

**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)
)	
Reorganized Debtors.)	(Jointly Administered)
)	
)	Re: Docket Nos. 1195, 1208

**LIMITED OBJECTION OF THE CLAIMANTS TO
THE PLAN ADMINISTRATOR’S MOTION FOR ORDER
AUTHORIZING TRANSFER OF FUNDS AND THE SECOND LIEN
INDENTURE TRUSTEE’S JOINDER TO THE MOTION**

Marble Ridge Capital LP (“Marble Ridge”), White Box Advisors, LLC (“White Box”), Nut Tree Master Fund, LP (“Nut Tree”), and Cyrus Capital Partners, L.P. (“Cyrus Capital”), each a Holder, or an investment manager to and on behalf of a respective Holder, of an Allowed Second Lien Notes Claim (each a “Claimant” and collectively, the “Claimants”),² file this Limited Objection to the Plan Administrator’s Motion for Order Authorizing Transfer of Funds and the Second Lien Indenture Trustee’s Joinder to the Motion, and in support thereof, respectfully state as follows:

LIMITED OBJECTION

1. Collectively, the Claimants hold approximately 74% of the outstanding amount of \$936,000,000 due under the Second Lien Notes.

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: 920 Memorial City Way, Suite 100, Houston, Texas 77024.

² Unless otherwise indicated, all capitalized terms in this Limited Objection shall have the same meaning as ascribed to them in the Motion or the Joinder.



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2. The Claimants support and join the Plan Administrator's request for authorization to transfer \$120 million of the remaining Sonangol Settlement Proceeds from the Segregated Account to the Plan Administrator Account.

3. Through its joinder, the Second Lien Indenture Trustee also seeks authority to disburse an additional \$2,000,000 to the Holders of the Allowed Second Lien Note Claims from the Trustee Reserve. Based on discussions with the Trustee to date, the Claimants believe the Trustee currently has approximately \$7,500,000 in the Trustee Reserve. Thus, the Trustee seeks to retain approximately \$5,500,000 in the Trustee Reserve after making the disbursement.

4. In light of the current status of these reorganized bankruptcy cases and the open and unresolved matters that currently exist, the Claimants respectfully state that there is no reasonable basis for the Trustee to maintain an ongoing reserve of approximately \$5,500,000. The Claimants have previously requested that the Second Lien Indenture Trustee distribute \$6 million of the Trustee Reserve. However, despite repeated requests from the economic stakeholders in this case, the Indenture Trustee has failed to provide any basis for its refusal to distribute a greater amount from the Trustee Reserve. The Claimants respectfully suggest that any funds in excess of \$1,500,000 should be disbursed leaving more than a reasonable amount remaining in the Trust Reserve.

5. Accordingly, the Court should authorize the Plan Administrator to transfer \$120 million of the Sonangol Settlement Proceeds being held in the Segregated Account to the Plan Administrator Account and order an additional \$6,000,000 be disbursed to the Holders of Allowed Secured Lien Notes Claims. Additionally, the Claimants reserve the right to seek further relief from the Court, if necessary, to distribute additional funds from the Trustee Reserve and avoid any waste of valuable estate assets.

WHEREFORE, for the reasons stated herein, the Claimants respectfully request that the Bankruptcy Court enter an order sustaining this Limited Objection and such other and further relief as the Court deems just and equitable.

Respectfully submitted this 12th day of December, 2018.

HUNTON ANDREWS KURTH LLP

/s/ David A. Zdunkewicz

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Counsel for MarbleRidge Capital LP

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on December 12, 2018, a true and correct copy of the foregoing document was served via the Court's CM/ECF notification system on the parties registered to receive electronic notices in this case.

By: /s/ David A. Zdunkewicz

David A. Zdunkewicz