

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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: Chapter 11
In re :
: Case No. 16-10386 (CSS)
PARAGON OFFSHORE PLC, et al., :
: Jointly Administered
: Re: Docket Nos. 4, 77 & 87
Debtors.¹ :
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**CERTIFICATION OF COUNSEL REGARDING FINAL ORDER
(I) AUTHORIZING DEBTORS (A) TO PAY PREPETITION WAGES, SALARIES,
EMPLOYEE BENEFITS, AND OTHER COMPENSATION, (B) TO MAINTAIN
EMPLOYEE BENEFIT PROGRAMS AND PAY RELATED ADMINISTRATIVE
OBLIGATIONS, AND (C) TO PAY TEMPORARY EMPLOYEE
OBLIGATIONS, AND (II) AUTHORIZING FINANCIAL INSTITUTIONS
TO RECEIVE, PROCESS, HONOR, AND PAY ALL CHECKS PRESENTED
FOR PAYMENT AND TO HONOR ALL FUND TRANSFER REQUESTS RELATED
TO SUCH OBLIGATIONS PURSUANT TO SECTIONS 105(a), 363(b),
AND 507 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 (I) Authorizing Debtors (A) to Pay Prepetition Wages, Salaries, Employee Benefits, and Other Compensation, (B) to Maintain Employee Benefit Programs and Pay Related Administrative Obligations, and (C) to Pay Temporary Employee Obligations, and (II) Directing*

¹The 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.



Financial Institutions to Receive, Process, Honor, and Pay all Checks Presented for Payment and to Honor all Fund Transfer Requests Related to Such Obligations Pursuant to Sections 105(a), 363(b), and 507 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 [Docket No. 4] (the “**Motion**”) with the United States Bankruptcy Court for the District of Delaware (the “**Court**”). Pursuant to the *Interim Order (I) Authorizing Debtors (A) to Pay Prepetition Wages, Salaries, Employee Benefits, and Other Compensation, (B) to Maintain Employee Benefit Programs and Pay Related Administrative Obligations, and (C) to Pay Temporary Employee Obligations, and (II) Authorizing Financial Institutions to Receive, Process, Honor, and Pay all Checks Presented for Payment and to Honor all Fund Transfer Requests Related to Such Obligations Pursuant to Sections 105(a), 363(b), and 507 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004* [Docket No. 77] (the “**Interim Order**”) entered on February 17, 2016, and *Notice of (A) Entry of Interim Order (I) Authorizing Debtors (A) to Pay Prepetition Wages, Salaries, Employee Benefits, and Other Compensation, (B) to Maintain Employee Benefit Programs and Pay Related Administrative Obligations, and (C) to Pay Temporary Employee Obligations, and (II) Authorizing Financial Institutions to Receive, Process, Honor, and Pay all Checks Presented for Payment and to Honor all Fund Transfer Requests Related to Such Obligations Pursuant to Sections 105(a), 363(b), and 507 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 and (B) Final Hearing Thereon* [Docket No. 87] 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. On March 3, 2016, the Debtors filed the *Supplemental Declaration of James A. Mesterharm in Support of Debtors’ Motion for Interim and Final Orders (I)*

Authorizing Debtors (A) to Pay Prepetition Wages, Salaries, Employee Benefits, and Other Compensation, (B) to Maintain Employee Benefit Programs and Pay Related Administrative Obligations, and (C) to Pay Temporary Employee Obligations, and (II) Directing Financial Institutions to Receive, Process, Honor, and Pay all Checks Presented for Payment and to Honor all Fund Transfer Requests Related to Such Obligations Pursuant to Sections 105(a), 363(b), and 507 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 [Docket No. 119] in further support of the Motion and to address certain changes to the final relief requested in the Motion. The Debtors have received no 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 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 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)
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One Rodney Square
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-and-

WEIL, GOTSHAL & MANGES LLP
Gary T. Holtzer (admitted *pro hac vice*)
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767 Fifth Avenue
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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
: **Chapter 11**
: **Case No. 16-10386 (CSS)**
: **Jointly Administered**
Debtors.¹ : **Re: Docket Nos. 4 & 77**
-----X

FINAL ORDER (I) AUTHORIZING DEBTORS (A) TO PAY PREPETITION WAGES, SALARIES, EMPLOYEE BENEFITS, AND OTHER COMPENSATION, (B) TO MAINTAIN EMPLOYEE BENEFIT PROGRAMS AND PAY RELATED ADMINISTRATIVE OBLIGATIONS, AND (C) TO PAY TEMPORARY EMPLOYEE OBLIGATIONS, AND (II) AUTHORIZING FINANCIAL INSTITUTIONS TO RECEIVE, PROCESS, HONOR, AND PAY ALL CHECKS PRESENTED FOR PAYMENT AND TO HONOR ALL FUND TRANSFER REQUESTS RELATED TO SUCH OBLIGATIONS PURSUANT TO SECTIONS 105(a), 363(b), AND 507 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 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 (a) pay, in their sole discretion, all obligations incurred, directly or indirectly, under or relating to the Debtors’ Compensation Obligations and Employee Benefit Plans, all

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

related expenses, and all fees and costs incidental to the foregoing, including amounts owed to third-party administrators; (b) maintain and continue to honor and pay, in their sole discretion, all amounts with respect to the Debtors' business practices, programs, and policies for their employees as such were in effect as of the commencement of these chapter 11 cases and as such may be modified or supplemented from time to time in the ordinary course of business; and (c) pay, in their sole discretion, Temporary Employee Obligations; and (II) authorization of financial institutions to receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests related to such obligations, each as more fully set forth in the Motion; and upon consideration of the Lefkovits Declaration; and upon consideration of the Mesterharm Declaration and the Supplemental Declaration of James A. Mesterharm in Support of the Motion (Docket No. 119) (the "**Supplemental 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 17, 2016; and the Court having granted interim relief on the Motion on February 17, 2016 (Docket No.77); 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), 363(b), and 507 of the Bankruptcy Code, to (a) pay, in their sole discretion, all obligations incurred, directly or indirectly, under or relating to the Debtors' Compensation Obligations and Employee Benefit Plans; all related expenses; and all fees and costs incident to the foregoing, including amounts owed to third-party administrators; (b) maintain and continue to honor and pay, in their sole discretion, all amounts with respect to the Debtors' business practices, programs, and policies for their employees as such were in effect as of the commencement of these chapter 11 cases and as such may be modified or supplemented from time to time in the ordinary course of business; and (c) pay, in their sole discretion, Temporary Employee Obligations, all as described in the Motion and the Supplemental Mesterharm Declaration.
3. All Banks and other financial institutions are authorized, but not directed, to receive, process, honor, and pay all checks presented for payment by the Debtors and to honor all fund transfer requests related to such 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.

4. Nothing in this Final Order shall authorize the Debtors to make any payment in violation of section 503(c) of the Bankruptcy Code.

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

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

7. 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

THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Blackline

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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| -----X | : | |
| In re | : | Chapter 11 |
| PARAGON OFFSHORE PLC, <i>et al.</i> , | : | Case No. 16 _____ (16-10386 <u>(CSS)</u>) |
| | : | |
| | : | Joint Administration Requested |
| | : | <u>Jointly Administered</u> |
| <u>Debtors.</u> ¹ | : | <u>Re: Docket Nos. 4 & 77</u> |
| -----X | | |

FINAL ORDER (I) AUTHORIZING DEBTORS (A) TO PAY PREPETITION WAGES, SALARIES, EMPLOYEE BENEFITS, AND OTHER COMPENSATION, (B) TO MAINTAIN EMPLOYEE BENEFIT PROGRAMS AND PAY RELATED ADMINISTRATIVE OBLIGATIONS, AND (C) TO PAY TEMPORARY EMPLOYEE OBLIGATIONS, AND ~~(H) DIRECTING (I) AUTHORIZING~~ FINANCIAL INSTITUTIONS TO RECEIVE, PROCESS, HONOR, AND PAY ALL CHECKS PRESENTED FOR PAYMENT AND TO HONOR ALL FUND TRANSFER REQUESTS RELATED TO SUCH OBLIGATIONS PURSUANT TO SECTIONS 105(a), 363(b), AND 507 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 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 (a) pay, in their sole discretion, all obligations incurred, directly or indirectly,

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

under or relating to the Debtors' Compensation Obligations and Employee Benefit Plans, all related expenses, and all fees and costs incidental to the foregoing, including amounts owed to third-party administrators; (b) maintain and continue to honor and pay, in their sole discretion, all amounts with respect to the Debtors' business practices, programs, and policies for their employees as such were in effect as of the commencement of these chapter 11 cases and as such may be modified or supplemented from time to time in the ordinary course of business; and (c) pay, in their sole discretion, Temporary Employee Obligations; and (II) authorization of financial institutions to receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests related to such obligations, each as more fully set forth in the Motion; and upon consideration of the Lefkovits Declaration; and upon consideration of the Mesterharm Declaration [and the Supplemental Declaration of James A. Mesterharm in Support of the Motion \(Docket No. 119\) \(the "Supplemental Mesterharm Declaration"\)](#); 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 ~~—17~~, 2016; and the Court having granted interim relief on the Motion on February ~~—17~~, 2016 (Docket ~~No. —~~[No. 77](#)); and the Court having held a final hearing on the Motion on ~~February —~~[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), 363(b), and 507 of the Bankruptcy Code, to (a) pay, in their sole discretion, all obligations incurred, directly or indirectly, under or relating to the Debtors' Compensation Obligations and Employee Benefit Plans; all related expenses; and all fees and costs incident to the foregoing, including amounts owed to third-party administrators; (b) maintain and continue to honor and pay, in their sole discretion, all amounts with respect to the Debtors' business practices, programs, and policies for their employees as such were in effect as of the commencement of these chapter 11 cases and as such may be modified or supplemented from time to time in the ordinary course of business; and (c) pay, in their sole discretion, Temporary Employee Obligations, all as described in the Motion and the Supplemental Mesterharm Declaration.
3. All Banks and other financial institutions are authorized, but not directed, to receive, process, honor, and pay all checks presented for payment by the Debtors and to honor all fund transfer requests related to such 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.

~~4. 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 any prepetition amounts that are authorized to be paid pursuant to this Final Order.~~

4. ~~5.~~ Nothing in this Final Order shall authorize the Debtors to make any payment in violation of section 503(c) of the Bankruptcy Code.

~~6. 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.~~

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

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

7. ~~9.~~ 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

THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

