IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION

In re:	)	
	)	
MISSISSIPPI PHOSPHATES	)	
CORPORATION, *et al.*[1]	)	**CASE NO. 14-51667-KMS**
	)	**Chapter 11**
	)	
Debtors	)	**Jointly Administered**
	)	

MOTION OF THE DEBTORS PURSUANT TO §§ 105 AND 363 OF THE BANKRUPTCY CODE AND FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019 FOR AN ORDER APPROVING SETTLEMENT AMONG THE DEBTORS, PHOSPHATE HOLDINGS, INC., THE LENDER PARTIES AND THE ENVIRONMENTAL AGENCIES

Mississippi Phosphates Corporation, *et al.*, the Debtors and debtors-in-possession herein (collectively, the "***Debtors***" or the "***Company***"), by and through their attorneys, file this *Motion of the Debtors Pursuant to §§ 105 and 363 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 9019 for an Order Approving Settlement among the Debtors, Phosphate Holdings, Inc., the Lender Parties, and the Environmental Agencies* (the "***Motion***"). In support of the Motion, the Debtors present the following matters:

Summary of Relief Requested

1. The Debtors respectfully request the Court to approve that certain *Stipulation and Settlement Agreement*[2] by and among the Debtors, Phosphate Holdings, Inc. ("***PHI***", together

[1] The chapter 11 cases of the following affiliated Debtors have been administratively consolidated for joint administration pursuant to that certain *Order Granting Motion of the Debtor for Order Directing Joint Administration of Affiliated Cases Pursuant to Bankruptcy Rule 1015(b)*, dated October 29, 2014 [Dkt. # 62]: Mississippi Phosphates Corporation ("***MPC***"), Case No. 14-51667, Ammonia Tank Subsidiary, Inc. ("***ATS***"), Case No. 14-51668 and Sulfuric Acid Tanks Subsidiary, Inc. ("***SATS***", and, collectively with MPC and ATS, the "***Debtors***"), Case No. 14-51671. These chapter 11 cases are sometimes referred to herein as the "***Bankruptcy Cases***."

[2] The Settlement Agreement is attached hereto as Exhibit A. All capitalized terms not otherwise defined in the Motion shall have the meaning ascribed to such terms in the Settlement Agreement.

with the Debtors, the "***Estate Parties***"), STUW LLC, as administrative agent (in such capacity, the "***Agent***") for the pre-petition lenders (the "***Pre-Petition Lenders***") and post-petition lenders (the "***Post-Petition Lenders***") of the Debtors identified in Appendix 1 to the Settlement Agreement (collectively, the "***Lenders***",[3] and together with the Agent, the "***Lender Parties***"), the United States of America, on behalf of the Environmental Protection Agency (the "***EPA***")[4], and the Mississippi Department of Environmental Quality (the "***MDEQ***," and together with the EPA, collectively, the "***Environmental Agencies***") (the Estate Parties, the Lender Parties and the Environmental Agencies, collectively, the "***Parties***").

2. The proposed Settlement Agreement, in general terms,[5] provides: (a) either (i) a sales process for all or substantially all of the assets of the bankruptcy estates, including but not limited to the phosphogypsum stacks and related process water management system (the "***Gyp Stacks***") to a qualified buyer whose bid includes a component providing for at least $15,000,000 cash consideration to be paid to the Lender Parties for their collateral in addition to any other consideration or liabilities assumed or paid by the proposed purchaser, as well as the assumption of environmental liabilities to the Environmental Agencies related to the Debtors' assets, including without limitation, the Gyp Stacks, and satisfaction of the financial assurance requirements of the Environmental Agencies under non-bankruptcy law including, but not limited to, the financial assurance requirements in RCRA Subtitle C, all of which shall be subject to the approval of the Environmental Agencies, or, (ii) in the alternative, an "Alternative Transaction" providing for a transfer of the assets of the bankruptcy estates to two trusts (the

[3] "Lenders" shall refer to the pre-petition or post-petition entities, or a combination thereof, as applicable.

[4] The United States' participation in the Settlement Agreement is subject to the public notice and comment. Notice of the Settlement Agreement will be published in the Federal Register and the public will have fifteen (15) days to comment. The United States will evaluate any submitted comments and, thereafter, will advise the Court.

[5] The description of the Settlement Agreement contained herein is only a summary. In the event of any discrepancy, the terms of the Settlement Agreement shall govern.

Liquidation Trust and Environmental Trust) one of which, the Liquidation Trust, receives substantially all assets other than the Gyp Stacks to market for sale with a distribution structure for sales proceeds for payment of the claims of the Lenders, for funding Environmental Actions taken by the Environmental Trust (which takes ownership of the Gyp Stacks), and for distribution to the bankruptcy estates; (b) up to $6,000,000 in DIP/Exit Obligations by the Post-Petition Lenders for the Debtors' operations and waste water processing through the Sale Deadline or Closing Date, as applicable; (c) a distribution structure for the proceeds of the BP Claim or Protective Claim to the Lenders, the Environmental Trust and the bankruptcy estates; and (d) a covenant not to sue or assert any civil claims or causes of action or to take administrative action against the Lender Parties, and PHI, as well as certain officers, directors and employees of the Debtors.

3. Pursuant to the Settlement Agreement:

(a) The Debtors will continue to market the assets of the bankruptcy estates and seek to obtain a bid from a purchaser that has entered into an asset purchase agreement with the Debtors for a Debtor All-Asset Sale (the "***Debtor All-Asset Sale APA***"). Prior to the Debtor All-Asset Sale Deadline, the Debtors shall market the assets of the bankruptcy estates solely for purposes of a Debtor All-Asset Sale.

(i) The Debtor All-Asset Sale APA must include a component that provides for a minimum of $15,000,000 cash consideration to be paid to the Lender Parties for their collateral in addition to any other consideration or liabilities assumed or paid by the Prevailing Bidder.

(ii) The Debtor All-Asset Sale APA must provide for the Prevailing Bidder's assumption of the environmental liabilities to the Environmental

Agencies related to the bankruptcy estates' assets, including the Gyp Stacks, and satisfy financial assurance requirements of the Environmental Agencies under non-bankruptcy law.

(iii) The Prevailing Bidder must demonstrate the financial means, technical competence, and commitment to operate the Facility, including the Gyp Stacks, in compliance with federal and state environmental requirements.

