

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. §

**EXPEDITED APPLICATION TO EMPLOY RYAN, LLC AS  
TAX CONSULTANTS FOR THE DEBTORS**

**THIS APPLICATION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE APPLICATION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE APPLICATION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE APPLICATION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE APPLICATION AT THE HEARING.**

**EMERGENCY RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE APPLICATION ON AN EMERGENCY BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF, OR IF YOU BELIEVE THAT THE EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE.**

**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 *Expedited Application to Employ Ryan, LLC as Tax Consultants for the Debtors* (the “Application”) seeking entry of an order authorizing the employment and retention of Ryan, LLC (“Ryan”) to serve as tax consultants for the Debtors. In support of this Application, the Debtors submit the *Declaration of Stephen J. Allen on Behalf of Ryan, LLC and Bankruptcy Rule 2014 Disclosure* (the “Allen Declaration”), 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,

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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].

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 Ryan as their tax consultants, effective as of December 10, 2015, to perform the services described herein and set forth in detail in the engagement letter dated December 10, 2015 between the Debtors and Ryan (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. Given Ryan's limited scope of engagement, it is unclear whether Ryan qualifies as a "professional person" for purposes of Bankruptcy Code § 327(a). *See In re Seatrain Lines, Inc.*, 13 B.R. 980, 981 (Bankr. S.D.N.Y. 1981) ("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 . . . [and those that are] intimately involved in the administration of the debtor's estate"); *see also In re Lowry Graphics, Inc.*, 86 B.R. 74, 78 (Bankr. S.D. Tex. 1988). Nevertheless, in an abundance of caution, the Debtors are requesting this Court's authorization to retain Ryan to perform the limited services set forth herein and in the Engagement Letter.

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 Allen Declaration and as otherwise addressed herein, the Debtors submit that Ryan 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 Ryan's retention as described herein are reasonable. The terms are substantially similar to those which Ryan charges its other 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 Allen Declaration set forth specific facts showing the necessity for Ryan's employment as the Debtors' tax consultants, the reasons for selecting Ryan, the professional services to be rendered by Ryan, the proposed arrangements for Ryan's compensation, and Ryan's connections to parties in interest.<sup>2</sup>

### **EMPLOYMENT OF RYAN IS APPROPRIATE**

14. The Debtors are likely entitled to sales and use tax, severance tax, and royalty refunds resulting from the overpayment of various taxes, including sales and use taxes, severance taxes, and royalties to the State of Texas, the State of Louisiana, and the federal government, as applicable. With each passing month, however, the Debtors' ability to obtain such refunds is diminishing by virtue of the applicable statute of limitations. *See, e.g.*, TEX. TAX. CODE § 151.0101; TEX. TAX CODE § 151.318(b)(1); Comptroller's Decision No. 4,349 (1967); Comptroller's Decision No. 36,005 (1997); TEX. TAX. CODE. § 111.104; TEX. TAX CODE § 201.057; 30 U.S.C. § 1721; 30 C.F.R. § 1206.156. Accordingly, the Debtors submit that Ryan's employment is necessary to preserve the Debtors' ability to obtain the maximum amount of sales and use tax, severance tax, and royalty refunds, credits, and/or reductions.

### **SELECTION PROCESS**

15. The Debtors selected Ryan due to Ryan's extensive experience and reputation in the tax services industry, particularly with respect to oil and gas companies. Ryan is an award-winning global tax consulting firm. Ryan provides a comprehensive range of state, local, federal, and international tax advisory and consulting services on a multi-jurisdictional basis,

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

including audit defense, tax recovery, credits and incentives, tax process improvement and automation, tax appeals, tax compliance, and strategic planning.

16. Stephen J. Allen ("Allen") and William Samuels ("Samuels"), both principals of Ryan, will be principally responsible for the engagement. Below is the contact information for Allen and Samuels:

**RYAN, LLC**  
1001 Fannin Street, Suite 1250  
Houston, Texas 77002  
Telephone: 713.629.0090  
Fax: 713.622.5527

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

#### **SERVICES TO BE RENDERED**

18. The Engagement Letter sets forth the agreement between Ryan and the Debtors pursuant to which Ryan will serve as the Debtors' tax consultants in accordance with the terms set forth therein. The professional services to be rendered by Ryan include (a) reviewing, *inter alia*, the Debtors' sales and use tax payment, severance tax payment, and royalty payment records to identify tax refunds and/or tax reduction opportunities, and (b) assisting the Debtors in reducing their sales and use tax liability.

19. If the Debtors are audited during Ryan's engagement, Ryan will, upon the Debtors' authorization, review the audit exceptions scheduled by the Texas Comptroller of Public Accounts after the Debtors complete their internal review. Upon request of the Debtors, Ryan will also provide audit defense services on behalf of the Debtors.

20. In the event of any litigation or other adjudication of any claims or issues (an “Adjudication”), the Debtors agree that Ryan has the right to engage legal counsel to represent the Debtors at Ryan’s expense, subject to the Debtors’ approval.

21. Subject to the Court’s approval of this Application, Ryan has indicated that it is willing to serve as the Debtors’ tax consultants and to perform the services set forth in the Engagement Letter.

### **PROPOSED COMPENSATION ARRANGEMENT**

22. The Debtors have agreed, subject to the Court’s approval, to compensate Ryan as follows:

- a. Non-Adjudicated Claims. In the event Ryan obtains any tax or royalty refunds, credits, or reductions, the Debtors agree to pay Ryan and assign Ryan, as compensation for its services, thirty percent (30%) of any tax or royalty refunds, credits, or reductions, including offsets of interest and penalties and the payment of credit interest, which the Debtors receive from taxing authorities and/or vendors. The Debtors agree that Ryan’s fees shall be based upon the gross amounts attributable to Ryan and shall not be reduced by any existing liabilities of the Debtors that may be applied or offset against such amounts.
- b. Adjudicated Claims. In the event that Ryan obtains any refunds, credits, or reductions as a result of an Adjudication (as defined above), the Debtors agree to pay Ryan and transfer, convey, and assign to Ryan, as compensation for its services, all rights, title, interest, and ownership in and to forty percent (40%) of any tax or royalty refunds, credits, or reductions the Debtors receive as a result of the Adjudication, including offsets of interest and penalties and the payment of credit interest thereon. ***In the event no tax or royalty refunds, credits, or reductions are obtained, no fee will be due.***
- c. Follow-On Claims. In the event Ryan obtains any refunds, credits, or reductions as a result of an Adjudication, and the Debtors receive any tax or royalty refunds, credits, or reductions in connection with other transactions due to substantially the same legal issue(s) as matters resolved in favor of the Debtors in the Adjudication, the Debtors agree to pay Ryan and transfer, convey, and assign to Ryan, as compensation for its services, all rights, title, interest, and ownership in and to forty percent (40%) of any such tax or royalty refunds, credits, or reductions, including offsets of

interest and penalties and the payment of credit interest thereon, and tax or royalty savings imputed on such transactions for which the Debtors were entitled to a tax or royalty assessment reduction, through the date in which a final, non-appealable judgment is obtained in the Adjudication, regardless of whether obtained by Ryan.

23. Ryan will be responsible for all out of pocket costs.

24. The Debtors request approval of the terms of the retention of Ryan 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).

25. Ryan's compensation is based upon results achieved through obtaining tax and royalty refunds, credits, or reductions, 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. However, notwithstanding anything to the contrary in the Engagement Letter, in the event Ryan is entitled to any compensation under the terms of the Engagement Letter, Ryan shall file a fee application with the Court.

26. The Debtors submit that Ryan's proposed compensation structure is reasonable and competitive, and it comports with the nature of the services to be provided by Ryan. The Debtors further submit that such compensation structure is designed to maximize the value of their estates and is in the best interests of their estates and creditors.

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

27. Except as is fully disclosed in the Allen Declaration, attached hereto as **Exhibit A**, Ryan 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 Ryan is to be engaged.

**NECESSITY FOR RYAN'S EMPLOYMENT**

28. Ryan's engagement is necessary to: (a) ensure the Debtors have experienced tax consultants to assist them in obtaining the tax and royalty refunds, credits, and/or reductions (i) to which they are entitled and (ii) which are gradually diminishing as a result of the applicable statute of limitations (discussed above); and (b) maximize the value of the Debtors' estates.

**EXPEDITED RELIEF IS APPROPRIATE**

29. The Debtors submit that an expedited hearing on this Application is appropriate to, *inter alia*, allow the Debtors to commence the process to obtain the tax and royalty refunds, credits, and/or reductions described herein before the Debtors are barred from doing so by virtue of the applicable statutes of limitations.

**PRAYER**

The Debtors respectfully requests that the Court enter an Order: (a) authorizing and approving the employment of Ryan, effective December 10, 2015; and (b) granting such other and further relief as may be just and proper.

Dated: December 31, 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 December 31, 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