

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) respectfully state as follows in support of this motion.

Relief Requested

1. The Debtors hereby seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, (a) authorizing the Debtors to (i) continue to operate their Cash Management System (as defined below), (ii) pay any prepetition or postpetition amounts outstanding on account of the Bank Fees (as defined below), (iii) maintain existing Business Forms (as defined below) in the ordinary course of business, and (iv) continue to perform the Intercompany Transactions (as defined below) consistent with historical practice, and (b) granting related relief. In addition, the Debtors request that the court schedule a final hearing to consider approval of this motion on a final basis.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of Texas has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of Texas*, dated May 24, 2012 (the “Amended Standing Order”). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the court in connection with this motion to the extent that it is later determined that the court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105, 345, 363, 503, and 507 of the United States Bankruptcy Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”),

Bankruptcy Rules 6003 and 6004, and rule 9013-1(b) of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

Background

4. The Debtors are a publicly held offshore oil exploration and production company with headquarters in Houston, Texas and operations primarily located off the coast of the United States in the deepwater of the Gulf of Mexico and offshore Angola and Gabon in West Africa. The Debtors have four named discoveries in the Gulf of Mexico, which include North Platte, Shenandoah, Anchor, and Heidelberg. Heidelberg began initial production in January of 2016 while North Platte, Shenandoah, and Anchor have been fully appraised and are now in development. Additionally, the Debtors have made seven aggregate discoveries in offshore Angola and maintain a non-operated interest in offshore Gabon, where the Debtors have one discovery.

5. On the date hereof (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. A detailed description surrounding the facts and circumstances of these chapter 11 cases is set forth in the *Declaration of David D. Powell, Chief Financial Officer of Cobalt International Energy, Inc., in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed contemporaneously with this motion.²

6. The Debtors continue to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have concurrently filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee

² Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the First Day Declaration.

or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

The Cash Management System

I. Overview.

7. In the ordinary course of business, the Debtors maintain an integrated, centralized cash management system (the “Cash Management System”). The Cash Management System is comparable to the centralized cash management systems used by similarly situated companies to manage the cash of operating units in a cost-effective, efficient manner. The Debtors use the Cash Management System in the ordinary course of their businesses to collect, transfer, and disburse funds generated from their operations and to facilitate cash monitoring, forecasting, and reporting. The Debtors’ treasury department maintains daily oversight over the Cash Management System and utilizes cash management controls for entering, processing, and releasing funds, including in connection with Intercompany Transactions (as defined below). The Debtors’ accounting department regularly reconciles the Debtors’ books and records to ensure that all transfers are accounted for properly.

II. Descriptions of the Cash Management System and Bank Accounts.

8. The Cash Management System is summarized on **Exhibit C** attached hereto and is composed of seven Debtor-owned and controlled bank accounts (each a “Bank Account” and collectively, the “Bank Accounts”) with the following banking institutions (collectively, the “Cash Management Banks”).

- Four Bank Accounts maintained at Citibank N.A. (“Citibank”);
- One Bank Account maintained at Société Générale S.A. (“Societe Generale”);
- One investment Bank Account maintained at UBS Financial Services Inc. (“UBS”); and

- One Bank Account maintained at Wells Fargo Bank, N.A. (“Wells Fargo”).

9. The majority of the Bank Accounts are collectively maintained at Citibank and Wells Fargo, which are both designated as authorized depositories by the Office of the United States Trustee for the Southern District of Texas, Houston Division (the “U.S. Trustee”), pursuant to the *Region 7 Guidelines for Debtors-in-Possession* (the “U.S. Trustee Guidelines”).

10. As of the Petition Date, the Debtors have approximately \$437 million in cash on hand. The Bank Accounts are further described in the following table:

Bank Accounts	Account Description
<p><u>Concentration Account</u></p> <p>Citibank</p> <p>Cobalt International Energy, L.P. – 0925</p>	<p>The Debtors maintain a concentration account at Citibank (the “<u>Concentration Account</u>”), which serves as the Debtors’ centralized operating account for the Cash Management System and provides funding for the other Bank Accounts. The Concentration Account generally maintains a balance sufficient to fund the Debtors’ day-to-day cash needs. The Concentration Account also disburses funds to Bank Accounts throughout the Cash Management System, including the Non-Debtor Subsidiary Accounts (as defined below), at the Debtors’ discretion, as needed. Interest and other debt payments are made directly from the Concentration Account. The Concentration Account is subject to a deposit account control agreement.</p> <p>As of the Petition Date, the Concentration Account held a balance of approximately \$32 million.</p>
<p><u>Payroll Account</u></p> <p>Citibank</p> <p>Cobalt International Energy, L.P. – 0933</p>	<p>The payroll account (the “<u>Payroll Account</u>”) is a zero-balance account which is automatically funded by the Concentration Account, as needed, to maintain a zero balance. The Payroll Account disburses funds to the Debtors’ payroll processor, Automatic Data Processing Inc., which then processes payroll checks and direct deposits to the Debtors’ employees.</p>
<p><u>Investment Account</u></p> <p>UBS</p> <p>Cobalt International Energy, L.P. – 1613</p>	<p>The investment account (the “<u>Investment Account</u>”) holds excess cash in high-credit-quality commercial paper, corporate bonds, and money market mutual funds that invest in U.S. government obligations. The Investment Account is subject to a deposit account control agreement.</p> <p>The Debtors transfer excess cash from the Concentration Account to the Investment Account on a discretionary basis. Likewise, the Debtors transfer cash from the Investment Account to the Concentration Account to fund operations at the Debtors’ discretion, as needed.</p> <p>As of the Petition Date, the Investment Account held a balance of approximately \$376 million.</p>

Bank Accounts	Account Description
<p><u>Proceeds Account</u></p> <p>Societe Generale</p> <p>Cobalt GOM # 1 LLC – 3947</p>	<p>The proceeds account (the “<u>Proceeds Account</u>”) holds the proceeds of the Debtors’ Heidelberg operations. The Debtors manually transfer funds, as necessary, from the Proceeds Account to the Concentration Account for subsequent transfers to other Bank Accounts in the Cash Management Systems on a discretionary basis. Likewise, the Debtors transfer cash from the Concentration Account to the Proceeds Account on a discretionary basis based on, among other factors, timing of receivables and cash forecast. The Proceeds Account is subject to a deposit account control agreement.</p> <p>As of the Petition Date, the Proceeds Account held a balance of approximately \$18 million.</p>
<p><u>Cash Collateral Account</u></p> <p>Citibank</p> <p>Cobalt International Energy, Inc. – 2100</p>	<p>The cash collateral account (the “<u>Cash Collateral Account</u>”) holds the proceeds of Cobalt International Energy, Inc.’s \$9 million letter of credit with Enbridge Offshore Facilities, LLC. The proceeds of the letter of credit are comingled with Debtor funds used for the Corporate Cards.³</p> <p>As of the Petition Date, the Cash Collateral Account held a balance of approximately \$11 million.</p>
<p><u>Operating Account</u></p> <p>Citibank</p> <p>Cobalt International Energy, L.P. – 5769</p>	<p>The operating account (the “<u>Operating Account</u>”) is a controlled disbursements account utilized by Cobalt International Energy, L.P., to fund operations related expenses. The account is a zero-balance account with a low volume of payments. The Debtors fund the account by automatically transferring funds from the Concentration Account to the Operating Account in the exact amount needed to fund the operational expenses.</p>
<p><u>Deposit Account</u></p> <p>Wells Fargo</p> <p>Cobalt International Energy, L.P. – 2368</p>	<p>The deposit account (the “<u>Deposit Account</u>”) is a demand deposit account controlled by Cobalt International Energy, L.P., which holds cash sufficient to fund the Debtors’ local safety deposit box fees.</p> <p>As of the Petition Date, the Deposit Account held a balance of approximately \$1,000.</p>

³ The Corporate Cards are described, and relief is requested with respect to such programs, in the *Debtors’ Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief*, filed contemporaneously herewith.

