reporting for Cobalt International Energy, Inc., et al (USD) <sup>2</sup></b>				
<b>NON-PLAN ACTIVITY</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>Q3 2020</b>
<b>INFLOWS</b>				
Other Receivables	-	500	-	500
Interest Income	1,649	1,820	1,336	4,805
<b>Non-Plan Receipts</b>	<b>\$1,649</b>	<b>\$2,320</b>	<b>\$1,336</b>	<b>\$5,305</b>
<b>OUTFLOWS</b>				
Taxes (Franchise)	(2,325)	-	-	(2,325)
Payroll	(107,342)	(104,306)	(102,906)	(314,554)
Other G&A	(16,716)	(25,945)	(19,225)	(61,886)
<b>Non-Plan Disbursements</b>	<b>(\$126,383)</b>	<b>(\$130,251)</b>	<b>(\$122,131)</b>	<b>(\$378,765)</b>
<b>PLAN ACTIVITY</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>Q3 2020</b>
<b>INFLOWS</b>				
	-	-	-	-
<b>Plan Receipts</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OUTFLOWS</b>				
Professional Fees	-	(260,657)	(396,292)	(656,949)
US Trustee Fees (Q2)	(67,363)	-	-	(67,363)
Debt Repayments	-	-	-	-
<b>Plan Disbursements</b>	<b>(\$67,363)</b>	<b>(\$260,657)</b>	<b>(\$396,292)</b>	<b>(\$724,312)</b>
<b>OPENING CASH BALANCE<sup>1</sup></b>	<b>\$18,596,397</b>	<b>\$18,404,300</b>	<b>\$18,015,712</b>	<b>\$18,596,397</b>
<b>CASH ACTIVITY (NET)</b>	<b>(192,097)</b>	<b>(388,588)</b>	<b>(517,087)</b>	<b>(1,097,772)</b>
<b>CLOSING CASH BALANCE</b>	<b>\$18,404,300</b>	<b>\$18,015,712</b>	<b>\$17,498,625</b>	<b>\$17,498,625</b>

<sup>1</sup>Cash Balances include all Debtor and Non-Debtor Restricted (\$4,900,696) and Unrestricted (\$12,597,925) cash.

<sup>2</sup>This unaudited summary is not prepared in accordance with GAAP accounting principles and is not intended to be a substitute for financial statements. The company has prepared this information using the best data available and to the best of the company's knowledge. This information was prepared, as required, for the use of the United States Trustee for the purposes of compliance with the requirement to share this information on a quarterly basis during an ongoing Chapter 11 Bankruptcy case.

The above available funds are subject to reduction for, among other things: office and administrative expenses related to the continuing administration of the Estates; professional expenses incurred by the Plan Administrator in furtherance of its duties; negative outcomes in pending and future litigation; and additional compensation pursuant to the Plan Administrator Agreement approved by the Court at plan confirmation.

