

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

-----X  
: Chapter 11  
**In re** :  
: Case No. 16-10386 (CSS)  
**PARAGON OFFSHORE PLC, et al.,** :  
: Jointly Administered  
: Re: Docket Nos. 10, 78 & 85  
**Debtors.**<sup>1</sup> :  
-----X

**CERTIFICATION OF COUNSEL REGARDING FINAL ORDER  
AUTHORIZING DEBTORS TO PAY PREPETITION CLAIMS OF  
GENERAL UNSECURED CREDITORS IN THE ORDINARY COURSE OF  
BUSINESS PURSUANT TO SECTIONS 105(a), 362(d), 363(b), AND 503(b)(9)  
OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 6003 AND 6004**

The undersigned hereby certifies as follows:

1. On February 14, 2016, Paragon Offshore plc and its affiliated debtors and debtors in possession (collectively, the “**Debtors**”) filed the *Motion of Debtors for Interim and Final Orders Authorizing Debtors to Pay Prepetition Claims of General Unsecured Creditors in the Ordinary Course of Business Pursuant to Sections 105(a), 362(d), 363(b), and 503(b)(9) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004* [Docket No. 10] (the “**Motion**”) with the United States Bankruptcy Court for the District of Delaware (the “**Court**”). Pursuant to the *Interim Order Authorizing Debtors to Pay Prepetition Claims of General Unsecured Creditors in*

<sup>1</sup>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.



*the Ordinary Course of Business Pursuant to Sections 105(a), 362(d), 363(b), and 503(b)(9) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004* [Docket No. 78] (the “**Interim Order**”) entered on February 17, 2016, and *Notice of (A) Entry of Interim Order Authorizing Debtors to Pay Prepetition Claims of General Unsecured Creditors in the Ordinary Course of Business Pursuant to Sections 105(a), 362(d), 363(b), and 503(b)(9) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 and (B) Final Hearing Thereon* [Docket No. 85] filed on February 17, 2016, any objection or response to the final relief requested in the Motion was to be filed and served no later than 4:00 p.m. (EST) on March 3, 2016 (the “**Objection Deadline**”).

2. The Debtors received informal comments to the final relief requested in the Motion from counsel to JP Morgan 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**”) which have been resolved by agreed language to be included in the proposed form of final order. The Debtors have received no other objections or responses to the Motion, and no objection or other responsive pleading to the Motion has appeared on the Court’s docket in the above-captioned chapter 11 cases.

3. The Debtors have revised the proposed form of final order (the “**Revised Final Order**”) to incorporate the resolutions reached with the Revolver Agent and Collateral Agent and to conform to certain changes the Court made to the Interim Order at the first day hearing. A copy of the Revised Final Order is attached hereto as Exhibit A. The Revised Final Order has been circulated to, and is acceptable to, counsel to the Revolver Agent and the Collateral Agent and the Office of the United States Trustee. For the convenience of the Court

and parties in interest, a blackline of the Revised Final Order against the proposed form of order attached to the Motion is attached hereto as Exhibit B.

WHEREFORE, the Debtors respectfully request that the Court enter the Revised Final Order, substantially in the form attached hereto as Exhibit A, at its earliest convenience.

Dated: March 7, 2016  
Wilmington, Delaware

/s/ Amanda R. Steele  
RICHARDS, LAYTON & FINGER, P.A.  
Mark D. Collins (No. 2981)  
Paul N. Heath (No. 3704)  
Amanda R. Steele (No. 5530)  
Joseph C. Barsalona II (No. 6102)  
One Rodney Square  
920 North King Street  
Wilmington, Delaware 19801  
Telephone: (302) 651-7700  
Facsimile: (302) 651-7701

-and-

WEIL, GOTSHAL & MANGES LLP  
Gary T. Holtzer (admitted *pro hac vice*)  
Stephen A. Youngman (admitted *pro hac vice*)  
767 Fifth Avenue  
New York, New York 10153  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007

