



Breitburn Energy restructure - Equity stake valuation, Assets greater than Liabilities
(Reference MOR submitted on 7/29/16 filed in Docket# 320)

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07/30/2016 12:57 PM

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To: Honorable Stuart M. Bernstein, Judge, Susan Golden (USTP)

cc: Breitburn Energy Partners

Re: Chapter 11 Case No. 16-11390 (SMB)

Debtor: BREITBURN ENERGY PARTNERS LP

Honorable Judge Stuart M. Bernstein and Trustee,

Thank you in advance for your directive to the debtor to show cause not to approve an equity committee. Kindly note the following, from my perspective as an equity holder in this chapter 11 restructure.

a) From what I understand, given below are the details of Liabilities subject to compromise, as stated by the Debtor in the MOR submitted on 7/29/16 filed in Docket# 320.

9.25% Senior Secured Second Lien Notes due 2020	\$650 million
7.875% Senior Unsecured Notes due 2022	\$850 million
8.625% Senior Unsecured Notes due 2020	\$305 million

b) Kindly keep in mind that any restructure should try to avoid potential CODI to equity partnership holders, who have suffered immensely already.

Provided below is a restructure proposal for your consideration, if feasible.

<!--[if !supportLists]--> <!--[endif]-->Swap the 1.115 Billion of Senior unsecured notes for equity in NEWCO.

<!--[if !supportLists]--> <!--[endif]-->Based on FMV and 1.3 Billion in existing positive equity per balance sheet, give 50-50 ownership in newco to equity investors and Senior unsecured note holders.

<!--[if !supportLists]--> <!--[endif]-->Payoff all outstanding interest payments using cash on hand.

<!--[if !supportLists]--> <!--[endif]-->Re-issue remaining debts , after negotiating better interest rates and longer maturity term.

- Use available cash of over \$500 mil diligently for restructure and/or liquidity.

It is noted that the credit revolver with Wells Fargo is resolved last month during the bankruptcy period. It is also worth noting that Breitburn , which was in a much better shape

compared to many E&Ps in terms of asset base and operational efficiency, could have easily avoided the chapter 11 filing. Please refer to Docket# 309 filed by Debtor where they mention that "The 2016 operating budget assumed oil and gas prices of \$35 per barrel of oil and \$2.30 per Mcf for natural gas. With the recent commodity price recovery, oil and natural gas strip prices for the balance of 2016 are approximately \$45 per barrel and \$2.85 per Mcf, or 29% and 24% higher than in the Debtors' budget, respectively".

But, we are in chapter 11 now. Kindly note that a fresh valuation of Breitburn assets will easily prove that total assets of Breitburn will be much greater than \$4.54 Billionv and thus further increasing the positive equity valuation of just over \$1 Billion, as stated in the latest balance sheet.

Your Honor, equity investors are putting their faith in your esteemed court as well as in the Debtor/management of Breitburn to do the right thing for equity stake holders.

Thank you and God Bless!
James family