

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

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

APPLICATION TO EMPLOY PARKMAN WHALING LLC AS  
FINANCIAL ADVISORS FOR THE DEBTORS

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”),<sup>1</sup> file  
this *Application to Employ Parkman Whaling LLC as Financial Advisors for the Debtors* (the  
“Application”) seeking entry of an order authorizing the employment and retention of Parkman  
Whaling LLC (“Parkman Whaling”) to serve as independent financial advisors for the Debtors.  
In support of this Application, the Debtors submit the *Affidavit of Thomas B. Hensley, Jr. on*

<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].

*Behalf of Parkman Whaling LLC and Bankruptcy Rule 2014 Disclosure* (the “Hensley Affidavit”), attached hereto as **Exhibit A**. In further support of this Application, the Debtors respectfully represent as follows:

**JURISDICTION AND PROCEDURAL BACKGROUND**

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157. This Application is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).
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 United States Code (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 Parkman Whaling as their financial advisors, effective as of November 13, 2015, to perform the services described herein and set forth in detail in the engagement letter dated November 13, 2015 between the Debtors and Parkman Whaling (the “Engagement Letter”). A true and correct copy of the Engagement Letter is attached hereto as **Exhibit B**.

**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. Parkman Whaling 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 Hensley Affidavit and as otherwise addressed herein, the Debtors submit that Parkman Whaling 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 Parkman Whaling’s retention as described herein are reasonable. The terms are substantially similar to those which Parkman Whaling charges its other bankruptcy clients for similar engagements of this size and character.

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 Hensley Affidavit set forth specific facts showing the necessity for Parkman Whaling’s employment as the Debtors’ financial advisors, the reasons for selecting Parkman Whaling, the professional services to be rendered by Parkman Whaling, the proposed arrangements for Parkman Whaling’s compensation, and Parkman Whaling’s connections to parties in interest.<sup>2</sup>

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

**EMPLOYMENT OF PARKMAN WHALING IS APPROPRIATE**

14. In consideration of the scope and complexity of the Debtors' onshore and offshore oil and gas operations, multifaceted financial and operational issues, and various constraints imposed by their decreasing liquidity, the Debtors have determined that the services of experienced, energy-focused financial advisors will substantially enhance their attempts to maximize the value of their estates.

15. The Debtors previously employed another financial advisor pursuant to a written agreement (the "Prior Agreement") to assist them in, among other things, the exploration of restructuring alternatives and the marketing and selling of certain of their oil and gas properties. However, the Debtors determined, in their business judgment, that terminating the Prior Agreement and, subject to the Court's approval, engaging Parkman Whaling as their new financial advisors, was in the best interests of their estates, creditors, and parties in interest.

16. On November 6, 2015, the Debtors filed their *Motion to Authorize and Approve (a) Stalking Horse Purchase Agreement, (b) Sale of Substantially all Assets Free and Clear of Claims, Liens, Encumbrances, and Other Interests, (c) Assumption and Assignment of Executory Contracts and Unexpired Leases, (d) Bidding Procedures, (e) Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases, and (f) Related Relief* [Docket No. 90] (the "Sale Motion"). In the Sale Motion, the Debtors seek to sell all or substantially all of their assets in one or more transactions pursuant to an auction process and asset sell under Bankruptcy Code § 363 (the "Transaction" or "Transactions").<sup>3</sup> Parkman Whaling will assist the Debtors'

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<sup>3</sup> For purposes of this Application, "Transaction" or "Transactions" excludes the sale of the Debtors' office building in Houston, Texas to a party who does not also purchase all or any portion of the Debtors' oil and gas assets (a "Building Only Transaction").

management and professionals in connection with the Transaction(s) contemplated by the Sale Motion.

### **COMPREHENSIVE SELECTION PROCESS**

17. As discussed previously, shortly before the filing of this Application, the Debtors made the business decision to terminate the Prior Agreement and interview alternative financial advisory firms to assist them in their marketing and sale process.

18. The Debtors selected Parkman Whaling due to Parkman Whaling's extensive experience and knowledge in the field of oil and gas transactions. Parkman Whaling was founded in 2007 as a response to the increased need for independent, qualified, conflict-free advice available to companies, investors, and participants in the energy industry. Parkman Whaling's senior advisors each have more than 30 years of experience in investment banking and/or energy business.

19. Parkman Whaling's professionals have acted as investment bankers to small and large public and private companies, boards of directors, foreign and domestic governments, creditors, private investors, and other capital providers to consummate more than 340 transactions cumulatively worth over \$110 billion.

20. Parkman Whaling's professionals have extensive experience advising distressed companies and assisting various parties in interest in restructuring and other financing transactions, both inside and outside of chapter 11 proceedings. Accordingly, Parkman Whaling's professionals have significant experience in matters of this type and are well-qualified to serve as the Debtors' financial advisors during the Cases.

21. Thomas B. Hensley, Jr. ("Hensley"), a member of Parkman Whaling, will be principally responsible for the engagement. Below is the contact information for Hensley:

**PARKMAN WHALING LLC**

Attn: Thomas B. Hensley, Jr.  
600 Travis Street, Suite 600  
Houston, Texas 77002  
Telephone: 713.333.8400  
Fax: 713.333.8420

22. Other professionals from Parkman Whaling will participate in the representation of the Debtors as necessary.

**SERVICES TO BE RENDERED**

23. The Engagement Letter sets forth the understanding and agreement between Parkman Whaling and the Debtors pursuant to which Parkman Whaling will serve as the Debtors' financial advisors in accordance with the terms set forth therein.

24. The professional services to be rendered by Parkman Whaling include, among other things, the following:

- a. Meet with the Debtors to develop an understanding of their objectives;
- b. Meet with the Debtors' management to allow Parkman Whaling to gain a thorough understanding of the Debtors' assets, business, and prospects;
- c. Develop a work program to quantify the reserve and resource potential of the Debtors' assets and assist the Debtors in compiling such information for presentation to potential purchasers;
- d. Assist the Debtors in formulating, considering, and proposing various Transaction structures designed to achieve the Debtors' objectives with respect to possible Transactions;
- e. Design and implement a solicitation program to identify potential Transaction counterparties and provide evaluation materials and other marketing materials to interested parties;
- f. Assist the Debtors in conducting due diligence efforts related to potential Transactions;
- g. Assist the Debtors in developing the Debtors' negotiating strategy and in analyzing the highest and best potential Transaction;
- h. Assist the Debtors in pursuing negotiations with one or more interested parties through the execution of definitive documentation; and
- i. Render such other advisory services as may reasonably be requested by the Debtors in connection with Parkman Whaling's engagement.

25. Subject to the Court's approval of this Application, Parkman Whaling has indicated that it is willing to serve as the Debtors' financial advisors and to perform the services set forth in the Engagement Letter.

**PROPOSED COMPENSATION ARRANGEMENT**

26. The Debtors have agreed, subject to the Court's approval, to compensate Parkman Whaling as follows:

- a. A monthly fee of \$100,000 payable on the first day of December 2015, and the first day of the three months thereafter for a total of four monthly payments of \$100,000 each; provided that if any such monthly fees are due prior to the approval of the Engagement Letter by the Court, any such monthly fees shall be paid only after the Engagement Letter has been approved by the Court; and
- b. A transaction fee (the "Transaction Fee")<sup>4</sup> paid at closing of the Transaction and equal to \$350,000 plus one and a half percent (1.5%) of the amount by which the Transaction Value<sup>5</sup> exceeds the aggregate of the First Lien Prepetition Indebtedness (as defined in the Final Cash Collateral Order),<sup>6</sup> \$2.5 million, and any and all Cure Costs (as defined in the APA);<sup>7</sup>

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<sup>4</sup> No Transaction Fee shall be due after termination of the Engagement Letter; provided, however, in the event the Debtors enter into a letter of intent or definitive agreement before termination of the Engagement Letter, or within twelve (12) months after termination of the Engagement Letter, any of which leads to closing a Transaction, the Transaction Fee will be earned and paid, subject to the Court's approval, at the closing of the Transaction.

<sup>5</sup> The term "Transaction Value" means the gross value of all cash, securities (including options) and other property paid directly or indirectly to the Debtors or their equity owners (or for the value of the assets contributed by the Debtors in the case of a property trade or joint venture) in connection with a Transaction. In addition, if any of the Debtors' liabilities are assumed, decreased, or paid off in connection with a Transaction, the Transaction Value will be increased to reflect the face amount of such liabilities. The value of any such securities (whether debt or equity) or other property shall be determined as follows: (i) the value of securities that are freely tradable in an established public market will be determined on the basis of the average closing price of such securities for the five trading days ending two business days prior to the closing of a Transaction; and (ii) the value of securities that are not freely tradable or have no established public market, and the portion of the Transaction Value that consists of other property, shall be the fair market value thereof at closing. Components of consideration that are payable over time shall be included in the Transaction Value on a present value basis discounted at 10% per annum for such future payments. The Debtors and Parkman Whaling shall endeavor to reach agreement on the risked value at closing of components of consideration that have a contingent aspect so that such components can be included in the Transaction Value. Notwithstanding anything in this Application, the Hensley Affidavit, or the Engagement Letter to the contrary, the Transaction Value shall exclude all cash, securities (including options) and other property paid directly or indirectly to the Debtors, and any liabilities assumed, decreased or paid off, in a Building Only Transaction.

<sup>6</sup> "Final Cash Collateral Order" means the *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363 and 507, Bankruptcy Rules 2002, 4001 and 9014 and Local Bankruptcy Rule 4001-2 (I) Authorizing Debtors' Limited Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Parties, and (II) Modifying the Automatic Stay* [Docket No. \_\_\_\_] entered November \_\_\_\_, 2015.



provided, however, that (a) any Transaction Fee shall only be paid after the closing of a Transaction (other than the APA) and the payment in full in cash of the First Lien Prepetition Indebtedness or (b) in the event that the APA is consummated with Highbridge, Parkman Whaling shall be entitled only to \$350,000 upon the closing of such Transaction.<sup>8</sup>

27. The Debtors have also agreed, subject to the Court's approval, to indemnify Parkman Whaling in accordance with a separate letter agreement attached to the Engagement Letter.

28. The Debtors request approval of the terms of the retention of Parkman Whaling subject to the standard of review provided in Bankruptcy Code § 328(a). The Debtors submit that the compensation structure set forth in the Engagement Letter reflects reasonable terms and conditions of retention and that such compensation structure be approved under Bankruptcy Code § 328(a). Furthermore, the Debtors submit that the indemnification provisions of the type specified in the Engagement Letter are reasonable for engagements of this type, both out of court and in chapter 11 cases, and reflect the qualifications and limitations on indemnification provisions that have been approved by courts in the Fifth Circuit. *See, e.g., In re Dune Energy Inc., et al.*, No. 15-10336, Docket No. 140 (Bankr. W.D. Tex. Apr. 2, 2015) (authorizing indemnification provisions relating to retention of Parkman Whaling as customary and reasonable).

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<sup>7</sup> “APA” means that certain *Asset Purchase and Sale Agreement* dated as of November 6, 2015, by and among Highbridge and certain of its affiliates and the Debtors.

<sup>8</sup> In the event there is more than one Transaction for which letters of intent to purchase or definitive agreements to purchase are signed, the Transaction Fee shall be calculated based upon the aggregate Transaction Value. (For example, if two transactions valued at \$35,000,000 each are signed, the Transaction Fee shall be \$443,000 calculated as \$350,000 plus 1.5% of the excess over the aggregate of the First Lien Prepetition Indebtedness (as defined in the Final Cash Collateral Order), \$2.5 million, and any and all Cure Costs (as defined in the APA). Likewise, if the combined Transactions are valued, in the aggregate, at less than the aggregate of the First Lien Prepetition Indebtedness (as defined in the Final Cash Collateral Order), \$2.5 million, and any and all Cure Costs (as defined in the APA), the Transaction Fee shall be \$350,000).

29. With the exception of fixed monthly payments, Parkman Whaling's compensation is based upon results achieved through the consummation of a Transaction, without regard for hours worked or services performed. Accordingly, the Debtors submit that interim fee applications pursuant to Bankruptcy Code § 330 should not be required and that the Debtors should be authorized to pay the fixed monthly payments as they become due without the need for filing interim fee applications. However, in the event a Transaction is consummated, Parkman Whaling shall file a final fee application.

30. The proposed compensation structure is reasonable and competitive, and it comports with the nature of the services to be provided by Parkman Whaling. The compensation structure the Debtors have negotiated with Parkman Whaling is designed to maximize the value of their estates and the Debtors believe it to be in the best interests of their estates and creditors.

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

31. Except as is fully disclosed in the Hensley Affidavit, attached hereto as **Exhibit A**, Parkman Whaling does 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 does not hold or represent any other known or reasonably ascertainable interest adverse to the Debtors' estates with respect to the matters upon which Parkman Whaling is to be engaged.

#### **NECESSITY FOR PARKMAN WHALING'S EMPLOYMENT**

32. Parkman Whaling's engagement is necessary to ensure the Debtors have experienced financial advisors to assist them in evaluating the complex financial and economic issues raised in the Cases and to fulfill their statutory duties as debtors in possession. The Debtors' retention of Parkman Whaling will benefit the Debtors' estates by providing them an objective and skilled financial advisors to assist in, among other things, the evaluation,

negotiation, and consummation of one or more Transactions in accordance with the Sale Motion. Accordingly, the Debtors submit the employment of Parkman Whaling is in the best interests of their bankruptcy estates, creditors, and parties in interest. Further, the Debtors submit it is necessary to employ Parkman Whaling immediately as of November 13, 2015.

**PRAYER**

The Debtors respectfully requests that the Court enter an Order: (a) authorizing and approving the employment of Parkman Whaling, effective November 13, 2015; 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, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

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