

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
)	
Hermitage Offshore Services Ltd., <i>et al.</i> , ¹	)	Case No. 20-11850 (MG)
)	
Debtors.	)	(Jointly Administered)

ORDER (A) APPROVING BIDDING PROCEDURES FOR THE SALE OF ASSETS, (B) SCHEDULING HEARINGS AND OBJECTION DEADLINES WITH RESPECT TO THE SALE, (C) SCHEDULING BID DEADLINE AND AN AUCTION, (D) APPROVING THE FORM AND MANNER OF NOTICE THEREOF, (E) APPROVING CONTRACT ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (F) GRANTING RELATED RELIEF

Upon consideration of the motion, dated September 9, 2020 (the “Motion”),² of the above captioned debtors and debtors in possession (the “Debtors”) for the entry of an order (this “Order”):

(a) approving the proposed bidding procedures attached as Exhibit 1 hereto (the “Bidding Procedures”); (b) scheduling an auction; (c) approving the form and manner of notice thereof; (d) scheduling dates and deadlines in connection with the sale (the “Sale”) of all, substantially all, or any portion or combination of the assets (the “Assets”) owned by the Debtors; (e) approving the

¹ The Debtors are: Hermitage Offshore Services Ltd.; CB Holdco Limited; Blue Power Limited; Delta Cistern V Limited; Sierra Cistern V Limited; Petro Craft 2017-1 Shipping Company Limited; Petro Craft 2017-2 Shipping Company Limited; Petro Craft 2017-3 Shipping Company Limited; Petro Craft 2017-4 Shipping Company Limited; Petro Craft 2017-5 Shipping Company Limited; Petro Craft 2017-7 Shipping Company Limited; Petro Craft 2017-8 Shipping Company Limited; Petro Combi 6030-01 Shipping Company Limited; Petro Combi 6030-02 Shipping Company Limited; Petro Combi 6030-03 Shipping Company Limited; Petro Combi 6030-04 Shipping Company Limited; Hermit Storm Shipping Company Limited; Hermit Viking Shipping Company Limited; Hermit Protector Shipping Company Limited; Guardian Shipping Company Limited; Hermit Thunder Shipping Company Limited; Delta PSV Norway AS; NAO Norway AS; Hermit Galaxy Shipping Company Limited; Hermit Horizon Shipping Company Limited; Hermit Power Shipping Company Limited; Hermit Prosper Shipping Company Limited; Hermit Fighter Shipping Company Limited; and PSV Adminco 2019 LLC (Last Four Digits of Federal Tax ID: 0794).

² Capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Motion or the Bidding Procedures, as applicable.

form and manner of notice thereof; (f) approving procedures (the “Assignment Procedures”) for assuming and assigning the Debtors’ executory contracts (collectively, the “Contracts”); and (g) granting the Debtors related relief necessary to consummate the transactions contemplated by the Motion; all as more fully set forth in the Motion; and upon the Haines Declaration and the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing held before this Court on September 23, 2020 (the “Hearing”); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The findings of fact and conclusions of law herein constitute the Court’s findings of fact and conclusions of law for the purposes of Bankruptcy Rule 7052, made applicable pursuant to Bankruptcy Rule 9014. To the extent any findings of facts are conclusions of law, they are

adopted as such. To the extent any conclusions of law are findings of fact, they are adopted as such.

B. This Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue in this court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. The statutory bases for the relief requested in the Motion are sections 105, 363, 365, 503, and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, and 9014.

D. Notice of the Motion, the Hearing, and the proposed entry of this Order was adequate and sufficient under the circumstances of these chapter 11 cases, and such notice complied with all applicable requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Local Rules, and no other or further notice is necessary or required except as set forth herein and in the Bidding Procedures. A reasonable opportunity to object or be heard regarding the relief provided herein has been afforded to all parties in interest.

E. The Debtors have articulated good and sufficient reasons for this Court to: (a) approve the Bidding Procedures attached hereto as Exhibit 1; (b) schedule the Bid Deadline, the Auction, the Sale Objection Deadline, and the Sale Hearing; and (c) approve the form of the Sale Notice attached hereto as Exhibit 2; (d) approve the Assignment Procedures and the form and manner of the Cure Notice attached hereto as Exhibit 3; and (e) grant the Debtors related relief as necessary to consummate the transaction contemplated in the Motion.

F. The Debtors and their advisors engaged in a robust and extensive marketing process before the Petition Date, over a period of more than four months, to solicit and develop the highest or otherwise best offer for the Assets.

G. The Bidding Procedures are fair, reasonable, and appropriate, and comply with the provisions of section 365 of the Bankruptcy Code and Bankruptcy Rule 6006. The Bidding Procedures represent the best available method for maximizing value for the benefit of the Debtors' estates, and were negotiated at arm's length, in good faith, and without collusion. The Bidding Procedures balance the Debtors' interest in expeditiously consummating a Sale while preserving the opportunity to attract value-maximizing proposals beneficial to the Debtors' estates, their creditors, and other parties in interest.

H. The Assignment Procedures, including the Cure Notice, are fair, reasonable, and appropriate, and comply with section 365 of the Bankruptcy Code and Bankruptcy Rule 6006. The Assignment Procedures have been tailored to provide adequate opportunity for all Contract Counterparties to raise any objections to the proposed assumption and assignment of executory contracts, including, without limitation, charter agreements, or to the Cure Costs.

I. The Sale Notice, substantially in the form attached hereto as Exhibit 2, and incorporated herein by reference as if fully set forth in this Order, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Bidding Procedures, the Auction, and the Sale, and any hearings or objection deadlines related thereto, and no other or further notice shall be required for the Motion or the Sale Schedule.

J. The Cure Notice, substantially in the form attached hereto as Exhibit 3, and incorporated herein by reference as if fully set forth in this Order, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Assignment Procedures, and no other or further notice shall be required.

K. DNB Bank ASA ("DNB") and Skandinaviska Enskilda Banken AB (Publ) ("SEB") and, together with DNB, the "Lenders") hold allowed, secured, superpriority claims against the

Debtors' estates equal to \$132,905,132, plus, as of the date hereof, accrued and unpaid interest of not less than \$2,282,767 and asserted accrued and unpaid fees and expenses of not less than \$906,829.50, plus further interest, fees, and expenses that may continue to accrue through to the Auction date (the "Lender Secured Claim").

L. Nothing contained in the Motion, this Order, or the Bidding Procedures shall prejudice or impair in any way the Lenders' right to submit a Credit Bid (as defined in the Bidding Procedures) at the Auction or otherwise utilizing all or any portion of the Lender Secured Claim in any sale or sales of the Assets, all of which Assets are the Lenders' collateral under the Cash Collateral Order and that certain Term Facility Agreement, dated January 14, 2020, by and among the Hermitage Offshore Services Ltd., as borrower, certain of its subsidiaries, as guarantors, DNB, as agent, and the Lenders, as the lending parties (the "Term Facility Agreement") to the fullest extent provided for in the Bankruptcy Code and or other applicable law.

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as provided herein.
2. All objections to the relief requested in the Motion that have not been withdrawn, waived, or settled as announced to the Court at the hearing on the Motion or by stipulation filed with the Court, are overruled.
3. The Bidding Procedures are hereby approved in their entirety, are incorporated herein by reference, and shall govern all bids and proceedings related to the sale of the Assets and the Auction. The failure to specifically include or reference any particular provision of the Bidding Procedures in the Motion or this Order shall not diminish or otherwise impair the effectiveness of such procedures, it being the Court's intent that the Bidding Procedures are approved in their entirety, as if fully set forth in this Order. To the extent the Motion is inconsistent with the Bidding

Procedures, the Bidding Procedures, including all defined terms therein, shall apply. The Debtors are authorized to take all actions necessary or appropriate to implement the Bidding Procedures.

I. Bidding Procedures and Auction

4. The Bidding Procedures, in the form attached hereto as Exhibit 1, are hereby approved in their entirety, and are incorporated into this Order by reference, and the Bidding Procedures shall govern the submission, receipt, and analysis of all bids relating to the proposed sale of the Assets. Any party desiring to bid on any of the Assets shall comply with the Bidding Procedures and the provisions of this Order. The Debtors are authorized to take any and all actions necessary and consistent with the Bidding Procedures to implement the Bidding Procedures.

5. The deadline by which all Qualified Bids for the Assets, must be **actually received** by the parties specified in the Bidding Procedures is **October 1, 2020, at 4:00 p.m., Eastern Time** (the "Bid Deadline"); provided, however, that the Debtors shall have the right, with the consent of the Lenders and after consultation with any other Consultation Party, to extend the Bid Deadline for any reason whatsoever, in their reasonable business judgment, for all or certain Potential Bidders, without further order of the Court, subject to providing notice to all Potential Bidders. The Debtors shall promptly provide copies of all bids to each of the Consultation Parties. Any party that does not submit a Qualified Bid by the Bid Deadline in accordance with the Bidding Procedures will not be allowed to (a) submit any offer after the Bid Deadline or (b) participate in the Auction; provided, however, that the foregoing shall not preclude the Debtors after the Bid Deadline from marketing to any person, or auctioning, or any parties from bidding on, any other Assets not included in the Auction; and, provided, further, that, to the extent there is no Auction for the Assets, the prior proviso shall not be applicable to such Acquired Assets.

6. The Auction, if needed, shall be held on **October 7, 2020, at 10:00 a.m., Eastern Time**, which time may be extended by the Debtors, with the consent of the Consultation Parties, upon written notice filed with the Court, to be held at the offices of Proskauer Rose LLP, located at Eleven Times Square, New York, New York 10036, or at such other venue (or by such other medium) as the Debtors may determine in consultation with the Consultation Parties. No later than two (2) business days before the Auction, the Debtors shall send written notice of the date, time, and place of such Auction to Qualified Bidders and the Consultation Parties and shall post notice of the same on the website of the Debtors' claims and noticing agent, Prime Clerk LLC (the "Noticing Agent") at <https://cases.primeclerk.com/hermitage>.

7. If only one Qualified Bid is received with respect to all Assets, or any individual or group of Assets, by the Debtors by the Bid Deadline, the Debtors shall not conduct an Auction for such Assets, and such Bidder will be deemed to be the Successful Bidder for the relevant Assets. If the Debtors receive more than one Qualified Bid with respect to all Assets or any individual or group of Assets, by the Bid Deadline, then the Debtors shall conduct an Auction of the Assets in accordance with the Bidding Procedures.

8. Only such authorized representatives of the Qualified Bidders, the Consultation Parties, the United States Trustee, and each party's respective advisors shall be entitled to attend the Auction.

9. As set forth in the Bidding Procedures, each bidder participating at the Auction shall be required to confirm in writing that (a) it has not engaged in any collusion with respect to the bidding, the Auction, or the sale, (b) it has reviewed, understands, and accepts the Bidding Procedures, (c) it has consented to the core jurisdiction of this Court, and (d) its Qualified Bid is a good faith bona fide offer that it intends to consummate if selected as a Successful Bidder.

10. Subject to the provisions of decretal paragraphs 29 and 31 below, each Qualified Bidder, other than the Lenders, must provide with its bid financial or credit-quality support information or enhancement that allows the Debtors, after consultation with the Consultation Parties, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the Sale, including, without limitation (and in each case after consultation with the Consultation Parties), such financial credit-quality support information or enhancement and setting forth adequate assurance of future performance under section 365(f)(2)(B) of the Bankruptcy Code and the Bidder's willingness to perform under any Contracts that are assumed and assigned to the Bidder (the "Adequate Assurance Information"). Each Bid must be accompanied by a cash deposit in the amount equal to ten percent (10%) of the Purchase Price of the Bid; provided, however, that, with respect to a Credit Bid, no such deposit is required.

