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

In re:	§	Chapter 11
CJ HOLDING CO., *et al.*,[1]	§	Case No. 16-33590 (DRJ)
Debtors.	§	Jointly Administered

DEBTORS' MEMORANDUM OF LAW IN SUPPORT OF CONFIRMATION OF JOINT PLAN OF REORGANIZATION

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number (if any), are: CJ Holding Co. (4586); Blue Ribbon Technology Inc. (6338); C&J Corporate Services (Bermuda) Ltd.; C&J Energy Production Services-Canada Ltd.; C&J Energy Services, Inc. (3219); C&J Energy Services Ltd.; C&J Spec-Rent Services, Inc. (0712); C&J VLC, LLC (9989); C&J Well Services Inc. (5684); ESP Completion Technologies LLC (4615); KVS Transportation, Inc. (2415); Mobile Data Technologies Ltd.; Tellus Oilfield Inc. (2657); Tiger Cased Hole Services Inc. (7783); and Total E&S, Inc. (5351). The location of the Debtors' service address is 3990 Rogerdale, Houston, Texas 77042.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page(s)

Cases

Statutes

Rules

Other Authorities

The above-captioned debtors and debtors in possession (collectively, the "Debtors") file this memorandum of law in support of confirmation of the *Second Amended Joint Plan of Reorganization of CJ Holding Company, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 682] (as modified, amended, or supplemented from time to time, the "Plan").[2] In support of confirmation of the Plan, and in response to objections thereto (collectively, the "Objections"),[3] the Debtors respectfully state as follows.[4]

Preliminary Statement

1. By any measure, the Plan is a victory for the Debtors and their estates. If confirmed, the Plan will significantly deleverage the Debtors' balance sheet by converting the nearly $1.4 billion in outstanding obligations under the Debtors' prepetition credit agreement into equity, while also providing substantial post-emergence liquidity through a new money investment of $200 million to be funded pursuant to the Rights Offering. The Plan provides a very meaningful recovery to general unsecured creditors in the form of the Unsecured Creditor New Warrants, the Unsecured Creditor Cash Pool, or the Convenience Class Recovery Pool, as applicable. Further, as a result of the Mediated Settlement Agreement described below, the Plan

---

2 Capitalized terms used but not defined in this memorandum have the meanings ascribed to them in the Plan.

3 The following parties filed Objections, including cure objections: (a) certain taxing authorities [Docket Nos. 735, 855, 876, 984]; (b) Oracle America, Inc. [Docket No. 975]; (c) City of Miami General Employees' and Sanitation Employees' Retirement Trust [Docket No. 977]; (d) Hunter S. Kennedy and Diane Kennedy [Docket No. 982]; (e) Harold Rose, Jr. and Harold Rose, III [Docket Nos. 983, 986]; (f) Blue Ribband Holdings Limited and Ziad Abu AlRagheb [Docket No. 985]; (g) Mississippi Department of Revenue [Docket No. 987]; (h) Ariba, Inc., [Docket No. 988]; (i) SAP America, Inc. [Docket No. 989]; (j) Nabors International Management Limited and Nabors Corporate Services, Inc. (and together with its subsidiaries and affiliates, other than the Debtors, "Nabors") [Docket No. 990] (the "Nabors Objection"); (k) the Texas Comptroller of Public Accounts ("Comptroller") and the Texas Workforce Commission ("TWC") [Docket No. 993]; (k) Eli Leal, Jr. [Docket No. 1014]; and (m) the Treasurer-Tax Collector for Kern County, California [Docket No. 1019]. The Debtors have also received a number of informal objections from various parties in interest, all of which have been resolved.

4 Additional facts and circumstances supporting confirmation of the Plan are set forth in the *Declaration of Jung W. Song on Behalf of Donlin, Recano & Company, Inc. Regarding Voting and Tabulation of Ballots Accepting and Rejecting Second Amended Joint Plan of Reorganization of CJ Holding Company, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 1025] (the "Voting Report"), incorporated herein by reference.

provides equity holders with their pro rata share of the Interest Holder New Warrants. Through the Plan, the Debtors will achieve a fresh start and an opportunity to thrive as a going concern. Finally, after less than five months in bankruptcy, the Plan provides global closure to the Debtors and parties in interest.

2. In addition to the Supporting Creditors (representing more than 90% of the secured debt), the Plan has the support of the official committee of unsecured creditors appointed in these cases (the "Committee"), who conducted a rigorous and independent analysis of the Debtors and their estates prior to entering into the global compromise embodied in the Plan. Moreover, as a result of the mediation held on December 12, 2016, among the Debtors, the Supporting Creditors, the Committee, and Nabors, the Plan now enjoys the support of Nabors—the Debtors' 53% shareholder—as documented in the Mediated Settlement Agreement filed with the Court and attached to the Confirmation Order.[5] The key terms of the Mediated Settlement Agreement include the resolution of all contract disputes with Nabors, including the waiver of rejection damages and the preservation of Nabors' Merger-related tax and litigation indemnification obligations for the benefit of the Reorganized Debtors, restoring the distribution of the Interest Holder New Warrants to all common equity holders, and providing Nabors certain allowed general unsecured claims. In exchange, Nabors will withdraw its Objection, become a Released Party and Releasing Party under the terms of the Plan, and vote in favor of the Plan. As a result, all of the classes entitled to vote on the Plan have now voted to accept the Plan. This is a remarkable level of consensus in chapter 11 cases of this size and complexity and marks a significant achievement for the Debtors and their stakeholders.

[5] *See generally* Mediated Settlement Agreement [Docket No. 1016].

3. As more fully described in this brief, the Plan complies with the confirmation provisions of the Bankruptcy Code and all applicable law. It embodies a good-faith compromise of rights and interests of the parties in interest that was the product of many months of hard fought, arm's-length negotiations among the Debtors, the Supporting Creditors, and later, the Committee and Nabors. The Plan dramatically streamlines the Debtors' capital structure and positions them for post-emergence execution on their business plan.

4. In addition to resolving Nabors' Objection, the Debtors have worked diligently with other parties in interest to resolve all other formal and informal Objections. As set forth in greater detail in the chart attached as **Exhibit A** hereto, the Debtors have either resolved or anticipate resolving all Objections prior to the confirmation hearing. As a result, and for the reasons set forth more fully in this brief and at the hearing on confirmation, the Court should confirm the Plan.

Background

I. Restructuring Transactions and Global Settlement.

5. Facing an exceedingly difficult market backdrop that has devastated many companies in the oil and gas space, the Debtors have managed to negotiate a comprehensive balance sheet restructuring that will not only allow the Debtors to withstand the turbulent market conditions, but will also best position the Debtors for long-term success. In accordance with the terms of this negotiated resolution, first embodied in the RSA, the Debtors commenced these chapter 11 cases to implement a consensual prearranged chapter 11 plan of reorganization. The Plan is the product of extensive, good-faith, arm's-length negotiations among the Debtors and their primary stakeholders that began months before the Petition Date and culminated with the Mediated Settlement Agreement just days before the confirmation hearing. These negotiations initially resulted in the execution of the RSA by the Debtors and certain Lenders holding

approximately 83 percent of the Lender Claims, eventually increasing to approximately 91 percent of the Lender Claims—the Supporting Creditors. Importantly, the Plan incorporates a global compromise between the Debtors, the Supporting Creditors, the Committee, and now Nabors, subject to certain modifications reflected in the Mediated Settlement Agreement.

6. The Plan contemplates, among other things, a substantial deleveraging of the Debtors' balance sheet through a debt for equity exchange of the Debtors' secured debt obligations—the Secured Lender Claims— into New Common Stock. Under the terms of the Plan, the Secured Lender Claims will convert to approximately 100 percent of the reorganized equity, subject to dilution on account of the Management Incentive Plan, the Rights Offering, the Backstop Commitment Agreement, the Backstop Fee, and the New Warrants, as applicable. General unsecured creditors will receive their pro rata share of cash in the amount of $30,500,000—the Unsecured Creditor Cash Pool— and the Unsecured Creditor New Warrants to purchase reorganized equity. Alternatively, holders of general unsecured claims in the amount of $15,000 or less shall receive their pro rata share of $2,500,000—the Convenience Class Recovery Pool—unless such holders elect, at their option, to be treated as Class 6 General Unsecured Claims on their ballot. In addition, holders of Class 9 (Interests in C&J Energy) will receive their pro rata share of the Interest Holder New Warrants.

7. After the Petition Date, the Committee conducted its own independent examination of potential claims and engaged in negotiations with the Debtors and the Supporting Creditors. After extensive discovery and negotiations, the Committee, the Debtors, and the Supporting Creditors reached a compromise embodied in the current Plan.

8. The tireless efforts of the Debtors and their primary stakeholders reached a pinnacle with the execution of the Mediated Settlement Agreement by the Debtors, the steering

committee of Lenders, the Committee, and Nabors on December 12, 2016, at the close of mediation—spanning the better part of a day—with Judge Isgur.

9. As a result of these extensive prepetition and postpetition negotiations, the Plan embodies a resolution of prepetition claims and controversies related to the Debtors and the restructuring. To effectuate this global settlement, the Plan includes mutual, consensual, and customary releases of claims held by the Debtors and claims held by certain parties in interest. This global settlement is critical to bring closure to the Debtors and all parties in interest. The Debtors believe the Plan and the transactions contemplated thereunder will strengthen the Debtors' balance sheet, provide liquidity for the entire C&J enterprise, and create a sustainable capital structure to ensure the long-term viability of the Debtors.

10. Therefore, the Debtors submit that the Plan is in the best interests of the Debtors' estates, represents the best available restructuring option, and provides the Debtors with a streamlined capital structure that positions them to execute their post-emergence business plan.

II. Confirmation Solicitation and Notification Process.

11. On November 5, 2016, the Bankruptcy Court entered the *Order (I) Approving the Adequacy of the Disclosure Statement, (II) Approving the Solicitation and Notice Procedures with Respect to Confirmation of the Debtors' Proposed Second Amended Joint Plan of Reorganization, (III) Approving the Forms of Ballots and Notices in Connection Therewith, (IV) Approving the Rights Offering Procedures and Related Materials, (V) Scheduling Certain Dates with Respect Thereto, and (VI) Granting Related Relief* [Docket No. 720] (the "Disclosure Statement Order"). The Disclosure Statement Order approved, among other things, the proposed procedures for solicitation of the Plan and related notices, forms, and ballots (collectively, the "Solicitation Packages").

12. The deadline for all holders of Claims and Interests entitled to vote on the Plan to cast their ballots was December 9, 2016, at 4:00 p.m. (prevailing Central Time) (the "Voting Deadline"). The deadline to file objections to the Plan was also December 9, 2016, at 4:00 p.m. (prevailing Central Time). On December 13, 2016, the Debtors filed the Voting Report, which is summarized below in detail in section I.B.

13. The hearing on confirmation of the Plan is scheduled for December 16, 2016 at 10:00 a.m. (prevailing Central Time). Concurrently with the filing of this memorandum, the Debtors submitted a proposed confirmation order (the "Confirmation Order").

III. Resolution of Confirmation Objections.

14. The Debtors received 16 Objections to confirmation of the Plan. Since the objection deadline, the Debtors have worked extensively with parties in interest to resolve the Objections. In addition to the Nabors' Objection, the Debtors anticipate that all other remaining Objections will be resolved through agreed language in the Plan or Confirmation Order or otherwise prior to the confirmation hearing. For the reasons set forth herein, the Debtors respectfully request that the Court confirm the Plan.

Argument

15. To confirm the Plan, the Court must find that the Debtors have satisfied the provisions of section 1129 of the Bankruptcy Code by a preponderance of the evidence.[6] As described in detail below, the Plan complies with all relevant provisions of the Bankruptcy Code and all other applicable law. The Debtors will produce evidence to support this conclusion at the confirmation hearing. The Debtors thus respectfully request that the Court confirm the Plan.

[6] *See In re Cypresswood Land Partners, I*, 409 B.R. 396, 422 (Bankr. S.D. Tex. 2009); *In re J T Thorpe Co.*, 308 B.R. 782, 785 (Bankr. S.D. Tex. 2003).

I. The Plan Satisfies Each Requirement for Confirmation.

A. The Plan Complies Fully with the Applicable Provisions of the Bankruptcy Code (Section 1129(a)(1)).

16. Section 1129(a)(1) of the Bankruptcy Code requires that a plan comply with the applicable provisions of the Bankruptcy Code.[7] The principal aim of this provision is to ensure compliance with the sections of the Bankruptcy Code governing classification of claims and interests and the contents of a plan of reorganization.[8] Accordingly, the determination of whether the Plan complies with section 1129(a)(1) of the Bankruptcy Code requires an analysis of sections 1122 and 1123 of the Bankruptcy Code.

i. The Plan Satisfies the Classification Requirements of Section 1122 of the Bankruptcy Code.

17. Section 1122 of the Bankruptcy Code provides that "a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class."[9] Because claims only need to be "substantially" similar to be placed in the same class, plan proponents have broad discretion in determining to classify claims together.[10] Likewise, the Fifth Circuit has recognized that plan proponents may place similar claims into *different* classes, provided there is a rational basis to do so.[11]

---

7 11 U.S.C. § 1129(a)(1).

8 *See* S. Rep. No. 95-989, 95th Cong., 2d Sess. 126 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5787, 5912; H.R. Rep. No. 95-595, 95th Cong., 1st Sess. 412 (1977), *reprinted in* 1978 U.S.C.C.A.N. 5936, 6368.

9 11 U.S.C. § 1122(a).

10 *See In re Sentry Operating Co. of Texas, Inc.*, 264 B.R. 850, 860 (Bankr. S.D. Tex. 2001) (recognizing that section 1122 is broadly permissive of any classification scheme that is not specifically proscribed, and that substantially similar claims may be separately classified).

11 *Phoenix Mut. Life Ins. Co. v. Greystone III Joint Venture (Matter of Greystone III Joint Venture)*, 995 F.2d 1274, 1279 (5th Cir. 1991) (holding that section 1122(a) permits classification of "substantially similar" claims in different classes if undertaken for reasons other than to secure the vote of an impaired, assenting class of claims); *see also In re Couture Hotel Corp.*, 536 B.R. 712, 733 (Bankr. N.D. Tex. 2015).

18. The Plan's classification of Claims and Interests satisfies the requirements of section 1122 of the Bankruptcy Code because the Plan places Claims and Interests into ten separate Classes, with each Class differing from the Claims and Interests in each other Class in a legal or factual nature or based on other relevant criteria.[12] Specifically, the Plan provides for the separate classification of Claims and Interests into the following Classes:

Class 1: Other Secured Claims;

Class 2: Other Priority Claims;

Class 3: Mineral Contractor Claims;

Class 4: Secured Lender Claims;

Class 5: Unsecured Convenience Class Claims;

Class 6: General Unsecured Claims;

Class 7: Intercompany Claims;

Class 8: Interests in Debtors other than C&J Energy;

Class 9: Interests in C&J Energy; and

Class 10: Subordinated Securities Claims.

19. Claims and Interests assigned to each particular Class described above are substantially similar to the other Claims and Interests in such Class. In addition, valid business, legal, and factual reasons justify the separate classification of the particular Claims or Interests into the Classes created under the Plan, and no unfair discrimination exists between or among holders of Claims and Interests. Namely, the Plan separately classifies the Claims because each holder of such Claims or Interests may hold (or may have held) rights in the Estates legally dissimilar to the Claims or Interests in other Classes or because substantial administrative convenience resulted from such classification. For example, Claims (rights to payment) are

[12] Plan, Art. III.

classified separately from Interests (representing ownership in the business) and Secured Claims are classified separately from Unsecured Claims. With respect to Unsecured Claims, the Plan further classifies Unsecured Convenience Class Claims separately from other General Unsecured Claims to permit holders of Unsecured Claims to elect, at their option, to receive either their pro rata share of the General Unsecured Recovery Pool or the Convenience Class Recovery Pool.[13] This classification serves the purpose of facilitating ease of distributions on the Effective Date. For the foregoing reasons, the Plan satisfies section 1122 of the Bankruptcy Code, and no party has asserted otherwise.

ii. The Plan Satisfies the Seven Mandatory Plan Requirements of Sections 1123(a) of the Bankruptcy Code.

20. The seven applicable requirements of section 1123(a) of the Bankruptcy Code generally relate to the specification of claims treatment and classification, the equal treatment of claims within classes, and the mechanics of implementing the plan. The Plan satisfies each of these requirements, and no party has asserted otherwise.

21. ***Specification of Classes, Impairment, and Treatment.*** The first three requirements of section 1123(a) are that the plan specify (a) the classification of claims and interests, (b) whether such claims and interests are impaired or unimpaired, and (c) the precise nature of their treatment under the Plan.[14] The Plan, in particular Article III, sets forth these specifications in detail in satisfaction of these three requirements, and no party has asserted otherwise.[15]

22. ***Equal Treatment.*** The fourth requirement of section 1123(a) is that the plan must "provide the same treatment for each claim or interest of a particular class, unless the holder of a

[13] *Id.*, Art. III.B.5.

[14] 11 U.S.C. § 1123(a)(1)-(3).

[15] Plan, Art. III.B1-B10.

particular claim or interest agrees to a less favorable treatment."[16] The Plan meets this requirement because holders of Allowed Claims or Interests will receive the same rights and treatment as other holders of Allowed Claims or Interests within such holders' respective class. No party has asserted that the Plan fails to satisfy section 1123(a)(4).

23. ***Adequate Means for Implementation.*** The fifth requirement of section 1123(a) is that the plan must provide adequate means for its implementation.[17] The Plan, together with the documents and forms of agreement included in the Plan Supplement, provides a detailed blueprint for the transactions that underlie the Plan.

24. Article IV of the Plan, in particular, sets forth the means for implementation of the Plan. It also describes the means for cancelation of existing securities and implementation of the transactions underlying the Plan, including: (1) the issuance and distribution of the New Common Stock, the Warrants, and the Subscription Rights; (2) consummation of the Rights Offering; (3) the Reorganized Debtors' entry into the Exit Facility; and (4) the Reorganized Debtors' entry into the Warrant Agreement, the Registration Rights Agreement, and the Unsecured Creditor Agreement. In addition to these core transactions, the Plan sets forth the other critical mechanics of the Debtors' emergence, like the vesting of assets in the Reorganized Debtors, the cancelation of existing securities, the establishment and termination of certain agreements, and the settlement of Claims and Interests.

---

16 11 U.S.C. § 1123(a)(4).

17 11 U.S.C. § 1123(a)(5). Section 1123(a)(5) specifies that adequate means for implementation of a plan may include: retention by the debtor of all or part of its property; the transfer of property of the estate to one or more entities; cancelation or modification of any indenture; curing or waiving of any default; amendment of the debtor's charter; or issuance of securities for cash, for property, for existing securities, in exchange for claims or interests or for any other appropriate purpose. *Id.*

25. The precise terms governing the execution of these transactions are set forth in greater detail in the applicable definitive documents or forms of agreements included in the Plan Supplement.[18] Thus, the Plan satisfies section 1123(a)(5), and no party has asserted otherwise.

26. ***Non-Voting Stock.*** The sixth requirement of section 1123(a) is that a plan must contemplate a provision in the reorganized debtor's corporate charter that prohibits the issuance of non-voting equity securities or, with respect to preferred stock, adequate provisions for the election of directors upon an event of default.[19] Here, the Plan provides that the New Organizational Documents for the Reorganized Debtors will prohibit the issuance of non-voting stock, to the extent required under section 1123(a)(6) of the Bankruptcy Code.[20] Thus, the Plan complies with this requirement, and no party has asserted otherwise.

27. ***Selection of Officers and Directors.*** Finally, section 1123(a)(7) requires that the Plan "contain only provisions that are consistent with the interests of creditors and equity security holders and with public policy with respect to the manner of selection of any officer, director, or trustee under the plan."[21] The Plan provides that, on the Effective Date, the term of the current members of the board of directors of the Debtors shall expire and the initial boards of directors, including the New Board, and the officers of each of the Reorganized Debtors will be selected in accordance with the New Organizational Documents, which include customary governance provisions.[22] In the Plan Supplement, the Debtors identified the members of the New Board and the senior executive officers to serve as of the Effective Date, and will disclose any different or additional members or senior executive officers whose identities are known at or

---

18 *See Notice of Filing Plan Supplement* [Docket No. 911] (the "Plan Supplement").

19 *See* 11 U.S.C. § 1123(a)(6).

20 Plan, Art. IV.I.

21 11 U.S.C. § 1123(a)(7).

22 Plan, Art. IV.J.

prior to the confirmation hearing. Thus, the Plan satisfies the requirements of section 1123(a)(7) of the Bankruptcy Code, and no party has asserted otherwise.

B. The Debtors Have Complied Fully with the Applicable Provisions of the Bankruptcy Code (Section 1129(a)(2)).

28. Section 1129(a)(2) of the Bankruptcy Code requires that the plan proponents comply with applicable provisions of the Bankruptcy Code. Case law and legislative history indicate that this section principally reflects the disclosure and solicitation requirements of section 1125 of the Bankruptcy Code,[23] which prohibits the solicitation of plan votes without a court-approved disclosure statement.[24]

i. The Debtors Complied with Section 1125 of the Bankruptcy Code.

29. Section 1125 of the Bankruptcy Code prohibits the solicitation of acceptances or rejections of a plan of reorganization "unless, at the time of or before such solicitation, there is transmitted to such holder the plan or a summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the court as containing adequate information."[25] Section 1125 ensures that parties in interest are fully informed regarding the debtor's condition so that they may make an informed decision whether to approve or reject the plan.[26]

30. Section 1125 is satisfied here. Before the Debtors solicited votes on the Plan, the Court approved the Disclosure Statement in accordance with section 1125(a)(1).[27] The Court also approved the contents of the Solicitation Packages provided to holders of Claims and

---

23 *See Cypresswood Land Partners*, 409 B.R. at 424 ("Bankruptcy courts limit their inquiry under § 1129(a)(2) to ensuring that the plan proponent has complied with the solicitation and disclosure requirements of § 1125.").

24 11 U.S.C. § 1125(b).

25 11 U.S.C. § 1125(b).

26 *See Momentum Mfg. Corp. v. Emp. Creditors Comm. (In re Momentum Mfg. Corp.)*, 25 F.3d 1132, 1136 (2d Cir. 1994) (finding that section 1125 of the Bankruptcy Code obliges a debtor to engage in full and fair disclosure that would enable a hypothetical reasonable investor to make an informed judgment about the plan).

27 *See generally* Disclosure Statement Order.

Interests entitled to vote on the Plan, the non-voting materials provided to parties not entitled to vote on the Plan, and the relevant dates for voting and objecting to the Plan.[28] The Debtors, through their Claims and Balloting Agent, complied with the content and delivery requirements of the Disclosure Statement Order, thereby satisfying sections 1125(a) and (b) of the Bankruptcy Code.[29] The Debtors also satisfied section 1125(c) of the Bankruptcy Code, which provides that the same disclosure statement must be transmitted to each holder of a claim or interest in a particular Class. Here, the Debtors caused the Disclosure Statement to be transmitted to all parties entitled to vote on the Plan.[30]

31. Based on the foregoing, the Debtors submit that they have complied in all respects with the solicitation requirements of section 1125 of the Bankruptcy Code and the Disclosure Statement Order, and no party has asserted otherwise.

ii. The Debtors Complied with Section 1126 of the Bankruptcy Code.

32. Section 1126 of the Bankruptcy Code provides that only holders of allowed claims and equity interests in impaired classes that will receive or retain property under a plan on account of such claims or equity interests may vote to accept or reject a plan.[31] Accordingly, the Debtors did not solicit votes on the Plan from the following Classes:

Class	Claim or Interest	Status	Voting Rights
1	Other Secured Claims	Unimpaired	Presumed to Accept
2	Other Priority Claims	Unimpaired	Presumed to Accept
3	Mineral Contractor Claims	Unimpaired	Presumed to Accept
7	Intercompany Claims	Unimpaired / Impaired	Not Entitled to Vote

28 *See id.*

29 *See generally* Affidavit of Service of Solicitation Packages [Docket No. 793] (the "Solicitation Affidavit"); Amended and Supplemental Service of Solicitation Packages [Docket No. 828] (the "Supplemental Solicitation Affidavit", and together with the Solicitation Affidavit, the "Solicitation Affidavits").

30 *See id.*

31 *See* 11 U.S.C. § 1126.

Class	Claim or Interest	Status	Voting Rights
8	Interest in Debtors other than C&J Energy	Unimpaired / Impaired	Not Entitled to Vote

33. Rather, the Debtors solicited votes only from holders of Allowed Claims in Classes 4, 5, 6, and 9 (collectively, the "Voting Classes") because each of these Classes is impaired and entitled to receive a distribution under the Plan.[32] The Voting Report reflects the results of the voting process in accordance with section 1126 of the Bankruptcy Code.[33] As set forth in the Voting Report, each of the Voting Classes overwhelmingly voted to accept the Plan, with the exception of Class 5B (Unsecured Convenience Class Claims at C&J Corporate Services Ltd.), Class 5I (Unsecured Convenience Class Claims at ESP Completion Technologies LLC), and Class 9 (Interests in C&J Energy). Nevertheless, pursuant to the Mediated Settlement Agreement, Nabors will vote in favor of the Plan. This will cause Class 5B (Unsecured Convenience Class Claims at C&J Corporate Services Ltd.) and Class 9 (Interests in C&J Energy) to accept the Plan in both amount and number. Additionally, a Class 5I Claim that voted to reject the Plan has been fully satisfied. With that rejecting vote not counting, Class 5I has voted to accept the Plan. As a result, all Voting Classes have accepted the Plan in amount and number in accordance with section 1126 of the Bankruptcy Code. Further, there were no holders of Class 10 (Subordinated Securities Claims) as of the Voting Record Date. These results are summarized in the following chart:

---

32 *See* Plan, Art. III.A; *see generally*, Solicitation Affidavits.

33 A class of claims has accepted a plan if such plan has been accepted by creditors, other than any entity designated under subsection (e) of [section 1126], that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than any entity designated under subsection (e) of [section 1126], that have accepted or rejected such plan. 11 U.S.C. 1126(c). A class of interests has accepted a plan if such plan has been accepted by holders of such interests, other than any entity designated under subsection (e) of this section, that hold at least two-thirds in amount of the allowed interests of such class held by holders of such interests, other than any entity designated under subsection (e) of this section, that have accepted or rejected such plan. *Id.* §1126(d).

TOTAL BALLOTS RECEIVED[34]					
	Accept		Reject		
CLASSES	**AMOUNT (% of Amount Voted)**	**NUMBER (% of Number voted)**	**AMOUNT (% of Amount Voted)**	**NUMBER (% of Number Voted)**	**RESULT**
Class 4 – Secured Lender Claims (All Debtors)	$352,848,408.42 (100%)	107 (100%)	$0 (0%)	0 (0%)	Accept
Class 5 – Unsecured Convenience Class Claims (CJ Holding Co.)	$281,773.70 (99.07%)	70 (97.22%)	$2,632.84 (0.93%)	2 (2.78%)	Accept
Class 5A – Unsecured Convenience Class Claims (Blue Ribbon Technology Inc.)	$37,815.28 (100%)	13 (100%)	$0 (0%)	0 (0%)	Accept
Class 5B – Unsecured Convenience Class Claims (C&J Corporate Services Ltd.)	$5,744.86 (100%)	3 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 5C – Unsecured Convenience Class Claims (C&J Energy Production Services - Canada Ltd.)	$14,728.24 (82.41%)	21 (95.45%)	$3,142.59 (17.59%)	1 (4.55%)	Accept
Class 5D – Unsecured Convenience Class Claims (C&J Energy Services Ltd.)	$15,831.01 (100%)	11 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 5E – Unsecured Convenience Class Claims (C&J Energy Services, Inc.)	$53,534.70 (100%)	17 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 5F – Unsecured Convenience Class Claims (C&J Spec-Rent Services, Inc.)	$213,870.26 (98.33%)	75 (97.40%)	$3,621.68 (1.67%)	2 (2.60%)	Accept
Class 5G – Unsecured Convenience Class Claims (C&J VLC, LLC)	$10.00 (100%)	10 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 5H – General Unsecured Claims (C&J Well Services Inc.)	$191,386.08 (89.09%)	59 (92.19%)	$23,435.32 (10.91%)	5 (7.81%)	Accept
Class 5I – Unsecured	$7,636.32	15	$0.00	0	Accept[35]

[34] Pursuant to the Mediated Settlement Agreement [Docket No. 1026], and subject to its incorporation in the Confirmation Order, Nabors will vote in favor of the Plan. Therefore, these results differ from the Voting Report to account for the changes in Nabors' votes.

[35] A Class 5I Claim that voted to reject the Plan has been fully satisfied. With that rejecting vote not counting, Class 5I has voted to accept the Plan. Therefore, these results differ from the Voting Report to account for the change.

TOTAL BALLOTS RECEIVED[34]					
	Accept		Reject		
CLASSES	AMOUNT (% of Amount Voted)	NUMBER (% of Number voted)	AMOUNT (% of Amount Voted)	NUMBER (% of Number Voted)	RESULT
Convenience Class Claims (ESP Completion Technologies LLC)	(100%)	(100%)	(0%)	(0%)	
Class 5J – Unsecured Convenience Class Claims (KVS Transportation, Inc.)	$12,110.45 (99.99%)	12 (92.31%)	$1.00 (0.01%)	1 (7.69%)	Accept
Class 5K – Unsecured Convenience Class Claims (Mobile Data Technology)	$9,873.27 (100%)	10 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 5L – Unsecured Convenience Class Claims (Tellus Oilfield Inc.)	$12.00 (100%)	11 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 5M – Unsecured Convenience Class Claims (Tiger Cased Hole Services Inc.)	$3,175.41 (100%)	16 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 5N – Unsecured Convenience Class Claims (Total E&S, Inc.)	$26,899.21 (100%)	14 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 6 – General Unsecured Claims (CJ Holding Co.)	$1,431,213,236.02 (99.40%)	168 (95.45%)	$8,688,217.02 (0.60%)	8 (4.55%)	Accept
Class 6A – General Unsecured Claims (Blue Ribbon Technology Inc.)	$1,388,677,318.79 (100%)	114 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 6B – General Unsecured Claims (C&J Corporate Services Ltd.)	$1,387,961,783.50 (100%)	107 (100%)	$0 (0%)	0 (0%)	Accept
Class 6C – General Unsecured Claims (C&J Energy Production Services - Canada Ltd.)	$1,377,456,544.32 (100%)	117 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 6D – General Unsecured Claims (C&J Energy Services Ltd.)	$1,420,076,106.24 (98.98%)	123 (98.40%)	$333,035.74 (0.02%)	2 (1.60%)	Accept
Class 6E – General Unsecured Claims (C&J Energy Services, Inc.)	$1,395,038,626.44 (99.99%)	128 (98.46%)	$62,267.68 (0.01%)	2 (1.54%)	Accept
Class 6F – General Unsecured Claims (C&J Spec-Rent Services, Inc.)	$1,140,737,849.99 (99.96%)	174 (97.75%)	$440,502.38 (0.04%)	4 (2.25%)	Accept
Class 6G – General	$1,387,995,361.83	108	$0.00	0	Accept

TOTAL BALLOTS RECEIVED[34]					
	Accept		Reject		
CLASSES	**AMOUNT (% of Amount Voted)**	**NUMBER (% of Number voted)**	**AMOUNT (% of Amount Voted)**	**NUMBER (% of Number Voted)**	**RESULT**
Unsecured Claims (C&J VLC, LLC)	(100%)	(100%)	(0%)	(0%)	
Class 6H – General Unsecured Claims (C&J Well Services Inc.)	$1,347,329,129.06 (99.88%)	165 (95.38%)	$1,583,081.81 (0.12%)	8 (4.62%)	Accept
Class 6I – General Unsecured Claims (ESP Completion Technologies LLC)	$1,386,846,214.92 (100%)	109 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 6J – General Unsecured Claims (KVS Transportation, Inc.)	$1,375,364,241.84 (99.63%)	111 (98.23%)	$5,112,546.77 (0.37%)	2 (1.77%)	Accept
Class 6K – General Unsecured Claims (Mobile Data Technology)	$1,387,547,183.66 (100%)	108 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 6L – General Unsecured Claims (Tellus Oilfield Inc.)	$1,387,867,593.18 (100%)	108 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 6M – General Unsecured Claims (Tiger Cased Hole Services Inc.)	$1,383,136,463.05 (99.99%)	112 (99.12%)	$9,120.00 (0.01%)	1 (0.88%)	Accept
Class 6N – General Unsecured Claims (Total E&S, Inc.)	$1,389,956,280.41 (100%)	117 (100%)	$0.00 (0%)	0 (0%)	Accept
Class 9 – Interests in C&J Energy	81,471,551.00 (99.96%)	488 (96.06%)	35,561.00 (0.04%)	20 (3.94%)	Accept
Class 10 – Subordinated Securities Claims	$0.00 (0%)	0 (0%)	$0.00 (0%)	$0 (0%)	No holders of Class 10 Claims as of the Voting Record Date

34. This means that, in the aggregate, creditors asserting approximately $21,038,700,500.29 of Claims entitled to vote accepted the Plan, representing more than 99.92% by amount and more than 97.95% by number. Based on the foregoing, the Debtors submit that they have satisfied the requirements of section 1129(a)(2), and no party has asserted otherwise.

C. The Debtors Proposed the Plan in Good Faith and Not by Any Means Forbidden by Law (Section 1129(a)(3)).

35. Section 1129(a)(3) of the Bankruptcy Code requires that the proponent of a plan of reorganization propose the plan "in good faith and not by any means forbidden by law."[36] In assessing the good faith standard, Fifth Circuit courts consider whether the plan was proposed with "the legitimate and honest purpose to reorganize and has a reasonable hope of success."[37] The Plan must also achieve a result consistent with the Bankruptcy Code.[38] The purpose of chapter 11 is to enable a distressed business to reorganize and achieve a fresh start.[39] Whether a Plan is proposed in good faith must be determined in light of the totality of the circumstances of the cases.[40]

36. Here, the Plan will enable the Debtors to deleverage their balance sheet, preserve their liquidity, and position their business for long-term success. Moreover, the Plan is the product of extensive arm's-length negotiations between the Debtors, the Supporting Creditors, the Committee, and Nabors. The overwhelming support of the Plan by the voting creditors is strong evidence that the Plan has a proper purpose. Thus, the Plan satisfies section 1129(a)(3) of the Bankruptcy Code, and no party has asserted otherwise.

D. The Plan Provides that the Debtors' Payment of Professional Fees and Expenses Are Subject to Court Approval (Section 1129(a)(4)).

37. Section 1129(a)(4) of the Bankruptcy Code requires that certain fees and expenses paid by the plan proponent, by the debtor, or by a person receiving distributions of property

---

36 11 U.S.C. § 1129(a)(3) .

37 *See In re Sun Country Dev., Inc.*, 764 F.2d 406, 408 (5th Cir. 1985).

38 *See In re Block Shim Dev. Company-Irving*, 939 F.2d 289, 292 (5th Cir. 1991).

39 *See Sun Country Dev.*, 764 F.2d at 408 ("The requirement of good faith must be viewed in light of the totality of circumstances surrounding establishment of a Chapter 11 plan, keeping in mind the purpose of the Bankruptcy Code to give debtors a reasonable opportunity to make a fresh start.").

40 *Id.*; *Pub. Fin. Corp. v. Freeman*, 712 F.2d 219 (5th Cir. 1983); *Cypresswood Land Partners, I*, 409 B.R. at 425.

under the plan, be approved by the Court as reasonable or subject to approval by the Court as reasonable. The Fifth Circuit has held that this is a "relatively open-ended standard" that involves a case-by-case inquiry and, under appropriate circumstances, does not necessarily require that a bankruptcy court review the amount charged.[41] As one court explained, as to routine legal fees and expenses that have been approved as reasonable in the first instance, "the court will ordinarily have little reason to inquire further with respect to the amount charged."[42]

38. In general, the Plan provides that Professional Fee Claims and corresponding payments are subject to prior Court approval and the reasonableness requirements under sections 328 or 330 of the Bankruptcy Code. Article II.D of the Plan, moreover, provides that Professionals shall file all final requests for payment of Professional Claims no later than 45 days after the Effective Date, thereby providing an adequate period of time for interested parties to review such Professional Claims.[43]

39. Further, the Plan provides for the payment of fees and expenses of the Credit Agreement Agent, the DIP Facility Agent, and the Supporting Creditors and their advisors, to the extent not already paid pursuant to the DIP Facility Order.[44] As a component of a global settlement, this provision for the payment of such professional fees can reasonably be approved by the Court through entry of the Confirmation Order. For the foregoing reasons, the Debtors submit that the Plan complies with section 1129(a)(4) of the Bankruptcy Code, and no party has asserted otherwise.

---

41 *See Mabey v. Sw. Elec. Power Co. (In re Cajun Elec. Power Coop., Inc.),* 150 F.3d 503, 517-18 (5th Cir. 1998) ("What constitutes a reasonable payment will clearly vary from case to case and, among other things, will hinge to some degree upon who makes the payments at issue, who receives those payments, and whether the payments are made from assets of the estate.").

42 *Id.* at 517.

43 Plan, Art. II.D.

44 *Id.*, Art. II.C.

E. The Debtors Have Complied with the Bankruptcy Code's Governance Disclosure Requirement (Section 1129(a)(5)).

40. The Bankruptcy Code requires the proponent of a plan to disclose the identity and affiliation of any individual proposed to serve as a director or officer of the debtor or a successor to the debtor under the plan.[45] It further requires that the appointment or continuance of such officers and directors be consistent with the interests of creditors and equity security holders and with public policy.[46] Lastly, it requires that the plan proponent have disclosed the identity of insiders to be retained by the reorganized debtor and the nature of any compensation for such insider.[47] Courts have held that these provisions are meant to ensure that the post-confirmation governance of a reorganized debtor is in "good hands."[48]

41. In this case, the Plan satisfies section 1129(a)(5)(A)(i) of the Bankruptcy Code because the Debtors have disclosed the identities and affiliations of all persons proposed to serve on the New Board of the Reorganized Debtors as of the Effective Date in an exhibit to the Plan Supplement,[49] none of whom are insiders of the Debtors. As set forth in the Plan Supplement, the New Board members all have extensive business or industry experience and are well qualified to manage the Reorganized Debtors. The Debtors believe control of the Reorganized Debtors by the proposed individuals will be beneficial, and no party in interest has objected to the Plan on these grounds. Therefore, the requirements under section 1129(a)(5)(A)(ii) of the Bankruptcy Code are satisfied, and no party has asserted otherwise.

