

	)	
	)	Chapter 11
In re:	)	
	)	Case No. 17-36709 (MI)
COBALT INTERNATIONAL ENERGY, INC., <i>et al.</i> , ¹	)	
	)	(Jointly Administered)
Reorganized Debtors.	)	
	)	Re: Docket No. 1195
	)	

U.S. Bank National Association, in its capacity as indenture trustee and collateral agent (in both capacities, the “**Second Lien Indenture Trustee**”) under that certain Senior Secured Notes Indenture, dated as of December 6, 2016 (as amended, supplemented, or otherwise modified from time to time, the “**Second Lien Indenture**”), among Cobalt International Energy, Inc., the Subsidiary Guarantors party thereto, and the Second Lien Indenture Trustee, hereby files this Joinder to the *Motion of Nader Tavakoli, Acting Solely as Plan Administrator, to Transfer Funds In Furtherance of the Plan* (the “**Plan Administrator’s Motion**”).² In support hereof, the Second Lien Indenture Trustee represents as follows:

1. The Second Lien Indenture Trustee supports and joins the Plan Administrator's request for authorization to transfer \$120 million of the remaining Sonangol Settlement Proceeds

1 The Reorganized Debtors in the 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 Reorganized Debtors' service address is: 920 Memorial City Way, Suite 100, Houston, Texas 77024.

2 Unless otherwise indicated, capitalized terms herein will have the same meaning as ascribed to them in the Motion.



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from the Segregated Account to the Plan Administrator Account, inasmuch as the \$120 million constitutes Net Cash available for distribution under the Plan to the Second Lien Indenture Trustee for the benefit of the Holders of the Allowed Second Lien Notes Claims.³

2. Following receipt of the funds from the Plan Administrator, the Second Lien Indenture Trustee intends to promptly disburse the funds through Depository Trust Company to the Holders of the Allowed Second Lien Notes Claims who are entitled to such distributions.

3. In addition to the foregoing, the Second Lien Indenture Trustee would also like to disburse an additional \$2,000,000 to the Holders of the Allowed Second Lien Notes Claims from that certain reserve account that was established pursuant to the Plan and Confirmation Order in the original amount of \$8,000,000.00 (the “**Trustee Reserve**”) for payment of the Second Lien Trustee’s fees and expenses, including the fees and expenses of its attorneys and other advisors or consultants, and for payment of any liabilities for which it is entitled to be indemnified under the Second Lien Indenture, including fees, expenses, and liabilities incurred in connection with prosecuting the Second Lien Notes Claims and defending against any Second Lien Claims Objections.

4. The Trustee currently has approximately \$7,500,000.00 in the Trustee Reserve after paying fees and expenses it has incurred to date. In light of the resolution of a number of the issues relating to the Second Lien Notes Claims and Second Lien Claims Objections, the Second Lien Trustee believes it would be appropriate to make a partial disbursement from the Trustee Reserve in the amount of \$2,000,000 contemporaneously with the disbursement of the funds the Second Lien Trustee receives from the Plan Administrator pursuant to the Motion. The

³ Under the Plan, the Second Lien Notes Claims were “[a]llowed in the amount of \$934,732,000 less \$1,900,000 negotiated in connection with the Sale Transaction for the Debtors’ Heidelberg Assets, plus accrued interest and all other fees, costs, expenses, premiums, and other amounts provided for under the Second Lien Indenture, in each case to the extent Allowed, including under section 506 of the Bankruptcy Code.” (emphasis added)

Confirmation Order provides, however, that the Second Lien Indenture Trustee may not distribute any of the Trustee Reserve to any holders unless and until this Court enters an Order allowing the Second Lien Notes Claims in an amount sufficient to permit such disbursement.

REQUEST FOR RELIEF

5. The Second Lien Indenture Trustee requests that, in addition to granting the relief requested in the Motion, the Court further authorize the Second Lien Indenture Trustee to disburse \$2,000,000.00 from the Trustee Reserve to the Holders of the Allowed Second Lien Notes Claims at such time as the Second Lien Trustee distributes the \$120 million that is the subject of the Motion.

BASIS FOR RELIEF

6. As set forth in the Motion, the Holders of the Allowed Second Lien Notes Claims are the sole and only remaining creditors entitled to receive the Net Cash under the Plan. Pursuant the Plan, the Second Lien Notes Claims have already been allowed in the amount of \$932,832,000.00, with the only outstanding issue being the amount of accrued interest, fees, costs, expenses, premiums, and other amounts that should be added to the Allowed Second Lien Notes Claims.⁴ (See fn. 3 above). The Plan Administrator has disbursed to date a total of \$697,231,114.38 to the Second Lien Indenture Trustee for distribution to the Holders of Allowed Second Lien Notes Claims. With the additional \$120 million the Plan Administrator is seeking to disburse pursuant to the Motion, the total amount will increase to \$817,231,114.38, leaving an allowed outstanding principal balance of almost \$116,000,000. Therefore, the Second Lien Notes Claims have been allowed in an amount sufficient to justify the Second Lien Indenture

⁴ Determining these amounts would be nothing more than an academic exercise, inasmuch as there will not be sufficient Net Cash available to pay even the total amount of the allowed principal amount of the Allowed Second Lien Notes Claims.

Trustee disbursing another \$2,000,000.00 to the Holders of the Allowed Second Lien Notes Claims contemporaneously with the distribution of the \$120,000,000 from the Plan Administrator.

7. Section 105(a) of the Bankruptcy Code authorizes a court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

8. For the reasons set forth above, the additional relief requested by the Second Lien Indenture Trustee is necessary and appropriate to the carry out the provisions of the Bankruptcy Code and, more specifically, the Plan.

RESERVATION OF RIGHTS

9. The Second Lien Indenture Trustee reserves the right to seek further relief.

NOTICE

10. The Second Lien Indenture Trustee will serve a copy of this Joinder on (a) counsel for the Plan Administrator; (b) the Office of the United States Trustee for the Southern District of Texas; and (c) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Second Lien Indenture Trustee submits that, in light of the nature of the relief requested, no other or further notice need be given.

WHEREFORE, the Second Lien Indenture Trustee requests that the Court enter an order granting the Motion and including therein the additional relief requested herein, and granting such other and further relief that it deems just and proper.

Dated: December 10, 2018

Respectfully submitted,

/s/ David E. Lemke

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as Second Lien Indenture Trustee*

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Joinder to Motion has been served either through the Court's CM/ECF electronic noticing system - or via U.S. Mail, as indicated below, this 10th day of December, 2018.

/s/ David E. Lemke

David E. Lemke

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