

ORIGINAL

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

-----X
: **Chapter 11**
: **Case No. 16-10386 (CSS)**
: **Jointly Administered**
: **Re: Docket Nos. 9 & 73**
: **Debtors.¹**
-----X

FINAL ORDER AUTHORIZING DEBTORS TO (A) CONTINUE EXISTING CASH MANAGEMENT SYSTEM, (B) MAINTAIN BUSINESS FORMS AND EXISTING BANK ACCOUNTS, AND (C) CONTINUE INTERCOMPANY ARRANGEMENTS; (II) WAIVER OF THE REQUIREMENTS OF SECTION 345(b) OF THE BANKRUPTCY CODE; AND (III) GRANTING RELATED RELIEF

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) interim and final authority to (a) continue their existing cash management system (with such modifications as may be necessary to reflect the Debtors’ corporate reorganization and as necessary to transition from the banking relationship with Wells Fargo); (b) continue using their existing Business Forms and Bank Accounts; and (c) continue their intercompany arrangements;

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. 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.



161038616040600000000003

(II) waiver of the requirements of section 345(b) of the Bankruptcy Code; and (III) authorization of the Banks to continue to charge the Debtors the Bank Fees and to charge back returned items to the Bank Accounts, whether such items are dated before, on, or after the Petition Date, 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 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. 73); and the Court having held a final hearing on the Motion on April 6, 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 pursuant to sections 363(c) and 105(a) of the Bankruptcy Code to continue to manage their cash pursuant to the Cash Management System maintained before the Petition Date; to collect and disburse cash in accordance with the Cash Management System, including intercompany funding to nondebtor affiliates, including Nondebtor Services Entities; to make ordinary course changes to their Cash Management System without further order of the Court; and to implement such changes to the Cash Management System as are required to move all cash management operations into the Debtors in accordance with the Transitional Program.

3. Pursuant to section 105(a) of the Bankruptcy Code, each of the Banks is authorized, but not directed to, continue to honor transfers, as directed by the Debtors, of funds among the Debtors' Bank Accounts.

4. The Debtors shall maintain accurate records of all transfers within the Cash Management System so that all postpetition transfers and transactions, including intercompany transactions, shall be adequately and promptly documented in, and readily ascertainable from, their books and records.

5. The Debtors are authorized to: (i) designate, maintain and continue to use any or all of their existing Bank Accounts listed on **Schedule 1** annexed hereto (which **Schedule 1** shall be amended within a reasonable period of time to identify any Bank Accounts inadvertently omitted therefrom, with any such amendments being served on the U.S. Trustee and any official committee appointed in these chapter 11 cases), in the names and with the account numbers existing immediately before the Petition Date; (ii) deposit funds in and withdraw funds from such accounts by all usual means, including, without limitation, checks, wire transfers, ACH Transfers and other debits; (iii) pay any Bank Fees or charges associated

with the Bank Accounts, whether arising before or after the Petition Date, and (iv) treat their prepetition Bank Accounts for all purposes as debtors in possession accounts.

6. The Debtors, in their sole discretion, are authorized to open new Bank Accounts or close any existing Bank Accounts; *provided, however*, that in the event that the Debtors open or close any Bank Accounts, such opening or closing shall be timely indicated on the Debtors' monthly operating reports and notice of such opening or closing shall be provided to the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") and counsel to any official committee appointed in this case (subsequent to its appointment) within 15 days; *provided further, however*, that the Debtors shall open any such new Bank Account at banks that have executed a Uniform Depository Agreement with the U.S. Trustee, or at such banks that are willing to immediately execute such an agreement.

7. All Banks with which the Debtors maintained Bank Accounts as of the Petition Date are authorized to debit the Debtors' accounts in the ordinary course of business without the need for further order of this Court for: (i) all checks drawn on the Debtors' accounts which are cashed at such bank's counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (ii) all checks or other items deposited in one of Debtors' accounts with such bank prior to the Petition Date which have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date; and (iii) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as Bank Fees for the maintenance of the Cash Management System.

