UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	**Chapter 11**
	§	
COBALT INTERNATIONAL ENERGY INC., *et al.*,[1]	§	**Case No. 17-36709 (MI)**
	§	
Reorganized Debtors.	§	**(Jointly Administered)**

PLAN ADMINISTRATOR'S OBJECTION TO PROOF OF CLAIM NO. 7 FILED BY U.S. BANK, N.A.

THIS IS AN OBJECTION TO YOUR CLAIM. THIS OBJECTION ASKS THE COURT TO ADJUST THE AMOUNT OF THE CLAIM THAT YOU FILED IN THIS BANKRUPTCY CASE. YOU SHOULD IMMEDIATELY CONTACT THE OBJECTING PARTY TO RESOLVE THE DISPUTE. IF YOU DO NOT REACH AN AGREEMENT, YOU MUST FILE A RESPONSE TO THIS OBJECTION AND SEND A COPY OF YOUR RESPONSE TO THE OBJECTING PARTY.

IF YOU DO NOT FILE A RESPONSE BY WITHIN 30 DAYS AFTER THIS OBJECTION WAS SERVED ON YOU, YOUR CLAIM MAY BE ADJUSTED WITHOUT A HEARING.

A HEARING WILL BE CONDUCTED ON THIS MATTER ON OCTOBER 18, 2018 AT 10:00 A.M. IN COURTROOM 404, 4TH FLOOR, UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, 515 RUSK STREET, HOUSTON, TEXAS 77002.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

Nader Tavakoli, solely in his capacity as the Lead Member and Chairman of the Plan Administrator Committee of Cobalt International Energy, Inc. et al. (the "Plan Administrator") appointed under the *Fourth Amended Joint Chapter 11 Plan of Cobalt International Energy, Inc.*

[1] The Reorganized Debtors in the Chapter 11 Cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, are: Cobalt International Energy, Inc. (1169); Cobalt International Energy GP, LLC (7374); Cobalt International Energy, L.P. (2411); Cobalt GOM LLC (7188); Cobalt GOM # 1 LLC (7262); and Cobalt GOM # 2 LLC (7316). The Reorganized Debtors' service address is: 945 Bunker Hill Road, Suite 625, Houston, TX 77024.

and Its Debtor Affiliates, confirmed on April 5, 2018 (the "Plan"),[2] files this *Plan Administrator's Objection to Proof of Claim No. 7 Filed by U.S. Bank, N.A.* (the "Objection"), submits the *Declaration of Aaron Skidmore in Support of the Plan Administrator's Objection to Proof of Claim No. 7 Filed by U.S. Bank, N.A.* attached hereto as **Exhibit A** (the "Skidmore Declaration"), and respectfully states as follows:

Relief Requested

1. The Plan Administrator seeks entry of an order, substantially in the form attached hereto as **Exhibit B** (the "Order"), adjusting the amount of *Proof of Claim No. 7* (the "Claim") filed by U.S. Bank, N.A. (the "Claimant") from a general unsecured claim of $15,413.46 (the "Claim Amount") to a general unsecured claim of $2,594.86 (the "Corrected Amount").

Jurisdiction, Venue, and Procedural Background

2. The United States Bankruptcy Court for the Southern District of Texas (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The bases for the relief requested in this Objection are sections 105(a) and 502(b) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), Rule 3007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 3007-1 of the Bankruptcy Local Rules for the Southern District of Texas.

3. On December 14, 2017 (the "Petition Date"), Cobalt International Energy, Inc. and its debtor affiliates (collectively, the "Debtors", and after the Effective Date, the "Reorganized Debtors") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. These

[2] Capitalized but undefined terms used herein shall have the meanings given to such terms in the Plan.

cases are being jointly administered under the caption *In re Cobalt International Energy, Inc., et al.*, Case No. 17-36709 (the "Chapter 11 Cases").

4. On January 19, 2018, Claimant filed its Claim against Cobalt International Energy, L.P asserting a general unsecured claim in the amount of $15,413.46.