**Q3 2020 Reporting for Cobalt International Energy, Inc., et al (USD) <sup>1</sup>**

NON-PLAN ACTIVITY	Cobalt					
	Cobalt International Energy, L.P.	Cobalt GOM #1 LLC	Cobalt International Energy Inc.	Cobalt International Energy GP, LLC	Cobalt GOM LLC	Cobalt GOM #2 LLC
<b>INFLOWS</b>						
Other Receivables	500	-	-	-	-	-
Interest Income	4,805	-	-	-	-	-
<b>Non-Plan Receipts</b>	<b>\$5,305</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OUTFLOWS</b>						
Taxes (Franchise)	(2,325)	-	-	-	-	-
Payroll	(314,554)	-	-	-	-	-
Other G&A	(61,886)	-	-	-	-	-
<b>Non-Plan Disbursements</b>	<b>(\$378,765)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
PLAN ACTIVITY	Cobalt					
	Cobalt International Energy, L.P.	Cobalt GOM #1 LLC	Cobalt International Energy Inc.	Cobalt International Energy GP, LLC	Cobalt GOM LLC	Cobalt GOM #2 LLC
<b>INFLOWS</b>						
	-	-	-	-	-	-
<b>Plan Receipts</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OUTFLOWS</b>						
Professional Fees	(656,949)	-	-	-	-	-
US Trustee Fees (Q2)	(65,738)	(325)	(325)	(325)	(325)	(325)
Debt Repayments	-	-	-	-	-	-
<b>Plan Disbursements</b>	<b>(\$722,687)</b>	<b>(\$325)</b>	<b>(\$325)</b>	<b>(\$325)</b>	<b>(\$325)</b>	<b>(\$325)</b>
<b>TOTAL QUARTER DISBURSEMENTS</b>	<b>(\$1,101,452)</b>	<b>(\$325)</b>	<b>(\$325)</b>	<b>(\$325)</b>	<b>(\$325)</b>	<b>(\$325)</b>
<b>APPLICABLE US TRUSTEE FEES</b>	<b>(\$11,015)</b>	<b>(\$325)</b>	<b>(\$325)</b>	<b>(\$325)</b>	<b>(\$325)</b>	<b>(\$325)</b>

<sup>1</sup>This unaudited summary is not prepared in accordance with GAAP accounting principles and is not intended to be a substitute for financial statements. The company has prepared this information using the best data available and to the best of the company's knowledge. This information was prepared, as required, for the use of the United States Trustee for the purposes of compliance with the requirement to share this information on a quarterly basis during an ongoing Chapter 11 Bankruptcy case.

## **Cobalt International Energy Interim Status Report**

The Plan Administrator provides this interim status report regarding recent material activity as of September 30, 2020.

### **1) Total E&P USA, Inc. (“Total”) and Equinor Gulf of Mexico LLC (“Equinor”) Claims Settlement**

There has been ongoing litigation with Total and Equinor for over two years. Total filed a claim against the bankruptcy estate for approximately \$12 million based on its alleged interest in certain Cobalt inventory. Total also asserted numerous theories for why it had an interest in certain of Cobalt’s remaining inventory. Among other things, Total was seeking to recover the roughly \$4.9 million in proceeds realized from the Plan Administrator’s post-petition sale of inventory, which the Plan Administrator has reserved pending resolution of the dispute.

Additionally, Total and Equinor purchased certain Cobalt assets in the Gulf of Mexico and thereafter asserted claims against the Estates to recover approximately \$5 million they alleged they were owed as purchase price adjustment (“PPA”) under their asset purchase agreement with Cobalt.

In August 2020, the Plan Administrator, Total, and Equinor attended a mediation with Judge Lopez and reached a global settlement. If the Court approves the settlement, Total and Equinor will take nothing for their PPA claims, and Cobalt will retain the approximately \$3.2 million representing the full amount pre-paid by Total and Equinor for the PPA plus interest. Additionally, Cobalt will retain the full amount of the approximately \$4.9 million in inventory sale proceeds currently held by the Plan Administrator in a segregated account and Total will receive one 20k wellhead assembly from the Estate’s inventory. The Plan Administrator intends to liquidate promptly and sell the remaining 20k wellhead assembly currently held in inventory. A motion to compromise these claims will be filed with the Court.

### **2) D&O Insurance Settlement Negotiations**

The Estates are engaged in ongoing settlement negotiations with the D&O insurers. To date, the Estates have collected approximately \$7 million and continue to recoup their litigation expenses. If settlement negotiations are unproductive, the Estates will likely resume active litigation.

### **3) Financial Status**

Assuming the Court approves the settlement with Total and Equinor, the Estates’ cash as of September 30, 2020 was approximately \$17.5 million. Going forward, it is anticipated that the Estates’ primary expenses will be legal and professional costs associated with the D&O dispute and the costs and fees of the administration of these Estates. Absent unforeseen circumstances, the Plan Administrator anticipates distributing approximately \$6 million to creditors in the near term including the additional compensation to be granted to the Plan Administrator pursuant to the Plan Administrator’s Agreement.