8. The Banks are authorized to charge, and the Debtors are authorized to pay or honor, both prepetition and postpetition service and other fees, costs, charges and expenses to

which the Banks may be entitled in the ordinary course under the terms of and in accordance with their contractual arrangements with Debtors (including, without limitation, any fees, costs, charges and expenses arising from any “stop payment”). The Debtors are authorized to promptly reimburse the Banks for any claims, whether arising (i) under their contractual arrangement and account documentation with the Debtors or otherwise or (ii) prior to or after the Petition Date, in connection with any returned items to the Bank Accounts in the normal course of business and such claims by the Banks shall be joint and several allowed superpriority claims against each Debtors (without the need to file any proof of claim) pursuant to section 364(c)(1) of the Bankruptcy Code. Further, the Banks are authorized to “charge back” to the Debtors’ Bank Accounts any amounts incurred by the Bank resulting from returned checks or other returned items, and the Debtors are authorized to promptly pay any fees and expenses owed to the Banks, in each case regardless of whether such items were deposited prepetition or postpetition or relate to prepetition or postpetition items.

9. Any payment from a Bank Account made by any of the Banks arising from a request of the Debtors or a third-party payee made prior to or on the Petition Date (including any ACH Transfer such Bank is or becomes obligated to settle), or any instruments issued by any of the Banks on behalf of any Debtor pursuant to a “midnight deadline” or otherwise (solely for purposes of the automatic stay), shall be deemed to be paid prepetition, whether or not actually debited from such Bank Account prepetition.

10. 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.

11. Nothing contained herein shall prevent the Debtors from closing any Bank Account(s) as they may deem necessary and appropriate, to the extent consistent with the terms of any postpetition financing agreement and any order(s) of this Court relating thereto, any relevant bank is authorized to honor the Debtors' requests to close such Bank Accounts, and the Debtors shall give notice of the closure of any account to the U.S. Trustee and any official committee appointed in these chapter 11 cases.

12. The Debtors are hereby authorized pursuant to sections 105(a) and 363(b)(1) of the Bankruptcy Code to establish and implement the Transitional Program:

- to pay all outstanding prepetition balance up to \$250,000 owing to Wells Fargo on account of a Wells Fargo Bank Account fee or service, or the P-Card Program, and the Debtors may pay postpetition balances on such programs in the ordinary course of business.
- to continue to use the P-Card subject to the terms and conditions thereof.
- The CD shall remain in place on behalf of (and for the benefit of all of) the Debtors to provide assurance that Wells Fargo will be paid in full under the P-Card Program in the ordinary course of business. Wells Fargo shall be permitted to offset any balance due on the P-Card Program from an appropriate Debtor Wells Fargo Bank Account against such cash collateral, regardless of which Paragon entity is technically liable for the amounts due on the account.
- to take all and further actions necessary or appropriate to implement the Transitional Program in a way that is cost-effective and minimizes risk to the Debtors' business operations.
- In the event that notwithstanding these protections, a Paragon entity is not able to access a P-Card, to reimburse any employee (or provide funding to the Nondebtor Service Entities to reimburse any employee) as soon as reasonably practical after the employee incurred an expense on her or his own credit card or out of his or her own pocket due to the lack of access to a P-Card.

13. The Debtors are hereby authorized to complete any actions commenced prepetition to complete the migrations of the P-Card Program from Wells Fargo and Bank Accounts from Wells Fargo to any other Bank, consistent with paragraph 6 of this Final Order.

14. All intercompany claims arising after the Petition Date shall be accorded administrative expense priority in accordance with sections 503(b) and 507(a)(2) of the Bankruptcy Code.

15. The Debtors' time to comply with section 345(b) of the Bankruptcy Code is hereby extended for a period of forty-five (45) days from the date of this Final Order (the "**Extension Period**"). The Debtors shall provide the U.S. Trustee with an update on efforts to comply with section 345 of the Bankruptcy Code and the anticipated time for compliance 15 days from entry of this Final Order and 30 days from entry of this Final Order. The Extension Period in this Final Order is without prejudice to the Debtors' right to request a further extension of the Extension Period or the waiver of the requirements of section 345(b) of the Bankruptcy Code in these cases.