A. The Non-Debtor Subsidiary Accounts.⁴

11. The Debtors' non-Debtor subsidiaries maintain additional accounts, listed in **Exhibit 2** annexed to **Exhibit A** attached hereto (collectively, the "Non-Debtor Subsidiary Accounts"), in the ordinary course of their operations. Certain Non-Debtor Subsidiary Accounts are necessary to comply with foreign rules and regulations. For example, Angola requires that all taxes and fees are paid in Angolan Kwanza. In order to have Angolan Kwanza available to pay those taxes and fees, the Debtors' Angolan subsidiaries maintain local accounts. In the ordinary course of business, the Cash Management System makes payments to or creates an intercompany claim that may be settled in cash, as the case may require, among the Debtors and the non-Debtor subsidiaries pursuant to the Intercompany Transactions defined and described below.

B. Bank Fees.

12. The Debtors incur periodic service charges and other fees in connection with the maintenance of the Cash Management System, which fees and services are generally paid each month (the "Bank Fees"). The Debtors have historically incurred Bank Fees between approximately \$400 and \$500 per month, which are debited from the respective Bank Account for which the Bank Fee was incurred. As of the Petition Date, the Debtors estimate that approximately \$500 in Bank Fees have accrued and remain unpaid and seek permission to pay these Bank Fees and continue paying the Bank Fees in accordance with past practices.

III. Compliance with the Complex Chapter 11 Guidelines.

13. The *Procedures for Complex Chapter 11 Bankruptcy Cases for the United States Bankruptcy Court for the Southern District of Texas* (the "Complex Chapter 11 Guidelines")

⁴ The non-Debtor Subsidiary Accounts are not owned by the Debtors and, therefore, are not property of the Debtors' estates. Accordingly, the Debtors respectfully submit that court authorization is not necessary for the continued maintenance of the non-Debtor Subsidiary Accounts. Nonetheless, this motion provides information about the Non-Debtor Subsidiary Accounts in the interest of full disclosure.

require debtors engaged in drilling, exploration, development, or operation of oil, gas, or mineral properties to comply with additional operating guidelines. Specifically, rule 7(B) of the Complex Chapter 11 Guidelines requires such debtors to, among other things, maintain a segregated account for funds received after the petition date that are attributable to overriding royalties, working interest owners, and third parties.

14. Requiring the Debtors to adopt a new, segmented cash management system at this early and critical stage of these cases would be expensive, impose needless administrative burdens on the Debtors, and would unnecessarily disrupt the Debtors' operations and affect the Debtors' ability to maximize stakeholder value. Moreover, such a disruption would be wholly unnecessary because the Debtors have historically tracked any transfers of funds related to or on account of overriding royalties, working interest owners, and third parties, and will continue to do so for the pendency of these chapter 11 cases.

IV. Compliance of the Bank Accounts with Section 345(b) of the Bankruptcy Code and the U.S. Trustee Guidelines.

A. Compliance with the U.S. Trustee Guidelines as to Authorized Depositories.

15. The U.S. Trustee Guidelines generally require chapter 11 debtors to, among other things, deposit all estate funds into an account with an authorized depository that agrees to comply with the requirements of the U.S. Trustee's office. The Debtors maintain Bank Accounts at Citibank, Societe Generale, UBS, and Wells Fargo. Both Citibank and Wells Fargo are authorized depositories.

16. Although UBS and Societe Generale are not authorized depositories, both Cash Management Banks are highly rated, global financial institutions that are recognized as well capitalized and financially stable. Further, the principal basis for excluding certain of these financial institutions from compliance with the U.S. Trustee Guidelines is location—not financial

soundness or stability of the Cash Management Banks. Because Societe Generale is based outside of the United States, it is less likely to be identified as an authorized depository in the U.S Trustee Guidelines. However, notwithstanding that they have not qualified for “authorized depository” designation, the Debtors believe UBS and Societe Generale are well positioned to continue to perform the depository and cash management functions for the Debtors during the chapter 11 cases. The Investment Account is domestically held at UBS, which is further protected by the Securities Investor Protection Corporation (“SIPC”). The SIPC is a federally mandated non-profit overseen by the Securities and Exchange Commission that provides, among other things, insurance coverage up to \$500,000 of the customer’s net equity balance, including up to \$250,000 in cash, against losses that arise when the broker becomes insolvent. The Debtors therefore believe that they can maintain the Bank Accounts at UBS and Societe Generale without jeopardizing any parties in interest.

17. Further, the Investment Account is a controlled account that holds the majority of the Debtors’ cash—and their secured noteholders’ cash collateral. It is intended to be (and, indeed, is) a fundamental part of the first and second lien noteholders’ collateral package, and any change in circumstances or transition to an alternative arrangement would fundamentally alter the collateral package currently securing approximately half of the Debtors’ funded debt obligations.

18. As described above, the Debtors’ Cash Management System is critical to the ongoing stability of the Debtors’ business and transition into chapter 11. Requiring the Debtors to transfer all of the Bank Accounts to a designated authorized depository would place a needless administrative burden on the Debtors that would unnecessarily divert the attention of the Debtors’ management at a critical junction in these chapter 11 cases. Therefore, the Debtors request that the court authorize the Cash Management Banks to continue to maintain, service, and administer

the Bank Accounts as accounts of the Debtors and Debtors in possession, without interruption and in the ordinary course of business, notwithstanding that certain of the banks are not authorized depository institutions in the Southern District of Texas. Further, the Debtors will work in good faith with the U.S. Trustee to resolve any concerns regarding the continued use of these accounts on a postpetition basis, so that the concerns underlying the U.S. Trustee Guidelines can be adequately addressed.

B. Compliance with Section 345(b) of the Bankruptcy Code.

19. As part of the Cash Management System, the Debtors maintain their excess cash in conservative investments that satisfy prudent investment guidelines, which have a primary goal of protecting principal and a secondary goal of maximizing yield (the “Investment Policy”). As discussed above, consistent with the Investment Policy, the Debtors transfer excess cash to the Investment Account at their discretion. Pursuant to the Investment Policy, the Debtors invest in high credit quality commercial paper, corporate bonds, and pre-approved money market funds (the “Money Market Funds”) that invest only in obligations issued or backed by the United States Treasury and carry the highest possible ratings (i.e., AAA or Aaa) issued by Standard & Poor’s Ratings Group, Moody’s Investor Service, Inc., and Fitch Ratings, Inc. The commercial paper and corporate bonds are generally not readily redeemable, and trading out of them prior to maturity could result in a loss. All of the Debtors’ commercial paper and corporate bonds are scheduled to mature before the end of December 2017. As the commercial paper and corporate bonds mature, such funds will automatically be returned to Money Market Funds, which can be readily liquidated. The Debtors expect that all of the commercial paper and corporate bonds will mature and be deposited into the Money Market Funds by the end of 2017.

20. The Investment Policy permits the Debtors to balance their need to access liquidity on a daily basis with protections that are comparable to those contemplated by section 345(b) of

the Bankruptcy Code. The Investment Account is domestically held at a well-capitalized and financially-stable institution, UBS, which is a member of the SIPC. Moreover, the Investment Policy reflects a disciplined and prudent strategy, permitting the Debtors to balance the need to maximize returns on excess cash while ensuring that such excess cash is readily available for use in the Debtors' business operations. Requiring the Debtors to bond the Investment Account, as contemplated by section 345(b) of the Bankruptcy Code (unless the court orders otherwise), would impose considerable costs on the Debtors and their estates and would hamper the Debtors' already pressed liquidity needs. The Debtors respectfully request that the court waive section 345(b) and the U.S. Trustee Guidelines with respect to the Investment Account.

