

V&E Draft  
Subject to Revision

**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.** §

**ORDER (A) APPROVING OFFER TO PURCHASE, (B) AUTHORIZING THE DEBTORS TO SELL OIL AND GAS PROPERTIES IN CALIFORNIA FREE AND CLEAR OF ALL RIGHTS, LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES, AND (C) GRANTING RELATED RELIEF**

Upon the *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 “Motion”)<sup>1</sup> filed by the above-captioned debtors and debtors in possession (collectively, the “Debtors”); and after a hearing on December 2, 2015 (the “Sale Procedures Hearing”), the Court having entered an order [Docket No. 180] (the “Bidding Procedures Order”) approving, among other things, the process and procedures attached to the Bidding Procedures Order as **Exhibit 1** and incorporated therein by reference (the “Sale Procedures”) to determine the highest or otherwise best offer for the sale of the Debtors’ assets, including, but not limited to, the sale (the “Sale”) of certain of the Debtors’ oil and gas properties located in California (the “California Assets”); and the Court having conducted a hearing on the Motion and having heard the statements in support of the relief

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the Offer to Purchase (as defined herein), as applicable.

requested therein at the hearing before the Court on January 14, 2016 (the “Sale Hearing”); and all parties in interest having been heard, or having had the opportunity to be heard, regarding Protho Energy Services LLC’s (“Protho”) written offer to purchase the California Assets, attached hereto as **Exhibit A**; and the Court having considered the Motion, the Offer to Purchase, and the arguments of counsel made, and the evidence adduced, at the Sale Procedures Hearing and the Sale Hearing; and upon the record of the Sale Procedures Hearing and the Sale Hearing and the above-captioned chapter 11 cases (the “Cases”), and the Court having determined that the relief requested in the Motion and the Sale of the California Assets pursuant to the Offer to Purchase is in the best interests of the Debtors, their estates, their creditors, and all other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary, and after due deliberation and sufficient cause appearing therefore, the Court finds that good cause exists to grant the relief requested in the Motion and approve the transactions contemplated by the Offer to Purchase and therefore, **THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:**<sup>2</sup>

A. This Court has jurisdiction over the Motion and over the property of the Debtors’ estates, including the California Assets to be sold, transferred, or conveyed in accordance with the Offer to Purchase, and the Sale contemplated by the Offer to Purchase pursuant to 28 U.S.C. §§ 157 and 1334. This proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A),

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<sup>2</sup> The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such. All findings of fact and conclusions of law made or announced by the Court at the Sale Hearing or in the Bidding Procedures Order are incorporated herein.

(N) and (O). Venue is proper in this district and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory predicates for the relief requested in the Motion are Bankruptcy Code §§ 105 and 363, Bankruptcy Rules 2002, 6004, and 9014, and Local Bankruptcy Rule 6004-1.

C. Notice of, and a reasonable opportunity to object or be heard with respect to, the Motion and the Sale Hearing has been afforded to all known interested entities in accordance with and as provided by the Bidding Procedures Order.

D. Notice of the Motion and the Sale Hearing was adequate and sufficient under the circumstances of the Cases and these proceedings and complied with the various applicable requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the Bidding Procedures Order. A reasonable opportunity to object and be heard with respect to the Motion and the relief requested therein was afforded to all interested persons and entities. No other or further notice of the Motion or the Sale Hearing is required. The disclosures made by the Debtors concerning the Motion and the Sale Hearing were good, complete, and adequate. A reasonable opportunity to object or to be heard regarding the relief requested in the Motion was afforded to all interested persons and entities.

E. The Debtors have articulated good and sufficient reasons for this Court to grant the relief requested in the Motion regarding the sale process, including, without limitation, approval of the Sale of the California Assets to Protho.

F. The Debtors and their advisors marketed the California Assets and conducted the marketing and sale process as set forth in the Motion and in accordance with the Bidding Procedures Order. Based upon the record of these proceedings and as demonstrated by evidence

proffered or adduced at the Sale Hearing, all creditors and other parties in interest, and all prospective purchasers, have been afforded a full, fair, and reasonable opportunity to bid for the California Assets and submit their highest or otherwise best bid to purchase the California Assets and be heard on the Motion.

G. The Debtors and their advisors have complied in all respects with the Bidding Procedures Order. In that regard, the Debtors (i) considered all bids submitted on or before the Bid Deadline; (ii) determined that the bids received on or before the Bid Deadline did not constitute Qualified Bids; and (iii) determined, in their business judgment, that the Offer to Purchase is the highest and best bid for the California Assets.