16. For all Banks at which the Debtors maintain Bank Accounts that are party to a Uniform Depository Agreement with the U.S. Trustee, within fifteen (15) days of the date of entry of this Final Order, the Debtors shall (i) contact each such Bank; (ii) provide each such Bank with each of the Debtors' employer identification numbers; and (iii) identify each of their Bank Accounts held at such Banks as being held by a debtor in possession in a chapter 11 case.

17. For banks at which the Debtors hold Bank Accounts that are not party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall use their good faith efforts to cause the banks to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee within thirty (30) days of the date of this Interim Order. The U.S. Trustee's

rights to seek further relief from this Court on notice in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

18. Notwithstanding the Debtors' use of a consolidated Cash Management System, the Debtors shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of which entity pays those disbursements.

19. The Debtors are authorized to use their existing Business Forms and not print "debtor in possession" on any of their Business Forms, and any otherwise applicable requirement that the Debtors print "debtor in possession" on any new checks ordered during the chapter 11 cases, or that the Debtors change their system for electronic generation of checks and Business Forms to reflect their status as debtors in possession, is hereby waived.

20. The Debtors shall serve this Final Order within three (3) business days of its entry on the Notice Parties and the Banks.

21. Notwithstanding entry of this Final Order, nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by any party.

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

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

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

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

26. 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: April 6, 2016
Wilmington, Delaware



THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

Schedule 1

Bank Accounts

Paragon Bank Account Listing

	Legal Entity	Bank Name	Location	Account Number	Debtor/Non-Debtor
1	Paragon Drilling Service 7 LLC US	Wells Fargo	USA	XXXXX8977	Debtor
2	Paragon FDR Holding, Ltd	Wells Fargo	USA	XXXXX3867	Debtor
3	Paragon Holding NCS 2 GmbH	Wells Fargo	USA	XXXXX5235	Debtor
4	Paragon International Finance Company	Bank of America	USA	XXXXX9959	Debtor
5	Paragon International Finance Company	Bank of America	USA	XXXXX7633	Debtor
6	Paragon International Finance Company	GS	USA	XXXXX3880	Debtor
7	Paragon International Finance Company	JPMC	USA	XXXXX4670	Debtor
8	Paragon International Finance Company	Wells Fargo	USA	XXXXX4240	Debtor
9	Paragon International Finance Company	Wells Fargo	Cayman	XXXXX7219	Debtor
10	Paragon International Finance Company	Wells Fargo	Cayman	XXXXX7201	Debtor
11	Paragon International Finance Company	Wells Fargo	Cayman	XXXXX7227	Debtor
12	Paragon International Finance Company	Wells Fargo	Cayman	XXXXX7235	Debtor
13	Paragon International Finance Company	Wells Fargo	Cayman	XXXXX4355	Debtor
14	Paragon International Finance Company	Wells Fargo	UK	XXXXX1100	Debtor
15	Paragon International Finance Company	Wells Fargo	USA	XXXXX9936	Debtor
16	Paragon Leonard Jones LLC	HSBC	USA	XXXXX3350	Debtor
17	Paragon Leonard Jones LLC	HSBC	Mexico	XXXXX7021	Debtor
18	Paragon Leonard Jones LLC	Wells Fargo	USA	XXXXX8256	Debtor
19	Paragon Leonard Jones LLC	Wells Fargo	Cayman	XXXXX8032	Debtor
20	Paragon Offshore (Labuan) Pte Ltd	HSBC	Malaysia	XXXXX4101	Debtor
21	Paragon Offshore (Labuan) Pte Ltd	HSBC	Malaysia	XXXXX4725	Debtor
22	Paragon Offshore (Labuan) Pte Ltd	Wells Fargo	USA	XXXXX7995	Debtor
23	Paragon Offshore (Luxembourg) GmbH	Wells Fargo	USA	XXXXX8969	Debtor
24	Paragon Offshore (Luxembourg) GmbH	Wells Fargo	USA	XXXXX1728	Debtor
25	Paragon Offshore (Nederland) B.V.	ABN	Nederland	XXXXX2297	Debtor
26	Paragon Offshore (Nederland) B.V.	ABN	Nederland	XXXXX5079	Debtor
27	Paragon Offshore (Nederland) B.V.	Wells Fargo	UK	XXXXX1106	Debtor
28	Paragon Offshore (Nederland) B.V.	Wells Fargo	USA	XXXXX2286	Debtor
29	Paragon Offshore (Nederland) B.V.	BARCLAYS	UK	XXXXX6254	Debtor
30	Paragon Offshore Contracting GmbH	Banamex	Mexico	XXXXX8876	Debtor
31	Paragon Offshore Contracting GmbH	UBS	Switzerland	XXXXX403W	Debtor
32	Paragon Offshore Contracting GmbH	Wells Fargo	USA	XXXXX2377	Debtor
33	Paragon Offshore Contracting GmbH	Banamex	Mexico	XXXXX1401	Debtor
34	Paragon Offshore Contracting GmbH	Wells Fargo	USA	XXXXX8002	Debtor
35	Paragon Offshore Contracting GmbH	Wells Fargo	Cayman	XXXXX8788	Debtor
36	Paragon Offshore do Brasil Ltda	Banco Bradesco	Brazil	XXXXX7775	Debtor
37	Paragon Offshore do Brasil Ltda	Banco Itau	Brazil	XXXXX4000	Debtor
38	Paragon Offshore do Brasil Ltda	Banco Itau	Brazil	XXXXX5004	Debtor
39	Paragon Offshore Finance Company	Wells Fargo	USA	XXXXX2257	Debtor
40	Paragon Offshore International Limited	Ecobank	Congo	XXXXX9901	Debtor
41	Paragon Offshore International Limited	Wells Fargo	USA	XXXXX4872	Debtor
42	Paragon Offshore International Limited	Wells Fargo	USA	XXXXX0570	Debtor
43	Paragon Offshore International Limited	SCB	Qatar	XXXXX2501	Debtor
44	Paragon Offshore International Limited	CCEI	Egypt	XXXXX0135	Debtor
45	Paragon Offshore International Limited	HSBC	Egypt	XXXXX5001	Debtor
46	Paragon Offshore International Limited	HSBC	Egypt	XXXXX5110	Debtor
47	Paragon Offshore International Limited	HSBC	Isreal	XXXXX6500	Debtor
48	Paragon Offshore International Limited	HSBC	Isreal	XXXXX6490	Debtor
49	Paragon Offshore International Limited	HSBC	UAE	XXXXX4001	Debtor
50	Paragon Offshore Leasing (Luxembourg) GmbH	Wells Fargo	USA	XXXXX6362	Debtor
51	Paragon Offshore Leasing (Luxembourg) GmbH	BCEE	Luxembourg	XXXXX8000	Debtor
52	Paragon Offshore Leasing (Switzerland) GmbH	UBS	Switzerland	XXXXX701L	Debtor
53	Paragon Offshore Leasing (Switzerland) GmbH	HSBC	USA	XXXXX3991	Debtor
54	Paragon Offshore PLC (UK)	Bank of America	USA	XXXXX9069	Debtor
55	Paragon Offshore PLC (UK)	GS	USA	XXXXX3774	Debtor
56	Paragon Offshore PLC (UK)	HSBC	UK	XXXXX9694	Debtor
57	Paragon Offshore PLC (UK)	Wells Fargo	USA	XXXXX6704	Debtor
58	PGN Offshore Drilling (Malaysia) Sdn. Bhd.	SCB	Malaysia	XXXXX0775	Debtor
59	PGN Offshore Drilling (Malaysia) Sdn. Bhd.	Wells Fargo	USA	XXXXX3875	Debtor
60	Frontier Discoverer Kft	Wells Fargo	USA	XXXXX0666	Non-Debtor
61	Paragon (Seillean) AS	DNB	Norway	XXXXX6687	Non-Debtor
62	Paragon (Seillean) KS	DNB	Norway	XXXXX3015	Non-Debtor
63	Paragon Drilling Nigeria Limited	SCB	Nigeria	XXXXX9905	Non-Debtor
64	Paragon Drilling Nigeria Limited	Citibank	Nigeria	XXXXX1010	Non-Debtor
65	Paragon Drilling Nigeria Limited	Citibank	Nigeria	XXXXX1003	Non-Debtor
66	Paragon Drilling Ven, CA	Banco Provincial	Venezuela	XXXXX5016	Non-Debtor
67	Paragon International Investment Limited	Bank of America	USA	XXXXX9124	Non-Debtor
68	Paragon International Investment Limited	Bank of America	USA	XXXXX7535	Non-Debtor
69	Paragon International Investment Limited	GS	USA	XXXXX3698	Non-Debtor
70	Paragon International Investment Limited	Wells Fargo	USA	XXXXX2027	Non-Debtor
71	Paragon Offshore (Asia) Pte. Ltd	DBS	Singapore	XXXXX0728	Non-Debtor
72	Paragon Offshore (Asia) Pte. Ltd	Wells Fargo	USA	XXXXX8250	Non-Debtor
73	Paragon Offshore (GOM) Inc	Wells Fargo	USA	XXXXX4058	Non-Debtor