---

45 11 U.S.C. § 1129(a)(5)(A)(i).

46 *Id.* § 1129(a)(5)(A)(ii).

47 *Id.* § 1129(a)(5)(B).

48 *See In re Landing Assocs.*, 157 B.R. 791, 817 (Bankr. W.D. Tex. 1993) ("In order to lodge a valid objection under § 1129(a)(5), a creditor must show that a debtor's management is unfit or that the continuance of this management post-confirmation will prejudice the creditors").

49 *See* Plan Supplement.

42. Additionally, the Debtors satisfied section 1129(a)(5)(B) of the Bankruptcy Code because as set forth in the Plan Supplement the Debtors propose that the existing officers of the Debtors remain in their current capacities as officers of the Reorganized Debtors, and serve pursuant to the New Organizational Documents and such officers' respective employment agreements. As discussed above, the New Organizational Documents include customary provisions for the appointment of directors and officers consistent with public policy. Thus, the Plan complies with section 1129(a)(5) of the Bankruptcy Code, and no party has asserted otherwise.

F. The Plan Does Not Require Government Regulatory Approval of Rate Changes (Section 1129(a)(6)).

43. Section 1129(a)(6) of the Bankruptcy Code permits confirmation only if any regulatory commission that has or will have jurisdiction over a debtor after confirmation has approved any rate change provided for in the plan. Section 1129(a)(6) of the Bankruptcy Code is inapplicable to these chapter 11 cases.

G. The Plan Is in the Best Interests of Holders of Claims and Interests (Section 1129(a)(7)).

44. The best interests of creditors test requires that, "[w]ith respect to each impaired class of claims or interests," members of such class that have not accepted the plan will receive at least as much as they would in a hypothetical chapter 7 liquidation.[50] The best interests test applies to each non-consenting member of an impaired class, and is generally satisfied through a comparison of the estimated recoveries for a debtor's stakeholders in a hypothetical chapter 7

[50] 11 U.S.C. § 1129(a)(7).

liquidation of that debtor's estate against the estimated recoveries under that debtor's plan of reorganization.[51]

45. As demonstrated in the Liquidation Analysis, all holders of Claims and Interests in all Impaired Classes will recover at least as much under the Plan as they would in a hypothetical chapter 7 liquidation.[52] Specifically, the projected recoveries under the Plan and the results of the Debtors' liquidation analysis for all holders of Claims and Interests are as follows:

Class	Claim or Interest	Status	Voting Rights	Liquidation Recovery	Plan Recovery
1	Other Secured Claims	Unimpaired	Not Entitled to Vote / Presumed to Accept	100%	100%
2	Other Priority Claims	Unimpaired	Not Entitled to Vote / Presumed to Accept	100%	100%
3	Mineral Contractor Claims	Unimpaired	Not Entitled to Vote / Presumed to Accept	1.39 - 1.94%	100%
4	Secured Lender Claims	Impaired	Entitled to Vote	33.26 - 48.72%	49.9%
5	Unsecured Convenience Class Claims	Impaired	Entitled to Vote	1.39 - 1.94%	38.5 - 40%
6	General Unsecured Claims	Impaired	Entitled to Vote	1.39 - 1.94%	56.7 - 57.5%
7	Intercompany Claims	Unimpaired/ Impaired	Not Entitled to Vote / Presumed to Accept or Deemed to Reject	0%	0% / 100%

[51] *Bank of Am. Nat'l Tr. & Sav. Ass'n v. 203 N. LaSalle St. P'ship*, 526 U.S. 434, 441 n.13 (1999) ("The 'best interests' test applies to individual creditors holding impaired claims, even if the class as a whole votes to accept the plan."); *In re Texas Extrusion Corp.*, 844 F.2d 1142, 1159 n. 23 (5th Cir. 1988) (stating that under section 1127(a)(7) of the Bankruptcy Code a bankruptcy court was required to determine whether impaired claims would receive no less under a reorganization than through a liquidation).

[52] *See In re Neff*, 60 B.R. 448, 452 (Bankr. N.D. Tex. 1985) *aff'd*, 785 F.2d 1033 (5th Cir. 1986) (stating that "best interests" of creditors means "creditors must receive distributions under the Chapter 11 plan with a present value at least equal to what they would have received in a Chapter 7 liquidation of the Debtor as of the effective date of the Plan"); *In re Lason, Inc.*, 300 B.R. 227, 232 (Bankr. D. Del. 2003) ("Section 1129(a)(7)(A) requires a determination whether 'a prompt chapter 7 liquidation would provide a better return to particular creditors or interest holders than a chapter 11 reorganization.'") (internal citations omitted).

Class	Claim or Interest	Status	Voting Rights	Liquidation Recovery	Plan Recovery
8	Interests in Debtors other than C&J Energy	Unimpaired/ Impaired	Not Entitled to Vote / Presumed to Accept or Deemed to Reject	0%	0% / 100%
9	Interests in C&J Energy	Impaired	Entitled to Vote	0%	N/A
10	Subordinated Securities Claims	Impaired	Entitled to Vote	0%	N/A

46. Accordingly, the Plan satisfies section 1129(a)(7) of the Bankruptcy Code and the best interests test, and no party has asserted otherwise.

H. The Plan Is Confirmable Notwithstanding the Requirements of Section 1129(a)(8) of the Bankruptcy Code.

47. The Bankruptcy Code generally requires that each class of claims or interests must either accept the plan or be unimpaired under the plan.[53] As discussed above, each of the voting classes overwhelmingly voted to accept the Plan in both amount and number for each debtor. Accordingly, the Plan satisfies the voting requirement of section 1129(a)(8) of the Bankruptcy Code. Even if Class 5B (Unsecured Convenience Class Claims at C&J Corporate Services Ltd.), Class 5I (Unsecured Convenience Class Claims at ESP Completion Technologies LLC), and Class 9 (Interests in C&J Energy) had rejected the Plan, as initially set forth in the Voting Report, the Plan remains confirmable nonetheless because it satisfies section 1129(b) of the Bankruptcy Code, as discussed below.

[53] 11 U.S.C. § 1129(a)(8). A class of impaired claims accepts a plan if holders of at least two-thirds in dollar amount and more than half in number of the claims in that class actually vote to accept the plan. *Id.* § 1126(c). A class that is not impaired under a plan, and the creditors in that class, are conclusively presumed to have accepted the plan. *Id.* § 1126(f). A class is deemed to have rejected a plan if the plan provides that the holders of claims or interests in that class do not receive or retain any property under the plan on account of such claims or interests. *Id.* § 1129(a)(9).

I. The Plan Complies With Statutorily Mandated Treatment of Administrative and Priority Tax Claims (Section 1129(a)(9)).

48. Section 1129(a)(9) of the Bankruptcy Code requires that certain priority claims be paid in full on the effective date of a plan and that the holders of certain other priority claims receive deferred cash payments. In particular, pursuant to section 1129(a)(9)(A) of the Bankruptcy Code, holders of claims of a kind specified in section 507(a)(2) of the Bankruptcy Code—administrative claims allowed under section 503(b) of the Bankruptcy Code—must receive on the effective date cash equal to the allowed amount of such claims. Section 1129(a)(9)(B) of the Bankruptcy Code requires that each holder of a claim of a kind specified in section 507(a)(1) or (4) through (7) of the Bankruptcy Code—generally domestic support obligations, wage, employee benefit, and deposit claims entitled to priority—must receive deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim (if such class has accepted the plan), or cash of a value equal to the allowed amount of such claim on the effective date of the plan (if such class has not accepted the plan). Finally, section 1129(a)(9)(C) provides that the holder of a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code—i.e., priority tax claims—must receive cash payments over a period not to exceed five years from the petition date, the present value of which equals the allowed amount of the claim.

49. The Plan satisfies section 1129(a)(9) of the Bankruptcy Code. First, Article II.A of the Plan satisfies section 1129(a)(9)(A) of the Bankruptcy Code because it provides that each holder of an Allowed Administrative Claim will receive Cash equal to the amount of such Allowed Administrative Claim on the Effective Date, or as soon as reasonably practicable thereafter, or at such other time defined in Article II.A of the Plan. Second, the Plan satisfies section 1129(a)(9)(B) of the Bankruptcy Code because no holders of the types of Claims

specified by 1129(a)(9)(B) are Impaired under the Plan.[54] Finally, Article II.E of the Plan satisfies section 1129(a)(9)(C) of the Bankruptcy Code because it specifically provides that each holder of Allowed Priority Tax Claims shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code. Thus, the Plan satisfies each of the requirements set forth in section 1129(a)(9) of the Bankruptcy Code, and no party has asserted otherwise.

J. At Least One Impaired Class of Claims Has Accepted the Plan, Excluding the Acceptances of Insiders (Section 1129(a)(10)).

50. Section 1129(a)(10) of the Bankruptcy Code provides that, to the extent there is an impaired class of claims, at least one impaired class of claims must accept the plan, "without including any acceptance of the plan by any insider," as an alternative to the requirement under section 1129(a)(8) of the Bankruptcy Code that each class of claims or interests must either accept the plan or be unimpaired under the plan. As detailed herein each of the voting classes has voted to accept the Plan, exclusive of any acceptances by insiders. Accordingly, the Plan satisfies the requirements of section 1129(a)(10) of the Bankruptcy Code, and no party has asserted otherwise.

K. The Plan Is Feasible and Is Not Likely to Be Followed by the Need for Further Financial Reorganization (Section 1129(a)(11)).

51. Feasibility refers to the Bankruptcy Code's requirement that plan confirmation must not be "likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor . . . , unless such liquidation or reorganization is proposed in the plan."[55] Under this standard, the Fifth Circuit has held that the plan need only have a

---

[54] Plan, Art. III.B.2.

[55] 11 U.S.C. § 1129(a)(11).

"reasonable probability of success."[56] Indeed, "a relatively low threshold of proof will satisfy § 1129(a)(11) so long as adequate evidence supports a finding of feasibility."[57] In particular, according to Fifth Circuit law, "[w]here the projections are credible, based upon the balancing of all testimony, evidence, and documentation, even if the projections are aggressive, the court may find the plan feasible."[58]

52. The Plan converts nearly $1.4 billion of the Debtors' secured debt to equity while also providing substantial post-emergence liquidity through the Lender-backstopped $200 million Rights Offering. This massive deleveraging right-sizes the Debtors' balance sheet and will best-position them for success post-emergence. Moreover, the Plan provides the Debtors with a $100 million revolving exit facility on favorable terms that will protect the Debtors against seasonality and other short term fluctuations in cash flows upon emergence. Thus, the Plan will allow the Debtors to emerge from these chapter 11 cases well capitalized and completely deleveraged.

53. As set forth in Section XI.C of the Disclosure Statement, the Debtors thoroughly analyzed their ability to meet their respective obligations under the Plan and continue as a going concern without the need for further financial restructuring. The Disclosure Statement also includes financial projections prepared by the Debtors that demonstrate their ability to meet their obligations under the Plan. Thus, the Plan satisfies section 1129(a)(11) of the Bankruptcy Code under Fifth Circuit law, and no party has asserted otherwise.

---

56 *In re T-H New Orleans Ltd. P'ship*, 116 F.3d 790, 801 (5th Cir. 1997) (quoting *In re Landing Assocs., Ltd.*, 157 B.R. 791, 820 (Bankr. W.D. Tex. 1993)).

57 *In re Star Ambulance Service, LLC*, 540 B.R. 251, 266 (Bankr. S.D. Tex. 2015).

58 *T-H New Orleans*, 116 F.3d at 802.

L. The Plan Provides for the Payment of All Fees Under 28 U.S.C. § 1930 (Section 1129(a)(12)).

54. The Bankruptcy Code requires the payment of all fees payable under 28 U.S.C. § 1930.[59] The Plan includes an express provision requiring payment of all fees under 28 U.S.C. § 1930.[60] The Plan, therefore, complies with section 1129(a)(12) of the Bankruptcy Code, and no party has asserted otherwise.

