

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

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

**BGI GULF COAST, LLC & CHAMPION EXPLORATION, LLC’S LIMITED
OBJECTION TO THE DEBTORS’ 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**

[Relates to Docket No. 90]

BGI Gulf Coast, LLC (“BGI”) and Champion Exploration, LLC (“Champion”), creditors and parties in interest in the above captioned bankruptcy cases, file this Objection (“Objection”) to the Debtors’ 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] (“Sale Motion”) and respectfully represents as follows:

Background

1. On October 26, 2015 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U .S.C. §§ 101 - 1330 (as

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

amended, the “Bankruptcy Code”). Their cases are being jointly administered for procedural purposes only.

2. The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On November 9, 2015, an official joint committee of unsecured creditors (the “Committee”) was appointed in the Cases.

4. The Debtors filed the Sale Motion on November 6, 2015. Pursuant to the Sale Motion, the Debtors propose to sell substantially all of its valuable assets (the “Sale Assets”) to the Stalking Horse Bidder² for a credit bid of approximately \$58.8 million.

5. The Debtors filed the Debtors’ Second Amended Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 263] (the “Plan”) on December 20, 2015. The Plan proposes to abandon – without altering the Debtors’ health and safety obligations – certain offshore oil and gas properties in the Gulf of Mexico. A hearing to consider confirmation of the Plan is set forth January 14, 2016.

6. Champion and BGI own working interests in a number of wells operated by the Debtors both on and offshore in the Gulf of Mexico. In addition, Champion owns a royalty interest in in the Breton Sound prospect area offshore Louisiana in state waters. As a co-working interest owner of some of the Debtors’ properties, Champion and BGI are parties to a number of joint operating agreements with the Debtors. The Debtors hold funds belonging to Champion and BGI payments for the sale of production on some of the jointly owned prospects. In addition, a number of the jointly owned prospects are currently at or near the end of their productive life and will require plugging and abandonment work to be commenced in the near future. Thus,

² Unless otherwise defined herein, capitalized terms shall have the meaning set forth in the Sale Motion.

Champion and BGI hold claims against the Debtors, and depending upon the course of this Bankruptcy Case, they may also hold contingent claims against the Debtors.

BGI and Champion's Limited Objection

7. A chapter 11 debtor may not sell assets pursuant to Section 363 of the Bankruptcy Code if such sale limits or inhibits the debtor's ability to confirm a chapter 11 plan of reorganization. *See In re Braniff Airways, Inc.*, 700 F.2d 935, 939-940 (5th Cir. 1983) (denying proposed sale and agreement among creditors that was "much more than the 'use, sale, or lease' or Braniff property."). "Braniff stands . . . for the proposition that the provisions of § 363 permitting a trustee to use, sell, or lease the assets do not allow a debtor to gut the bankruptcy estate before reorganization or change the fundamental nature of the estate's assets in such a way that limits a future reorganization plan." *Clyde Bergemann, Inc. v. Babcock & Wilcox Co. (In re Babcock and Wilcox Co.)*, 250 F.3d 955, 960 (5th Cir. 2001).

8. Although the Sale Motion is being prosecuted on a parallel tract as the Debtors' Plan, neither confirmation of nor effectiveness of the Debtors' Plan is a condition precedent to closing on the proposed transaction. Here, the Debtors' Plan, in connection with the Sale Motion, is clearly designed to preserve the Debtors' good, valuable assets for the benefit of its secured lender, while shedding those properties with cumbersome Safety Law Obligations.³ As the Debtors' Plan fails to provide adequate mechanisms to satisfy the Debtors' portion of such Safety Law Obligations, and for other reasons, the Debtors' Plan should not be confirmed. Additionally, there is substantial risk that the Debtors' Plan may not become effective. Once the Sale Assets leave the Debtors' estates, however, the Debtors will have little to no chance of successfully confirming a chapter 11 plan. Such outcome is exactly the result that *Braniff* prohibits.

³ As defined in the Plan.

9. For these reasons, Champion and BGI object to the Sale Motion to the extent that the Debtors' Plan is either not confirmed or fails to become effective.

WHEREFORE, PREMISES CONSIDERED, BGI and Champion request that the Court deny approval of the Debtors' 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] and grant BGI and Champion such other and further relief to which it is entitled.

Respectfully submitted this 11th day of January 2016.

OKIN & ADAMS LLP

By: /s/ Matthew S. Okin
Matthew S. Okin
Texas Bar No. 00784695
Email: mokin@okinadams.com
David L. Curry, Jr.
Texas Bar No. 24065107
Email: dcurry@okinadams.com
1113 Vine St. Suite 201
Houston, TX 77002
Tel: (713) 228-4100
Fax: (888) 865-2118

**COUNSEL FOR BGI GULF COAST, LLC AND
CHAMPION EXPLORATION, LLC**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the forgoing pleading was served, upon filing, via the Court's CM/ECF system upon those parties subscribing thereto.

/s/ David L. Curry, Jr.
David L. Curry, Jr.