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ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

_____)	
In re)	Chapter 11 Case
)	
MIRANT CORPORATION, <u>et al.</u> ,)	Case No. 03-46590 (DML)
)	Jointly Administered
Debtors.)	
)	Hearing Date: July 14, 2004
)	Hearing Time: 10:30 a.m.
_____)	

**DEBTORS' MOTION PURSUANT TO RULE 9019 OF THE FEDERAL RULES OF
BANKRUPTCY PROCEDURE FOR ORDER APPROVING SETTLEMENT
BETWEEN MIRANT DELTA, LLC AND THE ASSESSOR AND TAX
COLLECTOR OF CONTRA COSTA COUNTY, CALIFORNIA**

TO THE HONORABLE D. MICHAEL LYNN,
UNITED STATES BANKRUPTCY JUDGE:

Mirant Corporation and its affiliated debtors, as debtors and debtors in possession (collectively, "Mirant" or the "Debtors"), file this motion (the "Motion") pursuant to Rule 9019(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") requesting an order approving the settlement agreement (the "Settlement Agreement") between Mirant Delta, LLC ("Mirant Delta") and the Assessor and Tax Collector of Contra Costa County.

**Debtors' Motion Pursuant to Rule 9019 of the Federal Rules of
Bankruptcy Procedure for Order Approving Settlement Between
Mirant Delta and the Assessor and Tax Collector of Contra Costa County**

Attached as Exhibit “A” is a copy of the Settlement Agreement. In support of the Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

PROCEDURAL BACKGROUND

2. The Cases. On July 14, 2003 and various dates thereafter (collectively, the “Petition Date”), Mirant Corporation and 82 of its direct and indirect subsidiaries filed voluntary chapter 11 petitions. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of title 11 of the United States Code (the “Bankruptcy Code”).

3. The Cases are Jointly Administered. This Court has entered orders approving the joint administration of the Debtors’ chapter 11 cases.

4. The Committees. The Office of the United States Trustee for the Northern District of Texas in these administratively consolidated cases appointed an official committee of equity security holders and two official unsecured creditors’ committees (collectively, the “Committees”).

5. The Examiner. On April 7, 2004, this Court authorized the United States Trustee to appoint an examiner in these cases to analyze certain potential causes of action and act as a referee with respect to certain disputes that arise among the Debtors, the Committees, or other parties in interest. The United States Trustee appointed William K. Snyder as the examiner in these cases.

FACTUAL BACKGROUND

6. Mirant Delta is the owner of two power plants located in Contra Costa County, California. These plants collectively generate a total of 1,983 MWs with five steam turbine generating units. The two facilities combine to form one of the largest natural gas fueled generating complexes in the United States and cover more than 1,250 acres of land sited approximately ten miles apart along the San Francisco Bay Delta.

7. Each of these power plants is subject to semi-annual ad valorem property taxes assessed by the local taxing authority, *i.e.*, the County of Contra Costa (the “County”). Commonly known as the “Antioch Plant,” the first property at issue in the Settlement Agreement was identified as parcel number 051-031-014 for 2001 and 2002 property tax assessment purposes. The second property, commonly known as the “Pittsburgh Plant” was identified as parcel numbers 085-010-014-0, 96-100-015-5, 96-100-026-2, 96-100-027-0, and 96-100-029-0 for 2001 and 2002 property tax assessment purposes. For the 2003 tax year, the California State Board of Equalization (“SBE”) was responsible for establishing values for both the Antioch and Pittsburgh Plants (collectively, the “Mirant Power Plants”), and the forgoing parcels were renumbered as 953-004-109, 986-006-109, 986-004-109, and 263933-002 for that year.