M. The Plan Complies with Section 1129(a)(13) of the Bankruptcy Code.

55. The Bankruptcy Code requires that all retiree benefits continue post-confirmation at any levels established in accordance with section 1114 of the Bankruptcy Code.[61] Retiree benefits is defined under section 1114(a) of the Bankruptcy Code as medical benefits.[62] Article IV.O of the Plan provides that on or after the Plan Effective Date, the payment of all retiree benefits, as defined in section 1114 of the Bankruptcy Code, will continue in accordance with applicable law. Accordingly, the Plan complies with section 1129(a)(13) of the Bankruptcy Code, and no party has asserted otherwise.

N. Sections 1129(a)(14) Through Sections 1129(a)(16) of the Bankruptcy Code Do Not Apply to the Plan.

56. A number of the Bankruptcy Code's confirmation requirements are inapplicable to the Plan. Section 1129(a)(14) of the Bankruptcy Code is inapplicable to the Plan because the

---

59 11 U.S.C. § 1129(a)(12) .

60 Plan, Art. XII.C.

61 11 U.S.C. § 1129(a)(13).

62 Section 1114(a) defines "retiree benefits" as: " . . . payments to any entity or person for the purpose of providing or reimbursing payments for retired employees and their spouses and dependents, for medical, surgical, or hospital care benefits, or benefits in the event of sickness, accident, disability, or death under any plan, fund, or program (through the purchase of insurance or otherwise) maintained or established in whole or in part by the debtor prior to filing a petition commencing a case under this title." 11 U.S.C. § 1114(e) (emphasis added).

Debtors are not subject to any domestic support obligations.[63] Section 1129(a)(15) is inapplicable because no Debtor is an "individual" as defined in the Bankruptcy Code.[64] Section 1129(a)(16) is inapplicable because the Plan does not provide for any property transfers by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.[65]

O. The Plan Satisfies the Cramdown Requirements (Section 1129(b)).

57. If an impaired class has not voted to accept the plan, the plan must be "fair and equitable" and not "unfairly discriminate" with respect to that class.[66] As described herein, all of the voting classes have voted to accept the Plan. Nonetheless, the Plan would satisfy the "cramdown" requirements with respect to any of the impaired classes that initially were found to have rejected the Plan, as reflected in the Voting Report, including Class 5B (Unsecured Convenience Class Claims at C&J Corporate Services Ltd.), Class 5I (Unsecured Convenience Class Claims at ESP Completion Technologies LLC), and Class 9 (Interests in C&J Energy).

i. The Plan Is Fair and Equitable.

58. A plan is "fair and equitable" with respect to an impaired class of claims or interests that rejects the plan (or is deemed to reject the plan) if it follows the "absolute priority rule."[67] This requires that an impaired rejecting class of claims or interests either be paid in full or that a class junior to the impaired rejecting class not receive any distribution under a plan on account of its junior claim or interest.[68]

---

63 *See* 11 U.S.C. § 1129(a)(14).

64 *See* 11 U.S.C. § 1129(a)(15).

65 *See* 11 U.S.C. § 1129(a)(16).

66 *See* 11 U.S.C. § 1129(b)(1).

67 *Bank of Am. Nat'l Tr. & Savings Ass'n v. 203 N. LaSalle St. P'ship*, 526 U.S. 434, 441-42 (1999); *In re Mirant Corp.*, 348 B.R. 725, 738 (Bankr. N.D. Tex. 2006).

68 *Id.*

59. The Plan satisfies section 1129(b) of the Bankruptcy Code. First, there were no holders of Class 10 (Subordinated Securities Claims) as of the Voting Record Date. Therefore, there are no Claims or Interests that are junior to Class 9 (Interests in C&J Energy). Second, to the extent Class 7 (Intercompany Interests) and Class 8 (Interests in Debtors other than C&J Energy) receive any recovery at all, it is simply to maintain the Debtors' prepetition organizational structure for the administrative benefit of the Reorganized Debtors and has no economic substance. Courts have recognized that such technical distributions for the purpose of preserving corporate formalities do not violate the absolute priority rule.[69]

60. While the Plan provides a recovery to common equity holders in the form of the Interest Holder New Warrants, such recovery derives exclusively from the overall compromise and settlement incorporated into the Plan. Specifically, the Supporting Creditors agreed to carve out two percent of the New Warrants—to which the Lenders would otherwise be entitled— and permit such consideration to be distributed to equity holders. This arrangement was an effort to encourage consensus and maximize value for all stakeholders. Nevertheless, no party in a rejecting class has objected to the distribution of the Interest Holder New Warrants to equity holders and all classes of creditors voted to accept the Plan. Therefore, the Plan satisfies the "fair and equitable" requirement, and no party has asserted otherwise.

ii. The Plan Does Not Unfairly Discriminate Against the Rejecting Classes.

61. The Bankruptcy Code does not provide a standard for determining when "unfair discrimination" exists.[70] Rather, courts typically examine the facts and circumstances of the

---

69 *See In re ION Media Networks, Inc.*, 419 B.R. 585, 661 (Bankr. S.D.N.Y. 2009) ("This technical preservation of equity is a means to preserve the corporate structure that does not have any economic substance and that does not enable any junior creditor or interest holder to retain or recover any value under the Plan.").

70 *See Idearc Inc.*, 423 B.R. 138, 171 (Bankr. N.D. Tex. 2009).

particular case to determine whether unfair discrimination exists.[71] At a minimum, the unfair discrimination standard prevents creditors and interest holders with similar legal rights from receiving materially different treatment under a proposed plan without compelling justifications for doing so.[72] The unfair discrimination requirement, which involves a comparison of classes, is distinct from the equal treatment requirement of section 1123(a)(4), which involves a comparison of the treatment of claims within a particular class. A plan does not unfairly discriminate where it provides different treatment to two or more classes which are comprised of dissimilar claims or interests.[73] Likewise, there is no unfair discrimination if, taking into account the particular facts and circumstances of the case, there is a reasonable basis for the disparate treatment.[74]

62. Here, all Classes of Claims and Interests held by third parties have either voted to accept the Plan or are deemed to have accepted the Plan, rendering section 1129(b) inapplicable to such Classes. Nevertheless, to the extent Class 5B (Unsecured Convenience Class Claims at C&J Corporate Services Ltd.), Class 5I (Unsecured Convenience Class Claims at ESP Completion Technologies LLC), and Class 9 (Interests in C&J Energy) are considered to be non-accepting Impaired Classes as initially set forth in the Voting Report, the Plan's treatment of

---

71 *See In re Kolton*, No. 89-53425-C, 1990 WL 87007 at *5 (Bankr. W.D. Tex. Apr. 4, 1990) (quoting *In re Bowles*, 48 B.R. 502, 507 (Bankr. E.D. Va. 1985) ("[W]hether or not a particular plan does [unfairly] discriminate is to be determined on a case-by-case basis …")); *see also In re Freymiller Trucking, Inc.*, 190 B.R. 913, 916 (Bankr. W.D. Okla. 1996) (holding that a determination of unfair discrimination requires a court to "consider all aspects of the case and the totality of all the circumstances").

72 *See Idearc Inc.*, 423 B.R. at 171, ("[T]he unfair discrimination standard prevents creditors and equity interest holders with similar legal rights from receiving materially different treatment under a proposed plan without compelling justifications for doing so."); *In re Ambanc La Mesa Ltd. P'ship*, 115 F.3d 650, 654 (9th Cir. 1997); *In re Aztec Co.*, 107 B.R. 585, 589-91 (Bankr. M.D. Tenn. 1989); *In re Johns-Manville Corp.*, 68 B.R. 618, 636 (Bankr. S.D.N.Y. 1986), *aff'd*, 78 B.R. 407 (S.D.N.Y. 1987), *aff'd sub nom. Kane v. Johns-Manville Corp.*, 843 F.2d 636 (2d Cir. 1988).

73 *See In re Ambanc La Mesa Ltd. P'ship*, 115 F.3d 650, 655 (9th Cir. 1997); *In re Aztec Co.*, 107 B.R. 585, 589-91 (Bankr. M.D. Tenn. 1989); *In re Johns-Manville Corp.*, 68 B.R. 618, 636 (Bankr. S.D.N.Y. 1986), *aff'd*, 78 B.R. 407 (S.D.N.Y. 1987); *aff'd sub nom., Kane v. Johns-Manville Corp.*, 843 F.2d 636 (2d Cir. 1988).

74 *Aztec Co.*, 107 B.R. at 590.

such Classes is proper because all similarly situated holders of Claims and Interests will receive substantially similar treatment and the Plan's classification scheme rests on a legally acceptable rationale. Claims and Interests in Classes 5B, 5I, and 9 are appropriately classified separately from any other Claims or Interests. Generally, all unsecured claims are classified on a per-Debtor basis and will receive substantially similar treatment under the Plan, either as a Class 5 Unsecured Convenience Class Claim or a Class 6 General Unsecured Claim. Furthermore, all holders of unsecured claims were able to elect, at their option, whether to be treated as Class 6 General Unsecured Claims or Class 5 Unsecure Convenience Class Claim, respectively, on their ballot. There is therefore, no unfair discrimination between Class 5B and Class 5I and the rest of the Classes consisting of unsecured claims. Thus, the Plan does not discriminate unfairly in contravention of section 1129(b)(1) of the Bankruptcy Code and the Plan may be confirmed notwithstanding the deemed rejection by the impaired classes. No party has asserted otherwise.

P. The Plan Complies with the Other Provisions of Section 1129 of the Bankruptcy Code (Section 1129(c)-(e)).

63. The Plan satisfies the remaining provisions of section 1129 of the Bankruptcy Code. Section 1129(c), prohibiting confirmation of multiple plans, is not implicated because there is only one proposed plan of reorganization.[75]

64. The purpose of the Plan is not to avoid taxes or the application of section 5 of the Securities Act of 1933. Moreover, no governmental unit or any other party has requested that the Court decline to confirm the Plan on such grounds. Accordingly, the Plan satisfies the requirements of section 1129(d) of the Bankruptcy Code.

[75] 11 U.S.C. § 1129(c).

65. Lastly, section 1129(e) of the Bankruptcy Code is inapplicable because none of the Debtors' chapter 11 cases is a "small business case."[76] Thus, the Plan satisfies the Bankruptcy Code's mandatory confirmation requirements.

II. The Discretionary Contents of the Plan Are Appropriate.

66. The Bankruptcy Code identifies various additional provisions that may be incorporated into a chapter 11 plan, including "any appropriate provision not inconsistent with the applicable provisions of this title."[77] Among other discretionary provisions, the Plan contains releases by the Debtors and third party holders of Claims and Interests, exculpation and injunction provisions, and an incentive-based compensation plan for the Debtors' employees.[78] The Court should approve these discretionary provisions.

A. The Plan Appropriately Incorporates a Settlement of Claims and Causes of Action.

67. The Bankruptcy Code states that a plan may "provide for . . . the settlement or adjustment of any claim or interest belonging to the debtor or to the estate."[79] A court may only approve settlements under a plan when it is "fair and equitable."[80] In particular, the Fifth Circuit applies a five-factor test for considering motions to approve settlements under Bankruptcy Rule 9019, weighing:[81] "(1) the probability of success in litigation with due consideration for uncertainty in fact and law; (2) the complexity and likely duration of the litigation and any

---

76 11 U.S.C. § 1129(e). A "small business debtor" cannot be a member "of a group of affiliated debtors that has aggregate noncontingent liquidated secured and unsecured debts in an amount greater than $2,490,925[] (excluding debt owed to 1 or more affiliates or insiders)." 11 U.S.C. § 101(51D)(B).

77 11 U.S.C. § 1123(b) (1)-(6).

78 Plan, Art. VIII.

79 11 U.S.C. § 1123(b)(3)(A).

80 *See Feld v. Zale Corp. (In re Zale Corp.)*, 62 F.3d 746, 754 n.22 (5th Cir. 1995) (citing *In re AWECO, Inc.*, 725 F.2d. 293, 297 (5th Cir. 1984)).

81 Fed. R. Bankr. P. 9019.

attendant expense, inconvenience, and delay, including the difficulties, if any to be encountered in the matter of collection; (3) the paramount interest of the creditors and a proper deference to their respective views; (4) the extent to which the settlement is truly the product of arm's-length bargaining and not fraud or collusion; and (5) all other factors bearing on the wisdom of the compromise."[82]

68. The Plan embodies a global settlement of Claims and Causes of Action between the Debtors, the Supporting Creditors, Nabors, and the Committee. The global settlement embodied in the Plan, is fair and equitable and consistent with the Bankruptcy Rule 9019 factors as applied in this jurisdiction. The Plan resolves a host of alleged Claims and Causes of Action, which were thoroughly analyzed by the Debtors, the consenting stakeholders, and their advisors, all of which are highly uncertain to succeed and have an immense capacity to cause extensive delay, cost, and uncertainty in these chapter 11 cases and otherwise. For example, the global settlement resolves potential fraudulent conveyance Claims related to the Merger or otherwise that were particularly complex and unlikely to succeed on the merits, as well as certain Claims for setoff, recoupment, or recharacterization, as applicable. Importantly, the global settlement will resolve and make moot any contract integration and severability issues between Nabors and the Debtors related to the Merger—a substantive piece of Nabors' Objection. As further reflected by the overwhelming support of creditors for the Plan, this global settlement, which was the result of arm's length negotiations, is in the best interests of creditors and all parties in interest.