H. Upon entry of this Order, the Debtors: (i) have full power and authority to execute the necessary documents to effectuate the Sale; (ii) have all of the power and authority necessary to consummate the Sale; (iii) have taken all corporate action necessary to authorize and approve the Sale, the applicable documents, and the consummation by the Debtors of the transactions contemplated thereby; and (iv) have no consents or approvals required for the Debtors to consummate the Sale.

I. The Offer to Purchase and the Sale contemplated thereby represent a fair and reasonable offer to purchase the California Assets under the circumstances of the Cases. No other entity or group of entities has offered to purchase the California Assets with a higher or otherwise better offer than Protho.

J. The relief requested in the Motion, including, without limitation, the approval and consummation of the Sale of the California Assets pursuant to Bankruptcy Code § 363, is in the best interests of the Debtors, their creditors, their estates, and all other parties in interest in the

Cases. In addition, the Sale of the California Assets is necessary to preserve and maximize value and avoid continuing losses to the Debtors' estates.

K. The Debtors have exercised sound business judgment in (i) seeking to sell the California Assets to Protho and (ii) determining (A) the bid submitted by Protho constitutes the highest or otherwise best bid for the California Assets; (B) the Offer to Purchase and the closing of the transactions contemplated thereby will present the best opportunity to realize the highest value for the California Assets; and (C) without the Sale, there may be continuing losses to the detriment of the Debtors' estates, creditors, and parties in interest.

L. The total consideration, including the assumption of any and all cost and liability associated with the California Assets from and after January 1, 2016, including, without limitation, the responsibility to plug and abandon wells and all associated gathering lines (the "Assumed Obligations"), provided by Protho for the California Assets is the highest or otherwise best bid received by the Debtors, and the purchase price of \$1.00 and the assumption of the Assumed Obligations constitutes (i) reasonably equivalent value under the Bankruptcy Code and the Uniform Fraudulent Transfer Act, (ii) fair consideration under the Uniform Fraudulent Conveyance Act, and (iii) reasonably equivalent value, fair consideration, and fair value under any other applicable laws of the United States, any state, territory, or possession, or the District of Columbia, for the California Assets.

M. The Debtors and Protho, including their agents and representatives, negotiated the Sale of the California Assets and the other related documents in good faith, without collusion or fraud, and at arms' length within the meaning of Bankruptcy Code § 363(m) and otherwise have proceeded in good faith in all respects in connection with this proceeding in that, among other things: (i) Protho recognized that the Debtors were free to deal with any other entity interested in

acquiring the California Assets; (ii) Protho agreed to subject its bid to the competitive bidding procedures set forth in the Bidding Procedures Order; (iii) all payments to be made by Protho and other agreements or arrangements entered into by Protho in connection with the Sale of the California Assets contemplated by the Offer to Purchase have been disclosed; (iv) Protho has not violated Bankruptcy Code § 363(n) by any action or inaction; and (v) the negotiation and execution of Sale contemplated by the Offer to Purchase was at arms' length and in good faith. As a result of the foregoing, the Debtors and Protho are entitled to the full protections of Bankruptcy Code § 363(m).

N. Protho is not an "insider" or an "affiliate" of the Debtors as those terms are defined in Bankruptcy Code § 101.

O. By consummating the Sale pursuant to Offer to Purchase, Protho is not a mere continuation of the Debtors or their estates and there is no continuity between Protho and the Debtors. Protho is not holding itself out to the public as a continuation of the Debtors. Protho is not a successor to the Debtors or their estates and the Sale does not amount to a consolidation, merger, or *de facto* merger of Protho and any of the Debtors.

P. Neither the Debtors nor Protho have engaged in any conduct that would cause or permit the Offer to Purchase or the consummation of the transactions contemplated thereby to be avoided or otherwise challenged under Bankruptcy Code § 363(n).

Q. The Offer to Purchase and the related Sale documents were not entered into, and the Sale will not be consummated, for the purpose of hindering, delaying, or defrauding creditors of the Debtors under the Bankruptcy Code or under the laws of the United States, any state, territory, possession thereof, of the District of Columbia, or any other applicable law. The

Debtors and Protho did not enter into the Sale documents related to the Offer to Purchase and are not consummating the Sale with any fraudulent or otherwise improper purpose.

R. The Debtors have demonstrated both (i) good, sufficient, and sound business purposes and justifications, and (ii) compelling circumstances, for this Court to approve the Offer to Purchase and consummation of the Sale at this time pursuant to Bankruptcy Code § 363(b) prior to, and outside of, a plan of reorganization. The Sale of the California Assets outside a chapter 11 plan pursuant to the terms of the Offer to Purchase neither impermissibly restructures the rights of the Debtors' creditors nor impermissibly dictates the terms of a chapter 11 plan of the Debtors. The Sale of the California Assets does not constitute a *sub rosa* chapter 11 plan.

S. If the Debtors did not sell the California Assets free and clear of all Interests, Liens, or Claims (as defined in Paragraph 10 below) (other than the Assumed Obligations), such a transaction would have yielded substantially lower value for the Debtors' estates, with less certainty than the Sale. Protho would not have submitted a bid and would not consummate the Sale or the transactions contemplated by the Sale, thus adversely affecting the Debtors, their estates, and their creditors, if the Sale were not free and clear of all Interests, Liens, or Claims (other than the Assumed Obligations), or if Protho would, or in the future could, be liable for any of the Interests, Liens, or Claims (other than the Assumed Obligations).

T. The Debtors may sell the California Assets free and clear of all Interests, Liens, or Claims (other than the Assumed Obligations) because, in each case, one or more of the standards set forth in Bankruptcy Code §§ 363(f)(1)-(5) have been satisfied. All holders of Interests, Liens, or Claims that did not object or withdrew their objections to the Sale or the Motion are deemed to have consented to the Sale and the Motion pursuant to Bankruptcy Code § 363(f)(2).

In addition, any holders of Interests, Liens, or Claims that did object fall within one or more of the other subsections of Bankruptcy Code § 363(f).

U. The Sale will be a legal, valid, and effective transfer of the California Assets to Protho, vesting Protho with all of the Debtors' right, title, and interest of, in, and to the California Assets on the Closing, free and clear of all Interests, Liens, or Claims (other than the Assumed Obligations) pursuant to Bankruptcy Code § 105, 363(b), and 363(f).

V. Time is of the essence in consummating the Sale. In order to maximize the value of the Debtors' assets, it is essential that the Sale of the California Assets occur within the time constraints set forth in the Offer to Purchase. Accordingly, there is cause to waive the stay contemplated by Bankruptcy Rule 6004(h).

W. The Sale contemplated by the Offer to Purchase is in the best interests of the Debtors and their estates, creditors, interest holders, and other parties in interest.

**NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Offer to Purchase and the Sale of the California Assets to Protho are hereby approved, and the Debtors are authorized to undertake any and all actions necessary or appropriate to effectuate the terms of the Offer to Purchase and consummate the Sale, effective as of 7:00 a.m. Central Time on January 1, 2016 (the "Effective Time").

2. Notice of the Motion, the Sale Hearing, and the Sale contemplated by the Offer to Purchase was fair and equitable under the circumstances and complied in all respects with Bankruptcy Code § 102(1) and Bankruptcy Rules 2002 and 6004.

**Approval of the Sale Documents and Actions Relating Thereto**

3. Protho's offer for the California Assets, as embodied in the Offer to Purchase, is the highest or otherwise best offer for the California Assets.



4. Pursuant to Bankruptcy Code §§ 105 and 363(b), the Sale, the Offer to Purchase, all ancillary Sale documents, and the consummation of the transactions contemplated thereby, are approved and authorized in all respects.

5. Pursuant to Bankruptcy Code §§ 105 and 363(b), the Debtors are hereby authorized to take any and all actions necessary or appropriate to: (a) sell the California Assets to Protho; (b) consummate the Sale in accordance with and subject to the terms and conditions of the Offer to Purchase and this Order; (c) convey title to, and transfer and assign all right, title, and interest (including, without limitation, common law rights) in and to the California Assets in accordance with and subject to the terms and conditions of the Offer to Purchase and this Order; and (d) execute and deliver, perform under, consummate, implement, and fully close the transactions contemplated by the Offer to Purchase, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Offer to Purchase and the Sale, including, without limitation, any ancillary documents, or as may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the Offer to Purchase and such ancillary documents.

6. The Debtors, their officers, employees, and agents are authorized to execute and deliver, and are empowered to perform under, consummate, and implement, the Offer to Purchase, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Sale and to take all further actions as may be reasonably requested by Protho for the purposes of assigning, transferring, granting, conveying, and conferring to Protho or reducing to possession, the California Assets, or as may be necessary or appropriate to the performance of the Debtors' obligations as contemplated by the Offer to Purchase, or as may be necessary to effectuate the terms of this Order.

7. Subject to the terms and conditions of this Order, all entities that are in possession of some or all of the California Assets on the Closing Date are directed to surrender possession of such California Assets to Protho or its assignee(s) on the Closing Date.

8. This Order and the Offer to Purchase shall be binding in all respects upon the Debtors, their estates, affiliates, and subsidiaries, all creditors of (whether known or unknown), and holders of equity interests in, the Debtors; any and all affected third parties, including, without limitation, all persons asserting an Interest, Lien, or Claim relating to or in the California Assets; all successors and assigns of Protho; the Debtors and their affiliates and subsidiaries and any subsequent trustee, examiner, or other fiduciary appointed in the Cases or upon a conversion to chapter 7 under the Bankruptcy Code; and all contractual counterparties to the Debtors. The Offer to Purchase shall not be subject to rejection.

9. The terms and provisions of the Offer to Purchase and this Order shall inure to the benefit of the Debtors, their estates, and their creditors; Protho and its respective affiliates, successors, and assigns; and any affected third parties, including, without limitation, all entities asserting any Interests, Liens, or Claims in the California Assets to be sold to Protho pursuant to the Offer to Purchase, notwithstanding any subsequent appointment of any trustee(s), party, entity, or other fiduciary under any section of any chapter of the Bankruptcy Code, as to which trustee(s), party, entity, or other fiduciary such terms and provisions likewise shall be binding.

#### **Transfer of the Assets**

10. Pursuant to Bankruptcy Code §§ 105(a), 363(b), and 363(f), upon the occurrence of the Closing Date, and in accordance with the Offer to Purchase, the California Assets shall be transferred to Protho free and clear of all pre-Effective Time Interests, Liens, or Claims (other than the Assumed Obligations), including, without limitation, the following:

- liens (including, without limitation, mechanics', materialmen's, and other consensual and non-consensual liens and statutory liens), mortgages, restrictions, hypothecations, charges, indentures, loan agreements, instruments, leases, licenses, options, deeds of trust, security interests, conditional sale or other title retention agreements, pledges, judgments, demands, encumbrances, easements, servitudes, proxy, voting trust or agreement;
- interests, obligations, liabilities, demands, agreements, guaranties, options, restrictions, contractual or other commitments;
- rights, including, without limitation, rights of first refusal, rights of offset, rights to use, contract rights, recoupment rights, and rights of recovery;
- judgments and decrees of any court or foreign or domestic governmental entity (to the extent permitted by law);
- charges or restrictions of any kind or nature, including, without limitation, any restriction on the use, transfer, receipt of income or other exercise of any attributes of ownership of the California Assets, including, without limitation, consent of any person or entity to assign or transfer any of the California Assets;
- debts arising in any way in connection with any agreements, acts, or failures to act of the Debtors or any of the Debtors' predecessors or affiliates;
- claims (as that term is defined in the Bankruptcy Code), including claims for reimbursement, contribution claims, indemnity claims, exoneration claims, alter-ego claims, environmental claims (including claims that may be secured or entitled to priority under the Bankruptcy Code), tax claims, reclamation claims, and pending litigation claims; and
- matters of any kind and nature whatsoever, in each instance for all of the foregoing, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or noncontingent, liquidated or unliquidated, matured or unmatured, material or nonmaterial, disputed or undisputed, whether arising prior to or subsequent to the commencement of these bankruptcy cases, and whether imposed by agreement, understanding, law, equity or otherwise (collectively, the foregoing shall be referred to herein as the "Interests, Liens, or Claims").

The transfer of the California Assets to Protho in accordance with the Offer to Purchase and pursuant to this Order shall be, and hereby is deemed to be, a legal, valid, and effective transfer of the California Assets, and vests with or will vest in Protho all right, title, and interest of the

Debtors in the California Assets, free and clear of all Interests, Liens, or Claims of any kind or nature whatsoever (other than the Assumed Obligations).

11. Upon the occurrence of the Closing Date, all persons and entities, including, without limitation, all holders of Interests, Liens, or Claims or other rights; debt security holders; equity security holders; governmental, tax, and regulatory authorities; lenders; and trade and other creditors of the Debtors, are permanently and forever barred, estopped, and enjoined from asserting any Interests, Liens, or Claims or enforcing remedies, or commencing or continuing in any manner any action or other proceeding of any kind, against Protho or the California Assets on account of any Interests, Liens, or Claims (other than the Assumed Obligations).

12. Following the Closing Date, no holder of any Interest, Lien, or Claim against the Debtors or in the California Assets (other than the Assumed Obligations) shall interfere with Protho's title to or use and enjoyment of the California Assets based on or related to such Interest, Lien, or Claim, or any actions that the Debtors may take in the Cases.

13. This Order is and shall be effective as a determination that all Interests, Liens, or Claims (other than the Assumed Obligations), shall be, and hereby are, released with respect to the Debtors' interest in the California Assets as of the Closing Date. If any person or entity that has filed liens, financing statements, mortgages, mechanics' liens, *lis pendens*, or other documents or agreements evidencing Interests, Liens, or Claims against or in the California Assets (other than the Assumed Obligations) shall not have delivered to the Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, unconditional releases of all Interests, Liens, or Claims that the person or entity has with respect to the California Assets, or otherwise, Protho may file, register, or record a certified copy of this Order in any place where such instruments would or

could be filed, and such filing shall constitute conclusive evidence of the release of Interests, Liens, or Claims on the California Assets as of the Closing Date.

14. All non-debtor entities who are presently, or on the Closing may be, in possession of some or all of the California Assets are hereby directed to surrender possession of the California Assets to Protho on the Closing or as soon as practicable thereafter.

15. All entities are hereby forever prohibited and permanently barred, estopped, and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to sell and transfer the California Assets to Protho in accordance with the terms of the Offer to Purchase and this Order or from otherwise taking any action or inaction that is inconsistent with the terms of this Order.

16. Nothing in this Order, the Offer to Purchase, or any Sale transaction entered into pursuant to this Order, releases, nullifies, precludes, or enjoins the enforcement of any liability to a governmental unit under environmental statutes or regulations that any entity would be subject to as the owner or operator of the California Assets after the Closing Date.

17. Nothing contained in any chapter 11 plan confirmed in the Cases or the order confirming any such chapter 11 plan shall conflict with or degrade from the provisions of the Offer to Purchase or this Order, and to the extent of any conflict or derogation between this Order or the Offer to Purchase and such future plan or order, the terms of this Order and the Offer to Purchase shall control.

18. Upon the closing of the transactions contemplated by the Offer to Purchase, Protho shall not be deemed to: (a) be the successor or alter ego of the Debtors under doctrines of successor liability, alter ego, or otherwise; (b) have, *de facto* or otherwise, merged with or into

the Debtors; or (c) be a mere continuation or substantial continuation of the Debtors or the enterprise(s) of the Debtors.

**Miscellaneous Provisions**

19. The Offer to Purchase and any related agreements, documents, or other instruments may be modified, amended, or supplemented through a written document signed by the Debtors and Protho in accordance with the terms thereof without further order of the Court; *provided, however*, that any such modification, amendment, or supplement does not have a material adverse effect on the Debtors' estates.

20. The failure to specifically include, or make reference to, any particular provision of the Offer to Purchase or a related Sale document in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Offer to Purchase and the related Sale documents are authorized and approved in their entirety.

21. To the extent that any provision of this Order is inconsistent with the terms of the Offer to Purchase (including all ancillary documents executed in connection therewith), this Order shall govern.

22. This Court shall retain exclusive jurisdiction to enforce the terms and provisions of this Order, the Bidding Procedures Order, and Offer to Purchase in all respects and to decide any disputes arising between the Debtors and Protho, and their respective successors and assigns, with respect thereto.

23. The provisions of this Order are nonseverable and mutually dependent.

24. Notwithstanding Bankruptcy Rules 6004, 7062, 9014, or otherwise, this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any entity obtaining a stay pending appeal, the Debtors and Protho

are free to close the Sale in accordance with the Offer to Purchase at any time. The Sale transactions contemplated by the Offer to Purchase are undertaken by Protho in good faith, as that term is used in Bankruptcy Code § 363(m), and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale to Protho, unless such authorization is duly stayed pending such appeal. Protho is a buyer in good faith of the California Assets, and is entitled to all of the protections afforded by Bankruptcy Code § 363(m).

Dated: January \_\_\_, 2016

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**UNITED STATES BANKRUPTCY JUDGE**