



ENTERED  
01/25/2018

**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> , <sup>1</sup>	)	Case No. 17-36709 (MI)
	)	
Debtors.	)	
	)	(Jointly Administered)
	)	<b>Re: Docket Nos. 9, 60</b>

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

Upon the motion (the "Motion"),<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of a final order (this "Final Order"), authorizing, but not directing, the Debtors to pay in the ordinary course of business all prepetition and postpetition amounts owing on account of (i) Working Interest Expenditures, (ii) Joint Interest Billings, (iii) Royalty Payments, (iv) Delay Rental Payments, and (v) Production Sale Expenditures, all as more fully set forth in the Motion; and this court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and that this court may enter a final order consistent with Article III of the United States Constitution; and this court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Cobalt International Energy, Inc. (1169); Cobalt International Energy GP, LLC (7374); Cobalt International Energy, L.P. (2411); Cobalt GOM LLC (7188); Cobalt GOM # 1 LLC (7262); and Cobalt GOM # 2 LLC (7316). The Debtors' service address is: 920 Memorial City Way, Suite 100, Houston, Texas 77024.

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

other parties in interest; and this court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this court (the "Hearing"); and this court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

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

thereto; provided, however, that nothing in this Final Order shall be deemed to authorize the payment of any amounts which are subject to section 503(c) of the Bankruptcy Code.

4. If any party accepts payment(s) on behalf of a claim for Working Interest Expenditures, Joint Interest Billings, or Production Sale Expenditures under this Final Order, and such claim is determined by the Court after notice and a hearing (a) not to give rise to (i) a statutory, contractual, or other lien under applicable law or (ii) an enforceable right to recoupment or setoff, (b) not to constitute valid amounts due and owing by the Debtors, or (c) is not otherwise entitled to priority under the Bankruptcy Code, as applicable, the Debtors are authorized, but not directed, to take any and all appropriate steps to cause the party who had accepted such payment(s) to repay payment(s) made to it under this Final Order to the extent the aggregate amount of such payment(s) exceeds the then-outstanding postpetition obligations due and owing on its behalf. Upon recovery of such payment(s) by the Debtors, the obligation shall be reinstated as a prepetition claim in the amount so recovered.

5. If any party accepts payment(s) on behalf of a claim for Royalty Payments under this Final Order, and the Debtors' interest in such Royalty Payments subsequently are determined by the Court after notice and a hearing to constitute property of the Debtors' estates, then the Debtors are authorized, but not directed, to take any and all appropriate steps to cause such party to repay payment(s) made to it under this Final Order to the extent the aggregate amount of such payment(s) exceed the then-outstanding postpetition obligations due and owing on its behalf. Upon recovery of such payment(s) by the Debtors, the obligation shall be reinstated as a prepetition claim in the amount so recovered.

6. Any party that accepts payment from the Debtors on account of an Oil and Gas Obligation shall be deemed to have agreed to the terms and provisions of this Final Order.

7. Notwithstanding anything contained in the Motion or this Final Order, any payment authorized to be made by the Debtor herein shall be subject to the terms and conditions contained in any orders entered by this Court authorizing the use of cash collateral (the “Cash Collateral Orders”). To the extent there is any conflict between this Final and the Cash Collateral Orders, the terms of the Cash Collateral Orders shall control.

8. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors’ right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors’ rights under the Bankruptcy Code or any other applicable law.

9. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors’ designation of any particular check or electronic payment request as approved by this Final Order.

10. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Oil and Gas Obligation.

11. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

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

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

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

Dated: 1-25, 2018  
Houston, Texas

  
\_\_\_\_\_  
THE HONORABLE MARVIN ISGUR  
UNITED STATES BANKRUPTCY JUDGE

United States Bankruptcy Court  
Southern District of TexasIn re:  
Cobalt International Energy, Inc.  
Cobalt International Energy GP, LLC  
DebtorsCase No. 17-36709-mi  
Chapter 11**CERTIFICATE OF NOTICE**

District/off: 0541-4

User: mrios  
Form ID: pdf002Page 1 of 2  
Total Noticed: 42

Date Rcvd: Jan 25, 2018

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Jan 27, 2018.

db +Cobalt GOM #1 LLC, 920 Memorial City Way, Suite 100, Houston, TX 77024-2649

db +Cobalt GOM #2 LLC, 920 Memorial City Way, Suite 100, Houston, TX 77024-2649

db +Cobalt GOM LLC, 920 Memorial City Way, Suite 100, Houston, TX 77024-2649

db +Cobalt International Energy GP, LLC, 920 Memorial City Way, Suite 100, Houston, TX 77024-2649

db +Cobalt International Energy, Inc., 920 Memorial City Way, Suite 100, Houston, TX 77024-2649

db +Cobalt International Energy, L.P., 920 Memorial City Way, Suite 100, Houston, TX 77024-2649

aty +Alan J. Kornfeld, Pachulski Stang et al., 10100 Santa Monica Blvd., 13th Floor, Los Angeles, CA 90067-4003

aty +Andrew Behlmann, Lowenstein Sandler LLP, One Lowenstein Drive, Roseland, TX 07068-1791

aty +Beth E. Levine, Pachulski Stang et al, 780 Third Ave., 34th Fl., New York, NY 10017-2024

aty +Brad Weiland, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654-5412

aty +Eric K. Stodola, Milbank Tweed et al, 28 Liberty St., New York, NY 10005-1413

aty +Gabor Balassa, Kirkland & Ellis LP, 300 North LaSalle, Chicago, IL 60654-5412

aty +Gerard Uzzi, Milbank Tweed Hadley & McCloy LLP, 26 Liberty St, New York, NY 10005

aty +IRA Kharasch, Pachulski Stang et al, 10100 Santa Monica Blvd., 13th Fl., Los Angeles, CA 90067-4003

aty +James H.M. Sprayregen, P.C., Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654-5412

aty +James Savin, Akin Gump et al, 1333 New Hampshire Ave. N.W., Washington, DC 20036-1511

aty +Jeffrey N Pomerantz, Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Boulevard, 13th Floor, Los Angeles, CA 90067-4003

aty +Katherine Doorley, Akin Gump et al, 1333 New Hampshire Ave., N.W., Washington, DC 20036-1511

aty +Kirkland & Ellis LLP and Kirkland & Ellis Internat, 300 North LaSalle, Chicago, IL 60654-3427

aty +Laura E. Krucks, Kirkland & Ellis LP, 300 North LaSalle, Chicago, IL 60654-5412

aty +Lauren Lifland, Wilmer Cutler et al, 7 World Trade Center, 250 Greenwich St., New York, NY 10007-2140

aty +Marc Kieselstein, Kirkland & Ellis, 300 North LaSalle, Chicago, IL 60654-5412

aty +Matthew S. Barr, Weil Goshal et al, 767 Fifth Avenue, New York, NY 10153-0119

aty +Matthew Ziegler, Morgan Lewis & Bockius LLP, 101 Park Avenue, New York, NY 10178-0060

aty +Robert J. Feinstein, Pachulski Stang et al, 780 Third Ave., 34th Fl., New York, NY 10017-2024

aty +Stacy Pepper, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654-5412

aty +Zack A. Clement PLLC, 3753 Drummond, Houston, TX 77025-2417

intp +Ad Hoc First Lien Group, Weil, Gotshal & Manges LLP, 700 Louisiana, Suite 1700, Houston, TX 77002-2784

intp +Ad Hoc Group of Second Lien Noteholders, c/o Marty L. Brimmage Jr., Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, TX 75201-4675

intp +Angela Dodd United States Securities & Exchange Co, 175 W. Jackson Blvd., Suite 1450, Chicago, IL 60604-2710