5. On April 5, 2018, the Court entered its *Order (I) Confirming the Fourth Amended Joint Chapter 11 Plan of Cobalt International Energy, Inc. and Its Debtor Affiliates, and (II) approving the Sale Transaction* [Dkt. No. 784] (the "Confirmation Order") confirming the Plan. Pursuant to the Plan and Confirmation Order, the Plan Administrator was charged with acting for the Debtors in the same fiduciary capacity as applicable to a board of directors and officers and appointed to, *inter alia*, resolve Disputed Claims, make all distributions pursuant to the Plan, and to administer the Plan in an efficacious manner.[3]

6. On April 10, 2018, the effective date of the Plan occurred.[4]

7. Among other things, the Plan provides: "[O]n and after the Effective Date, the Plan Administrator is authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Sale Transaction Documentation."[5] As the successor to all of the powers of the Debtors' directors and officers, "the Plan Administrator shall be empowered to . . . object to, Allow, or otherwise resolve any General Unsecured Claim, Priority Claim, or Other Secured

[3] *See* Plan, at § IV(D)(1).

[4] *See Notice of (I) Entry of Order Confirming the Fourth Amended Joint Chapter 11 Plan of Cobalt International Energy, Inc. and Its Debtor Affiliates and Approving the Sale Transaction and (II) Occurrence of Effective Date* filed in these Chapter 11 Cases on April 10, 2018 (Dkt. No. 804).

[5] *See* Plan, at § IV(D)(1).

Claim, subject to the terms hereof," without any further notice to or action, order, or approval by the Bankruptcy Court.[6]

The Claims Reconciliation Process

8. On January 29, 2018, the Debtors filed their Statements of Financial Affairs and Schedules of Assets and Liabilities, as required by section 521 of the Bankruptcy Code (collectively, the "Schedules"). On February 22, 2018, the Court entered the *Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(B)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner for Filing Proofs of Claim, Including Section 503(B)(9) Request, and (IV) Approving Notice of Bar Dates* [Dkt No. 469], which, among other things, established (a) March 19, 2018 as the deadline for all non-governmental entities holding or wishing to assert a "claim" (as defined in section 101(5) of the Bankruptcy Code) against any of the Debtors that arose before the Petition Date to file a proof of such claim in writing and (b) June 12, 2018 as the deadline for all governmental entities holding or wishing to assert a "claim" (as defined in section 101(5) of the Bankruptcy Code) against any of the Debtors that arose before the Petition Date to file a proof of such claim in writing.

9. To date, approximately 450 proofs of claim have been filed against the Debtors on an aggregate basis. The Plan Administrator and his advisors, along with certain employees of the Reorganized Debtors (collectively, the "Reviewing Parties"), have been working diligently to review the Disputed Claims, including any supporting documentation filed therewith. For the reasons set forth below, and based on the review to date, the Reviewing Parties have determined that the Claim should be adjusted in amount as set forth herein.

[6] *See* Plan, at § VI(B).

Basis for Relief

10. As set forth in Bankruptcy Rule 3001(f), a properly executed and filed proof of claim constitutes *prima facie* evidence of the validity and the amount of the claim under section 502(a) of the Bankruptcy Code. *See, e.g.*, *In re Jack Kline Co., Inc.*, 440 B.R. 712, 742 (Bankr. Tex. 2010). A proof of claim loses the presumption of *prima facie* validity under Bankruptcy Rule 3001(f) if an objecting party refutes at least one of the allegations that are essential to the claim's legal sufficiency. *See In re Fidelity Holding Co., Ltd.*, 837 F.2d 696, 698 (5th Cir. 1988). Once such an allegation is refuted, the burden reverts to the claimant to prove the validity of its claim by a preponderance of the evidence. *Id*. Despite this shifting burden during the claim objection process, "the ultimate burden of proof always lies with the claimant." *In re Armstrong*, 347 B.R. 581, 583 (Bankr. N.D. Tex. 2006) (citing *Raleigh v. Ill. Dep't of Rev.*, 530 U.S. 15 (2000)).

11. Section 502(b) of the Bankruptcy Code provides that the court "shall determine the amount of such claim . . . as of the date of the filing of the petition, and shall allow such claim in such amount." 11 U.S.C. § 502(b).

Claim to be Adjusted

12. As set forth herein and in the Skidmore Declaration, the Reviewing Parties have thoroughly reviewed the Debtors' books and records and the claims register, along with the Claim and any supporting documentation filed therewith, and have determined that the asserted Claim Amount must be adjusted to reflect the true liability of the Debtor to the Claimant at the Petition Date.