(iv) So long as the minimum $15,000,000 of cash consideration is to be paid to the Lender Parties for their collateral in a Debtor All-asset Sale, the Lender Parties will not be entitled to credit bid against any bidder in a Debtor All-Asset Sale.

(b) If a Debtor All-Asset Sale does not close by the Sale Deadline, the Debtors shall close and consummate the Alternative Transaction. Under the Alternative Transaction structure, the Debtors shall close and consummate the Liquidation Trust APA and the Environmental Trust Assignment by the Closing Date.

(c) The Liquidation Trust APA shall provide for the purchase and sale by the Agent's designee (the Liquidation Trust), through the use of credit bid of a portion of the Agent Secured Claim covering of all of the Debtors' real and tangible personal property (except for the Gyp Stacks), the assumption of the Trammo Terminal Operation Agreement, the assignment of all of the Debtors' insurance policies, coverage, refunds and rights under such policies held by the Debtors prior to the Closing Date (except for the insurance policies covering officers and directors as described in the Committee Settlement and the rights to recover under insurance policies for environmental liabilities and/or related proceeds).

(i) Prior to the Closing Date, the Agent will assign the Liquidation Trust $15,000,000 of the Agent Secured Claim and release the Agent's remaining pre-petition liens and security interests in exchange for the Agent's rights to distributions from the Liquidation Trust as provided in the Settlement Agreement.

(ii) The Liquidation Trust shall submit a credit bid of $15,000,000 of the Agent Secured Claim for the Liquidation Trust Acquired Assets.

(iii) The Liquidation Trust shall market the Liquidation Trust Acquired Assets for a period of 48 months after the Closing Date (which may be extended for a period of 12 months).

(d) By the Closing Date, the Debtors shall execute the Environmental Trust Assignment that transfers the following bankruptcy estate assets to the Environmental Trust: the Gyp Stacks; the bankruptcy estates' rights in and to the State Trust Fund; the Debtors' rights to recover under insurance policies for environmental liabilities and/or any proceeds from such insurance policies; and, the Debtors' contract with Allen Engineering and Science, Inc.

(e) If a Buyer desires to consummate a Trust All-Asset Sale with the Liquidation Trust and the Environmental Trust, the Buyer must demonstrate the financial means, technical competence, and commitment to operate the Facility, including the Gyp Stacks, in compliance with federal and state environmental requirements.

(f) If a Debtor All-Asset Sale or Trust All-Asset Sale is closed prior to the Agent's receipt of BP Proceeds, then any proceeds of the BP Claim or Protective Claim shall be distributed as follows: (i) first, to Motley Rice in the amount of its fees and expenses; (ii) second, to the Agent in the full amount of the DIP/Exit Obligations; (iii)

third, to the Reimbursement Escrow Account up to the Reimbursement Cap; (iv) fourth, to the Environmental Wind-Down Reserve Account up to $50,000; (v) fifth, all remaining proceeds to the Agent until the Agent has received full payment of the Agent Secured Claim; and, (vi) all remaining proceeds to the bankruptcy estates or any successor entity to be distributed as Excess Proceeds.

(g) If a Debtor All-Asset Sale or Trust All-Asset Sale is not closed prior to the Agent's receipt of BP Proceeds, then any proceeds of the BP Claim or Protective Claim shall be distributed as follows: (i) first, to Motley Rice in the amount of its fees and expenses; (ii) second, to the Agent in the full amount of the DIP/Exit Obligations; (iii) third, to the Reimbursement Escrow Account up to the Reimbursement Cap; (iv) fourth, 50% of the remaining proceeds to the Environmental Trust and the balance to the Agent up to $45,000,000 with respect to the Agent Secured Claim; (v) fifth, 85% of the remaining proceeds to the Environmental Trust until such time as the Environmental Trust Funding Threshold is satisfied, and the balance of the remaining proceeds to the Agent until the Agent Secured Claim has been paid in full; and, (vi) sixth, all remaining proceeds to the bankruptcy estates or any successor entity to be distributed as Excess Proceeds.

(h) The distributions described in the two preceding paragraphs shall be deemed amended as follows upon the occurrence of any of the following events:

(i) Upon the Agent's receipt of the full amount of the Agent Secured Claim (in addition to receipt of the full amount of the DIP/Exit Obligations), all remaining proceeds shall be paid to the Environmental Trust up to the Environmental Trust Funding Threshold.

(ii) Upon the Environmental Trust's receipt of the full amount of the Environmental Trust Funding Threshold, all remaining proceeds shall be paid to the Agent up to the full amount of the Agent Secured Claim (in addition to receipt of the full amount of the DIP/Exit Obligations).

(iii) Upon both the Agent's receipt of the full amount of the Agent Secured Claim (in addition to receipt of the full amount of the DIP/Exit Obligations) and the Environmental Trust's receipt of the full amount of the Environmental Trust Funding Threshold, pursuant to Paragraph 27(a) and (b) above, all remaining proceeds (the "***Excess Proceeds***") shall be distributed to the Bankruptcy Estates or any successor entity and be considered Excess BP Proceeds subject to the procedures for such proceeds set forth in the Committee Settlement.

(i) The DIP Lenders shall make advances pursuant to the terms of the DIP Credit Agreement and the Approved Budget in the aggregate amount of $6,000,000 to finance the Debtors' operations, including provision for the Debtors' operation of the Waste Water Treatment Plant, and administrative funding for the Debtors through the Sale Deadline or the Closing Date, as applicable.

(j) The Environmental Agencies covenant not to sue or assert any civil claims or causes of action or to take any administrative action against the Debtors, PHI, the Lender Parties, the Liquidation Trust, or the Environmental Trust Parties pursuant to the applicable federal and state environmental laws or pursuant to any liability or obligation asserted in the Environmental Agencies' Claims for violations, corrective actions, response actions or response costs related to the Facility.

(k) The Environmental Agencies also covenant not to bring an adversary proceeding or other civil or administrative action against the Debtors or the Lender Parties (including Lender Parties' representatives serving on, or as observers to, the PHI board of directors) with respect to the (i) BP Claim or the Facility based on theories of fraud, fraudulent inducement, equitable subordination, debt recharacterization, or fraudulent conveyance under the Bankruptcy Code or applicable state law, or (ii) for past conduct of the Debtors and the Lender Parties (including Debtors' and the Lender Parties' representatives serving on or as observers to the PHI board of directors) with respect to the Amended and Restated Credit Agreement, as amended, or any negotiations with respect to the Debtors' environmental obligations. The applicable covenants extend to each of the Debtors', the Lender Parties' and PHI's respective officers, directors (including Lender Parties' representatives serving as PHI board observers), employees, successors and assigns, but only to the extent that the alleged liability of such person or entity is based on his, her, or its acts, omissions or status as such and in his, her, or its capacity as such. With respect to Debtors, the covenants not to sue under environmental statutes extend only to those officers, directors, and employees who served in such capacity only after July 1, 2013.