11. The Lenders and any other Qualified Bidder that has a valid and perfected lien on any Assets (a "Secured Creditor") shall have the right to credit bid all or a portion of such Secured Creditor's secured claims within the meaning of section 363(k) and section 1129(b) of the Bankruptcy Code; provided, however, that a Secured Creditor shall have the right to credit bid its secured claim only with respect to the collateral by which such Secured Creditor is secured; and, provided, further, that any such credit bid shall include cash consideration sufficient to pay in full all claims for which there are valid, perfected, and unavoidable liens on any Assets included in such bid that are senior in priority to those of the Secured Creditor seeking to credit bid (unless such senior lien holder consents to alternative treatment) and shall comply with any orders of the Bankruptcy Court approving use of cash collateral.

12. Notwithstanding the Qualified Bid Requirements, the Lenders shall each be deemed a Qualified Bidder in all respects and permitted to participate in the Auction and, in

accordance with the provisions herein, including, without limitation, the Bidding Procedures, may submit one or more Bids, including Credit Bids, in their sole and absolute discretion. Other than the Qualified Bid Documents, the Lenders shall not be required to submit any documentation of any sort to gain admittance to and be permitted to participate in the Auction.

13. If the Lenders are the Successful Bidder, the Lenders (a) shall not be required to take title to or ownership of, or have any obligation in connection with (in each case, legal, equitable or otherwise), any individual Asset, portion of the Assets, or all of the Assets and (b) in the event that the Lenders determine not to take such title to or ownership, or have any obligation in connection with any Assets, the Lenders shall designate any person(s) or entity(ies) in their sole and absolute discretion to take title to or ownership of any individual Asset, portion of the Assets, or all of the Assets, regardless of whether such person(s) or entity(ies) is or are related to the Lenders; provided, however, that the Lenders shall (y) ensure that such designee takes title to the relevant Assets and (z) guarantee such designee's obligation to take title and the performance of all obligations with respect to the sale of the Assets. Further, if the Lenders' Credit Bid is the Successful Bid for any, some, or all Assets, the Lenders may, in their sole discretion, after all the other Qualified Bids are set, adjust their Credit Bid amounts upwards.

14. The Debtors may, in consultation with the Consultation Parties: (a) determine which Qualified Bid is the highest or otherwise best offer for each Asset or Assets; (b) reject at any time before entry of an Order of the court approving the Successful Bid, any bid that, in the reasonable discretion of the Debtors, in consultation with the Consultation Parties, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code or the Bidding Procedures, or (iii) contrary to the best interests of the Debtors' estates and their creditors; and (c) at or before the conclusion of the Auction, may impose such other terms and conditions upon

Qualified Bidders as the Debtors determine, in consultation with the Consultation Parties, to be in the best interests of the Debtors' estates in these cases.

15. The Debtors shall have the right, in their sole business judgment, subject to the reasonable consent of the Lenders and in consultation with the Consultation Parties, in a manner consistent with their fiduciary duties and applicable law, to modify the Bidding Procedures, including (a) waive terms and conditions with respect to any Prospective Bidder, (b) extend the deadlines set forth in the Bidding Procedures, and (c) announce at the Auction modified or additional procedures for conducting the Auction. Nothing in this Order shall obligate the Debtors to consummate or pursue any transaction with respect to any Asset with a Qualified Bidder unless otherwise provided for in the Bidding Procedures.

16. The Bidding Procedures and the notice thereof provide all parties in interest with notice of, and the opportunity to participate in, any potential Sale and/or Auction.

II. Sale Hearing and Sale Objection Deadlines

17. The Sale Hearing for the Assets shall be held Telephonically Using CourtSolutions on **October 13, 2020, at 10:00 a.m., Eastern Time** .

18. Notwithstanding the foregoing decretal paragraph, the Debtors may, with the reasonable consent of the Lenders, and in consultation with any other Consultation Party and the Successful Bidder(s), seek an adjournment of the Sale Hearing, as the Debtors deem appropriate in the exercise of their reasonable business judgment.

19. Objections to the proposed Sale, except as provided herein, including any objection to the sale of any Assets free and clear of liens, claims, encumbrances, and interests pursuant to section 363(f) of the Bankruptcy Code, the assumption and assignment of executory contracts,

including, without limitation, charter agreements, and entry of a Sale Order (each, a “Sale Objection”) shall:

- (a) be in writing;
- (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules;
- (c) state, with specificity, the legal and factual bases thereof; and
- (d) be filed with the Court and served on (i) counsel to the Debtors, Proskauer Rose LLP, Eleven Times Square, New York, New York 10036 (Attn: Brian S. Rosen, Esq. (brosen@proskauer.com) and Joshua A. Esses, Esq. (jesses@proskauer.com)); (ii) Hughes Hubbard & Reed LLP, counsel for DNB Bank ASA and Skandinaviska Enskilda Banken AB (Publ), One Battery Park Plaza, New York, New York 10004, Attention, Anson B. Frelinghuysen, Esq; and (iii) Paul K. Schwartzberg, Trial Attorney, U.S. Department of Justice, Office of the U.S. Trustee, 201 Varick Street, Suite 1006, New York, NY 10014; (collectively, the “Sale Objection Notice Parties”) by no later than (as applicable, the “Sale Objection Deadline”):
 - (i) **October 5, 2020, at 4:00 p.m., Eastern Time;** or
 - (ii) **October 9, 2020, at 12:00 p.m., Eastern Time,** provided, that such Sale Objection is specific to the Successful Bid(s) and could not have been raised previously in connection with the Sale.

20. The deadline by which any Sale Objection by the Lenders must be filed with the Court and served so as to be actually received by the appropriate notice parties is **October 12, 2020, at 9:00 a.m., Eastern Time.**

21. The deadline by which responses to any objections to approval of the Sale must be filed is **October 12, 2020 at 4:00 p.m. Eastern Time.**

22. Following the Auction, the Court will entertain objections to the Successful Bid(s), provided, that such objections are specific to the Successful Bid, and such objections could not have been brought previously in connection with the Sale.

23. If a timely Sale Objection cannot otherwise be resolved by the parties, such objection shall be heard at the Sale Hearing.

III. Notice Procedures

24. The form of Sale Notice substantially in the form attached hereto as Exhibit 2 is approved. No other or further notice of the Sale, the Auction, the Sale Hearing, or the deadlines for objections shall be required. The Sale Notice contains the type of information required under Bankruptcy Rule 2002 and Local Rule 2002-1, and complies in all respects with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and Local Rules.

25. Within two (2) business days after the entry of this Order, the Debtors shall serve the Order, Bidding Procedures, and Sale Notice by first-class mail or courier service upon the entities on the Master Service List, the Sale Notice Parties,³ and any party that has requested notice pursuant to Bankruptcy Rule 2002.

26. In addition, on or before the Friday of the week following entry of the Order, the Debtors shall cause to be published the Sale Notice, with any modifications necessary for ease of publication, once electronically on <https://www.tradewindsnews.com/>, to provide notice to any other potential interested parties.

³ “Sale Notice Parties” means the following parties: (a) the Consultation Parties; (b) the Lenders; (c) all persons and entities, known by the Debtors and their advisors, to have expressed an interest in a transaction with respect to any of the Debtors’ Assets during the past twelve (12) months; (d) all persons and entities known by the Debtors to have any lien, claim, encumbrance, or other interest in any Asset (for whom identifying information and addresses are available to the Debtors) or who have filed requests for service with the Bankruptcy Court; (e) all Counterparties to Proposed Assigned Contracts; (f) any governmental authority known to have a claim in these chapter 11 cases; (g) the United States Attorney for the Southern District of New York; (h) the United States Attorney General/Antitrust Division of Department of Justice; (i) all of the Debtors’ known creditors (for whom identifying information and addresses are available to the Debtors); and (j) all other persons directed by the Court (for whom identifying information and addresses are available to the Debtors).

27. On the date of the conclusion of the Auction or, if no Auction is held, on October 7, 2020 (or as soon as reasonably practicable thereafter), the Debtors shall file with the Court and serve on the Sale Notice Parties (including each counterparty to a Proposed Assigned Contract in a Successful Bid and Back-Up Bid), and cause to be published on the Noticing Agent's website, a notice identifying the Successful Bidder(s) and Bid(s) (the "Notice of Successful Bid"), which shall: (a) identify the Successful Bidder(s) and Back-Up Bidder(s); (b) list all Proposed Assigned Contracts in the Successful Bid(s) and Back-Up Bid(s), if known; (c) identify any known proposed assignees of Proposed Assigned Contracts (if different from the applicable Successful Bidder); and (d) set forth the deadlines and procedures for filing Sale Objections in response to the Notice of Successful Bid.

IV. The Assignment and Assumption Procedures

28. The form of the Cure Notice substantially in the form attached hereto as Exhibit 3 is approved and is reasonable, fair, and appropriate, and contains the type of information required under Bankruptcy Rule 2002, Local Rule 2002-1, and complies in all respects with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and Local Rules. No other or further notice to each counterparty (each, a "Contract Counterparty") to all known Contracts of the Debtors' proposed Cure Costs and the potential assumption and assignment of Contracts (all such Contracts, collectively, the "Assigned Contracts"), shall be required if the Debtors file and serve such notice (and the Notice of Successful Bid) in accordance with the Assignment Procedures and this Order.

29. The Assignment Procedures set forth in the Bidding Procedures Motion regarding the assumption and assignment of the Proposed Assigned Contracts proposed to be assumed by the Debtors and assigned to a Successful Bidder are reasonable and appropriate under the circumstances, fair to all non-Debtor counterparties, comply in all respects with the Bankruptcy

Code, and are approved. In the event that a counterparty to a Proposed Assigned Contract, including, without limitation, a charter agreement, does not interpose an objection to the assumption and assignment thereof to the Successful Bidder, or its designee, by the Sale Objection Deadline, such counterparty shall be deemed to have waived any and all rights to terminate such Proposed Assigned Contract in accordance with the provisions therein.

- a. **Cure Notice.** On or before September 26, 2020, the Debtors shall file with the Court and serve via first class mail, electronic mail, or overnight delivery, the Cure Notice attached as Exhibit 3 to the Bidding Procedures Order on all Contract Counterparties, and post the Cure Notice to the Case Website (<https://cases.primeclerk.com/hermitage>). Service as set forth herein shall be deemed proper, due, timely, good, and sufficient notice and no other or further notice is necessary or required.
- b. **Content of Cure Notice.** The Cure Notice shall notify the applicable Contract Counterparties that the Proposed Assigned Contracts may be subject to assumption and assignment in connection with a proposed sale transaction, and contain the following information: (i) a list of the contracts that could potentially be assumed and assigned (each, an “Assigned Contract,” and such list, the “Assigned Contracts Schedule”); (ii) the applicable Contract Counterparties; (iii) the Debtors’ good faith estimates of the cure amount due and/or that could have been sought under the Section 365 of the Bankruptcy Code under such Proposed Assigned Contracts (the “Cure Costs”); and (iv) the deadline by which any Contract Counterparty may file an objection to the proposed assumption, assignment, cure, and/or adequate assurance and the procedures relating thereto; provided, that service of a Cure Notice does not constitute an admission that such Proposed Assigned Contract is an executory contract or that such Proposed Assigned Contract will be assumed at any point by the Debtors or assumed and assigned pursuant to any Successful Bid. The Cure Notice shall also provide that Cure Costs in the Cure Notice shall be binding on any party to a Proposed Assigned Contract for any amounts due or that could have been sought as Cure Costs.
- c. **Service of Cure Notice.** The Debtors shall serve the Cure Notice on all Contract Counterparties, via first class mail or electronic mail, which will include: (a) information necessary and appropriate to provide notice of the relevant proposed assumption and assignment of Assigned Contracts and rights thereunder; and (b) Cure Costs, if any. The Debtors shall serve the Cure Notice on the notice parties, via first class mail or electronic mail. Service as set forth herein shall be deemed proper, due, timely, good, and sufficient notice and no other or further notice is necessary or required.