Proposed Attorneys for the Debtors  
and Debtors in Possession

**Exhibit A**

Revised Order

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

	X		
	:		
<b>In re</b>	:		<b>Chapter 11</b>
	:		
<b>PARAGON OFFSHORE PLC, et al.,</b>	:		<b>Case No. 16-10386 (CSS)</b>
	:		
<b>Debtors.<sup>1</sup></b>	:		<b>Jointly Administered</b>
	:		<b>Re: Docket Nos. 10 &amp; 78</b>
	X		

**FINAL ORDER AUTHORIZING DEBTORS TO PAY PREPETITION CLAIMS  
OF GENERAL UNSECURED CREDITORS IN THE ORDINARY COURSE  
OF BUSINESS PURSUANT TO SECTIONS 105(a), 362(d), 363(b), AND 503(b)(9) OF  
THE BANKRUPTCY CODE AND BANKRUPTCY RULES 6003 AND 6004**

Upon the motion, dated February 14, 2016 (the “**Motion**”),<sup>2</sup> of Paragon Offshore plc and its affiliated debtors, as debtors and debtors in possession (collectively, the “**Debtors**”), for interim and final authority to pay the prepetition claims of general unsecured creditors in the ordinary course of business pursuant to sections 105(a), 362(d), 363(b), and 503(b)(9) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, as more fully set forth in the Motion; and upon consideration of the Lefkovits Declaration; and upon consideration of the Mesterharm Declaration; and the Court having jurisdiction to consider the Motion and the relief requested

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<sup>1</sup> 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.

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

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 17, 2016; and the Court having granted interim relief on the Motion on February 17, 2016 (Docket No. 78) (the “**Interim Order**”); and the Court having held a final hearing on the Motion on March 9, 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 as set forth herein.
2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 362(d), 363(b), and 503(b)(9) of the Bankruptcy Code, in the reasonable exercise of their business judgment, to pay, in the ordinary course of business, some or all of the prepetition Trade Claims of the Trade Creditors; provided that the aggregate of such payments pursuant to the Interim Order and this Final Order shall not exceed \$41.5 million; and provided further that any Trade Creditor receiving payment on its Trade Claim must agree to maintain or reinstate trade terms during the pendency of these chapter 11 cases that are at least as favorable as those

existing on or before the Petition Date or that are satisfactory to the Debtors in their business judgment (“**Customary Trade Terms**”).

3. If a Trade Creditor, after receiving payment on account of a Trade Claim, ceases to provide Customary Trade Terms or otherwise fails to perform under a contract with a Debtor, the Debtors, reserve their rights to and may seek approval of this Court to (i) deem such payment to apply to postpetition amounts payable to such Trade Creditor, if applicable, or (ii) take any and all appropriate steps to cause such Trade Creditor to repay payments made to it on account of its prepetition Trade Claim to the extent that such payments exceed the postpetition amounts then owing to such Trade Creditor.

4. All applicable banks and other financial institutions are authorized to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors under this Order, whether presented before or after the Petition Date, in accordance with, and with the protections granted in, any order approving the Debtors’ use of their cash management system entered in these chapter 11 cases. 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.

5. Nothing contained in the Motion or this Final Order is intended or should be construed as a decision by the Debtors to assume or reject any executory contract or

unexpired lease, or to effect the assumption or rejection of any executory contract or unexpired lease, pursuant to section 365 of the Bankruptcy Code.

6. Nothing contained in the Motion or this Final Order is intended or should be construed to create an administrative priority claim on account of any Trade Claim.

7. Nothing contained in the Motion or this Final Order shall be deemed or construed as an admission as to the validity or priority of any Trade Claim or lien against the Debtors or any other party or as a waiver of such parties' rights to dispute any Trade Claim or lien.