4. Accordingly, the Debtors believe that the proposed Settlement Agreement maximizes the value of the bankruptcy estates by ensuring the environmental issues are properly addressed through a flexible sales process. The Settlement Agreement accomplishes these objectives by: (i) resolving the claims of the Environmental Agencies against the Estate Parties and the Lender Parties with respect to the Facility; (ii) providing additional time and financing for the Debtors to market the assets of the bankruptcy estates through a potential Debtor All-

Asset Sale; and (iii) offering an Alternative Transaction if no Debtor All-Asset Sale is consummated.

Jurisdiction

5. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334, Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***") Rule 9019 and the standing order of reference of the District Court. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

6. In an effort to provide the Court and all interested parties with sufficient information to evaluate the merits of the proposed Settlement, the Debtors believe that including a detailed statement of the relevant factual background is appropriate, and should serve to apprise all interested persons of the reasoning underlying the Debtors' business decision to enter into the Settlement Agreement.[6]

A. The Company

7. Prior to October 27, 2014 (the "***Petition Date***"), the Company was a major United States producer and marketer of diammonium phosphate ("***DAP***"), one of the most common types of phosphate fertilizer. DAP was MPC's primary product. MPC's production facilities are located on a deep-water channel in Pascagoula, Mississippi, with direct access to the Gulf of Mexico. The manufacturing facilities of the Company consisted of two sulfuric acid plants, a phosphoric acid plant, and a DAP granulation plant.

[6] None of the statements and assertions set for the below shall be binding upon or considered as an admission by the Debtors unless and until such time as the Court enters an Order approving this Motion.

B. Capital Structure

8. PHI is a Delaware corporation formed in December 2004 in connection with the Mississippi Chemical Corporation ("***MissChem***") bankruptcy reorganization. Pursuant to MissChem's confirmed bankruptcy plan, all the common stock of MPC was issued to the MPC Statutory Trust, a Delaware statutory trust (the "***Trust***") for the benefit of certain creditors of MissChem and MPC. These creditors received Trust units in exchange for their claims against the MissChem and MPC. Immediately after MPC's emergence from bankruptcy, the Trust transferred all of the common stock of MPC to PHI, in exchange for all the common stock of PHI, as outlined in MissChem's confirmed bankruptcy plan. On June 20, 2007, the Trust unit holders voted to dissolve the Trust, which resulted in the distribution of the PHI shares held by the Trust to the Trust unit holders. Upon the dissolution and winding up of the Trust in June 2007, each holder of Trust units received five shares of PHI common stock per Trust unit. MPC is a wholly owned subsidiary of PHI.

9. ATS is a wholly owned subsidiary of MPC formed in May 2010. ATS owns an ammonia storage tank, which stored ammonia used in MPC's production of DAP, as well as the related land, improvements, fixtures, appurtenances, easements, and rights.

10. SATS is a wholly owned subsidiary of MPC formed in May 2010. SATS owns a sulfuric acid storage tank, which stored sulfuric acid used in MPC's production of DAP, as well as the related land, improvements, fixtures, appurtenances, easements and rights.

C. Summary of Financing

11. On May 6, 2010, the Company executed a credit facility (the "***Credit Facility***") for up to $25.0 million from Transammonia, Inc. ("***Trammo***"), the Company's former largest customer. The Credit Facility provided $15.0 million in revolving loans during the initial two-year period. On May 6, 2012, the revolving credit feature of the Credit Facility expired and the

outstanding balance ($15.0 million) amortized ratably over eight years. The Credit Facility also provided a $10.0 million letter of credit sub-facility, which the Company used to guarantee the purchase of phosphate rock from OCP S.A. ("***OCP***"), a corporation owned and operated by the Kingdom of Morocco. The Credit Facility was secured by a lien and security interest on the ammonia and sulfuric acid terminal assets, certain real property underlying the Company's plant site, and all personal property of the Company and of PHI.

12. After entering into the Credit Facility, numerous business disputes arose between Trammo and the Company. Given Trammo's importance to the Company, and the Company's need to keep this relationship in place, the Company was compelled to refinance the Credit Facility.

13. On September 4, 2013, the Company entered into that certain *Amended and Restated Credit Agreement* (the "***Amended and Restated Facility***") with the Lender Parties, whereby the Lender Parties loaned the Company and provided a letter of credit subfacility in an aggregate amount of $27.6 million. After closing, the Lenders purchased, at par, Trammo's interest in the total debt portion of the Credit Facility. The remaining loan proceeds from the Amended and Restated Facility were used for general corporate purposes, including the funding of ongoing environmental obligations. As of September 4, 2013, Trammo's interest in the total debt portion of the Credit Facility totaled $12.665 million, including accrued interest. Letters of credit in the amount of $6.6 million remained outstanding with Trammo until October 31, 2013. The remaining proceeds were used as part of the Company's day-to-day operations. The Amended and Restated Facility is secured by a first priority, senior lien, and security interest on certain real and personal property assets of the Company and of PHI (including without limitation, the commercial tort claim referred to as the BP Claim). As part of this transaction at

this time PHI guaranteed in favor of the Lender Parties the financial obligations of the Amended and Restated Facility. The financial covenants in the original Credit Facility are no longer applicable.

14. On January 10, 2014, and March 11, 2014, the Company amended the Amended and Restated Facility to provide for an additional $15 million in convertible debt from the Lenders. The proceeds were used to complete the interstage tower for the No. 2 sulfuric acid plant, to perform maintenance turnaround on the No. 2 sulfuric acid plant and other day-to-day operations.

15. On May 29, 2014, the Company further amended the Amended and Restated Facility to provide for an additional $10 million in term loans from the Lenders for general corporate purposes, including the funding of ongoing environmental obligations.

16. On August 8, 2014, the Company further amended the Amended and Restated Facility to provide for an additional $3 million revolving credit facility, among the Company, as borrowers, PHI as guarantor, and the Lender Parties.

