

**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 REQUEST FOR
PAYMENT OF ADMINISTRATIVE EXPENSE**

BGI Gulf Coast, LLC (“BGI”) and Champion Exploration, LLC (“Champion”), creditors and parties in interest in the above captioned bankruptcy cases, file this Request for Payment of Administrative Expense and respectfully represents as follows:

Preliminary Statement

1. 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 are in possession of funds owned by Champion and BGI that are proceeds from the sale of production from wells jointly owned by Champion, BGI and the Debtors. 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 (“P&A”) work to be commenced in the near future. To the extent that the Debtors fail to satisfy their P&A liabilities, Champion and BGI may, as co-owners, be liable for such obligations.

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].

Background

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

3. 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.

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

5. The Debtors filed the Plan on December 20, 2015. A hearing to consider confirmation of the Plan is set for January 19, 2016.

BGI & Champion’s Claim for Production Payments

6. Pursuant to various joint operating agreements, BGI and Champion hold valid working interests in and to the Wells.² The Wells are operated by the Debtors. As operator, the Debtors are required to market the oil and gas production from the Wells and, after deducting for certain costs and expenses, to remit to Champion its proportionate share of the proceeds (“Production Payments”). These funds, while held by the Debtors, are not property of the Debtors’ estate and must be remitted to BGI and Champion. Alternatively, BGI and Champion assert an administrative expense claim for all unpaid Production Payments. As the Debtors have not provided certain required reporting regarding their production and marketing, BGI and Champion are unable to provide an exact amount of the outstanding Production Payments.

² The “Wells” are set forth in the schedule attached hereto as **Exhibit A**.

Champion's Request for Payment on Behalf of the Department of Interior

7. As offshore oil and gas operators, the Debtors are subject to extensive regulatory requirements and environmental obligations, including decommissioning obligations. *See* 30 C.F.R. § 250.1700, *et seq.* 28 U.S.C. §959(b), among other things, requires the Debtor to prevent environmental damage, including properly decommissioning oil and gas wells. *See, e.g., HLS Energy Co.*, 151 F.3d at 438; *In re Amer. Coastal Energy Inc.*, 399 B.R. at 809 (“Bankrupt debtors are no different than any citizen in that they must comply with state and federal laws.”). These decommissioning obligations, including bonding on active leases to ensure proper decommissioning, take on particular importance because “idle infrastructure poses a potential threat to the OCS environment and ‘the presence of idle platforms may harm navigation safety.’” *See Cutting Underwater Technologies, USA, Inc. v. ENI U.S. Operating Co.*, 671 F.3d 512, 520 (5th Cir. 2012) (citations omitted). These obligations constitute administrative expenses of the Debtors. *See Texas v. Lowe (In re H.L.S. Energy Co.)*, 151 F.3d 434, 437 (5th Cir. Tex. 1998) (finding that plugging and abandonment costs were necessary expenses of the estate and enjoyed administrative priority status); *In re American Coastal Energy Inc.*, 399 B.R. 805 (Bankr. S.D. Tex. 2009) (post-petition plugging and abandonment obligations are entitled to administrative priority even if expenditures were for prepetition liabilities); *In re ATP Oil & Gas Corp.*, 2014 Bankr. LEXIS 1050, *19 (Bankr. S.D. Tex. Mar. 18, 2014) (“post-petition plugging and abandonment obligations are generally entitled to administrative priority”).

8. As the Debtors’ P&A obligations remain unliquidated, the Department of Interior (“Interior”) holds a contingent claim against the Debtors for the fulfillment of its P&A obligations. As a co-owner of certain properties located in the Block 366 West Cameron (OCS-G 31304) federal lease (the “Co-Owned Properties”), Champion is jointly liable with the Debtor for the P&A obligations related to the Co-Owned Properties. Accordingly, pursuant to §501(b)

of the Bankruptcy Code, Champion files this request for payment of administrative expense on Interior's behalf.

Champion's Request for Payment as a Co-Owner

9. Further, to the extent that Champion, a non-debtor party, is required to satisfy the Debtors' Safety Law Obligations Champion, as a subrogee to Interior, is entitled to an administrative expense claim against the Debtors' estate. *See* 11 U.S.C. 509(a), *In re Tri-Union Development Corp.*, 314 B.R. 611 (Bankr. S.D. Tex. 2004); *In re ATP Oil & Gas Corp.*, 2013 Bankr. LEXIS 2608, *8 (Bankr. S.D. Tex. June 19, 2013). Thus, Champion additionally asserts an unliquidated claim for payment of an administrative expense for the Debtors' proportionate share of any P&A obligations that Champion is required to satisfy related to the Co-Owned Properties.

WHEREFORE, PREMISES CONSIDERED, Champion and BGI request that the Court grant Champion an allowed administrative expense claim as set forth herein and such other and further relief to which it is entitled.

Respectfully submitted this 13th day of January 2015.

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**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.

EXHIBIT A

Champion Exploration LLC Properties	
Debtor/Operator	Property Name
CENTURY EXPLORATION NEW ORLEANS LLC	WC 366 OCS-G 31304 A#1 (ZONE 1)
CENTURY EXPLORATION NEW ORLEANS LLC	WC 366 OCS-G 31304 A#2 (ZONE 1)
CENTURY EXPLORATION NEW ORLEANS LLC	WC 366 OCS-G 31304 A#3 ST #1 (KA)
CENTURY EXPLORATION HOUSTON LLC	KEITH DAVIS #1 (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MIL VID PROP A-152 #2 (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-152 GU #3 ST (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-183 #1 ST #2 (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-183 #2 ST #2 (EY 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-83 #1 (ZONE 1)

BGI Gulf Coast LLC Properties	
Debtor/Operator	Property Name
CENTURY EXPLORATION HOUSTON LLC	KEITH DAVIS #1 (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-152 GU #3 ST (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-183 #1 ST #2 (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-183 #2 ST #2 (EY 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-83 #1 (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	KEITH DAVIS #1 (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-152 GU #3 ST (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-183 #1 ST #2 (ZONE 1)
CENTURY EXPLORATION HOUSTON LLC	MVP A-183 #2 ST #2 (EY 1)