

**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> ,	§	Case No. 17-36709 (MI)
	§	
Debtors.	§	Jointly Administered

**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF CHEVRON
U.S.A. INC. AND UNION OIL COMPANY OF CALIFORNIA TO THE
ASSUMPTION AND ASSIGNMENT OF CERTAIN
EXECUTORY CONTRACTS AND UNEXPIRED LEASES AND
OBJECTION TO PLAN CONFIRMATION SEEKING APPROVAL OF SUCH
ASSUMPTION AND ASSIGNMENT**

(this relates to Docket Nos. 561, 594 and 612)

Chevron U.S.A. Inc. (“CUSA”) and Union Oil Company of California (“Union”, together with CUSA, “Chevron”), creditors and/or parties in interest in these cases, pursuant to Bankruptcy Code sections 363, 365 and 1129, and Bankruptcy Rules 3020, 6004, 6006 and 9014, files this limited objection and reservation of rights (the “Objection”) to the proposed assignment and assumption of certain executory contracts and unexpired leases as provided in Exhibit C of the *Asset Purchase Agreement, dated as of March 12, 2018, by and among Cobalt International Energy L.P. (“Cobalt”), as seller and Total E&P USA Inc. (“Total”) as buyer* (the “Total PSA”) (Doc. No. 594, Exhibit A) and Exhibit A to the *Plan Supplement for the Joint Chapter 11 Plan of Cobalt International Energy, Inc. and its Debtor Affiliates* (the “Plan Supplement”) (Doc. No. 612), and, out of an abundance of caution because the assumption and assignment is incorporated into the Debtors’ current amended plan, objection to confirmation seeking approval of such assumption and assignment, and respectfully states as follows:



SUMMARY

Pursuant to the proposed Total PSA, Cobalt intends to sell certain of its assets, and assume and assign certain contracts and leases, to Total related to the Anchor Prospect, a deep water Gulf of Mexico prospect that is in the development phase. Chevron is the majority working interest owner and operator. According to Exhibit C of the Total PSA and Exhibit A to the Plan Supplement, Cobalt intends to assume and assign to Total all agreements related to the Anchor Prospect, including but not limited to, certain operating agreements (the “Operating Agreements”) and other agreements by and between Chevron and Cobalt¹, and Schedule 5.9 of the Total PSA purports to contain all the existing authorizations for expenditure (“AFEs”) (Exhibit C, Exhibit A and Schedule 5.9 are collectively the “Contract Schedules”).

While overall Chevron supports Total’s purchase and assumption of all of Cobalt’s liabilities and interests related to the Anchor Prospect, Chevron files this Objection based on the following issues:

- ***Failure to Address Cure Costs Owed to Chevron:*** The Contract Schedules fail to account for the accruing cure amounts owed under the Operating Agreements which, as noted in CUSA’s proof of claim filed March 14, 2018 (the “Proof of Claim”) (Claim No. 90), such amounts change on a continuing basis;
- ***Omissions and Errors in Contract Schedules:*** Certain agreements between Chevron and Cobalt and other information that is related to the Anchor Prospect have been omitted from

¹ Exhibit A (assumed contract list) (ECF No. 612-1) identifies two contracts where Total and Statoil Gulf of Mexico LLC (“Statoil”) would be joint or co-assignees. As addressed in this Objection, these agreements contain Chevron’s proprietary intellectual property and, pursuant to applicable law including Section 365(c), cannot be assigned without Chevron’s express consent. Moreover, it is not clear if these two contracts to be assigned “jointly” are part of the Total PSA for the Anchor Prospect, or completely unrelated. Statoil does not appear in the Total PSA or any of the related documents. To the extent this proposed “joint” assignment is unrelated to the Anchor Prospect, there are no documents that reflect the proposed terms and conditions for this assignment or how it would occur “jointly.” Chevron reserves the right to further object or supplement based on any information it receives in connection with this proposed “joint” assignment.

