

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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In re : **Chapter 11**

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PARAGON OFFSHORE PLC, et al., : **Case No. 16-10386 (CSS)**

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: **Jointly Administered**

Debtors.¹ : **Re: Docket Nos. 10 & 78**

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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**”),² 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

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.



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 8, 2016
Wilmington, Delaware



THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE