

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re :
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BREITBURN ENERGY : **Chapter 11**
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PARTNERS LP, et al., : **Case No. 16-____ (____)**
:
Debtors.¹ : **(Joint Administration Pending)**
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**DECLARATION OF JAMES G. JACKSON PURSUANT TO
LOCAL BANKRUPTCY RULE 1007-2 AND IN SUPPORT OF
THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY RELIEF**

I, James G. Jackson, make this declaration (“**Declaration**”) under 28 U.S.C. § 1746:

1. I am the Chief Financial Officer and Executive Vice President of Breitburn GP LLC (the “**General Partner**”), a wholly-owned subsidiary of Breitburn Energy Partners LP (“**Breitburn Parent**”). On May 15, 2016 (the “**Petition Date**”), Breitburn Parent and certain of its subsidiaries (collectively, the “**Debtors**,” and together with each of their non-Debtor affiliates, “**Breitburn**”) each commenced in this Court a case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). I am knowledgeable and familiar with the business and financial affairs of Breitburn. This Declaration is submitted pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”) for the purpose of apprising the Court and other parties in interest of the circumstances that

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Breitburn Energy Partners LP (9953); Breitburn GP LLC (9948); Breitburn Operating LP (5529); Breitburn Operating GP LLC (5525); Breitburn Management Company LLC (2858); Breitburn Finance Corporation (2548); Alamitos Company (9156); Beaver Creek Pipeline, L.L.C. (7887); Breitburn Florida LLC (7424); Breitburn Oklahoma LLC (4714); Breitburn Sawtelle LLC (7661); Breitburn Transpetco GP LLC (7222); Breitburn Transpetco LP LLC (7188); GTG Pipeline LLC (3760); Mercury Michigan Company, LLC (3380); Phoenix Production Company (1427); QR Energy, LP (3069); QRE GP, LLC (2855); QRE Operating, LLC (9097); Terra Energy Company LLC (9616); Terra Pipeline Company LLC (3146); and Transpetco Pipeline Company, L.P. (2620). The Debtors’ mailing address is 707 Wilshire Boulevard, Suite 4600, Los Angeles, California 90017.

compelled the commencement of the chapter 11 cases and in support of (i) the Debtors' chapter 11 petitions, and (ii) the motions and applications that the Debtors have filed with the Court, including, but not limited to, the "first-day motions" (the "**First-Day Pleadings**"). I am authorized to submit this Declaration on behalf of the Debtors.

2. I have been employed in my capacity as Chief Financial Officer and Executive Vice President for ten years. I earned a Bachelor of Science degree from Georgetown University and an MBA from Stanford Graduate School of Business. Except as otherwise indicated, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, or my opinion based upon experience, knowledge and information concerning the Debtors' operations and financial condition. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

3. This Declaration provides a summary overview of the Debtors' business and the need for restructuring the business pursuant to chapter 11. Section I describes the nature of the Debtors' business. Section II describes the Debtors' capital structure. Section III describes the circumstances that compelled the commencement of these chapter 11 cases. Section IV provides a summary of the First Day Pleadings and factual bases for the relief requested therein. Lastly, Section V identifies the attached schedules of information required by Local Bankruptcy Rule 1007-2.

I.

Breitburn's Business

4. Breitburn Parent was formed in 2006 after its predecessor, Breitburn Energy Company, determined that a portion of the company would go public as a master limited

partnership. Breitburn Parent successfully completed its initial public offering in October 2006, listing as BBEP on the NASDAQ. A chart illustrating Breitburn's organizational structure is annexed hereto as **Exhibit A**

5. The Debtors are an independent oil and gas partnership engaged in the acquisition, exploitation and development of oil and natural gas properties, Midstream Assets,² and a combination of ethane, propane, butane and natural gasolines that when removed from natural gas become liquid under various levels of higher pressure and lower temperature ("NGL"), in the United States. The Debtors conduct their operations through Breitburn Parent's wholly-owned subsidiary, Breitburn Operating LP ("BOLP"), and BOLP's general partner, Breitburn Operating GP LLC.

6. The Debtors' assets consist primarily of producing and non-producing oil, NGL and natural gas reserves located in seven producing areas, as illustrated below: (i) the Midwest (Michigan, Indiana and Kentucky); (ii) Ark-La-Tex (Arkansas, Louisiana and East Texas); (iii) the Permian Basin in Texas and New Mexico; (iv) Mid-Continent (Oklahoma, Kansas, and the Texas Panhandle); (v) the Rockies (Wyoming and Colorado); (vi) the Southeast (Florida and Alabama); and (vii) California.

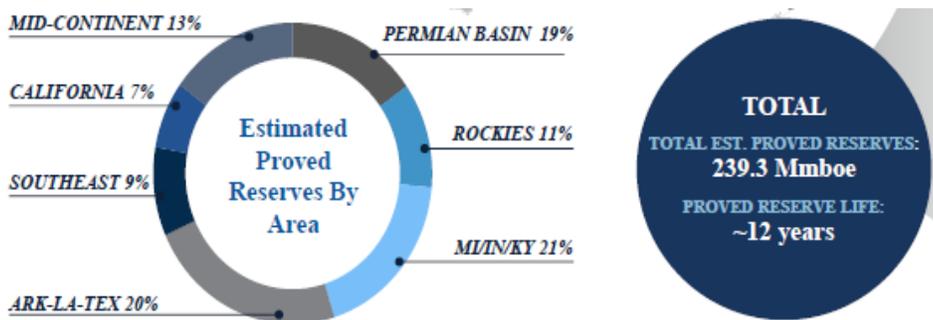
² The term "Midstream Assets" refers to transmission and gathering pipelines, gas processing plants, NGL recovery plants, a controlling interest in a salt water disposal company and the 120-mile Transpecto Pipeline.



7. The Debtors manage their assets and perform other administrative services, such as accounting, corporate development, finance, land administration, legal, and engineering through Breitburn Parent’s wholly-owned subsidiary, Breitburn Management Company LLC (“**BMC**”). As the operator, BMC designs and manages the development of wells and supervises operation and maintenance activities on a day-to-day basis. BMC does not own any drilling rigs or other oil field services equipment used for drilling or maintaining wells on properties that it operates. Rather, BMC employs independent contractors to provide all the equipment and personnel associated with these activities. In addition to independent contractors, the Debtors’ work force includes approximately 780 employees, consisting of approximately 360 salaried employees and 420 hourly employees. All employees are employees of BMC and none of the employees are party to any collective bargaining agreements.

8. The Debtors generally do not hold 100% of the interests in any real property in which they have interests. The Debtors and the other interest holders usually enter into joint operating agreements to govern the parties’ responsibilities with respect to the land, including which party will be responsible for the exploration and production of the oil and gas thereon. As of the Petition Date, the Debtors operate, or have working interests in approximately 11,900 gross operating oil and gas wells, and 7,921 net oil and gas wells. The Debtors own

interests in approximately 705,597 net acres and had estimated proved reserves, as of December 31, 2015, of 239.3 million barrels of oil equivalent of which approximately 54% was oil, 8% was NGLs, and 38% was natural gas. The Debtors maintain operational control over approximately 91% of their proved reserves. The Debtors' production in 2015 was 20.8 million barrels of oil equivalent, of which approximately 56% was oil, 9% was NGLs and 35% was natural gas. The estimated proved reserves by geographic area are illustrated below:



9. Prior to the Petition Date, the Debtors' long-term business strategy had consistently been to manage their oil, NGL, and natural gas producing properties for the purpose of generating cash flow and making distributions to their economic stakeholders. The Debtors' core investment strategy included the following principles:

- Acquire long-lived assets with low-risk exploitation and development opportunities;
- Optimize reserve recovery by using technical expertise and state-of-the-art technologies;
- Reduce cash flow volatility through commodity price and interest rate derivatives; and
- Maximize asset value and distributable cash flow through operating expertise.

10. In particular, the strategic selection of the right oil and gas acquisitions was a focal point of the Debtors' business strategy prior to the severe oil and gas price decline that

began at the end of 2014 and that has adversely affected the entire industry. As described below, over the past three years the Debtors executed a series of transactions that dramatically expanded their geographic footprint. Notably, however, as set forth in more detail below, the Debtors more recently have adjusted their business strategy in response to the steep and continued decline in commodity prices, by first lowering and then suspending distributions to common unitholders, significantly reducing their capital budgets, aggressively cutting operating and overhead costs, reducing acquisition expectations, and raising approximately \$1 billion of Senior Secured Notes (as hereinafter defined) and Series B Preferred Units (as hereinafter defined), the net proceeds of which were used to repay borrowings under the RBL Credit Facility (as hereinafter defined).

2013 Acquisitions

11. On July 15, 2013, the Debtors completed the acquisition of principally oil properties and midstream assets located in Oklahoma, New Mexico and Texas, certain carbon dioxide supply contracts, certain oil swaps and interests in certain entities from Whiting Oil and Gas Corporation for approximately \$845 million in cash, including post-closing adjustments. The Debtors also completed in July 2013, the acquisition of additional interests in certain of the acquired assets in the Oklahoma Panhandle from other sellers for an additional \$30 million.

2014 Acquisitions

12. On October 24, 2014, the Debtors completed the acquisition of certain oil and gas properties located in the Midland Basin, Texas from Antares Energy Company, in exchange for 4.3 million common units and \$50 million in cash. In November, 2014, the Debtors completed a merger with QR Energy, LP, in exchange for approximately 71.5 million common units and \$350 million in cash, as well as the assumption of debt. The properties

acquired were located in Alabama, Arkansas, Florida, Kansas, Louisiana, Michigan, New Mexico, Oklahoma and Texas.

2015 Acquisitions

13. In March, 2015, the Debtors completed the acquisition of certain carbon dioxide producing properties located in New Mexico, for a total purchase price of \$70.5 million.

Derivatives and Hedging

14. Because the Debtors' revenues and cash flow are sensitive to oil and natural gas prices, historically and prior to the Petition Date, BOLP regularly entered into commodity derivative contracts intended to achieve more predictable cash flow and to reduce the Debtors' exposure to adverse fluctuations in the price of oil and natural gas. Currently, the Debtors maintain derivative arrangements ("**Hedges**") for a significant portion of their oil and gas production. Notably, all of the counterparties to the Hedges are lenders (or affiliates of lenders) under the RBL Credit Facility (as hereinafter defined). Moreover, as of May 12, 2016, the net fair value of the Debtors' Hedge portfolio was approximately \$453 million, representing a substantial asset of the Debtors.

15. For the fiscal year ended December 31, 2015, the Debtors' total operating revenues were approximately \$1.1 billion, representing a 22% decrease in operating revenues year over year, which was driven by the decline in the prices of crude oil and natural gas in 2015.

II.