C. Compliance with U.S. Trustee Guidelines as to Business Forms.

21. The Debtors utilize certain limited preprinted correspondence and business forms, such as letterhead, purchase orders, and invoices (collectively, the "Business Forms"), in the ordinary course of their businesses. The Debtors also maintain books and records to document, among other things, their profits and expenses. To minimize unnecessary additional expenses to their estates, the Debtors request that the court authorize their continued use of their Business Forms, without reference to the Debtors' status as debtors in possession, rather than requiring the Debtors to incur the unnecessary expense and delay of ordering entirely new forms or altering current printing arrangements.

V. Intercompany Transactions.⁵

22. The Debtors have historically in the ordinary course of business engaged in routine business relationships with each other and certain of their non-Debtor affiliates (collectively, the

⁵ This motion provides an overview of the Debtors' typical Intercompany Transactions. The relief requested herein is applicable with respect to all Intercompany Transactions and is not limited to those Intercompany Transactions described in this motion. To the extent that there are any outstanding prepetition obligations related to

“Intercompany Transactions”), resulting in intercompany receivables and payables (collectively, the “Intercompany Claims”). At any given time, as a result of the Intercompany Transactions, there may be claims owing by one Debtor to another Debtor or non-Debtor affiliate. More specifically, in connection with the daily operation of the Cash Management System, funds from the Concentration Account are disbursed to Bank Accounts throughout the Cash Management System, including the Non-Debtor Subsidiary Accounts. Similarly, funds are transferred from various Bank Accounts, including the Proceeds Account and the Investment Account to the Concentration Account. These disbursements and transfers create Intercompany Claims between Debtors and non-Debtor affiliates. The Debtors have historically reflected Intercompany Claims as journal entry receivables and payables, as applicable, in the respective Debtor’s accounting system. The Debtors closely track all fund transfers in their respective accounting system and, therefore, can ascertain, trace, and account for all Intercompany Transactions.

23. The Intercompany Transactions are an essential component of the Debtors’ operations and centralized Cash Management System. More specifically, the Debtors engage in Intercompany Transactions to, among other things, process payroll, provide enterprise-wide management and support services, facilitate operations on a daily basis, and fund necessary capital expenditures. The Intercompany Transactions are trackable, and the Debtors intend to account for all postpetition Intercompany Transactions in accordance with past practice. Any interruption of the Intercompany Transactions would severely disrupt the Debtors’ operations and result in great harm to the Debtors’ estates and their stakeholders. Accordingly, the Debtors seek authority—and, to the extent applicable, relief from the automatic stay—to continue the Intercompany

Intercompany Transactions not described herein, the Debtors, out of an abundance of caution, seek authority to honor such obligations.

Transactions in the ordinary course of business on a postpetition basis, in a manner substantially consistent with the Debtors' past practice.

A. Debtor Intercompany Transactions.

24. The Debtors have historically completed various operations-related Intercompany Transactions in the ordinary course of business. For example, excess cash received into the Debtor Cobalt GOM # 1 LLC owned Proceeds Account on account of the Debtors' Heidelberg operations is transferred to the Debtor Cobalt International, L.P. owned Concentration Account on a discretionary basis.

B. Non-Debtor Affiliate Intercompany Transactions.

25. Certain Debtors have also historically engaged in Intercompany Transactions in the ordinary course of business with certain non-Debtor affiliates, including, among others, Cobalt's West African and Mexican based subsidiaries. As none of these non-Debtors affiliates have active drilling operations, these transactions are simply intended to maintain the status quo. For example, the Debtors have historically transferred approximately \$6.3 million annually to their Angolan subsidiaries to pay for certain overhead expenses including, among others, office rent payments, employee compensation and benefits, and sample oil storage costs.⁶ Although there are no active drilling operations in Angola, the Angola assets remain subject to audits. Currently, non-Debtor affiliate CIE Angola Block 20 Ltd. ("CIE Angola Block 20") is subject to an ongoing audit on account of certain working interest expenditures associated with Block 20. No amounts are currently outstanding as a result of the audit, but CIE Angola Block 20 could face potential liability

⁶ The employee compensation and benefits packages for the approximately three non-Debtor employees are substantially similar to those described in the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief* (the "Wages Motion"), filed contemporaneously with this motion. The Debtors seek specific authority to pay these amounts in the ordinary course in the Wages Motion.

up to \$2.5 million. Out of an abundance of caution, the Debtors seek authorization to transfer any amounts from the Debtors' Bank Accounts to CIE Angola Block 20 that may become due and owing during the chapter 11 cases following the completion of the audit. In addition, the Debtors have historically paid *de minimis* amounts to their German, Mexican, and Gabonese subsidiaries for expenses, including, among others, accounting services and governmental registration costs. The Debtors seek authority to continue such transactions in the ordinary course of business on a postpetition basis, substantially consistent with past practice.

Basis for Relief

I. The Court Should Authorize the Debtors to Continue to Use the Cash Management System and Pay the Bank Fees.

26. Pursuant to 28 U.S.C. § 586(a)(3) and the U.S. Trustee Guidelines, debtors in possession are required to, among other things: (a) close all existing bank accounts and open new debtor in possession accounts; (b) establish one debtor in possession bank account for all estate monies required for the payment of taxes, including payroll taxes; and (c) maintain a separate debtor in possession account for cash collateral. These requirements are intended to provide a clear line of demarcation between prepetition and postpetition transactions and operations and to prevent inadvertent payment of prepetition claims.

27. The continuation of the Cash Management System is nevertheless permitted pursuant to section 363(c)(1) of the Bankruptcy Code, which authorizes a debtor in possession to "use property of the estate in the ordinary course of business without notice or a hearing." Bankruptcy courts routinely treat requests for authority to continue utilizing existing cash management systems as a relatively "simple matter." *In re Baldwin-United Corp.*, 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987). In addition, in granting such relief, courts recognize that an integrated cash management system "allows efficient utilization of cash resources and recognizes

the impracticalities of maintaining separate cash accounts for the many different purposes that require cash.” *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *aff’d in relevant part*, 997 F.2d 1039, 1061 (3d Cir. 1993). The requirement to maintain all accounts separately “would be a huge administrative burden and economically inefficient.” *Columbia Gas*, 997 F.2d at 1061; *see also In re Southmark Corp.*, 49 F.3d 1111, 1114 (5th Cir. 1995) (stating that a cash management system allows a debtor “to administer more efficiently and effectively its financial operations and assets”).

28. Here, requiring the Debtors to adopt a new, segmented cash management system during these chapter 11 cases would be expensive, burdensome, and unnecessarily disruptive to the Debtors’ operations. The Cash Management System provides the Debtors with the ability to instantaneously track and report the location and amount of funds, which, in turn, allows management to track and control such funds, ensure cash availability, and reduce administrative costs through a method of coordinating the collection and movement of funds. Any disruption of the Cash Management System (or requiring the Debtors to adopt a new, segmented cash management system) will have a negative effect on the Debtors’ restructuring efforts. By contrast, maintaining the current Cash Management System will facilitate the Debtors’ transition into chapter 11 by, among other things, minimizing delays in paying postpetition debts and eliminating administrative inefficiencies. Finally, maintaining the current Cash Management System will allow accounting employees to focus on their daily responsibilities.