17. As of the Petition Date, approximately $58.2 million in principal and PIK interest obligations were outstanding under the Amended and Restated Facility and owing to the Lender Parties. The obligations under the Amended and Restated Facility are secured by a first priority, senior lien, and security interest on certain real and personal property assets of the Company and of PHI pursuant to the Amended and Restated Facility (as amended, restated, supplemented or otherwise modified from time to time), by the Company and PHI, as grantors, in favor of the Agent for the ratable benefit of the respective Lenders.

18. As of the Petition Date, the number of PHI common shares outstanding totaled 36,164,583, after exercise of warrants.

D. The Environmental Agencies' Claims and Causes of Action

19. The Facility is subject to state and federal environmental, health, and safety statutes and regulations. Specifically, the Company entered into the following executed Agreed Orders with respect to Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901 *et seq.* ("***RCRA***") with the EPA, as applicable: Docket RCRA-04-2009-4262; Docket RCRA-04-2007-4252; and Docket RCRA-04-2012-4250. MPC also entered into the following executed Agreed Orders with the MDEQ: Docket 6305-13; Docket 5921-11; Docket 5369-08; Docket 5357-08; Docket 4716-04; and Docket 4275-01. Further, the 1997 State of Mississippi Solid Waste Management Permit (SW0300040452) issued by MDEQ to MPC, is required for MPC to operate the east phosphogypsum disposal facility (the "***East Gypsum Stack***"), and is conditioned upon the Debtors providing financial assurance to MDEQ for payment of the closure, post-closure care and related water treatment costs of the East Gypsum Stack.

20. Prior to the Petition Date, MPC met this obligation pursuant to that certain Agreed Order, In re: Financial Assurance Mechanism for East Phosphogypsum Stack, Mississippi Phosphates Corporation, Order No. 4716-04 issued by MDEQ (the "***Consent Order***") which approved MPC's proposed financial assurance mechanism. The Consent Order provides for a quarterly payment into an interest-bearing trust fund for closure, post-closure care, and related water treatment costs to be incurred when the capacity of the East Gypsum Stack is depleted.[7] These payments must continue until the funds in the trust, including earnings from trust assets, are sufficient to cover the estimated costs of closure at the completion of the East Gypsum Stack's useful life and the post-closure costs for water treatment and leachate. Since the Petition

[7] Under the Consent Order, the amount of the quarterly payment into the sinking fund is to be the greater of $200,000 or an amount based on the following formula: (CE – CV) ÷ Q, where CE is the Current Cost Estimate for closure and post-closure care (updated for inflation and other changes), where CV is the Current Value of the Trust Fund, and where Q is the number of quarter years remaining in the life of the East Gypsum Stack.

Date, MPC has paid $200,000 into the Morgan Keegan Trust Fund for Gypsum Stack Closure. The Schedules reflect that as of the Petition Date, the balance in the Morgan Keegan Trust Fund for Gypsum Stack Closure had a balance of $11,061,195.22.

21. On April 24, 2015, the EPA filed that certain *Proof of Claim* [Claim # 370] (the "***EPA Proof of Claim***") in the Bankruptcy Cases contending that the Debtors are liable for civil penalties under Sections 3008 of the Solid Waste Disposal Act, as amended by the Resources Conservation Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. § 6928; civil penalties under Section 113(b) of the Clean Air Act, 42 U.S.C. § 7413(b), and, civil penalties under Section 309(d) of the Clean Water Act, 33 U.S.C. § 1319(d), for violations at the Facility.

22. The EPA contends, and the EPA Proof of Claim also sets forth (in a "protective fashion"), that the Debtors have compliance and injunctive relief obligations including, but not limited to, closure and corrective action obligations under certain administrative orders, environmental statutes, regulations, licenses and permits. The EPA estimates the costs associated with the closure and post closure obligations for the Gyp Stacks alone are in the range of $121,000,000. The EPA asserts the foregoing obligations are not dischargeable under section 1141 of the Bankruptcy Code.

23. On April 24, 2015, the MDEQ filed that certain *Proof of Claim* [Claim # 371] and that certain *Proof of Claim* [Claim # 373] (collectively, the "***MDEQ Proofs of Claim***") (the EPA Proof of Claim and the MDEQ Proofs of Claim, collectively, the "***Environmental Agencies' Claims***") in the Bankruptcy Cases contending that MPC owes Title V Air Permit Fees as an unsecured claim in the amount of $86,470.04; and is liable for unsecured civil penalties under RCRA Section 3008, 42 U.S.C. § 6928 and Miss. Code Ann. § 17-17-29; CAA Section 113(b),

42 U.S.C. § 7413(b) and Miss. Code Ann. § 49-17-43; CWA Section 309(d), 33 U.S.C. § 1319(d) and Miss. Code Ann. § 49-17-43; and for alleged natural resources damages consistent with Miss. Code Ann. § 49-17-43 and CERCLA Section 107, 42 U.S.C. § 9607. MDEQ has assessed and determined natural resource damages for 2012 in the amount of $124,000.00 and for 2013 in the amount of $62,000.00. The MDEQ appears to adopt the EPA's estimation that the costs associated with the closure and post closure obligations for the Gyp Stacks alone are in the range of $121,000,000. The MDEQ asserts the foregoing obligations are not dischargeable under section 1141 of the Bankruptcy Code.

E. The BP Claim

24. On August 3, 2012, PHI submitted a Business Economic Loss Claim (the "***BP Claim***") relating to the under the Deepwater Horizon Economic and Property Damages Settlement Agreement (the "***Settlement***") for damages arising from the Deepwater Horizon Incident on April 20, 2010, (the "***Spill***" or the "***Deepwater Horizon Incident***" (as defined in the BP Settlement Agreement, defined below) to the Deepwater Horizon Claims Center for Economic & Property Damage Claims under and in accordance with that certain *Economic and Property Damages Settlement Agreement*, dated as of April 18, 2012, among BP Exploration and Production Inc., BP America Production Company and the other parties thereto (the "***BP Settlement Agreement***"). The BP Claim was filed as a consolidated claim for the Debtors and PHI, supported by the consolidated financial statements of the Debtors and PHI and the consolidated federal tax returns of the Debtors and PHI. The BP Claim lists the Company's total business revenues for 2009 at $186,311,000.00.

