



OFFSHORE ULTRA DEEPWATER DRILLING COMPANY
Successful Chapter 11 Leadership
Chapter 11 U.S.C. 363(b) Sale

ABOUT THE CLIENT:

LaForta Investimentos (“La Forta” or “Debtor”), was a private limited liability company organized under the laws of Portugal. It was one of three (3) “sister” companies which were wholly owned subsidiaries of non-debtor Offshore Drilling Holding S.A. (“ODH”), a private limited liability company incorporated under the laws of the Grand Duchy of Luxembourg. Each company held a single ultra-deep water semi-submersible drilling rig.

La Forta held the La Muralla IV (“La Muralla”). The La Muralla is a purpose-built 6th generation semi-submersible drilling rig with four stabilized columns and the capacity to operate in 10,000 ft. of water and drill up to 35,000 ft. for oil and gas in moderate environments like the Gulf of Mexico, West Africa, and Brazilian waters. All three of ODH’s rig-owning companies and their subsidiaries were guarantors of \$947 million in secured notes with each rig held as collateral.

Since taking delivery of La Muralla in 2013, LaForta had chartered La Muralla to Rig Equipment Maritime, SPRL (“Rig Equipment”) via “bareboat” charters (the chartering of a vessel without crew or provisions).

Rig Equipment is a Belgium incorporated entity co-owned by LaForta and ODH. Rig Equipment then entered into sub-charters for La Muralla with one of several operator entities that were outside the ODH structure and owned either in whole or in part by the ultimate owners of ODH, including Grupo R Perforación Marina, S.A. de C.V. (“GRPM”) and Grupo R Exploración Marina, S.A. de C.V. (“GREMSA”). These operators managed drillship and drilling operations on La Muralla when under charter contracts with exploration and production companies that included PEMEX E&P AND SHELL EXPLORACION Y EXTRACCION DE MEXICO S.A. DE C.V.

Under this complex scheme, MACCO Restructuring Group, LLC (“MACCO”) was selected as Chief Restructuring Officer (“CRO”) to take actual control of the drillship and serve as Financial Advisor to the debtor in a complicated, international maritime chapter 11 bankruptcy filed in the Southern District of Texas, Houston Division (Chief Judge David R. Jones). At the inception of MACCO’s engagement, La Muralla sat approximately four (4) nautical miles off the coast of Tampico, Mexico DF.

THE FIRE:

- Following a reduction in charter fees in 2017, in November 2019, the PEMEX charter agreement was terminated.
 - Shell chartered La Muralla for approximately five months ending in August 2021 and the drillship had not generated any revenue since that time.
- The Secured Notes that had been in default since mid-2020, matured in September 2020.
- Burning cash, unsuccessful attempts to obtain new drilling charters due to global instability of oil prices and unable to afford tens of millions in recertifications and upgrades, led to an almost catastrophic set of circumstances for the cash-strapped operator including:
 - La Muralla was not insured due to non-payment of insurance premiums.
 - Mexican harbormaster would not allow the rig to depart due to being in arrears on several years of wages for crew.
 - La Muralla was maintaining its position for greater than nine (9) months using its own failing thruster units while not reporting a missing anchor that could have lessened the average daily fuel costs of \$35,000/day.
 - Inexperienced and under-staffed onshore management.
 - No maintenance was being performed on the highly complex rig systems and majority of rigs automation/machinery/thruster systems were inoperable.
 - Onboard crew was inexperienced.
 - Tax tariffs were past due with export termination timeframe nearing.
- Under these and related dire circumstances, highly contentious international discussions were ongoing between ODH, LaForta and the Noteholder Group in an effort to preserve and maximize value for the stakeholders while averting a potential tragedy.

THE RESCUE:

In June 2022, MACCO’s Managing Director, David W. Weinoffer, was named CRO. With his deep international maritime experience, Weinoffer led the highly intensive process of assessing the maritime, international, operational, and financial condition of La Forta, while simultaneously negotiating with stakeholders across the world and planning for the chapter 11 filing with legal counsel Jackson Walker, LLC.

- MACCO implemented a focused, solutions-driven rapid response plan that ***readied the drillship to legally transport within 3 weeks of taking control.***
- Working with debtors, bondholders, their counsel, and advisors to develop a debtor-in-possession (“DIP”) budget underlying a \$33 million DIP loan necessary to fund the operations and case.
- Developed a 26-week “living” cash flow analysis that traced every cent.
- Enacted viable and necessary controls, policies, and procedures throughout the organization. As an example, once onboard and in control, within hours established the rigs anchor system to effectively moor the rig and cease the excess fuel consumption and mitigate the failing systems issues.
- Obtained a Power of Attorney in Mexico to take control and management of the rig operating company, thus control of La Muralla, to assure successful operations, safety and exportation efforts, including establishing and managing the logistics transporting shoreside rig and marine related equipment to the Port of Tampico while managing roadblocks and protestors stopping the equipment transit due to wage issues.
- Established a class approved hurricane plan and piracy plan to manage the local piracy issues.
- Employed specialized professional marine crew to assist in taking control and management of the rig readying it for surveys and transit.
- Managed Mexican agent in organizing and auditing of over nine (9) years of *pedimentos* (thousands of necessary and required import/export documents) with local authorities and customs officials and assured payments that allowed La Muralla’s export (***literal towing of the rig 1,300 nautical miles from Tampico, Mexico across the Gulf of Mexico to berthing at Freeport, Grand Bahamas during hurricane season***).
- Managed and directed all regulatory groups and Panama Flag for inspections and certifications.
- Managed the engineering, mooring analysis, design, and implementation of proper mooring arrangements in Freeport, Grand Bahamas to withstand the 2022 updated hurricane plan.
- Engaged, managed, and directed towing company, affiliated entities and towing crews that successfully towed La Muralla across the Gulf of Mexico while meeting all schedules as outlined in original plan under budget.
- Weathered two (2) hurricanes without damage to La Muralla at mooring point in Freeport, Grand Bahamas.

THE RESULT:

In a challenging case where, initially, even the Court had doubts that a good result could be obtained, MACCO working closely with debtor’s counsel Jackson Walker, adroitly engineered and managed a successful operational and bankruptcy process where a \$60 million sale was approved and closed preserving the La Muralla drillship, all its drilling equipment, its collateral value while averting both marine and environmental disasters.