8. On January 1, 2001, and January 1, 2002, the Assessor of Contra Costa County, California (the “Assessor”) assessed for property tax purposes the value of the Antioch Plant at \$221,092,854 and \$246,949,311, respectively (the “2001 Antioch Assessment” and the “2002 Antioch Assessment” and collectively, the “Antioch Assessments”). On January 1, 2001, and January 1, 2002, the Assessor assessed for property tax purposes the value of the Pittsburgh Plant at \$445,066,681 and \$469,530,737, respectively (the “2001 Pittsburgh Assessment” and the “2002 Pittsburgh Assessment” and collectively, the “Pittsburgh Assessments”). Mirant Delta

**Debtors’ Motion Pursuant to Rule 9019 of the Federal Rules of
Bankruptcy Procedure for Order Approving Settlement between
Mirant Delta and the Assessor and Tax Collector of Contra Costa County.**

3 of 11

timely appealed both the Pittsburgh Assessments and the Antioch Assessments on the grounds that the Assessor had overvalued for property tax purposes the Mirant Power Plants. Mirant also timely appealed the SBE's valuation of the Mirant Power Plants, and the SBE established the value of the Mirant Power Plants for 2003 property tax purposes at \$313,100,000 (the "2003 Tax Assessment").

9. As a result of the commencement of Mirant Delta's chapter 11 case, Mirant Delta was unable to pay to the County the property taxes arising from the 2003 Tax Assessment. As of June 30, 2004, the Assessor asserts that Mirant Delta owes \$3,631,613 on account of the 2003 Tax Assessment (the "2003 Tax Debt"). Included in the 2003 Tax Debt is approximately \$330,192 in penalties that the Assessor asserts the County is owed. Additionally, the Assessor asserts that as of July 1, 2004, additional penalties will accrue at the rate of 1.5% per month on any unpaid balance of delinquent taxes ("Redemption Penalties"). Mirant Delta disputes that any penalties are owed or can be owed to the County but rather views the Settlement Agreement as a global resolution of all the issues between the parties.

10. Thus, in an effort to avoid the cost, delay, and uncertainty of litigating the Appeals, and to resolve disputes in Mirant Delta's chapter 11 case over penalties due as part of the 2003 Tax Debt, Mirant Delta and the Assessor and Tax Collector entered into the Settlement Agreement to settle and compromise all issues and disputes existing between them with respect to the Appeals and the 2003 Tax Debt. As more fully set forth below, the Settlement Agreement reduces the assessed value for property tax purposes of the Mirant Power Plants in 2001 by approximately 20 percent, from \$666,159,535 to \$535,000,000¹; and the assessed value for

¹ The Debtors' stipulation to assessed values set forth herein and in the Settlement Agreement is for the sole purpose of settling certain outstanding tax disputes in connection with the efficient administration of these cases and should not be construed as an admission as to the **Debtors' Motion Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure for Order Approving Settlement between Mirant Delta and the Assessor and Tax Collector of Contra Costa County.** **4 of 11**

property tax purposes of the Mirant Power Plants in 2002 by approximately 40 percent, from \$716,480,048 to \$425,000,000. Under the Settlement Agreement, this dramatic reduction in assessed value will result in refunds paid to Mirant Delta of \$4,445,590. In exchange, Mirant agrees to pay \$3,345,423 that shall constitute full and final satisfaction of the 2003 Tax Debt including without limitation any claims for principal, interest and/or penalties asserted by the Assessor.² Thus, on a net basis, Mirant Delta's estate will receive in excess of \$1.1 million as a result of the entry into this Settlement Agreement.

11. While the Settlement Agreement requires the approval of this Court pursuant to Bankruptcy Rule 9019, it also requires the approval of the reduction of the values set forth in the Settlement Agreement by the Assessment Appeals Board of Contra Costa County (the "Appeals Board"). Thus, the parties will present to the Appeals Board certain stipulations (in a form required by the Appeals Board) reflecting the reduction of valuations set forth in the Settlement Agreement (the "Stipulations"). In the event that the Appeals Board does not approve the Stipulations, Mirant Delta agrees to extend the period of time for resolution of the Appeals under California Revenue and Taxation Code ("California RTC") Section 1606(c) and SBE Rule 309(b) to December 31, 2004. Notwithstanding the fact that Mirant Delta will be seeking approval of the Stipulations with the Appeals Board, in the event that the Appeals Board

value of the underlying assets for any other purpose. Accordingly, the Debtors reserve all rights with respect thereto.

² Notably, of the \$330,192 in penalties that the Assessor claims are owed the County, the Settlement Agreement provides for the payment of only \$44,002 of the Assessor's claims for penalties. While Mirant Delta disputes that any penalties are properly enforceable, Mirant Delta views the payment of such portion as imminently reasonable in the context of a global settlement of the disputes between the parties.

does not approve the Stipulations, Mirant Delta reserves its rights to seek further relief from the Court.