25. As of May 6, 2010, the Company, PHI and Trammo entered into that certain Pledge and Security Agreement (the "***Security Agreement***"). Pursuant to the Security

Agreement, the Company and PHI pledged all commercial tort claims,[8] including the BP Claim, to Trammo and subsequently, the respective Lenders. A brief description of each of these transactions is set forth below:

(a) **May 6, 2010, Pledge and Security Agreement in favor of Trammo**. In connection with the Credit Facility with Trammo, the Company and PHI, as Grantors, entered into the Security Agreement. The Company and PHI granted a security interest to Trammo in all of the listed property, assets, and rights of the Company and PHI, wherever located, whether now then owned or thereafter arising or acquired, in the collateral listed in the Security Agreement and all proceeds and products thereof. The Security Agreement covered all personal property of the Company and PHI of any kind, wherever located, whether then existing or thereafter arising and authorized Trammo to file UCC financing statements on all assets of the Company and PHI. The collateral also included all commercial tort claims set forth on Schedule B to the Security Agreement. Schedule B listed certain existing claims but made no mention of the BP Claim because the Security Agreement predated the filing of the BP Claim. In particular, Section 4.7 of the Security Agreement provides:

> 4.7. Commercial Tort Claims. If any Grantor shall at any time hold or acquire a commercial tort claim, the Grantor shall immediately notify the Secured Party in a writing signed by the Grantor of the brief details thereof and grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of the Agreement,

[8] Under 6 Del. C. § 9-102 (a)(13) of the Delaware Uniform Commercial Code, a "commercial tort claim" is defined as follows:

> (13) "Commercial tort claim" means a claim arising in tort with respect to which:
> (A) the claimant is an organization; or
> (B) the claimant is an individual and the claim:
> (i) arose in the course of the claimant's business or profession; and
> (ii) does not include damages arising out of personal injury to or the death of an individual.

> with such writing to be in form and substance reasonably satisfactory to the Secured Party.

Section 9 of the Security Agreement contains a representation and warranty from the Company and PHI stating that the Company and PHI held no commercial tort claim except as indicated on Schedule B, as modified from time to time.

(b) **PHI Files BP Claim on August 3, 2012**. On August 3, 2012, PHI filed the BP Claim under the Deepwater Horizon Economic and Property Damages Settlement Agreement for damages arising from the Deepwater Horizon Incident. The BP Claim, as filed, totaled approximately $51 million. The BP Claim was filed as a consolidated claim on behalf of the Debtors and PHI and was supported by the consolidated financial statements and income tax returns for PHI, MPC, ATS and SATS.

(c) **January 1, 2013, First Amendment to the Security Agreement in favor of Trammo.** This First Amendment amended Schedule B to the Security Agreement to add the following commercial tort claim description:

> 4. Phosphates Holdings, Inc. Deepwater Horizon Claim in connection with the Deepwater Horizon Economic and Property Damages Settlement Agreement. Claim filed by MPC on August 3, 2012, for total compensation of $51 million, under the Deepwater Horizon Economic and Property Damages Settlement Agreement, as amended on May 2, 2012 and filed with the United States District Court for the Eastern District of Louisiana in the cases In Re: Oil Spill by the Oil Rig "Deepwater Horizon" in the Gulf of Mexico, on April 20, 2010, MDL No. 2179, and Bon Secour Fisheries, Inc., et al., on behalf of themselves and all others similarly situated, v. BP Exploration & Production Inc.; BPAmerica Production Company; BP p.l.c., Civil Action No. 12-970.

(d) **September 4, 2013, Amended and Restated Pledge and Security Agreement in favor of the Lender Parties**. Following the assignment of Trammo interests to the Lender Parties, the Company, PHI and the Lender Parties entered into that certain Amended and Restated Pledge and Security Agreement (the "***Amended and***

Restated Security Agreement") dated as of September 4, 2013. The Amended and Restated Security Agreement amends, restates and supersedes the May 6, 2010, Security Agreement. The Amended and Restated Security Agreement, however, expressly provides it was not intended to be a novation, but, rather, a modification, renewal, confirmation and extension of the Security Agreement, and that the liens in the collateral described in the Security Agreement continue and remain binding and enforceable. *See* Amended and Restated Security Agreement, Section 30. The Amended and Restated Security Agreement also states the Debtor acknowledged and confirmed the continuing existence and effectiveness of the liens in the original collateral granted to Trammo under the existing Security Agreement. *Id*. The Amended and Restated Security Agreement is largely identical to the Security Agreement: (i) the Company and PHI are Grantors; (ii) the Company and PHI granted a security interest in all of the listed properties, assets and rights of the Company and PHI, wherever located, whether then owned or thereafter acquired or arising, and all proceeds and products thereof; and, (iii) the collateral includes "all commercial tort claims, if any, set forth on Schedule B hereto (including, without limitation, the BP Claim)" as well as all other personal property of each of the Company and PHI of any kind, wherever located, and whether then owned or thereafter arising or acquired. The term "BP Claim" is a defined term in the 2013 Amended and Restated Facility (described below). Like the earlier Security Agreement, the Amended and Restated Security Agreement: (a) authorizes the respective Lenders to file an all assets UCC filing; (b) includes a covenant, pursuant to Section 4.7, requiring the Company and PHI to notify the Lender Parties should the Company or PHI acquire any commercial tort

claim; and, (c) includes a representation and warranty that the Company and PHI held no commercial tort claim except as shown on Schedule B, as modified from time to time.

Schedule B to the Amended and Restated Security Agreement contains the following description:

> 1. *Deepwater Horizon Economic and Property Settlement Business Economic Loss Claim.*
>
> On August 3, 2012, Phosphate Holdings, Inc. filed its Claim under the Deepwater Horizon Economic and Property Damages Settlement Agreement, dated April 18, 2012, as amended, with the United States District Court for the Eastern District of Louisiana in the cases In Re: Oil Spill by the Oil Rig "Deepwater Horizon" in the Gulf of Mexico, on April 20, 2010, MDL No. 2179, and Bon Secour Fisheries, Inc. et al., on behalf of themselves and all others similarly situated, v. BP Exploration & Production Inc.; BPAmerica Production Company; BP p.l.c., Civil Action No. 12-970 for damages arising from the Deepwater Horizon Incident on April 20, 2010. The Claim is currently pending.