[82] *See In re Moore*, 608 F.3d 253, 263 (5th Cir. 2010).

B. The Plan's Release, Exculpation, and Injunction Provisions are Appropriate and Comply with the Bankruptcy Code.

69. The Plan includes certain Debtor and third-party releases, an exculpation provision, and an injunction provision. These provisions comply with the Bankruptcy Code and prevailing law because, among other things, they are the product of extensive good faith, arm's-length negotiations, were a material inducement for parties to enter into the RSA and the comprehensive settlement embodied in the Plan, and are supported by the Debtors and their key stakeholders, including the Committee, the Supporting Creditors, Nabors, and the vast majority of parties entitled to vote to accept or reject the Plan.

i. The Debtor Release is Appropriate and Complies with the Bankruptcy Code.

70. Section 1123(b)(3)(A) of the Bankruptcy Code provides that a chapter 11 plan may provide for "the settlement or adjustment of any claim or interest belonging to the debtor or to the estate." Accordingly, pursuant to section 1123(b)(3)(A), the Debtors may release estate causes of action as consideration for concessions made by their various stakeholders pursuant to the Plan.[83] In considering the appropriateness of such releases, courts in the Fifth Circuit generally consider whether the release is (a) "fair and equitable" and (b) "in the best interests of the estate."[84] While courts sometimes conflate the two prongs of the foregoing analysis, the "fair and equitable" prong is generally interpreted, consistent with that term's usage in section 1129(b) of the Bankruptcy Code, to require compliance with the Bankruptcy Code's absolute priority

---

83 *See, e.g.*, *In re Bigler LP*, 442 B.R. 537, 547 (Bankr. S.D. Tex. 2010) (plan release provision "constitutes an acceptable settlement under § 1123(b)(3) because the Debtors and the Estate are releasing claims that are property of the Estate in consideration for funding of the Plan"); *In re Heritage Org., LLC*, 375 B.R. 230, 259 (Bankr. N.D. Tex. 2007); *In re Mirant Corp.*, 348 B.R. 725, 737-39 (Bankr. N.D. Tex. 2006); *In re General Homes Corp.*, 134 B.R. 853, 861 (Bankr. S.D. Tex. 1991).

84 *Mirant*, 348 B.R. at 738; *see also Heritage*, 375 B.R. at 259.

rule.[85] Courts generally determine whether a release is "in the best interest of the estate" by reference to the following factors:

a. the probability of success of litigation;

b. the complexity and likely duration of the litigation, any attendant expense, inconvenience, or delay, and possible problems collecting a judgment;

c. the interest of creditors with proper deference to their reasonable views; and

d. the extent to which the settlement is truly the product of arm's-length negotiations.[86]

Ultimately, courts afford debtors some discretion in determining for themselves the appropriateness of granting plan releases of estate causes of action.[87]

71. Article VIII.C of the Plan provides for releases by the Debtors, their Estates, the Reorganized Debtors, and Related Parties[88] of any and all Causes of Action, including any derivative claims, the Debtors could assert against the Released Parties—*e.g.*, the Lenders, the Committee and its members, the agents under the Debtors' pre- and postpetition credit facilities, the Exit Facility lenders and agent, Nabors, and the Debtors' directors, officers, and advisors—and Related Parties (the "Debtor Release").[89]

---

85 *Mirant*, 348 B.R. at 738.

86 *Id.* at 739-40 (citing *Official Comm. of Unsecured Creditors v. Cajun Elec. Power Coop.* (*In re Cajun Elec. Power Coop.*), 119 F.3d 349, 355-56 (5th Cir. 1997)).

87 *See General Homes*, 134 B.R. at 861 ("[t]he court concludes that such a release is within the discretion of the Debtor").

88 As used herein, the term "Related Parties" shall refer to various individuals and entities related to the Debtors, Released Parties, Releasing Parties, and Exculpated Parties, as applicable, including affiliates, predecessors, successors, and current and former equity holders, officers, directors, employees, agents, advisors, and other professionals.

89 The foregoing description is meant as a summary of the operative plan provisions only. Certain of the Released Parties are defined as such in multiple capacities. To the extent there is any conflict between the forgoing summary and the definition of "Released Party" contained in Article I of the Plan, the Plan shall control.

72. The Debtor Release easily meets the controlling standard. First, as described herein, the Plan, including the Debtor Release, complies with the Bankruptcy Code's absolute priority rule. To the extent any class is found to have rejected the Plan, no Class of equal priority is receiving more favorable treatment and no Class that is junior to such rejecting Classes will receive or retain any property on account of the Claims or Interests in such junior Class in a manner that violates the absolute priority rule.

73. In addition to being fair and equitable, the Debtor Release is in the best interest of the Debtors' Estates. ***First***, the probability of success in litigation with respect to claims, if any, the Debtors may have against the Released Parties is very low. After an extensive pre- and postpetition investigation, the Debtors, concluded that any potential claims against the Released Parties—including any claims related to the Merger—are highly unlikely to succeed and thus have low, if any, value. No party in interest has challenged this conclusion in connection with Confirmation. ***Second***, any potential claims against the Released Parties, Merger-related or otherwise, are exceedingly complex and, even if successful, may be difficult to collect in light of the sophisticated nature of the underlying transactions and certain structural barriers—including the fact that the Debtors' counterparties are often non-capitalized, special purpose entities. ***Third***, the Voting Classes have overwhelmingly voted in favor of the Plan, including the Debtor Release. Holders of General Unsecured Claims are set to receive a substantial recovery under the terms of the Plan, which has the full support of the Committee. Thus, the Court should defer to the creditor body's view—*i.e.*, overwhelming support for the Plan. And ***fourth***, the Plan, including the Debtor Release, was heavily negotiated pre- and postpetition by sophisticated entities that were represented by able counsel and financial advisors. The result is a compromise that reflects the give-and-take of a true arm's-length negotiation process.

74. Ultimately, the Debtors are giving up very little by way of the Debtor Release. In return, under the terms of the Plan the Debtors will emerge from these Chapter 11 Cases well capitalized and ***totally*** deleveraged—which result would not be possible without the Lender-backstopped $200 million Rights Offering and the Lenders' agreement to equitize approximately $1.4 billion of funded debt obligations. The non-Lender Released Parties similarly made substantial, valuable contributions to the efficient administration of the Chapter 11 Cases or are otherwise facilitating the Debtors' successful emergence from the Chapter 11 Cases. Accordingly, the Debtor Release is fair, equitable, and in the best interest of the Debtors and of their Estates, is justified under the controlling Fifth Circuit standard, and should be approved.

ii. The Third-Party Release Is Consensual, Appropriate, and Complies with the Bankruptcy Code.

75. The Debtors acknowledge the line of decisions from the United States Court of Appeals for the Fifth Circuit that, at first blush, seem to cast some doubt as to the availability of third-part releases.[90] But the limited prohibition against third-party releases set forth in these decisions only applies to certain *non-consensual* third party releases—*i.e.*, when the affected party in interest specifically objects.[91] Here, the vast majority of parties in interest did not object to the Plan's release provisions. As contemplated by and specifically stated in the Debtors solicitation materials and notice of the confirmation hearing, the Debtors have agreed to carve out all parties that have specifically objected (whether formally or informally) to their inclusion as a Releasing Party under the Plan's third-party release provision (the "Third-Party Release").

---

90 *See Ad Hoc Group of Vitro Noteholders v. Vitro S.A.B. de C.V.* (*In re Vitro S.A.B. de C.V.*), 701 F.3d 1031, 1059 (5th Cir. 2012); *Bank of New York Trust Co. v. Official Unsecured Creditors' Comm.* (*In re The Pacific Lumber Co.*), 584 F.3d 229, 252 (5th Cir. 2009); *Feld v. Zale Corp.* (*In re Zale Corp.*), 62 F.3d 746, 760-61 (5th Cir. 1995).

91 *See, e.g., In re Pilgrim's Pride Corp.*, No. 08-45664, 2010 WL 200000, at *5 (Bankr. N.D. Tex. Jan. 14, 2010) (under *Pacific Lumber* "the court may not, *over objection*, approve through confirmation of the Plan third-party protections") (emphasis added). *See also In re Camp Arrowhead, Ltd.*, 451 B.R. 678, 701-2 (Bankr. W.D. Tex. 2011) ("the Fifth Circuit does allow permanent injunctions *so long as there is consent*") (emphasis in original).

Accordingly, the Third-Party Release is appropriate under Fifth Circuit law as a ***consensual*** third-party release.

76. "Most courts allow consensual nondebtor releases to be included in a plan."[92] This rule makes intuitive sense—"[t]he validity of a consensual release is primarily a question of contract law because such releases are no different from any other settlement or contract."[93] While the Fifth Circuit has not directly addressed the parameters of what constitutes a consensual third-party release, it has previewed the issues in a series of decisions addressing the *res judicata* effect of a confirmed chapter 11 plan that contains a third-party release provision.[94] The *Republic Supply* court found that the Bankruptcy Code does not preclude a third-party release provision where "it has been accepted and confirmed as an integral part of a plan of reorganization."[95] The *Republic Supply* court ultimately found that the third-party release provision at issue—which no party timely objected to in connection with plan confirmation—was binding and enforceable.[96] The Fifth Circuit has subsequently addressed the exact issue in *Republic Supply* on three occasions, focusing on the specificity of the third-party release provision at issue to determine its *res judicata* effect.[97] *Republic Supply* and its progeny ultimately stand for the proposition that "[c]onsensual nondebtor releases that are specific in

---

92 *In re Wool Growers Cent. Storage Co.*, 371 B.R. 768, 775 (Bankr. N.D. Tex. 2007).

93 *Id.* (citations omitted).

94 *See Hernandez v. Larry Miller Roofing, Inc.*, 628 Fed. Appx. 281, 286-88 (5th Cir. 2016); *FOM Puerto Rico S.E. v. Dr. Barnes Eyecenter Inc.*, 255 Fed. Appx. 909, 911-12 (5th Cir. 2007); *Applewood Chair Co. v. Three Rivers Planning & Dev. Dist.* (*In re Applewood Chair Co.*), 203 F.3d 914, 919 (5th Cir. 2000); *Republic Supply Co. v. Shoaf*, 815 F.2d 1046, 1050 (5th Cir. 1987).

95 *Republic Supply*, 815 F.2d at 1050.

96 *Id*. at 1053.

97 *See generally Hernandez*, 628 Fed. Appx. 281 (comparing the septicity of the third-party release provisions at issue in *Republic Supply*, *Applewood*, and *Dr. Barnes Eyecenter*).

language, integral to the plan, a condition of the settlement, and given for consideration do not violate" the Bankruptcy Code.[98]

77. Distilling the foregoing Circuit-level guidance, lower courts in the Fifth Circuit have acknowledged that "[t]he Fifth Circuit has held that a nondebtor release violates section 524(e) when the affected creditor *timely objects* to the provision."[99] Texas bankruptcy courts have applied this standard in approving third-party releases similar to the Third-Party Release in recent oil and gas industry bankruptcies. In doing so, these courts have focused on ***process***—*i.e.*, whether "notice has gone out, parties have actually gotten it, they've had the opportunity to look over it, [and] the disclosure is adequate so that they can actually understand what they're being asked to do and the options that they're being given."[100] Ultimately, these courts acknowledge that parties-in-interest waive their rights with respect to a third-party release if they do not object.[101] Chapter 11 is a collective proceeding meant to maximize the prospect for a debtor's "fresh start," so long as the debtors satisfy their obligation under the Bankruptcy Code in good faith. Perhaps the bedrock obligation underlying chapter 11 is due process. Where, as here, a debtor satisfies its due process obligations, parties-in-interest may waive their rights by failing to participate. Thus, "[i]f a creditor wants to preserve his right to object to confirmation, on

---

98 *Wool Growers*, 371 B.R. at 776 (citing *Republic Supply*, 815 F.2d at 1050; *Dr. Barnes Eyecenter*, 255 Fed. Appx. at 911-12).

99 *Id*. at 776 (citing *Zale*, 62 F.3d at 761) (emphasis added).

100 Confirmation Hr'g Tr. at 47, *In re Energy & Exploration Partners, Inc.*, No. 15-44931 (Bankr. N.D. Tex. April 21, 2016) [Docket No. 730] (hereinafter "ENXP Tr.").