13. Under the Claim, the Claimant improperly asserts charges occurring on or after the Petition Date in the amount of $12,818.60 (the "Post-Petition Charges"). Under section 502(b) of

the Bankruptcy Code, a claim shall be allowed in the amount of the claim as of the date of the filing of the petition. 11 U.S.C. § 502(b). As such, the Reviewing Parties have determined that the portion of the Claim attributable to the Post-Petition Charges does not assert an allowable pre-petition claim under section 502(b) of the Bankruptcy Code and therefore should be disallowed, adjusting the claim to the Corrected Amount.

14. In addition, under the Claim, the Claimant asserts charges stemming from the "estimated residual value of the property" in the amount of $11,373.79 (the "Residual Value Charges"). In reviewing the Debtors' books and records, the Reviewing Parties have determined that the Debtors have returned all property to the Claimant. As such, to the extent the Residual Value Charges are not improperly asserted Post-Petition Charges, the Reviewing Parties have determined that the Debtors have no liability for the Residual Value Charges. As such, the portion of the Claim attributable to the Residual Value Charges should be disallowed.

15. Accordingly, failure to adjust the Claim to the Corrected Amount could result in Claimant receiving an unwarranted recovery against the Debtors to the detriment of other similarly situated creditors. Therefore, the Plan Administrator seeks entry of the Order adjusting the Claim to the Corrected Amount.

Reservation of Rights

16. This Objection is limited to the grounds stated herein. Accordingly, it is without prejudice to the rights of the Plan Administrator to object to any claim on any grounds whatsoever. The Plan Administrator expressly reserves all further substantive or procedural objections. Nothing contained herein or any actions taken pursuant to such relief is intended or should be construed as: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Plan Administrator's 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 Objection or any order granting the relief requested by this Objection; (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 Plan Administrator's rights under the Bankruptcy Code or any other applicable law.

Notice

17. The Plan Administrator will provide notice of this Objection to: (a) Office of the United States Trustee for the Southern District of Texas; (b) the Claimant; and (c) any party that has requested post-Effective Date notice pursuant to Bankruptcy Rule 2002. The Plan Administrator submits that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

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

WHEREFORE, the Plan Administrator respectfully requests entry of the Order, substantially in the form attached hereto as **Exhibit B**, granting the relief requested herein and such other and further relief as is just and equitable.

Dated: September 14, 2018

GREENBERG TRAURIG, LLP

By: /s/
Shari L. Heyen
Texas State Bar No. 09564750
HeyenS@gtlaw.com
David R. Eastlake
Texas State Bar No. 24074165
EastlakeD@gtlaw.com
1000 Louisiana, Suite 1700
Houston, Texas 77002
Telephone: 713-374-3500
Facsimile: 713-374-3505

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

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing *Plan Administrator's Objection to Proof of Claim No. 7 Filed by U.S. Bank, N.A.* has been served upon the parties eligible to receive notice through the Court's ECF facilities by electronic mail on September 14, 2018.

/s/
David R. Eastlake

Exhibit A

Declaration of Aaron Skidmore in Support of Plan Administrator's Objection to Proof of Claim No. 7 Filed by U.S. Bank, N.A.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	**Chapter 11**
	§	
COBALT INTERNATIONAL ENERGY, INC., *et al.*,[1]	§	**Case No. 17-36709 (MI)**
	§	
Reorganized Debtors.	§	**(Jointly Administered)**

DECLARATION OF AARON SKIDMORE IN SUPPORT OF PLAN ADMINISTRATOR'S OBJECTION TO PROOF OF CLAIM NO. 7 FILED BY U.S. BANK, N.A.

I, Aaron Skidmore, hereby declare under penalty of perjury:

1. Under the *Fourth Amended Joint Chapter 11 Plan of Cobalt International Energy, Inc. and Its Debtor Affiliates*, confirmed on April 5, 2018 (the "Plan"), Nader Tavakoli was appointed as the Lead Member and Chairman of the Plan Administrator Committee of Cobalt International Energy, Inc. et al. (the "Plan Administrator"). The Plan Administrator has been utilizing certain employees of the Reorganized Debtors to assist him in reconciling and, if necessary, objecting to claims filed against the Debtors, consistent with the duties assigned to the Plan Administrator under the confirmed Plan. I am the current Treasurer of Cobalt International Energy, Inc. and I have assisted the Plan Administrator in this capacity.