8. Notwithstanding the provisions of Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

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

10. 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: March \_\_\_\_\_, 2016  
Wilmington, Delaware

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THE HONORABLE CHRISTOPHER S. SONTCHI  
UNITED STATES BANKRUPTCY JUDGE



**Exhibit B**

Blackline

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

-----X	:	
	:	
<b>In re</b>	:	<b>Chapter 11</b>
	:	
<b>PARAGON OFFSHORE PLC, et al.,</b>	:	<b>Case No. <del>16</del> <del>(</del> <u>16-10386 (CSS)</u></b>
	:	
	:	<b>Joint Administration Requested</b>
	:	<b>Jointly Administered</b>
<b>Debtors.<sup>1</sup></b>	:	<b><u>Re: Docket Nos. 10 &amp; 78</u></b>
-----X		

**FINAL ORDER AUTHORIZING DEBTORS TO PAY PREPETITION CLAIMS  
OF GENERAL UNSECURED CREDITORS IN THE ORDINARY COURSE  
OF BUSINESS PURSUANT TO SECTIONS 105(a), 362(d), 363(b), AND 503(b)(9) OF  
THE BANKRUPTCY CODE AND BANKRUPTCY RULES 6003 AND 6004**

Upon the motion, dated February 14, 2016 (the “**Motion**”),<sup>2</sup> of Paragon Offshore plc and its affiliated debtors, as debtors and debtors in possession (collectively, the “**Debtors**”), for interim and final authority to pay the prepetition claims of general unsecured creditors in the ordinary course of business pursuant to sections 105(a), 362(d), 363(b), and 503(b)(9) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, as more fully set forth in the Motion; and upon consideration of the Lefkovits Declaration; and upon consideration of the Mesterharm

<sup>1</sup> 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.

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

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 17, 2016; and the Court having granted interim relief on the Motion on February 17, 2016 (Docket No. 78) (the “**Interim Order**”); and the Court having held a final hearing on the Motion on March 9, 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 as set forth herein.
2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 362(d), 363(b), and 503(b)(9) of the Bankruptcy Code, in the reasonable exercise of their business judgment, to pay, in the ordinary course of business, some or all of the prepetition Trade Claims of the Trade Creditors; provided that the aggregate of such payments pursuant to the Interim Order and this Final Order shall not exceed \$41.5 million; and provided further that

any Trade Creditor receiving payment on its Trade Claim must agree to maintain or reinstate trade terms during the pendency of these chapter 11 cases that are at least as favorable as those existing on or before the Petition Date or that are satisfactory to the Debtors in their business judgment (“**Customary Trade Terms**”).

3. If a Trade Creditor, after receiving payment on account of a Trade Claim, ceases to provide Customary Trade Terms or otherwise fails to perform under a contract with a Debtor, the Debtors, ~~in their sole discretion, may without further notice to or action, order, or~~ reserve their rights to and may seek approval of this Court to (i) deem such payment to apply to postpetition amounts payable to such Trade Creditor, if applicable, or (ii) take any and all appropriate steps to cause such Trade Creditor to repay payments made to it on account of its prepetition Trade Claim to the extent that such payments exceed the postpetition amounts then owing to such Trade Creditor.

4. All applicable banks and other financial institutions are authorized to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors under this Order, whether presented before or after the Petition Date, in accordance with, and with the protections granted in, any order approving the Debtors’ use of their cash management system entered in these chapter 11 cases. 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.

~~5. The Debtors are further authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Trade Claims.~~

5. ~~6.~~ Nothing contained in the Motion or this Final Order is intended or should be construed as a decision by the Debtors to assume or reject any executory contract or unexpired lease, or to effect the assumption or rejection of any executory contract or unexpired lease, pursuant to section 365 of the Bankruptcy Code.

6. ~~7.~~ Nothing contained in the Motion or this Final Order is intended or should be construed to create an administrative priority claim on account of any Trade Claim.

7. ~~8.~~ Nothing contained in the Motion or this Final Order shall be deemed or construed as an admission as to the validity or priority of any Trade Claim or lien against the Debtors or any other party or as a waiver of such parties' rights to dispute any Trade Claim or lien.

~~9. 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.~~

8. Notwithstanding the provisions of Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

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

10. ~~11.~~ 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: March, 2016  
Wilmington, Delaware

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THE HONORABLE CHRISTOPHER S. SONTCHI  
UNITED STATES BANKRUPTCY JUDGE