- d. **Objections.** Objections, if any, to a Cure Notice (an “Assigned Contract Objection”) must: (i) be in writing; (ii) comply with the applicable provisions of the Bankruptcy Rules, Local Rules, and any order governing the administration of these chapter 11 cases; (iii) state with specificity the nature of the objection and, if the objection pertains to the proposed Cure Costs, state the cure amount alleged to be owed to the objecting Contract Counterparty, together with any applicable and appropriate documentation in support thereof; and (iv) be filed with the Court and served so as to be **actually received** by the Sale Objection Notice Parties prior to **October 5, 2020 at 4:00 p.m. (Eastern Time)** (the “Cure Objection Deadline”); provided, that the Debtors, subject to the reasonable consent of the Lenders and in consultation with any other Consultation Party, may modify the Cure Objection Deadline by filing a notice of such modification on the Court’s docket.
- e. **Effects of Filing or Not Filing an Objection to a Cure Notice.** A properly filed and served objection to a Cure Notice will reserve such objecting party’s rights against the Debtors only with respect to the assumption and assignment of the Proposed Assigned Contract at issue, and/or objection to the accompanying Cure Costs, as set forth in the objection, but will not constitute an objection to the remaining relief requested in the Sale to the Successful Bidder. To the extent a party to a Proposed Assigned Contract does not timely object to the Cure Notice, such party shall be bound by the amount of Cure Cost in the Cure Notice for amounts and such party shall be barred from seeking any amount that for any amounts due or that could have been sought as Cure Costs.
- f. **Dispute Resolution.** Any objection to the proposed assumption and assignment of Proposed Assigned Contract, or Cure Costs, that remains unresolved as of the Sale Hearing, shall be heard at the Sale Hearing (or at such later date as may be fixed by the Court). Upon entry of an order by the Court resolving such Assigned Contract Objection, the assignment, if approved by the Court, shall be deemed effective as of the later of either (i) the date such Contract Counterparty receives the Cure Notice, or (ii) the effective date of the Sale. To the extent that any Assigned Contract Objection cannot be resolved by the parties, such Proposed Assigned Contract shall be assumed and assigned only upon satisfactory resolution of the Assigned Contract Objection, to be determined in a Successful Bidder’s reasonable discretion. To the extent an Assigned Contract Objection remains unresolved, the Proposed Assigned Contract may be conditionally assumed and assigned, subject to the consent of a Successful Bidder, pending a resolution of the Assigned Contract Objection after notice and a hearing. If an Assigned Contract Objection is not satisfactorily resolved, a Successful Bidder may determine that such Proposed Assigned Contract should be rejected and not assigned, in which case a Successful Bidder will not be responsible for any Cure Costs in respect of such contract.

- g. **Supplemental Cure Notice.** The Debtors reserve the right, with the consent of a Successful Bidder and subject to consultation with the Consultation Parties, at any time after the service of the Cure Notice, to: (a) supplement the Assigned Contract Schedule attached to the Cure Notice with any previously omitted Proposed Assigned Contract in accordance with the definitive agreement for a Sale; (b) remove any Assigned Contract from the list of executory contracts ultimately selected as Proposed Assigned Contract that a Successful Bidder proposes be assumed and assigned to it in connection with a Sale or add to such list; and/or (c) modify the previously stated Cure Costs associated with any Proposed Assigned Contract (a “Supplemental Assigned Contracts Schedule”). In the event that the Debtors exercise any of the rights reserved above, the Debtors will promptly provide the Consultation Parties with notice and an opportunity to object to any such actions, and thereafter will serve a “Supplemental Cure Notice” by electronic mail, hand delivery, or overnight mail on the applicable Contract Counterparty, and its attorney, if known, to each impacted Proposed Assigned Contract at the last known address available to the Debtors. Each Supplemental Cure Notice will include the same information with respect to listed Proposed Assigned Contract as was included in the Cure Notice. Any Proposed Assigned Contract Counterparty listed on a Supplemental Cure Notice may file a “Supplemental Assigned Contract Objection” only if such objection is to the proposed assumption and assignment of the applicable Proposed Assigned Contract or the proposed Cure Costs, if any. All Supplemental Assigned Contract Objections must: (a) state with specificity the legal and factual basis thereof as well as what Cure Costs the objecting party believes are required, if any; (b) include appropriate documentation in support of the objection; and (c) be filed and served on the Sale Objection Notice Parties no later than 4:00 p.m. (Eastern Time) on the date that is the later of (i) the Sale Order Objection Deadline and (ii) seven (7) days from the date of service of such Supplemental Cure Notice, or less to the extent necessary, but in each case no less than three (3) days before the Sale Hearing, which date will be set forth in the Supplemental Cure Notice (the “Supplemental Assigned Contract Objection Deadline”).
- h. **Supplemental Hearing.** If a Contract Counterparty files a Supplemental Assigned Contract Objection in a manner that is consistent with the requirements set forth above, and the parties are unable to consensually resolve the dispute, the Debtors will seek a “Supplemental Assigned Contract Hearing” to determine the Cure Costs, if any, and approve the assumption of the relevant Proposed Assigned Contracts. If there is no such objection, then the Debtors will obtain entry of an order, including by filing a certification of no objection, fixing the Cure Costs and approving the assumption of any Proposed Assigned Contract listed on a Supplemental Cure Notice.

30. If a Contract Counterparty does not file and serve an Assigned Contract Objection or Supplemental Assigned Contract Objection consistent with the requirements set forth above, and absent a subsequent order of the Court establishing an alternative Cure Cost, (a) the Cure Costs, if any, set forth in the Cure Notice (or Supplemental Cure Notice) shall be controlling for any amounts due or that could have been sought as Cure Costs, notwithstanding anything to the contrary in any Proposed Assigned Contract or any other document, and (b) the Contract Counterparty will be deemed to have consented to the assumption and assignment of the Proposed Assigned Contract and the Cure Costs, if any, and will be forever barred from objecting to the assumption and assignment of such Proposed Assigned Contract and rights thereunder, including the Cure Costs, if any, and from asserting any other claims related to such Proposed Assigned Contract against the Debtors or the Successful Bidder, or the property of any of them.

31. Notwithstanding other objection deadlines set forth herein, any objections to the Successful Bidder's proposed form of adequate assurance of future performance must be filed no later than the later of the Sale Hearing or Supplemental Assigned Contract Objection Deadline, as applicable, and such objections will be resolved at the Sale Hearing or Supplemental Assigned Contract Hearing, (or at such later date as may be fixed by the Court) as applicable. The Debtors may adjourn, in consultation with the Consultation Parties, the resolution of any such objection to a later hearing.

32. The inclusion of a Proposed Assigned Contract on the Assigned Contracts Schedule, Supplemental Assigned Contracts Schedule, and/or in a Supplemental Cure Notice will not: (a) obligate the Debtors to assume any Proposed Assigned Contract listed thereon or obligate the Successful Bidder to take assignment of such Proposed Assigned Contract; or (b) constitute any admission or agreement of the Debtors that such Proposed Assigned Contract is an executory

contract. Only those Proposed Assigned Contracts that are included on a schedule of assumed and assigned contracts attached to the definitive sale agreement with the Successful Bidder (including amendments or modifications to such schedules in accordance with such agreement) will be assumed and assigned to the Successful Bidder.

V. Miscellaneous

33. Nothing in this Order shall preclude (a) the Debtors from considering, negotiating and filing, (b) any party in interest from proposing to and negotiating with the Debtors, or (c) any party in interest from seeking relief to file, in each case, a plan of reorganization in lieu of or in connection with a sale of all, substantially all, or any portion of the Debtors' assets.

34. All persons and entities (whether or not selected as a Qualified Bidder) that submit a bid for any of the Debtors' Assets during the sale process, including at the Auction, shall be deemed to have knowingly and voluntarily: (a) submitted to the exclusive jurisdiction of this Court with respect to all matters related to the terms and conditions of the transfer of Assets, the Auction, and any Sale; (b) consented to the entry of a final order by the Court in connection with the Motion or this Order (including any disputes relating to the bidding and auction process, the Auction, and/or any Sale) to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution; and (c) waived any right to jury trial in connection with any disputes relating to any of the foregoing matters.

35. In the event of any inconsistency between this Order and the Motion and/or the Bidding Procedures, this Order shall govern in all respects.

36. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

37. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7062, or 9014, or any applicable provisions of the Bankruptcy Rules or the Local Rules or otherwise stating the contrary, the terms and conditions of this Order are immediately effective and enforceable upon its entry, and any applicable stay of the effectiveness and enforceability of this Order is hereby waived.

38. The Debtors shall serve this Order in accordance with all applicable rules and shall file proof of service evidencing compliance with this requirement.

39. Prior to mailing and publishing the Sale Notice and the Cure Notice, as applicable, the Debtors may fill in any missing dates and other information, conform the provisions thereof to the provisions of this Order, and make such other, non-material changes as the Debtors deem necessary or appropriate, in consultation with the Consultation Parties.

40. The Debtors are authorized to take any action consistent with this Order necessary to effectuate the relief granted in this Order.

41. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

IT IS SO ORDERED.

Dated: September 24, 2020
New York, New York

/s/ Martin Glenn
MARTIN GLENN
United States Bankruptcy Judge

Exhibit 1

Bidding Procedures

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	Chapter 11
)	
Hermitage Offshore Services Ltd., <i>et al.</i> , ¹	)	Case No. 20-11850 (MG)
)	
Debtors.	)	(Jointly Administered)

BIDDING PROCEDURES FOR THE SALE OF ALL, SUBSTANTIALLY ALL, OR ANY PORTION OR COMBINATION OF THE DEBTORS' ASSETS

On September 24, 2020, the United States Bankruptcy Court for the Southern District of New York (the “**Court**”) entered the *Order (A) Approving Bidding Procedures for the Sale of Assets, (B) Scheduling Hearings and Objection Deadlines with Respect to the Sale, (C) Scheduling Bid Deadline and an Auction, (D) Approving the Form and Manner of Notice Thereof, (E) Approving Contract Assumption and Assignment Procedures, and (F) Granting Related Relief* [Docket No. ___] (the “Bidding Procedures Order”),² by which the Court approved the following procedures. These Bidding Procedures set forth the process by which the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) are authorized, in consultation with the Consultation Parties,³ to conduct an auction (the “Auction”), if any, for the sale (the “Sale”) of all, substantially all, or any portion or combination of the Debtors’ assets (the “Assets”).

¹ The Debtors are: Hermitage Offshore Services Ltd.; CB Holdco Limited; Blue Power Limited; Delta Cistern V Limited; Sierra Cistern V Limited; Petro Craft 2017-1 Shipping Company Limited; Petro Craft 2017-2 Shipping Company Limited; Petro Craft 2017-3 Shipping Company Limited; Petro Craft 2017-4 Shipping Company Limited; Petro Craft 2017-5 Shipping Company Limited; Petro Craft 2017-7 Shipping Company Limited; Petro Craft 2017-8 Shipping Company Limited; Petro Combi 6030-01 Shipping Company Limited; Petro Combi 6030-02 Shipping Company Limited; Petro Combi 6030-03 Shipping Company Limited; Petro Combi 6030-04 Shipping Company Limited; Hermit Storm Shipping Company Limited; Hermit Viking Shipping Company Limited; Hermit Protector Shipping Company Limited; Guardian Shipping Company Limited; Hermit Thunder Shipping Company Limited; Delta PSV Norway AS; NAO Norway AS; Hermit Galaxy Shipping Company Limited; Hermit Horizon Shipping Company Limited; Hermit Power Shipping Company Limited; Hermit Prosper Shipping Company Limited; Hermit Fighter Shipping Company Limited; and PSV Adminco 2019 LLC (Last Four Digits of Federal Tax ID: 0794).

² All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Bidding Procedures Order.

³ “Consultation Parties” means the following parties: (a) the Lenders (as defined in the Bidding Procedures Order) and their counsel and financial advisors; and (b) counsel and financial advisors to any official committee of unsecured creditors appointed in the Debtors’ chapter 11 cases (the “Committee”). Notwithstanding the foregoing, none of the Debtors’ obligations to (i) share any information related to Potential Bidders, Qualified Bidders, or Bids, (ii) consult with a Consultation Party in the review, evaluation, and consideration of Bids, or (iii) consult with a Consultation Party with respect to the determination of Successful Bids shall be applicable if that Consultation Party has submitted a Bid with respect to the subject Asset. If any such Consultation Party notifies the Debtors in writing

These Bidding Procedures provide interested parties with the opportunity to qualify for and participate in the Auction to be conducted by the Debtors and to submit competing bids for the Assets. The Debtors shall assist interested parties in conducting their respective due diligence investigations and shall accept Bids until **October 1, 2020 at 4:00 p.m. (Eastern Time)** (the “Bid Deadline”).

To the extent that these Bidding Procedures require the Debtors to consult with or obtain the consent of any Consultation Party in connection with making a determination or taking any action, or in connection with any other matter related to these Bidding Procedures or at the Auction, the Debtors shall do so in a regular and prompt manner prior to making such determination or taking any such action and shall forbear from making such a determination or taking such action until the Debtors and the Consultation Parties have conferred on such determination or action or such required consent has been provided.

Copies of the Bidding Procedures Order or other documents related thereto are available upon request to the Debtors’ claims and noticing agent, Prime Clerk LLC, by calling (877) 930-4315 or visiting the Debtors’ restructuring website at <https://cases.primeclerk.com/hermitage>.

Key Dates

The key dates for the sale process are as follows (collectively, the “Sale Schedule”):⁴

October 1, 2020 at 4:00 p.m. (Eastern time)	Bid Deadline: Deadline for submission of Bids and Deposits
October 5, 2020 at 4:00 p.m. (Eastern time)	Objection deadline for Sale of the Assets
	Qualified Bid and Baseline Bid Designation Date for Assets
October 7, 2020 at 10:00 a.m. (Eastern time)	(i) Auction for Assets (in the event the Auction proceeds), which will be held at Proskauer Rose LLP, Eleven Times Square, New York, New York 10036, or at such other venue (or by such other medium) as may be determined by the Debtors, in consultation with the Consultation Parties

that it irrevocably forfeits its rights to be a bidder, the foregoing restriction shall no longer apply with respect to such Consultation Party upon the Debtors’ receipt of such notice.

⁴ These dates are subject to extension or adjournment as provided for herein.

October 7, 2020	Date for Debtors to file and serve Notice of Successful Bid, and provide applicable Counterparties with Adequate Assurance Information, with respect to Successful Bidder.
October 12, 2020 at 9:00 a.m. (Eastern time)	Lenders' Sale Objection Deadline
October 13, 2020 at 10:00 a.m. (Eastern time)	Sale Hearing, if Auction held, Will Take Place Telephonically Using CourtSolutions at the United States Bankruptcy Court for the Southern District of New York, Manhattan Division, One Bowling Green, New York, NY 10004. .

The Debtors reserve the right to extend any of the above deadlines or other dates set forth in these Bidding Procedures, with the consent of the Lenders, not to be unreasonably withheld, and in consultation with any other Consultation Party, without further order of the Bankruptcy Court, subject to providing notice as described below.

Submissions to the Debtors.

These Bidding Procedures set forth the terms by which prospective bidders, if any, may qualify for and participate in an Auction, thereby competing to make the highest or otherwise best offer to purchase the Assets. The Debtors, in consultation with the Consultation Parties, may consider bids from multiple bidders (including multiple bids submitted by the same bidder) for all, substantially all, or any portion or combination of the Assets.

Potential Bidders.

To participate in the bidding process or otherwise be considered for any purpose under these Bidding Procedures, a person or entity interested in consummating a Sale (a "Potential Bidder") must deliver or have previously delivered to the Debtors:

- A. an executed confidentiality agreement on terms acceptable to the Debtors, in consultation with the Consultation Parties (a "Confidentiality Agreement"), to the extent not already executed;
- B. sufficient information, as reasonably determined by the Debtors, to allow the Debtors, after consultation with the Consultation Parties, to reasonably determine that the interested party has, or can obtain, the financial wherewithal and any required internal corporate, legal, or other authorizations to close a Sale; and
- C. any other evidence the Debtors, in consultation with the Consultation Parties, may reasonably request to evaluate the buyer.

Due Diligence.

Only Potential Bidders shall be eligible to receive due diligence information and access to the Debtors' electronic data room and to additional non-public information regarding the Debtors. **No Potential Bidder will be permitted to conduct any due diligence that includes confidential information without entering into a Confidentiality Agreement with the Debtors.** The Debtors will provide to each Potential Bidder that satisfies the foregoing requirements commercially reasonable due diligence information, as requested by such Potential Bidder in writing, as soon as reasonably practicable after such request. For all Potential Bidders, the due diligence period will end on the Bid Deadline, and, subsequent to the Bid Deadline, the Debtors shall have no obligation to furnish any due diligence information. The Lenders are eligible to receive all due diligence materials provided to Potential Bidders.

The Debtors shall not furnish any confidential information relating to the Assets, liabilities of the Debtors, or the Sale to any person except to a Potential Bidder or to such Potential Bidder's duly authorized representatives to the extent provided in the applicable Confidentiality Agreement. The Debtors and their advisors shall coordinate all reasonable requests from Potential Bidders for additional information and due diligence access; provided, however, that the Debtors may decline to provide such information to Potential Bidders who, at such time and in the Debtors' reasonable business judgment, after consultation with the Consultation Parties, have not established, or who have raised doubt, that such Potential Bidder intends in good faith to, or has the capacity to, consummate the Sale.

Neither the Debtors nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Potential Bidder (except for the Lenders).

All due diligence requests must be directed to Faiz Munshi (fmunshi@pwpartners.com), Benedetto Lorenzon (blorenzon@pwpartners.com), and Thomas Haines (thaines@pwpartners.com) of the Debtors' advisors, Perella Weinberg Partners ("Perella Weinberg").

Communications with Potential Bidders.

All substantive communications related to the Sale between and amongst Potential Bidders shall exclusively be through the Debtors and the Debtors' advisors. Communications between and amongst Potential Bidders is expressly prohibited unless the Debtors expressly consent in writing to such communication and advise the Lenders of such communication.

Notwithstanding the foregoing, in connection with the potential submission of joint bids by multiple Potential Bidders (each, a "Joint Bid"), the Debtors' investment banker, Perella Weinberg, may, as it deems appropriate, participate in communications between and amongst Potential Bidders; provided, however, that the parties to such potential Joint Bid may not communicate without Perella Weinberg included in written correspondence or audio communications among or between them.

Upon the Debtors' identification of the Successful Bidder(s) and the filing of the Notice of Successful Bid, the Lenders may, through communications facilitated, attended by and, to the extent in writing, copied to, Perella Weinberg, provide information to Successful Bidders regarding actual or proposed financing related to some or all of the Assets, including providing such Successful Bidders with term sheets or commitments regarding such actual or proposed financing. Notwithstanding the foregoing, nothing herein shall require the Lenders to provide actual financing to any Successful Bidder or discuss such financing with any Successful Bidder.

Nothing in these Bidding Procedures shall preclude the Lenders from working with one or more OSV operators or managers (including by the Lenders providing such party financing and/or equity in the purchased OSVs) such that, in the event, following the Auction, or in the event it is determined that an Auction will not be held, that a Credit Bid by the Lenders is deemed the or a Successful Bid, the Vessels may subsequently be operated safely and to avoid accident or incident, preserve the safety or life of the crew members and the OSV, and/or to protect the environment.

Due Diligence from Potential Bidders.

Each Potential Bidder shall comply with all reasonable requests for additional information and due diligence access requested by the Debtors or their advisors, regarding the ability of the Potential Bidder to consummate the Sale. Failure by a Potential Bidder to comply with such reasonable requests for additional information and due diligence access may be a basis for the Debtors, in consultation with the Consultation Parties, to determine that such bidder is no longer a Potential Bidder or that a bid made by such Potential Bidder is not a Bid.

The Debtors and each of their respective advisors and representatives shall be obligated to maintain in confidence any confidential information in accordance with any applicable confidentiality agreement, except as otherwise set forth in these Bidding Procedures. Each recipient of confidential information agrees to use, and to instruct their advisors and representatives to use, such confidential information only in connection with the evaluation of Bids during the bidding process or otherwise in connection with the chapter 11 cases or in accordance with the terms of any applicable confidentiality agreement.

Notwithstanding the foregoing and the provisions contained in any applicable confidentiality agreement, the Debtors and the Debtors' advisors may disclose confidential information: (i) with the prior written consent of such bidder; (ii) to the applicable bidder; (iii) in accordance with these Bidding Procedures, including to any Consultation Party; and (iv) as otherwise required or allowed by any applicable confidentiality agreement with respect to a particular bidder or other agreement, law, court or other governmental order, or regulation, including, as appropriate, to regulatory agencies.

Qualified Bid Requirements.

A proposal, solicitation, or offer (each, a "Bid") by a Qualified Bidder that is submitted in writing and satisfies each of the following requirements (the "Qualified Bid Requirements") as determined by the Debtors, in their reasonable business judgment and after consultation with the Consultation Parties, shall constitute a "Qualified Bid."

- I. **Assets.** Each Bid must clearly state which Assets that the Qualified Bidder is agreeing to purchase and assume. Each Qualified Bidder must clearly disclose whether it is working with a potential subsequent transferee for the Assets.
- II. **Assumption of Obligations.** Each Bid must clearly state which liabilities and obligations of the Debtors the Qualified Bidder is agreeing to assume.
- III. **Purchase Price.** Each Bid must clearly set forth the purchase price to be paid for the Assets to be purchased, including and identifying separately any cash and non-cash components, which non-cash components shall be limited only to credit-bids and assumed liabilities (the “Purchase Price”). A Bid, other than a Bid for all Assets, shall identify the proposed purchase price for each individual Asset included in its Bid.
- IV. **Credit Bidding.** In connection with the Sale of all or a portion of the Assets, a person or entity may seek to credit bid any portion and up to the entire amount of such person’s secured claims on any individual Asset, portion of the Assets, or all Assets that constitute their respective collateral pursuant to section 363(k) or section 1129(b) of the Bankruptcy Code or other applicable law prior to or at the Auction (each such bid, a “Credit Bid”); provided, however, that the Credit Bid shall comply with any orders of the Bankruptcy Court approving use of cash collateral.
- V. **Minimum Initial Bid.** At a minimum, each Bid seeking to acquire the Assets must have a Purchase Price that, in the Debtors’ reasonable business judgment, after consultation with the Consultation Parties, has a cash or credit bid value to the Debtors’ estate of not less than \$5,000,000 for each PSV included in the Bid, and not less than \$350,000 for each Crew Boat included in the Bid (the “Minimum Initial Bid”).
- VI. **Deposit.** Each Bid must be accompanied by a cash deposit in the amount equal to ten percent (10%) of the Purchase Price of the Bid, to be held in a non-interest-bearing escrow account to be identified and established by the Debtors (the “Deposit”); provided, however, that with respect to a Credit Bid, such deposit is not required.
- VII. **Qualified Bid Documents.** Each Bid must include duly executed, non-contingent transaction documents necessary to effectuate the transactions contemplated in the Bid and shall include a schedule of assumed contracts to the extent applicable to the Bid, and one copy of an asset purchase agreement for each OSV included in the Bid, clearly marked to show all changes requested by the Qualified Bidder (compared to the form of asset purchase agreement attached to the Motion as Exhibit B), including those related to the respective Purchase Price and assets to be acquired by such Qualified Bidder, as well as all other material documents integral to such bid (the “Qualified Bid Documents”). Each such purchase agreement must provide a representation that the Qualified Bidder will (i) make all necessary filings

under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), if applicable, and (ii) submit and pay the fees associated with all necessary filings under the HSR Act as soon as reasonably practicable; provided, however, that the timing and likelihood of receiving HSR Act approval will be a consideration in determining the highest or otherwise best Bid.

- VIII. Committed Financing.** To the extent that a Bid is not accompanied by evidence of the Qualified Bidder’s capacity to consummate the sale set forth in its Bid with cash on hand, each Bid must include unconditional committed financing from a reputable financing institution, documented to the satisfaction of the Debtors in consultation with the Consultation Parties, that demonstrates that the Qualified Bidder has: (i) received sufficient debt and/or equity funding commitments to satisfy the Qualified Bidder’s Purchase Price and other obligations under its Bid; and (ii) adequate working capital financing or resources to finance going concern operations for the Assets and the proposed transactions. Such funding commitments or other financing must be unconditional and must not be subject to any internal approvals, syndication requirements, diligence, or credit committee approvals, and shall have covenants and conditions reasonably acceptable to the Debtors, in consultation with the Consultation Parties. Any financing from the Lenders (or either of them) shall qualify as committed financing hereunder.
- IX. Contingencies; No Financing or Diligence Outs.** A Bid shall not be conditioned on the obtaining or the sufficiency of financing or any internal approval, or on the outcome or review of due diligence, but may be subject to the accuracy at the closing of specified representations and warranties or the satisfaction at the closing of specified conditions, which shall be acceptable to the Debtors in their business judgment, in consultation with the Consultation Parties.
- X. Identity.** Each Bid must fully disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid (including each equity holder or other financial backer of the Qualified Bidder if such Qualified Bidder is an entity formed for the purpose of consummating the proposed transaction contemplated by such Bid), and the complete terms of any such participation. Each Bid must also fully disclose whether any current or former officer, director or equity holder of the Debtors, or any entity affiliated with any current or former officer, director or equity holder of the Debtors, will be bidding or otherwise participating in connection with such Bid. Under no circumstances shall any undisclosed insiders, principals, equity holders, or financial backers be associated with any Bid (including any Overbid at the Auction). Each Bid must also include contact information for the specific persons and counsel whom Perella Weinberg and Proskauer Rose LLP should contact regarding such Bid. All information disclosed pursuant to this paragraph shall be made available by the Debtors to the Consultation Parties promptly upon the Debtors’ receipt thereof but in any event no later than one (1) business day following the Bid Deadline.

- XI. Demonstrated Financial Capacity.** A Qualified Bidder must have, in the Debtors' business judgment, in consultation with the Consultation Parties, the necessary financial capacity to consummate the proposed transactions required by its Bid. The Lenders are deemed to have the financial capacity to consummate a transaction in the amount of any Bid by the Lenders.
- XII. Adequate Assurance of Future Performance.** Each Bid must (i) identify the executory contracts to be assumed and assigned in connection with the proposed Sale, (ii) provide for the payment of all cure costs related to such executory contracts by the Qualified Bidder, and (iii) demonstrate, in the Debtors' reasonable business judgment, after consultation with the Consultation Parties, that the Qualified Bidder can provide adequate assurance of future performance under all such executory contracts.
- XIII. Time Frame for Closing.** A Bid by a Qualified Bidder must be reasonably likely (based on availability of financing, regulatory issues, experience, and other considerations) to be consummated, if selected as the Successful Bid, within a time frame acceptable to the Debtors, after consultation with the Consultation Parties, which time frame shall include a closing by no later than **October 27, 2020**.
- XIV. Binding and Irrevocable.** A Qualified Bidder's Bid for a particular asset package shall be irrevocable unless and until the Debtors accept a higher Bid for such asset package and such Qualified Bidder is not selected as the Back-Up Bidder for such asset package.
- XV. Expenses; Disclaimer of Fees.** Each Bid must disclaim any right to receive a fee analogous to a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation. No Qualified Bidder will be permitted to request, nor be granted by the Debtors, at any time, whether as part of the Auction, if any, or otherwise, a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation, and by submitting its Bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis, including under section 503(b) of the Bankruptcy Code.
- XVI. Authorization.** Each Bid must contain evidence that the Qualified Bidder has obtained authorization or approval from its board of directors (or a comparable governing body acceptable to the Debtors, in consultation with the Consultation Parties) with respect to the submission of its Bid and the consummation of the transactions contemplated in such Bid.
- XVII. As-Is, Where-Is.** Each Bid must include a written acknowledgement and representation that:
- a. the Qualified Bidder has had an opportunity to conduct any and all available due diligence regarding the Assets prior to making its offer;

- b. the Qualified Bidder did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, regarding the Assets or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Bidder's Asset Purchase Agreement;
- c. the Qualified Bidder agrees to serve as Back-Up Bidder, if its Bid is selected as the next highest or next best bid after the Successful Bid with respect to the applicable Assets, until the Back-Up Termination Date;
- d. All proof of financial ability to consummate a Sale in a timely manner and all information provided to support adequate assurance of future performance is true and correct; and
- e. the Qualified Bidder agrees to be bound by the terms of these Bidding Procedures.

XVIII. Adherence to Bid Procedures. By submitting its Bid, each Qualified Bidder is agreeing to abide by and honor the terms of these Bidding Procedures and agrees not to submit a Bid or seek to reopen the Auction after conclusion of the Auction, if any.

XIX. Government Approvals. Each Bid must include a description of all governmental, licensing, regulatory, or other approvals or consents that are required to close the proposed Sale, together with evidence satisfactory to the Debtors, after consultation with the Consultation Parties, of the ability to obtain such consents or approvals in a timely manner, as well as a description of any material contingencies or other conditions that will be imposed upon, or that will otherwise apply to, the obtainment or effectiveness of any such consents or approvals.

XX. Government Approvals Timeframe. Each Bid must set forth an estimated timeframe for obtaining any required internal, governmental, licensing, regulatory, or other approvals or consents for consummating any proposed Sale.

XXI. Consent to Jurisdiction. The Qualified Bidder must submit to the jurisdiction of the Court and waive any right to a jury trial in connection with any disputes relating to Debtors' qualification of bids, the Auction, if any, the construction and enforcement of these Bidding Procedures, the Sale documents, and the closing of the Sale, as applicable.

XXII. Bid Deadline. Each Bid must be transmitted via email (in .pdf or similar format) so as to be **actually received** on or before **4:00 p.m. (Eastern Time) on October 1, 2020** by:

- A. Debtors: Hermitage Offshore Services Ltd. Attn: Christopher Avella
(cavella@scorpiogroup.net); Cameron Mackey

(cmackey@scorpiogroup.net); and Eleni Nassopoulos
(enassopoulos@scorpiogroup.net).

- B. Debtors' Counsel: Proskauer Rose LLP, Eleven Times Square, New York, New York 10036 (Attn: Brian S. Rosen, Esq. (brosen@proskauer.com), Joshua A. Esses, Esq. (jesses@proskauer.com), Brooke H. Blackwell (bblackwell@proskauer.com), Esq., and Megan R. Volin (mvolin@proskauer.com)).
- C. Debtors' Investment Bankers: Perella Weinberg Partners, 767 Fifth Avenue, New York, New York, 10153, Attn: Faiz Munshi (fmunshi@pwpartners.com), Benedetto Lorenzon (blorenzon@pwpartners.com), and Thomas Haines (thaines@pwpartners.com).

XXIII. Joint Bids. The Debtors may determine, in consultation with the Consultation Parties, that a Joint Bid is a Qualified Bid and each Potential Bidder party to the Joint Bid is a Qualified Bidder; provided that the Joint Bid and each Potential Bidder have complied with each of the Qualified Bid Requirements; provided, further, that each Potential Bidder affirms that it has not consulted with any other Potential Bidder in connection with such Joint Bid other than through communications in or on which Perella Weinberg is included.

Review of Bids and Designation of Qualified Bidders.

The Debtors shall evaluate the Bids received and determine, in their reasonable business judgment and after consultation with the Consultation Parties, whether such Bids meet the requirements set forth in the Bidding Procedures to be considered a Qualified Bid. The Debtors shall promptly provide copies of all bids to each of the Consultation Parties. A Potential Bidder (A) that demonstrates the financial capability to consummate the Sale (as determined by the Debtors in consultation with the Consultation Parties), (B) whose Bid is a Qualified Bid, and (C) that the Debtors, in consultation with the Consultation Parties, determine should be considered a Qualified Bidder is a "Qualified Bidder."

The Debtors may, after consulting the Consultation Parties, amend or waive the conditions precedent to being a Qualified Bidder at any time, in their reasonable business judgment, in a manner consistent with their fiduciary duties and applicable law, and may engage in negotiations with Potential Bidders who submitted Bids complying with the preceding section as the Debtors deem appropriate in the exercise of their business judgment, based upon the Debtors' evaluation of the content of each Bid. The Debtors may not, however, amend the Lenders' status as a Qualified Bidder.

The Debtors will evaluate timely submitted bids, in consultation with the Consultation Parties, and may take into consideration the following non-binding factors:

- (a) the amount of the purchase price and Credit Bid and/or other noncash consideration, as applicable, set forth in the Bid;
- (b) the Assets included in or excluded from the Bid;
- (c) the value to be provided to the Debtors under the Bid for the Assets included therein (individually and in the aggregate), including the net economic effect upon the Debtors' estates;
- (d) any benefit to the Debtors' bankruptcy estates from any assumption or waiver of liabilities, including through a Credit Bid;
- (e) the transaction structure and execution risk, including conditions to, timing of, and certainty of closing, termination provisions, availability of financing and financial wherewithal to meet all commitments, cost to the Debtors' bankruptcy estates to pursue such transaction, and required governmental or other approvals;
- (f) the impact on trade creditors; and
- (g) any other factors the Debtors may reasonably deem relevant, in consultation with the Consultation Parties.

The Debtors, in consultation with the Consultation Parties, will make a determination regarding which bids qualify as Qualified Bids, and will notify Potential Bidders whether they have been selected as Qualified Bidders within two (2) business days after the Bid Deadline, with respect to each bid or combination of bids for the Assets (the "Qualified Bid Designation Date").