the Total PSA and/or contains errors, and the Contract Schedules must be revised for Total to assume all of Cobalt's liabilities and interests in the Anchor Prospect;

- ***Assumption by Total of All Liabilities and Obligations:*** Notwithstanding internally contradictory language in the Total PSA, it contains language that attempts to limit Total's liability to the post-effective date and/or post-closing costs. This attempted limitation is contrary to the Bankruptcy Code, applicable law, the underlying agreements themselves and the Stipulation (defined herein) which require that Total assume all of Cobalt's obligations and liabilities related to the Anchor Prospect and Chevron's agreements, without regard to whether the obligation or liability arose or accrued pre-approval or pre-closing. The Court should condition any assumption and assignment upon Total's requirement to comply with the terms of the agreements and assume any and all of Cobalt's obligations; and
- ***IP Agreements Cannot be Assigned Without Chevron's Consent:*** There are three listed agreements to be assigned that relate to Chevron's proprietary intellectual property which, pursuant to applicable law including Section 365(c), cannot be assigned without Chevron's consent.

Finally, because the sale of assets and the assumption and assignment of the Chevron contracts by Cobalt to Total is incorporated into the Debtors' Fourth Amended Joint Plan, out of an abundance of caution, Chevron objects to confirmation which seeks approval of this assumption and assignment, as the Plan fails to comply with the applicable provisions of the Bankruptcy Code.

BACKGROUND

1. On December 14, 2017 (the "Petition Date"), Cobalt and certain of its affiliates ("Debtors") filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

2. On the Petition Date, Debtors also filed their motion seeking entry of an order (a) approving proposed bid procedures, (b) approving the selection of one or more Stalking Horse bidders, if any, and the bid protections, (c) scheduling an auction, (d) approving the form and manner of notice thereof, (e) scheduling dates and deadlines in connection with the approval of the Disclosure Statement and confirmation of a Plan, and (f) granting related relief (Docket No. 15).

3. On January 25, 2018, the Court entered an order (as modified) that, among other things, approved the proposed bidding procedures (Docket No. 299) (the “Bid Procedures Order”).

4. On February 8, 2018, Chevron and Cobalt filed a *Stipulation Resolving Debtors’ Motion for Entry of An Order Deeming Unenforceable Certain Preferential Rights with Respect to Chevron U.S.A. Inc.* (the “Stipulation”) (Docket No. 380). Per the Stipulation, Cobalt agreed to incorporate into the terms of the documentation for a transaction related to the Anchor Prospect, language “(i) making the Transactions subordinate to and expressly subject to all the terms and conditions in the Operating Agreements, and (ii) providing for the assumption by Buyers of all the terms and conditions of the Operating agreements, including but not limited to assumption of all of Cobalt’s obligations, right, title and interest in and to the Operating Agreements,” (Docket No. 380, p.5). This language comes directly from the Operating Agreements and is among the express conditions to any assignment of a working interest set out in the agreements.

5. On March 6, 2018, the Debtors conducted an auction for all or substantially all of their assets – including the Anchor Prospect. The following day, the Debtors filed their *Notice of*

Successful Bidders and Backup Bidders ((Docket No. 542), wherein they identified Total as the successful bidder for the Anchor Prospect assets.

6. On March 14, 2018, CUSA filed its Proof of Claim (Claim No. 90) pursuant to which CUSA indicated that under the Operating Agreements, Cobalt is obligated to pay CUSA joint interest billings (“JIB”), which are invoiced on a monthly basis covering costs and expenses in the prior months. Additionally, according to the Operating Agreements, Cobalt is responsible for reimbursing CUSA for various costs incurred in connection with these agreements, including, but not limited to, contractor services, actual cost of labor, travel, personnel, permits and other related expenditures. Cobalt is obligated to pay its allocated share of all such work, costs and services. The Proof of Claim states that the pre-petition JIB amounts then owed by Cobalt to CUSA was \$619,058.00. Additionally, it was CUSA’s best estimate that at the time of Cobalt’s filing of its bankruptcy case, Cobalt was also responsible for approximately \$165,601.00 related to various pre-petition costs incurred in connection with Cobalt’s agreements with and obligations to CUSA. The estimated pre-petition amount was based on the best information currently available to CUSA, however, the Proof of Claim acknowledges that at times, third parties may delay in getting their invoices to CUSA and that pre-petition amount may now be greater than estimated at the time of filing the Proof of Claim. The Proof of Claim, as filed, states that an estimated \$784,569.00 in pre-petition amounts are owed by Cobalt to CUSA under the Operating Agreements. Based on current information, that amount is now \$792,027.00.