Paragon Bank Account Listing

Legal Entity	Bank Name	Location	Account Number	Debtor/Non-Debtor
74 Paragon Offshore AS	DNB	Norway	XXXXX6695	Non-Debtor
75 Paragon Offshore Brasil Investimentos E Participacoes Ltda	Banco Itau	Brazil	XXXXX8954	Non-Debtor
76 Paragon Offshore Drilling (Cyprus) Limited	Wells Fargo	USA	XXXXX1419	Non-Debtor
77 Paragon Offshore Drilling do Brasil Ltda	Banco Santander	Brazil	XXXXX4518	Non-Debtor
78 Paragon Offshore Investment Ltd	Wells Fargo	USA	XXXXX2035	Non-Debtor
79 Paragon Offshore Land Support Limited	BARCLAYS	UK	XXXXX4810	Non-Debtor
80 Paragon Offshore Management Services, S de R L de CV	Banamex	Mexico	XXXXX9997	Non-Debtor
81 Paragon Offshore Services LLC	Wells Fargo	USA	XXXXX5317	Non-Debtor
82 Paragon Offshore Services LLC	Wells Fargo	USA	XXXXX0379	Non-Debtor
83 Paragon Offshore Services LLC	Wells Fargo	USA	XXXXX0387	Non-Debtor
84 Paragon Offshore Services LLC	Wells Fargo	USA	XXXXX0395	Non-Debtor
85 Resolute Insurance Group Ltd	HSBC	Bermuda	XXXXX4501	Non-Debtor
86 Paragon (Seillean) KS	DNB	Norway	XXXXX6656	Non-Debtor
87 Paragon Drilling Nigeria Limited	Access	Nigeria	XXXXX0018	Non-Debtor
88 Paragon Offshore Drilling AS	DNB	Norway	XXXXX9444	Non-Debtor
89 Paragon Offshore Drilling AS	DNB	Norway	XXXXX9128	Non-Debtor
90 Paragon Offshore Drilling AS	Wells Fargo	USA	XXXXX1284	Non-Debtor
91 Paragon Offshore Enterprises Ltd	Wells Fargo	Cayman	XXXXX2825	Non-Debtor
92 Paragon Offshore Enterprises Ltd	Wells Fargo	UK	XXXXX1105	Non-Debtor
93 Paragon Offshore USA Inc Corp	Wells Fargo	USA	XXXXX4171	Non-Debtor