(e) **September 4, 2013, Amended and Restated Credit Facility**. The Amended and Restated Facility defines the term "BP Claim" and related terms as follows:

> "***BP Claim***" means the Business Economic Loss Claim made by the Guarantor under and in accordance with the BP Settlement Agreement for damages arising from the Deepwater Horizon Incident, a copy of which is attached hereto as ***Annex 1***.
>
> "***BP Claim Account***" means an account number 4125386078 at Wells Fargo Bank, National Association established by the Guarantor into which the BP Settlement Payment shall be deposited by Administrative Agent or the Approved Counsel.
>
> "***BP Settlement Agreement***" means the Economic and Property Damages Settlement Agreement, dated as of April 18, 2012, among BP Exploration and Production Inc., BP America Production Company, and the other parties thereto, entered into in connection with certain litigation relating to the Deepwater Horizon Incident.

"***BP Settlement Payment***" means payment (including each periodic payment) on the BP Claim pursuant to and in accordance with the BP Settlement Agreement.

"***Deepwater Horizon Incident***" has the meaning set forth in the BP Settlement Agreement.

Annex 1 to the Amended and Restated Facility contains a copy of the BP Claim form filed by PHI under the BP Settlement Agreement. The Amended and Restated Credit Facility also includes the following additional provisions related to the BP Claim:

(i) Article IV - Representations and Warranties:

4.21 **Acknowledgement of Security Interest; Waiver.** Notwithstanding anything to the contrary set forth in the BP Settlement Agreement, each Credit Party (a) acknowledges that, after giving effect to the Lien Assignment Agreement, the Guarantor has granted to the Administrative Agent for the benefit of the Lenders a security interest in and Lien on the BP Claim, the BP Claim Account and the BP Settlement Payment to secure the Obligations pursuant to the Security Agreement executed by it, and (b) irrevocably waives any right to claim that the granting of such Lien is invalid, void or otherwise without force or effect under *Section 11.21* of the BP Settlement Agreement.

(ii) Article VI - Negative Covenants:

6.20 **BP Claim.** Without the Administrative Agent's prior consent, no Credit Party shall (a) withdraw, amend or take (or otherwise consent to the taking of) any action with respect to or in connection with the BP Claim that could have a Material Adverse Effect or otherwise adversely affect the Lenders (as determined by the Administrative Agent in its sole discretion), (b) enter into any settlement or compromise before submitting a "*Final Proposal*" under and defined in the BP Settlement Agreement (the "***Final Proposal***") in any appeal related to the BP Claim, or (c) submit a Final Proposal.

(f) **May 29, 2014, Third Amendment to the Amended and Restated Facility.** The Third Amendment added certain defined terms to the Amended and Restated Facility and incorporated other changes. The negative covenant in Section 6.20 of the Amended and Restated Facility was amended to read as follows:

"6.20 **BP Claim.**

(a) Without the Administrative Agent's prior consent and, with respect to ***clauses (i)*** and ***(iii)***, approval by the Guarantor's board of directors, no Credit Party shall (i) withdraw, amend or take (or otherwise consent to the taking of) any action with respect to or in connection with the BP Claim that would result in a Material Adverse Change or otherwise adversely affect the Lenders (as determined by the Administrative Agent in its sole discretion), (ii) enter into any settlement or compromise before submitting a "*Final Proposal*" under and defined in the BP Settlement Agreement (the "***Final Proposal***") in any appeal related to the BP Claim, or (iii) submit a Final Proposal.

(b) Notwithstanding anything else to the contrary in ***clause (a)*** above, no Credit Party shall sell, transfer or assign the BP Claim without the Administrative Agent's prior written consent; provided, that such consent shall not be necessary if the proceeds from such sale, transfer or assignment will result in the full payment of the Obligations (including the BP Prepayment Amount and BP Repayment Amount) pursuant to ***Section 2.03(c)(iv).***"

(g) **August 8, 2014, Fourth Amendment to Amended and Restated Facility and Amendment to Amended and Restated Security Agreement.** The Fourth Amendment amended and restated the Amended and Restated Facility and included minor changes to the Amended and Restated Security Agreement. The changes to the Amended and Restated Security Agreement merely clarified that, under the Amended and Restated Facility, STUW LLC served as administrative agent for the benefit of the respective Lenders "from time to time." *See* Amended and Restated Facility, Article IV - Representations and Warranties:

4.21 **Acknowledgement of Security Interest; Waiver.** Notwithstanding anything to the contrary set forth in the BP Settlement Agreement, each Credit Party (a) acknowledges that, after giving effect to the Lien Assignment Agreement, the Guarantor has granted to the Administrative Agent for the benefit of the Lenders a security interest in and Lien on the BP Claim, the BP Claim Account and the BP Settlement Payment to secure the Obligations pursuant to the Security Agreement executed by it, and (b) irrevocably waives any right to claim that the granting of such Lien is invalid, void or otherwise without force or effect under *Section 11.21* of the BP Settlement Agreement.

(h) **Governing Law.** The agreements described above are expressly governed by New York law, except to the extent the law of a different state governs perfection or

priority of any security interests. MPC, ATS, SATS, and PHI are Delaware corporations, and as a result, the Delaware UCC controls. The security interests granted to Trammo were perfected by UCC filings in Delaware on May 13, 2010, and covered all assets of MPC and PHI. Trammo assigned these financing statements to the Agent by properly filing UCC-3 Amendments on September 4, 2013. Further, the Agent filed additional "all asset" UCC financing statements in Delaware for MPC and PHI on September 9, 2013.

(i) **The Protective BP Claim.** On or about June 3, 2015, Motley Rice, the special counsel retained by MPC, working with the Debtors' professionals, filed a protective Business Economic Loss Claim Form (Purple Form) for and in the name of MPC with the Claims Administrator under the Deepwater Horizon Economic and Property Damages Settlement Agreement for damages arising from the Spill. Also, on or about June 3, 2015, Motley Rice, as PHI's counsel, filed a protective Business Economic Loss Claim for and in the name of PHI with the Claims Administrator under the Deepwater Horizon Economic and Property Damage Settlement Agreement for damages arising from the Spill.

F. The Lender Parties' Claims

26. The Lender Parities filed Proofs of Claim in the Bankruptcy Cases asserting secured claims against the Debtors for pre-petition loans (Claim ## 242, 249, 250, 251, 253, 254, 255, 256, 258, 259, 260, 261, 262, 266, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 292, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 319, 320, 321, 322, 323, 332, 333, 337, 338, 357, and 359) asserting that the Lender Parties hold valid and perfected security

interests in all of the Debtors' property (including the BP Claim and Protective Claim but excluding the Gyp Stacks) (collectively, the "***Lender Parties' Proofs of Claim***").

27. On February 18, 2015, the Agent, solely in its capacity as administrative agent for the Lenders, filed that certain *Complaint for Declaratory Judgment as to Validity and Priority of Liens and Allowance of Claims* initiating that certain adversary proceeding styled *STUW LLC v. Mississippi Phosphates Corporation, Ammonia Tank Subsidiary, Inc. and Sulfuric Acid Tanks Subsidiary, Inc.*, in the United States Bankruptcy Court for the Southern District of Mississippi, Southern Division; Adversary Proceeding No. 15-06005 (the "***Agent Complaint***") (the Lender Parties' Proofs of Claim and the Agent Complaint, collectively, the "***Lender Parties' Claims***").

28. The Agent Complaint seeks an adjudication by the Bankruptcy Court pursuant to sections 502 and 506 of the Bankruptcy Code of the following:

(a) "determining the allowed amount of the Agent's pre-petition claim (the "Agent's Total Pre-Petition Claim") against the Debtors arising under the Pre-Petition Loan Documents (as defined herein) in the amount of $58,197,393 consisting of $57,549,956 in principal and $647,437 in interest (plus costs expenses and fees recoverable under the Pre-Petition Loan Documents) prior to the Petition Date (as defined herein), which the Lenders are entitled to pursuant to the Pre-Petition Credit Agreement (as defined herein);"

(b) "declaring that the Agent's liens, encumbrances and security interests created and evidenced by the Pre-Petition Security Agreement (defined herein), deeds of trust, and related agreements and documents (collectively the "Agent's Liens") held by the Agent on all of the Debtors' real property (except for the Gypstack (defined below))

and personal property (collectively, the "Collateral"), are valid, enforceable and properly perfected; and"

(c) "declaring that the Agent's Liens are senior in priority to all liens, claims and interests in, to and against the Collateral."

29. The current deadline for the Environmental Agencies to object or challenge the validity, perfection, enforceability, and priority of the Pre-Petition Lenders' and Agent's security interests in and liens on the pre-petition collateral or the amount and allowance of the Agent Secured Claim is July 13, 2015, at 5:00 p.m. (central time). [9] On February 4, 2015, the Environmental Agencies filed that certain *Emergency Joint Motion for Leave to File Adversary Complaint Under Seal Pursuant to Local Rule 9018-1* [Dkt. # 453] and advised the Court that Environmental Agencies are considering filing an adversary complaint against the Pre-Petition Lenders and Agent challenging the validity, perfection, enforceability, and priority of the Pre-Petition Lenders' and Agent's security interests in and liens on the pre-petition collateral or the amount and allowance of the Agent Secured Claim, and the Environmental Agencies sought leave, pursuant to Local Rule 9018-1, to file an adversary complaint Under Seal. The Court granted to the Environmental Agencies leave to file an adversary complaint under seal by in that certain *Order Authorizing the United States and the Mississippi Department of Environmental Quality to File an Adversary Complaint Under Seal* [Dkt. # 454].

Relief Requested

[9] *See Notice of Debtors' Agreement to Extend the Deadline for Investigation Termination Date, Objections, and Challenge Period under Interim DIP Financing Order only for the United States Environmental Protection Agency and Mississippi Department of Environmental Quality* [Dkt. # 742].

30. Pursuant to sections 105(a) and 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019(a), the Debtors seek entry of an order substantially in the form attached hereto as Exhibit B (the "***9019 Order***") approving the Settlement Agreement and authorizing the Debtors to enter into and perform their respective obligations thereunder.

Basis for Relief Requested

A. The Settlement Agreement and the Settlement Contained therein should be approved under Bankruptcy Rule 9019 and the *TMT Trailer* Factors.

31. The merits of a proposed compromise are evaluated using the criteria set forth in *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414 (1968). *TMT Trailer* requires the compromise to be "fair and equitable." *TMT Trailer*, 390 U.S. at 424; *In re AWECO, Inc.*, 725 F.2d 293, 298 (5th Cir. 1984), *cert. denied*, 469 U.S. 880 (1984). The terms "fair and equitable" mean that (i) senior interests are entitled to full priority over junior interests; and (ii) the settlement is reasonable in relation to the likely rewards of litigation. *In re Cajun Electric Power Coop.*, 119 F.3d 349, 355 (5th Cir. 1997); *In re Jackson Brewing Co.*, 624 F.2d 599, 602 (5th Cir. 1980).

32. Under *TMT Trailer*, In determining whether a proposed compromise is fair and equitable hinges on the following factors:

(i) the probabilities of ultimate success should the claim be litigated;

(ii) the complexity, expense, and likely duration of litigating the claim;

(iii) the difficulties of collecting a judgment rendered from such litigation; and

(iv) all other factors relevant to a full and fair assessment of the wisdom of the compromise.

TMT Trailer, 390 U.S. at 424. The Debtors believe that the proposed Settlement Agreement satisfies the requirements established by the Supreme Court in *TMT Trailer*.

B. Analysis of Proposed Compromise.

33. **Probabilities of Ultimate Success**. If the Environmental Agencies' Claims were adjudicated pursuant to applicable provisions of the Bankruptcy Code, the outcome of such an adjudication is uncertain. The intersection of the Bankruptcy Code and environmental law is far from settled. Though the Debtors believe the Environmental Agencies could prevail to a certain extent, the Debtors believe the Environmental Agencies' Claims, specifically the estimated $121,000,000 closure cost, would ultimately be reduced. Even so, litigating the Environmental Agencies' Claims is not likely to obviate the Debtors' environmental disputes entirely[10] and could delay or even ultimately prevent a successful sales process. While the Lender Parties' Claims may be more straightforward, adjudicating the Lender Parties' Claims likely would invite numerous objections and/or independent causes of action by the Environmental Agencies.[11] The Lender Parties reject the proposition that the Environmental Agencies have any valid or legitimate claims against the Lender Parties or the Lender Parties' Claims. However, the final outcome of litigating the Lender Parties' Claims under this scenario is unclear.

34. **Complexity, Expense and Likely Duration**. If the Environmental Agencies' Claims and alleged causes of action were to proceed to trial, the Debtors estimate that several weeks of actual trial time would be required for the resolution of all the Environmental Agencies' Claims. Further, the litigation would require substantial pre-trial motion practice and discovery, including each party's retaining a number of expert witnesses. Complying with the

[10] The Environmental Agencies also allege in the Environmental Agencies' Claims that they have causes of action against the Debtors for certain required injunctive relief obligations which the Environmental Agencies assert are not "claims" as that term is defined in the Bankruptcy Code.