7. On March 16, 2018, the Debtors filed the Total PSA, wherein they included a schedule of executory contracts and unexpired leases to be assumed by Total and the corresponding proposed cure amounts for such agreements. *See* Total PSA, Exhibit C. A number of Chevron agreements were included in the schedule of agreements to be assumed.

Notwithstanding the already filed Proof of Claim, the proposed cure amounts for each of the Chevron agreements was listed as “none”. *See* Total PSA, Schedule 2.5(b).

8. On March 21, 2018, the Debtors filed the Plan Supplement, wherein they included a schedule (similar to that included in the Total PSA) of agreements to be assumed and assigned under their *Fourth Amended Joint Chapter 11 Plan of Cobalt International Energy, Inc. and its Debtor Affiliates* (the “Plan”) (Doc. No. 561) (the Plan and plan Supplement collectively the “Amended Plan”). Again, notwithstanding the filed Proof of Claim, the proposed cure amounts for each of the Chevron agreements to be assumed and assigned was listed as “none”. *See* Plan Supplement, Exhibit A. (Docket No. 612-2, p.5).

9. Exhibit A to the Plan Supplement provides that any objection by a counterparty regarding the proposed assumption, proposed cure costs, or otherwise must be filed, served, and actually received by the Debtors not later than seven (7) days after service of notice of the Debtors’ proposed assumption and associated cure costs.

LIMITED OBJECTION AND RESERVATION OF RIGHTS

The Contract Schedules Misstate the Cure Amounts Owed to Chevron

10. Section 365(f)(2) of the Bankruptcy Code provides that the trustee may only assign an executory contract if (a) the trustee assumes the contract. *See* 11 U.S.C. § 365(f)(2). Further, Section 365(b)(1) of the Bankruptcy Code states that “If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee...(A) cures or provides adequate assurance that the trustee will promptly cure.” 11 U.S.C. § 365(b)(1).

11. The Contract Schedules provide that there are no amounts owed to Chevron under *any* of the agreements proposed to be assumed by Cobalt and assigned to Total. This is not

accurate and must be modified before this Court approves the assumption and the assignment of Chevron's agreements to Total.

12. As set forth in the Proof of Claim, CUSA holds a pre-petition claim against Cobalt related to the Operating Agreements governing the Anchor Prospect. At the time of the filing of the Proof of Claim, the pre-petition cure amounts were estimated to be approximately \$784,569.00. *See* Proof of Claim No. 90. Because certain of the monetary obligations under the Operating Agreements continually accrue and are subject to third-party billing, this amount was subject to change. Based on current information, that amount is now \$792,027.00. In addition, post-petition amounts have been invoiced and are outstanding under the Operating Agreements as well: \$909,733 for the January 2018 JIB and \$416,127 for the February 2018 JIB. Though no demand for payment has been made by CUSA, Cobalt is aware, and Total should be aware, that these amounts remain due and owing and also be familiar with the rolling costs that occur under the Operating Agreements whether incurred directly by Chevron, or billed by third party vendors. As discussed more fully below, the Operating Agreements themselves contain provisions that any assignee of a working interest becomes liable for any and all costs outstanding and applicable to that working interest, even if such costs were incurred before the date of the assignment. In other words, by operation of law and the terms of the agreements, Total will be responsible for any and all of Cobalt's obligations once it closes and becomes the assignee of Cobalt's working interest. Accordingly, Chevron requests that this Court require the Debtors and/or Total to amend the Contract Schedules to accurately reflect the cure costs owed to Chevron and condition any assumption and assignment on payment of all costs, fees and expenses pursuant to the Operating Agreements, and other related agreements, regardless of

whether such amounts are reflected in a current JIB and regardless of the timing of when such amount allegedly arose or was incurred.