2. I am generally familiar with the Debtors' operations, financing arrangements, business affairs, and books and records that reflect, among other things, the Debtors' liabilities and the amount thereof owed to their creditors as of the Petition Date. I have read the *Plan*

[1] The Reorganized Debtors in the Chapter 11 Cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, are: Cobalt International Energy, Inc. (1169); Cobalt International Energy GP, LLC (7374); Cobalt International Energy, L.P. (2411); Cobalt GOM LLC (7188); Cobalt GOM # 1 LLC (7262); and Cobalt GOM # 2 LLC (7316). The Reorganized Debtors' service address is: 945 Bunker Hill Road, Suite 625, Houston, TX 77024.

Administrator's Objection Proof of Claim No. 7 Filed by U.S. Bank, N.A. (the "Objection"), filed contemporaneously herewith.[2]

3. To the best of my knowledge, information and belief, the assertions made in the Objection are accurate. In evaluating the Claim, the Reviewing Parties have thoroughly reviewed the Debtors' books and records and the claims register, along with the Claim and any supporting documentation filed therewith, and have determined that the asserted Claim Amount must be adjusted to reflect the true liability of the Debtor to the Claimant at the Petition Date. In reviewing the Debtors' books and records, the Reviewing Parties have determined that the portion of the Claim concerning the Post-Petition Charges does not assert a proper allowable claim under section 502(b) of the Bankruptcy Code and therefore should be disallowed, adjusting the claim to the Corrected Amount. Alternatively, to the extent the Residual Value Charges are not improperly asserted Post-Petition Charges, the Reviewing Parties have determined that the Debtors have no liability for the Residual Value Charges. As such, the portion of the Claim attributable to the Residual Value Charges should be disallowed.

4. Accordingly, I believe that the reduction of the Claim to the Corrected Amount on the terms set forth in the Objection is appropriate. I believe failure to modify or adjust the amount of the Claim could result in the Claimant receiving an unwarranted recovery to the detriment of other similarly situated creditors.

[2] Capitalized but undefined terms herein shall have the same meaning ascribed to them in the Objection.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the facts set forth in the foregoing declaration are true and correct to the best of my knowledge, information and belief.

Dated: September 14, 2018

/s/ Aaron Skidmore
Aaron Skidmore
Treasurer
Cobalt International Energy, Inc.

Exhibit B

Proposed Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	**Chapter 11**
	§	
COBALT INTERNATIONAL ENERGY, INC., *et al.*,[1]	§	**Case No. 17-36709 (MI)**
	§	
Reorganized Debtors.	§	**(Jointly Administered)**

ORDER SUSTAINING PLAN ADMINISTRATOR'S
OBJECTION TO PROOF OF CLAIM NO. 7 FILED BY U.S. BANK, N.A.

Upon the *Plan Administrator's Objection to Proof of Claim No. 25 Filed by U.S. Bank, N.A.* (the "Objection");[2] and upon consideration of the Objection and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157; and this Court having jurisdiction pursuant to 28 U.S. § 1334; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Objection having been provided; and it appearing that no other or further notice need be provided; and the Court having determined that there exists just cause for the relief granted herein; and upon the record of any hearing before the Court, and any responses to the Objection having been withdrawn, resolved, or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED** that:

1. The Objection is sustained as set forth herein.

2. Proof of Claim No. 7 filed by U.S. Bank, N.A. is hereby adjusted in amount to a general unsecured claim in the amount of $2,594.86.

3. Kurtzman Carson Consultants, LLC, as Claims, Noticing and Solicitation Agent, is

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[2] Capitalized but undefined terms herein shall have the same meaning as ascribed to them in the Objection.

authorized and directed to update the claims register maintained in these Chapter 11 Cases to reflect the relief granted in this Order.

4. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Plan Administrator's 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 Objection or any order granting the relief requested by this Objection; (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 Plan Administrator's rights under the Bankruptcy Code or any other applicable law.

5. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

6. The Plan Administrator is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Objection.

7. This Court shall retain exclusive jurisdiction to resolve any dispute arising from or related to this Order.

Signed: _____, 2018

_____
HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE