



Chapter 11 Case No. 16-11390 (SMB) : Positive equity of the Debtor and proportionate equity stake in Newco

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08/06/2016 06:06 PM

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

cc: Breitburn Energy Partners (Debtor)

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

Reference: Paragon Offshore plc in Chapter 11 Case No. 16-10386 (CSS)

Honorable Judge and Trustee,

As mentioned in numerous letters from equity holders, Breitburn Energy has over \$1 BILLION of positive equity, having Total Assets greater than Total Liabilities, per 10-Q, MOR and other court filings. Kindly also note that the net tangible assets of the Debtor will be even greater than the stated figure of \$1,043,663,000 considering the recent surge in oil/gas commodity & asset prices.

**For your reference, please see the plan of reorganization being finalized by another Debtor Paragon Offshore plc in Chapter 11 Case No. 16-10386 (CSS), where existing equity holders are expected to receive over 50% of equity stake in NEWCO despite having Total Assets less than Total Liabilities, as given below.** Please note that the Second Amended Plan was filed on 8/5/16 having plan support from creditor groups, proposing that existing equity holders of Paragon Offshore retain 53% stake in NEWCO, as mentioned below in Section 4.5 and Section 4.8. Details of the Second Amended Plan are available at the following link:

<http://www.kccllc.net/paragon/document/16103861608050000000000008>

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**Paragon Offshore plc: Chapter 11 Case No. 16-10386 (CSS)**

Totals Assets	\$2,338,984,000
Total Liabilities	\$2,846,660,000
Shareholder's Deficit	(\$507,676,000)

**4.5 Class 5: Senior Notes Claims.**

(a) Treatment: On the Effective Date, or as soon as practicable thereafter (*provided*, that the Cash payments described in (iii) below shall be distributed on the Effective Date) each holder of an Allowed Senior Notes Claim shall receive, in full satisfaction of and in exchange for such Allowed Claim, its Pro Rata share of: (i) that number of Parent Ordinary Shares which shall in the aggregate comprise ~~thirty-five~~~~forty-seven~~ percent (35)47% ) of the total outstanding ordinary shares of Reorganized Paragon as of the Effective Date without regard to the Management Incentive Plan Securities; (ii) the ~~right to receive the 2016 Deferred Cash Payment and the 2017 Deferred Cash Payment in accordance with the terms of this Plan~~Sixty Million Dollars (\$60,000,000) aggregate principal amount of New Notes; and (iii) ~~Three~~Two-Hundred and ~~For~~Eighty-Five Million Dollars (\$34285,000,000) in Cash.

**4.8 Class 8: Parent Interests.**

(a) Treatment: On the Effective Date, the holders of Parent Interests shall retain their Parent Interests, subject to dilution on account of the Parent Ordinary Shares to be

issued in accordance with this Plan. After the issuance of the Parent Ordinary Shares, the Parent Interests shall comprise in the aggregate ~~sixty-five~~~~fifty-three~~ percent (~~65~~~~53~~%) of the total outstanding ordinary shares of Reorganized Paragon without regard to the Management Incentive Plan Securities.

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**Therefore, considering the positive equity of over \$1 Billion, kindly note that existing equity holders of Breitburn Energy are expecting to receive proportionately larger equity stake in NEWCO when the restructure plan is proposed and finalized by the Debtor and Court.**

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