[11] As noted above, in that certain that certain *Emergency Joint Motion for Leave to File Adversary Complaint Under Seal Pursuant to Local Rule 9018-1* [Dkt. # 453], the Environmental Agencies advised the Court that they are considering filing an adversary complaint against the Pre-Petition Lenders and Agent challenging the validity, perfection, enforceability, and priority of the Pre-Petition Lenders' and Agent's security interests in and liens on the pre-petition collateral or the amount and allowance of the Agent Secured Claim.

Environmental Agencies' document requests in these Bankruptcy Cases has already cost the bankruptcy estates in excess of $150,000. Litigating the Environmental Agencies' Claims would also require numerous experts, including environmental consultants, engineers, and economists, among others. Absent the proposed Settlement Agreement, the Debtors likely would exhaust their remaining operational funds prior to the conclusion of such a trial, which may require the Debtors to convert the Bankruptcy Cases to chapter 7 bankruptcy cases. Appeals of any trial court decision would also be likely, meaning that the final resolution of the litigation would be years down the road.

35. **The Difficulties of Collecting a Judgment**. To the extent the Environmental Agencies would be successful in their allegations regarding the Environmental Agencies' Claims, the Debtors believe there would be a significant risk in collection in that substantially all of the assets of the bankruptcy estates (excluding the Gyp Stacks) are encumbered by the liens and security interests of the Lenders. The Environmental Agencies would have to avoid or subordinate those liens, security interests or claims of the Lenders in order to be able to collect on the Environmental Agencies' Claims. As stated above, even if the Environmental Agencies were to prevail against the Lender Parties, the Debtors expect that any ruling against the Lender Parties that might be obtained by the Environmental Agencies would be delayed, possibly for years based on the high probability that the Lender Parties would appeal any ruling in favor of the Environmental Agencies.

36. **Other Factors**. The Debtors believe that the proposed Settlement Agreement is fair, equitable and in the best interest of the bankruptcy estates as well as all interested parties. The Parties have been engaged in negotiations for months to formulate the proposed Settlement Agreement. To date, the Settlement Agreement is the only viable path forward in these

Bankruptcy Cases. No other option provides a structured sales process, resources for addressing the environmental issues (including the Gyp Stacks) and proceeds for the bankruptcy estates for distribution to unsecured creditors. If the Settlement Agreement is not approved, then it is likely that the Debtors would be forced to convert these Bankruptcy Cases to proceedings under chapter 7 of the Bankruptcy Code. Conversion may potentially impair the value of the assets of the bankruptcy estates and result in a forced-sale.

C. The Settlement Agreement and the Settlement Embodied therein are in the Best Interests of the Debtors and the Bankruptcy Estates and Should be Approved under Sections 363 and 105 of the Bankruptcy Code and Bankruptcy Rule 9019.

37. The Debtors seek authority under Section 363 and 365 of the Bankruptcy Code to execute and perform their obligations under the Settlement Agreement. The Debtors submit that the terms of the Settlement Agreement have a sound business purpose and represent the exercise of sound business judgment and, accordingly, any actions required to effectuate the terms of the Settlement Agreement should be authorized and approved pursuant to Section 363(b) of the Bankruptcy Code. *See In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d Cir. 1983) ("The rule we adopt requires that a judge determining a 363(b) application expressly find from the evidence presented before him a good business reason to grant the application."); *In re Delaware Hudson Ry. Co.*, 124 B.R. 169, 179 (Bankr. D. Del. 1991).

38. Authorizing the Debtors to enter into and effectuate the terms of the Settlement Agreement is well within the equitable powers of this Court. *See* 11 U.S.C. § 105(1) ("The court may issue any order, process, or judgment that is necessary to carry out the provisions of [the Bankruptcy Code]."); *see also In re Chinichian*, 784 F.2d 1440, 1443 (9th Cir. 1986) ("Section 105 sets out the power of the bankruptcy court to fashion orders as necessary pursuant to the purposes of the Bankruptcy Code."); *In re Cooper Props. Liquidating Trust, Inc.*, 61 B.R. 531, 537 (Bankr. W.D. Tenn. 1986) (noting that bankruptcy court is "one of equity and as such it has

a duty to protect whatever equities a debtor may have in property for the benefit of its creditors as long as that protection is implemented in a manner consistent with the bankruptcy laws").

39. The Debtors believe, given the Debtors' lack of liquidity, as well as the interests of all creditors in an expeditious process, that the terms of the proposed Settlement Agreement are reasonable and appropriate under the circumstances of these Bankruptcy Cases. Taking all of the above into consideration, the proposed Settlement Agreement should be approved by this Court.

D. Relief from the Fourteen-Day Waiting Period under Bankruptcy Rule 6004(h).

40. The Debtors request that the proposed 9019 Order be effective immediately by providing that the fourteen-day stay (to the extent applicable) under Bankruptcy Rule 6004(h) be waived.

41. The purpose of Bankruptcy Rule 6004(h) is to provide sufficient time for an objecting party to appeal before an order can be implemented. *See* Advisory Committee Notes to Fed. R. Bankr. P. 6004(h). Although Bankruptcy Rules 6004(h) and the Advisory Committee Notes are silent as to when a court should "order otherwise" and eliminate or reduce the fourteen day stay period, the Debtors believe that good cause exists for the waiver of any stay such that the parties may expeditiously effectuate the terms of the proposed Settlement Agreement for the benefit of the Bankruptcy Estates such that the Debtors may proceed with the sales process.

WHEREFORE, the Debtors respectfully request that this Court enter the proposed 9019 Order, substantially in the form attached hereto as Exhibit B, (i) authorizing the Debtors to enter into the Settlement Agreement, (ii) authorizing the Debtors to effectuate the terms, conditions, and provisions of the Settlement Agreement embodied therein, and (iii) granting such other and further relief as the Court deems appropriate.

Dated: June 22, 2015.

Respectfully submitted,

MISSISSIPPI PHOSPHATES CORPORATION, *et al.*

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ATTORNEYS FOR THE DEBTORS

CERTIFICATE OF SERVICE

I certify that the foregoing Motion was filed electronically through the Court's ECF system and served electronically on all parties enlisted to receive service electronically.

Dated: June 22, 2015.

By: */s/ Stephen W. Rosenblatt*
STEPHEN W. ROSENBLATT