intp +Department Of Justice, Department of Justice - Civil Division, P.O Box 875, Ben Franklin Station, Washington, DC 20044-0875

cr +Discovery Gas Transmission, LLC, c/o Steven W. Soule and Dustin L. Perry, Hall, Estill, et al., 320 South Boston Avenue, Suite 200, Tulsa, OK 74103-3705

cr +Discovery Producer Services, LLC, c/o Steven W. Soule and Dustin L. Perry, Hall, Estill, et al., 320 South Boston Avenue, Suite 200, Tulsa, OK 74103-3705

intp +Douglas H. Deems The Claro Group, LLC, 350 S. Grand Ave., Suite 2350, Los Angeles, CA 90071-3433

intp +Eni Petroleum US LLC, 1200 Smith Street, Suite 1700, Houston, TX 77002-4372

op +Kurtzman Carson Consultants LLC, 2335 Alaska Ave, El Segundo, CA 90245-4808

cr +Official Committee of Unsecured Creditors, Snow Spence Green LLP, 2929 Allen Parkway, Suite 2800, Houston, TX 77019-7100

cr +Sociedade Nacional de Combustiveis de Angola, c/o Dugger & Associates, 1401 Enclave Parkway, Suite 125, Houston, TX 77077-2566

cr +Sonangol Pesquisa e Producao, S.A., c/o Dugger & Associates, 1401 Enclave Parkway, Suite 125, Houston, TX 77077-2566

cr +WesternGeco LLC, Attn: K. Rachelle Goldman, 10001 Richmond Ave, Houston, TX 77042-4205

Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.

cr +E-mail/Text: houston\_bankruptcy@LGBS.com Jan 25 2018 21:00:53 Cypress-Fairbanks ISD, Linebarger Goggan Blair & Sampson LLP, c/o Tara L. Grundemeier, Post Office Box 3064, Houston, TX 77253-3064

cr +E-mail/Text: houston\_bankruptcy@LGBS.com Jan 25 2018 21:00:53 Harris County, Linebarger Goggan Blair & Sampson LLP, c/o Tara L. Grundemeier, P.O. Box 3064, Houston, TX 77253-3064

TOTAL: 2

District/off: 0541-4

User: mrios  
Form ID: pdf002

Page 2 of 2  
Total Noticed: 42

Date Rcvd: Jan 25, 2018

\*\*\*\*\* BYPASSED RECIPIENTS (continued) \*\*\*\*\*

\*\*\*\*\* BYPASSED RECIPIENTS (undeliverable, \* duplicate) \*\*\*\*\*

intp Ad Hoc Committee of Unsecured Noteholders  
intp Anadarko Petroleum Corporation  
cr Chevron U.S.A. Inc.  
cr Dril-Quip, Inc.  
cr Fire and Police Retiree Health Care Fund, San Anto  
cr GAMCO Global Gold, Natural Resources & Income Trus  
cr GAMCO Natural Resources, Gold & Income Trust  
fa Houlihan Lokey Capital, Inc.  
cr J. Joseph Consulting, Inc.  
cr Sjunde AP-Fonden  
cr Spring Branch Independent School District  
cr St. Lucie County Fire District Firefighters Pensio  
cr Universal Investment Gesellschaft m.b.H.  
cr Wells Fargo Bank, National Association  
cr WesternGenco, L.L.C.  
intp Whitton Petroleum Services Limited  
cr Wilmington Trust, National Association, as Indentu

TOTALS: 17, \* 0, ## 0

Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.  
USPS regulations require that automation-compatible mail display the correct ZIP.

Transmission times for electronic delivery are Eastern Time zone.

**I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.**

**Meeting of Creditor Notices only (Official Form 309): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.**

Date: Jan 27, 2018

Signature: /s/Joseph Speetjens

---

### CM/ECF NOTICE OF ELECTRONIC FILING

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on January 25, 2018 at the address(es) listed below:  
NONE.

TOTAL: 0