29. Moreover, the Debtors respectfully submit that parties in interest will not be harmed by their maintenance of the Cash Management System because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of obligations incurred before the Petition Date. Specifically, with the assistance of their advisors,

the Debtors have implemented internal control procedures that prohibit payments on account of prepetition debts without the prior approval of the Debtors' respective accounting departments. In light of such protective measures, the Debtors submit that maintaining the Cash Management System is in the best interests of their estates and creditors.

30. Courts in this district have routinely granted similar relief. *See, e.g., In re Seadrill Ltd.*, No. 17-60079 (DRJ) (Bankr. S.D. Tex. Oct. 24, 2017); *In re Goodman Networks Inc.*, No. 17-31575 (MI) (Bankr. S.D. Tex. Mar. 15, 2017); *In re Ultra Petrol. Corp.*, No. 16-32202 (MI) (Bankr. S.D. Tex. June 6, 2016); *In re Midstates Petrol. Co.*, No. 16-32237 (DRJ) (Bankr. S.D. Tex. May 2, 2016); *In re Southcross Holdings LP*, No. 16-20111 (MI) (Bankr. S.D. Tex. Mar. 29, 2016); *In re Sherwin Alumina Co.*, No. 16-20012 (DRJ) (Bankr. S.D. Tex. Jan. 13, 2016).⁷

II. Authorizing the Debtors to Continue Using Debit, Wire, Credit Card, and ACH Payments Is Warranted.

31. The Debtors request that the court grant further relief from the U.S. Trustee Guidelines to the extent they require the Debtors to make all disbursements by check. In particular, the U.S. Trustee Guidelines require that all receipts and all disbursements of estate funds must be made by check with a notation representing the reason for the disbursement. As discussed above, in the ordinary course of business, the Debtors conduct transactions through wires, automated clearing house ("ACH") transactions, direct deposits, and other similar methods. If the Debtors' ability to conduct transactions by these methods is impaired, the Debtors may be unable to perform under certain contracts, their business operations may be unnecessarily disrupted, and their estates will incur additional costs.

⁷ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

III. Authorizing the Banks to Continue to Maintain, Service, and Administer the Bank Accounts in the Ordinary Course of Business Is Warranted.

32. As discussed above, implementing the U.S. Trustee Guidelines would needlessly interrupt the Debtors' operations and impair the Debtors' efforts to preserve the value of their estates and reorganize in an efficient manner. Thus, the Debtors respectfully request that the court authorize the Cash Management Banks to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course of business. In this regard, the Cash Management Banks should be authorized to receive, process, honor, and pay any and all checks, ACH transfers and other instructions, and drafts payable through, drawn, or directed on such Bank Accounts after the Petition Date by holders, makers, or other parties entitled to issue instructions with respect thereto. Notwithstanding the foregoing, any check, draft, or other notification that the Debtors advise the Cash Management Banks to have been drawn, issued, or otherwise presented before the Petition Date may be honored by the Cash Management Banks only to the extent authorized by order of the court.

33. The Debtors further request that the court authorize the Cash Management Banks to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH transfers should be honored or dishonored consistent with any order of the court and governing law, whether such checks, drafts, wires, or ACH transfers are dated before or subsequent to the Petition Date. The Debtors also request that, to the extent a bank honors a prepetition check or other item drawn on any account either: at the direction of the Debtors or in a good-faith belief that the court has authorized such prepetition check or item to be honored, such bank will not be deemed to be liable to the Debtors or to their estates on account of such prepetition check or other item honored postpetition. The Debtors respectfully submit that such relief is reasonable and

appropriate because the Cash Management Banks are not in a position to independently verify or audit whether a particular item may be paid in accordance with a court order or otherwise.

34. Moreover, the Debtors request that the court authorize the Cash Management Banks to continue to charge the Debtors the Bank Fees, as applicable, and charge-back returned items to the Bank Accounts, whether such items are dated before, on, or subsequent to the Petition Date, in the ordinary course of business. The Debtors further request that the court order that liens on any of the Bank Accounts granted to creditors will not have priority over the Bank Fees of the respective bank at which the Bank Account is located.

35. In complex chapter 11 cases such as these, courts in this and other districts often waive the U.S. Trustee Guidelines' requirement that debtors establish new postpetition cash management systems, recognizing that they may harm a debtor's postpetition business operations and restructuring efforts to an extent that is out of proportion to the benefit, if any, the requirements afford the debtor's estate or parties in interest. *See, e.g., In re Seadrill Ltd.*, No. 17-60079 (DRJ) (Bankr. S.D. Tex. Oct. 24, 2017); *In re Goodman Networks Inc.*, No. 17-31575 (MI) (Bankr. S.D. Tex. Mar. 15, 2017); *In re Ultra Petrol. Corp.*, No. 16-32202 (MI) (Bankr. S.D. Tex. June 6, 2016); *In re Midstates Petrol. Co.*, No. 16-32237 (DRJ) (Bankr. S.D. Tex. May 2, 2016); *In re Southcross Holdings LP*, No. 16-20111 (MI) (Bankr. S.D. Tex. Mar. 29, 2016); *In re Sherwin Alumina Co.*, No. 16-20012 (DRJ) (Bankr. S.D. Tex. Jan. 13, 2016); *In re RAAM Glob. Energy Co.*, No. 15-35615 (MI) (Bankr. S.D. Tex. Nov. 18, 2015).⁸

⁸ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

IV. The Requested Waivers of Section 345 of the Bankruptcy Code and the U.S. Trustee Guidelines Should Be Granted.

36. The Debtors further seek a waiver of the deposit and investment requirements of section 345 of the Bankruptcy Code and the U.S. Trustee Guidelines to the extent the Cash Management System does not strictly comply with either of the foregoing.

A. Cause Exists to Waive the U.S. Trustee Guidelines.

37. As discussed above, Citibank and Wells Fargo are authorized depositories pursuant to the U.S. Trustee Guidelines. Although UBS and Societe Generale are not designated as authorized depositories in the Southern District of Texas, the Debtors submit that each of these Cash Management Banks is a well-capitalized and financially-stable institution. Further, the Debtors' sole account maintained at UBS, the Investment Account, holds excess funds not needed for the Debtors' business operations and are held in an the Investment Account to maximize the Debtors' returns on such funds. Accordingly, the Debtors submit that cause exists to waive any such noncompliance with respect to UBS and Societe Generale because all funds are deposited safely and prudently at financially-stable institutions in a manner specifically designed to preserve capital, maintain liquidity, and generate returns.

B. Cause Exists to Waive Section 345 of the Bankruptcy Code to Permit Continuation of the Investment Policy and the Investment Account.

38. Section 345(a) of the Bankruptcy Code authorizes deposits of money as "will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." For deposits or investments that are not "insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States," section 345 of the Bankruptcy Code requires debtors to obtain, from the entity with which the money is deposited, a bond in favor of the United States and secured by the undertaking of an adequate corporate surety, or "the deposit of securities of the kind

specified in section 9303 of title 31,” unless the court “for cause” orders otherwise. 11 U.S.C. § 345(a)–(b).⁹

39. The Debtors have determined in their business judgment that it is prudent and desirable to continue to utilize the Investment Account in the ordinary course of business. The Debtors believe that “cause” exists to continue to allow the Debtors to invest in the Investment Account. *First*, the Investment Policy is structured with the objective to protect the Debtors’ cash. The Debtors’ surplus cash is invested in high credit quality commercial paper, corporate bonds, and government money market funds in a manner consistent with general corporate cash management practices. *Second*, it is likely impossible for the Debtors to bond their Investment Policy without incurring considerable costs to the detriment of the Debtors’ estates and creditors. *Third*, the Investment Policy is structured so as to comport with the investment objectives of section 345(a) of the Bankruptcy Code insofar as they are prudent and have a primary goal of protecting principal and a secondary goal of maximizing yield and liquidity. *Fourth*, although UBS is not FDIC insured, it is a well-capitalized and financially-stable institution that is a member of SIPC. *See In re Serv. Merch. Co.*, 240 B.R. 894 (Bankr. M.D. Tenn. 1999) (noting that some of the factors to consider in determining whether cause exists “for relief from the strictures of § 345(b)” are whether benefits to the debtors outweigh the harm, if any, to the estate and the bank ratings of the financial institutions where the debtor in possession funds are held). *Fifth*, the Debtors will redeem the commercial paper and corporate bonds as they mature on a rolling basis and deposit the funds into their Money Market Funds, which can be easily liquidated. The Debtors

