

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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In re : **Chapter 11**

:

PARAGON OFFSHORE PLC, et al., : **Case No. 16-_____ (___)**

:

: **Joint Administration Requested**

:

Debtors.¹ :

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MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS AUTHORIZING DEBTORS TO CONTINUE THEIR INSURANCE PROGRAMS AND PAY ALL OBLIGATIONS WITH RESPECT THERETO PURSUANT TO SECTIONS 105(a), 362(d), 363(b), AND 503(b) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 4001, 6003, AND 6004

Paragon Offshore plc and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), respectfully represent as follows in support of this motion (this “**Motion**”):

Relief Requested

1. Pursuant to sections 105(a), 362(d), 363(b), and 503(b) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 4001, 6003, and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), the Debtors request (i) authority to continue all Insurance Programs (as defined below) in accordance with the applicable insurance

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: Paragon Offshore plc (6017); Paragon Offshore Finance Company (6632); Paragon International Finance Company (8126); Paragon Offshore Holdings US Inc. (1960); Paragon Offshore Drilling LLC (4541); Paragon FDR Holdings Ltd. (4731); Paragon Duchess Ltd.; Paragon Offshore (Luxembourg) S.à r.l. (5897); PGN Offshore Drilling (Malaysia) Sdn. Bhd. (9238); Paragon Offshore (Labuan) Pte. Ltd. (3505); Paragon Holding SCS 2 Ltd. (4108); Paragon Asset Company Ltd. (2832); Paragon Holding SCS 1 Ltd. (4004); Paragon Offshore Leasing (Luxembourg) S.à r.l. (5936); Paragon Drilling Services 7 LLC (7882); Paragon Offshore Leasing (Switzerland) GmbH (0669); Paragon Offshore do Brasil Ltda.; Paragon Asset (ME) Ltd. (8362); Paragon Asset (UK) Ltd.; Paragon Offshore International Ltd. (6103); Paragon Offshore (North Sea) Ltd.; Paragon (Middle East) Limited (0667); Paragon Holding NCS 2 S.à r.l. (5447); Paragon Leonard Jones LLC (8826); Paragon Offshore (Nederland) B.V.; and Paragon Offshore Contracting GmbH (2832). The Debtors’ mailing address is 3151 Briarpark Drive, Suite 700, Houston, Texas 77042.



policies, and authority to perform with respect thereto; (ii) modification of the automatic stay to the extent necessary to permit the Debtors' employees to proceed with any claims they may have under the Workers' Compensation Program (as defined below); and (iii) related relief.

2. A proposed form of order granting the relief requested herein on an interim basis is annexed hereto as **Exhibit A** (the "**Proposed Interim Order**") and, pending a final hearing on the relief requested herein, on a final basis as **Exhibit B** (the "**Proposed Final Order**").

3. To the best of the Debtors' knowledge, they do not owe any prepetition amounts on account of any Insurance Program. Out of an abundance of caution, however, the Debtors request authority to pay up to \$40,000 of prepetition claims in the Proposed Interim Order and request authority to pay any additional prepetition claims in the Proposed Final Order.

Jurisdiction

4. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b) and, pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**"), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

5. On the date hereof (the "**Petition Date**"), each of the Debtors commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors continue

to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases.

6. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b).

7. Additional information regarding the circumstances leading to the commencement of these chapter 11 cases and information regarding the Debtors' business and capital structure is set forth in the Declaration of Ari Lefkovits in Support of the Debtors' Chapter 11 Petitions and Related Requests for Relief (the "**Lefkovits Declaration**") and the Declaration of James A. Mesterharm in Support of the Debtors' Chapter 11 Petitions and Related Requests for Relief (the "**Mesterharm Declaration**"), both of which have been filed contemporaneously herewith.

The Debtors' Insurance Programs

8. In the ordinary course of their business, the Debtors participate in various insurance programs (each, an "**Insurance Program**") in accordance with their respective insurance policies (each, an "**Insurance Policy**") through several insurance carriers (each, an "**Insurance Carrier**"), including: (i) a general coverage of workers' compensation and employer liability (the "**Workers' Compensation Program**"); (ii) a general coverage of the Debtors' jackups and drillships (the "**Rig Program**"); (iii) the Debtors' protection and indemnity coverage (the "**Protection and Indemnity Program**"); (iv) a coverage of commercial liability for the Debtors' business operations in the United States (the "**Business Owner Program**"); (v) a coverage of aviation-related liability (the "**Non-Owned Aviation Program**"); (vi) a coverage of general commercial liability for the Debtors' operations outside the United States (the "**Foreign Program**"); (vii) a general coverage of director and officer liability and indemnification (the

“**D&O Program**”); and (viii) other insurance relevant to their business. A list of the Insurance Programs is attached hereto as **Exhibit C**. The Debtors also retain two insurance brokers and a risk management consultant. The Insurance Programs and the role of the insurance brokers and consultants are discussed in further detail below.

The Workers’ Compensation Program

9. Under the laws of the U.S. states in which the Debtors operate, the Debtors must maintain workers’ compensation insurance for their employees for claims arising from or related to employment by the Debtors. The Insurance Carrier for the Workers’ Compensation Program is Liberty Mutual Insurance Company (“**Liberty**”). The named insured under the Workers’ Compensation Program is nondebtor Paragon Offshore Services LLC (“**POSL**”), with the Debtors listed as additional named insureds. The Workers’ Compensation Program covers, with respect to the Debtors’ U.S. operations and in accordance with applicable state law, (i) workers’ compensation and (ii) employer liability for accident and disease. For the coverage period ending on August 1, 2016, the Debtors’ annual premium for the Workers’ Compensation Program was approximately \$91,000, which amount has been paid in full. Accordingly, to the best of the Debtors’ knowledge, they do not owe any amounts on account of the Workers’ Compensation Program as of the Petition Date. However, under applicable workers’ compensation laws, the Debtors may be obligated to pay all or part of a workers’ compensation claim directly to an employee, his or her medical providers, or his or her heirs or legal representatives. Although unlikely, it is possible that an event giving rise to an obligation of the Debtors to make such payment—for example, injury or disease of an employee—could have occurred prepetition without the Debtors’ knowledge.