101 ENXP Tr. at 47 ("[T]he [*Republic Supply*] case being that the Debtor is authorized, I think, I don't think there's anything that's necessarily bad faith about the Debtor putting release provisions like this into a plan. And if we assume that the Debtor has otherwise satisfied procedural due process . . . and then they choose not to participate one way or the other, can they be bound by it? I would say that this is one of those situations where [*Republic Supply*] says those people can waive substantive rights by not affirmatively participating in the case."); Confirmation Hr'g Tr. at 42, *In re Southcross Holdings, LP*, No. 16-20111 (Bankr. S.D. Tex. April 11, 2016) [Docket No. 191] (approving as consensual a third-party release provision in favor of the debtors' prepetition equity sponsors that bound all holders of claims and interest).

whatever ground, ***he must file an objection***. If he does not file an objection, he generally cannot complain about the results of the confirmation proceeding."[102]

78. The Third-Party Release, contained in Article VIII.D of the Plan, provides that each Releasing Party—*i.e.*, all holders of Claims and Interests that do not specifically object to their inclusion as a Releasing Party—and Related Parties shall release any and all Causes of Action (including a list of specifically enumerated claims) such parties could assert against the Debtors, the Reorganized Debtors, and the Released Parties.[103]

79. The Third-Party Release easily meets the standard set forth in *Republic Supply* and its progeny. ***First***, the Third-Party Release is consensual. All Parties in interest were provided extensive notice of the Chapter 11 Cases, the Plan, and the deadline to object to confirmation of the Plan. Both the Disclosure Statement (transmitted to all members of Voting Classes and otherwise publicly available) and the notice of the confirmation hearing (transmitted to ***all*** parties in interest) state in capitalized, bold-faced, underlined text that holders of Claims and Interest that do not specifically object will be bound by the Third-Party Release. The vast majority of holders of Claims and Interest filed no such objection and the Debtors have agreed to carve out any holders of Claims or Interests that did so object, formally or informally. ***Second***, the Third-Party Release is sufficiently specific—specifically listing more than 20 specific transactions and potential Causes of Action to be released and including various related disclosures in the Disclosure Statement—so as to put the Releasing Parties on notice of the

---

[102] *In re U.S. Fidelis, Inc.*, 481 B.R. 503, 517 (Bankr. E.D. Mo. 2012) (emphasis added); *see also Camp Arrowhead*, 451 B.R. at 702 ("[w]ithout an objection, this court was entitled to rely on . . . silence to infer consent at the confirmation hearing") (citing *Pacific Lumber*, 584 F.3d at 253; *Pilgrim's Pride*, 2010 WL 200000, at *5); *Republic Supply*, 815 F.2d at 1050; *Wool Growers*, 371 B.R. at 775-76.

[103] The foregoing description is meant as a summary of the operative plan provisions only. Certain of the Releasing Parties are defined as such in multiple capacities. To the extent there is any conflict between the forgoing summary and the definition of "Releasing Party" contained in Article I of the Plan, the Plan shall control.

released claims.[104] ***Third***, the Third-Party Release is integral to the Plan and a condition of the comprehensive settlement embodied therein. The provisions of the Plan and RSA were heavily negotiated pre- and postpetition. Put simply, the Debtors' key stakeholders are unwilling to support the Plan—including the $200 million capital contribution via the Rights Offering and equitization of nearly $1.4 billion in funded debt obligations—without the Third-Party Release. ***Fourth***, the Third-Party release was given for consideration. All parties in interest benefit from the restructuring transactions contemplated by the Plan—including, again, the $200 million Rights Offering and various Lender concessions—which will greatly improve the Debtors' liquidity profile and position them for future success. General Unsecured Creditors will receive a substantial cash distribution under the Plan, which enjoys the support of the Committee. Even the Debtors' common equity holders—which are several hundred million dollars out of the money in the Chapter 11 Cases—will participate in the Debtors' future success through the distribution of certain New Warrants. Accordingly, the Third-Party Release is justified under the principles set forth in *Republic Supply* and its progeny.

80. Ultimately, that the relevant factors weigh so heavily in favor of approving the Third-Party Release speaks to the extraordinary nature of the restructuring embodied in the Plan. But the *quid pro quo* for the massive contributions, concessions, and support offered by the Released Parties under the Plan—including the Lenders (in various capacities), the Committee and its members, Nabors, and the other non-Lender Released Parties—is the Third-Party Release. As set forth above, the Third-Party Release is fully consensual and otherwise complies

[104] *See, e.g.*, *Dr. Barnes Eyecenter*, 255 Fed. Appx. at 910, 912 (finding release language that provided for release of any and all claims "based in whole or in part on any act or omission, transaction, or occurrence from the beginning of time through the Effective Date in any way relating to [the debtor], its Bankruptcy Case, or the Plan").

with the controlling Fifth Circuit standards. Accordingly, the Third-Party Release is justified under the circumstances and should be approved.

iii. The Exculpation Provision Is Appropriate and Complies with the Bankruptcy Code.

81. Article VIII.E of the Plan provides that each Exculpated Party—*i.e.*, the Debtors and any official committee appointed in these chapter 11 cases and its members (including the Committee and its members)—and Related Parties shall be released and exculpated from any Cause of Action arising out of acts or omissions in connection with these chapter 11 cases and certain related transactions, except for acts or omissions that are found to have been the product of actual fraud or gross negligence (the "Exculpation Provision").[105]

82. At the outset, it is important to underscore the difference between the Third-Party Release and the Exculpation Provision. Unlike the Third-Party Release, the Exculpation Provision does not affect the liability of third parties *per se*, but rather sets a standard of care of gross negligence or actual fraud in hypothetical future litigation against an Exculpated Party for acts arising out of the Debtors' restructuring.[106] A bankruptcy court has the power to approve an exculpation provision in a chapter 11 plan because a bankruptcy court cannot confirm a chapter 11 plan unless it finds that the plan has been proposed in good faith.[107] As such, an exculpation provision represents a legal conclusion that flows inevitably from several different findings a bankruptcy court must reach in confirming a plan.[108] Once the court makes its good faith

---

[105] The foregoing description is meant as a summary of the operative plan provisions only. To the extent there is any conflict between the forgoing summary and the definition of "Exculpated Party" contained in Article I of the Plan, the Plan shall control.

[106] *See, e.g.*, *In re PWS Holding Corp.*, 228 F.3d 224, 246 (3d Cir. 2000) (holding that an exculpation provision "is apparently a commonplace provision in Chapter 11 plans, [and] does not affect the liability of these parties, but rather states the standard of liability under the Code.").

[107] *See* 11 U.S.C. § 1129(a)(3).

[108] *See* 11 U.S.C. § 157(b)(2)(L).

finding, it is appropriate to set the standard of care of the fiduciaries involved in the formulation of that chapter 11 plan.[109] Exculpation provisions, therefore, appropriately prevent future collateral attacks against fiduciaries of the Debtors' estates. Here, the Exculpation Provision is likewise appropriate and vital because it provides protection to those parties who served as fiduciaries during the restructuring process.

83. There can be no doubt that the Debtors themselves are entitled to the relief embodied in the Exculpation Provision. Granting such relief falls squarely within the "fresh start" principles underlying the Bankruptcy Code.[110] Even courts in the Fifth Circuit that have approached plan exculpation provisions with skepticism have done so *only* where the provision at issue exculpates *non-debtor* parties.[111] The *Pacific Lumber* court also carved out an exception in favor of exculpatory relief for non-debtor parties where such parties owe duties in favor of the debtors or their estates and act within the scope of those duties (*i.e.*, excluding acts of fraud or gross negligence).[112] Here, in addition to the Debtors, each of the exculpated Related Parties—including the directors, officers, and advisors that have acted on the Debtors' behalf in these chapter 11 cases—owe duties in favor of the Debtors' estates.[113] Further, the *Pacific Lumber* court specifically recognized that official committees and their members are entitled to exculpatory relief—thus, exculpation in favor of the Committee and its members is

---

109 *See* PWS, 228 F.3d at 246-247 (observing that creditors providing services to the debtors are entitled to a "limited grant of immunity . . . for actions within the scope of their duties . . . .").

110 *See Pacific Lumber*, 584 F.3d at 252.

111 *See, e.g.*, *id.* at 251-52.

112 *Id.* at 253.

113 *See, e.g. Pilgrim's Pride*, 2010 WL 200000, at *5 ("Debtors, serving through their management and professionals as debtors in possession, acted in the capacity of trustees for the benefit of their creditors . . . [t]o the extent Debtors acted in the Chapter 11 Cases, other than in bad faith, pursuant to the authority granted by the Code or as directed by court order, Debtors' management and professionals presumptively should not be subject to liability").

appropriate.[114] Accordingly, the Exculpation Provision complies with the Bankruptcy Code and falls within the spirit of *Pacific Lumber* and its progeny.

84. The Exculpation Provision represents an integral piece of the overall settlement embodied by the Plan and is the product of good faith, arm's-length negotiations. The Exculpation Provision is narrowly tailored to exclude acts of fraud and gross negligence, relates only to acts or omissions in connection with, or arising out of the administration of the Debtors' chapter 11 cases and their restructuring, and ultimately inures to the benefit of only those parties that may owe fiduciary duties to the Debtors and their estates. Further, and perhaps most significantly, no party has specifically objected to the Exculpation Provision. Accordingly, the Exculpation Provision should be approved.[115]

iv. The Injunction Provision Is Appropriate and Complies with the Bankruptcy Code.

85. The injunction provision set forth in Article VIII.F of the Plan (the "Injunction Provision") merely implements the Plan's discharge, release, and exculpation provisions, in part, by permanently enjoining all Entities from commencing or maintaining any action against the Debtors, the Reorganized Debtors, the Released Parties, or the Exculpated Parties on account of or in connection with or with respect to any such Claims or Interests discharged, released, exculpated, or settled under the Plan. The Injunction Provision is thus a key provision of the Plan because it enforces the discharge, release, and exculpation provisions that are centrally important to the Plan. Further, as described above, the injunction provided for in the Plan is consensual as to any party that did not specifically object thereto. As such, to the extent the

---

[114] *Pacific Lumber*, 584 F.3d at 253.

[115] *Cf. Wool Growers*, 371 B.R. at 775 ("[t]he validity of a consensual release is primarily a question of contract law because such releases are no different from any other settlement or contract."); *Pilgrim's Pride*, 2010 WL 200000, at *5.

Court finds that the Plan's exculpation and release provisions are appropriate, the Court should approve the Injunction Provision.[116]

III. The Modifications to the Plan Do Not Require Resolicitation and Should be Approved.

86. The Bankruptcy Code provides that a plan proponent may modify a plan "at any time" before confirmation.[117] It further provides that all stakeholders that previously have accepted a plan should also be deemed to have accepted such plan as modified.[118] The Bankruptcy Rules provide that such modifications do not require resolicitation where the court determines, after notice and a hearing, "that the proposed modification does not adversely change the treatment of the claim of any creditor or the interest of any equity security holder who has not accepted in writing the modification."[119]

87. Rather, only those modifications that are "material" require resolicitation.[120] A plan modification is not material unless it "so affects a creditor or interest holder who accepted the plan that such entity, if it knew of the modification, would be likely to reconsider its acceptance."[121] Thus, an improvement to the position of the creditors affected by the

---

116 *See, e.g.*, *Camp Arrowhead*, 451 B.R. at 701-2 ("the Fifth Circuit does allow permanent injunctions *so long as there is consent* . . . [w]ithout an objection, this court was entitled to rely on . . . silence to infer consent at the confirmation hearing") (citing *Pacific Lumber*, 584 F.3d at 253; *Pilgrim's Pride*, 2010 WL 200000, at *5).

117 11 U.S.C. § 1127(a).

118 *Id.* § 1127(d).

119 Fed. R. Bankr. P. 3019.

120 *See In re Am. Solar King Corp.*, 90 B.R. 808, 824 (Bankr. W.D. Tex. 1988) (approving plan modification with *de minimis* effect on creditor recoveries pursuant to Bankruptcy Rule 3019); *In re R.E. Loans, LLC*, No. 11-35865 (BJH), 2012 WL 2411877 at *10 (Bankr. N.D. Tex. June 26, 2012) (finding that none of the modifications adversely changed the treatment of the claim of any creditor or the interest of any equity security holder so as to require resolicitation pursuant to Bankruptcy Rule 3019).

121 *Am. Solar King*, 90 B.R. at 824.

modification will not require resolicitation of a modified plan.[122] Nor will a modification that is determined to be immaterial require resolicitation.[123]

88. The Debtors filed an amended version of the Plan concurrently herewith that contained certain modification to address and settle various formal and informal objections. Additionally, the Debtors made certain changes to implement the Mediated Settlement Agreement, as necessary. These changes are permissible modifications to the Plan and are supported by the Debtors, the Supporting Creditors, Nabors, and the Committee, as required under the terms of the Plan. Importantly, these modifications are either immaterial or do not adversely affect the way creditors or stakeholders are treated. Accordingly, the Debtors submit that no additional solicitation or disclosure is required and the modifications should be deemed accepted by all stakeholders that previously accepted the Plan.