The Debtors reserve the right to work with any Bidder, in consultation with the Consultation Parties, in advance of the Auction to cure any deficiencies in a Bid that is not initially deemed a Qualified Bid and permit a Bidder to revise or supplement any such Bid to make it a Qualified Bid. The Debtors may accept a single Bid or multiple Bids for non-overlapping Assets such that, if taken together, would otherwise meet the standards for a single Qualified Bid as to the Assets or other assets that the Debtors determine to auction (in which event those multiple bidders shall be treated as a single Qualified Bidder for purposes of the applicable Auction). If a Bid is received and, in the Debtors' judgment, after consultation with the Consultation Parties, it is not clear whether the Bid is a Qualified Bid, the Debtors may consult with the Potential Bidder and seek additional information in an effort to establish whether or not the Bid is a Qualified Bid.

The Debtors, after consultation with the Consultation Parties, will have the right to determine that a Bid is not a Qualified Bid if any of the following conditions are satisfied:

- (a) A Potential Bidder has failed to comply with reasonable requests for additional information from the Debtors; or
- (b) The terms of the Bid are burdensome or conditional in view of the proposed purchase price, which determination (as made by the Debtors in consultation with the Consultation Parties) may take into consideration, among other things:

- i. whether the Bid does not provide sufficient cash consideration to pay transfer taxes, Cure Costs, or other cash costs of the transaction; and
- ii. whether the Bid includes a non-cash instrument or similar consideration that is not freely marketable.

The Lenders shall each be deemed to be a Qualified Bidder in all respects, including with respect to a Joint Bid (if applicable), regardless of the Qualified Bid Requirements, and are not required to meet the Qualified Bid Requirements other than (i) the Bid Deadline and (ii) the submission of Qualified Bid Documents.

Failure to Receive Two or More Qualified Bids

If only one Qualified Bid for all Assets or for an individual Asset or group of Assets is received by the Bid Deadline, the Debtors will not conduct the Auction for such Assets, the Debtors shall file and serve a notice indicating that the Auction has been cancelled with respect to such Assets, that the Qualified Bidder is the Successful Bidder as to the relevant Assets, and setting forth the date and time of the Sale Hearing.

Nothing herein shall obligate the Debtors to consummate or pursue any transaction with a Qualified Bidder.

Determination and Announcement of Baseline Bids

In consultation with the Consultation Parties, the Debtors shall make a determination regarding:

- (a) the Assets to be auctioned by the Debtors;
- (b) the highest or best Qualified Bid (or collection of Qualified Bids) determined for the relevant Assets (a “Baseline Bid,” and such bidder or group of bidders, a “Baseline Bidder”) to serve as the starting point at the Auction for the Assets;
- (c) which Bids have been determined to be Qualified Bids; and
- (d) the time and place for the Auction of the Assets.

By the Qualified Bid Designation Date, the Debtors shall publish notice of the foregoing in the Data Room. As soon as practicable, the Debtors will provide copies of the Baseline Bid and the applicable Qualified Bid Documents supporting the applicable Baseline Bid to each of the Qualified Bidders and the Consultation Parties at or prior to the Auction.

Between the date the Debtors notify a Potential Bidder that it is a Qualified Bidder and the Auction, the Debtors may discuss, negotiate, or seek clarification of any Qualified Bid from a Qualified Bidder. Without the written consent of the Debtors (in consultation with the Consultation Parties), a Qualified Bidder may not modify, amend or withdraw its Qualified Bid, except for proposed amendments to increase the purchase price or otherwise improve the terms of

its Qualified Bid, during the period that such Qualified Bid remains binding as specified herein; provided, that any Qualified Bid may be improved at the Auction as set forth herein.

When determining the highest or otherwise best Qualified Bid and selecting the winning bidder, as compared to other Qualified Bids, the Debtors may, in consultation with the Consultation Parties, consider the following factors in addition to any other factors that the Debtors deem appropriate: (a) the amount of Assets sought and obligations to be assumed in the Qualified Bid; (b) the number and nature of any changes to the form of asset purchase agreement attached to the Motion as Exhibit B, if any, requested by the Qualified Bidder; (c) the amount and nature of the total consideration; (d) the likelihood of the Qualified Bidder's ability to close the Sale and the timing thereof; (e) the net economic effect of any changes to the value to be received by the Debtors' estates from the transaction contemplated by the Qualified Bid Documents; (f) the tax consequences of such Qualified Bid; and (g) any other factors the Debtors or the Consultation Parties may reasonably deem relevant (collectively, the "Bid Assessment Criteria").

Auction Procedures

The Auction, if any, shall take place at **10:00 a.m. (Eastern Time) on October 7, 2020**, at the offices of Proskauer Rose LLP, Eleven Times Square, New York, New York 10036, or at such other venue (or by such other medium) as may be agreed to by the Debtors and the Consultation Parties, or such later date and time as selected by the Debtors after consultation with the Consultation Parties. The Auction, if any, shall be conducted in a timely fashion according to the following procedures:

I. The Debtors Shall Conduct the Auction

The Debtors and their professionals shall direct and preside over the Auction, if any, in consultation with the Consultation Parties. At the start of the Auction, the Debtors shall describe the terms of the Baseline Bid. The Debtors explicitly reserve the right, in their business judgment, with the reasonable consent of the Lenders and after consultation with the Consultation Parties, to exercise their discretion in conducting the Auction, including determining whether to adjourn the Auction to facilitate separate discussions between Qualified Bidders, the Debtors, and the Consultation Parties, as applicable. The Debtors shall maintain a written transcript of the Auction and all Bids made and announced at the Auction, if any, including the Baseline Bid, all applicable Overbids, and the Successful Bid.

Only Qualified Bidders and their legal and financial advisors, the Consultation Parties and their legal and financial advisors, and the United States Trustee, shall be entitled to attend the Auction, if any, and the Qualified Bidders shall appear at the Auction in person and may speak or bid themselves or through duly authorized representatives. Only Qualified Bidders shall be entitled to bid at the Auction, if any.

Qualified Bidders shall have the right, at the Auction, to make modifications to their respective Purchase Agreements or Qualified Bids, provided that any such modifications on an aggregate basis and viewed in whole, shall not, in the Debtors' discretion, in consultation with the Consultation Parties, and subject in each case to Court adjudication of any dispute with respect

thereto, be less favorable to the Debtors and their estates than the terms of the such Qualified Bidders' respective Purchase Agreement or qualified Bids.

II. Terms of Overbids

“Overbid” means any bid made at the Auction, if any, by a Qualified Bidder subsequent to the Debtors' announcement of the Baseline Bid. Each applicable Overbid must comply with the following conditions:

- A. **Minimum Overbid Increments.** The initial Overbid for the Assets shall provide for total consideration to the Debtors with a value that exceeds the value of the consideration under the Baseline Bid by an incremental amount that is not less than \$100,000.00 for each PSV included in the Bid, and not less than \$25,000.00 for each Crew Boat included in the Bid, and successive Overbids higher than the previous bid, as Debtors shall, in consultation with the Consultation Parties, announce at the Auction (the “Minimum Overbid Increment”).

The Debtors reserve the right, in consultation with the Consultation Parties, to announce reductions or increases in the Minimum Overbid Increment at any time during the Auction, if any. Additional consideration in excess of the amount set forth in the respective Baseline Bid may include: (a) cash and/or noncash consideration; provided, however, that the value for such noncash consideration shall be determined by the Debtors in their reasonable business judgment, in consultation with the Consultation Parties; and (b) in the case of a Bid by a Qualified Bidder that is also a Secured Creditor, a Credit Bid of up to the full amount of the such secured creditors' allowed secured claim including, a Bid by the Lenders.

- B. **Conclusion of Each Overbid Round.** Upon the solicitation of each round of applicable Overbids, the Debtors may announce a deadline (as the Debtors may, in their business judgment, in consultation with the Consultation Parties, extend from time to time, the “Overbid Round Deadline”) by which time any Overbids must be submitted to the Debtors.
- C. **Overbid Alterations.** An applicable Overbid may contain alterations, modifications, additions, or deletions of any terms of the Bid no less favorable to the Debtors' estates than any prior Bid or Overbid, as determined in the Debtors' reasonable business judgment, in consultation with the Consultation Parties, but shall otherwise comply with the terms of these Bidding Procedures.
- D. **Announcing Highest Bid.** Subsequent to each Overbid Round Deadline, the Debtors shall announce whether the Debtors have determined that an Overbid is higher or otherwise better than the initial Overbid, or in subsequent rounds, the Overbid previously designated by the Debtors as the

prevailing highest or otherwise best Bid (the “Prevailing Highest Bid”). The Debtors shall describe to all Qualified Bidders the material terms of any new Overbid designated by the Debtors as the Prevailing Highest Bid as well as the value attributable by the Debtors to such Prevailing Highest Bid based on, among other things, the Bid Assessment Criteria.

The Debtors reserve the right, in their reasonable business judgment, in consultation with the Consultation Parties and reasonable consent of the Lenders, to adjourn the Auction, if any, one or more times to, among other things: (i) facilitate discussions between and amongst the Debtors, the Qualified Bidders, the Lenders, and any other Consultation Parties, as appropriate; (ii) allow Qualified Bidders to consider how they wish to proceed; and (iii) provide Qualified Bidders the opportunity to provide the Debtors and the Consultation Parties with such additional evidence as the Debtors, in their reasonable business judgment, after consultation with the Consultation Parties, may require that the Qualified Bidder has sufficient internal resources or has received sufficient non-contingent debt and/or equity funding commitments to consummate the proposed transaction at the prevailing Overbid amount.

III. Closing the Auction.

- A.** The Auction, if any, shall continue until there is one Bid for all of the Assets, or one Bid for each individual Asset or group of Assets subject to the Auction, that the Debtors determine, in their reasonable business judgment, after consultation with the Consultation Parties, to be the highest or otherwise best Bid for such Assets. Such Bid shall be declared the “Successful Bid” and such Qualified Bidder, the “Successful Bidder” at which point the Auction will be closed. The Auction, if any, shall not close unless and until all Qualified Bidders have been given a reasonable opportunity to submit an Overbid at the Auction to the then Prevailing Highest Bid. Such acceptance by the Debtors of the Successful Bid is conditioned upon approval by the Court of the Successful Bid.
- B.** The Successful Bidder shall, within one (1) business day after the conclusion of the Auction, submit to the Debtors fully executed revised documentation memorializing the terms of the Successful Bid. Except as provided for in III(D), the Successful Bid may not be assigned to any party without the consent of the Debtors after consulting with the Consultation Parties.
- C.** Nothing in these Bidding Procedures shall prevent the Debtors from exercising their respective fiduciary duties under applicable law.
- D.** If the Lenders are the Successful Bidder, the Lenders (a) shall not be required to take title to or ownership of, or have any obligation in connection with (in each case, legal, equitable or otherwise), any individual Asset, portion of the Assets, or all of the Assets and (b) in the event that the Lenders determine not to take such title to or ownership, or have any

obligation in connection with the Assets, the Lenders shall designate any person(s) or entity(ies) in their sole and absolute discretion to take title to or ownership of any individual Asset, portion of the Assets, or all of the Assets, regardless of whether such person(s) or entity(ies) is or are related to the Lenders; provided, however, that the Lenders shall (y) ensure that such designee takes title to the relevant Assets and (z) guarantee such designee's obligation to take title and the performance of all obligations with respect to the Sale of the Assets. If the Lenders' Credit Bid is the Successful Bid for any Asset, some Assets, or all Assets, and after the amounts of all other non-Credit Bid Successful Bids are determined by the Debtors in consultation with the Consultation Parties, then the Lenders may, in their sole and absolute discretion, adjust the amount of their Credit Bids upwards.