The Rig Program

10. The Insurance Carrier for the Rig Program is Lloyds of London and London Companies (collectively, “**Lloyds**”).² The named insured under the Rig Program is Paragon Offshore plc (“**Paragon Parent**”) and the Debtors are listed as additional named insureds. The Rig Program covers: (i) physical damage to offshore drilling units, including hulls and machinery, cargo, and other rig-related materials and supplies; (ii) builder’s risks, as may be agreed upon between the contract leader and agreement parties; (iii) war risks; (iv) loss of hire of jackups and drillships due to covered perils; (v) legal liability as drilling contractor for control of wells, redrilling, restoration, seepage, and pollution costs; and (vi) liabilities in excess of the amounts listed in the schedule of underlying assets. The coverage period under the Rig Program is March 1, 2015 through March 1, 2016.³ The annual premium for the Rig Program is approximately \$12.3 million, which has been paid in full for the current coverage period. The next annual premium will be due on or around March 1, 2016. Accordingly, to the best of the Debtors’ knowledge, they do not owe any amounts on account of the Rig Program as of the Petition Date.

The Protection and Indemnity Program

11. The Insurance Carrier for the Protection and Indemnity Program is Assuranceforeningen SKULD (Gjensidig) and SKULD Mutual Protection & Indemnity Association (Bermuda) Ltd. The named insured under the Protection and Indemnity Program is Paragon Parent and the Debtors are listed as additional named insureds. The Protection and

² The Rig Program is insured by diverse underwriters depending on the specific policy and market. As reflected on **Exhibit C**, Lloyds is the primary insurer of the program, though some underwriters holding paper in the Rig Program may technically be outside of the Lloyds syndicate.

³ However, the coverage period for two specific drilling units in the Rig Program began on July 24, 2015 and will renew on March 1, 2016.

Indemnity Program covers: (i) general protection and indemnity for liabilities, losses, costs, and expenses; (ii) war and nuclear risks; and (iii) liabilities, losses, costs, and expenses in respect of crew and other persons, collision and contact, seepage, pollution, cleanup, and contamination, and removal of wreck and towage.⁴ The coverage period under the Protection and Indemnity Program is March 1, 2015 through March 1, 2016. The annual premium for the Protection and Indemnity Program is approximately \$5.3 million, including primary and excess policies, which has been paid in full for the current coverage period. The next annual premium will be due on or around March 1, 2016. Accordingly, to the best of the Debtors' knowledge, they do not owe any amounts on account of the Protection and Indemnity Program as of the Petition Date.

The Business Owner Program

12. The Insurance Carriers for the Business Owner Program are (i) Liberty and (ii) Starr Specialty Lines Insurance. The named insured under the Business Owner Program is POSL and the Debtors are listed as additional named insureds. The Business Owner Program covers: (i) damage to property located at the Debtors' headquarters in Houston, Texas; (ii) damage to contractor equipment; (iii) commercial general liability, including products and completed work, personal injury, advertising injury, premises damage, and medical expenses; and (iv) automobile liability and collisions, including hired and non-owned automobiles. The coverage period under the Business Owner Program is August 1, 2015 through August 1, 2016. The annual premium for the Business Owner Program is approximately \$67,500, which has been paid in full for the current coverage period. Accordingly, to the best of the Debtors' knowledge, they do not owe any amounts on account of the Business Owner Program as of the Petition Date.

⁴ The Protection and Indemnity Program also includes excess liability coverage for losses beyond the primary policy, as detailed in **Exhibit C**.

The Non-Owned Aviation Program

13. The Insurance Carrier for the Non-Owned Aviation Program is Allianz. The named insured under the Non-Owned Aviation Program is Paragon Parent and the Debtors are listed as additional named insureds. The Non-Owned Aviation Program covers: (i) medical payments; (ii) personal effects liability; (iii) aviation premises liability; and (iv) personal injury liability. The coverage period for the Non-Owned Aviation Program is August 1, 2015 through August 1, 2016. The annual premium for the Non-Owned Aviation Program is approximately \$21,770, which has been paid in full for the current coverage period. Accordingly, to the best of the Debtors' knowledge, they do not owe any amounts on account of the Non-Owned Aviation Program as of the Petition Date.

The Foreign Program

14. The Insurance Carrier for the Foreign Program is American International Group, Inc. (“AIG”).⁵ The named insured under the Foreign Program is Paragon Parent and the Debtors are listed as additional named insureds. The Foreign Program covers: (i) general commercial liability, including products and completed operations, personal and advertising injury, damage to rented premises, and medical expenses; (ii) contingent automobile liability; (iii) medical assistance services; and (iv) employer liability for bodily injury due to accident or disease. This program applies worldwide coverage, except in the United States and its territories and possessions, and Canada. The coverage period under the Foreign Program is August 1, 2015 through August 1, 2016. The annual premium for the Foreign Program is approximately \$165,100, which has been paid in full for the current coverage period. Accordingly, to the best

⁵ The underwriters insuring the Foreign Program all fall under the AIG umbrella. The specific underwriters for each policy are listed on **Exhibit C**.

of the Debtors' knowledge, they do not owe any amounts on account of the Foreign Program as of the Petition Date.

