IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	**Chapter 11**
	§	
Superior Energy Services, Inc., et al.,	§	**Case No. 20-35812 (DRJ)**
	§	
	§	**(Jointly Administered)**
Debtors.[1]	§	

MARATHON OIL COMPANY'S (I) OBJECTION TO CONFIRMATION OF JOINT PREPACKAGED PLAN OF REORGANIZATION FOR SUPERIOR SERVICES, INC., (II) FINAL APPROVAL OF DEBTORS' DISCLOSURE STATEMENTAND ITS AFFILIATED DEBTORS AND (III) JOINDER IN THE CONFIRMATION OBJECTIONS OF (A) CHEVRON U.S.A. INC., UNION OIL COMPANY OF CALIFORNIA AND CHEVRON MIDCONTINENT, L.P. AND (B) ARENA ENERGY, LLC AND ARENA OFFSHORE, LP
[Related to Docket Nos. 11, 242, 227]

Marathon Oil Company ("Marathon"), a counter-party to multiple agreements with the Debtors and creditor and party in interest in the above-referenced cases, files this objection (the "Objection") to the Debtors' *Joint Prepackaged Plan of Reorganization for Superior Energy Services, Inc. and its Affiliate Debtors under Chapter 11 of the Bankruptcy Code* [Docket No. 11] (as may be amended, supplemented, or otherwise modified from time to time, the "Plan"), final approval of the Debtor's Disclosure Statement [Docket 12] and joins in (a) Chevron U.S.A. Inc., Union Oil Company of California and Chevron Midcontinent, L.P.'s Objections to Debtors' Joint

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Superior Energy Services, Inc. (9388), SESI, L.L.C. (4124), Superior Energy Services-North America Services, Inc. (5131), Complete Energy Services, Inc. (9295), Warrior Energy Services Corporation (9424), SPN Well Services, Inc. (2682), Pumpco Energy Services, Inc. (7310), 1105 Peters Road, L.L.C. (4198), Connection Technology, L.L.C.(4128), CSI Technologies, LLC (6936), H.B. Rentals, L.C. (7291), International Snubbing Services, L.L.C. (4134), Stabil Drill Specialties, L.L.C. (4138), Superior Energy Services, L.L.C. (4196), Superior Inspection Services, L.L.C. (4991), Wild Well Control, Inc. (3477), and Workstrings International, L.L.C. (0390). The Debtors' address is 1001 Louisiana Street, Suite 2900, Houston, Texas 77002.

of Reorganization Chapter 11 of the Bankruptcy Code and Final Approval of Debtors' Disclosure Statement (the "Chevron Objection") [Docket No. 227]; and (b) Objection of Arena Energy, LLC and Arena Offshore LP to Confirmation of Joint Prepackaged Plan of Reorganization for Superior Energy Services, Inc. and its Affiliate Debtors (the "Arena Objection") [Docket No. 242]. In support of the Objection, Marathon states as follows:

I. MARATHON'S OBJECTIONS

1. On December 8, 2020, the Court entered an order [Docket No. 98] approving, on a preliminary basis, the Debtors' disclosure statement and establishing a hearing date and related deadlines for confirmation of the Plan and assumption of executory contracts, including the "Confirmation Objection Deadline" of January 12, 2021. By agreement, the Debtor and Marathon extended the Confirmation Objection Deadline to January 14, 2021 at 5:00 p.m. (prevailing Central Time).

2. On January 15, 2004, Marathon conveyed, inter alia, certain (i) oil, gas and mineral leases, (ii) wells, (iii) easements, and (iv) data (collectively, the "Assets") to SPN Resources, LLC ("SPN") under that certain Purchase and Sale Agreement, Assignment of Record Title Interest in SS 252, Assignment of Record Title Interest in SS 253 effective October 1, 2003 (collectively, the "PSA"). The PSA was later amended by that First Amendment to Purchase and Sale Agreement by and between Marathon and SPN (the "First Amendment" and collectively with, the PSA, the "PSA").

3. SPN agreed, inter alia, to assume the plugging and abandonment obligations and other remediation responsibilities for the Assets under the PSA. SPN Further agreed to indemnify and hold Marathon harmless from any liability associated with these obligations.

4. As part of the PSA, Superior Energy Services, Inc. ("SES"), the parent entity for SPN, entered into that certain Performance Guaranty Agreement dated January 15, 2004 (the "PGA"). Under the PGA, SES unconditionally guaranteed "the full and timely performance, payment and discharge" of SPN's obligation or liability under the PSA.

5. Marathon also holds an unliquidated claim under a Master Services Agreement and Consumer Agreement(s) against certain of the Debtors. Marathon's claims against SES and the Debtors are unsecured under the Plan and fall under Class 6.

