

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:	x	
	:	
	:	Chapter 11
RAAM GLOBAL ENERGY	:	
COMPANY, <i>et al.</i> , <sup>1</sup>	:	Case No. 15-35615 (MI)
	:	
Debtors.	:	(Jointly Administered)
	x	

**STIPULATION**

This stipulation (this “**Stipulation**”) is made and entered into as of December 1, 2015 (the “**Stipulation Effective Date**”), by and among the following parties: the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”); Highbridge Principal Strategies, LLC, on behalf of the lender parties under the First Lien Credit Agreement (“**Highbridge**”); the Official Committee of Unsecured Creditors (the “**Committee**”); and Ace Insurance Company and its Affiliates (collectively, “**Ace**”). The Debtors, Highbridge, the Committee, and Ace are each referred to herein as a “**Party**” and are collectively referred to herein as the “**Parties.**”

**Recitals**

WHEREAS, on October 26, 2015 (the “**Petition Date**”) RAAM Global Energy Company, and certain of its affiliates commenced chapter 11 cases in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “**Court**”), by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”), which chapter 11 cases are being jointly administered

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are RAAM Global Energy Company [2973], Century Exploration New Orleans, LLC [4948], Century Exploration Houston, LLC [9624], and Century Exploration Resources, LLC [7252].

and are captioned *In re RAAM Global Energy Company, et al.*, Case No. 15-35615 (MI) (the “**Chapter 11 Cases**”);

WHEREAS, on the Petition Date, the Debtors filed the *Emergency Motion for Approval of Interim and Final Use of Cash Collateral and Granting Adequate Protection* [Dkt. No. 11] (the “**Cash Collateral Motion**”);

WHEREAS, the Debtors and Ace entered into the Ace Bonding Agreement to fund the Debtors’ plugging and abandonment (“**P&A**”) obligations;

WHEREAS, an escrow account created pursuant to and for the benefit of the Ace Bonding Agreement (the “**Escrow Agreement**”) held approximately \$9.9 million as of the Petition Date as of September 30, 2015;

WHEREAS, on November 6, 2015, the Debtors filed a motion seeking authority to sell to Highbridge substantially all of the Debtors’ assets pursuant to sections 363 and 365 of the Bankruptcy Code pursuant to an asset purchase agreement [Docket No. 90] (such motion, the “**Sale Motion**,” and such agreement, the “**Purchase Agreement**”) whereby Highbridge will purchase substantially all of the Debtors’ assets (the “**Sale**” and any cash proceeds from the Sale, the “**Sale Proceeds**”);

WHEREAS, on November 23, 2015, the Debtors filed the *Expedited Motion for Order Authorizing (A) the Debtors to Deliver Checks to their Intended Recipients, (B) the Debtors and Ace to Enter Into Contracts with Vendors to Perform Plugging and Abandonment Work in the Ordinary Course, and (C) the Utilization of Funds in the Escrow Account to Pay for Such Work in the Ordinary Course* [Docket No. 148] (the “**Ace Motion**”);

WHEREAS, on November 24, 2015, the Committee filed an objection to the Cash Collateral Motion [Docket No. 152];

WHEREAS, on November 24, 2015, the Debtors filed the *Debtors' Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 154] (the "**Plan**");

NOW, THEREFORE, it is hereby stipulated and agreed to by and among the Parties and upon Bankruptcy Court approval hereof, it shall be ordered as follows:

1. This Stipulation is intended to bind and inure to the benefit of the Parties. The rights or obligations of the Parties under this Stipulation may not be assigned, delegated, or transferred to any other person or entities; *provided, however*, Higbridge, in connection with any sale of a majority of its claims against the Debtors, may assign, delegate, or transfer its rights or obligations under this Stipulation to a third party in its sole discretion.

2. The Purchase Agreement shall be amended to provide that Highbridge shall fund the Sale Proceeds as provided for, and only as provided for, in this Stipulation upon the effective date of the Plan (the "**Effective Date**"). The Purchase Agreement shall be further amended to provide that a condition to the closing of the sale shall be the occurrence of the Effective Date.

3. Under the Plan, Ace shall receive \$1,150,000.00 of the Sale Proceeds, plus any additional amounts recovered pursuant to paragraph 7, in full and final satisfaction of any and all Claims of Ace in the Chapter 11 Cases. Ace agrees to satisfy any unpaid Claims against the Debtors on account of P&A liabilities secured by Ace bonds identified on the attached **Exhibit A** (as may be amended or supplemented from time to time solely to include pre-petition claims for P&A work regarding properties on which Ace has issued a bond) on either the earlier of (i) as soon as practicable after entry of an order approving this Stipulation, (ii) in the ordinary course of business, or (iii) as otherwise ordered by the Court. Ace shall also continue to apply the proceeds of the Escrow Account in the ordinary course of business during the pendency of

the Chapter 11 Cases in accordance with the Ace Motion and shall pay past and future P&A liabilities on behalf of the Debtors solely with respect to properties on which Ace has issued a bond up to the face amount of such bond.

4. Under the Plan, holders of General Unsecured Trade Claims shall receive a *pro rata* distribution of \$800,000 of the Sale Proceeds, plus any additional amounts recovered pursuant to paragraph 7, in full and final satisfaction of such Claims (the “**General Unsecured Trade Claims Distribution**”). The General Unsecured Trade Claims Distribution shall not be shared with any holder of Claims in any other Class, including, without limitation, the General Unsecured Non-Trade Claims Class; *provided, however*, except as set forth in this Paragraph, in the event the Debtors or Highbridge satisfy any such General Unsecured Trade Claims on or before the Effective Date, whether through any motion filed by the Debtors or through Cure Payments paid pursuant to the Sale (collectively, the “**Satisfied Claims**”), then the amount provided to Holders of General Unsecured Trade Claims shall be reduced by 57.5% of the amount of the Satisfied Claims. The Plan shall be amended to provide that General Unsecured Trade Claims does not include (i) any Debtors’ professional fees incurred prepetition, and (ii) any payments made to Debtors’ employees on account of prepetition claims

5. Under the Plan, the Sales Proceeds shall fund the Professional Fee Reserve in an amount not to exceed \$4,000,000, of which \$3,200,000 may be applied to the fees of the Debtors’ retained professionals and \$800,000 may be applied to the fees of the Committee’s retained professionals, less any amounts paid to such professionals during the pendency of the chapter 11 cases under any interim compensation orders of the Court or otherwise, and in addition to amounts funded by the Debtors held in retainer by such professionals, in full and final satisfaction of all Professional Fee Claims.

6. Under the Plan, the Sale Proceeds shall fund the Liquidating Trust Expense Reserve in the amount of \$100,000; *provided, however*, that if not all of the \$800,000 provided for in paragraph 5 is used to pay the allowed fees and expenses of the Committee's professionals, any unused portions up to \$50,000 shall be transferred to the Liquidating Trust Expense Reserve. The Plan shall be amended to provide (i) that the Liquidating Trustee shall be appointed by the Committee, in consultation with the Debtors, Ace, and Highbridge, and (ii) such other amendments as may be necessary or reasonable for the Liquidating Trust, to be negotiated in good faith by the Parties, including, without limitation, commercially reasonable efforts to cause the Purchaser to enter into a transition services agreement with the Liquidating Trustee, at cost, for the reconciliation of claims, if necessary or desirable.

7. The Plan shall provide that all other proceeds of the Liquidating Trust Assets, including any unused amounts from the Professional Fee Reserve and the Liquidating Trust Expense Reserve, subject to paragraph 6, shall be distributed (a) first (1) 50% to satisfy any Claims of ACE and (2) 50% to Holders of General Unsecured Trade Claims, until the Claims set forth in (1) or (2) have been satisfied in full, (b) second, to satisfy any unpaid Claims of the First Lien Credit Agreement Claims up to the full amount of such Claims, and (c) third, to Holders of Senior Secured Note Claims on a pro rata basis.

8. The Plan shall be modified in all respects to incorporate the terms of this Stipulation contemplated herein.

9. In the event the Debtors determine that another Sale transaction is higher or otherwise better than the Purchase Agreement, any Sale Proceeds in excess of the amount provided in the Purchase Agreement (as modified by Paragraph 2, herein) shall be applied after the payments contemplated under this Stipulation are paid, first, to satisfy all First Lien Credit

Agreement Claims up to the full amount of such Claims and, second, to Holders of Senior Secured Note Claims on a pro rata basis.

10. If Highbridge is the Purchaser under the Plan, it shall use commercially reasonable efforts to enter into a transition services agreement with Ace on the Effective Date of the Plan, at cost, with respect to use of Debtor's management team to facilitate any post-closing P&A on the Ace bonded assets of the Debtors.

11. The Debtors, Highbridge, the Committee, and Ace shall (i) support, and shall not directly or indirectly, or encourage any other entity to directly or indirectly, object to, delay, impede, or take any other action or any inaction to interfere with the acceptance, implementation, or consummation of the Plan (as amended consistent with this Stipulation) or approval by the Court of the Plan, the Cash Collateral Order, the Sale, and the Ace Motion or any related transactions, documents, or settlements, (ii) withdraw any and all and not engage in any further, discovery requests, litigation, appeals, or objections related to the foregoing or any matters related to the foregoing, and (iii) not agree to, consent to, or provide any support to any other Plan or Sale that is inconsistent with the terms set forth in this Stipulation.

12. For the avoidance of doubt, this Stipulation shall not limit or otherwise impair Highbridge's rights provided for in the Cash Collateral Order or Purchase Agreement (except as modified by this Stipulation) and upon a termination of the Purchase Agreement (except in accordance with the Bidding Procedures (as defined therein)) or of the use of cash collateral under the Cash Collateral Order, this Stipulation shall be deemed terminated and the Parties' rights shall revert *status quo ante*.

13. This Stipulation shall not be modified, altered, amended or vacated without the written consent of the Parties hereto.

14. For purposes of construing this Stipulation, none of the Parties shall be deemed to have been the drafter of the Stipulation.

15. This Stipulation may be executed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same agreement. Signatures to this Stipulation transmitted by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form or other electronic means will have the same effect as physical delivery of the paper document bearing an original signature.

16. Upon approval by the Court, this Stipulation shall constitute an order of this Court and violations of the provisions of this Stipulation are subject to enforcement and the imposition of legal sanctions in the same manner as any other order of the Court.

*[Signature Page Immediately Follows]*

Stipulated and agreed by:

RAAM GLOBAL ENERGY COMPANY, *et al.*, DEBTORS AND DEBTORS IN POSSESSION

By: /s/ Harry A. Perrin

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