The D&O Program

15. The D&O Program is insured by the Chubb Group of Insurance Companies ("**Chubb**").⁶ The named insured is Paragon Parent and the Debtors are listed as additional named insureds. The D&O Program covers: (i) general liability and indemnification for executives; (ii) securities claims for the Debtors' entities; (iii) investigative costs resulting from security holder derivative demands; and (iv) losses to directors and officers ("**D&Os**") after exhaustion by payments of all applicable underlying limits. The coverage period under the D&O Program is September 15, 2015 through September 15, 2016. The aggregate annual premium for the D&O Program is approximately \$1.5 million. In addition, the D&O Program includes a prepaid 6-year runoff on all layers providing coverage through September 15, 2022. The annual cost of the D&O Program has been paid in full for the current coverage period. Accordingly, to the best of the Debtors' knowledge, they do not owe any amounts on account of the D&O Program as of the Petition Date.

16. The Debtors also have run-off D&O policies that insure against legacy liabilities that may have accrued prior to the August 2014 spin-off (the "**Spin-Off**") from Noble Corporation plc ("**Noble**") (the "**Noble Runoff Policy**"),⁷ and from Noble's June 2010 acquisition of Frontier Drilling USA, Inc. ("**Frontier**") (the "**Frontier Runoff Policy**").⁸

⁶ The D&O Program is comprised of policies that provide layered primary protection and coverage for certain liabilities in excess of the primary policy. Chubb is the Insurance Carrier on the primary policy, and the additional policies and carriers are listed on Exhibit C.

⁷ A detailed description of the Spin-Off is set forth in the Disclosure Statement for Joint Chapter 11 Plan of Paragon Offshore Plc and its Affiliated Debtors filed contemporaneously herewith.

⁸ In connection with the Spin-Off, Paragon Parent acquired Frontier entities from Noble. These Frontier entities are not Debtors in these chapter 11 cases.

17. The coverage under the Noble Runoff Policy was prepaid in full at or around the time of the Spin-Off and expires on August 1, 2024. The coverage period for the Frontier Runoff Policy was prepaid in full at or around the time of the Noble/Frontier acquisition and expires July 28, 2016. Accordingly, to the best of the Debtors' knowledge, they do not owe any amounts on account of these policies as of the Petition Date.

Insurance Broker Services

18. The Debtors utilize two insurance brokers for their Insurance Programs. McGriff, Seibels & Williams, Inc. ("**McGriff**") is the broker for the D&O Program. McGriff's annual broker fee is \$140,000, payable annually each September. To the best of the Debtors' knowledge, they do not owe any prepetition broker fees to McGriff as of the Petition Date.

19. Aon is the broker for the remainder of the Debtors' Insurance Programs. As broker, Aon reviews policies and advises the Debtors with respect to the procurement and maintenance of their Insurance Programs. Aon's annual broker fee is currently \$600,000, payable in two equal installments every March and August. To the best of the Debtors' knowledge, they do not owe any prepetition broker fees to Aon as of the Petition Date.

Risk Management Services

20. The Debtors employ Shuman Consulting Services, L.P. ("**Shuman**") to provide risk management information services. Shuman's annual consulting fee is approximately \$104,000, payable in two equal installments every January and July. To the best of the Debtors' knowledge, they do not owe any consulting fees to Shuman as of the Petition Date.

The Court Should Authorize the Debtors to Continue Their Insurance Programs

21. Participation in the Insurance Programs constitutes an ordinary-course business practice of the Debtors. *See* 11 U.S.C. § 363(c) (authorizing a debtor in possession to

enter into transactions and use property of the estate in the ordinary course of business without notice or a hearing). While the Debtors are unaware of any prepetition amounts due under the Insurance Programs, there may be prepetition workers' compensation claims of which the Debtors are currently unaware. Therefore, out of an abundance of caution, the Debtors seek authority pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code to continue their Insurance Programs and honor any obligations with respect thereto, including payment of valid prepetition workers' compensation claims, if any.

22. Under section 363(b)(1) of the Bankruptcy Code, “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” And under section 105(a) of the Bankruptcy Code, “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.”

23. Under section 105(a) and the doctrine of necessity, the bankruptcy court may exercise its broad grant of equitable powers to permit the payment of prepetition obligations when such payment is essential to the continued operation of the debtor's business. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 824–25 (D. Del. 1999) (holding that section 105(a) of the Bankruptcy Code provides a statutory basis for the payment of prepetition claims under the doctrine of necessity and noting that “[t]he Supreme Court, the Third Circuit and the District of Delaware all recognize the court's power to authorize payment of pre-petition claims when such payment is necessary for the debtor's survival during chapter 11”); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (confirming that the doctrine of necessity is the standard in the Third Circuit for enabling a court to authorize the payment of prepetition claims prior to the confirmation of a reorganization plan).

24. Bankruptcy courts regularly rely on their authority under section 105(a) and the doctrine of necessity to grant debtors the discretionary authority to pay certain prepetition claims “where the payment is necessary to permit the effectuation of the rehabilitative purposes of the Bankruptcy Code.” *In re Sharon Steel Corp.*, 159 B.R. 730, 736 (Bankr. W.D. Penn. 1993); *see also In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that a court may authorize payment of prepetition claims if such payment is essential to continued operation of the debtor); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (authorizing the payment of prepetition claims and explaining that the “ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept”). The rationale for making payments to prepetition creditors under the doctrine of necessity is consistent with the paramount goal of chapter 11: “the continued operation and rehabilitation of the debtor” *Ionosphere Clubs*, 98 B.R. at 176. To that end, approval of such payments benefits, rather than harms, the Debtors’ other creditors. *See, e.g., Sharon Steel*, 159 B.R. at 737 (approving payments of certain prepetition wages under the doctrine of necessity where doing so would maximize the value of the Debtors’ assets and noting that payments made pursuant to the doctrine of necessity “must not only be in the best interest of the debtor but also in the best interest of its other creditors”). Moreover, Bankruptcy Rule 6003 itself implies that the payment of prepetition obligations may be permissible within the first twenty-one (21) days of a case where doing so is “necessary to avoid immediate and irreparable harm.”