12. The following summarizes the pertinent terms of the Settlement Agreement:³

- Assessments. Subject to approval by the Assessment Appeals Board of Contra Costa County pursuant to section 1607 of the California RTC, the assessments for the Mirant Power Plants for the tax years 2001 and 2002 shall be reduced as follows:

(i) Tax Year 2001 Assessment Rolls:

<u>Parcel</u>	<u>Original Assessment</u>	<u>Revised Assessment</u>	<u>Difference</u>
Pittsburgh Plant	\$445,066,681	\$358,501,387	\$86,565,294
Antioch Plant	\$221,092,854	\$176,498,613	\$44,594,241
TOTALS:	\$666,159,535	\$535,000,000	\$131,159,535

(ii) Tax Year 2002 Assessment Rolls

<u>Parcel</u>	<u>Original Assessment</u>	<u>Revised Assessment</u>	<u>Difference</u>
Pittsburgh Plant	\$469,530,737	\$280,068,705	\$189,462,032
Antioch Plant	\$246,949,311	\$144,931,295	\$102,018,016
TOTALS:	\$716,480,048	\$425,000,000	\$291,480,048

- Payment of 2003 Tax Debt. Within 10 days of approval of this Agreement by the Court and the Stipulations (defined below) by the Assessment Appeals Board of Contra Costa County, Mirant Delta will pay the Tax Collector \$3,345,423, which shall constitute full and final satisfaction of the 2003 Tax Debt including without limitation any claims for principal, interest and/or penalties asserted by the County. If payment is made by July 31, 2004, the Redemption Penalties, disputed by Mirant Delta, will be abated. The 2003 Tax Assessment by the SBE will remain as enrolled and will not be challenged by Mirant Delta. Mirant Delta will withdraw any pending appeals of the 2003 Tax Assessment. Notwithstanding the above, in the event that the Board audits and increases the 2003 Tax Assessment, Mirant Delta shall be entitled to challenge the audit.

³ This summary is qualified in its entirety by reference to the provisions of the Settlement Agreement that is controlling.

- Payment of Refunds. In satisfaction of all claims of Mirant Delta to tax refunds (including any related claim or right to interest or costs) with respect to the Mirant Power Plants as set forth in the Appeals and in settlement of all disputes over penalties on the 2003 Tax Debt, the County of Contra Costa, at the time Mirant Delta makes full payment of the 2003 tax debt as set forth above, shall make payment to Mirant Delta in the amount of \$4,445,589.76, representing the following refunds:

	2001	2002	Totals
Pittsburgh Plant	\$932,048.52	\$2,033,495.99	\$2,965,544.51
Antioch Plant	\$449,153.20	\$1,030,892.05	\$1,480,045.25
GRAND TOTALS:	\$1,381,201.72	\$3,064,388.04	\$4,445,589.76

- Bankruptcy Court Approval. Within ten (10) business days of the full execution and delivery of this Agreement by all Parties, Mirant Delta shall file a motion with the Bankruptcy Court seeking approval of the compromise and settlements contained herein pursuant to Bankruptcy Rule 9019 (the “Approval Motion”).
- Assessment Appeals Board of Contra Costa County. Subsequent to the execution of this Agreement, Mirant Delta and the Assessor shall sign and present stipulations in the form required by the Assessment Appeals Board of Contra Costa County reflecting the reduction of valuations set forth herein (the “Stipulations”), to the Assessment Appeals Board of Contra Costa County to approve the reduction of values set forth in this Agreement.
- Effective Date. This Agreement shall become binding and effective upon entry of the Approval Order and approval by the Assessment Appeals Board of the aforementioned Stipulations.
- Expiration. If the Approval Order and the Agreement and the Stipulations are not entered and approved by July 31, 2004, this Agreement shall be null and void unless otherwise agreed to by the Parties in writing.
- Waiver of time for AAB appeals. In the event that the Assessment Appeals Board of Contra Costa County does not approve the Stipulation or the Bankruptcy Court does not approve this Agreement, Mirant Delta, LLC will waive the times specified in the California RTC Section 1606(c) and SBE Rule 309(b) so that the time for resolution of the 2001 and 2002 Appeals on the Mirant Power Plants is extended to December 31, 2004.

RELIEF REQUESTED

13. By this Motion, the Debtors request that the Court enter an order pursuant to Bankruptcy Rule 9019 authorizing Mirant Delta to enter into the Settlement Agreement and perform in accordance with its terms.

APPLICABLE AUTHORITY

14. Bankruptcy Rule 9019(a) provides, in relevant part, that “[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a). Bankruptcy Rule 9019(a) empowers a bankruptcy court to approve compromises and settlements if they are “fair and equitable and in the best interest of the estate.” In re Cajun Electric Power Cooperative, Inc., 119 F.3d 349, 355 (5th Cir. 1997) (quoting In re Foster Mortgage Corp., 688 F.3d 914, 917 (5th Cir. 1995) (citation omitted)); see also In re Zale Corp., 62 F.3d 746, 754 (5th Cir. 1995) (stating that “the ‘fair and equitable’ determination does not give the bankruptcy court jurisdiction over settlement conditions that do not bear on the court’s duties to preserve the estate and protect creditors.”).

15. A decision to accept or reject a compromise or settlement is within the sound discretion of the Court. See 9 COLLIER ON BANKRUPTCY ¶ 9019.02 (15th ed. Rev. 2001). “Compromises are favored in bankruptcy” because they minimize the costs of litigation and further the parties’ interest in expediting administration of a bankruptcy estate. In re Martin, 91 F.3d 389, 393 (3d Cir. 1996) (quoting 9 COLLIER ON BANKRUPTCY ¶ 9019.03[1] (15th ed. Rev. 1993)).

16. Furthermore, the settlement need not result in the best possible outcome for the debtor, but must not “fall beneath the lowest point in the range of reasonableness.” In re Drexel Burnham Lambert Group, Inc., 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991) (quoting In re

W.T. Grant Co., 699 F.2d 599, 608 (2nd Cir. 1983)). Basic to the process of evaluating proposed settlements, then, “is the need to compare the terms of the compromise with the likely rewards of litigation.” Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 425 (1968).

17. To determine whether a settlement is fair and equitable, this Court should consider and evaluate the following factors: (i) the probability of success in the litigation, with due consideration for uncertainty in fact and law; (ii) the complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (iii) all other factors bearing on the wisdom of the compromise. See Cajun Electric, 119 F.3d at 356 (citations omitted).

18. After extensive analysis and negotiation, the Debtors have determined that entering into the proposed Settlement Agreement is in the best interest of the Debtors’ estates and their creditors. While the probability of success in litigation is difficult to measure, the Debtors consider the Settlement Agreement to be favorable as it provides the Debtors with substantial refunds as a result of the reductions in assessed value of the Mirant Power Plants for the years 2001 and 2002. Furthermore, the Settlement Agreement provides the Debtors a means by which to avoid the litigation costs associated with the tax disputes concerning the Mirant Power Plants, which are not inconsiderable.

19. For the above reasons, the Debtors believe that entering into the Settlement Agreement is an exercise of their sound business judgment. In light of the foregoing, and given the substantial benefits that the Debtors will derive under the proposed Settlement Agreement, the Debtors seek the Court’s prompt approval of the Motion.

CONCLUSION

WHEREFORE, based upon the foregoing, the Debtors request that the Court enter an order, substantially in the form submitted herewith, granting the relief requested herein, and any further relief that is necessary and proper.

Dated: June 21, 2004

HAYNES & BOONE
901 Main Street, Suite 3100
Dallas, TX 75202
(214) 651-5000

By: /s/ Ian T. Peck
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State Bar No. 15903000
Judith Elkin
State Bar No. 06522200
Ian T. Peck
State Bar No. 24013306

-and-

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Wachovia Financial Center
200 South Biscayne Boulevard
Miami, Florida 33131
(305) 371-2700

ATTORNEYS FOR THE DEBTORS
AND DEBTORS-IN-POSSESSION

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he provided a true and correct copy of the forgoing to Bankruptcy Services, LLC and directed them to effect service upon all persons on the Limited Service List and the addressee below via first class U.S. mail on the 21st day of June 2004.

/s/ Ian T. Peck _____

Dennis Graves
Senior Financial Counsel
Attorney for Contra Costa County
Assessor and Tax Collector
651 Pine Street, 6th Floor
Martinez, CA 94553

EXHIBIT A

**SETTLEMENT AGREEMENT BY AND AMONG MIRANT DELTA, LLC,
AND THE ASSESSOR AND TAX COLLECTOR OF
CONTRA COSTA COUNTY, CALIFORNIA**

This settlement agreement, dated as of this 17th day of June, 2004 (the "Agreement"), is entered into by and between Mirant Delta, LLC ("Mirant Delta") and the Assessor and Tax Collector of Contra Costa County, California.

RECITALS

1. On July 14, 2003, and various dates thereafter (collectively, the "Petition Date"), Mirant Corporation and 82 of its direct and indirect subsidiaries, including Mirant Delta (collectively, the "Debtors"), filed voluntary chapter 11 petitions. The Debtors manage and operate their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of title 11 of the United States Code (the "Bankruptcy Code").
2. This Court has entered orders approving the joint administration of the Debtors' chapter 11 cases.
3. Three official committees (collectively, the "Committees") have been appointed by the Office of the United States Trustee for the Northern District of Texas in these administratively consolidated cases.
4. Mirant Delta is the owner of certain parcels of real property (and the improvements thereon) located in Contra Costa County, California (the "County") and identified as parcel number 051-031-014 for 2001 and 2002 property tax assessment purposes (the "Antioch Plant") and parcel numbers 085-010-014-0, 96-100-015-5, 96-100-026-2, 96-100-027-0, and 96-100-029-0 for 2001 and 2002 property tax assessment purposes (the "Pittsburg Plant" and collectively with the Antioch Plant, the "Mirant Power Plants"). For the 2003 tax year, the California State Board of Equalization ("SBE") assessed the Mirant Power Plants, and the

forgoing parcels were renumbered as 953-004-109, 986-006-109, 986-004-109, and 263933-002 for that year. The “Mirant Power Plants” shall be deemed to include the forgoing parcels, numbered as appropriate for the year in question.

5. On January 1, 2001, and January 1, 2002, the Assessor assessed for property tax purposes the value of the Antioch Plant at \$221,092,854 and \$246,949,311, respectively (the “2001 Antioch Assessment” and the “2002 Antioch Assessment” and collectively, the “Antioch Assessments”).

6. On January 1, 2001, and January 1, 2002, the Assessor assessed for property tax purposes the value of the Pittsburg Plant at \$445,066,681 and \$469,530,737, respectively (the “2001 Pittsburg Assessment” and the “2002 Pittsburg Assessment” and collectively, the “Pittsburg Assessments”).

7. On September 17, 2001, Mirant Delta appealed the 2001 Antioch Assessment and the 2001 Pittsburg Assessment to the Assessment Appeals Board of Contra Costa County (the “2001 Appeals”). Additionally, on September 6, 2002, Mirant Delta appealed the 2002 Antioch Assessment and the 2002 Pittsburg Assessment to the Assessment Appeals Board of Contra Costa County (the “2002 Appeals,” and collectively with the 2001 Appeals, the “Appeals”).

8. Upon appeal of the 2003 SBE assessment, the SBE established the value of the Mirant Power Plants for 2003 at \$313,100,000 (the “2003 Tax Assessment”). Having commenced its chapter 11 case, Mirant Delta did not pay to the County the property taxes resulting from the 2003 Tax Assessment, which resulted in the County’s assertion that Mirant Delta is obligated to pay penalties. Mirant disputes the County’s contention. As of June 30, 2004, the County asserts that \$3,631,613 is owing on account of the 2003 Tax Assessment (the

“2003 Tax Debt”). Included in the 2003 Tax Debt are \$330,192 in penalties which the County asserts are due and which Mirant Delta disputes. As of July 1, 2004, the County asserts that additional penalties will accrue at the rate of 1.5% per month on any unpaid balance of delinquent taxes (“Redemption Penalties”). Mirant Delta disputes the County’s contention that it is liable for Redemption Penalties.

9. In an effort to avoid the cost, delay, and uncertainty of litigating the Appeals, and to resolve disputes in the bankruptcy proceedings over penalties due as part of the 2003 Tax Debt, Mirant Delta and the Assessor and Tax Collector (collectively, the “Parties”) now wish to settle and compromise all issues and disputes existing between them with respect to the Appeals and the 2003 Tax Debt, including penalties.