⁹ Strict compliance with the requirements of section 345(b) of the Bankruptcy Code would, in a case such as this, be inconsistent with section 345(a), which permits a debtor in possession to make such investments of money of the estate “as will yield the maximum reasonable net return on such money.” Thus, in 1994, to avoid “needlessly handcuff[ing] larger, more sophisticated debtors,” Congress amended section 345(b) of the Bankruptcy Code to provide that its strict investment requirements may be waived or modified if the court so orders “for cause.” 140 Cong. Rec. H. 10,767 (Oct. 4, 1994), 1994 WL 54773.

expect that all of the commercial paper and corporate bonds will mature and be deposited into their Money Market Funds before the end of 2017. *Sixth*, the Investment Account is a controlled account that holds the majority of the Debtors' cash—and their secured noteholders' cash collateral. It is intended to be (and, indeed, is) a fundamental part of the first and second lien noteholders' collateral package, and any change in circumstances or transition to an alternative arrangement would fundamentally alter the collateral package currently securing approximately half of the Debtors' funded debt obligations.

40. Accordingly, the Debtors request a waiver of the deposit and investment requirements of section 345 of the Bankruptcy Code to permit the continuation of the Investment Policy and the Investment Account after the Petition Date. Courts in this district have granted relief similar to that requested herein. *See, e.g., In re GenOn, Inc.*, No. 17-33695 (DRJ) (Bankr. S.D. Tex. July 13, 2017) (granting a waiver section 345); *In re Goodman Networks Inc.*, No. 17-31575 (MI) (Bankr. S.D. Tex. Mar. 15, 2017) (granting a waiver of section 345(b) on an interim basis); *In re Warren Res., Inc.*, No. 16-32760 (MI) (Bankr. S.D. Tex. June 3, 2016) (granting a waiver of section 345(b) on an interim basis); *In re Midstates Petrol. Co.*, No. 16-32237 (DRJ) (Bankr. S.D. Tex. May 2, 2016) (granting a waiver of section 345).¹⁰

C. The Court Should Authorize the Debtors to Continue Using the Business Forms in Their Current Forms.

41. To avoid disruption of the Cash Management System and unnecessary expense to their estates, the Debtors request that they be authorized to continue to use the Business Forms substantially in the form existing immediately before the Petition Date, without reference to their status as debtors in possession. The Debtors submit that parties in interest will not be prejudiced

¹⁰ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

by this relief. Parties doing business with the Debtors undoubtedly will be aware of their status as debtors in possession and, thus, changing business forms is unnecessary and would be unduly burdensome.

42. In other large chapter 11 cases, courts in this district have allowed debtors to use their prepetition business forms without the “debtor in possession” label. *See, e.g., In re Seadrill Ltd.*, No. 17-60079 (DRJ) (Bankr. S.D. Tex. Oct. 24, 2017); *In re GenOn, Inc.*, No. 17-33695 (DRJ) (Bankr. S.D. Tex. July 13, 2017); *In re Goodman Networks Inc.*, No. 17-31575 (MI) (Bankr. S.D. Tex. Mar. 15, 2017); *In re SandRidge Energy, Inc.*, No. 16-32488 (DRJ) (Bankr. S.D. Tex. July 1, 2016); *In re Linn Energy LLC*, No. 16-60040 (DRJ) (Bankr. S.D. Tex. July 31, 2016); *In re Ultra Petrol. Corp.*, No. 16-32202 (MI) (Bankr. S.D. Tex. June 6, 2016); *In re Midstates Petrol. Co.*, No. 16-32237 (DRJ) (Bankr. S.D. Tex. May 2, 2016).¹¹

V. The Court Should Authorize the Debtors to Continue Conducting Intercompany Transactions in the Ordinary Course and Grant Administrative Priority Status to Postpetition Intercompany Claims Among the Debtors and Non-Debtors.

43. The Debtors’ funds move through the Cash Management System as described above. Intercompany Transactions are made between and among Debtor and non-Debtor affiliates in the ordinary course as part of the Cash Management System.¹² The Debtors track all fund transfers in their accounting system and can ascertain, trace, and account for all Intercompany Transactions previously described. The Debtors, moreover, will continue to maintain records of

¹¹ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request to the Debtors’ proposed counsel.

¹² Because the Debtors engage in Intercompany Transactions with other Debtors and non-Debtors on a regular basis and such transactions are common among enterprises like that of the Debtors, the Debtors submit the Intercompany Transactions are ordinary course transactions within the meaning of section 363(c)(1) of the Bankruptcy Code and, thus, do not require this court’s approval. Nonetheless, out of an abundance of caution, the Debtors are seeking express authority to engage in such transactions on a postpetition basis. Moreover, the continued performance of the ordinary course Intercompany Transactions is integral to ensure the Debtors’ ability to operate their businesses as debtors in possession.

such Intercompany Transactions. If the Intercompany Transactions were to be discontinued, the Cash Management System and related administrative controls would be disrupted to the Debtors' and their estates' detriment. The Debtors respectfully submit that the relief requested herein fairly balances the Debtors' needs to facilitate the ordinary course operation of their businesses, minimize disruption, and preserve value, on the one hand, with the interests of their stakeholders in transparency, on the other hand. The requested relief will also ensure that the Debtors' estates will not be unduly burdened by the cost of transfers to Debtor and non-Debtor affiliates.

44. Because the Intercompany Transactions represent extensions of intercompany credit made in the ordinary course of business that are an essential component of the Cash Management System, the Debtors respectfully request the authority to continue conducting the Intercompany Transactions in the ordinary course of business without need for further court order and request that pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, all postpetition payments between or among a Debtor and another Debtor or non-Debtor on account of an Intercompany Transaction be accorded administrative expense status.¹³ This relief will ensure that each entity receiving payments from a Debtor will continue to bear ultimate repayment responsibility for such ordinary course transactions, thereby reducing the risk that these transactions would jeopardize the recoveries available to each Debtor's respective creditors.

45. If the Intercompany Transactions were to be discontinued, the Cash Management System and related administrative controls would be disrupted to the Debtors' and their estates' detriment. Accordingly, the Debtors respectfully submit that the continued performance of the

¹³ Notwithstanding the administrative expenses status required for the Intercompany Transactions, all Debtors reserve the rights to dispute any Intercompany Transaction (or payment made on account of an Intercompany Transaction) on any ground, including the methodology for calculation of such transaction or payment, and to claw back or avoid such transactions and/or payments.

Intercompany Transactions is in the best interest of the Debtors' estates and their creditors and, therefore, the Debtors should be permitted to continue such performance.