25. In these chapter 11 cases, the Debtors’ use of estate funds to pay obligations arising from the Insurance Programs is permitted under sections 105(a), 363(b), and 503(b) and of the Bankruptcy Code because such obligations are necessary costs of preserving

the Debtors' estates. The Insurance Programs are essential to the Debtors' operations, as they would be exposed to significant liability if the Insurance Programs were allowed to lapse or terminate. Such exposure could have a materially adverse impact on the Debtors' ability to reorganize successfully.

26. The Insurance Programs are also vital to the Debtors' continued operations. Applicable state law mandates that certain Debtors maintain workers' compensation coverage for their employees. The Debtors' failure to pay their obligations under the Workers' Compensation Program could jeopardize their coverage and expose the Debtors to significant liability in fines by state workers' compensation boards. In addition, the risk that eligible workers' compensation claimants would not receive timely payments for prepetition employment-related injuries could negatively impact the financial well-being and morale of not just those claimants but also the Debtors' active employees. This could result in employee departures, causing a significant disruption in the Debtors' business with a materially adverse impact on the Debtors' operations, the value of their estates, and the interests of all parties in these chapter 11 cases. Accordingly, it is necessary for the Debtors to pay all obligations on account of their Insurance Programs.

27. Courts in this district have regularly permitted chapter 11 debtors to continue their insurance programs for similar reasons. *See, e.g., In re Magnum Hunter Res. Corp.*, Case No. 15-12533 (KG) (Bankr. D. Del. Jan. 11, 2016) (Docket No. 255); *In re Swift Energy Co.*, Case No. 15-12670 (MFW) (Bankr. D. Del. Jan. 5, 2016) (Docket No. 55); *In re Offshore Grp. Inv. Ltd.*, Case No. 15-12422 (BLS) (Bankr. D. Del. Jan. 1, 2016) (Docket No. 145); *In re Endeavour Operating Corp.*, Case No. 14-12308 (KJC) (Bankr. D. Del. Nov. 6, 2014) (Docket No. 151).

The Automatic Stay Should Be Modified for Workers' Compensation Claims

28. Section 362(d)(1) of the Bankruptcy Code operates to stay:

the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title

Section 362(d)(1), however, permits a debtor or other party in interest to request a modification or termination of the automatic stay for "cause."

29. To the extent the Debtors' employees hold valid claims under the Workers' Compensation Program, the Debtors seek authority, but not direction, under section 362(d) of the Bankruptcy Code to permit, in the Debtors' discretion, those employees to proceed with their workers' compensation claims, each in the appropriate judicial or administrative forum. There is cause to modify the automatic stay because staying the workers' compensation claims could cause employee departure or otherwise harm employee morale, which could severely disrupt the Debtors' business and prevent a successful reorganization. Accordingly, the Court should (i) modify the automatic stay as it relates to valid workers' compensation claims to allow, in the Debtors' sole discretion, any such claims to proceed to resolution and (ii) waive corresponding notice requirements under Bankruptcy Rule 4001(d). The Court should also grant the Debtors authority, to the extent required by law or under the Workers' Compensation Program, to pay all or part of a claim related thereto directly to an employee, any of his or her medical providers, or any of his or her heirs or legal representatives, as set forth in the applicable law or policy.

30. Other courts in this district have granted relief from the automatic stay for similar purposes. *See, e.g., In re Offshore Grp. Inv. Ltd.*, Case No. 15-12422 (BLS) (Bankr. D. Del. Jan. 1, 2016) (Docket No. 145); *In re Altegrity, Inc.*, Case No. 15-10266 (LSS) (Bankr. D.

Del. Feb. 10, 2015) (Docket No. 47); *In re Glob. Aviation Holdings Inc.*, Case No. 13-12945 (MFW) (Bankr. D. Del. Nov. 14, 2013) (Docket No. 62).

Applicable Banks Should Be Authorized to Receive, Process, Honor, and Pay Checks Issued and Transfers Requested to Pay the Insurance Obligations

31. As part of their cash management system, the Debtors maintain disbursement accounts (collectively, the “**Disbursement Accounts**”) at various banks and other financial institutions (collectively, the “**Banks**”). In the ordinary course of business, the Debtors draw upon funds in the Disbursement Accounts to satisfy their obligations under the Insurance Programs (collectively, the “**Insurance Obligations**”). The Debtors request that the Court authorize the Banks to receive, process, honor, and pay, to the extent of funds on deposit, any and all checks issued or to be issued and electronic funds transfers requested or to be requested by the Debtors relating to Insurance Obligations. The Debtors also seek authority, but not direction, to issue new postpetition checks or effect new postpetition electronic funds transfers in replacement of any checks or transfer requests on account of Insurance Obligations dishonored or rejected as a result of the commencement of the Debtors’ chapter 11 cases.

Bankruptcy Rule 6003 Has Been Satisfied

32. Bankruptcy Rule 6003 provides that, to the extent relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may issue an order granting “a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” before twenty-one (21) days after filing of the petition. As described herein and in the Mesterharm Declaration, the Debtors are legally and contractually required to maintain many of their Insurance Programs. For example, the Debtors are required to maintain the Rig Program under the Senior Secured Revolving Credit Agreement, dated as of June 17, 2014, and Senior Secured Term Loan

Agreement, dated as of July 18, 2014. In addition, the termination or nonrenewal of any of the Insurance Programs as a result of the Debtors' failure to pay any Insurance Obligations could subject the Debtors to substantial liability as well as a possible cessation of operations, to the detriment of all parties in interest. Accordingly, the Debtors have satisfied the requirements of Bankruptcy Rule 6003.

Request for Bankruptcy Rule 4001(a)(3) and 6004 Waivers

33. The Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a) and any stay of the order granting the relief requested herein pursuant to Bankruptcy Rules 4001(a)(3) and 6004(h). As explained above and in the Mesterharm Declaration, the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors. Accordingly, ample cause exists to justify the waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent such stay applies.

Reservation of Rights

34. Nothing contained herein is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors' or any appropriate party in interest's right to dispute any claim; or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or waiver of the Debtors' rights to dispute such claim subsequently.

Notice

35. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases. Notice of this Motion has been provided to (i) the Office of

the United States Trustee for the District of Delaware; (ii) the Debtors' thirty (30) largest unsecured creditors on a consolidated basis; (iii) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017 (Attn: Sandeep Qusba, Esq., Kathrine A. McLendon, Esq., and Morris J. Massel, Esq.), counsel to JPMorgan Chase Bank, N.A. (a) as administrative agent under the Senior Secured Revolving Credit Agreement, dated as of June 17, 2014 (the "**Revolver Agent**"), and (b) as collateral agent under the Guaranty and Collateral Agreement, dated as of July 18, 2014 (the "**Collateral Agent**"); (iv) Landis Rath & Cobb LLP, 919 Market Street, Wilmington, DE 19801 (Attn: Adam G. Landis, Esq. and Kerri Mumford, Esq.), co-counsel to the Revolver Agent and the Collateral Agent; (v) Kaye Scholer LLP, 250 West 55th Street, New York, NY 10019 (Attn: Mark F. Liscio, Esq. and Scott D. Talmadge, Esq.), counsel to (a) Cortland Capital Market Services LLC, as administrative agent (the "**Term Loan Agent**"), and (b) the ad hoc committee of lenders (the "**Ad Hoc Term Lenders**"), under the Senior Secured Term Loan Agreement, dated as of July 18, 2014; (vi) Potter Anderson & Coroon LLP, 1313 N. Market Street, 6th Floor, Wilmington, DE 19801 (Attn: Jeremy W. Ryan, Esq.), co-counsel to the Term Loan Agent and the Ad Hoc Term Lenders; (vii) Morgan, Lewis, & Bockius LLP, 101 Park Avenue, New York, NY 10178 (Attn: James O. Moore, Esq., Glenn E. Siegel, Esq., and Joshua Dorchak, Esq.), counsel to Deutsche Bank Trust Company Americas as trustee under the Senior Notes Indenture, dated as of July 18, 2014, for the 6.75% Senior Notes due 2022 and the 7.25% Senior Notes due 2024; (viii) Paul, Weiss, Rifkind, Wharton, & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019 (Attn: Andrew N. Rosenberg, Esq. and Elizabeth R. McColm, Esq.), counsel to certain holders of the 6.75% Senior Notes due 2022 and the 7.25% Senior Notes due 2024; (ix) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801 (Attn: Pauline K. Morgan, Esq.), co-

counsel to certain holders of the 6.75% Senior Notes due 2022 and the 7.25% Senior Notes due 2024; (x) the Securities and Exchange Commission; (xi) the Internal Revenue Service; (xii) the United States Attorney's Office for the District of Delaware; and (xiii) any other party entitled to notice pursuant to Local Rule 9013-1(m).

36. Notice of this Motion and any order entered hereon will be served on all parties required by Local Rule 9013-1(m). Based on the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice is required.

No Previous Request

37. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

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WHEREFORE the Debtors respectfully request entry of the Proposed Interim Order and Proposed Final Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: February 14, 2016
Wilmington, Delaware

/s/ Mark D. Collins
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Proposed Attorneys for the Debtors
and Debtors in Possession

Exhibit A

Proposed Interim Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

	X	
In re	:	
	:	Chapter 11
PARAGON OFFSHORE PLC, et al.,	:	
	:	Case No. 16-_____ (___)
	:	
Debtors.¹	:	Joint Administration Requested
	X	

**INTERIM ORDER AUTHORIZING DEBTORS TO CONTINUE
THEIR INSURANCE PROGRAMS AND PAY ALL OBLIGATIONS WITH
RESPECT THERETO PURSUANT TO SECTIONS 105(a), 362(d), 363(b), AND 503(b)
OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 4001, 6003, and 6004**

Upon the motion, dated February 14, 2016 (the “**Motion**”),² of Paragon Offshore plc and its affiliated debtors, as debtors and debtors in possession (collectively, the “**Debtors**”), for: (i) authority to continue all Insurance Programs, in accordance with the applicable Insurance Policies, and authority to perform with respect thereto; (ii) modification of the automatic stay to the extent necessary to permit the Debtors’ employees to proceed with any claims they may have under the Workers’ Compensation Program; and (iii) related relief pursuant to sections 105(a), 362(d), 363(b), and 503(b) of the Bankruptcy Code and Bankruptcy Rules 4001, 6003, and 6004,

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: Paragon Offshore plc (6017); Paragon Offshore Finance Company (6632); Paragon International Finance Company (8126); Paragon Offshore Holdings US Inc. (1960); Paragon Offshore Drilling LLC (4541); Paragon FDR Holdings Ltd. (4731); Paragon Duchess Ltd.; Paragon Offshore (Luxembourg) S.à r.l. (5897); PGN Offshore Drilling (Malaysia) Sdn. Bhd. (9238); Paragon Offshore (Labuan) Pte. Ltd. (3505); Paragon Holding SCS 2 Ltd. (4108); Paragon Asset Company Ltd. (2832); Paragon Holding SCS 1 Ltd. (4004); Paragon Offshore Leasing (Luxembourg) S.à r.l. (5936); Paragon Drilling Services 7 LLC (7882); Paragon Offshore Leasing (Switzerland) GmbH (0669); Paragon Offshore do Brasil Ltda.; Paragon Asset (ME) Ltd. (8362); Paragon Asset (UK) Ltd.; Paragon Offshore International Ltd. (6103); Paragon Offshore (North Sea) Ltd.; Paragon (Middle East) Limited (0667); Paragon Holding NCS 2 S.à r.l. (5447); Paragon Leonard Jones LLC (8826); Paragon Offshore (Nederland) B.V.; and Paragon Offshore Contracting GmbH (2832). The Debtors’ mailing address is 3151 Briarpark Drive, Suite 700, Houston, Texas 77042.

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

as more fully set forth in the Motion; and upon consideration of the Mesterharm Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated February 29, 2012; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed the Motion; and the Court having held a hearing on the Motion on February __, 2016; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors and their respective estates and creditors; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis.
2. The Debtors are authorized, but not directed, to continue all Insurance Programs, and to perform with respect thereto.
3. The Debtors are authorized to pay any prepetition amounts owed in respect of Insurance Programs, up to a cap of \$40,000.
4. The automatic stay shall be modified to the extent necessary to permit the Debtors' employees to proceed with any claims they may have under the Workers' Compensation Program.

5. The Banks are authorized, but not directed, at the Debtors' request, to receive, process, honor, and pay, to the extent of funds on deposit, any and all checks issued or to be issued or electronic funds transfers requested or to be requested by the Debtors relating to obligations under the Insurance Policies (the "**Insurance Obligations**"). The Banks shall not be liable to any party on account of: (a) following the Debtors' representations, instructions, or presentations as to any order of the Court (without any duty of further inquiry); (b) the honoring of any prepetition checks, drafts, wires or ACH Payments in a good faith belief or upon a representation by the Debtors that the Court has authorized such prepetition check, draft, wire or ACH Payments; or (c) an innocent mistake made despite implementation of reasonable handling procedures.

6. The Debtors are authorized, but not directed, to issue new postpetition checks or effect new postpetition electronic funds transfers in replacement of any checks or transfer requests on account of the Insurance Obligations dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases.

7. Nothing contained in this Interim Order or any action taken by the Debtors in implementing this Interim Order shall be deemed (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors' or any party in interest's rights to dispute the amount of, basis for, or validity of any claim of the Insurance Carriers, brokers, or consultants under applicable nonbankruptcy law; (iii) a waiver of any claims or causes of action which may exist against any Insurance Carrier, broker, or consultant; or (iv) an assumption, adoption, or rejection of any agreement, contract, or lease between the Debtors and any third party under section 365 of the Bankruptcy Code.

8. Notwithstanding anything in this Interim Order to the contrary, the Debtors' authority to use or transfer cash hereunder shall be subject to the same limitations and restrictions as are provided for with respect to the use or transfer of cash in the cash collateral order (as applicable, the "**Cash Collateral Order**"). To the extent there is any conflict between this Interim Order and any Cash Collateral Order, the terms of the Cash Collateral Order shall control.

9. Notice of the Motion as provided herein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rules 4001(d) and 6004(a) are waived.

10. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

11. The requirements of Bankruptcy Rule 6004(a) are waived.

12. Notwithstanding any applicability of Bankruptcy Rules 4001(a)(3) and 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

13. The Debtors are authorized to take all steps necessary or appropriate to carry out this Interim Order.

14. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Interim Order.

15. A final hearing to consider the relief requested in the Motion shall be held on _____, ____ at _____ (Eastern Time) and any objections or responses to the Motion shall be filed and served so as to be actually received on or prior to _____, ____ at 4:00 p.m. (Eastern Time).

Dated: _____, 2016
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Proposed Final Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

	X		
	:		
In re	:		Chapter 11
	:		
PARAGON OFFSHORE PLC, et al.,	:		Case No. 16-_____ (___)
	:		
Debtors.¹	:		Joint Administration Requested
	X		

**FINAL ORDER AUTHORIZING DEBTORS TO CONTINUE
THEIR INSURANCE PROGRAMS AND PAY ALL OBLIGATIONS WITH
RESPECT THERETO PURSUANT TO SECTIONS 105(a), 362(d), 363(b), AND 503(b)
OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 4001, 6003, and 6004**

Upon the motion, dated February 14, 2016 (the “**Motion**”),² of Paragon Offshore plc and its affiliated debtors, as debtors and debtors in possession (collectively, the “**Debtors**”), for: (i) authority to continue all Insurance Programs, in accordance with the applicable Insurance Policies, and authority to perform with respect thereto; (ii) modification of the automatic stay to the extent necessary to permit the Debtors’ employees to proceed with any claims they may have under the Workers’ Compensation Program; and (iii) related relief pursuant to sections 105(a), 362(d), 363(b), and 503(b) of the Bankruptcy Code and Bankruptcy Rules 4001, 6003, and 6004,

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: Paragon Offshore plc (6017); Paragon Offshore Finance Company (6632); Paragon International Finance Company (8126); Paragon Offshore Holdings US Inc. (1960); Paragon Offshore Drilling LLC (4541); Paragon FDR Holdings Ltd. (4731); Paragon Duchess Ltd.; Paragon Offshore (Luxembourg) S.à r.l. (5897); PGN Offshore Drilling (Malaysia) Sdn. Bhd. (9238); Paragon Offshore (Labuan) Pte. Ltd. (3505); Paragon Holding SCS 2 Ltd. (4108); Paragon Asset Company Ltd. (2832); Paragon Holding SCS 1 Ltd. (4004); Paragon Offshore Leasing (Luxembourg) S.à r.l. (5936); Paragon Drilling Services 7 LLC (7882); Paragon Offshore Leasing (Switzerland) GmbH (0669); Paragon Offshore do Brasil Ltda.; Paragon Asset (ME) Ltd. (8362); Paragon Asset (UK) Ltd.; Paragon Offshore International Ltd. (6103); Paragon Offshore (North Sea) Ltd.; Paragon (Middle East) Limited (0667); Paragon Holding NCS 2 S.à r.l. (5447); Paragon Leonard Jones LLC (8826); Paragon Offshore (Nederland) B.V.; and Paragon Offshore Contracting GmbH (2832). The Debtors’ mailing address is 3151 Briarpark Drive, Suite 700, Houston, Texas 77042.