SETTLEMENT AGREEMENT

Accordingly, the Parties therefore agree that upon the execution of this Agreement and approval of the Agreement by the Bankruptcy Court:

A. Assessments. Subject to approval by the Assessment Appeals Board of Contra Costa County pursuant to section 1607 of the California Revenue and Taxation Code (the “California RTC”), the assessments for the Mirant Power Plants for the tax years 2001 and 2002 shall be reduced as follows:

(i) Tax Year 2001 Assessment Rolls:

<u>Parcel</u>	<u>Original Assessment</u>	<u>Revised Assessment</u>	<u>Difference</u>
Pittsburg Plant	\$445,066,681	\$358,501,387	\$86,565,294
Antioch Plant	\$221,092,854	\$176,498,613	\$44,594,241
TOTALS:	\$666,159,535	\$535,000,000	\$131,159,535

(ii) Tax Year 2002 Assessment Rolls

<u>Parcel</u>	<u>Original Assessment</u>	<u>Revised Assessment</u>	<u>Difference</u>
Pittsburg Plant	\$469,530,737	\$280,068,705	\$189,462,032
Antioch Plant	\$246,949,311	\$144,931,295	\$102,018,016
TOTALS:	\$716,480,048	\$425,000,000	\$291,480,048

B. Implementation of the Reductions in Assessments. The Assessor shall cause the appropriate County officials to make the changes to the appropriate records to reflect the reduced assessments for the 2001 and 2002 years as set forth herein.

C. Payment of 2003 Tax Debt. Within 10 days of approval of this Agreement by the Court and the Stipulations (defined below) by the Assessment Appeals Board of Contra Costa County, Mirant Delta will pay the Tax Collector \$3,345,423, which shall constitute full and final satisfaction of the 2003 Tax Debt including without limitation any claims for principal, interest and/or penalties asserted by the County. If payment is made by July 31, 2004, the Redemption Penalties, disputed by Mirant Delta, will be abated. The 2003 Tax Assessment by the SBE will remain as enrolled and will not be challenged by Mirant Delta. Mirant Delta will withdraw any pending appeals of the 2003 Tax Assessment. Notwithstanding the above, in the event that the Board audits and increases the 2003 Tax Assessment, Mirant Delta shall be entitled to challenge the audit.

D. Payment of Refunds. In satisfaction of all claims of Mirant Delta to tax refunds (including any related claim or right to interest or costs) with respect to the Mirant Power Plants as set forth in the Appeals and in settlement of all disputes over penalties on the 2003 Tax Debt, the County of Contra Costa, at the time Mirant Delta makes full payment of the

2003 tax debt as set forth above, shall make payment to Mirant Delta in the amount of \$4,445,589.76, representing the following refunds:

	2001	2002	Totals
Pittsburg Plant	\$932,048.52	\$2,033,495.99	\$2,965,544.51
Antioch Plant	\$449,153.20	\$1,030,892.05	\$1,480,045.25
GRAND TOTALS:	\$1,381,201.72	\$3,064,388.04	\$4,445,589.76

E. Authorizations. The Parties and the persons entering into and signing this Agreement on their behalf have the necessary authority to do so. The Parties have duly agreed to this settlement, taken the necessary action to do so and were duly authorized and empowered the persons signing this Agreement to do so; provided, that Mirant Delta's entry into this Agreement and performance of its obligations hereunder is subject to obtaining entry by the Bankruptcy Court of the Approval Order (as defined in paragraph F below).

F. Bankruptcy Court Approval. Within ten (10) business days of the full execution and delivery of this Agreement by all Parties, Mirant Delta shall file a motion with the Bankruptcy Court seeking approval of the compromise and settlements contained herein pursuant to Bankruptcy Rule 9019 (the "Approval Motion"). Each of the parties hereto shall use its reasonable best efforts to obtain timely entry by the Bankruptcy Court of an order approving this Agreement and authorizing Mirant Delta to enter into and perform its obligations hereunder (the "Approval Order"). In that regard, all Parties stipulate and agree (and specifically agree not to dispute) that the Bankruptcy Court has the jurisdiction and authority to entertain the Approval Motion and to enter and enforce the Approval Order.