46. Similar relief has been granted in other comparable multi-debtor chapter 11 cases in this district and others. *See, e.g., In re Seadrill Ltd.*, No. 17-60079 (DRJ) (Bankr. S.D. Tex. Oct. 24, 2017); *In re GenOn Energy, Inc.*, No. 17-33695 (DRJ) (Bankr. S.D. Tex. July 13, 2017); *In re Goodman Networks Inc.*, No. 17-31575 (MI) (Bankr. S.D. Tex. Mar. 15, 2017); *In re CJ Holding Co.*, No. 16-33590 (DRJ) (Bankr. S.D. Tex. Sept. 12, 2016); *In re Ultra Petrol. Corp.*, No. 16-32202 (MI) (Bankr. S.D. Tex. June 6, 2016); *In re Energy XXI Limited*, No. 16-31928 (DRJ) (Bankr. S.D. Tex. July 27, 2016); *In re Southcross Holdings LP*, No. 16-20111 (MI) (Bankr. S.D. Tex. Mar. 29, 2016).¹⁴

Emergency Consideration

47. In accordance with Bankruptcy Local Rule 9013-1(i), the Debtors respectfully request emergency consideration of this motion pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first 21 days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm." As set forth in this motion, the Debtors believe an immediate and orderly transition into chapter 11 is critical to the viability of their operations and that any delay in granting the relief requested could hinder the Debtors' operations and cause irreparable harm. Furthermore, the failure to receive the requested relief during the first 21 days of these chapter 11 cases would severely disrupt the Debtors' operations at this critical juncture. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and, therefore,

¹⁴ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

respectfully request that the court approve the relief requested in this motion on an emergency basis.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

48. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

Reservation of Rights

49. Nothing contained herein is intended or shall be construed as (a) an admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' rights to dispute any claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (e) an admission as to the validity, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (f) a waiver of any claims or causes of action which may exist against any entity.

Notice

50. The Debtors will provide notice of this motion to: (a) the Office of the U.S. Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the indenture trustee for the Debtors' first lien notes; (d) the indenture trustee for the Debtors' second lien notes; (e) the indenture trustee for the Debtors' 2.625% senior convertible notes; (f) the indenture trustee for the Debtors' 3.125% senior convertible notes; (g) counsel to the parties referenced in clauses (c) to (f); (h) the United States Attorney's Office for the Southern District of Texas; (i) the Internal Revenue Service; (j) the United States Securities and Exchange Commission; (k) the state attorneys general for states in

which the Debtors conduct business; (l) the Cash Management Banks; and (m) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice is required.

No Prior Request

51. No prior request for the relief sought in this motion has been made to this or any other court.

[Remainder of page intentionally left blank.]

WHEREFORE, the Debtors respectfully request entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, granting the relief requested herein and granting such other relief as is just and proper.

Houston, Texas

Dated: December 14, 2017

/s/ Zack A. Clement

Zack A. Clement (Texas Bar No. 04361550)

ZACK A. CLEMENT PLLC

3753 Drummond Street

Houston, Texas 77025

Telephone: (832) 274-7629

-and-

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

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

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

Brad Weiland (*pro hac vice* admission pending)

Laura Krucks (*pro hac vice* admission pending)

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

300 North LaSalle Street

Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200

Proposed Co-Counsel to the Debtors and Debtors in Possession

Certificate of Service

I certify that on December 14, 2017, 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

Proposed Interim Order

**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.)	
)	Re: Docket No.

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO
(A) CONTINUE TO OPERATE THEIR CASH MANAGEMENT
SYSTEM, (B) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED
THERE TO, (C) MAINTAIN EXISTING BUSINESS FORMS, (D) PERFORM
INTERCOMPANY TRANSACTIONS, AND (II) GRANTING RELATED RELIEF**

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”), (i) authorizing the Debtors to (a) continue to operate their Cash Management System, (b) pay any prepetition or postpetition amounts outstanding on account of the Bank Fees, (c) maintain existing Business Forms in the ordinary course of business, (d) continue to perform the Intercompany Transactions consistent with historical practice, and (ii) granting related relief; all as more fully set forth in the Motion; and upon the First Day Declaration; and this court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 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

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.

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 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 Motion is granted on an interim basis as set forth in this Interim Order.
2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2017, at __:__.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 _____, 2017, and shall be served on: (a) the Debtors, Cobalt International Energy, Inc., 920 Memorial City Way, Suite 100, Houston, Texas 77024, Attn: Jeffrey A. Starzec; (b) proposed counsel for the Debtors, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attn: Chad J. Husnick, P.C. and Brad Weiland; (c) proposed co-counsel for the Debtors, Zack A. Clement PLLC, 3753 Drummond Street, Houston, Texas 77025, Attn: Zack A. Clement; (d) counsel to any statutory committee appointed in these cases; and (e) the Office of the United States Trustee for the Southern District of Texas, 515 Rusk Street, Suite 3516, Houston, Texas 77002. 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.

3. The Debtors are authorized to (a) continue operating the Cash Management System, substantially as identified on Exhibit C attached to the Motion, (b) honor their prepetition obligations related thereto, including the Bank Fees, (c) maintain existing Business Forms, and (d) continue to perform Intercompany Transactions, consistent with historical practice.

4. The Debtors are authorized to (a) continue to use, with the same account numbers, the Bank Accounts in existence as of the Petition Date, including those Bank Accounts identified on Exhibit 1 and Exhibit 2, without the need to comply with certain guidelines relating to bank accounts set forth in the U.S. Trustee Operating Guidelines, (b) use, in their present form, all correspondence and Business Forms (including letterhead) without reference to the Debtors' status as debtors in possession, (c) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession, (d) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits, and (e) pay the Bank Fees, including any prepetition amounts, and any ordinary course Bank Fees incurred in connection with the Bank Accounts, and to otherwise perform their obligations under the documents governing the Bank Accounts (collectively, the "Bank Account Agreements"), including to reimburse any Cash Management Bank for any checks deposited with such Cash Management Bank that have been dishonored or returned for insufficient funds, and any reimbursement or other obligations, such as overdrafts arising under the Bank Account Agreements (collectively, the "Bank Account Claims"). The Cash Management Banks are hereby authorized, without further order of this court, to deduct from the appropriate Bank Accounts the Bank Account Claims that are incurred in connection therewith in the ordinary course of business. All Bank Account Claims are hereby accorded administrative expense status under section 503(b) of the Bankruptcy Code.

5. The requirements of rule 7(B) of the Complex Chapter 11 Guidelines are hereby waived, and the Debtors are not required to establish separate accounts for cash collateral, tax payments, or funds attributable to overriding royalties, working interest owners, and third parties.

6. Section 345(b) of the Bankruptcy Code, to the extent applicable, is waived with respect to the Cash Management System. For the avoidance of doubt, neither the Debtors nor the Cash Management Banks will be required to bond deposits held in the Bank Accounts, as required by section 345(b) of the Bankruptcy Code.

7. The Cash Management Banks are authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card payments, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be.

8. Subject to applicable bankruptcy or other law, those certain existing deposit agreements between the Debtors and the Cash Management Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Cash Management Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect.

9. The Debtors and the Cash Management Banks may, without further order of this court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, including, without limitation, the closing of Bank Accounts or the opening of new bank accounts.

10. The relief granted in this Interim Order is extended to any new bank account opened by the Debtors after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Cash Management Bank. As required herein, to the extent the Debtors open a new bank account, they shall provide notice to the U.S. Trustee and counsel to any official statutory committee appointed in these chapter 11 cases.

11. All Cash Management Banks maintaining any of the Bank Accounts that are provided with notice of this Interim Order shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Bank Accounts.

12. The Cash Management Banks are authorized, without further order of this court, to deduct all applicable fees from the applicable Bank Accounts consistent with historical practice.

13. Subject to the terms set forth herein, any bank, including the Cash Management Banks, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this court, and no bank that honors a prepetition check or other item drawn on any account that is the subject of this Interim Order (a) at the direction of the Debtors or (b) in a good-faith belief that this court has authorized such prepetition check or item to be honored shall be deemed to be nor shall be liable to the Debtors or their estates on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Interim Order. The Debtors shall promptly furnish to the Cash Management Banks a list of those

checks, drafts, wires, or ACH transfers and other withdrawals made, drawn, or issued in payment of prepetition claims, the payment of which has been authorized by any order of this court.