The Debtors' Capital Structure

16. The Debtors are comprised of entities incorporated or organized in Delaware, Wyoming, California, Michigan, Virginia, and Texas. All of the Debtors are direct

and indirect subsidiaries of Breitburn Parent, and, together, constitute the issuers and/or guarantors of all of the Debtors' funded debt.

17. As of February 25, 2016, Breitburn Parent had approximately 213.7 million common units representing limited partnership interests outstanding. Breitburn Parent also had, as of February 25, 2016, 8 million 8.25% Series A Cumulative Redeemable Perpetual Preferred Units ("**Series A Preferred Units**") outstanding, and 49.4 million 8% Series B Perpetual Convertible Preferred Units ("**Series B Preferred Units**") outstanding.

18. As of March 31, 2016, the Debtors had consolidated reported assets and liabilities of approximately \$4.71 billion and \$3.41 billion, respectively. The Debtors recorded a consolidated net loss after taxes of \$2.6 billion for fiscal 2015 and a consolidated net loss of \$115 million in the first quarter of 2016.

19. As of the Petition Date, the Debtors have approximately \$3 billion in total funded debt outstanding. The Debtors' prepetition funded indebtedness consists primarily of the following:

Debt	Approximate Principal Amount Outstanding (\$mm)
Revolving Credit Facility	\$1,242
9.25% Senior Secured Second Lien Notes due 2020	\$650
7.875% Senior Unsecured Notes due 2022	\$850
8.625% Senior Unsecured Notes due 2020	\$305
Total Debt	\$3,047

The below description of the Debtors' prepetition indebtedness is for informational purposes only and is qualified in its entirety by reference to the specific agreements evidencing the indebtedness.

RBL Facility

20. The Debtors are a party to that certain *Third Amended and Restated Credit Agreement*, dated as of November 19, 2014 (as amended, the “**RBL Credit Agreement**”) with Wells Fargo Bank, National Association, as administrative agent (the “**RBL Agent**”), and certain other lenders (the “**RBL Lenders**”), with a maturity date of November 19, 2019. Pursuant to the RBL Credit Agreement, the RBL Lenders made available to the Debtors revolving loans and letters of credit (the “**RBL Facility**”).

21. The obligations under the RBL Credit Agreement are secured by first priority liens on and security interests in substantially all of the Debtors’ property and assets (collectively, the “**Prepetition Collateral**”). As of the Petition Date, approximately \$1.25 billion in principal amount was outstanding under the RBL Facility, including approximately \$45.3 million of outstanding but undrawn letters of credit.

Senior Secured Notes

22. On April 8, 2015, the Debtors issued \$650 million of 9.25% Senior Secured Second Lien Notes due 2020 (the “**Senior Secured Notes**”) pursuant to the Indenture dated as of April 8, 2015 (as amended, the “**Second Lien Indenture**”), among Breitburn Parent, BOLP, and Breitburn Finance Corporation (“**BFC**”), as issuers, each of the guarantors named therein, and Delaware Trust Company, as successor indenture trustee. The obligations under the Second Lien Indenture are secured by liens on the Prepetition Collateral that are junior and subordinate to the liens securing the obligations under the RBL Credit Agreement.

2022 Senior Unsecured Notes

23. On January 13, 2012, BBEP and BFC, as co-issuers, issued those certain 7.875% Senior Notes due in 2022 (the “**2022 Senior Unsecured Notes**”) in an aggregate

principal amount of \$250 million, pursuant to the Indenture, dated as of January 13, 2012 (as amended), among Breitburn Parent, BFC, each of the remaining Debtors as guarantors named therein, and Wilmington Trust Company, as successor indenture trustee. On September 27, 2012, BBEP and BFC issued \$200 million in aggregate principal amount of additional 2022 Senior Unsecured Notes. On November 22, 2013, BBEP and BFC issued \$400 million in aggregate principal amount of additional 2022 Senior Unsecured Notes. As of the Petition Date, the entire principal amount of \$850 million of the 2022 Senior Unsecured Notes was outstanding. The 2022 Senior Unsecured Notes are unsecured.

2020 Senior Unsecured Notes

24. On October 6, 2010, BBEP and BFC, as co-issuers, issued those certain 8.625% Senior Notes due 2020 (the “**2020 Senior Unsecured Notes**” and, together with the 2022 Senior Unsecured Notes, the “**Unsecured Notes**”) in an aggregate principal amount of \$305 million, pursuant to the Indenture, dated as of October 6, 2010 (as amended), among Breitburn Parent, BFC, each of the remaining Debtors as guarantors named therein, and Wilmington Trust Company, as successor indenture trustee. As of the Petition Date, the entire principal amount of the 2020 Senior Unsecured Notes was outstanding. The 2020 Senior Notes are unsecured and rank *pari passu* with the 2022 Senior Unsecured Notes.

Trade Payables

25. In the ordinary course of their business, the Debtors incur trade debt with numerous vendors in connection with their operations. The Debtors estimate that, as of the Petition Date, their outstanding trade payables are approximately \$50 million.

IV.

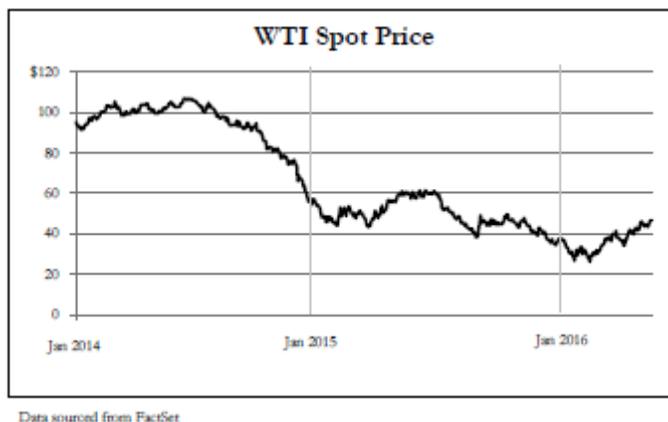
The Need for Chapter 11 Relief and the Events Compelling the Commencement of These Chapter 11 Cases

26. As is well-documented, the persistent and severely distressed market conditions in the oil and gas industry have negatively impacted all levels of the industry, with a particularly adverse impact on upstream companies that produce oil and gas. As evidenced by the virtually weekly chapter 11 filings or other announcements of debt restructurings in the industry, the impact of the volatility of the commodity markets on the Debtors' business is clear.

27. Notably, natural gas prices have been depressed for a significant period of time and the precipitous decline in crude oil prices since 2014 has been virtually unprecedented, with prices well below what anyone in the business could have reasonably anticipated, and resulting in a substantial decline in revenue, reserves and asset values across the spectrum.

28. For example, in 2015, the West Texas Intermediate ("WTI") spot price averaged approximately \$48 per barrel ("Bbl"), compared with approximately \$93 per Bbl a year earlier. During 2015, the WTI monthly average ranged from a high of \$60 per Bbl in June to a monthly average low of \$37 per Bbl in December. In 2014, prices ranged from a monthly average high of \$106 per Bbl in June to a monthly average low of \$59 per Bbl in December. As of mid-February, 2016, the WTI spot price during 2016 averaged \$31 per Bbl, and the WTI spot price has been as low as \$26.19 Bbl in 2016. Historically, there has been a strong relationship between changes in NGL and crude oil prices. NGL prices are correlated to North American supply and petrochemical demands. Lower crude oil prices not only decrease revenues, but may also reduce the amount of crude oil that can be produced economically and therefore lower crude oil reserves.

29. The following chart sets forth the WTI crude oil spot pricing historical data from January 2014 to the Petition Date.



30. The Debtors, of course, have not been immune to these severely adverse market conditions and its impact on their reserves, cash flow, borrowing capacity and ability to service their outstanding indebtedness. Indeed, no rational business model could have anticipated such a drastic drop in prices and the severe dislocations it caused to the Debtors' operations and throughout the industry.

31. It is also important to note that independent oil and gas companies, like the Debtors, have suffered more severe economic consequences as a result of the price decline because they produce and sell unrefined products. Nevertheless, since 2015, the Debtors have undertaken significant efforts to respond to this crisis by initiating a series of financial and operational actions set forth below:

- In January 2015, the Debtors reduced distributions to common unitholders by 52% from \$2.08 per unit to \$1.00 per unit on an annualized basis.
- In April 2015, the Debtors raised approximately \$1 billion by issuance of the Senior Secured Notes and Series B Preferred Units, the net proceeds of which were used to repay borrowings under the RBL Facility. The Debtors also further reduced their distributions to common

unitholders by another 50%, from \$1.00 per unit to \$0.50 per unit on an annualized basis.

- In connection with the April 2015 capital raise, the Debtors negotiated a redetermination of their borrowing base to \$1.8 billion under the RBL Facility for one year, which provided stable liquidity in 2015.
- The Debtors reduced their general, administrative and technical workforce in 2015 by in excess of 60 positions through a combination of a workforce reduction plan, resignations and early retirements. The Debtors also reduced their general, administrative and technical workforce by an additional 20% in 2016.
- The Debtors reduced their capital spending in 2015 to approximately \$209 million from approximately \$389 million in 2014. Additionally, the Debtors expect to only spend approximately \$80 million in 2016 focused primarily on drilling and rate-generating projects and carbon dioxide purchases that are designed to either increase or add to production or reserves.
- In November 2015, the Debtors suspended the payment of distributions on their common units, which preserved approximately \$9 million per month in cash expenditures.

32. Despite these efforts, however, and the moderate increase in crude oil prices in recent weeks, it is apparent that the Debtors' revenue and cash flow generating capacity is not sufficient to service their outstanding debt on a long-term basis and to maintain the liquidity necessary to operate their business and preserve their long-term viability and enterprise value.

33. In view of the circumstances and the inevitable reduction of their borrowing base under the RBL Credit Agreement, the Debtors began to focus their attention and resources on preserving liquidity and developing a strategy to implement a comprehensive restructuring that would right-size their balance sheet and maximize value for their economic stakeholders. In furtherance of this effort, commencing April 2016 the Debtors initiated

preliminary discussions with the RBL Agent and the holders of the Senior Secured Notes with respect to a significant deleveraging transaction and also have begun discussions with advisors retained by an ad hoc group of holders of both series of the Senior Unsecured Notes.

34. On April 15, 2016, an aggregate of approximately \$46.7 million in interest payments were due to be paid under the two series of Unsecured Notes. Pursuant to the provisions of the indentures governing the Unsecured Notes, respectively, there is a 30-day grace period for the payment of interest before a matured event of default arises thereunder – that grace period expires on May 16, 2016. In order to preserve their liquidity while pursuing restructuring negotiations, the Debtors elected not to pay the interest on April 15, 2016 and to take advantage of the grace periods. The interest payments have not been made as of the Petition Date.

35. Although the discussions and negotiations with their several lender constituencies have been productive, it became abundantly clear that those negotiations could not be concluded and an appropriate restructuring consummated on an out of court basis in a timeframe that would assure the Debtors ongoing access to sufficient liquidity to operate their business. This was particularly the case in view of the imminent expiration of the grace period to pay interest on the Unsecured Notes, the cross-defaults to other indebtedness that would ensue, the resultant inability to borrow under the RBL Facility, and the risk of precipitous remedial action on the Debtors' hedging assets, among other things, that could have a significant adverse impact on the Debtors' ongoing operations with the attendant severe impairment of value.

36. The Debtors believe that the chapter 11 process will not only assure the Debtors' continued access to sufficient liquidity necessary to maximize enterprise value but also will provide a forum to continue the restructuring negotiations in an atmosphere most conducive to achieving a successful result. Indeed, the Debtors are confident that these chapter 11 cases

will facilitate the consummation and implementation of a fair and equitable restructuring that will inure to the benefit of the Debtors' economic stakeholders, including the Debtors' hundreds of employees, and assure the Debtors' long-term viability.

IV.

First-Day Pleadings

37. The Debtors have filed their First Day Pleadings contemporaneously herewith to ensure that the Debtors' business continues to function during these chapter 11 cases.³ For the reasons set forth below, I submit that (i) the relief requested in the First Day Pleadings is necessary to enable the Debtors to operate with minimal disruption during the pendency of their chapter 11 cases, and (ii) approval of the First Day Pleadings is warranted.

Motion of Debtors Pursuant to Fed. R. Bankr. P. 1015(b) for Entry of Order Directing Joint Administration of Chapter 11 Cases ("Joint Administration Motion")

38. Pursuant to the Joint Administration Motion, the Debtors request entry of an order directing joint administration of their chapter 11 cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b). Specifically, the Debtors request that the Court maintain one file and one docket for all of the chapter 11 cases under the lead case, *In re Breitburn Energy Partners LP*. Further, the Debtors request that an entry be made on the docket of each of the chapter 11 cases of the Debtors to indicate the joint administration of the chapter 11 cases.

39. Given the integrated nature of the Debtors' business, joint administration of the chapter 11 cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Many of the motions, hearings, and orders that will be filed in the chapter 11 cases will almost certainly affect each of the Debtors. I believe that an

³ Capitalized terms used in this Section IV but not defined shall have the meanings ascribed to them in the relevant First Day Pleading.

order directing joint administration of the chapter 11 cases will reduce fees and costs by avoiding duplicative filings and objections and will allow the United States Trustee for Region 2 (the “**U.S. Trustee**”) and all parties in interest to monitor the chapter 11 cases with greater ease and efficiency.

40. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Joint Administration Motion is in the best interests of the Debtors’ estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105, 342, and 521, Fed. R. Bankr. P. 1007, 2002, and 9006, and Local Bankruptcy Rule 1007-1 for Entry of an Order (I) Extending Time to File Schedules And Statements, (II) Granting Additional Time to File 2015.3 Reports, (III) Authorizing Debtors to File Consolidated Monthly Operating Reports, (IV) Waiving Requirement to File List of Equity Security Holders and Provide Notice to Equity Security Holders, (V) Waiving Requirement to File List of Creditors, and (VI) Establishing Procedures for Notifying Creditors of the Commencement of These Cases (the “Schedules and List Motion”)

41. Pursuant to the Schedules and List Motion, the Debtors request (i) an additional thirty (30) days to file their Schedules and Statements, without prejudice to the Debtors’ ability to request additional extensions for cause shown, (ii) additional time to file the 2015.3 Reports or to file a motion with the Court seeking a modification of such reporting requirements for cause, in either case by thirty (30) days after the 341 Meeting, (iii) authority to file the Monthly Operating Reports (“**MORs**”) required by the U.S. Trustee by consolidating information required from each Debtor, (iv) waiver of the requirement to file a list of equity security holders (“**Equity List**”) and give notice of the commencement of these chapter 11 cases and the 341 Meeting (the “**Notice of Commencement**”) to such holders, (v) waiver of the requirement to file a list of creditors (“**Creditor List**” and collectively with the Schedules and Statements, 2015.3 Reports, and Equity List the “**Reporting Information**”), and

(vi) establishing procedures for providing creditors with the Notice of Commencement (the “**Notice Procedures**”).

42. The Debtors are composed of twenty-two (22) entities with an aggregate book value of approximately \$4.72 billion in assets and approximately \$3.4 billion in liabilities. The Debtors estimate that they have over 50,000 creditors on a combined basis. Debtor BBEP also has over 213 million Common Units outstanding.

43. To prepare the Reporting Information, the Debtors must compile information from books, records, and other documents relating to, among other things, purchase agreements, letters of intent, release requests, purchase orders, capital and leveraged leases, employee wages and benefits, and vendor and supplier agreements. Collecting the Reporting Information requires an enormous expenditure of time and effort on the part of the Debtors and their employees, which would distract the Debtors, their employees, and their professionals from the restructuring efforts, including efforts to stabilize business operations during the initial postposition period.

44. Furthermore, I submit that filing the MORs by consolidating the information required by each Debtor in one report would further administrative economy and efficiency, without prejudice to any party in interest, as the MOR would accurately reflect the Debtors’ business operations and financial affairs.

45. The Court should waive the requirements to file the Equity List and provide equity security holders with the Notice of Commencement. Preparing the Equity List with last-known addresses and sending notices to all equity security holders will be expensive and time consuming. The Debtors submit that equity security holders will not be prejudiced because if it is determined that they are entitled to distributions from the Debtors’ estates, those

parties will be provided with notice and will have an opportunity to assert their interests at that time.

46. The Court should also waive the requirements to file the Creditor List. The Debtors have filed a motion to retain and employ Prime Clerk LLC (“**Prime Clerk**”) as claims and noticing agent in these chapter 11 cases. Because Prime Clerk will receive a list of creditors and will use the list to furnish the Notice of Commencement to creditors, I submit that filing a list of creditors will serve no useful purpose. The Debtors, with the assistance of Prime Clerk, will have the Notice of Commencement mailed to creditors, published in the national editions of each *The Wall Street Journal* and *The New York Times*, and placed on the website to be established by Prime Clerk and the Debtors’ website. I submit that implementation of such Notice Procedures will adequately provide notice to those creditors who do not receive the Notice of Commencement by mail, and will ensure an efficient use of estate resources.

47. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Schedules and List Motion is in the best interests of the Debtors’ estates, and should be granted.

Application of Debtors Pursuant to 11 U.S.C. § 105(a), 28 U.S.C. § 156(c), and Local Rule 5075-1 for Authorization to Appoint and Retain Prime Clerk LLC as Claims and Noticing Agent Effective as of the Petition Date (the “156(c) Application”)

48. Pursuant to the 156(c) Application, the Debtors request authority to appoint Prime Clerk as the Claims and Noticing Agent in accordance with the terms and conditions of the engagement agreement dated May 4, 2016 between BBEP and Prime Clerk (the “**Engagement Agreement**”), effective as of the Petition Date. Prime Clerk’s duties will include assuming full responsibility for the distribution of notices and the maintenance, processing, and docketing of proofs of claim filed in these chapter 11 cases. I believe the Debtors’ selection of

Prime Clerk to serve as their Claims and Noticing Agent has satisfied the Court's *Protocol for the Employment of Claims and Noticing Agents under 28 U.S.C. § 156(c)*. Specifically, the Debtors solicited and reviewed engagement proposals from at least three (3) Court-approved claims and noticing agents to ensure selection through a competitive process.

49. I believe that Prime Clerk's rates are competitive and reasonable given Prime Clerk's quality of services and expertise. The terms of Prime Clerk's retention are set forth in the Engagement Agreement attached to, and filed contemporaneously with, the 156(c) Application. Appointing Prime Clerk as the Claims and Noticing Agent will maximize the efficiency of the distribution of notices and the processing of claims, as well as relieve the Office of the Clerk of the Bankruptcy Court of the administrative burden of processing an overwhelming number of claims. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the 156(c) Application is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a) and Fed. R. Bankr. P. 1015(c), 2002(m), and 9007 for Entry of Order Implementing Certain Notice and Case Management Procedures ("Case Management Motion")

50. Pursuant to the Case Management Motion, the Debtors seek to establish certain notice, case management and administrative procedures in these chapter 11 cases. The Debtors believe that the proposed procedures will streamline the administration of their chapter 11 cases and, consequently, preserve value that ultimately will inure to the benefit of the Debtors and their estates. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Case Management Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, and 364 and Fed. R. Bankr. P. 4001, and Local Rules 4001-1 and 4001-2 for Authority to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, (C) Grant Certain Protections to Prepetition Secured Parties, and (D) Related Relief (the “DIP Motion”)

51. Pursuant to the DIP Motion, the Debtors request approval of and authority to enter into a postpetition revolving loan facility of up to \$150 million with certain of their prepetition first-lien lenders (the “**DIP Facility**”) and to use cash collateral to fund their operations and the administration of these chapter 11 cases. The proposed DIP Facility and consensual use of cash collateral represents a flexible, interim solution to the Debtors’ near-term liquidity needs. It preserves the status quo and provides the Debtors with more than sufficient liquidity to fund their business and the administration of these cases and to pursue and consummate a successful restructuring. It is reasonably priced and was negotiated in good faith and at arms’ length. The Debtors and their advisors have determined that the DIP Facility is unquestionably the Debtors’ best postpetition financing option available.

52. Contemporaneously herewith, the Debtors have filed the *Declaration of Timothy R. Pohl in Support of Debtors’ Motion for Approval of and Authority to Enter into Postpetition Financing and Use Cash Collateral* (the “**Pohl Declaration**”), which addresses the necessity of and grounds for approving the DIP Facility. The importance of obtaining interim relief cannot be overstated. Interim access to proceeds of the DIP Facility and cash collateral is critical to the Debtors’ restructuring. The Debtors have insufficient cash to fund their operations and administer these cases without access to the DIP Facility and cash collateral during and after the period covered by the proposed interim DIP order. Interim access to proceeds of the DIP Facility and cash collateral will reassure the Debtors’ customers, employees, and suppliers and benefit all parties in interest. Accordingly, the Court should grant the DIP Motion.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 345(b), 363(b), and 363(c) and Fed. R. Bankr. P. 6003 and 6004 for (I) Interim and Final Authority to (A) Continue Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, and (C) Maintain Business Forms and Existing Bank Accounts; (II) An Extension of Time to Comply with 11 U.S.C. § 345(b); and (III) Related Relief (“Cash Management Motion”)

53. Pursuant to the Cash Management Motion, the Debtors request (i) authority to (a) continue to operate their existing Cash Management System, as described in the Cash Management Motion, including the continued maintenance of existing Bank Accounts at the existing Banks, and continue transferring funds among the Debtors and their non-Debtor affiliates in the ordinary course of business, consistent with their prepetition practices; (b) honor certain prepetition obligations related to the Cash Management System; and (c) maintain existing business forms; (ii) an extension of time to comply with section 345(b) of the Bankruptcy Code for forty-five days (or such later time as may be agreed to by the U.S. Trustee or as approved by the Court); and (iii) related relief.

54. In the ordinary course of their business, the Debtors have historically used the Cash Management System to fund their operations, as well as the operations of certain of their non-Debtor affiliates. The Cash Management System is tailored to meet the Debtors’ operating needs as a manager of oil and natural gas producing properties. It allows the Debtors to efficiently collect and transfer the cash generated by their business and pay their financial obligations. It also enables the Debtors to facilitate their cash forecasting and reporting, monitor the enterprise-wide collection and disbursement of funds, and maintain control over the administration of the Bank Accounts.

55. The Cash Management System has four main components: (i) the BOLP Accounts; (ii) the BMC Accounts; (iii) certain Decentralized Accounts; and (iv) certain other accounts. The BOLP Accounts include the Debtors’ main operating Bank Account, two zero-

balance Bank Accounts used for cash disbursements, and a Bank Account used for the Debtors' operations in the State of Michigan. The BMC Accounts are generally used to pay operating expenses such as payroll, rent, and employee benefits. The Decentralized Accounts are used for entity-specific purposes such as receiving profits from joint ventures, managing relationships with certain local vendors, and making regulatory disbursements. The Cash Management System also includes several other accounts that are discussed in the Cash Management Motion. All of the Debtors' material and active Bank Accounts are maintained with Wells Fargo Bank, National Association ("**Wells Fargo**").

56. I am advised by the Debtors' attorneys that the Bank Accounts are required to comply with section 345(b) of the Bankruptcy Code, unless the Court orders otherwise for "cause." I believe that "cause" exists under section 345(b) to waive the requirements therein because, among other reasons, (i) all of the active and material Bank Accounts are maintained with Wells Fargo, a highly rated, federally chartered bank subject to supervision by federal banking regulators, (ii) the cost associated with satisfying the requirements of section 345 is unduly burdensome, and (iii) the process of satisfying such requirements would lead to needless inefficiencies in the management of the Debtors' business. Moreover, a bond secured by the undertaking of a corporate surety would be prohibitively expensive, if such a bond were available at all. Consequently, the Debtors request a forty-five day extension of the requirement to comply with section 345(b), during which time they will engage in discussions with the U.S. Trustee to determine what modifications to the Bank Accounts, if any, are necessary under the circumstances.

57. Any disruption to the Cash Management System would have a severe and adverse impact upon the Debtors' reorganization efforts. Accordingly, on behalf of the Debtors,

I respectfully submit that the relief requested in the Cash Management Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a) and 363(b) for Entry of Interim and Final Orders (I) Authorizing (A) Payment of Prepetition Wages, Salaries, Employee Benefits, and Other Compensation, (B) Maintenance of Employee Benefit Programs and Payment of Related Administrative Obligations, and (C) Payment of Prepetition Claims of Independent Contractors and (II) Directing Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations (“Employee Wages Motion”)

58. Pursuant to the Employee Wages Motion, the Debtors request authority to pay, in their sole discretion, all obligations incurred under or relating to the Wage Obligations, Withholding Obligations, Reimbursement Obligations, Employee Benefits Obligations, Vacation Obligations, Leave of Absence Obligations, Sick Pay Obligations, Severance Obligations, Corporate Credit Card Program Obligations, and Other Employee Programs (collectively, the “**Prepetition Employee Obligations**”) and all costs incident to the foregoing, and to continue to honor their practices, programs, and policies for their Employees, as those practices, programs, and policies were in effect as of the Petition Date and as such practices, programs, and policies may be modified, amended, or supplemented from time to time in the ordinary course of the Debtors' business.

59. In addition, the Debtors request authority to pay, in their sole discretion, all obligations incurred under or relating to the Independent Contractor Obligations.

60. In the ordinary course of business, the Debtors rely on the services of Employees to conduct the operations of their business and incur the Prepetition Employee Obligations to or on account of such Employees. The Debtors' approximately 780 Employees as of the Petition Date are all employed by BMC. Of those Employees, approximately 360 are salaried and 420 are paid hourly. The Employees are located in fifteen (15) states, with a

significant majority of Employees located in Texas (302), California (185), and Michigan (114). None of the Employees are represented by labor unions or covered by any collective bargaining agreement.

61. In addition to retaining Employees, the Debtors use Independent Contractors to perform services necessary for their business. The Independent Contractors are an integral component of the Debtors' business and include individuals with highly-specialized skills, such as engineers, operators, geological consultants, internet technology consultants, and accounting, administrative, and finance professionals. The Debtors seek authority to make payments on account of the Independent Contractor Obligations. The Debtors estimate that the total amount of accrued and outstanding Independent Contractor Obligations as of the Petition Date is approximately \$900,000.

62. The Debtors believe that the vast majority of the Prepetition Employee Obligations constitutes priority claims under sections 507(a)(4) or (5) of the Bankruptcy Code. As priority claims, it is my understanding that the Employee Obligations are entitled to payment in full before any general unsecured claims asserted against the Debtors can be satisfied. Thus, the relief requested largely affects only the timing of the payment of the priority Prepetition Employee Obligations and should not prejudice the rights of general unsecured creditors or other parties in interest. Furthermore, the estimated Prepetition Employee Obligations of \$5.6 million are relatively *de minimis* in the context of the Debtors' operations and assets. To the extent any Employee is owed more than \$12,850 for Prepetition Employee Obligations, the Debtors believe payment of those amounts is necessary and is appropriate under sections 363(b) and 105(a) of the Bankruptcy Code. It has been reported to me that the Debtors do not believe that any Employee is owed more than \$12,850 for Prepetition Employee Obligations.

63. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Employee Wages Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 363(b), 507(a)(8), and 541 for Entry of Interim and Final Orders (I) Authorizing, but not Directing, Debtors to Pay Prepetition Taxes and Assessments, and (II) Authorizing and Directing Financial Institutions to Honor and Process Related Checks and Transfers ("Tax Motion")

64. Pursuant to the Tax Motion, the Debtors request authority to pay certain property taxes, income taxes, franchise taxes, trust fund taxes, severance taxes, and regulatory, license and permit fees, that accrued or arose in the ordinary course of the Debtors' business prior to the Petition Date (the "**Prepetition Taxes and Assessments**").

65. The Debtors must continue to pay the Prepetition Taxes and Assessments to continue operating in certain jurisdictions and to avoid costly distractions during these chapter 11 cases. Specifically, it is my understanding that the Debtors' failure to pay the Prepetition Taxes and Assessments could adversely affect the Debtors' business operations because various federal, state, and local government and quasi-government authorities could assert liens on the Debtors' property, assert penalties and/or significant interest on past-due taxes, or possibly bring personal liability actions against directors, officers, and other employees in connection with non-payment of the Prepetition Taxes and Assessments, thus distracting the Debtors' management and employees from their important reorganization efforts. Moreover, I have been advised by the Debtors' attorneys that certain of the Prepetition Taxes and Assessments are not property of the Debtors' estates and all or substantially of the Prepetition Taxes and Assessments are entitled to priority in payment under the provisions of the Bankruptcy Code.

66. Although the Debtors are generally current with respect to their tax obligations, the Debtors estimate that approximately \$50.6 million in Prepetition Taxes and Assessments collected, withheld, or incurred before the Petition Date have not yet been paid or remitted to the applicable Governmental Authorities and third parties in the ordinary course of business.

67. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Tax Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 362(d), 363(b), and 503(b) for Entry of Interim and Final Orders Authorizing Debtors to Continue Their Insurance Policies and Programs, Pay All Obligations with Respect Thereto, and Granting Related Relief (“Insurance Motion”)

68. Pursuant to the Insurance Motion, the Debtors request authority to continue all Insurance Policies and Programs and pay all related premiums and other obligations related thereto, including broker or consultant fees, assessments, taxes, or fees, whether arising prepetition or postpetition. The Debtors are also requesting modification of the automatic stay to permit the Debtors' employees to proceed with any claims they may have under the Workers' Compensation Program.

69. In the ordinary course of business, the Debtors participate in the Insurance Policies and Programs through several insurance carriers. The Insurance Policies and Programs provide coverage for, among other things, Workers' Compensation Claims, general liabilities, damage to property arising from natural disasters, director and officer liability, and liabilities relating to the Debtors' employees. Pursuant therewith, the Debtors employ the services of Aon Risk Solutions as their insurance broker and consultant.

70. Although the Debtors believe that there are minimal, if any, prepetition obligations relating to the Insurance Policies and Programs outstanding, it is possible that an

event giving rise to an obligation of the Debtors to make a Workers' Compensation Claim—for example, injury of an employee—could have occurred prepetition without the Debtors' knowledge.

71. I understand that employees with valid Workers' Compensation Claims are not permitted to proceed with such claims because of the automatic stay imposed by section 362(d) of the Bankruptcy Code. I believe that it is necessary to modify the automatic stay because staying the Workers' Compensation Claims could cause affected employees undue hardship and otherwise harm employee morale.

72. Separately, the Insurance Policies and Programs are essential to the preservation of the value of the Debtors' businesses, properties and assets, and, in certain instances, are required by law. If any of the Insurance Policies and Programs are terminated or lapse, the Debtors would be exposed to substantial liability to the detriment of all parties in interest and could be in violation of law.

73. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Insurance Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 363, and 364 for Entry of Interim and Final Orders Authorizing Debtors to Continue Surety Bond Program, Pay All Obligations with Respect Thereto, and Granting Related Relief (“Surety Bond Motion”)

74. Pursuant to the Surety Motion, the Debtors request authority to maintain, continue, and renew, in their sole discretion, their surety bond program (the “**Surety Bond Program**”) on an uninterrupted basis, and to pay all obligations arising under the Surety Bond Program whether arising prepetition or postpetition.

75. In the ordinary course of business, the Debtors are required to provide surety bonds to certain third parties, often governmental units or other public agencies, to secure the Debtors' payment or performance of certain obligations. These obligations principally relate to, among other things: (i) oil and natural gas drilling and exploration operations, (ii) land use rights, including right of ways or easements, (iii) utilities, (iv) blanket or specific well plugging, and (v) taxes. Oftentimes, statutes or ordinances require the Debtors to post surety bonds to secure these obligations. Consequently, failing to provide, maintain, or timely replace the Debtors' surety bonds will prevent them from undertaking essential functions related to their operations. As of the Petition Date, the Debtors have approximately \$29.9 million in outstanding surety bonds.

76. To continue their business operations during the reorganization process, the Debtors must be able to provide financial assurances to state governments, regulatory agencies, and other third parties. This, in turn, requires the Debtors to maintain the existing Surety Bond Program, including satisfying any obligations thereunder, renewing or, as necessary, acquiring additional bonding capacity as needed in the ordinary course of their business, and executing other agreements, as needed, in connection with the Surety Bond Program. Absent the relief requested in the Surety Bond Motion, the ability of the Debtors to conduct operations in many locations would come to a halt to the detriment and prejudice of all parties in interest.

77. Based on the Debtors' current circumstances, I believe that it is not likely that the Debtors will be able to renew or obtain replacement surety bonds on an unsecured basis and in some cases the ability to obtain them may not be available even on a secured basis. Moreover, I believe that the costs associated with implementing a new surety program far outweigh the costs associated with granting the relief requested therein and perhaps more

importantly, replacing the existing Surety Bond Program would cause a severe disruption to the Debtors' operations to the detriment of all parties in interest.

78. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Surety Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 363(b), and 541 for Entry of Interim and Final Orders (I) Authorizing Payment of All Funds Relating to Royalty Interests and (II) Directing Financial Institutions to Honor and Process Checks and Transfers Related to Such Royalty Interests (“Royalty Motion”)

79. Pursuant to the Royalty Motion, the Debtors request authority, but not direction, to make the Royalty Payments to the Royalty Interest Holders in accordance with the Debtors' customary business practice, whether such obligations were incurred before or after the Petition Date.

80. The Debtors hold operating working interests (the “**Working Interests**”) in Alabama, Arkansas, California, Florida, Indiana, Kentucky, Louisiana, Michigan, New Mexico, Oklahoma, Texas, and Wyoming. As the holder of these Working Interests, the Debtors are entitled to exploit the oil and gas on the lands associated with each particular Working Interest.

81. On average, the Debtors generate approximately \$45 million of gross monthly revenue from their operating Oil and Gas Leases. Each Oil and Gas Lease in which the Debtors hold Working Interests, whether a Producing Lease or not, is subject to the Royalty Interests held by the Royalty Interest Holders. The Royalty Interests entitle the Royalty Interest Holders to Royalty Payments whenever an Oil and Gas Lease produces oil and gas. The Debtors have neither the ability to revoke, cancel, withdraw, or otherwise terminate these Royalty Interests, nor have they retained any reversionary property rights in the Royalty Interests.

82. The Royalty Interest Holders are entitled to receive the Royalty Payments only when oil and gas is produced from the Oil and Gas Lease in which they hold an interest. Consequently, the Debtors are currently not making Royalty Payments on account of every Royalty Interest to which their Working Interests are subject. As production at any particular Oil and Gas Lease goes online or offline in the ordinary course of the Debtors' business, the Royalty Interest Holders that are entitled to Royalty Payments change. Additionally, the Debtors typically only make Royalty Payments to Royalty Interest Holders at Oil and Gas Leases in which they serve as the operator—the party responsible for the day-to-day operation of the well. In Oil and Gas Leases in which the Debtors hold only a non-operating working interest (which obligates the Debtors to pay their *pro rata* portion of the operating expenses to the operator), Royalty Payments are typically paid by the third-party operators before the Debtors receive their periodic *pro rata* distribution of revenue.

83. The Royalty Interest Holders are typically paid thirty (30) days in arrears because of the time required to market and sell the oil and gas produced and the accounting process that must occur each month to ensure the accuracy of the Royalty Payments. The Debtors estimate that, as of the Petition Date, there are approximately \$20 million in as-yet unpaid Royalty Payments that are scheduled to be paid to the Royalty Interest Holders with respect to the month of April until the Petition Date. The Debtors also estimate that there is approximately \$25 million of Royalty Payments payable in accordance with state law that relate to the period prior to the Petition Date and are accrued until (i) a certain minimum threshold is reached or (ii) certain legal or administrative issues are resolved, including issues relating to disputes over ownership of Royalty Interests, or relating to the identity or address of a Royalty Interest Holder.

84. It is my understanding from the Debtors' advisors that royalty interests are generally treated as interests in real property in most states where the Debtors operate, such that they generally become the property of their holders upon conveyance. Additionally, it is my understanding that, because the Royalty Interests in the jurisdictions in which the Debtors hold operating working interests are not property of the estate, the Royalty Payments held by the Debtors on behalf of or earned by those Royalty Interest Holders are not property of the Debtors' estate. Further, I have been advised by the Debtors' attorneys that the Debtors at most hold bare legal title to the Royalty Payments held in the Royalty Accounts and hold *no* legal title to the percentage of the oil and gas production attributable to the Royalty Interest Holders. Consequently, it is my understanding that in many of the jurisdictions in which the Debtors operate the Royalty Payments held by the Debtors on behalf of the Royalty Interest Holders are not property of the Debtors' estates.

85. As a result, I have been advised by the Debtors' attorneys that it is unclear as to whether the automatic stay afforded to a debtor under the Bankruptcy Code would prevent any action by a Royalty Interest Holder to obtain possession or exercise control over the Royalty Payments. Absent the relief requested by the Royalty Motion, the Debtors could be subject to unnecessary litigation, either in or outside of the Bankruptcy Court, at a time when their resources are limited and should be focused on their operations and the reorganization effort.

86. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Royalty Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. § 105(a) and 363(b) for Entry of Interim and Final Orders (I) Authorizing Payment of (A) Joint Interest Billings, (B) E&P Operating Expenses, and (C) Prepetition Shipping and Delivery Charges for Goods in Transit in the Ordinary Course of Business and (II) Directing Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations (“JIB/E&P Expense Motion”)

87. Pursuant to the JIB/E&P Expense Motion, the Debtors request authority, but not direction, to pay in the ordinary course of business all undisputed, liquidated, and prepetition amounts owing to operators for unpaid joint interest billings and related obligations (the “**Joint Interest Billings**”), and third parties for lease operating expenses, other exploration and production costs, capital expenditures, and related costs (collectively, the “**E&P Operating Expenses**,” and, together with the Joint Interest Billings, the “**JIB/E&P Obligations**”), including vendors, contractors, subcontractors, drillers, haulers, and suppliers of oil and gas related services, supplies, and materials who may have, or may be entitled to, liens under applicable state law (collectively, the “**E&P Claimants**”). The Debtors also seek authority to pay, in their discretion and as necessary and appropriate, prepetition shipping and delivery charges to Shippers and Warehousemen.

Joint Interest Billings

88. The Debtors hold Working Interests in various oil and gas fields throughout the United States. As is standard in the industry to address the speculative nature of the business, the Debtors became joint interest holders of the larger working interest in Oil and Gas Leases—sharing *pro rata* in both the revenues and costs associated with all production from that lease. The Debtors entered into Operating Agreements to memorialize the terms under which revenues and costs from the Oil and Gas Lease are apportioned among the joint interest holders. Typically, an Operating Agreement designates one working interest holder as the operator. The operator conducts the day-to-day business of producing oil and gas at the site and initially covers

expenses incurred on the Oil and Gas Lease, on account of their Working Interest, as well as the holders of the Non-Operating Working Interests, from whom the operator then seeks repayment. The other parties to the Operating Agreement each hold a Non-Operating Working Interest in the Oil and Gas Lease. The primary obligation of a Non-Operating Working Interest Holder is to pay its *pro rata* portion of the operating expenses to the operator. Non-Operating Working Interest Holders are billed for these Joint Interest Billings on terms contained in the operating Agreement.

89. It is my understanding from the Debtors' operative Operating Agreements and the advice of the Debtors' attorneys that, where the Debtors hold a Non-Operating Working Interest, the Operating Agreements and/or applicable law typically grant the operator the right to assert contractual or statutory liens to secure the obligations owed to the operator based upon the Debtors' interest in the Oil and Gas Lease. It is my further understanding from the Debtors' attorneys that such liens may include: (i) all equipment installed on the Oil and Gas Lease; (ii) all hydrocarbons or other minerals severed and extracted from or attributable to the Oil and Gas Lease; (iii) all accounts and proceeds of sale, contract rights, and general intangibles arising in connection with the sale; (iv) fixtures; and (v) any and all accessions, additions, and attachments thereto and the proceeds and products therefrom.

90. In the twelve months preceding the Petition Date, the Debtors paid approximately \$52 million in Joint Interest Billings. Many of these Joint Interest Billings vary in amount and are not entirely predictable on a month-to-month basis. As of the Petition Date, the Debtors estimate they owe approximately \$7 million in Joint Interest Billings under the terms of their Operating Agreements with respect to the period prior to the Petition Date. It is my understanding that failure to timely pay the Joint Interest Billings may provide grounds for

contractual or statutory lien rights in favor of the operator against the Debtors' Non-Operating Working Interest in the associated Oil and Gas Lease or the Debtors' *pro rata* portion of the production therefrom.

91. Payment of the Joint Interest Billings is necessary to prevent operators from ceasing or altering their revenue payments to the Debtors and asserting liens against the Debtors' Non-Operating Working Interests or their share of revenues from production. Joint Interest Billings payments are also necessary to maintain strong working relationships with these important joint partners both during and after the pendency of these chapter 11 cases.

E&P Operating Expenses

92. In the ordinary course of business, the Debtors rely upon and routinely contract with the E&P Claimants and incur the E&P Operating Expenses for the Oil and Gas Leases where the Debtors act as the operator and have operating interests (the "**Operating Interests**"). In accordance with the terms of the Operating Agreements, the Debtors are reimbursed for the Non-Operating Working Interest Holder's share of the *pro rata* costs of production through the payment of Joint Interest Billings or by netting the Non-Operating Interest Holder's share of production revenue against such holder's share of the E&P Operating Expenses. It is my understanding from the Debtors' attorneys that, under applicable law, the E&P Claimants may be entitled to assert liens against the Debtors' property (or even the property of third parties with working interests under the Operating Agreements) to secure payment from the Debtors.

93. If the E&P Claimants were able to assert liens against the Debtors in the course of these chapter 11 cases, the results would be detrimental to the Debtors and their estates. It is my understanding that the E&P Claimants could potentially place liens on the wells, the

production therefrom, or the Debtors' Operating Interests. Further, I have been advised from the Debtors' attorneys that in Louisiana, one of the states in which the Debtors have Operating Interests, the lien can attach to any of the gas proceeds, property interests, or other property described in the state's lien statute—including property actually owned by third party Non-Operating Working Interests with whom the Debtors must work cooperatively during and after these chapter 11 cases. It is clear that the Debtors' revenues and their relationships with co-working interest owners could be placed in jeopardy absent the relief requested in the JIB/E&P Expense Motion.

94. As of the Petition Date, the Debtors estimate that they have approximately \$50 million in E&P Operating Expenses outstanding to various E&P Claimants relating to the period prior to the Petition Date. To avoid the incurrence of unnecessary statutory liens, and eliminate the risk of pervasive litigation over the existence of statutory liens, lien priorities, and the amounts of claims of the various E&P Claimants, the Debtors are requesting the authority, to (i) pay the E&P Operating Expenses that accrued prepetition, and (ii) continue to make payments to E&P Claimants in the ordinary course of business, which are necessary to preserve the Debtors' ongoing operations and the value of their business.

Shipping and Warehousing Charges

95. In operating their business, the Debtors use and make payments to domestic common carriers, movers, shippers, freight forwarders/consolidators, delivery services, shipping auditing services, deconsolidators, distributors, logistics management companies, and other third-party service providers (collectively, the "**Shippers**") to ship, transport, store, and deliver goods through established distribution networks, as well as a network of third-party

warehouses (the “**Warehousemen**”) to store goods in transit (such payments, the “**Shipping and Warehousing Charges**”).

96. The services provided by the Shippers and Warehousemen are critical to the Debtors’ day-to-day operations. At any given time, there are a number of shipments en route to and from various locations. Therefore, certain Shippers and Warehousemen currently possess goods that are vital to the Debtors’ operations. Although the Debtors believe there are no prepetition amounts outstanding as of the Petition Date, in an abundance of caution, the Debtors seek authorization, but not direction, to satisfy any prepetition amounts in Shipping and Warehousing Charges that may remain outstanding.

97. Because of the commencement of these chapter 11 cases, certain Shippers and Warehousemen who hold goods for delivery to or from the Debtors may refuse to release the goods pending receipt of payment for their prepetition services, which would disrupt the Debtors’ operations. Further, it is my understanding from the Debtors’ attorneys that under some state laws, a Shipper or Warehouseman may have a lien on the goods in its possession to secure the charges or expenses incurred for the transportation or storage of goods. Accordingly, because the Debtors are, in certain instances, dependent on third-party Shippers and Warehousemen, it is essential that the commencement of these cases not give any third-party Shippers and Warehousemen reason or excuse to cease performing or to retain products, equipment, or goods.

98. For the reasons set forth herein and in the JIB/E&P Expense Motion, payment of the JIB/E&P Obligations is necessary to preserve operations and successfully reorganize. Similarly, the critical need for the continued receipt and distribution of goods that Shippers or Warehousemen may hold amply justifies payment of associated costs. During the

initial stages of these chapter 11 cases, the Debtors and their professionals will be focused on stabilizing operations and refining a long-term business plan, and their attention should not be diverted by the significant risks and severe consequences attendant by (i) Operators withholding the Debtors' revenues on account of non-payment of the Joint Interest Billings, (ii) E&P Claimants attempting to coerce payment by denying supplies or services going forward on account of non-payment of the E&P Operating Expenses, (iii) E&P Claimants asserting liens on the Debtor's property or the property of the Debtors' third-party working interest partners, or (iv) Shippers and Warehousemen refusing to release goods or asserting liens on goods to secure payment.

99. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the JIB/E&P Expense Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a) and 331 for Entry of an Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (“Interim Compensation Procedures Motion”)

100. Pursuant to the Interim Compensation Motion, the Debtors request that the Court establish an orderly and regular process for the monthly allowance and payment of compensation and reimbursement of expenses (the “**Interim Compensation Procedures**”) for professionals whose services are authorized by this Court pursuant to sections 327 or 1103 of the Bankruptcy Code and who will be required to file applications for allowance of compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a).

101. Given the number of professionals likely to be retained in these chapter 11 cases, I believe that establishing the Interim Compensation Procedures would allow the Debtors

to closely monitor the costs of administration, forecast cash flows, and implement efficient cash management procedures. I also believe that such procedures will allow the Court and key parties in interest, including the U.S. Trustee, to ensure the reasonableness and necessity of any compensation and reimbursement requested. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Interim Compensation Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 363(c)(1) and 503(b)(1)(A) for Entry of Order Granting Administrative Expense Status to Undisputed Obligations to Vendors Arising from Postpetition Delivery of Goods and Services Ordered Prepetition and Authorizing Debtors to Pay Such Obligations in the Ordinary Course of Business (“Undisputed Administrative Claims Motion”)

102. Pursuant to the Undisputed Administrative Claims Motion, the Debtors seek authority to (i) grant administrative priority status to all undisputed obligations of the Debtors owing to vendors arising from the postpetition delivery of goods ordered prior to the Petition Date, and (ii) pay such obligations in the ordinary course of business.

103. As a consequence of the commencement of these chapter 11 cases, the vendors may be concerned that obligations arising from goods purchased before the Petition Date pursuant to prepetition purchase orders (“**Prepetition Orders**”) that are delivered to the Debtors postpetition will render the vendors holders of general unsecured claims against the Debtors' estates for such shipments. Accordingly, vendors may refuse to provide goods to the Debtors (or may recall shipments thereof) unless the Debtors issue substitute purchase orders postpetition or obtain an order granting the relief sought in the Undisputed Administrative Claims Motion.

104. Absent such relief, I believe that the Debtors may be required to expend substantial time and effort re-issuing the Prepetition Orders to provide the vendors with

assurance of administrative priority status. I believe that the attendant disruption to the continuous flow of goods to the Debtors could adversely affect the Debtors' ability to conduct their business operations. Moreover, I have been advised by the Debtors' attorneys that the claims of the vendors are entitled to administrative expense claim status in any event and would be paid post-petition in the ordinary course of business. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the Undisputed Administrative Claim Motion is in the best interests of the Debtors' estates, and should be granted.

Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a) and 503(b)(9) for Entry of Order Establishing Procedures for the Assertion, Resolution, and Satisfaction of Claims Asserted Pursuant to 11 U.S.C. § 503(b)(9) (“503(b)(9) Procedures Motion”)

105. Pursuant to the 503(b)(9) Motion, the Debtors seek entry of an order (i) authorizing the Debtors to establish procedures (the “**Procedures**”) for the assertion of unpaid claims pursuant to section 503(b)(9) of the Bankruptcy Code (the “**503(b)(9) Claims**”) and the resolution, allowance, and satisfaction thereof, and (ii) prohibiting vendors (as hereinafter defined) from pursuing 503(b)(9) Claims outside the Procedures.

106. The Debtors believe that there will be some uncertainty among vendors over the procedures and methods they must undertake to properly assert administrative expense claims pursuant to section 503(b)(9) of the Bankruptcy Code. This may result in numerous inquiries and demands on the Debtors' employees and professionals, as well as in the initiation of piecemeal litigation, which would divert the attention of the Debtors and their professionals from the more pressing task of administering the chapter 11 cases. To avoid the resulting distraction, delay, and expense that may ensue, the Debtors propose the Procedures set forth in the 5039(b) Motion.

107. Accordingly, on behalf of the Debtors, I respectfully submit that the relief requested in the 503(b) Motion is in the best interests of the Debtors' estates, and should be granted.

V.

Information Required by Local Rule 1007-2

108. Local Rule 1007-2 requires certain information related to the Debtors, which is set forth below.

109. Pursuant to Local Rule 1007-2(a)(3), Schedule 1 lists the names and addresses of the members of, and attorneys for, any committee organized prior to the Petition Date and a brief description of the circumstances surrounding the formation of the committee and the date of its formation.

110. Pursuant to Local Rule 1007-2(a)(4), Schedule 2 lists the following information with respect to each of the holders of the Debtors' twenty (20) largest unsecured claims on a consolidated basis, excluding claims of insiders: the creditor's name, address (including the number, street, apartment or suite number, and zip code, if not included in the post office address), and telephone number; the name(s) of persons(s) familiar with the Debtors' accounts, the approximate amount of the claim, and an indication of whether the claim is contingent, unliquidated, disputed, or partially secured.

111. Pursuant to Local Rule 1007-2(a)(5), Schedule 3 hereto provides the following information with respect to each of the holders of the five (5) largest secured claims against the Debtors on a consolidated basis: the creditor's name, address (including the number, street, apartment or suite number, and zip code, if not included in the post office address), and telephone number; the approximate amount of the claim; a brief description of the collateral

securing the claim; an estimate of the value of the collateral, and whether the claim or lien is disputed.

112. Pursuant to Local Rule 1007-2(a)(6), Schedule 4 hereto provides a summary of the Debtors' consolidated assets and liabilities.

113. Pursuant to Local Rule 1007-2(a)(7), Schedule 5 hereto provides the following information: the number and classes of units, debentures, and other securities of the Debtors that are publicly held and the number of record holders thereof; and the number and classes of units, debentures, and other securities of the Debtors that are held by the Debtors' directors and officers, and the amounts so held.

114. Pursuant to Local Rule 1007-2(a)(8), Schedule 6 hereto provides a list of all of the Debtors' property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, secured creditor, or agent for any such entity, giving the name, address, and telephone number of each such entity and the location of the court in which any proceeding relating thereto is pending.

115. Pursuant to Local Rule 1007-2(a)(9), Schedule 7 hereto provides a list of the premises owned, leased, or held under other arrangement from which the Debtors operate their business.

116. Pursuant to Local Rule 1007-2(a)(10), Schedule 8 hereto provides the location of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

117. Pursuant to Local Rule 1007-2(a)(11), Schedule 9 hereto provides a list of the nature and present status of each action or proceeding, pending or threatened, against the

Debtors or their property where a judgment against the Debtors or a seizure of their property may be imminent.

118. Pursuant to Local Rule 1007-2(a)(12), Schedule 10 hereto provides a list of the names of the individuals who comprise the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

119. Pursuant to Local Rule 1007-2(b)(1)-(2)(A), Schedule 11 hereto provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors, stockholders, and partners) and the estimated amount to be paid to officers, stockholders, directors, members of any partnerships, and financial and business consultants retained by the Debtors for the thirty (30) day period following the filing of the Debtors' chapter 11 petitions as the Debtors intend to continue to operate their business.

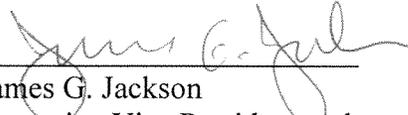
120. Pursuant to Local Rule 1007-2(b)(3), Schedule 12 hereto provides, for the thirty (30) day period following the filing of the chapter 11 petitions, a list of estimated cash receipts and disbursements, net cash gain or loss, obligations, and receivables expected to accrue that remain unpaid, other than professional fees.

V.

Conclusion

121. The above illustrates the factors that have precipitated the commencement of the chapter 11 cases and the critical need for the Debtors to restructure their financial affairs and operations. The provisions of chapter 11 will assist in enabling the Debtors to achieve their objective of reestablishing themselves as a viable economic enterprise able to effectively compete in their marketplace for the benefit of their economic stakeholders and employees.

I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.



James G. Jackson
Executive Vice President and
Chief Financial Officer of
Breitburn GP LLC

Exhibit A

Schedule 1

Committees

Pursuant to Local Rule 1007-2(a)(3), to the best of the Debtors' knowledge and belief, no official committee has been organized prior to the Petition Date.

Schedule 2

Consolidated List of 20 Largest Unsecured Claims (Excluding Insiders)¹

Pursuant to Local Rule 1007-2(a)(4), the following is a list of creditors holding, as of May 15, 2016, the twenty (20) largest, unsecured claims against the Debtors, on a consolidated basis, excluding claims of insiders as defined in 11 U.S.C. § 101.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim	If claim is contingent, unliquidated, or disputed	Amount of unsecured claim	
					Total claim, if partially secured	Unsecured claim
1	WILMINGTON TRUST COMPANY RODNEY SQUARE NORTH 1100 NORTH MARKET STREET WILMINGTON, DE 19890-1600	STEVEN M. CIMALORE FAX - (302) 651-4149	7.875% Senior Notes Due 2022			\$889,057,111
2	WILMINGTON TRUST COMPANY RODNEY SQUARE NORTH 1100 NORTH MARKET STREET WILMINGTON, DE 19890-1600	STEVEN M. CIMALORE FAX - (302) 651-4149	8.625% Senior Notes Due 2020			\$320,349,335
3	OXY USA INC 5 GREENWAY PLAZA, SUITE 110 HOUSTON, TX 77046	WILLIAM E. ALBRECHT PHONE - 713-215-7000 FAX - 713-215-7524	Trade Debt	Contingent		\$1,355,260
4	WADECO SPECIALTIES INC. 8115 W INDUSTRIAL AVE. ODESSA, TX 79765	WADE HAVENS EMAIL - INFO@WADECOSPECIALTIES.COM PHONE - 432-563-4340	Trade Debt	Contingent		\$1,066,744
5	BAKER HUGHES BUSINESS SUPPORT SERVICES 2929 ALLEN PARKWAY SUITE 2100 HOUSTON, TX 77019-2118	MARTIN CRAIGHEAD EMAIL - MARTIN.CRAIGHEAD@BAKERHUGHES.COM PHONE - 713-439-8600 FAX - 713-439-8699	Trade Debt	Contingent		\$733,396

¹The information herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. All claims are subject to customary offsets, rebates, discounts, reconciliations, credits, and adjustments, which are not reflected on this Schedule.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim	If claim is contingent, unliquidated, or disputed	Amount of unsecured claim	
6	SCHLUMBERGER TECHNOLOGY CORPORATION 2340 I-35 W DENTON, TX 76207	PAAL KIBSGAARD EMAIL - PKIBSGAARD@SLB.COM PHONE - 940-783-4600 FAX - 940-783-4630	Trade Debt	Contingent		\$411,870
7	PIPECO SERVICES LP DBA PIPECO SERVICES 20465 STATE HWY 249 SUITE 200 HOUSTON, TX 77070	STEVE TAIT EMAIL - STAIT@PIPECO.COM PHONE - 281-955-3500 FAX - 281-955-3525	Trade Debt	Contingent		\$336,952
8	MCVAY DRILLING COMPANY 401 EAST BENDER PO BOX 2450 HOBBBS, NM 88241	PHONE - 575-397-3311 FAX - 575-393-7455	Trade Debt	Contingent		\$330,268
9	ARCHROCK PARTNERS 16666 NORTHCHASE DRIVE HOUSTON, TX 77060	D. BRADLEY CHILDERS PHONE - 281-836-8000 FAX - 281-248-4388	Trade Debt	Contingent		\$197,105
10	COMPRESSCO PARTNERS L.P. 3809 SOUTH FM 1788 MIDLAND, TX 79706	TIMOTHY A. KNOX PHONE - 432-563-1170 FAX - 432-561-9732	Trade Debt	Contingent		\$148,750
11	XTO ENERGY INC 810 HOUSTON ST. FORT WORTH, TX 76102-6298	RANDY J. CLEVELAND PHONE - 817-870-2800 FAX - 817-870-1671	Trade Debt			\$148,689
12	OIL WELL SERVICE COMPANY 10840 NORWALK BLVD SANTA FE SPRINGS, CA 90670	PHONE - 562-595-4501 FAX - 562-325-8919	Trade Debt	Contingent		\$136,355
13	CUDD PRESSURE CONTROL INC 15015 VICKERY DRIVE HOUSTON, TX 77032	RAY SALIBA PHONE - 832-295-5555 FAX - 832-295-4555	Trade Debt			\$126,100
14	BASIC ENERGY SERVICES LP 801 CHERRY STREET SUITE 2100, UNIT #21 FORT WORTH, TX 76102	T. M. "ROE" PATTERSON EMAIL - INFO@BASICENERGYSERVICES.COM PHONE - 817-334-4100 FAX - 817-334-4101	Trade Debt	Contingent		\$125,375

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim	If claim is contingent, unliquidated, or disputed	Amount of unsecured claim	
15	C & J SPEC RENT SERVICES INC 3990 ROGERDALE HOUSTON, TX 77042	RANDY MCMULLEN, JR. PHONE - 713-325-6000 FAX - 713-325-5933	Trade Debt			\$122,621
16	TRANSMONTAIGNE PARTNERS LP 1670 BROADWAY SUITE 3100 DENVER, CO 80202	FREDERICK W. BOUTIN EMAIL - FBOUTIN@TRANSMONTAIGNE.COM PHONE - 303-626-8200 FAX - 303-626-8228	Trade Debt	Contingent		\$109,500
17	BADGER FISHING AND RENTAL LLC 1618 E. CARDWELL ST. BROWNFIELD, TX 79316	CHANCE POTTER PHONE - 806-893-0523	Trade Debt	Contingent		\$105,818
18	TOTAL ENERGY SERVICES 100 NORTH FREEWAY SUITE 100 CONROE, TX 77301	L.D. (DAVE) SIMON IV EMAIL - SIMON@TOTALENERGYSERVICES.US PHONE - 936-756-8900 FAX - 936-756-1900	Trade Debt	Contingent		\$105,611
19	FREDA'S TRUCKING SERVICE, LLC 3404 CR B-3300 LENORAH, TX 79749	JOSHUA L ALLEN EMAIL - FREDASTRUCKINGSERVICE@YAHOO.COM PHONE: 432-459-2374 FAX - 432-459-2374	Trade Debt	Contingent		\$103,965
20	GESCH CONTRACTING INC 1301 S COUNTY ROAD 1082 MIDLAND, TX 79706	PHONE - 432-218-9849 FAX - 432-686-2616	Trade Debt			\$100,709

Schedule 3

Consolidated List of Holders of Five Largest Secured Claims

Pursuant to Local Rule 1007-2(a)(5), to the best of the Debtors' knowledge, belief, and understanding, the following chart lists the creditors holding, as of the Petition Date, the five (5) largest secured, non-contingent claims against the Debtors, on a consolidated basis, excluding claims of insiders as defined in 11 U.S.C. § 101.

No.	Creditor	Contact, Mailing Address, Telephone Number/Fax Number, Email	Amount of Claim	Type of Collateral	Estimated Value of Collateral	Whether Claim or Lien is Disputed
1.	Wells Fargo Bank, National Association, as Administrative Agent	1000 Louisiana, Ninth Floor Houston, TX 77002 Attention: Michael Real Telephone: (713) 319-1914 Facsimile: (713) 319-1925 Email: michael.real@wellsfargo.com	\$1,242,299,132	Substantially All Assets	Undetermined	No
2.	Delaware Trust Company, as Indenture Trustee	2711 Centerville Road, Suite 400 Wilmington, Delaware 19808 Attention: Ben Hancock Facsimile: (302) 636-8666	\$650,000,000	Substantially All Assets	Undetermined	No

No.	Creditor	Contact, Mailing Address, Telephone Number/Fax Number, Email	Amount of Claim	Type of Collateral	Estimated Value of Collateral	Whether Claim or Lien is Disputed
3.	Gulf Power Company	600 18 th Street N Birmingham, AL 35203 Attention: Stan Connally Telephone: 850-444-6111	Undetermined	Cash	\$1,500,000	N/A
4.	Rocky Mountain Power	226 West Yellowstone Ave Cody, WY 82414 Attention: Cindy Crane Email: CCCom2@pacificcorp.com	Undetermined	Cash	\$997,000	N/A
5.	Gexa Energy	20455 SH 249 Suite 200 Houston, TX 77070 Attention: Brian Landrum Telephone: (713) 470-0400 Facsimile: (866) 578-4392	Undetermined	Cash	\$950,000	N/A

Schedule 4

Breitburn - Condensed Consolidated Balance Sheet (Unaudited)

As of March 31, 2016

(in \$000s)

ASSETS

Current assets	
Cash	\$ 81,691
Accounts receivable, net	113,215
Derivative instruments	388,829
Related party receivables	1,518
Inventory	1,345
Prepaid expenses	<u>3,470</u>
Total current assets	590,068
Equity investments	6,657
Net property, plant and equipment	3,864,022
Goodwill	-
Derivative instruments	179,658
Other long-term assets	<u>74,981</u>
Total Assets	<u>\$ 4,715,386</u>
LIABILITIES AND EQUITY	
Current liabilities	
Accounts payable	\$ 42,169
Current portion of long-term debt	172,000
Derivative instruments	4,309
Other Payables	130,409
Other current liabilities	<u>7,834</u>
Total current liabilities	356,721
Total long-term debt	2,783,619
Asset retirement obligation	247,956
Other long-term liabilities	<u>24,207</u>
Total Liabilities	3,412,503
Total partner's equity	1,295,588
Noncontrolling interest	<u>7,295</u>
Total Equity	<u>1,302,883</u>
Total Liabilities and Equity	<u>\$ 4,715,386</u>

General Note: The Consolidated Balance Sheet is unaudited, subject to change and includes certain items that remain under review by the Debtors and may be accounted for differently in future reports. The balance sheet includes the financial attributes of the Debtors' non-debtor affiliates.

Schedule 5

Publicly Held Securities

Pursuant to Local Rule 1007-2(a)(7), the following lists the number and classes of shares of limited partnership units, notes, and other securities of the Debtors that are publicly held (“**Securities**”) and the approximate number of holders thereof. The Securities held by the Debtors’ directors and officers are listed separately.

Breitburn Energy Partners LP Securities

Type of Security	Approximate Number of Units	Approximate Number of Record Holders	As of
Common Units	213,789,296	50 ¹	5/9/16
Series A Preferred Units	8,000,000	72 ²	5/10/16
8.625% Senior Notes Due 2020	N/A	54 ³	5/10/16
7.875% Senior Notes Due 2022	N/A	52 ⁴	5/10/16

¹ Treats units held by Cede & Co on behalf of other persons or entities as held by one holder.

² Treats units held by a nominee on behalf of other persons or entities as held by one holder.

³ See footnote 2.

⁴ See footnote 2.