Waiver of Bankruptcy Rule 3020(e)

89. To implement the Plan, the Debtors seek a waiver of the 14-day stay of an order confirming a chapter 11 plan under Bankruptcy Rule 3020(e). Given the complexity of substantially consummating the restructuring transactions contemplated by the Plan, it is more likely than not that the Effective Date will occur in slightly more than 14 days after confirmation of the Plan, and the Debtors may take certain steps to effectuate the Plan in anticipation of and to facilitate the occurrence of the Effective Date. The Debtors' swift emergence from chapter 11 is an important component of their restructuring, and requiring the Debtors to pause before

---

122 *See In re Mangia Pizza Invs., LP*, 480 B.R. 669, 689 (Bankr. W.D. Tex. 2012) ("[A]nyone who voted to accept the previous plan will be deemed to have accepted the modified plan if the modified plan 'does not adversely change the treatment of [that creditor's] claim.'") (citing *In re Dow Corning Corp.*, 237 B.R. 374, 378 (E.D. Mich. 1999)).

123 *See Am. Solar King*, 90 B.R. at 826 ("if a modification does not 'materially' impact a claimant's treatment, the change is not adverse and the court may deem that prior acceptances apply to the amended plan as well.").

confirmation would be prejudicial to all parties in interest that continue to incur the cost and expense of the Debtors' chapter 11 cases.

Conclusion

90. For the reasons set forth herein, the Debtors respectfully request that the Court confirm the Plan and enter the Confirmation Order.

[*Remainder of page intentionally left blank.*]

Dated: December 14, 2016

/s/ *Chad J. Husnick*

Stephen Thomas Schwarzbach Jr. (Texas Bar No. 24079288)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
600 Travis Street
Suite 3300
Houston, Texas 77002
Telephone: (713) 835-3600
Facsimile: (713) 835-3601
Email: steve.schwarzbach@kirkland.com

- and -

James H.M. Sprayregen, P.C.
Marc Kieselstein, P.C. (admitted *pro hac vice*)
Chad J. Husnick (admitted *pro hac vice*)
Emily E. Geier (admitted *pro hac vice*)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200
Email: james.sprayregen@kirkland.com
marc.kieselstein@kirkland.com
chad.husnick@kirkland.com
emily.geier@kirkland.com

- and -

Bernard Given II (Texas Bar No. 07990180)
Lance Jurich (admitted *pro hac vice*)
LOEB & LOEB LLP
10100 Santa Monica Boulevard
Suite 2200
Los Angeles, California 90067
Telephone: (310) 282-2000
Facsimile: (310) 282-2200
Email: bgiven@loeb.com
ljurich@loeb.com

Co-Counsel to the Debtors and Debtors in Possession

Certificate of Service

I certify that on December 14, 2016, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Chad J. Husnick
One of Counsel

Exhibit A

Objection Chart

IN RE CJ HOLDING CO., *ET AL.*, CASE NO. 16-33590 (DRO)

STATUS CHART OF OBJECTIONS AND RESPONSES TO THE SECOND AMENDED JOINT PLAN OF REORGANIZATION OF CJ HOLDING CO., *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

	Objecting Party	Docket Number	Objection	Status of Objection
PLAN CONFIRMATION OBJECTIONS				
1	Atascosa County, Bexar County, Cypress-Fairbanks ISD, Del Rio, Ector CAD, Gonzales County, Fort Bend County, Fort Bend County WCID #02, Harris County, Hidalgo County, Hood CAD, Jim Wells CAD, Karnes City ISD, Lee County, Loving County, McMullen County, Montague County, Montgomery County, Nueces County, Parker CAD, Pecos County, Terrell CAD, Val Verde County, Victoria County, Ward County and Wise County (the "Taxing Authorities")	735	1. The Plan because it fails to specifically set forth the method and time of payment of the Taxing Authorities' claims. 2. The Plan fails to provide for the retention of their liens. 3. The Taxing Authorities assert that if their claims are not paid by Jan. 31, 2017, the claims should be paid interest at a rate of 12% annum.	Resolved with language added to the Confirmation Order.

	Objecting Party	Docket Number	Objection	Status of Objection
2	Chambers County, Chambers Liberty NAV District, Chambers County Improvement District, Barbers Hill Independent School District, Fort Bend Independent School District, Sheldon Independent School District, Alief Independent School District, City of Houston, La Porte Independent School District, Klein Independent School District, Weston MUD, Brookshire Katy Drainage District, Waller Harris ESD 2000, Waller County, Bowie Independent School District, Greenville Independent School District, City of Greenville, Nacogdoches County Central Appraisal District, Karnes County, Karnes County Hospital District, San Antonio River Authority, Evergreen Watershed, Andrews Case 16-33590 Document 855 Filed in TXSB on 11/28/16 Page 1 of 5 2 County Tax Office, Andrews Independent School District, Scurry County Tax Office, Yoakum County Tax Office, Midland County, Midland	855	1. The Plan fails to provide for payment of interest at the rate specified under Section 33.01(c) of Texas Property Code. 2. The Plan provides for disparate treatment of substantially similar claims. 3. The Plan does not provide for the indubitable equivalent of their claims. 4. The Plan does not provide any reference to the frequency of payment. 5. The Plan provides for payment to creditors of lower priority prior to the satisfaction of their claims. 6. The Plan requires the Taxing Entities to file estimated administrative claims rather than paying the taxes in the ordinary course. 7. The Taxing Entities object to the plan to the extent it characterizes their claims as anything but *ad valorem* tax claims. 8. The Plan does not expressly provide for the retention of their property tax liens. 9. The Plan does not provide for the payment of interim interest as required by section 506(b) of the Bankruptcy Code. 10. The Plan does not provide for commencement of payments no later than 30 days after the Effective Date. 11. The Plan does not include clearly defined default provisions.	Resolved with language added to the Confirmation Order.

	Objecting Party	Docket Number	Objection	Status of Objection
3	Tom Green County Appraisal District (the "District")	876	1. The Plan does not specify the time of payment. 2. The Plan fails to provide for the retention of the District's liens. 3. The Plan fails to provide for payment of interest as provided for in the Texas Property Code.	Resolved with language added to the Confirmation Order.
4	Oracle America, Inc., including in its capacity as successor in interest to Hyperion Solutions ("Oracle").	975	1. The Debtors have not adequately identified the Oracle agreements to be assumed and assigned. Oracle wants the Debtors to clarify whether they intended to assume several support contracts and license agreements. Oracle believes these contracts are integrated. Oracle requests that the Debtors provide: a. the specific contract names and dates; b. the contract identification numbers; c. whether the target contracts pertain to support or support renewals; and d. the governing license agreement for each contract. 2. Oracle reserves the right to be heard regarding the cure owed, after the contracts have been identified with greater specificity. 3. Oracle needs adequate assurance for cure amounts and future performance under the contract.	Resolved with language added to the Plan and the Confirmation Order.

	Objecting Party	Docket Number	Objection	Status of Objection
5	City of Miami General Employees' and Sanitation Employees' Retirement Trust ("Delaware Plaintiff")	977	1. The Delaware Plaintiff filed a putative class action lawsuit against C&J, Nabors, certain D&O's of Old C&J, and Morgan Stanley. The trial court dismissed the suit as it applies to non-debtors, and the Delaware Plaintiff appealed. The Delaware Plaintiff was concerned the Plan would prevent the Delaware Plaintiff from pursuing the appeal. 2. The Delaware Plaintiff reserves rights to object if the Debtors do not include the agreed modification to the Plan.	Resolved with language added to the Confirmation Order.
6	Hunter S. Kennedy, and Wife, Diane Kennedy ("Kennedy")	982	1. Kennedy is a contingent and unliquidated personal injury plaintiff. 2. Kennedy reserves their rights to object if Debtors do not include the agreed modification to the Plan to exclude Kennedy from estimation under Section VII.C of the Plan.	Resolved with language added to the Confirmation Order.
7	Harold Rose, JR. and Harold Rose, III ("Rose")	983; 986	1. Rose, unliquidated, unsecured creditors (Claims No. 130 and 131), request a carve-out for their claims so that their unliquidated claims will not be expunged, disallowed or discharged upon confirmation.	Resolved with language added to the Confirmation Order.
8	The County of Brazos, Texas, The County of Crockett, Texas, Pine Tree Independent School District, Grimes Central Appraisal District, Harrison Central Appraisal District, The County of Harrison, Texas and Midland Central Appraisal District (the "Taxing Jurisdictions")	984	1. The Plain fails to provide for the express retention of all property tax liens. 2. The Plan fails to provide for the payment of interest under sections 506(b) and 1129(b). 3. If the Plan becomes effective after Jan. 1, 2017, then the 2017 property taxes should be paid in the ordinary course. 4. The Taxing Jurisdictions are entitled to certain default provisions in the Plan	Resolved with language added to the Confirmation Order.

	Objecting Party	Docket Number	Objection	Status of Objection
9	Mississippi Department of Revenue ("MDOR")	987	1. With respect to Priority Tax Claims, the Plan fails to: a. provide adequate remedies in the event of default; b. specify the interest rate; 2. Stewart states that he opposes the Plan and will submit an alternative plan in 2017.	**1.** Resolved with language added to the Confirmation Order.
10	Ariba, Inc.("Ariba")	988	1. Ariba disputes cure amounts for its contracts with the Debtors assumed under the Schedule of Assumed Executory Contracts and Unexpired Leases contained in the Plan Supplement.	Resolved with language added to the Confirmation Order continuing any hearing on Ariba's objection to January 19. 2017.
11	SAP America, Inc. ("SAP")	989	1. SAP disputes cure amounts for its contracts with the debtors assumed under the Schedule of Assumed Executory Contracts and Unexpired Leases contained in the Plan Supplement and wants adequate assurances for future performances.	Resolved with language added to the Confirmation Order continuing any hearing on SAP's objection to January 19, 2017.

	Objecting Party	Docket Number	Objection	Status of Objection
12	Nabors International Management Limited ("NIML") and Nabors Corporate Services, Inc. (together "Nabors")	990	1. The Plan violates the absolute priority rule because it provides the Lenders with a greater than 100% recovery. a. The Nabors "proposal" proves that the market values the Debtors at 1.7 billion. b. The Debtors projections rely on conservatives estimates that ignore the trends in the market. 2. The Debtors cannot assume some of the merger transaction agreements and reject others because the contracts are one integrated contract. a. The language in the contracts unequivocally indicates the agreements in conjunction with the merger transaction were not stand-alone agreements. b. A debtor cannot assume only one of several integrated contracts. c. The agreements all cover the same subject matter—*i.e.*, the merger transaction. d. The integration clauses in the agreements reference each other. 3. Nabors disagrees with the cure amounts listed in the Plan Supplement.	Resolved. Objection to be withdrawn upon approval of the Mediated Settlement Agreement pursuant to the Confirmation Order.

	Objecting Party	Docket Number	Objection	Status of Objection
13	The Texas Comptroller of Public Accounts ("Comptroller") and the Texas Workforce Commission ("TWC")	993	1. The Comptroller and TWC request for more specific terms for the payment of Allowed Priority Tax Claims including the following: a. an identifiable date of the first payment; b. the frequency of payments; and c. that the Comptroller's and TWC claims will be paid the proper interest rate. 2. The Plan does not clearly provide that disputed claims may be allowed after the final order and there needs to be a reserve fund to pay those claims. 3. The Comptroller and TWC object to the extent that the Plan restricts setoff rights under section 553. 4. The Plan attempts to release non-debtor entities. 5. The Comptroller and TWC do not believe that they should be required to file proofs of administrative claims. 6. The Plan should include clear and concise default remedies.	Resolved with language added to the Confirmation Order.

	Objecting Party	Docket Number	Objection	Status of Objection
14	Jordan Kaufman, in his official capacity as Treasurer-Tax Collector for Kern County, California (the "County")	1019	1. The County requests the Court to order that the Plan be amended to: a. treat Claim No. 124 as a Class 1 Secured claim, and if the payments due 12/12/16 and 4/10/17 are not timely made, then the taxes become non-dischargeable and subject to 18% interest; and b. treat Claim No. 14 as a Class 2 Priority Claim subject to 18% interest.	Resolved via stipulation to be separately filed with the Court.
15	Blue Ribband Holdings Limited ("Blue Ribband") and Ziad Abu AlRagheb ("Ziad")	985	1. The Plan contains overly broad third party and non-debtor releases. Specifically, Blue Ribband objects to the releases of C&J International Middle East FZCO and C&J International BV.	Anticipated to be resolved with language added to the Confirmation Order.
16	Eli Leal, Jr ("Leal")	1014	1. Leal, an unliquidated, unsecured creditor (Claims No. 941), adopts the Rose Objection, and requests a carve-out for their claims so that their unliquidated claims will not be expunged, disallowed or discharged upon confirmation.	Anticipated to be resolved with language added to the Confirmation Order. This objection was filed after the objection deadline for the Plan.