

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**  
: **Re: Docket Nos. 4 & 77**  
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**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**”),<sup>2</sup> 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

<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.



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 8, 2016  
Wilmington, Delaware



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THE HONORABLE CHRISTOPHER S. SONTCHI  
UNITED STATES BANKRUPTCY JUDGE