A. Marathon objects to the Plan because Class 5 was designed solely to obtain an affirmative vote of an impaired class.

6. Section 1129(a)(1) of the Bankruptcy Code requires that a plan comply with the applicable provisions of the Bankruptcy Code. *See* 11 U.S.C. § 1129(a)(1). The determination of whether the Plan complies with section 1129(a)(1) of the Bankruptcy Code requires an analysis of §§ 1122 and 1123 of the Bankruptcy Code. Claims that share common priority and rights against a debtor's estate are "substantially similar claims," and receive the same treatment. *See In re Heritage Org., L.L.C.,* 375 B.R. 230, 298 (Bankr. N.D. Tex. 2007) (quoting *Phoenix Mutual Life Ins. Co. v. Greystone III Joint Venture (In re Greystone III Joint Venture),* 995 F.2d 1274, 1278 (5th Cir. 1991)). There is a narrow exception to the rule that a debtor should classify substantially similar claims together—if a debtor can articulate a legitimate business justification for separate classification, the Debtors have articulated no such reason. *See Matter of Briscoe Enters., Ltd.*, II, 994 F.2d 1160, 1167 (5th Cir. 1993)

7. Here, Marathon objects to the proposed classification of its unsecured claim (in Class 6) with those of the prepetition noteholders and non-bondholder claims (Class 5) against

SES. The Plan contemplates that allowed claims in both Class 5 and Class 6 are to receive a pro rata share of a $125,000.00 Parent GUC Recovery Cash Pool. The prepetition noteholders have agreed to waive their distribution of the Parent GUC Recovery Cash Pool. The Plan therefore impermissibly classifies nearly identical claims in different classes. Since the prepetition noteholders are waiving their distribution from SES, there is no valid business reason to place these holders into a separate class unless the Debtors intend to use these waived claims solely to gerrymander an impaired voting class.

B. Marathon objects to the Plan it unfairly discriminates against holders of Class 6 claims.

8. The unfair discrimination standard prevents creditors and equity interest holders with similar legal rights from receiving materially different treatment under a proposed plan without compelling justifications for doing so. *See In re Greystone III Joint Venture*, 995 F.2d 1274 (5thCir. 1992); *In re Johns-Manville Corp.*, 68 B.R. at 636 (segregating two similar claims into separate classes and providing disparate treatment for the classes is unfairly discriminatory); see, e.g., *In re Ambanc La Mesa Ltd. P'ship*, 115 F.3d 650, 656 (9th Cir. 1997); *Aztec*, 107 B.R. at 589-91.

9. Here, holders of general unsecured Class 6 claims will receive a pro rata share of the $125,000.00 Parent GUC Recovery Cash Pool. Any recovery in Class 6 will yield Marathon little or no recovery. Classes 5 and 7 are unsecured noteholder claims with substantially the same claims as Class 6, yet will receive a substantially larger distribution (an estimated 63% - 76% recovery) under the Plan. Holders of unsecured Class 8 claims are deemed unimpaired and will be paid in full. The Debtors have provided no justification for the disparate treatment of Marathon

and other similarly situated holders of Class 6 claims. Thus, the Plan discriminates unfairly against holders of Class 6 claims.

10. Marathon expressly reserves the right to supplement this Objection in advance of the Confirmation Hearing and to raise additional arguments at the Confirmation Hearing.

II.
JOINDER

11. In addition to the foregoing, Marathon joins in Chevron Objection and the Arena Objection.

NOTICE OF AND OBJECTION TO OPT-OUT BY MARATHON OIL COMPANY

12. In addition to the Objection, Marathon hereby provides notice of its election to opt out of, and objection to, the third-party release provisions contained in the Plan, including those releases in Article X of the Plan.

Dated: January 14, 2021

Respectfully submitted by,

/s/ Clay M. Taylor
Clay M. Taylor
Texas State Bar No. 24033261
M. Jermaine Watson
Texas State Bar No. 24063055
J. Robertson Clarke
Texas State Bar No. 24108098
BONDS ELLIS EPPICH SCHAFER JONES LLP
420 Throckmorton Street, Suite 1000
Fort Worth, Texas 76102
(817) 405-6900 telephone
(817) 405-6902 facsimile
Email: clay.taylor@bondsellis.com
Email: jermaine.watson@bondsellis.com
Email: robbie.clarke@bondsellis.com

ATTORNEYS FOR
MARATHON OIL COMPANY

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on January 14, 2021, a copy of the foregoing document was served on all parties requesting service via the Court's ECF system.

/s/ M. Jermaine Watson
M. Jermaine Watson