The Total PSA and Contract Schedules Fail to Include Certain Chevron Agreements and Other Related Information that is in Error Required for Assumption and Assignment

13. U.S. Department of the Interior Bureau of Safety and Environmental Enforcement (“BSEE”) regulations require all lessees in the Anchor Prospect “must” be a party to both a unit agreement and unit operating agreement:

(d) **Unit agreement.** You, the other lessees, and the unit operator must enter into a unit agreement. The unit agreement must: allocate benefits to unitized leases, designate a unit operator, and specify the effective date of the unit agreement. The unit agreement must terminate when: the unit no longer produces unitized substances, and the unit operator no longer conducts drilling or well-workover operations (§ 250.180) under the unit agreement, unless the Regional Supervisor orders or approves a suspension of production under § 250.170.

(e) **Unit operating agreement.** The unit operator and the owners of working interests in the unitized leases must enter into a unit operating agreement. The unit operating agreement must describe how all the unit participants will apportion all costs and liabilities incurred maintaining or conducting operations. When a unit involves one or more net-profit-share leases, the unit operating agreement must describe how to attribute costs and credits to the net-profit-share lease(s), and this part of the agreement must be approved by the Regional Supervisor. Otherwise, you must provide a copy of the unit operating agreement to the Regional Supervisor, but the Regional Supervisor does not need to approve the unit operating agreement.

30 C.F.R. §§ 250.1301(d) and (e).

14. It is Chevron’s understanding, and it is strongly inferred by the Contract Schedules, that Cobalt seeks to assume and assign to Total all agreements, including the Operating Agreements, related to the Anchor Prospect (which would be consistent with the proposed transaction under the Total PSA). However, the Contract Schedules each neglect to include certain Chevron agreements with Cobalt that would otherwise be necessary for Total to step into Cobalt’s shoes. Notably, the Contract Schedules each fail to reference one of the underlying operating agreements governing Cobalt’s working interest in the Anchor Prospect

and a recent amendment: (i) the Anchor Prospect Offshore Operating Agreement, covering the Green Canyon Area, Outer Continental Shelf, Gulf of Mexico, effective November 26, 2013, between Chevron U.S.A. Inc., and Cobalt International Energy, L.P.; and (ii) the Amendment to Green Canyon Block 807 Unit Agreement dated effective February 1, 2018, by and between Chevron, Cobalt and the other working interest owners². Without the assumption and assignment of these omitted agreements, Total will lack the proper contractual and regulatory authority to replace Cobalt.

15. Further, Schedule 5.9 of the Total PSA purports to set forth the AFEs with respect to the assets (including the Anchor Prospect) being purchased by Total that have not been completed as of the effective date of the Total PSA. *See* Total PSA, p. 31. However, Schedule 5.9 fails to account for various existing AFEs related to the Anchor Prospect, and in certain entries where disclosure has been made, the purported amount of the AFE is incorrect. As a result, Chevron requests that this Court require, in coordination with Chevron, the Debtors and/or Total to amend the Contract Schedules and the other inaccurate information related to the Anchor Prospect set forth in the Total PSA. In any event, any approval of the assumption and assignment of the Operating Agreements and other contracts should be conditioned on Total's clear and unlimited obligation to pay any such claims arising from all applicable agreements. Again, such assumption of all obligations is a condition in the Operating Agreements to any assignment.

