

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

<b>IN RE:</b>	§	
	§	<b>CASE NO. 15-35615</b>
<b>RAAM GLOBAL ENERGY COMPANY, <i>et al.</i></b>	§	
	§	<b>(Chapter 11)</b>
	§	
<b>DEBTORS.</b>	§	<b>JOINTLY ADMINISTERED</b>

**APPLICATION TO EMPLOY JAMES R. LATIMER, III AND BLACKHILL PARTNERS, LLC AS DEBTORS' CHIEF RESTRUCTURING OFFICER  
NUNC PRO TUNC TO THE PETITION DATE**

**A HEARING WILL BE CONDUCTED ON THIS MATTER ON DECEMBER 7, 2015 AT 10:00 A.M. IN COURTROOM 404, 515 RUSK STREET, HOUSTON, TEXAS.**

**IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN TWENTY-FOUR DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANTED THE RELIEF REQUESTED.**

**REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.**

**TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:**

The above-captioned debtors and debtors in possession (collectively, the "Debtors")<sup>1</sup> file this *Application to Employ James R. Latimer, III and Blackhill Partners, LLC as Debtors' Chief Restructuring Officer Nunc Pro Tunc to the Petition Date* (the "Application") pursuant to

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<sup>1</sup> The Debtors are RAAM Global Energy Company [2973], Century Exploration New Orleans, LLC [4948], Century Exploration Houston, LLC [9624], and Century Exploration Resources, LLC [7252].

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sections 327, 328, and 1107 of the United States Bankruptcy Code (the “Bankruptcy Code”), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2016-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Local Rules”), and in support would respectfully submit the following:

**JURISDICTION AND PROCEDURAL BACKGROUND**

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.
3. On October 26, 2015 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the Bankruptcy Code, thereby commencing the above-captioned bankruptcy cases (the “Cases”).
4. Since the Petition Date, the Debtors have continued to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code §§ 1107(a) and 1108.
5. On November 9, 2015, an official joint committee of unsecured creditors was appointed in the Cases.

**STATEMENT OF FACTS**

6. RAAM Global Energy Company (“RAAM”) is an independent oil and natural gas exploration and production company engaged in the exploration, development, production, exploitation, and acquisition of oil and natural gas properties. The other Debtors are wholly-owned subsidiaries of RAAM, and RAAM provides administrative, technical, financial, and strategic planning support to the subsidiaries.

7. The Debtors' producing assets are located offshore in the Gulf of Mexico and onshore in Louisiana, Texas, Oklahoma, and California, and the Debtors maintain offices in Lexington, Kentucky and New Orleans, Louisiana. Additional information concerning the Debtors can be found in the *Declaration of James R. Latimer, III in Support of First Day Pleadings* [Docket No. 20].

### **RELIEF REQUESTED**

8. In connection with the performance of their duties and obligations as debtors in possession, pursuant to Bankruptcy Code §§ 327, 328, and 1107 and Bankruptcy Rule 2014, the Debtors seek to employ James R. Latimer, III ("Latimer") and Blackhill Partners, LLC ("Blackhill"), collectively, as their Chief Restructuring Officer ("CRO"), to perform the services described herein and set forth in detail in the letter dated August 28, 2015 between the Debtors and Blackhill (the "Engagement Letter"). A true and correct copy of the Engagement Letter is attached hereto as **Exhibit A**.

### **BASIS FOR RELIEF REQUESTED**

9. Bankruptcy Code § 327(a) empowers a debtor in possession, with the Court's approval, to "employ one or more . . . professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons . . . ." 11 U.S.C. § 327(a).

10. The CRO qualifies as a "professional person" under Bankruptcy Code § 327(a). As explained by the Bankruptcy Court for the Southern District of New York:

For purposes of section 327(a), "professional person" is limited to persons in those occupations which play a central role in the administration of the debtor proceeding. Court approval is required for the retention of attorneys, accountants, appraisers, auctioneers, and persons in other professions intimately involved in the administration of the debtor's estate.

