

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

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

APPLICATION TO EMPLOY
VINSON & ELKINS LLP AS COUNSEL FOR THE DEBTORS
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 77002.

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-THREE 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”)¹ file this *Application to Employ Vinson & Elkins LLP as Counsel for the Debtors Nunc Pro Tunc to the Petition Date* (the “Application”) pursuant to sections 327, 328, and 1107 of the United States Bankruptcy Code (the “Bankruptcy Code”), Rule 2014 of the Federal Rules of Bankruptcy

¹ 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].

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 Vinson & Elkins LLP (“V&E”) to serve as their bankruptcy counsel in the Cases. Specifically, the Debtors seek to authorize V&E to, *inter alia*, (a) provide the Debtors legal advice with respect to (i) their powers and duties as debtors in possession, (ii) the resolution of all claims, and (iii) the management of property of the estates; (b) lead negotiations with all constituencies; and (c) perform all other legal services for the Debtors that may be related to the Cases.

9. Bankruptcy Code § 327 authorizes a debtor in possession to employ professionals that do not hold or represent an interest adverse to its estate and that are disinterested persons to assist the debtor in possession with its duties under the Bankruptcy Code. 11 U.S.C. § 327(a). Bankruptcy Code § 328 authorizes the employment of professionals on reasonable terms and conditions, including on a retainer, hourly basis, or fixed, contingent, or percentage fee basis. 11 U.S.C. § 328(a).

10. 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 Harry A. Perrin on Behalf of Vinson & Elkins LLP and Bankruptcy Rule 2014 and 2016(b) Disclosure* (the “Perrin Declaration”), attached hereto as **Exhibit A**, set forth specific facts showing the necessity for V&E’s employment, the reasons for selecting V&E, the professional services to be rendered by V&E, the proposed arrangements for V&E’s compensation, and V&E’s connections to parties in interest.²

THE DEBTORS’ RELATIONSHIP WITH V&E

A. General Counsel

11. V&E has served as the Debtors’ general counsel for a variety of matters, including corporate, securities, tax, and litigation matters, since June 2010. During the second and third quarters of 2015, the Debtors consulted attorneys in V&E’s restructuring and reorganization group and since then V&E has been working very closely with the Debtors and their financial advisors to provide legal advice regarding, *inter alia*, (a) financial restructuring and insolvency issues, including exploration of possible non-bankruptcy alternatives, and (b) preparation of the requisite petitions, pleadings, and related documents for the Cases. As a result, V&E is well-acquainted with the Debtors’ corporate history, debt structure, businesses, key stakeholders, and the issues that will be critically important to the Debtors’ estates during the Cases. V&E is familiar with the Debtors’ management, operations, and financial and legal issues that the Debtors must resolve in order to bring the Cases to a successful conclusion. For these reasons, the Debtors believe V&E is uniquely qualified to provide the Debtors with efficient and effective representation in the Cases.

² Includes potential parties in interest.

B. Restructuring Services

12. On July 29, 2015, the Debtors executed an engagement letter (the “Engagement Letter”), pursuant to which V&E has agreed to provide advice and representation to facilitate the restructuring of the Debtors’ financial affairs. A true and correct copy of the Engagement Letter is attached hereto as **Exhibit B**.

13. On July 28, 2015, the Debtors furnished to V&E an advance payment retainer of \$750,000 (the “Retainer”).³ The Engagement Letter authorizes V&E to apply the Retainer to invoiced amounts, which V&E has done once pre-petition.

14. Within the year prior to the Petition Date, the Debtors have paid V&E approximately \$4,605,657.95 (including the Retainer) for services rendered in connection with, *inter alia*, (a) corporate, tax, securities, and litigation matters and (b) the restructuring of the Debtors’ financial viability. A table setting forth each payment received by V&E from October 26, 2014 through the Petition Date is set forth in the Perrin Declaration.

15. Prior to the Petition Date, V&E voluntarily wrote off certain pre-petition fees and expenses owed to V&E by the Debtors. Specifically, on July 22, 2015, V&E wrote off \$2,266 in unpaid fees and expenses from Invoice No. 25369032. Additionally, on July 29, 2015, V&E wrote off \$226,744.02 in unpaid fees and expenses from Invoice No. 25498056.

16. On October 19, 2015, V&E invoiced the Debtors for \$54,217.50 in fees and expenses. Due to logistical reasons and as an accommodation to the Debtors, the Debtors paid this invoice in full by check. Such check was deposited and credited to V&E’s bank account on October 23, 2015, prior to the Petition Date. V&E’s bank has advised that it collected funds on

³ Similar to a “classic retainer,” an “advance payment retainer” is earned upon receipt and is not property of the Debtors’ estates. *See, e.g., Caesars Entm’t Operating Co., Inc.*, No. 15-01145, Docket No. 1,713 (Bankr. N.D. Ill. May 28, 2015). However, unlike a classic retainer, an advance payment retainer is an advance payment and is applied to charges for legal services when rendered.

October 23, 2015, prior to the Petition Date. The funds relating to such check may have been removed from the Debtors' bank account on October 26, 2015 (the Petition Date), and it is unclear whether such funds were removed from the Debtors' bank account before or after the afternoon filing of the Debtors' chapter 11 petitions.

17. On October 22, 2015, in anticipation of the filing of the Cases and the significant weekend work related thereto, V&E invoiced the Debtors for the estimated fees V&E expected to incur between October 22, 2015 through October 25, 2015 (the "Estimated Period") in the amount of \$60,000 for a conservative estimate of the amount of fees to be incurred in such period. V&E incurred actual fees and expenses of \$93,585.75 during the Estimation Period, which exceeded the estimated amount invoiced by \$33,585.75. Since the Petition Date was on a Monday, this amount could not be paid prior to the filing of the Cases. In addition, approximately \$7,485.90 in fees and expenses incurred by V&E in the week prior to the Petition Date were unable to be billed prior to the filing of the Cases.

18. As a result of the foregoing, pre-petition fees and expenses of approximately \$41,071.65 have not been paid (the "Unpaid Fees").⁴ The Retainer is available to satisfy the Unpaid Fees. Accordingly, V&E requests that it be authorized to apply its remaining Retainer to satisfy the Unpaid Fees.⁵

19. V&E will not draw against the Retainer for any fees and expenses until this Application has been approved by the Court, in which case V&E will comply with approved fee procedures and the Bankruptcy Rules. V&E requests that, after satisfying the Unpaid Fees

⁴ This amount may be adjusted for any pre-petition charges not reflected in V&E's accounting system at the time of such estimate.

⁵ Bankruptcy courts in other jurisdictions have permitted a debtor's bankruptcy counsel to apply its retainer to unpaid pre-petition fees and expenses. *See, e.g., In re USEC Inc.*, No. 14-10475, Docket No. 179 (Bankr. D. Del. Apr. 21, 2014).

described in the Perrin Declaration, the remaining Retainer be treated as an evergreen retainer and be held by V&E as security throughout the Cases until V&E's fees and expenses are awarded and payable to V&E on a final basis. The Debtors consent to this request.

20. Except as set forth above, as of the Petition Date, (a) the Debtors did not owe V&E any amounts for legal services rendered before the Petition Date, and (b) V&E is not a creditor of the Debtors.

21. Below is the name and contact information for the lead attorney from V&E who will serve as the Debtors' attorney of record:

Harry A. Perrin
VINSON & ELKINS LLP
First City Tower
1001 Fannin Street, Suite 2500
Houston, TX 77002-6760
Tel: 713.758.2222
Fax: 713.758.2346
Email: hperrin@velaw.com

Other attorneys from V&E will participate in the representation of the Debtors as necessary.

REASONS FOR SELECTION

22. The Debtors have selected V&E as their bankruptcy counsel because V&E is well-qualified to represent them as debtors in possession in the Cases. V&E has extensive experience and knowledge regarding chapter 11 and complex restructurings and reorganizations. V&E's expertise, experience, and knowledge practicing before bankruptcy courts in its representation of debtors, trustees, lenders, committees, investors, shareholders, and purchasers will undoubtedly be a key component to the Debtors' reorganization. In addition, as indicated above, V&E is a full-service legal firm with experience and expertise in other legal areas that will or may be involved during the Cases, such as litigation, mergers and acquisitions, tax, and corporate governance.