14. Any banks, including the Cash Management Banks, are further authorized to (a) honor the Debtors' directions with respect to the opening and closing of any Bank Account, (b) accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions, (c) accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH transfers and other withdrawals should be honored or dishonored, consistent with any order of this court and governing law, whether such checks, drafts, wires, or ACH transfers and other withdrawals are dated prior to, on, or subsequent to the Petition Date, and (d) have no duty to independently inquire as to whether such payments are authorized by an order of this court; *provided* that the Cash Management Banks shall not have any liability to any party for relying on such representations to the extent such reliance otherwise complies with applicable law.

15. The Debtors are authorized, in the ordinary course of business, to open any new bank accounts or close any existing Bank Accounts and enter into any ancillary agreements related to the foregoing, as they may deem necessary and appropriate.

16. The Debtors are authorized to enter into and engage in the Intercompany Transactions and to take any actions and to pay prepetition obligations related thereto. All postpetition payments from a Debtor to another Debtor under any postpetition Intercompany Transaction are hereby accorded superpriority administrative expense status and shall have priority over any administrative claims that arise under section 503(b) of the Bankruptcy Code. In connection with the Intercompany Transactions, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all transactions, including the Intercompany

Transactions, may be readily ascertained, traced, and recorded properly on applicable intercompany accounts.

17. Nothing contained in the Motion or this Interim Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

18. 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.

19. 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.

20. 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.

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

22. 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.

23. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry. As soon as practicable after the entry of this Interim Order, the Debtors shall serve this Interim Order on the Cash Management Banks.

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

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

Dated: _____, 2017
Houston, Texas

THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1**Debtor Bank Accounts**

	Entity	Bank Name	Account Type	Last 4 Digits of Account No.
1.	Cobalt GOM # 1 LLC	Societe Generale	Proceeds Account	3947
2.	Cobalt International Energy, Inc.	Citibank N.A.	Cash Collateral Account	2100
3.	Cobalt International Energy, L.P.	UBS	Investment Account	1613
4.	Cobalt International Energy, L.P.	Citibank N.A.	Concentration Account	0925
5.	Cobalt International Energy, L.P.	Citibank N.A.	Payroll Account	0933
6.	Cobalt International Energy, L.P.	Citibank N.A.	Controlled Disbursements Account	5769
7.	Cobalt International Energy, L.P.	Wells Fargo Bank, N.A.	Local Account (Small DDA / Safety Deposit Box)	2368

Exhibit 2**Non-Debtor Subsidiary Bank Accounts**

	Entity	Bank Name	Account Type	Last 4 Digits of Account No.
1.	Cobalt Energia de Mexico, S de RL	Banamex	Master Account	0009
2.	Cobalt Energia de Mexico, S de RL	Banamex	Master Account	0505
3.	Cobalt Energia de Mexico, S de RL	Citibank N.A.	Master Account	1255
4.	CIE Angola Block 21 Ltd.	Banco De Sempre (BPC)	Maternity Leave Account	0011
5.	CIE Angola Block 21 Ltd.	Banco Fomento de Angola	Master Account	0001
6.	CIE Angola Block 21 Ltd.	Banco Fomento de Angola	Master Account	1001
7.	CIE Angola Block 21 Ltd.	Banco Privado Atlantico	Master Account	0001
8.	CIE Angola Block 21 Ltd.	Banco Privado Atlantico	Master Account	2001
9.	CIE Angola Block 20 Ltd.	Banco Fomento de Angola	Master Account	0001
10.	CIE Angola Block 20 Ltd.	Banco Fomento de Angola	Master Account	1001
11.	CIE Angola Block 20 Ltd.	Citibank N.A.	Master Account	0845
12.	CIE Angola Block 9 Ltd.	Banco Fomento de Angola	Master Account	0001
13.	CIE Angola Block 9 Ltd.	Banco Fomento de Angola	Master Account	1001
14.	CIE Angola Block 9 Ltd.	Banco Privado Atlantico	Master Account	0001
15.	CIE Angola Block 9 Ltd.	Banco Privado Atlantico	Master Account	2001
16.	CIE Angola Block 9 Ltd.	Citibank N.A.	Master Account	0861
17.	CIE Gabon Diaba Ltd.	Citibank N.A.	Master Account	0888
18.	Cobalt International Energy Gabon Ltd.	Citibank N.A.	Master Account	0909

	Entity	Bank Name	Account Type	Last 4 Digits of Account No.
19.	Cobalt International Energy Overseas Ltd.	Citibank N.A.	Master Account	0917
20.	Cobalt International Energy Germany GMBH & CO KG	Citibank, DE	Master Account	1005
21.	Cobalt International Energy Germany Verwaltungs GMBH	Citibank, DE	Master Account	2001

Exhibit B

Proposed Final Order

**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.)	
)	Re: Docket No.

**FINAL ORDER (I) AUTHORIZING THE DEBTORS TO
(A) CONTINUE TO OPERATE THEIR CASH MANAGEMENT
SYSTEM, (B) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED
THERE TO, (C) MAINTAIN EXISTING BUSINESS FORMS, (D) PERFORM
INTERCOMPANY TRANSACTIONS, AND (II) GRANTING RELATED RELIEF**

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”), (i) authorizing the Debtors to (a) continue to operate their Cash Management System, (b) pay any prepetition or postpetition amounts outstanding on account of the Bank Fees, (c) maintain existing Business Forms in the ordinary course of business, (d) continue to perform the Intercompany Transactions consistent with historical practice, and (ii) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 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

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.

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 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 Motion is granted on a final basis as set forth in this Final Order.
2. The Debtors are authorized to (a) continue operating the Cash Management System, (b) honor their prepetition obligations related thereto, including the Bank Fees, (c) maintain existing Business Forms, and (d) continue to perform Intercompany Transactions, consistent with historical practice.
3. The Debtors are authorized to (a) continue to use, with the same account numbers, the Bank Accounts in existence as of the Petition Date, including those Bank Accounts identified on **Exhibit 1** and **Exhibit 2** attached to the Interim Order, without the need to comply with certain guidelines relating to bank accounts set forth in the U.S. Trustee Operating Guidelines, (b) use, in their present form, all correspondence and Business Forms (including letterhead) without reference to the Debtors' status as debtors in possession, (c) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession, (d) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits, and (e) pay the Bank Fees, including any prepetition amounts, and any ordinary course Bank Fees incurred in

connection with the Bank Accounts, and to otherwise perform their obligations under the documents governing the Bank Accounts (collectively, the “Bank Account Agreements”), including to reimburse any Cash Management Bank for any checks deposited with such Cash Management Bank that have been dishonored or returned for insufficient funds, and any reimbursement or other obligations, such as overdrafts arising under the Bank Account Agreements (collectively, the “Bank Account Claims”). The Cash Management Banks are hereby authorized, without further order of this court, to deduct from the appropriate Bank Accounts the Bank Account Claims that are incurred in connection therewith in the ordinary course of business. All Bank Account Claims are hereby accorded administrative expense status under section 503(b) of the Bankruptcy Code.

4. The requirements of rule 7(B) of the Complex Chapter 11 Guidelines are hereby waived, and the Debtors are not required to establish separate accounts for cash collateral, tax payments, or funds attributable to overriding royalties, working interest owners, and third parties.

5. Section 345(b) of the Bankruptcy Code, to the extent applicable, is waived with respect to the Cash Management System. For the avoidance of doubt, neither the Debtors nor the Cash Management Banks will be required to bond deposits held in the Bank Accounts, as required by section 345(b) of the Bankruptcy Code.