*In re Seatrain Lines, Inc.*, 13 B.R. 980, 981 (Bankr. S.D.N.Y. 1981); *see also In re Lowry Graphics, Inc.*, 86 B.R. 74, 78 (Bankr. S.D. Tex. 1988).

11. Bankruptcy Code § 101(14) defines a “disinterested person” as one that:
  - (a) is not a creditor, an equity security holder, or an insider;
  - (b) is not and was not, within 2 years before the date of the filing of the petition, a director, officer, or employee of the debtor; and
  - (c) does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason.

11 U.S.C. § 101(14). For the reasons set forth in the Latimer Declaration (defined below) and as otherwise addressed herein, the Debtors submit that the CRO is a disinterested person within the meaning of Bankruptcy Code § 101(14).

12. Bankruptcy Code § 328 authorizes the employment of a professional person “on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. § 328(a). The Debtors submit that the terms and conditions of the CRO’s retention as described herein are reasonable. The terms are substantially similar to those which the CRO charges its other bankruptcy clients for similar engagements of this size and character. In addition, the terms are similar to those approved by bankruptcy courts in this district. *See, e.g., In re Seahawk Drilling, Inc.*, No. 11-20089 (Bankr. S.D. Tex. Feb. 14, 2011); *In re Gulf Coast Oil Corp.*, No. 08-50213 (Bankr. S.D. Tex. Sept. 29, 2008).

13. Bankruptcy Rule 2014 requires that an application for retention of a professional person include:

[S]pecific facts showing the necessity for the employment, the name of the person to be employed, the reasons for the selection, the professional services to be

rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the person's connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

FED. R. BANKR. P. 2014(a). As required, this Application and the *Declaration of James R. Latimer, III on Behalf of Blackhill Partners, LLC and Bankruptcy Rule 2014 Disclosure* (the "Latimer Declaration"), attached hereto as **Exhibit B**, set forth specific facts showing the necessity for Latimer's and Blackhill's employment and designation as the Debtors' CRO, the reasons for selecting the CRO, the professional services to be rendered, the proposed arrangements for compensation, and the CRO's connections to parties in interest.<sup>2</sup>

**APPOINTMENT OF BLACKHILL AND LATIMER  
AS CHIEF RESTRUCTURING OFFICER IS APPROPRIATE**

14. In consideration of the size and complexity of the Debtors' businesses, as well as the exigencies of the circumstances, the Debtors have determined that the services of an experienced chief restructuring officer will substantially enhance their attempts to maximize the value of their estates. Specifically, the appointment of Blackhill and Latimer as the Debtors' CRO will assist the Debtors in: (a) managing the preservation and maximization of value of their estates; (b) coordinating stakeholder and Court access to information; (c) maintaining relationships with certain creditors, vendors, and suppliers; (d) reporting to the Court on the Debtors' operations in chapter 11; and (e) complying with the reporting process required by budget governing the use of the Debtors' cash collateral. Further, the appointment of Latimer and Blackhill as CRO will allow the Debtors to focus on their day-to-day operations while in chapter 11.

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<sup>2</sup> Includes potential parties in interest.

15. The CRO will report directly to the Debtors' Board of Directors (the "Board") and will assist in communicating between the companies and the various creditor constituencies.

The CRO also will assist the Debtors' management and professionals in:

- (a) evaluating intermediary transactions;
- (b) developing and negotiating a confirmable plan of reorganization;
- (c) identifying interests of the various stakeholders in order to build a consensus to achieve a successful restructuring;
- (d) preserving and maximizing the Debtors' enterprise value throughout the restructuring process;
- (e) advising on any sale opportunities;
- (f) recommending alternatives to reduce costs in order to maximize short-term and long-term cash flow; and
- (g) providing, when necessary, testimony before the Court on matters within the scope of the CRO's engagement and responsibilities.