23. Further, as indicated above, over the past five years V&E has represented the Debtors as their general counsel and, in recent months, V&E has assisted the Debtors in exploring restructuring alternatives and preparing for the filing of the Cases. In light of V&E's long-standing history with the Debtors and in-depth review of their operations, V&E has become very familiar with the Debtors' assets and financial affairs, as well as many of the legal issues that are likely to arise or be presented during the course of the Cases. If the Debtors were required to retain counsel other than V&E, they would incur significant additional expense and delay. The Debtors believe that V&E will provide the most effective and efficient representation available to them.

SERVICES TO BE RENDERED

24. The services to be provided by V&E pursuant to the terms of the Engagement Letter include, without limitation, the following:

- a. provide legal advice with respect to the Debtors' powers and duties as debtors in possession in the operation of their businesses and the management of estate property;
- b. take all necessary steps to protect and preserve the Debtors' bankruptcy estates;
- c. serve as counsel of record for the Debtors in all aspects of the Cases, including, without limitation, the prosecution of actions on behalf of the Debtors, the defense of any actions commenced against the Debtors, and objections to claims filed against the Debtors' estates;
- d. prepare on behalf of the Debtors all necessary motions, answers, orders, reports, and other legal papers in connection with the administration of their bankruptcy estates;
- e. assist in the confirmation of the Debtors' chapter 11 plan and disclosure statement;
- f. consult with the United States Trustee, any statutory committee, and all other creditors and parties in interest concerning the administration of the Cases; and

- g. provide representation and all other legal services required by the Debtors in discharging their duties as the debtors in possession or otherwise in connection with the Cases.

PROPOSED COMPENSATION ARRANGEMENT

25. The Debtors have agreed, subject to the Court's approval, to pay fees to V&E based upon time spent in rendering legal services at the same customary hourly rates that V&E charges its other clients for similar work. The rates for such services are fair and reasonable and within the normal range for services rendered in similar cases within the Southern 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.

26. The hourly rates of the V&E attorneys expected to perform legal services in the Cases are \$340 for the most junior associate to \$1,300 for the most senior partner.⁶ The hourly rates of the three V&E attorneys expected to perform the majority of services in the Cases are as follows:

- (a) **Harry A. Perrin**, Partner - \$935 per hour;
- (b) **Bradley R. Foxman**, Senior Associate - \$715 per hour; and
- (c) **Reese A. O'Connor**, Associate - \$380 per hour

27. The hourly rate of the V&E paraprofessional expected to perform most of the services in the Cases is \$250. V&E generally reviews and adjusts its billing rates annually, and thus, billing rates may vary over the course of the Cases. In addition, the Debtors have agreed to reimburse V&E for its out-of-pocket expenses for rendering such services. These billing rates and financial terms are the same for V&E's representation of the Debtors pre-petition.

⁶ The Firm-wide blended hourly rates are approximately \$812 for partners and \$468 for associates. These Firm-wide blended hourly rates are calculated based on the total hours billed by V&E's domestic timekeepers, excluding all restructuring and reorganization timekeepers, for 2015 (through September 30, 2015).

28. All V&E attorneys 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.

29. All post-petition compensation payable to V&E by the Debtors will be subject to Court approval in accordance with Bankruptcy Code §§ 330 and 331, the Bankruptcy Rules, the Bankruptcy Local Rules, the *Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under United States Code by Attorneys in Larger Chapter 11 Cases*, the procedures set forth on the Court's website, and orders of this Court.

CONNECTIONS TO PARTIES IN INTEREST

30. To the best of Debtors' and V&E's knowledge, and except as is fully disclosed in the Perrin Declaration, attached hereto as **Exhibit A**, V&E's attorneys 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 V&E is to be engaged.

NECESSITY FOR THE EMPLOYMENT

31. The Debtors submit that V&E's employment is in the best interest of their bankruptcy estates. Further, the Debtors submit it is necessary to employ V&E 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.

32. V&E has indicated its desire and willingness to serve as bankruptcy counsel for the Debtors on the basis set forth above.

PRAYER

The Debtors respectfully request that the Court enter an Order: (a) authorizing and approving the employment of V&E *nunc pro tunc* 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