

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION



CAUSE NO. FSD 12 OF 2016 ( )

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION) (AS AMENDED)

AND

IN THE MATTER OF ARABELLA EXPLORATION, INC.



WINDING UP PETITION



TO THE GRAND COURT

The humble petition of Platinum Long Term Growth VIII, LLC, 152 W. 57<sup>th</sup> Street, 54<sup>th</sup> Floor, New York, New York 10019 (the "Petitioner") shows that:-

**Preamble**

1. The Petitioner presents this petition for the winding up of Arabella Exploration, Inc. (the "Company") and the appointment of joint official liquidators.
2. The Petitioner is a creditor of the Company and seeks the winding up of the Company pursuant to Section 92(d) and Section 93 (c) of the Companies Law (2013 Revision) (the "Law") on the grounds that the Company is unable to pay its debts.

**Background and Corporate Structure of Company**

3. The Company was incorporated as a Cayman Islands exempted company under company registration number 242126 on 17 June 2010. The registered office of the Company is situated at c/o Codan Trust Company (Cayman) Limited, P.O. Box 2681, Grand Cayman, Cayman Islands.

4. The Company is, and was at all material times, a Cayman Islands exempted company incorporated in the Cayman Islands. The Company is one of a group of companies carrying on an oil and natural gas exploration business in the United States (primarily Texas).

#### **The Debt**

5. Pursuant to the Senior Secured Note Agreement between the Company, Arabella Exploration, Limited Liability Company, Arabella Operating, LLC, and AEX Midstream, LLC and the Petitioner dated 2 September 2014 (the "Note Agreement") the Company issued a Note to the Petitioner. Pursuant to the terms of the Note Agreement the Company was indebted to the Petitioner in accordance with the terms of the Note Agreement. Capitalised terms used but not defined herein shall have the meanings set forth in the Note Agreement.
6. Further, pursuant to Section 2.2(d) of the Note Agreement following the passage of 6 months after the issuance of the Notes the Company is required to pay an amount equal to 15% per annum of the principal balance of the Notes, payable monthly on the second Business Day of each calendar month (the "Interest Payments"). The Company failed to make the Interest Payments on the Notes due on 2 June 2015 totaling the amount of \$226,666.67 (the "Late Payment"). The Company's failure to pay the Late Payment constituted an Event of Default under Section 7.1(a) of the Note Agreement when it failed to pay by 4 June 2015 in that it was a failure to pay an interest payment when due and such failure continued for 2 Business Days after the due date.
7. Based on the occurrence of the Event of Default pursuant to Section 7.2(a) of the Note Agreement the Petitioner notified the Company by a Notice of Default dated 7 July 2015 of the default and declared that the entire unpaid Obligations of the Notes, plus all fees and expenses, were immediately due and payable. At the date of this Notice of Default the unpaid Obligations of the Notes was \$16,542,753.29. Following the continued failure to pay the indebted sum a further letter was sent by the Petitioner's attorneys, Schafer & Weiner PLLC, to the Company on 21 January 2016 seeking other remedies against the Company and also referencing that the indebted sum remained due and at that date stood at \$18,475,699.

8. By subsequent emails between the Petitioner and Company's Counsel the Petitioner agreed to forbear payment of the indebted sum until 15 April 2016. That date has now passed without payment of the indebted sum being made.
9. As of 13 May 2016, the unpaid Obligations of the Note due from the Company to the Petitioner is in the sum of \$19,659,002 inclusive of interest through to 13 May 2016 and exclusive of all expenses incurred by the Petitioner to enforce the Obligations pursuant to the Note Agreement owed by the Company to the Petitioner.

#### **Grounds for the Petition**

10. The Petitioner presents this Petition on the ground that the Company is unable to pay its debts in accordance with Section 92(d) and Section 93(c) of the Law.

#### **Qualified Insolvency Practitioner**

11. Matthew Wright and Christopher Kennedy of RHSV Caribbean of 2<sup>nd</sup> Floor, Windward 1, Regatta Office Park, P.O. Box 897, Grand Cayman, KY1-1103, Cayman Islands.

Your Petitioner therefore humbly prays that:-

1. The Company be wound up in accordance with the Companies Law (2013 Revision) (as amended) (the "Law").
2. Matthew Wright and Christopher Kennedy of RHSV Caribbean whose business address is at 2<sup>nd</sup> Floor, Windward 1, Regatta Office Park, P.O. Box 897, Grand Cayman, KY1-1103, Cayman Islands be appointed as joint official liquidators (the "JOLs") of the Company with the power to act jointly and severally.
3. The JOLs shall not be required to give security for their appointment.
4. The JOLs be granted sanction to exercise the following powers pursuant to Part 1 of Schedule 3 of the Law:
  - 4.1. Power to bring or defend any action or other legal proceeding in the name and on

- behalf of the Company;
- 4.2. Power to carry on the business of the Company so far as may be necessary for its beneficial winding up;
  - 4.3. Power to dispose of any property of the Company to a person who is or was related to the Company;
  - 4.4. Power to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim (present or future, certain or contingent, ascertained or sounding only in damages) against the Company or for which the company may be rendered liable;
  - 4.5. Power to compromise on such terms as may be agreed all debts and liabilities capable of resulting in debts, and all claims (present or future, certain or contingent, ascertained or sounding only in damages) subsisting, or supposed to subsist between the company and a contributory or alleged contributory or other debtor or person apprehending liability to the Company;
  - 4.6. The power to engage staff (whether or not as employees of the Company) to assist in the performance of their functions;
  - 4.7. The power to engage attorneys and other professionally qualified persons to assist them in the performance of their functions.
5. The JOLs be granted the following powers pursuant to Part 2 of Schedule 3 of the Law:
- 5.1. The power to take possession or control of, collect and get in the property of the Company and for that purpose to take all such proceedings and actions as they consider necessary;
  - 5.2. The power to do all acts and execute, in the name and on behalf of the Company, all deeds, receipts and other documents and for that purpose to use, when necessary, the Company seal;

- 5.3. The power to prove, rank and claim in the bankruptcy, insolvency or sequestration of any contributory for any balance against their estate, and to receive dividends in the bankruptcy, insolvency or sequestration in respect of that balance, as a separate debt due from the bankrupt or insolvent and rateably with the other separate creditors;
- 5.4. The power to draw, accept, make and indorse any bill of exchange or promissory note in the name and on behalf of the Company, with the same effect in respect of the Company's liability as if the bill or note had been drawn, accepted, made or indorsed by or on behalf of the Company in the course of its business;
- 5.5. The power to promote a scheme of arrangement pursuant to Section 86 of the Law;
- 5.6. The power to convene meetings of creditors and contributories;
- 5.7. The power to do all other things incidental to the exercise of their powers;
- 5.8. The JOLs' remuneration and expenses be paid out of the assets of the Company in accordance with Part III of the Insolvency Practitioner's Regulations 2008 (as amended) and Companies Winding Up Rules (as amended);
- 5.9. The JOLs be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties and such payments shall be made as and when they fall due out of the assets of the Company and shall be expenses in the liquidation;
- 5.10. The JOLs be at liberty to apply for further directions relating to the winding up of the affairs of the Company;
- 5.11. The costs of this Petition shall be paid out of the assets of the Company, as an expense of the liquidation, to be taxed if not agreed;
- 5.12. The JOLs shall submit a report to the Court on the conduct of the liquidation 3 months from the date of appointment or as soon as reasonably practicable, and at such periods thereafter as the Court shall direct;

5.13. Notice of the appointment of the JOLs be published once in the Cayman Islands Compass within 7 days hereof and the Financial Times (US Edition) as reasonably practicable after the date of this Order.

AND your Petitioner will ever pray etc.,

DATED the        day of May 2016

*Solomon Harris*

---

**SOLOMON HARRIS**  
**ATTORNEYS-AT-LAW FOR THE PETITIONER**

**NOTE:** This petition is intended to be served on the Company at its registered office at c/o Codan Trust Company (Cayman) Limited, P.O. Box 2681, Grand Cayman, Cayman Islands.

**NOTICE OF HEARING**

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on *7<sup>th</sup> July* 2016 at 10.00 a.m.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.