#### **COMPREHENSIVE SELECTION PROCESS**

16. In selecting Blackhill and Latimer, the Board engaged in a thorough selection process, meeting with and discussing the credentials of three viable candidates.

17. The Board ultimately selected the CRO due to the CRO's extensive experience and knowledge in the field of oil and gas operations and complex restructurings. The CRO has substantial experience successfully advising both public and private energy clients, and the CRO has experience with all phases of corporate finance, business strategy, and operations management in the oil and gas industry.

18. Latimer is the founder and a managing director of Blackhill, and he will be principally responsible for the CRO engagement. Below is the contact information for Latimer:

**BLACKHILL PARTNERS, LLC**  
Attn: James R. Latimer, III  
2651 N. Harwood Street, Suite 120  
Dallas, Texas 75201

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Telephone: 214-382-3750  
Fax: 214-382-3755

Other professionals from Blackhill will participate in the representation of the Debtors as necessary.

### **SERVICES TO BE RENDERED**

19. The Engagement Letter sets forth the understanding and agreement between Blackhill and the Debtors pursuant to which Latimer and Blackhill will serve as the Debtors' CRO in accordance with the terms set forth therein. The CRO will provide the services necessary to aid the Board in seeking, evaluating, and selecting options in connection with, *inter alia*, reorganization, recapitalization, and the sale of certain assets, as applicable. As CRO, Blackhill (through Latimer) will recommend options viewed as prudent and value-maximizing.

20. The services to be provided by the CRO pursuant to the terms of the Engagement Letter include, without limitation, the following:

- (a) ***Cash Management and Financial Reporting***
  - (i) Review of cash balances;
  - (ii) Oversight and approval of all budgets, including Capital Expenditures ("CapEx") and 13-week cash flow forecasts;
  - (iii) Oversight and approval of all cash disbursements, including CapEx;
  - (iv) Oversight and approval of all agreements to incur (A) any one-time obligation in excess of \$50,000 or (B) any obligations in the aggregate in excess of \$100,000; and
  - (v) Support DIP financing efforts, as required.
- (b) ***Operations***
  - (i) Oversight and approval of business plan; and
  - (ii) Support vendor management and communication efforts.
- (c) ***Strategic Oversight***
  - (i) Oversight and approval of asset sales;

- (ii) Review and assess positions and interests of the current stakeholders and options resolving of issues among them and participation in discussions relating to same;
  - (iii) Assist discussions with strategic counterparties, potential purchasers, and third-party capital providers, as required; and
  - (iv) Participate in discussions with sureties and the Bureau of Ocean Management.
- (d) ***Restructuring Process***
- (i) Support chapter 11 filing, including information required for First Day Motions;
  - (ii) Oversight and approval of all reporting to the Court, secured lenders, and secured noteholders;
  - (iii) Report and make recommendations to the Board as appropriate with respect to options that represent a prudent and value-maximizing option for the Debtors;<sup>3</sup>
  - (iv) Provide such other services as are determined by the Board to be necessary or desirable for the Debtors to maximize value for their stakeholders; and
  - (v) Provide testimony related to the restructuring process, as needed.

21. Subject to the Court's approval of this Application, Latimer and Blackhill have indicated that they are willing to serve as CRO for the Debtors and to perform the services set forth in the Engagement Letter.

**PROPOSED COMPENSATION ARRANGEMENT**<sup>4</sup>

22. The Debtors have agreed, subject to the Court's approval, to compensate the CRO for the commitment of time and resources and the services provided by the CRO pursuant to the Engagement Letter. The compensation arrangement for such services, set forth below, is fair and reasonable and within the normal range for services rendered in similar cases within the Southern

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<sup>3</sup> For the avoidance of doubt, the CRO will report directly to the Board.

<sup>4</sup> Notwithstanding anything to the contrary in the Engagement Letter, Blackhill has agreed for its monthly invoices to be paid by the Debtors in accordance with any fee procedures order entered by the Court.