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

as more fully set forth in the Motion; and upon consideration of the Mesterharm Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated February 29, 2012; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed the Motion; and the Court having held a hearing on the Motion on February __, 2016; and the Court having granted interim relief on the Motion on February __, 2016 (Docket No.__); and the Court having held a final hearing on the Motion on February __, 2016; and all objections to the Motion having been withdrawn, resolved or overruled; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors and their respective estates and creditors; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted.
2. The Debtors are authorized, but not directed, to continue all Insurance Programs, and to perform with respect thereto.
3. The Debtors are authorized to pay any prepetition amounts owed in respect of Insurance Programs.

4. The automatic stay shall be modified to the extent necessary to permit the Debtors' employees to proceed with any claims they may have under the Workers' Compensation Program.

5. The Banks are authorized, but not directed, at the Debtors' request, to receive, process, honor, and pay, to the extent of funds on deposit, any and all checks issued or to be issued or electronic funds transfers requested or to be requested by the Debtors relating to obligations under the Insurance Policies (the "**Insurance Obligations**"). The Banks shall not be liable to any party on account of: (a) following the Debtors' representations, instructions, or presentations as to any order of the Court (without any duty of further inquiry); (b) the honoring of any prepetition checks, drafts, wires or ACH Payments in a good faith belief or upon a representation by the Debtors that the Court has authorized such prepetition check, draft, wire or ACH Payments; or (c) an innocent mistake made despite implementation of reasonable handling procedures.

6. The Debtors are authorized, but not directed, to issue new postpetition checks or effect new postpetition electronic funds transfers in replacement of any checks or transfer requests on account of the Insurance Obligations dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases.

7. Nothing contained in this Final Order or any action taken by the Debtors in implementing this Final Order shall be deemed (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors' or any party in interest's rights to dispute the amount of, basis for, or validity of any claim of the Insurance Carriers, brokers, or consultants under applicable nonbankruptcy law; (iii) a waiver of any claims or causes of action which may exist against any Insurance Carrier, broker or consultant; or (iv) an assumption, adoption, or

rejection of any agreement, contract, or lease between the Debtors and any third party under section 365 of the Bankruptcy Code.

8. Notwithstanding anything in this Final Order to the contrary, the Debtors' authority to use or transfer cash hereunder shall be subject to the same limitations and restrictions as are provided for with respect to the use or transfer of cash in the cash collateral order (as applicable, the "**Cash Collateral Order**"). To the extent there is any conflict between this Final Order and any Cash Collateral Order, the terms of the Cash Collateral Order shall control.

9. Notice of the Motion as provided herein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rules 4001(d) and 6004(a) are waived.

10. Notwithstanding any applicability of Bankruptcy Rule 4001(a)(3) and 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon its entry.

11. The Debtors are authorized to take all steps necessary or appropriate to carry out this Final Order.

12. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

Dated: _____, 2016
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

Exhibit C

List of Insurance Policies

Insurance Programs

Type of Coverage	Insurers	Policy Number(s)	Policy Term	Premium	Deductibles
Workers' Compensation Program					
Workers' Compensation & Employer's Liability	Liberty Mutual Insurance Company	WA2-64D-444426-035	August 1, 2015 – August 1, 2016	\$90,809	\$100,000 each accident, bodily injury by accident, or each employee bodily injury by disease
Rig Program					
Marine Package	International Markets including Lloyds Syndicates, London Markets, Middle East and Far East Markets	EE1500080	March 1, 2015 – March 1, 2016 ¹	\$11,866,989	<p>Physical Damage to Hull, Rig Machinery and Equipment:²</p> <ul style="list-style-type: none"> • Property Damage and Increased Value: \$10MM per occurrence including total loss • Property & Equipment: \$1MM per occurrence and \$100K for Electronic Data Processing • Cargo: \$50K per occurrence <p>Contingent Contractors Extra Expense: \$10MM per occurrence</p> <p>Loss of Hire: Excess of 45 days each unit/occurrence except Total Loss of Nil; U.S. GOM Named Windstorm ROW/Collision/FFO excess of \$10MM (U.S. only).</p>

¹ Exception: the coverage period for two drilling units under this policy began July 24, 2015 and will renew with the remainder of the rig program on March 1, 2016.

² For events relating to Hull, Rig Machinery and Equipment damage, Increased Value, and Contingent Contractors Extra Expense: In the event of a loss involving more than one item or more than one Section or Sub-Section of the Package, the single highest deductible shall be applied to the total of all claims arising out of the one loss.

Type of Coverage	Insurers	Policy Number(s)	Policy Term	Premium	Deductibles
War/Political Risk	Lloyds Syndicates and London/Europe Markets	B0823PA1502298 B0823PA1502299	March 1, 2015 – March 1, 2016 ³	\$266,931	Physical Damage to Hull, Rig Machinery & Equipment: None Increased Value of Hull & Machinery: None Loss of Hire: 45 days Excess each accident or occurrence, each vessel. Contingent Contractors Extra Expense (in respect of Control of Well Insurance; Redrilling / Extra Expense Insurance; Seepage and Pollution, Cleanup and Contamination Insurance): \$10MM any one accident or occurrence Equipment & Property and Cargo Damage: None
Vessel Pollution Legal Liability	Water Quality Insurance Syndicate	48-81378	May 1, 2015 – May 1, 2016	\$137,151	\$1,000,000
Protection and Indemnity Program					
Protection & Indemnity Liability Primary \$10MM	Skuld	20699930	March 1, 2015 – March 1, 2016	\$950,004	\$2,000,000

³ Exception: the coverage period for two drilling units under this policy began July 24, 2015 and will renew with the remainder of the rig program on March 1, 2016.

Type of Coverage	Insurers	Policy Number(s)	Policy Term	Premium	Deductibles
General Liability and Protection & Indemnity Fronting (Mexico)	Seguros Afirme S.A. de C.V.	0402-000064-03	March 1, 2015 – March 1, 2016	\$269,887	\$100,000
Excess Liability \$100MM	International Markets including Lloyds Syndicates, London Markets, Middle East and Far East Markets Domestic Markets	EE1500080	March 1, 2015 – March 1, 2016	\$1,565,000	N/A
Excess Liability \$25MM xs \$100MM	Zurich Global Energy	WE1500209	March 1, 2015 – March 1, 2016	\$252,450	N/A
Excess Liability \$125MM xs \$125MM	Various Lloyds Syndicates Talbot Burnett & Company – QBE	WE1500171	March 1, 2015 – March 1, 2016	\$918,000	N/A

Type of Coverage	Insurers	Policy Number(s)	Policy Term	Premium	Deductibles
<p>Excess Liability \$70MM xs \$250MM</p>	<p>Various Lloyds Syndicates New York Marine & General Insurance Starr Indemnity & Liability Company IR Underwriting Burnett & Company</p>	<p>WE1500187</p>	<p>March 1, 2015 – March 1, 2016</p>	<p>\$449,820</p>	<p>N/A</p>
<p>Excess Liability \$70MM xs \$320MM</p>	<p>Ace Bermuda Insurance Ltd Markel Bermuda Limited XL Insurance (Bermuda) Ltd</p>	<p>PARA-0019/BSF03 1327212-7188-BSFCLM-2015 BM00027879EL15A</p>	<p>March 1, 2015 – March 1, 2016</p>	<p>\$375,905</p>	<p>N/A</p>

Type of Coverage	Insurers	Policy Number(s)	Policy Term	Premium	Deductibles
Excess Liability \$110MM xs \$390MM	Ace Bermuda Insurance Ltd Arch Insurance (Bermuda) Argo Re Ltd Allied World Assurance Co Axis Specialty Limited Endurance Specialty Insurance Ltd Iron-Starr Excess Agency Ltd	POL-1750/XS004 URP0057122-00 ARGO-CAS-OR-000737 C020323 114269 EXC10005082200 IS0001848	March 1, 2015 – March 1, 2016	\$469,731	N/A
Business Owner Program					
Commercial General Liability ⁴	Liberty Mutual Insurance Company	TB2-641-444426-025	August 1, 2015 – August 1, 2016	\$35,000	\$1,000,000 per Occurrence
Automobile Liability	Liberty Mutual Insurance Company	AS2-641-444426-015	August 1, 2015 – August 1, 2016	\$12,500	Hired Car Physical Damage: \$1,000 Comprehensive/Collision: \$1,000
Domestic Onshore (Commercial Property)	Starr Specialty	SLSTPTY10774215	August 1, 2015 – August 1, 2016	\$20,000	\$50,000 each loss for building and personal property; 2% subject to \$100,000 minimum for named windstorm.

⁴ Fronted General Liability Policy with \$1MM Letter of Credit supporting.

Type of Coverage	Insurers	Policy Number(s)	Policy Term	Premium	Deductibles
Non-Owned Aviation Program					
Non-Owned Aviation Liability	Allianz	A2GA000736315AM	August 1, 2015 – August 1, 2016	\$21,770	None
Foreign Program					
Foreign Workers' Compensation and Employers' Liability (Onshore Only)	Insurance Company Of The State Of Pennsylvania (AIG)	83-72811	August 1, 2015 – August 1, 2016	\$165,064 Premium for entire Foreign Casualty Program	None
Foreign Commercial General Liability & Workers' Compensation (Qatar-Admitted)	Chartis MEMSA Insurance Company Limited (AIG) (Qatar Branch)	QA/99/9798/58 (GL) QA/99/9798/59(WC/EL)	August 1, 2015 – August 1, 2016	Included in Foreign Casualty Program	None
U.K. Employers Liability	WorldSource, A Division of AIU Holdings (AIG)	ELB22152	August 1, 2015 – August 1, 2016	Included in Foreign Casualty Program	None

Type of Coverage	Insurers	Policy Number(s)	Policy Term	Premium	Deductibles
Foreign Commercial General Liability And Foreign Commercial Automobile Liability (Onshore Only)	Insurance Company Of The State Of Pennsylvania (AIG)	80-0274829 80-0274830	August 1, 2015 – August 1, 2016	Included in Foreign Casualty Program	None
Auto Mexico Admitted	AIG Mexico Seguros Interamericana S.A. de C.V.	33-CAS-10000559-1	August 1, 2015 – August 1, 2016	Included in Foreign Casualty Program	None
D&O Program					
Directors & Officers Program	Chubb (Lloyds) XL (Lloyds) Beazley (Lloyds) Zurich Great Lakes Reinsurance (UK) HCC AWAC (Europe) QBE Illinois National Insurance Company (AIG)	PE1500652 PE1500892 PE1500653 PE1500654 PE1500655 PE1500656 PE1500657 PE1500658 019316977	September 15, 2015 – September 15, 2016	\$1,500,000	\$1,000,000

Type of Coverage	Insurers	Policy Number(s)	Policy Term	Premium	Deductibles
Directors & Officers Runoff Policy (Noble Corporation plc Pre-Paragon Split)	Chubb (Lloyds) Leads the program & various other underwriters	99867689	September 15, 2013 – August 1, 2024	\$2,706,256 Prepaid 10-Year Policy ⁵	\$10,000,000 SIR under Traditional Cover and \$0 under Side A/DIC Cover
Directors & Officers Runoff Policy (Frontier Drilling USA, Inc.)	U.S. Specialty Insurance Company	14-MGU-09-A20038	July 28, 2010 – July 28, 2016	\$75,000 Prepaid 6-Year Policy	\$150,000 SIR under Traditional Cover and \$10,000 for Fiduciary Liability Cover
Other Insurance Policies Relating to Debtors' Business Operations					
Other	Zurich QBE Insurance Limited (Lloyds) Chubb QBE Travelers Casualty & Surety Company National Union Fire Insurance Company (AIG)	B0180PE1500796 IPR100818901 PE1500795 B0180PE1400793 B0180PE1400794 106263409 45-894-385			

⁵ Half of the prepaid premium was allocated to Noble.