Total Must Assume All of Cobalt's Obligations Under the Agreements to be Assumed and Assigned

16. In apparent contravention with the Stipulation, settled bankruptcy and federal law, and the underlying contracts themselves, the current version of the Total PSA includes language

² Further, one of the underlying agreements has been mislabeled in the Contract Schedules, Tracking No. 1217790 should be titled Unit Operating Agreement, not Joint Operating Agreement.

that attempts to limit Total's obligations and assumed liabilities to only those that arose after January 1, 2018 (the effective date under the Total PSA) or may arise after the closing date. For example, Section 2.3(a) of the Total PSA provides that Total only assumes liabilities related to the assigned contracts arising after the closing date of the Total PSA. *See* Total PSA, Section 2.3(a). Further, according to Section 2.3(e) of the Total PSA, Total has agreed to only assume liabilities arising under environmental laws after the closing date of the Total PSA. *See id.* at Section 2.3(e). Additionally, under Section 2.4(h) of the Total PSA, Total is not assuming liability for any operating expenses related to the purchased assets (including the Anchor Prospect) to the extent the expenses arose prior to January 1, 2018. *See id.* at Section 2.4(h). Finally, when read in conjunction with Section 2.3(a), under Section 2.3(b) of the Total PSA, Total attempts to limit its plugging and abandonment obligations to those that arise *after* the closing date of the Total PSA. *See id.* at Section 2.3(b). Under each of these cited provisions, the Total PSA attempts to preclude Chevron, or other contract counterparties to assigned contracts, from collecting under those agreements any costs (environmental, operating, decommissioning, etc.) to the extent that those costs could be considered to have arisen prior to the closing date of the Total PSA, or January 1, 2018, as the specific provision may provide. As noted above, this language also fails to comply with the BSEE regulations.

17. The attempt to contractually limit liabilities spelled out clearly in the contracts intended to be assumed and assigned is in clear violation of bankruptcy law³. "It is axiomatic

³ For example, Section 24.1.4 of the Anchor North Prospect, Unit Operating Agreement for the Green Canyon Area, effective January 25, 2016, (dealing with a working interest owner like Cobalt selling/assigning its working interest), provides as follows:

Any Transfer of Interest (as defined in the agreement) shall incorporate provisions that the Transfer of Interest is subordinate to and made expressly subject to this Agreement and provide for the assumption by the assignee of the **performance of all of the assigning Party's obligations** under this Agreement. (emphasis added)

that an assumed contract under Section 365 is accompanied by all of its provisions and conditions ... a debtor may not retreat to this provision, derived from the inherent equitable powers of the bankruptcy courts to avoid an obligation while it enjoys a benefit which arises in conjunction with that obligation.” *In re TexStone Venture Ltd.*, 54 B.R. 54 (Bankr. S.D. Tex 1985) quoting *In re Holland Enterprises, Inc.*, 25 B.R. 301, 302 (E.D.N.C., 1982). See also, *In re Buffets Holdings Inc.*, 387 B.R. 115, 119-20 (Bankr. D. Del. 2008) (“The [debtor] may not blow hot and cold. If he accepts the contract he accepts it *cum onere*. If he receives the benefits he must adopt the burdens. He cannot accept one and reject the other.”) (quoting *In re Italian Cook Oil Corp.*, 190 F.2d 994, 997 (3d Cir.1951).

18. Notably, pursuant to the Stipulation Cobalt and CUSA executed earlier in this case, Cobalt agreed to require a purchaser of its assets to assume “all terms and conditions of the Operating Agreements, including but not limited to assumption of all of Cobalt’s obligations, right, title and interest in and to the Operating Agreements.” See Stipulation, Exhibit A, p. 5 (ECF No. 380). Chevron notes that Total understood the need for a buyer to assume all obligations under the applicable agreements it was acquiring because Total included similar assumption language in its own Stipulation with Cobalt. (Docket No. 416). As cited, BSEE regulations require Total to do so. Yet, the Total PSA contravenes this language and BSEE regulations. With respect to decommissioning and environmental liabilities, federal law and regulations provide that an assignee like Total is jointly and severally liable for any and all of those costs, not costs incurred after a certain date. See, e.g., 30 C.F.R. §250.1701 (decommissioning obligations).