6. The Cash Management Banks are authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card payments, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be.

7. Subject to applicable bankruptcy or other law, those certain existing deposit agreements between the Debtors and the Cash Management Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Cash Management Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect.

8. The Debtors and the Cash Management Banks may, without further order of this court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, including, without limitation, the closing of Bank Accounts or the opening of new bank accounts.

9. The relief granted in this Final Order is extended to any new bank account opened by the Debtors after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed a Cash Management Bank. As required herein, to the extent the Debtors open a new bank account, they shall provide notice to the U.S. Trustee and counsel to any official statutory committee appointed in these chapter 11 cases.

10. All Cash Management Banks maintaining any of the Bank Accounts that are provided with notice of this Final Order shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Bank Accounts.

11. The Cash Management Banks are authorized, without further order of this court, to deduct all applicable fees from the applicable Bank Accounts consistent with historical practice.

12. Subject to the terms set forth herein, any bank, including the Cash Management Banks, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this court, and no bank that honors a prepetition check or other item drawn on any account that is the subject of this Final Order (a) at the direction of the Debtors or (b) in a good-faith belief that this court has authorized such prepetition check or item to be honored shall be deemed to be nor shall be liable to the Debtors or their estates on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Final Order. The Debtors shall promptly furnish to the Cash Management Banks a list of those checks, drafts, wires, or ACH transfers and other withdrawals made, drawn, or issued in payment of prepetition claims, the payment of which has been authorized by any order of this court.

13. Any banks, including the Cash Management Banks, are further authorized to (a) honor the Debtors' directions with respect to the opening and closing of any Bank Account, (b) accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions, (c) accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH transfers and other withdrawals should be honored or dishonored, consistent with any order of this court and governing law, whether such checks, drafts, wires, or ACH transfers and other withdrawals are dated prior to, on, or subsequent to the Petition Date, and (d) have no duty to independently inquire as to whether such payments are authorized by an order of this court; *provided* that the Cash Management Banks shall not have any liability to any party for relying on such representations to the extent such reliance otherwise complies with applicable law.

14. The Debtors are authorized, in the ordinary course of business, to open any new bank accounts or close any existing Bank Accounts and enter into any ancillary agreements related to the foregoing, as they may deem necessary and appropriate.

15. The Debtors are authorized to enter into and engage in the Intercompany Transactions and to take any actions and to pay prepetition obligations related thereto. All postpetition payments from a Debtor to another Debtor under any postpetition Intercompany Transaction are hereby accorded superpriority administrative expense status and shall have priority over any administrative claims that arise under section 503(b) of the Bankruptcy Code. In connection with the Intercompany Transactions, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all transactions, including the Intercompany Transactions, may be readily ascertained, traced, and recorded properly on applicable intercompany accounts.

16. Nothing contained in the Motion or this Final Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

17. 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 Order and the Cash Collateral Orders, the terms of the Cash Collateral Orders shall control.

18. 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.

19. 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.

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

21. 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.

22. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry. As soon as practicable after the entry of this Final Order, the Debtors shall serve this Final Order on the Cash Management Banks.

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

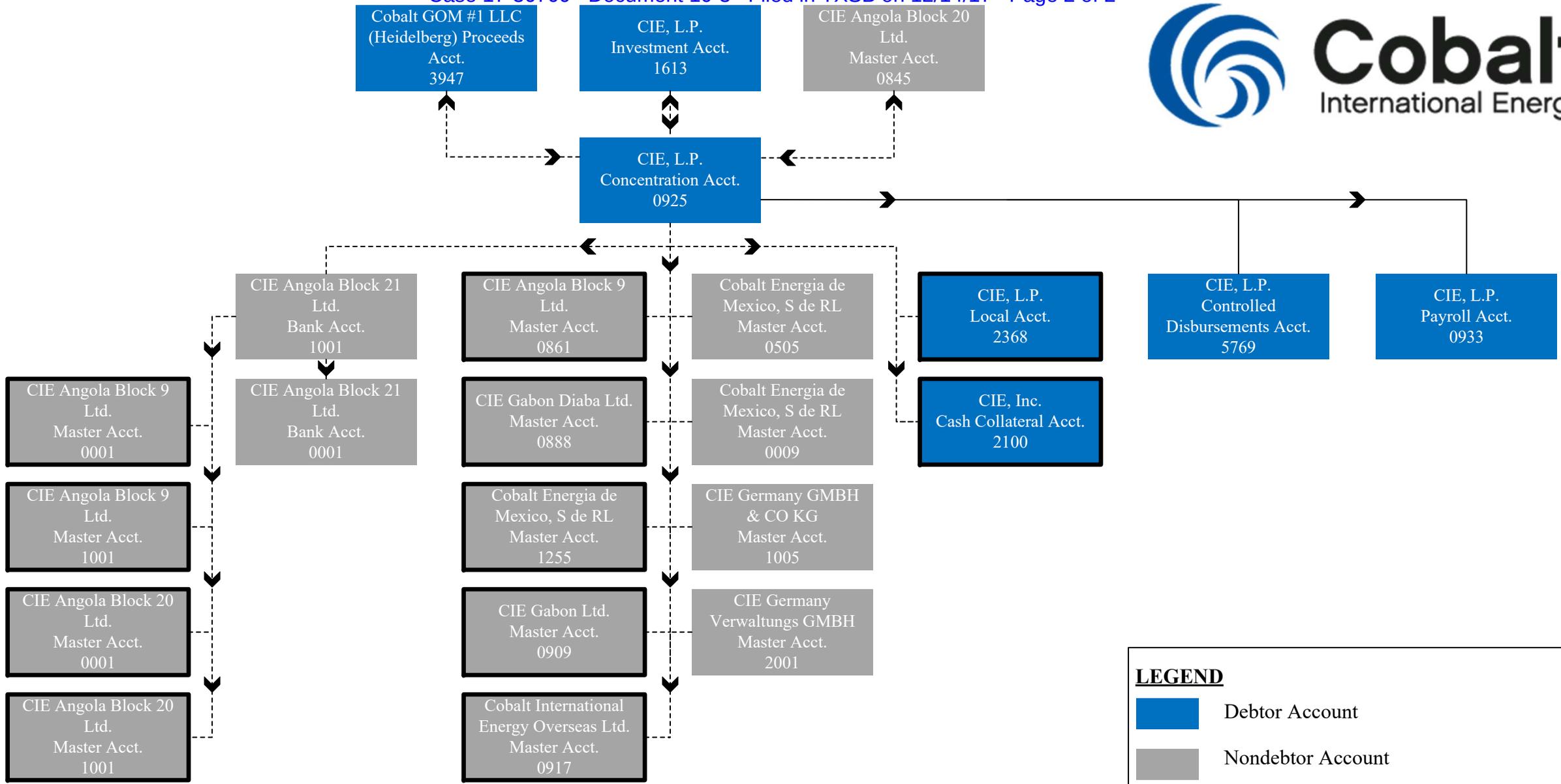
24. This court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

Dated: _____, 2017
Houston, Texas

THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

Exhibit C

Cash Management System Schematic



LEGEND

- Debtor Account
- Nondebtor Account
- - - - - Manual Transfer
- ZBA Account Funding
- Approximately Zero Transaction Value

Miscellaneous Dormant / Unused Nondebtor Bank Accounts

CIE Angola Block 21 Ltd. Maternity Leave Acct. 0011	CIE Angola Block 21 Ltd. Master Acct. 2001	CIE Angola Block 21 Ltd. Master Acct. 0001	CIE Angola Block 9 Ltd. Master Acct. 0001	CIE Angola Block 9 Ltd. Master Acct. 2001
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