

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

In re:	§	Chapter 11
	§	
Black Elk Energy Offshore Operations, LLC,	§	Case No. 15-34287
	§	
Debtor.	§	

**STIPULATION BETWEEN DEBTOR, COMMITTEE AND JAB REGARDING
ADMINISTRATIVE CLAIM OF JAB ENERGY SOLUTIONS II, LLC**

[Relates to Docket No. 433 (JAB Motion for Allowance of Administrative Claim),
Docket Nos. 442 and 441 (Debtor's Emergency Motion to Adjourn and Objection to JAB
Administrative Claim), and Docket No. 445 (Committee Objection to JAB Administrative Claim)]

JAB Energy Solutions II, LLC ("JAB"), Black Elk Energy Offshore Operations, LLC ("Black Elk" or "Debtor") and the Official Committee of Unsecured Creditors ("Committee") file this Stipulation regarding JAB's administrative claim and the above listed motions and objections as follows:

1. Black Elk withdraws its motion to adjourn and objection and agrees and stipulates that JAB has an allowed administrative claim equal to the amount of JAB invoice no. 3465 dated October 16, 2015 in the amount of \$3,561,937 for plugging and abandonment of the GAL 272 A-1 well ("JAB Invoice"). The distribution on JAB's administrative claim from the estate shall be determined as set forth below. The Committee does not withdraw its objection to JAB's administrative claim by entering into this Stipulation.

2. Black Elk and the Committee agree that if and when such funds are available under the Debtor's final cash collateral budget or any subsequent final DIP budget, which are approved by the Court and in either case as described in the Debtors Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to Obtain Post-Petition Financing And To Use Cash Collateral, (II) Granting Adequate Protection to Pre-Petition Secured Parties, (III) Scheduling An Initial And

Final Hearing, And (IV) Granting Related Relief [Docket No. 479] or alternative DIP financing, the Debtor shall make a payment or payments to JAB up to \$870,000 on account of its administrative claim.

3. JAB and the Committee shall mediate and attempt to reach an agreement on the total amount of JAB's administrative claim. Such mediation shall occur within 30 days and the Debtor may participate in such mediation. If the parties reach an agreement, the parties will jointly file and prosecute a 9019 motion seeking Court-approval of the parties' agreement, which shall provide that JAB will receive the remaining amount of the approved distribution on its administrative claim up to the budgeted amount within 14 days of approval of the 9019 motion. If the parties do not reach an agreement at mediation the Court will determine the total amount of JAB's administrative claim and the distribution from the estate to JAB on account of its administrative claim, which shall be not less than the amount authorized to be paid to JAB in paragraph 2 above and not more than the Debtor's working interest share of the JAB Invoice, plus any amounts the Court authorizes under paragraph 4 below.

4. Within two business days of the filing of this Stipulation, the Debtor shall make demand on all working interest partners to pay their proportionate working interest share of the JAB Invoice in full directly to JAB (less any amounts previously paid to JAB) and send a joint interest billing invoice to each working interest owner pursuant to the applicable offshore operating agreement. The Debtor shall further cooperate with JAB's collection of all amounts owed by all non-operating working interest owners. In the event litigation is required in order to collect the full amount owed by any non-operating working interest owner, the Debtor agrees that JAB shall have standing to prosecute such claims on behalf of the estate. JAB may seek reimbursement of its reasonable legal fees and expenses incurred in connection with the prosecution of such claims as an additional administrative claim.

Dated: January 19, 2016.

Respectfully submitted,

SNOW SPENCE GREEN LLP

By: /s/ Kenneth Green

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**ATTORNEYS FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS**

CERTIFICATE OF SERVICE

I hereby certify that, on January 19, 2016, the foregoing Stipulation was served via the Court's CM/ECF noticing system upon those parties requesting ECF notices.

/s/ Kenneth Green
Kenneth Green

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