Bankruptcy Code Section 365(c) and Applicable Law Preclude Cobalt's Assignment of the Three Chevron IP Agreements

19. As noted above, Exhibit A containing the Schedule of Assumed and Assigned Contracts includes three agreements covering certain of Chevron's proprietary intellectual property (Tracking Nos. 1087815 (Data Trade Agreement); 1084915 (Model License Agreement); and 1161852 (Velocity Model License Agreement)). Section 365(c) provides that a trustee cannot assume or assign any contract if applicable law excuses a party from accepting performance from the debtor, even if the contract itself does not prohibit or restrict assignment. Importantly, each of the agreements contains an express anti-assignment provision. For example, the Grant and Assignment Language in the Velocity Model License Agreement includes as follows:

2. Grant of Velocity Model LICENSE

- 2.1 *Grant of License. Licensors [Chevron] grants to Licensee and its Affiliates, and Licensee accepts from Licensors, a non-exclusive right to use the Velocity Model in accordance with this Agreement. Licensors do not grant to Licensee or any of its Affiliates any other rights to the Velocity Model.*
- 2.2 *No Grant of Ownership. No right of ownership, express or implied, is granted to the Licensee under this Agreement with respect to Velocity Model.*
- 2.3 *Proprietary Rights. Licensee acknowledges that the Velocity Model contains information which Licensors considers to be of a highly confidential and proprietary nature to Licensors and that Licensors considers the Velocity Model to be strictly secret, a valuable commercial asset, and a trade secret. All ownership rights in and to the Velocity Model, including worldwide intellectual property rights, all rights to alienate, publish, trade or make further dispositions, are and shall remain the sole and exclusive property of Licensors, or those from whom Licensors has acquired the Velocity Model.*

12. Rights to Transfer or Assign

- 12.1 *Change in Ownership or Control. If a Person acquires ownership or control of Licensee or otherwise acquires all or substantially all the assets of Licensee, it shall have no right to the Velocity Model unless and until it pays Licensors a transfer fee in an amount to be negotiated.*

- (A) **Licensee shall either pay Licensor a transfer fee in an amount to be negotiated or surrender the Velocity Model as part of Licensee's:**
 - (1) **Sale of all or part of any interest in the Velocity Model area to any Person,**
 - (2) **Sale of all or any part of its assets (including stock) that includes the Velocity Model area to any Person, or**
 - (3) **A merger in whole or in part that includes the Velocity Model area with any Person.**
- (B) **If Licensee is the surviving entity after an acquisition or merger, then Licensee shall be relieved of the obligation to obtain Licensor's prior consent and will not be required to purchase an additional license for the Velocity Model by the payment of a transfer fee. Licensee shall provide Licensor with a written explanation in support of its relief of this obligation promptly after closing.**
- (C) **If the Person or Licensee cannot negotiate an acceptable license or agreement with Licensor, neither shall have any rights to the Velocity Model and must surrender, purge or destroy the Velocity Model at the instruction of Licensor.**

12.2 License to Purchaser. In the event Licensee sells all or a part of its interest in a property and the purchaser wishes to view or use Velocity Model after the sale has closed, Licensee shall advise the purchaser that it must enter into a license agreement with Licensor at a price to be negotiated before it can view or use the Velocity Model. Notwithstanding the foregoing, if the purchaser is an Affiliate of Licensee, no right to use fee, license fee or transfer fee shall be payable, but a Velocity Model license agreement must still be executed.

12.4 Assignment by Licensee. Except as specifically provided for in this Agreement, Licensee shall not assign any of its rights hereunder to any Person without the prior written consent of Licensor, which consent may be withheld or, at Licensor's option, be conditional upon the payment of a fee paid by or on behalf of the Person in an amount to be determined solely by Licensor.