G. Assessment Appeals Board of Contra Costa County. Subsequent to the execution of this Agreement, Mirant Delta and the Assessor shall sign and present stipulations in the form required by the Assessment Appeals Board of Contra County reflecting the

reduction of valuations set forth herein (the "Stipulations"), to the Assessment Appeals Board of Contra Costa County to approve the reductions of value set forth in this Agreement.

H. Effective Date. This Agreement shall become binding and effective upon entry of the Approval Order and approval by the Assessment Appeals Board of the aforementioned Stipulations.

I. Expiration. If the Approval Order and the Agreement and the Stipulations are not entered and approved by July 31, 2004, this Agreement shall be null and void unless otherwise agreed to by the Parties in writing.


J. Admissibility. This Agreement, as well as all facts and circumstances with respect to the negotiation and execution hereof, shall not be admissible in any action or proceeding before any court of law or administrative body for any purpose, except in an action or proceeding (a) which is brought before the Bankruptcy Court for approval of this Agreement, (b) which is brought before the Assessment Appeals Board of Contra Costa County for approval of this Agreement or the Stipulations, (c) which does not directly involve the Assessor or the Tax Collector, or (d) which is brought for the enforcement of the provisions hereof.

K. Waiver of time for AAB appeals. In the event that the Assessment Appeals Board of Contra Costa County does not approve the Stipulation or the Bankruptcy Court does not approve this Agreement, Mirant Delta, LLC will waive the times specified in Revenue and Taxation Code Section 1606(c) and SBE Rule 309(b) so that the time for resolution of the 2001 and 2002 Appeals on the Mirant Power Plants is extended to December 31, 2004.

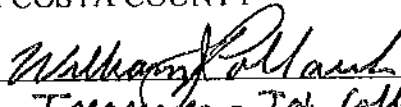
L. Entire Agreement; Agreement. This Agreement constitutes the entire agreement by the Parties relating to the subject matter hereof and supersedes all prior

agreements, arrangements and understandings between the Parties. This Agreement may only be modified or amended by a writing signed by all of the Parties.


THE ASSESSOR OF
CONTRA COSTA COUNTY

By: 
Its: GUS S. KRAMER
Dated: 6-12-04

THE TAX COLLECTOR OF
CONTRA COSTA COUNTY

By: 
Its: Treasurer - Tax Collector
Dated: June 17, 2004

MIRANT DELTA, LLC

By: 
Its: Anne M. Cleary, President
Dated: June 17, 2004

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re)	
)	Chapter 11 Case
MIRANT CORPORATION, <u>et al.</u> ,)	Case No. 03-46590-DML
Debtors.)	Jointly Administered
)	

ORDER APPROVING DEBTORS' MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT BETWEEN MIRANT DELTA, LLC AND THE ASSESSOR AND TAX COLLECTOR OF CONTRA COSTA COUNTY, CALIFORNIA PURSUANT TO RULE 9019(a) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE

Upon the Motion, dated June 21, 2004 (the "Motion"), of Mirant Corporation ("Mirant") and its affiliated debtors (collectively, the "Debtors"), as debtors-in-possession, for the entry of an order authorizing Mirant Delta, LLC to enter into a settlement agreement (the "Settlement Agreement") with the Assessor and Tax Collector of Contra Costa County, and it appearing that the Court has jurisdiction over this matter; and it appearing that due notice of the Motion has been provided and that no other or further notice need be provided; and it further appearing that the relief requested in the Motion is in the best interests of the Debtors and their estates and creditors; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED that the Motion is granted; and it is further

ORDERED that pursuant to section 105 of chapter 11 of title 11 of the United States Code and Rule 9019(a) of the Federal Rules of Bankruptcy Procedure, Mirant Delta, LLC is authorized to enter into the Settlement Agreement, the terms of which are hereby approved; and it is further

ORDERED that the Court shall retain jurisdiction with respect to any matters, claims,

rights or disputes arising from or related to the Settlement Agreement or the implementation of this Order.

Dated: July __, 2004

HONORABLE D. MICHAEL LYNN
UNITED STATES BANKRUPTCY JUDGE

PREPARED BY:

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State Bar No. 15903000
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-and-

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