- E. The Debtors shall not consider any Bids or Overbids submitted after the conclusion of the Auction, if any, and any such Bids or Overbids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.
- F. Within two (2) business days after the conclusion of the Auction (or as soon as reasonably practicable thereafter), the Debtors shall cause a notice of Successful Bid and Successful Bidder, and the Qualified Bid Documents for each Successful Bid and Back-Up Bid, to be filed with the Court.

IV. No Collusion; Good-Faith *Bona Fide* Offer.

Each Qualified Bidder (including any Qualified Bidder submitting a credit bid) participating at the Auction, if any, will be required to confirm, in writing, at the Auction that: (i) it has not engaged in any collusion with respect to the bidding, the Auction, or the Sale; (ii) it has reviewed, understands, and accepts the Bidding Procedures, (iii) it has consented to the core jurisdiction of this Court, (iv) its Qualified Bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bidder and (v) it has not participated in any collusive activity with any other Qualified Bidder or other party which may have had an interest in purchasing the Assets.

Backup Bidder.

1. Notwithstanding anything in these Bidding Procedures to the contrary, if an Auction is conducted for all, substantially all, or any portion or combination of the Assets, the Qualified Bidder with the next-highest or otherwise second-best Bid at the Auction for such Assets, as determined by the Debtors in the exercise of their reasonable business judgment, after consultation with the Consultation Parties (the "Back-Up Bid"), shall be required to serve as a backup bidder (the "Back-Up Bidder") for such Assets, and each Qualified Bidder shall agree and be deemed to agree to be the Back-Up Bidder if so designated by the Debtors.

2. The identity of the Back-Up Bidder and the amount and material terms of the Back-Up Bid shall be announced by the Debtors at the conclusion of the Auction, if any, at the same time the Debtors announce the identity of the Successful Bidder. The Back-Up Bidder shall be required to keep its Bid (or if the Back-Up Bidder submits one or more Overbids at the Auction, its final Overbid) open and irrevocable until the closing of the transaction with the applicable Successful Bidder. The Back-Up Bidder's Deposit shall be held in escrow until the closing of the transaction with the applicable Successful Bidder.
3. If a Successful Bidder fails to consummate the approved transactions contemplated by its Successful Bid, the Debtors may select the Back-Up Bidder as the Successful Bidder, and such Back-Up Bidder shall be deemed a Successful Bidder for all purposes. The Debtors will be authorized, but not required, to consummate all transactions contemplated by the Bid of such Back-Up Bidder without further order of the Court or notice to any party. In such case, the defaulting Successful Bidder's Deposit shall be forfeited to the Debtors, and the Debtors specifically reserve the right to seek all available remedies against the defaulting Successful Bidder, including with respect to specific performance.

All Qualified Bids (other than each Successful Bid and Back-Up Bid) shall be deemed rejected by the Debtors on and as of the date of approval of each Successful Bid and Back-Up Bid by the Court. The Debtors, on their behalf and on behalf of each of their respective estates, specifically reserve the right to seek all available damages, including specific performance, from any defaulting Successful Bidder (including any Back-Up Bidder designated as a Successful Bidder) in accordance with the terms of the Bidding Procedures.

Reservation of Rights.

The Debtors reserve their rights to modify these Bidding Procedures, in their reasonable business judgment, after consultation with the Consultation Parties and subject to the Lenders' reasonable consent, in any manner that will best promote the goals of the bidding process, or impose, at or prior to the Auction, if any, additional customary terms and conditions on the sale of the Assets, including, without limitation: (a) extending the deadlines set forth in these Bidding Procedures; (b) adjourning the Auction, at the Auction and/or adjourning the Sale Hearing in open court without further notice; (c) modifying the Bidding Procedures and/or adding procedural rules that are reasonably necessary or advisable under the circumstances for conducting the Auction; (d) accepting sealed Bids; (e) canceling the Auction; (f) waiving, or imposing additional, terms and conditions set forth herein with respect to Potential Bidders and (g) rejecting any or all bids or Bids; provided, however, that any modification, extension, waiver, or addition to the Bidding Procedures shall not be inconsistent with the Bidding Procedures Order, or any other Order of the Court, unless otherwise ordered by the Court.

Approval of Sale Transactions.

A hearing to consider approval of the Sale of certain of the Assets to the Successful Bidder (the "Sale Hearing") is currently scheduled to take place at **10:00 a.m. (Eastern Time) on October 13, 2020.**

The Sale Hearing may be continued to a later date by the Debtors, after consultation with the Consultation Parties and subject to the reasonable consent of the Lenders, by sending notice prior to, or making an announcement at, the Sale Hearing. No further notice of any such continuance will be required to be provided to any party.

At the Sale Hearing, the Debtors, in consultation with the Consultation Parties, shall present the Successful Bid(s) to the Court for approval.

Return of Deposits

Potential Bidders

Within three (3) business days after the Qualified Bid Designation Deadline, the Debtors shall return to each Potential Bidder that was determined not to be a Qualified Bidder, as confirmed by the Debtors, such Potential Bidder's Deposit. Upon the authorized return of such Potential Bidder's Deposit, the bid of such Potential Bidder shall be deemed revoked and no longer enforceable.

Qualified Bidders

The Deposits of all Qualified Bidders shall be held in one or more non-interest-bearing escrow accounts by the Debtors, or the Debtors' designee, but shall not become property of the Debtors' estates absent further order of the Court or as expressly provided below.

The Deposit of any Qualified Bidder that is neither a Successful Bidder nor a Back-Up Bidder shall be returned to such Qualified Bidder not later than five (5) business days after the Sale Hearing. The Deposit of the Back-Up Bidder, if any, shall be returned to such Back-Up Bidder no later than three (3) business days after the closing of the transaction with the Successful Bidder for the assets bid upon by such Back-Up Bidder.

If the Successful Bidder timely closes on its winning transaction, its Deposit shall be credited towards the applicable purchase price(s). If the Successful Bidder (or Back-Up Bidder, if applicable) fails to consummate a sale transaction because of a breach or failure to perform on the part of such Successful Bidder (or Back-Up Bidder, if applicable), the Debtors will not have any obligation to return the Deposit deposited by such Successful Bidder (or Back-Up Bidder, if applicable), and such Deposit shall irrevocably become property of the Debtors without prejudice to any and all rights and remedies that are available to the Debtors at law or in equity.

Fiduciary Out.

Nothing in these Bidding Procedures shall require the board of directors, board of managers, or such similar governing body of any of the Debtors to take any action, or to refrain from taking any action, with respect to these Bidding Procedures, to the extent such board of directors, board of managers, or such similar governing body determines, or based on the advice of counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or its fiduciary obligations under applicable law; provided, however, that (i) this paragraph shall not limit the Debtors' obligation to consult with the Consultation

Parties; (ii) the Debtors shall provide the Consultation Parties with advance written notice of such action or inaction within two (2) business days prior to taking such action or inaction; and (iii) in the event of any such action or inaction, all rights and remedies of the Lenders shall be preserved.

Consent to Jurisdiction and Authority as Condition to Bidding.

All Potential Bidders shall be deemed to have (i) consented to the core jurisdiction of the Bankruptcy Court to enter any order or orders, which shall be binding in all respects, in any way related to the Bidding Procedures, the Auction, or the construction and enforcement of any agreement or any other document relating to the Sale, (ii) waived any right to a jury trial in connection with any disputes relating to the Bidding Procedures, the Auction, or the construction and enforcement of any agreement or any other document relating to the Sale, and (iii) consented to the entry of a final order or judgment in any way related to the Bidding Procedures, the Auction, or the construction and enforcement of any agreement or any other document relating to the Sale if it is determined that the Bankruptcy Court would lack Article III jurisdiction to enter such a final order or judgment absent the consent of the parties.

Exhibit 2

Sale Notice

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
	)	Chapter 11
)	
	)	Case No. 20-11850 (MG)
Hermitage Offshore Services Ltd., <i>et al.</i> , ¹)	
)	
)	
Debtors.	)	(Jointly Administered)

NOTICE OF AUCTION FOR THE SALE OF THE DEBTORS' ASSETS

PLEASE TAKE NOTICE OF THE FOLLOWING:

On September 24, 2020, the United States Bankruptcy Court for the Southern District of New York (the "Court") entered the *Order (A) Approving Bidding Procedures for the Sale of Assets, (B) Scheduling Hearings and Objection Deadlines with Respect to the Sale, (C) Scheduling Bid Deadline and an Auction, (D) Approving the Form and Manner of Notice Thereof, (E) Approving Contract Assumption and Assignment Procedures, and (F) Granting Related Relief* [Docket No. ___] (the "Bidding Procedures Order"),² authorizing the above-captioned debtors and debtors in possession (collectively, the "Debtors") to conduct an auction (the "Auction") for the sale (the "Sale") of all, substantially all, or any portion or combination of the Debtors' assets (the "Assets"). The Auction will be governed by the bidding procedures approved pursuant to the Bidding Procedures Order and attached to the Bidding Procedures Order as Exhibit 1 (the "Bidding Procedures").

¹ The Debtors are: Hermitage Offshore Services Ltd.; CB Holdco Limited; Blue Power Limited; Delta Cistern V Limited; Sierra Cistern V Limited; Petro Craft 2017-1 Shipping Company Limited; Petro Craft 2017-2 Shipping Company Limited; Petro Craft 2017-3 Shipping Company Limited; Petro Craft 2017-4 Shipping Company Limited; Petro Craft 2017-5 Shipping Company Limited; Petro Craft 2017-7 Shipping Company Limited; Petro Craft 2017-8 Shipping Company Limited; Petro Combi 6030-01 Shipping Company Limited; Petro Combi 6030-02 Shipping Company Limited; Petro Combi 6030-03 Shipping Company Limited; Petro Combi 6030-04 Shipping Company Limited; Hermit Storm Shipping Company Limited; Hermit Viking Shipping Company Limited; Hermit Protector Shipping Company Limited; Guardian Shipping Company Limited; Hermit Thunder Shipping Company Limited; Delta PSV Norway AS; NAO Norway AS; Hermit Galaxy Shipping Company Limited; Hermit Horizon Shipping Company Limited; Hermit Power Shipping Company Limited; Hermit Prosper Shipping Company Limited; Hermit Fighter Shipping Company Limited; and PSV Adminco 2019 LLC (Last Four Digits of Federal Tax ID: 0794).

² All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Bidding Procedures Order.

Copies of the Bidding Procedures Order or other documents related thereto are available upon request to Prime Clerk LLC by calling (877) 930-4315 or visiting the Debtors' restructuring website at <https://cases.primeclerk.com/hermitage>.

The Debtors are seeking to sell all, substantially all, or any portion or combination of their assets (the "Assets"). A party may submit a bid for any individual Asset (or combination of Assets) in accordance with the terms and provisions of the Bidding Procedures.