20. Moreover, the subject matter of each contract is Chevron's intellectual property as each agreement grants a limited license for access and use of seismic data processed by Chevron to create highly confidential, proprietary imagery of certain prospect areas. For example, case law makes clear that contracts with proprietary intellectual property rights fall within the scope and protection of Section 365(c). *See In re O'Connor*, 258 F.3d 392 (5th Cir. 2001); *In re CFLC*,

89 F.3d 673 (9th Cir. 1996); and *In re Aerobox Composite Structures, LLC*, 373 B.R. 135 (Bankr. D.N.M. 2007). As such, these three Chevron IP contracts cannot be assumed or assigned.

The Plan Fails to Comply with Section 1129(a)(1) Because of the Contract Assumption and Assignment Errors.

21. Cobalt seeks approval of the sale and assumption and assignment of the various Anchor Prospect contracts pursuant to the Amended Plan. While Section 1123 permits a plan to sell assets and/or assume and assign contracts, the requirements of Sections 363 and 365 are still applicable. *See* 11 U.S.C. §1123(a)(5)(D) and (b)(2). Section 1129(a)(1) provides that a plan must comply with the applicable provisions of the Bankruptcy Code. *See In re Cajun Elec. Power Coop., Inc.*, 150 F.3d 503 (5th Cir. 1998), cert. denied, 526 U.S. 1144 (1999); *In re PC Liquidation Corp.*, 383 B.R. 856 (N.D.N.Y. 2008). For all the reasons addressed above, the Amended Plan fails to satisfy Section 1129(a)(1) because of the various failures and errors in connection with the Total PSA. Because the assumption and assignment of the various Chevron-related contracts is incorporated into the Debtors' Amended Plan, out of an abundance of caution, Chevron includes this objection to confirmation.

CONCLUSION

22. Based upon the foregoing, Chevron respectfully requests that any approval of the assumption and assignment of the Operating Agreements, and other related agreements from Cobalt to Total be conditioned on (i) amendments/corrections to the Contract Schedules (which includes the Schedule of AFEs), as described above, (ii) modifications to the Total PSA to make clear that Total assumes any and all obligations and liabilities pursuant to the Operating Agreements, related agreements, applicable law and regulations, regardless of when the claim arose and (iii) payment of any and all cure amounts, whether pre or post-petition, or pre or post-closing. Chevron requests that the Court deny Cobalt's request to assume or assign the three

Chevron IP Contracts (Tracking Nos. 1087815 (Data Trade Agreement); 1084915 (Model License Agreement); and 1161852 (Velocity Model License Agreement) and, to the extent necessary, further deny the request for the “joint” assignment of the Data Trade Agreement and the Model License Agreement as there is no information as to the terms and conditions of such “joint” assignment. Additionally, as the approval of the Total PSA and assumption and assignment of the various Chevron-related contracts are incorporated into the Amended Plan, Chevron formally objects to confirmation for those reasons and requests that any confirmation order be conditioned on correcting the various failures and errors described herein. Finally, Chevron requests such other further relief as is just and proper.

Respectfully submitted this 27th day of March, 2018.

KING & SPALDING, LLP

By: /s/ Edward L. Ripley

Edward L. Ripley

Texas Bar No. 16935950

ERipley@kslaw.com

Ann R. Carroll

Georgia Bar No. 127813

ACarroll@kslaw.com

1100 Louisiana, Suite 4000

Houston, Texas 77002

Telephone: (713) 751-3200

Fax: (713) 751-3290

**ATTORNEYS FOR CHEVRON U.S.A. INC.
AND UNION OIL COMPANY OF
CALIFORNIA**

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Chevron's Objection to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, was served electronically upon the parties eligible to receive service by the Clerk's Office ECF facilities, on this 27th day of March, 2018.

/s/ Edward L. Ripley
Edward L. Ripley