

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	
NORTHSTAR OFFSHORE GROUP, LLC,	§	Case No. 16-34028
	§	
DEBTOR.	§	(Chapter 11)
	§	

NOTICE OF SALE

READ THIS NOTICE CAREFULLY. FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE WILL PERMANENTLY BAR YOU FROM ASSERTING RIGHTS YOU MAY HAVE IN CONNECTION WITH SALE PROCESS.

TO ALL CREDITORS AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE THAT on August 12, 2016, Montco Oilfield Contractors, LLC, Alliance Offshore, LLC, and Alliance Energy Services, LLC (collectively, the “Petitioning Creditors”) filed an involuntary chapter 11 petition (the “Involuntary Petition”) [Docket No. 1] against Northstar Offshore Group, LLC (“Northstar” or the “Debtor”) pursuant to section 303 of the Bankruptcy Code commencing the above-referenced chapter 11 case (the “Chapter 11 Case”) in the U.S. Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE THAT on December 2, 2016 (“Voluntary Petition Date”), Northstar agreed to convert the involuntary case to a voluntary case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code (“Voluntary Petition”) [Docket No 88]. Between the Involuntary Petition Date and the Voluntary Petition Date (the “Gap Period”) the Debtor continued to operate its business under § 303(f). Since the Voluntary Petition Date, the Debtor has continued in possession and management of its business and properties as a debtor-in-possession.

PLEASE TAKE FURTHER NOTICE THAT on April 12, 2017, Northstar filed a motion [Docket No. 437], as supplemented [Docket No. 482] (the “Motion”) ¹ for an order approving, among other things, entry of an order (the “Sale Order”) authorizing and approving: (a) the sale of all or substantially all of their assets (collectively, the “Assets”) free and clear of liens, claims, encumbrances and other interests, to one or more purchasers submitting the highest or otherwise best offers therefor (the “Sale”); and (b) procedures for the assumption and assignment of executory contracts and unexpired leases (collectively, the “Contracts”). Please note that all capitalized terms used but not defined herein shall have the meanings set forth in the Motion.

¹ The Debtor sought relief pursuant to sections 105, 363 and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101 – 1532 (as amended, the “Bankruptcy Code”) and Rules 2002, 6004, 6006, 9006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Net cash sale proceeds means the cash available to the Debtor's estate after the Sale including taking into account the required payment of the DIP Obligations (as defined in the Final DIP Order) in accordance with the *Final Order (i) Approving Postpetition Financing, (ii) Granting Liens and Providing Superpriority Administrative Expense Status, (iii) Granting Adequate Protection, and (iv) Modifying Automatic Stay* [ECF No. 326] (the "Final DIP Order"). Pursuant to the Final DIP Order the proceeds of the Sale shall be used to indefeasibly pay in full in cash and completely satisfy the DIP Obligations and no order approving the Sale shall be entered over the DIP Agent's objections that does not provide for the indefeasible payment in full in cash and completely satisfy the DIP Obligations.

PLEASE TAKE FURTHER NOTICE THAT THE PROPOSED SALE ORDER PROPOSES TO REQUIRE THE PROCEEDS FROM A SALE TO BE USED TO SATISFY THE DIP OBLIGATIONS BEFORE SENIOR STATUTORY LIENS (AS DEFINED IN THE FINAL DIP ORDER) ARE PAID TO THE EXTENT SUCH SENIOR STATUTORY LIENS ARE NOT OTHERWISE SATISFIED OR ASSUMED AS PART OF A PROPOSED SALE. THE DEBTOR PROPOSES THAT HOLDERS OF SUCH SENIOR STATUTORY LIENS WILL HAVE THEIR LIENS ATTACH TO THE NET SALE PROCEEDS REMAINING (IF ANY) AFTER PAYMENT OF THE DIP OBLIGATIONS WITH THE SAME VALIDITY AND PRIORITY AS EXISTED PRIOR TO THE SALE. THE COURT HAS NOT RULED ON WHETHER THIS RELIEF SHOULD OR COULD BE GRANTED. THE ISSUES ARE RESERVED FOR THE SALE HEARING.

PLEASE TAKE FURTHER NOTICE that Northstar is soliciting offers for the purchase of any or all of the Assets and assumption of liabilities of the Debtor with respect thereto consistent with the bidding procedures (the "Bidding Procedures") approved by the Bankruptcy Court by entry of an order dated May 11, 2017 [Docket No. 504] (the "Bidding Procedures Order"). All interested bidders should carefully read the Bidding Procedures and Bidding Procedures Order. To the extent that there are any inconsistencies between this notice and the Bidding Procedures or Bidding Procedures Order, the Bidding Procedures or Bidding Procedures Order, as applicable, shall govern in all respects. The Bidding Procedures and the Bidding Procedures Order are on Prime Clerk's website at: <https://cases.primeclerk.com/northstar>.