Breitbart Energy Partners LP Securities Held by the Debtors' Non-Employee Directors

Name of Non-Employee Director	Approximate Number of Units⁵	As of
Randall Hart Breitenbach	672,843 ⁶	5/11/2016
John R. Butler, Jr.	94,605	5/11/2016
David B. Kilpatrick	96,256	5/11/2016
Gregory J. Moroney	54,852	5/11/2016
Charles S. Weiss	71,731 ⁷	5/11/2016
Donald D. Wolf	196,514	5/11/2016

Breitbart Energy Partners LP Securities Held by the Debtors' Executive Officers

Name of Executive Officer	Approximate Number of Units⁸	As of
Gregory C. Brown	432,374	5/11/2016
James G. Jackson	420,067	5/11/2016
Mark L. Pease	495,457	5/11/2016
Halbert S. Washburn	879,624 ⁹	5/11/2016
Willis Jackson Washburn	111,566	5/11/2016

⁵ Only includes units directly owned by the director or officer. Numbers reflect common unit holdings only as no directors or officers own Series A Preferred Units, or any of the Debtors' publicly held debt. Numbers do not include awards that have not yet vested.

⁶ Includes approximately 179,595 units that represent Mr. Breitenbach's share of the equity position that The Strand Energy Company holds in the Debtors, of which Mr. Breitenbach is a 26% owner.

⁷ Includes 10,985 units held in trust.

⁸ See footnote 1.

⁹ Includes: approximately 331,560 units that represent Mr. Washburn's share of the equity position that The Strand Energy Company holds in the Debtors, of which Mr. Washburn is a 48% owner; 6,485 units held in trust; and 35,710 units held by Mr. Washburn's children.

Schedule 6

Debtors' Property Not in the Debtors' Possession

Local Rule 1007-2(a)(8) requires that the Debtors list property that is in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, secured creditor, or agent for any such entity.

In the ordinary course of business, on any given day, property of the Debtors (including security deposits or other collateral with counterparties to certain commercial relationships) is likely to be in the possession of various third parties, including, vendors, shippers, common carriers, materialmen, distributors, warehousemen, fulfillment houses, service providers, custodians, public officers or agents, where the Debtors' ownership interest is not affected. Because of the constant movement of this property, providing a comprehensive list of the persons or entities in possession of the property, their addresses and telephone numbers, and any other information would be impractical.

Schedule 7

Pursuant to Local Rule 1007-2(a)(9), the following lists the property or premises owned, leased, or held under other arrangement from which the Debtors operate their businesses.

Leased Property¹

Street Address	City	State	Zip Code	Country
10350 Heritage Park Drive, Suite 201	Santa Fe Springs	CA	90670	United States
11100 Constitution Ave.	Los Angeles	CA	90025	United States
114 Buttermilk Falls Road	Brandenburg	KY	40108	United States
1165 Elkview Drive	Gaylord	MI	49735	United States
12261 Hwy 371	Taylor	AR	71861	United States
1264 Bueyerros Highway	Bueyerros	NM	88415	United States
12720 Telegraph Rd.	Santa Fe Springs	CA	90670	United States
130 W. Rosecrans Avenue	Gardena	CA	90248	United States
13921 FM 1308	Westbrook	TX	79765	United States
1401 McKinney Street, Suite 2400	Houston	TX	77010	United States
1440 Bastanchury Road	Fullerton	CA	92835-2822	United States
17450 Poleline Road	McKittrick	CA	93251	United States
20 Shoshane Avenue, Suite B	Green River	WY	82935	United States
2001 Pacific Coast Highway	Seal Beach	CA	90740	United States
201 South Railroad Street	Troup	TX	75789	United States
2020 N. Highway 337 NW	Corydon	IN	47112	United States
203 South Railroad Street	Troup	TX	75789	United States
225 W. Yellowstone Avenue	Cody	WY	82414	United States

¹ The classification of the contractual agreements listed herein as real property leases or property held by other arrangements is not binding upon the Debtors.

230 Progress Blvd.	Longview	TX	75604	United States
2301 Old Longview Hwy	Gladewater	TX	75647	United States
2621 Hwy. 3062	Homer	LA	71040	United States
2800 Gladwick	Compton	CA	90220	United States
2801 Dickerson Road	Gaylord	MI	49735	United States
281 N. Hwy 248	Eunice	NM	88231	United States
308 N. Colorado Street, Suite 900	Midland	TX	79701	United States
314 Brisby Road	Jacksonville	TX	74766	United States
3490 SW 4200	Andrews	TX	79714	United States
3761 Corydon Ramsey Rd NW	Corydon	IN	47112	United States
4320 SW 3001	Andrews	TX	79714	United States
5003 7th Street	Long Beach	CA	90803	United States
5415 Oil Plant Road	Jay	FL	32565	United States
600 Travis Street, Suite 4800	Houston	TX	77002	United States
707 Wilshire Boulevard, Suite 4600	Los Angeles	CA	90017	United States
7770 McTaggart Road	North Branch	MI	48461	United States
8892 W. 7 Mile Road	Grayling	MI	49738	United States
909 County Road 846 East	Immokalee	FL	34142	United States
936 Valencia Avenue	Brea	CA	92823	United States
Rt 2 Box 113	Guymon	OK	73942	United States
Rt 2 Box 130	Guymon	OK	73942	United States

Schedule 8

Location of Debtors' Assets, Books, and Records

Pursuant to Local Rule 1007-2(a)(10), the following lists the locations of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

Location of Debtors' Substantial Assets

The Debtors have substantial assets in New York, Michigan, Indiana, Kentucky, Arkansas, Louisiana, Texas, New Mexico, Oklahoma, Kansas, Wyoming, Colorado, Florida, Alabama, and California.

Books and Records

The Debtors' books and records are located at 707 Wilshire Boulevard, Suite 4600, Los Angeles, CA 90017, and 1401 McKinney Street, Suite 2400, Houston, TX 77010.

Debtors' Assets Outside the United States

The Debtors do not have significant assets located outside of the territorial limits of the United States.

Schedule 9

Litigation

Pursuant to Local Rule 1007-2(a)(11), to the best of the Debtors' knowledge, belief, and understanding, there are no actions or proceedings pending or threatened against the Debtors or their property, as of the Petition Date, where a judgment against the Debtors or a seizure of their property may be imminent.

Schedule 10

Senior Management

Pursuant to Local Rule 1007-2(a)(12), the following provides the names of the individuals who comprise the Debtors’ existing senior management, a description of their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

Name & Position	Responsibilities & Experience
Halbert S. Washburn, Chief Executive Officer	Halbert S. Washburn has been the Chief Executive Officer of Breitburn GP LLC (the “ General Partner ”) since April 2010. He served as Co-Chief Executive Officer and a director of the General Partner from March 2006 until April 2010 and was the Chairman of the Board from July 2008 to April 2010. In December 2011, Mr. Washburn was reappointed as a member of the Board of the General Partner. Mr. Washburn currently is the President and a director of Pacific Coast Energy Holdings LLC, the indirect owner of Pacific Coast Energy Company LP (“PCEC”), and is the co-founder and was the Co-Chief Executive Officer of PCEC’s predecessors from 1988 to 2012. Mr. Washburn holds a B.S. degree in Petroleum Engineering from Stanford University.
Mark L. Pease, President and Chief Operating Officer	Mark L. Pease has been the Chief Operating Officer and an Executive Vice President of the General Partner since December 2007. Effective December 31, 2012, Mr. Pease was appointed President and Chief Operating Officer of the General Partner. Mr. Pease also serves as the Chief Operating Officer of Pacific Coast Energy Holdings LLC. Prior to joining the General Partner, Mr. Pease served as Senior Vice President, E&P Technology & Services for Anadarko Petroleum, an international and domestic oil and natural gas exploration and production company. Mr. Pease joined Anadarko in 1979 as an engineer, and served as Senior Vice President, North America from 2004 to 2006 and as Vice President, U.S. Onshore and Offshore from 2002 to 2004. Mr. Pease obtained a B.S. in Petroleum Engineering from the Colorado School of Mines.

Name & Position	Responsibilities & Experience
James G. Jackson, Executive Vice President and Chief Financial Officer	James G. Jackson has been the Chief Financial Officer of the General Partner since July 2006 and an Executive Vice President since October 2007. Mr. Jackson also currently serves as the Chief Financial Officer of Pacific Coast Energy Holdings LLC. Before joining the General Partner, Mr. Jackson served as Managing Director of the Global Markets and Investment Banking Group for Merrill Lynch & Co., a global financial management and investment banking firm. Previously, Mr. Jackson was a Financial Analyst with Morgan Stanley & Co. from 1986 to 1989 and was an Associate in the Mergers and Acquisitions Group of the Long-Term Credit Bank of Japan from 1989 to 1990. Mr. Jackson obtained a B.S. in Business Administration from Georgetown University and an M.B.A. from the Stanford Graduate School of Business.
Gregory C. Brown, Executive Vice President, General Counsel, and Chief Administrative Officer	Gregory C. Brown has been the General Counsel and Executive Vice President of the General Partner since December 2006. In January 2013, Mr. Brown was appointed General Counsel, Executive Vice President and Chief Administrative Officer of the General Partner. Mr. Brown also currently serves as General Counsel and Executive Vice President of Pacific Coast Energy Holdings LLC. Before joining the General Partner, Mr. Brown was a partner at Bright and Brown, a law firm specializing in energy and environmental law that he co-founded in 1981. Mr. Brown earned a B.A. degree from George Washington University, with Honors, Phi Beta Kappa, and a J.D. from the University of California, Los Angeles. Mr. Brown was Mayor and has served on the City Council of the City of La Canada Flintridge from 2003 to 2011.
W. Jackson Washburn, Senior Vice President – Acquisition & Real Estate	W. Jackson Washburn has been a Senior Vice President of the General Partner since April 2009 and has served in his current position since November 2014. Prior to that, from August 2007, Mr. Washburn was in charge of Breitburn’s Business Development group. Mr. Washburn obtained a B.A. in Psychology from Wake Forest University.

Schedule 11

Payroll

Pursuant to Local Rule 1007-2(b)(1)-(2)(A) and (C), the following provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors, and stockholders) and the estimated amount to be paid to officers, stockholders, directors, and financial and business consultants retained by the Debtors for the 30-day period following the filing of the chapter 11 petitions.

Payments to Employees (Not Including Officers, Directors, and Stockholders)	\$1,400,000
Payments to Officers, Stockholders, and Directors	\$220,000
Payments to Members of Partnership	\$0
Payments to Financial and Business Consultants	\$1,650,000

Schedule 12

**Cash Receipts and Disbursements,
Net Cash Gain or Loss, Unpaid Obligations and Receivables**

Pursuant to Local Rule 1007-2(b)(3), the following provides, for the 30-day period following the filing of the chapter 11 petition, the estimated cash receipts and disbursements, net cash gain or loss, and obligations and receivables expected to accrue that remain unpaid, other than professional fees.

Cash Receipts	\$54,672,000
Cash Disbursements	\$90,286,000
Net Cash Loss	(\$35,614,000)
Unpaid Obligations	\$58,477,000
Receivables	\$59,843,000