District of Texas. Further, absent special circumstances, the professionals included in this engagement do not vary their rates based on the geographic location of the Cases.

23. Upon execution of the Engagement Letter, the Debtors delivered to Blackhill a combined fee and expense retainer in the amount of \$200,000 (the “Retainer”), which, subject to the Court’s approval, is to be applied to Blackhill’s final invoices and any other Blackhill invoices that remain unpaid at the conclusion of Blackhill’s engagement.<sup>5</sup>

24. The hourly rates of the Blackhill professionals expected to perform a significant amount of legal services in the Cases are as follows:

- (a) **Managing Directors:** \$575 to \$675 per hour;
- (b) **Engineering Advisors:** \$350 to \$500 per hour;
- (c) **Vice Presidents:** \$350 to \$450 per hour;
- (d) **Associates:** \$250 to \$350 per hour; and
- (e) **Other Professionals:** \$175 to \$250 per hour.

25. The Debtors have also agreed, subject to the Court’s approval, to pay Blackhill \$250,000 (the “Success Fee”) upon the consummation of a restructuring transaction, including, without limitation: (a) the occurrence of the effective date of any plan of reorganization approved by the Court; (b) the closing of a sale of substantially all of the Debtors’ assets pursuant to Bankruptcy Code § 363; or (c) the consummation of a restructuring plan that achieves the retirement or satisfactory resolution of claims by the senior lender to the Debtors. For the avoidance of doubt, under no circumstances shall the Debtors pay more than one Success Fee to Blackhill.

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<sup>5</sup> Pursuant to the Engagement Letter, Blackhill shall refund any unused portion of the Retainer upon completion of Blackhill’s engagement.

26. All Blackhill professionals who provide services to the Debtors will maintain billing records setting forth complete and detailed activity descriptions including a time allotment billed in increments of one-tenth of an hour. Each activity will include a description of the type and subject matter of the activity undertaken, and activity descriptions will not be lumped together. Activity descriptions will be presented chronologically within each project category.

27. All compensation payable to the CRO by the Debtors with respect to the post-petition period will be subject to Court approval in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, and the orders of this Court.

#### **CONNECTIONS TO PARTIES IN INTEREST**

28. Except as is fully disclosed in the Latimer Declaration, attached hereto as **Exhibit B**, Latimer and Blackhill do not have any connection with the Debtors' creditors, their respective attorneys and accountants, the United States Trustee, or other parties in interest in the Cases, and do not hold or represent any other known or reasonably ascertainable interest adverse to the Debtors' estates with respect to the matters upon which Latimer and Blackhill are to be engaged.

#### **NECESSITY FOR THE EMPLOYMENT**

29. The CRO's engagement is necessary to ensure the Debtors have executive leadership which is well-versed in the restructuring process. The Debtors' retention of the CRO will benefit the Debtors' estates by providing them an objective and skilled professional to assist in, among other things, evaluating and implementing sale and reorganization alternatives and providing other restructuring guidance. Accordingly, the Debtors submit the employment of the CRO is in the best interests of their bankruptcy estates, creditors, and parties in interest. Further, the Debtors submit it is necessary to employ the CRO immediately as of the Petition Date for the

purpose of facilitating the reorganization of their financial affairs and representing them in all the various matters that may arise in, and in connection with, the Cases.

**PRAYER**

The Debtors respectfully requests that the Court enter an Order: (a) authorizing and approving the employment of the CRO *nunc pro tunc* to the Petition Date; and (b) granting such other and further relief as may be just and proper.

Dated: November 13, 2015

Respectfully submitted,

By: /s/ James R. Latimer, III  
James R. Latimer, III  
Chief Restructuring Officer for the Debtors

**CERTIFICATE OF SERVICE**

I certify that on November 13, 2015 a copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas which gives notice to all counsel of record.

/s/ Reese A. O'Connor  
One of Counsel