PLEASE TAKE FURTHER NOTICE that, if the Debtor receives more than one qualified bid within the requirements and time frame specified by the Bidding Procedures, the Debtor may determine, in the exercise of its business judgment, to schedule an auction (the "Auction") to request additional competitive bids from qualified bidders with respect to the Sale of the Assets on **Monday, July 10, 2017 at 10:00 a.m. (Central Time)**, at the offices of Diamond McCarthy, LLP, 909 Fannin Street, 37th Floor, Houston, TX, 77010, or such later date and time as selected by the Debtor. The Auction shall be conducted in a timely fashion according to the Bidding Procedures.

PLEASE TAKE FURTHER NOTICE that a hearing to consider approval of the Sale of any or all of the Assets to one or more Successful Bidder(s) (the "Sale Hearing") is presently scheduled to take place on **Monday, July 17, 2017 at 9:00 a.m. (Central Time)**, scheduled to be held before the Honorable Marvin Isgur at the United States Bankruptcy Court for the Southern District of Texas, Courtroom 404, 515 Rusk, Houston, TX 77002.

PLEASE TAKE FURTHER NOTICE THAT except as otherwise set forth in the Bidding Procedures Order, objections or responses, if any, to the Sale of the Assets, the assumption and assignment of the Contracts, or any relief requested in the Motion other than the relief granted by this Court in the Bidding Procedures Order must be (i) in writing; (ii) signed by counsel or attested to by the objecting party; (iii) in conformity with the Bankruptcy Rules and the Local Rules of the Court; and (iv) filed with the Clerk of the Bankruptcy Court, by no later than **Friday, June 16, 2017 at 5:00 p.m. (Central Time)** (the “General Objection Deadline”); provided, however, that any party may still object after the General Objection Deadline (unless otherwise expressly provided in the Bidding Procedures Order) including events based after the General Objection Deadline until **Friday, July 14, 2017 at 12:00 p.m. (Central Time)** (the “Extended Objection Deadline”); and (e) served in accordance with the Local Rules so as to be received on or before the relevant objection deadline (these procedures are collectively referred to as the “General Objection Procedures”).

CONSENSUAL RIGHTS NOTICE

PLEASE TAKE FURTHER NOTICE THAT if any person or entity receiving this Notice of Sale assets that any property or right (including an Assumed and Assigned Contract) cannot be transferred, sold, assumed, and/or assigned free and clear of all liens, encumbrances, claims and other interests except as otherwise set forth in the applicable purchase and sale agreement on account of one or more alleged approval rights, consent rights, preferential purchase rights, rights of purchase, rights of first refusal, rights of first offer, tag-along rights or similar rights (each, a “Consensual Right”), then such person or entity must file a notice with the Court with all supporting documentation (a “Consensual Rights Notice”) **on or before the General Objection Deadline**. Each Consensual Rights Notice must identify the properties or rights that are subject to such alleged right, identify the type of right(s) claimed by such party, identify the agreement, document, or statute giving rise to such right and identify the portion of the agreement, document or statute giving rise to such right.

PLEASE TAKE FURTHER NOTICE THAT ANY PERSON OR ENTITY FAILING TO TIMELY FILE A CONSENSUAL RIGHTS NOTICE WILL BE (A) FOREVER BARRED FROM OBJECTING TO THE TRANSFER, SALE, ASSUMPTION, AND/OR ASSIGNMENT OF THE DEBTOR’S ASSETS, INCLUDING, FROM ASSERTING ANY ALLEGED CONSENSUAL RIGHTS WITH RESPECT TO THE DEBTOR’S TRANSFER, SALE, ASSUMPTION, AND/OR ASSIGNMENT OF THE DEBTOR’S ASSETS, AND (B) DEEMED TO CONSENT TO AND APPROVE THE TRANSFER, SALE, ASSUMPTION, AND/OR ASSIGNMENT OF THE DEBTOR’S ASSETS FREE AND CLEAR OF ALL LIENS, ENCUMBRANCES, CLAIMS AND OTHER INTERESTS.

PLEASE TAKE FURTHER NOTICE that if any person or entity timely files a Consensual Rights Notice, the Debtor and any other party in interest will have the opportunity to object to any alleged Consensual Rights asserted by filing an objection to such Consensual Rights Notice at any time prior to the Sale Hearing.

CONSEQUENCES OF FAILING TO TIMELY MAKE AN OBJECTION

ANY PARTY OR ENTITY WHO FAILS TO TIMELY MAKE AN OBJECTION TO THE SALE ON OR BEFORE THE OBJECTION DEADLINE OR THE EXTENDED OBJECTION DEADLINE IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER SHALL BE FOREVER BARRED FROM ASSERTING ANY OBJECTION TO THE SALE, INCLUDING WITH RESPECT TO THE TRANSFER OF THE ACQUIRED ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS, EXCEPT AS SET FORTH IN THE APPLICABLE PURCHASE AGREEMENT RELATED THERETO. IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT CERTAIN OF THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

PLEASE TAKE FURTHER NOTICE that copies of the Motion, and any exhibits thereto, including the Bidding Procedures Order, Bidding Procedures, and the Form APA, are available at <http://cases.primeclerk.com/northstar>.

Dated: May 16, 2017

Respectfully submitted,

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