Important Dates and Deadlines

- **Bid Deadline.** The Bid Deadline for all Bids is **October 1, 2020, at 4:00 p.m. (Eastern Time)**, and that any person or entity who wishes to participate in the Auction must comply with the participation requirements, bid requirements, and other requirements set forth in the Bidding Procedures.
- **Baseline Bid Designation Date: October 5, 2020 at 4:00 p.m. (Eastern Time)** is the date by which the Debtors will announce to all Qualified Bidders the highest or best Qualified Bid (or collection of Qualified Bids) determined for the relevant Assets to serve as the starting point at the Auction for the Assets.
- **Auction.** The Debtors intend to conduct the Auction, at which they will consider proposals submitted to the Debtors and their professionals, by and pursuant to the Bidding Procedures as set forth in the Bidding Procedures Order, on **October 7, 2020, at 10:00 a.m. (Eastern Time)**, at the offices of Proskauer Rose LLP, Eleven Times Square, New York, New York 10036, or at such other venue (or by such other medium) as may be agreed to by the Debtors and Consultation Parties.
- **Sale Objection Deadlines.** Objections to the proposed Sale, except as provided herein, including any objection to the sale of any Assets free and clear of liens, claims, interests, and encumbrances pursuant to 363(f) of the Bankruptcy Code and/or entry of a Sale Order, must: (i) be in writing; (ii) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules; (iii) state, with specificity, the legal and factual bases thereof; and (iv) be filed with the Court and served on (a) counsel to the Debtors, Proskauer Rose LLP, Eleven Times Square, New York, New York 10036 (Attn: Brian S. Rosen, Esq. (brosen@proskauer.com) and Joshua A. Esses, Esq. (jesses@proskauer.com)); (b) Hughes Hubbard & Reed LLP, counsel for DNB Bank ASA and Skandinaviska Enskilda Banken AB (Publ), One Battery Park Plaza, New York, New York 10004, Attention, Anson B. Frelinghuysen, Esq; and (c) Paul K. Schwartzberg, Trial Attorney, U.S. Department of Justice, Office of the U.S. Trustee, 201 Varick Street, Suite 1006, New York, NY 10014; (collectively, the "Sale Objection Notice Parties") by no later than (as applicable, the "Sale Objection Deadline"):
 - (i) **October 5, 2020, at 4:00 p.m., Eastern Time; or**

- (ii) **October 9, 2020, at 12:00 p.m., Eastern Time**, provided that such Objection is specific to the Successful Bid and could not have been raised in connection with the Sale previously.
 - (iii) The deadlines by which any Sale Objection by the Lenders must be filed with the Court and served so as to be **actually received** by the appropriate Notice Parties is **October 12, 2020 at 9:00 a.m. (Eastern Time)**.
- **Sale Hearing**. A hearing to consider approval of the Sale of certain of the Assets to the Successful Bidder (the "**Sale Hearing**") is currently scheduled to take place Telephonically Using CourtSolutions at **10:00 a.m. (Eastern Time) on October 13, 2020**.

Additional Information

Any party interested in submitting a bid for the Assets should contact the Debtors' advisors at Perella Weinberg Partners, 767 Fifth Avenue, New York, New York, 10153, Attn: Faiz Munshi (fmunshi@pwpartners.com), Benedetto Lorenzon (blorenzon@pwpartners.com), and Thomas Haines (thaines@pwpartners.com).

Reservation of Rights

The Debtors reserve the right to modify the Bidding Procedures, in their reasonable business judgment in accordance with the Bidding Procedures and subject to the reasonable consent of the Lenders waive terms and conditions set forth therein; extend the deadlines set forth therein; and announce at the Auctions modified or additional procedures for conducting the Auctions. **Nothing shall obligate the Debtors to consummate or pursue any transaction with respect to any Asset with any bidder.**

THE FAILURE OF ANY PERSON OR ENTITY TO FILE AND SERVE ANY OBJECTION IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER BY THE APPLICABLE SALE OBJECTION DEADLINE SHALL FOREVER BAR SUCH PERSON OR ENTITY FROM ASSERTING ANY OBJECTION TO THE SALE.

Dated: _____, 2020
New York, New York

/s/ Brian S. Rosen

PROSKAUER ROSE LLP

Brian S. Rosen

Joshua A. Esses

Eleven Times Square

New York, New York 10036

Telephone: (212) 969-3000

Facsimile: (212) 969-2900

*Attorneys for Debtors
and Debtors in Possession*

Exhibit 3

Cure Notice

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	Chapter 11
)	
Hermitage Offshore Services Ltd., <i>et al.</i> , ¹	)	Case No. 20-11850 (MG)
)	
Debtors.	)	(Jointly Administered)

**NOTICE TO CONTRACT COUNTERPARTIES TO POTENTIALLY
ASSUMED EXECUTORY CONTRACTS**

**YOU ARE RECEIVING THIS NOTICE BECAUSE YOU
OR ONE OF YOUR AFFILIATES IS A COUNTERPARTY TO AN
EXECUTORY CONTRACT WITH THE DEBTORS
AS SET FORTH ON EXHIBIT A ATTACHED HERETO.**

PLEASE TAKE NOTICE that, on September 24, 2020, the United States Bankruptcy Court for the Southern District of New York (the “Court”) entered the *Order (A) Approving Bidding Procedures for the Sale of Assets, (B) Scheduling Hearings and Objection Deadlines with Respect to the Sale, (C) Scheduling Bid Deadline and an Auction, (D) Approving the Form and Manner of Notice Thereof, (E) Approving Contract Assumption and Assignment Procedures, and (F) Granting Related Relief* [Docket No. ___] (the “Bidding Procedures Order”),² authorizing the above-captioned debtors and debtors in possession (collectively, the “Debtors”) to conduct an auction (the “Auction”) for the sale (the “Sale”) of all, substantially all, or any portion or combination of the Debtors’ assets (the “Assets”). The Auction will be governed by the bidding

¹ The Debtors are: Hermitage Offshore Services Ltd.; CB Holdco Limited; Blue Power Limited; Delta Cistern V Limited; Sierra Cistern V Limited; Petro Craft 2017-1 Shipping Company Limited; Petro Craft 2017-2 Shipping Company Limited; Petro Craft 2017-3 Shipping Company Limited; Petro Craft 2017-4 Shipping Company Limited; Petro Craft 2017-5 Shipping Company Limited; Petro Craft 2017-7 Shipping Company Limited; Petro Craft 2017-8 Shipping Company Limited; Petro Combi 6030-01 Shipping Company Limited; Petro Combi 6030-02 Shipping Company Limited; Petro Combi 6030-03 Shipping Company Limited; Petro Combi 6030-04 Shipping Company Limited; Hermit Storm Shipping Company Limited; Hermit Viking Shipping Company Limited; Hermit Protector Shipping Company Limited; Guardian Shipping Company Limited; Hermit Thunder Shipping Company Limited; Delta PSV Norway AS; NAO Norway AS; Hermit Galaxy Shipping Company Limited; Hermit Horizon Shipping Company Limited; Hermit Power Shipping Company Limited; Hermit Prosper Shipping Company Limited; Hermit Fighter Shipping Company Limited; and PSV Adminco 2019 LLC (Last Four Digits of Federal Tax ID: 0794).

² All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Bidding Procedures Order.

procedures approved pursuant to the Bidding Procedures Order and attached to the Bidding Procedures Order as Exhibit 1 (the “Bidding Procedures”).

PLEASE TAKE FURTHER NOTICE that, pursuant to the Bidding Procedures and the terms of any Successful Bid, the Debtors **may** assume and assign to the Successful Bidder certain of the Contracts listed on the Contracts Schedule, attached hereto as Exhibit A, to which you are a counterparty, upon approval of the Sale. The Contracts Schedule can also be viewed on the Debtors’ case website (<https://cases.primeclerk.com/hermitage>). The Debtors have conducted a review of their books and records and have determined that the cure amount for unpaid monetary obligations due and/or that could have been sought under such Proposed Assigned Contracts is as set forth on Exhibit A attached hereto (the “Cure Costs”).

PLEASE TAKE FURTHER NOTICE that, if you disagree with the proposed Cure Costs, object to a proposed assignment to the Successful Bidder of any Contract, or object to the ability of the Successful Bidder to provide adequate assurance of future performance with respect to any Contract, your objection must: (i) be in writing; (ii) comply with the applicable provisions of the Bankruptcy Rules, Local Bankruptcy Rules, and any order governing the administration of these chapter 11 cases; (iii) state with specificity the nature of the objection and, if the objection pertains to the proposed Cure Costs, state the correct cure amount alleged to be owed to the objecting Contract Counterparty, together with any applicable and appropriate documentation in support thereof; and (iv) be filed with the Court and served and **actually received no later than October 5, 2020, at 4:00 p.m. (Eastern Time)** (the “Cure Objection Deadline”) by the Court and the following parties: (a) counsel for the Debtors, Proskauer Rose LLP, Eleven Times Square, New York, New York 10036 (Attn: Brian S. Rosen, Esq. (brosen@proskauer.com) and Joshua A. Esses, Esq. (jesses@proskauer.com)); (b) Hughes Hubbard & Reed LLP, counsel for DNB Bank ASA and Skandinaviska Enskilda Banken AB (Publ), One Battery Park Plaza, New York, New York 10004, Attention, Anson B. Frelinghuysen, Esq; and (c) Paul K. Schwartzberg, Trial Attorney, U.S. Department of Justice, Office of the U.S. Trustee, 201 Varick Street, Suite 1006, New York, NY 10014).

PLEASE TAKE FURTHER NOTICE that if no objection to (a) the Cure Costs(s), (b) the proposed assignment and assumption of any Proposed Assigned Contract, including, without limitation, a charter agreement, or (c) adequate assurance of the Successful Bidder’s ability to perform is filed by the Cure Objection Deadline, then (i) you will be deemed to have stipulated that the Cure Costs as determined by the Debtors are correct, (ii) you will be forever barred, estopped, and enjoined from asserting any additional cure amount for any amounts due and/or that could have been sought as Cure Costs under the Proposed Assigned Contract, (iii) you will be forever barred, estopped, and enjoined from objecting to such proposed assignment to the Successful Bidder on the grounds that the Successful Bidder has not provided adequate assurance of future performance as of the closing date of the Sale and (iv) you will be forever barred, estopped, and enjoined from terminating such Proposed Assigned Contract, including, without limitation, a charter agreement, on the basis that the Debtors commenced the above-referenced chapter 11 cases.

PLEASE TAKE FURTHER NOTICE that any objection to the proposed assumption and assignment of a Proposed Assigned Contract or related Cure Costs in connection with the Successful Bid that otherwise complies with these procedures yet remains unresolved as of the commencement of the Sale Hearing, shall adjudicated by the Court at the Sale Hearing or heard at a later date as may be fixed by the Court.

PLEASE TAKE FURTHER NOTICE that, upon request by a contract counterparty, the Debtors or their professional advisors will furnish information pertaining to the ability of the Successful Bidder to render future performance under Proposed Assigned Contracts.

PLEASE THAT FURTHER NOTICE that, notwithstanding anything herein, the mere listing of any Proposed Assigned Contract on the Cure Notice does not require or guarantee that such Proposed Assigned Contract will be assumed by the Debtors at any time or assumed and assigned, and all rights of the Debtors and the Successful Bidder with respect to such Contracts are reserved. Moreover, the Debtors explicitly reserve their rights, in their reasonable discretion, to seek to reject or assume each Contract pursuant to section 365(a) of the Bankruptcy Code and in accordance with the procedures allowing the Debtors and/or the Successful Bidder, as applicable, to designate any Contract as either rejected or assumed on a post-closing basis.

PLEASE TAKE FURTHER NOTICE that, except as provided above, nothing herein (i) alters in any way the prepetition nature of the Contracts or the validity, priority, or amount of any claims of a counterparty to any Contract against the Debtors that may arise under such Contract, (ii) creates a postpetition contract or agreement, or (iii) elevates to administrative expense priority any claims of a counterparty to any Contract against the Debtors that may arise under such Contract.

Dated: _____, 2020
New York, New York

/s/ Brian S. Rosen

PROSKAUER ROSE LLP

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